

GEOECONOMIC POWER SHIFTS

Challenges and Strategic Opportunities for Türkiye and BRICS

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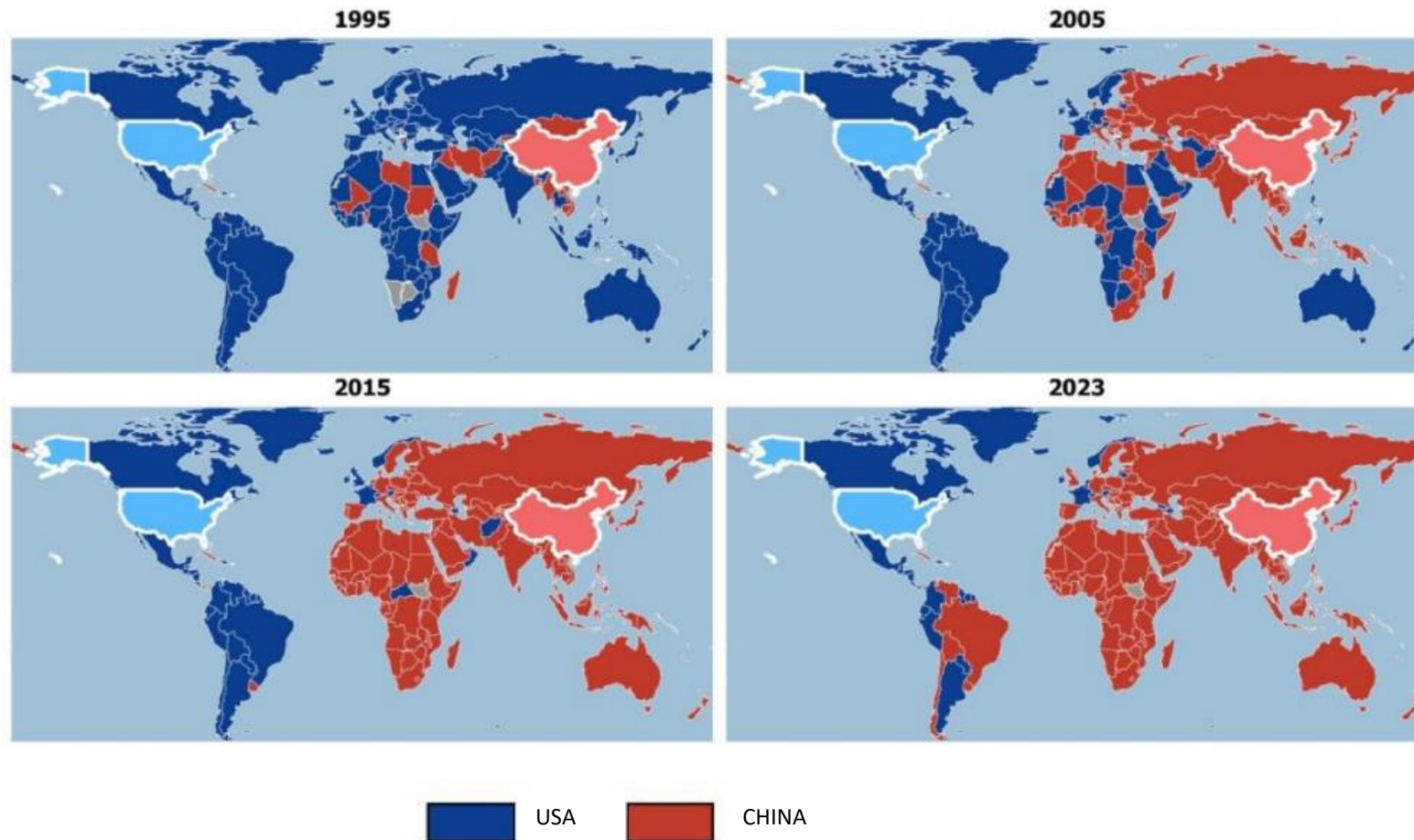
TEPAV's research focus on international trade

