

Project Interview 7

Interviewee: Serpil Veral

Sector: Dairy

Date: 20 September 2019

Location: Süttaş Headquarters, Dudullu

Within the scope of the “Customs Union for SMEs” Project, we interviewed Mrs. Serpil Veral who is representing the Dairy Sector.

Serpil Veral serves as the Deputy Chairman of the Board of Directors of Süttaş Inc., the leading brand in milk and milk products sector in Turkey. Serpil Veral received her Bachelor’s degree in Food Engineering from Ege University. In 1988, she started working at Süttaş Süt Ürünleri A.Ş. as food engineer and until 2005 she served consecutively as Production Manager, Quality Assurance Coordinator and Director for Production. In 2005, she led the setting up, optimisation and reengineering of Human Resources, IT and other management systems in line with Süttaş Group’s vision, mission and restructuring strategies.

Serpil Veral served as the General Manager of Süttaş Süt Ürünleri A.Ş. between 2010-2016. Serpil Veral, the Deputy Chairman of the Board of Directors of Süttaş Inc., is a member of Turkish Industry and Business Association (TUSIAD), Corporate Governance Association of Turkey (TKYD), Turkish Milk, Meat, Food Industrialists and Manufacturers Association (SETBİR) and Turkish Quality Association (KALDER).

We asked Mrs. Serpil Veral;

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

Below, we present Mrs. Serpil Veral’s response:

“The dairy sector is not included within the current Customs Union agreement. We export Kashar cheese to the EU under a limited quota and the EU exports us Cheddar cheese and butter in return.

Today, the agriculture and livestock sectors are not ready for the Customs Union. There is a waste of resources in productivity and a lack of qualified labour force in Turkey. The reason why Turkey has not benefitted from the Customs Union agreement as much as the EU is

because the policies and regulations in Turkey were left uncontrolled. We are behind regarding technological advances and we are behind regarding quality management systems. **Allocation efficiency is low and the lack of control mechanisms of incentive policies creates an adverse effect on productivity, hence on the competitiveness.**

Where do the government incentives go? Are they used for the right purposes? What else is needed beyond the incentives for productivity and competitiveness? These are the questions that the government should ask itself and check regularly.

Whether we are in the Customs Union or not, **we should regard the EU standards first as our guideline for improving our sector, for improving the quality of our products.** We failed to make an action plan. We want to enter the EU market, we want a modernized Customs Union, but our milk quality stays below the EU standards, we lack raw material, we lack qualified labour force, we lack awareness, etc.

In order to show people that they can make money from livestock breeding we (Sütaş) **went to Anatolia and established facilities, we trained the countrymen on livestock breeding and raised their awareness, we supported the young people from these villages who studied on livestock breeding and offered them traineeships. In the meantime, we saw that the animals weren't fed properly. We then focused on that issue and established feed factories. We sold our feed to the countrymen we bought the milk from. Hence, we enhanced the quality of our milk.**

What I am trying to say is that **the issue is to show the right model to the people and raise awareness.** Despite all our efforts, we still import feed. **If the government supports us, talk to the countrymen and say these are the rules and you have to abide by them, we can be more productive.** We do not produce technology either. If we were to enter the Customs Union now, we would be very much challenged.

As the dairy sector, we support the modernization of the Customs Union and say no to Free Trade Agreement because it will be a huge set back for Turkey. We want the dairy sector to be included in the Agreement but with the condition that we would need 5-10 years of transition process for harmonisation purposes. During this period we would need EU incentives. Since our sector depends on the agriculture and livestock sectors we first need those sectors to be included in the Agreement and the standards enhanced by the EU regulations. Then we should talk about the dairy sector, because without the good quality in milk, without the feed raw material, without efficiency in agriculture and livestock breeding there can be no competitive dairy sector.

We should see the Customs Union as a leverage to raise our own standards and enhance our own competitiveness first and each ministry should come up with its own action plan to reach the end goal which is a competitive and productive Turkey that complies with the EU standards and is fully ready for the Customs Union.

Key points:

- **Supervision of incentives,**
- **Agriculture, livestock and dairy sectors to be included under the condition of an EU-supported transition period,**
- **Action plan(s),**
- **Raising awareness,**
- **Showing the right model to the people, educating from the root,**
- **Government-private sector cooperation,**
- **EU standards (Customs Union) as a guideline first.**