

Project Interview 6

Interviewee: Tuğrul Baran

Sector: Glass

Date: 17 September 2019

Location: Phone Interview

Within the scope of the “Customs Union for SMEs” Project, we interviewed Mr. Tuğrul Baran who is representing the Glass Sector. Born in in Kütahya in 1973, Tuğrul Baran took his BA degree from Istanbul Technical University Electrical Engineering Department.

Baran, who started to work as Electrical Engineer at LAV brand that produces glasses for home, took charge in many departments such as production and sales. Since 2012, he continues his position as General Manager.

He studied on Quality Management Systems, Production and Care Management, Sales and Marketing Strategies actively and he has position as Board Member of TÜRKNFED, KALDER, KOSBİAD; works at TOBB Glass Products Industry Council and 1st OSB Entrepreneurship Board.

We asked Mr. Tuğrul Baran;

- what the main problems are within the current Customs Union agreement for the Glass Sector,
- if there were any bottlenecks in the Glass Sector resulting from the lack of modernization of the Customs Union,
- what they expect from the modernization of the Customs Union,
- if he had any suggestions on how to benefit from this process and increase the competitiveness of SMEs.

Below, we present Mr. Tuğrul Baran’s response:

“Turkish glass companies are one of the biggest producers: Paşabahçe ranks as the 3rd biggest glass company in the world and LAV ranks as the 5th biggest. One of the problems we face currently is that **by the second half of the year transportation quotas start to diminish and finding ground shipment to Europe becomes challenging**. Hence, we cannot sell as many products as we could because of the quota. **We expect the elimination of the quotas in ground shipment**.

We also face **illicit trade practices** by some household electrical appliances companies (Tefal, etc.). Some of these companies produce the products in China, then the product enter Europe, for example Romania, and gets tagged there and then it enters Turkey. Such **illicit trade practices** should be eliminated.

Let me tell you another story: The biggest business fair in our sector takes place in Frankfurt. 2-3 years ago we reported and had a Saudi Arabian glass company's fairground shut down because we saw that they imitated our patented products. A year later, we saw that a Greek glass company did the same thing and imitated our patented products. We reported the situation to the police again and because it was an EU-member state they sent policeman in plain clothes and the Greek company was only given a warning and asked to remove the products from their fairground. **Intellectual and industrial property rights** should be protected whether with the modernization of the Customs Union, or through some other platform.

Turkey and Mexico has started Free Trade Agreement talks, however Mexico is having cold feet because they already have an FTA with the EU. On the other hand, **Turkey is exporting to Mexico as a third world country and we pay 15% tax. Turkey should be included in the FTAs the EU signs with third world countries.**

In the Glass Sector, most of the SME managers/owners **have limited education, they lack sufficient foreign language skills, they want to enter the EU market and export but they cannot transform their enterprises and comply with the necessary standards to exist in the European market.** Even though they do not know how to find their way to the EU market, since the Customs Union Agreement most of the SMEs want to be part of the EU market which is more stable and reliable compared to other markets such as the Middle East. **For SMEs to benefit more efficiently from the Customs Union it would be beneficial if they were supported with joint fairs(ortak fuarlar) and joint sale rings (ortak satış teşkilatları).** I can give an example from Brazil-China regarding this point: The two countries established a platform and Chinese SMEs supported by the Chinese Government create a portfolio and establish companies in Brazil and sell their products.

We also look at the manufacturing costs of European companies and see that they cannot grow in size, some of them change hands and some of them gets sold. In addition to that, **Turkey has the Customs Union and logistics advantage compared to its competitors in Iran and Egypt.** With these factors combined, **Turkey is the right place for the EU and can become the glass manufacturing centre in the EU market. We should encourage more investments to achieve this goal."**

- **Elimination of the ground shipment quotas.**
- **EU should include Turkey to its FTAs signed with third world countries.**