- International trade is one of the core research priorities at TEPAV
 - Center for Multilateral Trade Studies (MUTS) was established in 2012
- Several articles were published in 2025 on trade disputes
 - Research findings and perspectives from a Turkish point of view
 - Turkey's export struggle in the shadow of China? (*in Turkish*), September 2025
 - Reflections of tariff wars on trade composition: Impact analysis of the Turkish motor vehicle sector (*in Turkish*), September 2025
 - Perspective 2025 - Roadmap & Recommendations for Transformation & the Future, August 2025
 - BRICS context, with particular attention to India
 - Trump's global trade wars: Can countries rise above their narrow self-interests and unite against them?, July 2025
 - The impending global tariff war: Can crisis be turned into opportunity for India?, April 2025

Türkiye's Strategic Lens on Global Trade Transformations

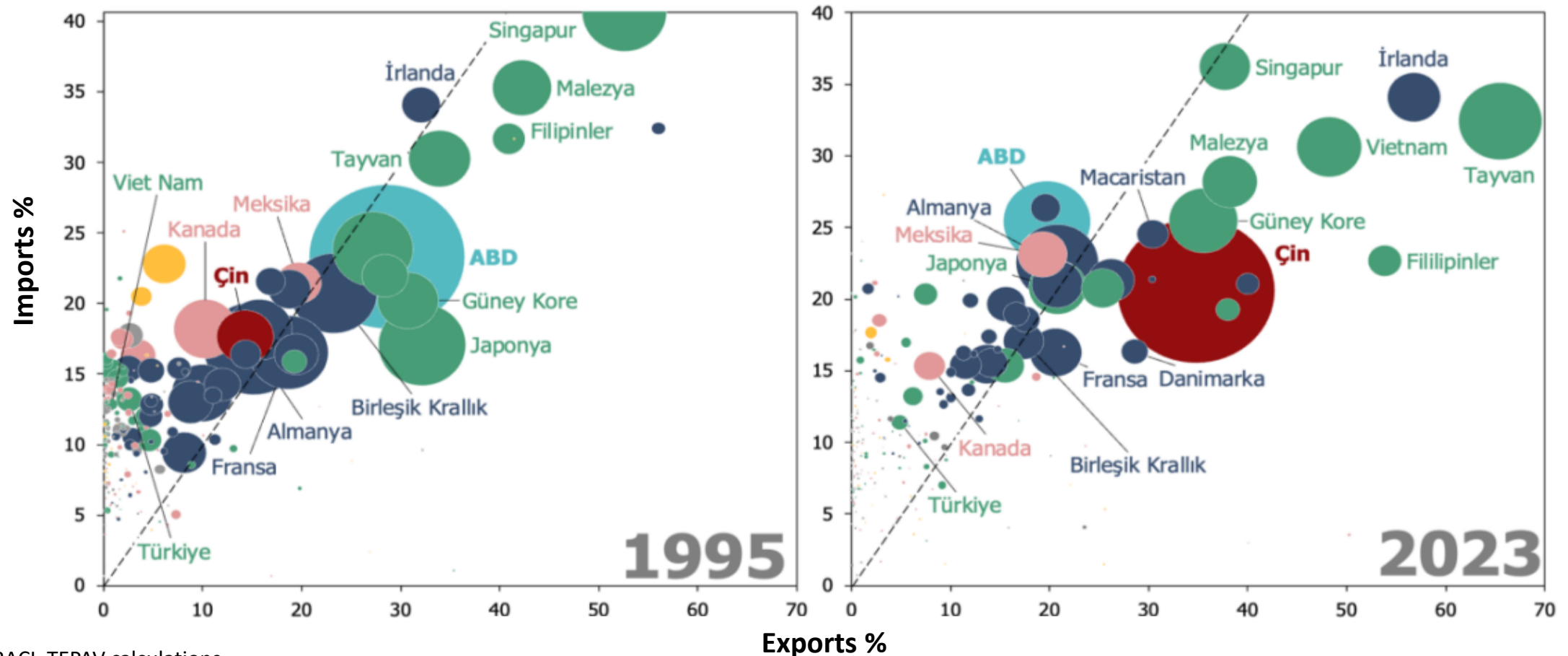
China challenges US dominance in world trade

Countries' largest trading partners in global trade: US–China comparison, 1995–2023



China is no longer merely the “world’s factory” but a major high-technology exporter and importer

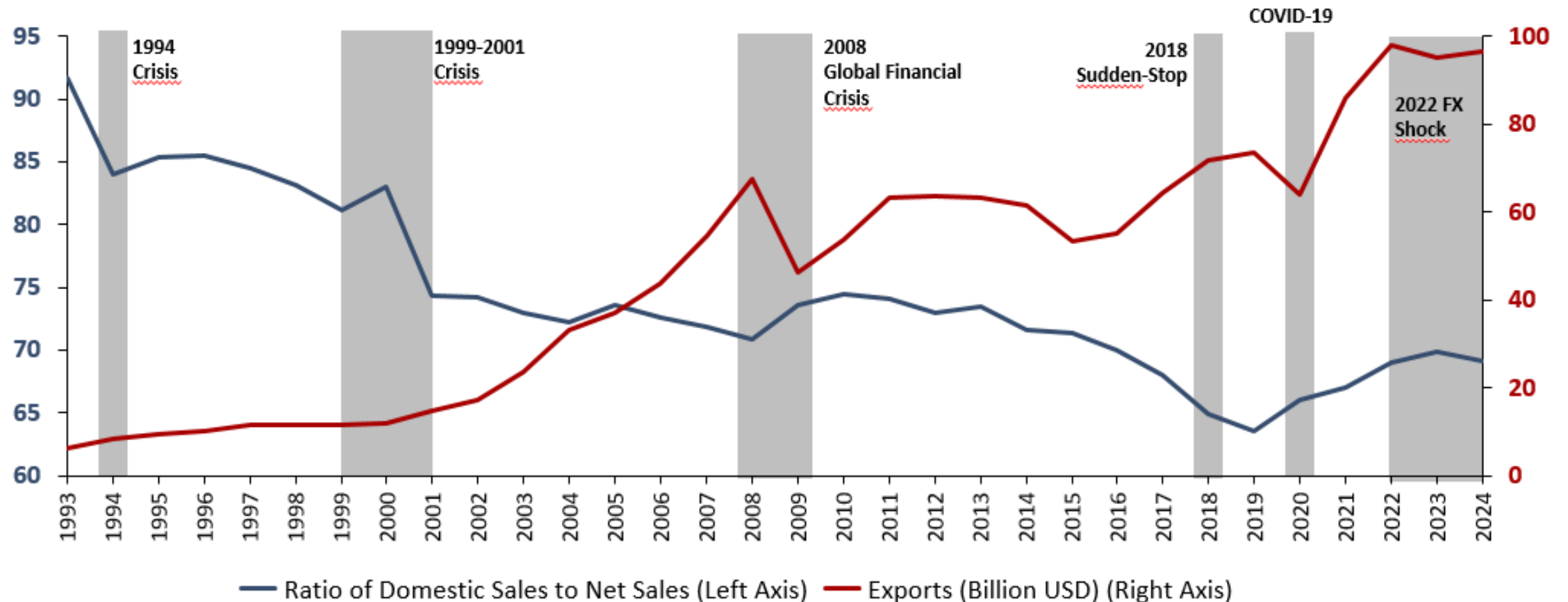
China’s Rise as a High-Tech Exporter



Why this matters for Türkiye?

Exports are the backbone of Türkiye's manufacturing industry

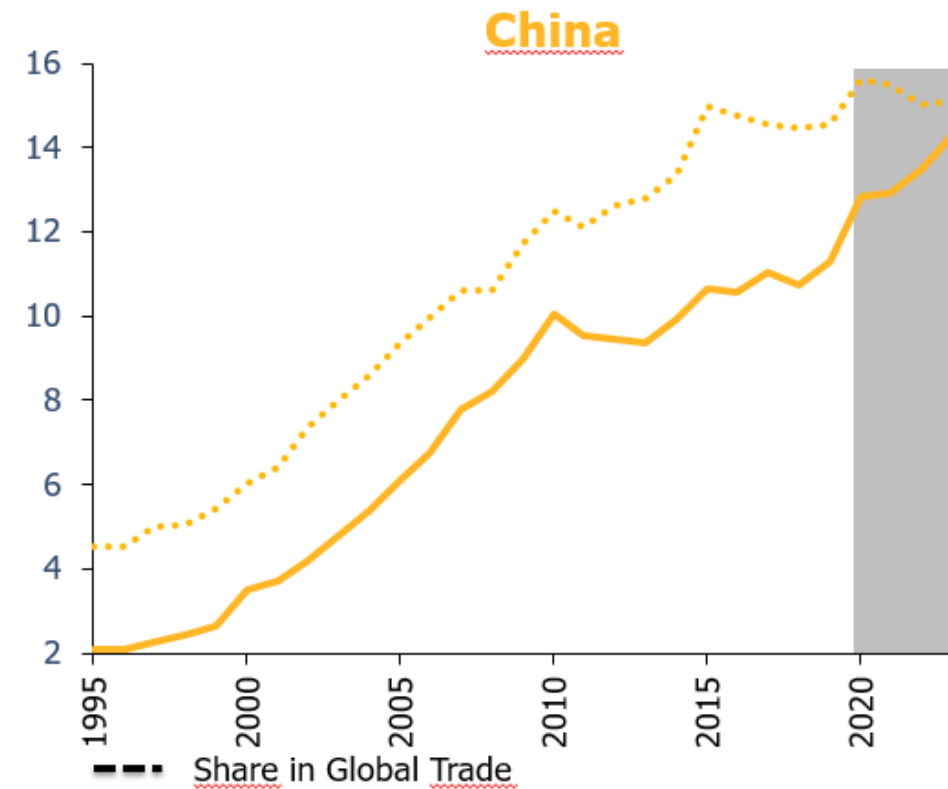
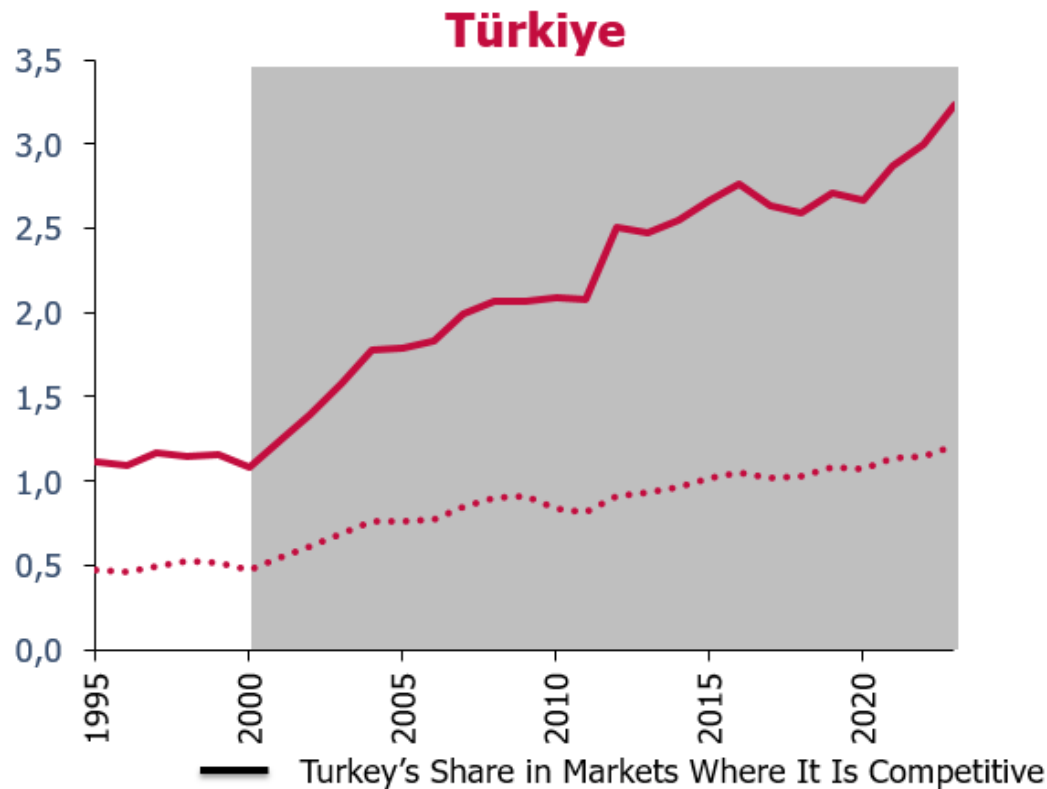
Market connectedness of ISO-500 companies, %, 1993-2024



But: Global trade transformation brings significant challenges

China's rapid penetration into Türkiye's main export markets restricts Türkiye's potential export gains

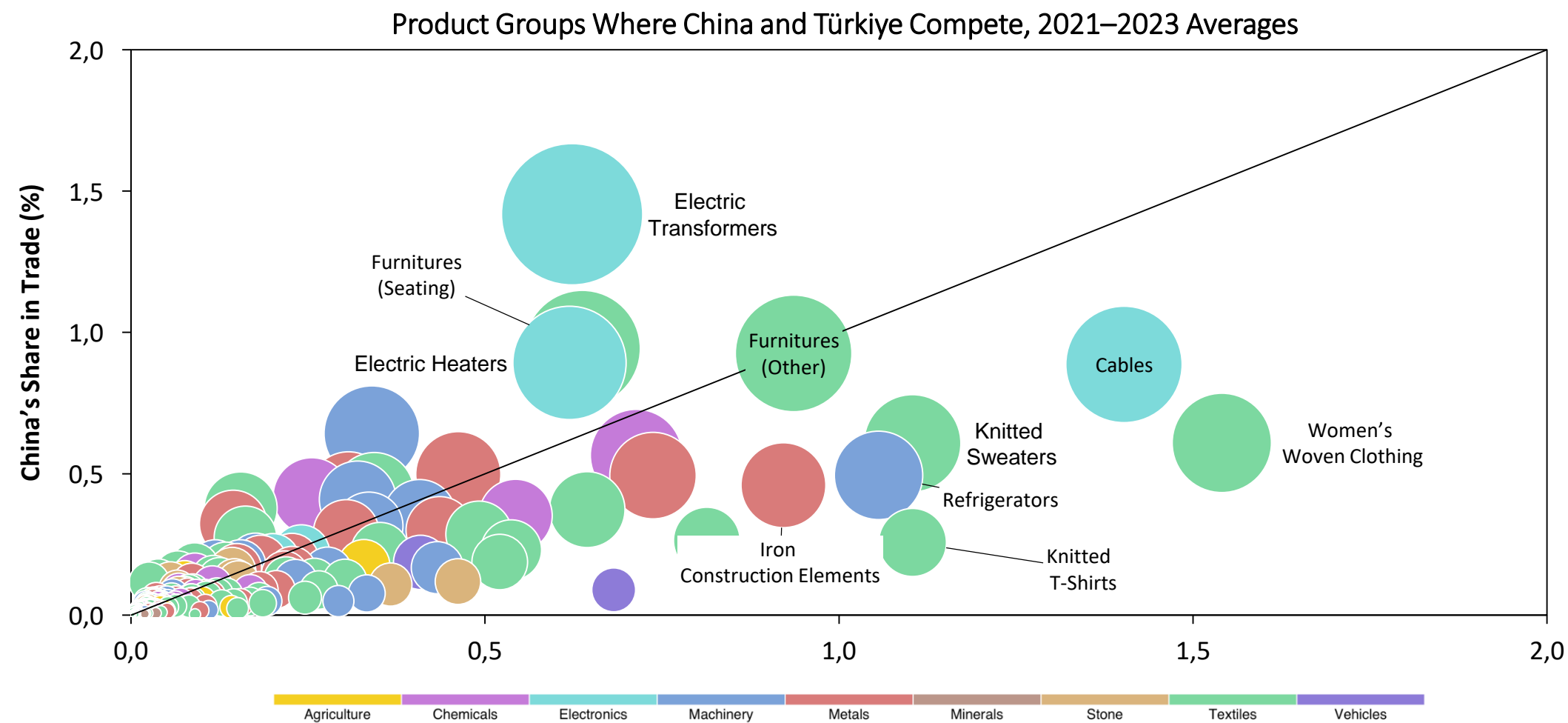
Export shares of China and Turkey in Turkey's top 20 export markets, %, 1995-2023



Source: BACI, TEPAV calculations

*Germany, Azerbaijan, Belarus, United Arab Emirates, United Kingdom, Bulgaria, Algeria, Morocco, Georgia, Iraq, Iran, Israel, Spain, Italy, Libya, Romania, Russia, Syria, Turkmenistan and Ukraine

Nearly 20% of Türkiye's exports are in product categories where China is a strong competitor

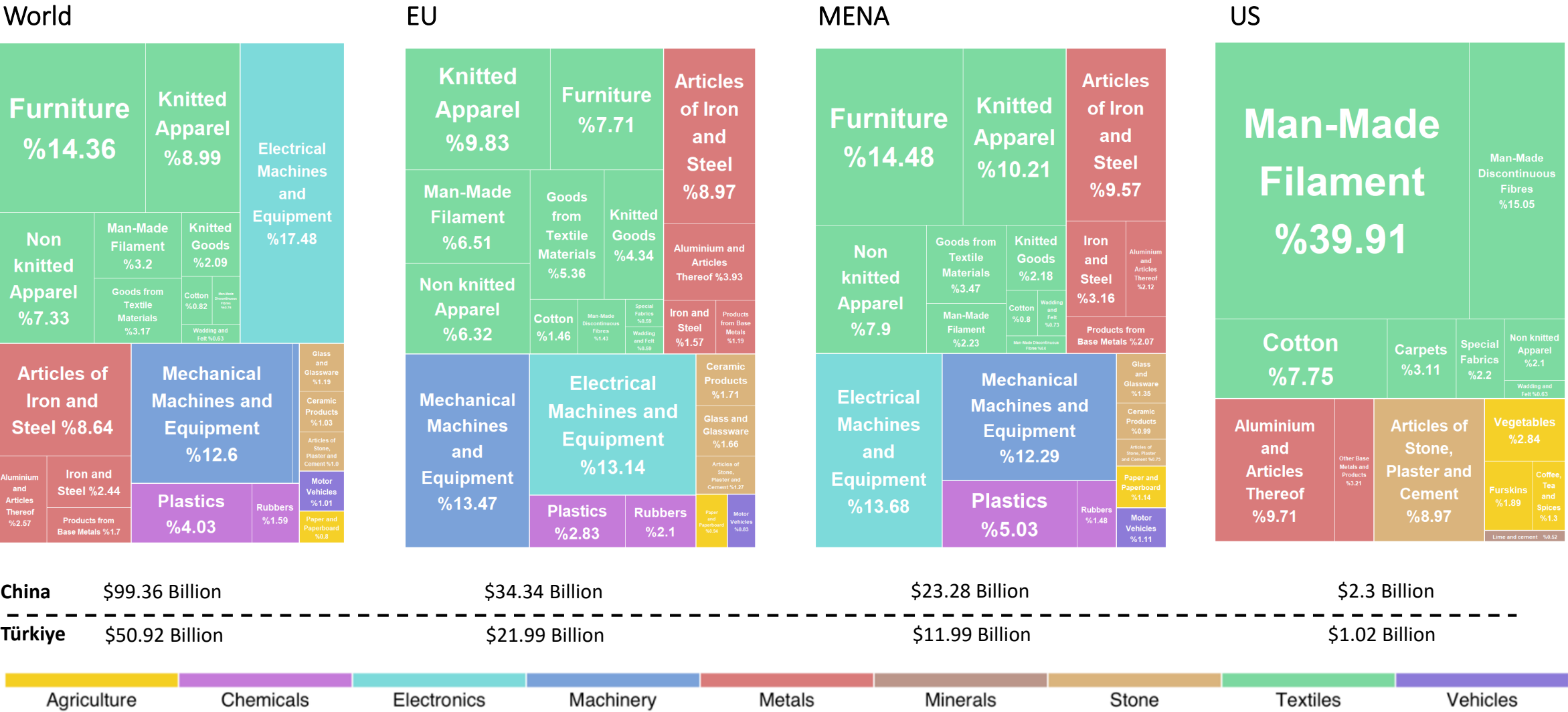


Source: CEPII BACI, TEPAV calculations,
*Balloon sizes represent world trade volume

China rebalanced its global export strategy

Türkiye also became the fastest-growing destination for Chinese exports

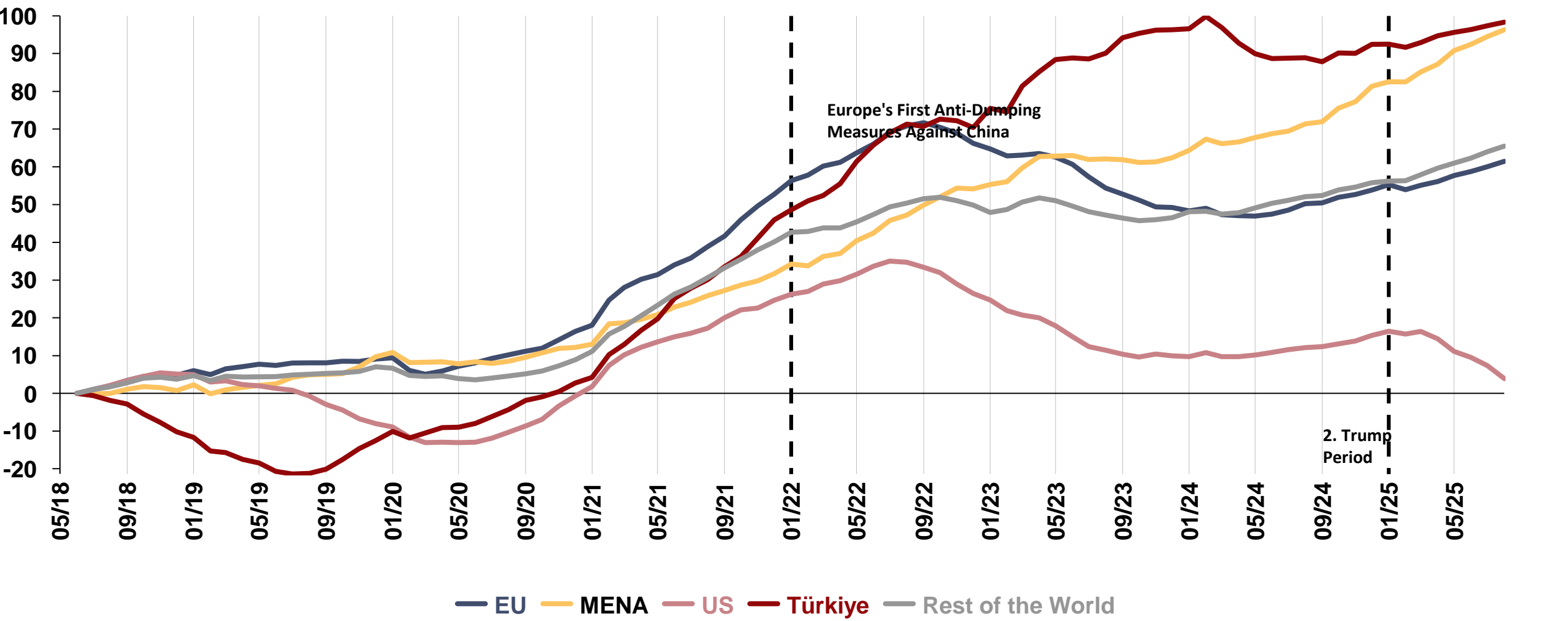
Sectoral and regional breakdown of China’s competition



Source: CEPII BACI, TEPAV calculations

China's rising influence in Türkiye's domestic market

China export growth, %, 06.2018-08.2025



Source: General Administration of Customs of China, TEPAV calculations

Impact of global tariff changes on Türkiye's motor vehicles sector

- Scope
 - Trade flows, production, supply chains, and competitiveness
 - Focus on HS87 - motor vehicles and parts
 - Comparison of pre-tariff and post-tariff periods as of 15 September 2025
- The model includes, due to the implementation of tariff changes;
 - “Direct” effects
 - “Indirect” effects
 - “Sub-industry”

Simulations suggest a total export loss of USD 738 million

Country - Importer	Total Impact (X \$1000)
Canada	31660
Spain	6615
Poland	5348
Mexico	4800
Romania	2090
Czechia	1856
Netherlands	1648
France	1308
Slovenia	855
Belgium	802
India	692
Portugal	562
South Korea	552
Lithuania	528
TOTAL (A)	59316

Country - Importer	Total Impact (X \$1000)
Austria	-589
Chile	-596
Japan	-1378
South Africa	-1841
Ukraine	-1897
Slovakia	-2172
Hungary	-2184
Italy	-15276
Germany	-56028
United Kingdom	-62561
United States	-575034
TOTAL (B)	-719556
TOTAL (A+B)	-660240

Sector	Total Impact (X \$1000)
8701	-102623
8702	-32055
8703	34600
8704	17613
8705	1502
8708	-657393
TOTAL	-738356

Can this be an opportunity?

Drivers of the loss

- High U.S. tariffs on Turkish exports
- Global decline in U.S. import demand
- Limited ability of Türkiye to capture diverted demand due to tariff barriers

Opportunity

- Türkiye could become a key supplier of intermediate inputs in reconfigured value chains.

Policy recommendations to recalibrate Turkey's industrial policy*

- Technology diffusion and smart specialization
 - Identify priority areas in high-and medium-high-technology sectors
 - Align incentives and regulatory design around these areas
 - Restructure public-private sector dialogue with an industrial policy focus
- Technology transfer and scaling
 - Establish technology interface mechanisms
 - Build institutional structures to support scaling from startup ecosystems
- Strengthening R&D and innovation ecosystems
 - Prepare a national "science and technology research capacity map"
 - Design long-term R&D programs focused on priority fields
 - Integrate startups and SMEs into industry value chains via targeted support

BRICS as a Counterweight: India's Path and Shared Opportunities

Tariff policies and the new reality

Historical role of tariff policies

- Tariffs are strategic tools, not just protective barriers
- Nations have used them to build industries and capabilities
- Objective: Boosts domestic production, jobs, and technological upgrading.

Trade and new reality

- Global trade today is not only about liberalization but must align with industrial policy
- Tariff wars are escalating: US-China tensions, supply chain disruptions, protectionism
- A “crisis” can become an opportunity with the right policies

Trade success and opportunities for India

- What defines real trade success?
 - True success is not export volume but:
 - Economic diversification
 - Value-added production
 - Decent, stable employment
- Trade and tariff policy should serve development, not just trade numbers
- Opportunities and risks for India
 - Global tariff reconfiguration creates entry points into value chains
 - But India must strengthen:
 - Industrial policy
 - Innovation in SMEs, agriculture, services
 - Infrastructure and skills
- Lower tariffs alone are not enough; long-term strategic planning is essential.

The return of trade wars and collective action challenges

Today's trade landscape is defined by:

- Escalating U.S. tariffs have reshaped global trade dynamics
- Countries face pressure to adopt protectionist countermeasures
- The multilateral system is strained, challenging cooperative responses

Why collective action is difficult?

- National governments prioritize domestic political and economic interests
- Asymmetric impacts make cooperation costly
- Fragmentation between western alliances and rising blocs complicates unity

A coordinated response remains difficult but not impossible

- Strengthen multilateral dispute mechanisms
 - Build issue-based coalitions to resist unilateral tariffs
 - Invest in regional agreements that reinforce open markets
- Defending the rules-based trading order requires coordinated action within the WTO
- China and the EU should lead efforts to challenge U.S. violations
 - Türkiye, Russia, BRICS members and partners can expand and legitimize a unified coalition

Conclusion: Navigating new era of strategic trade

- Global trade is shifting toward geoeconomic rivalry, not liberalization.
- China's rise and US tariff actions reshape risks and opportunities for all economies.
- For Türkiye, the challenge is clear: Competing with China requires upgrading technology and strategic industrial policy.
- Yet this moment also offers historic opportunities: Economies can help stabilize global trade and strengthen multilateral rules.
- BRICS partners can build resilient supply chains, reduce vulnerabilities, and promote cooperative solutions.

References

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