

Chapter 5

COVID-19 Policy Measures and Reflections on the Turkish Economy and Foreign Trade

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ABSTRACT

The first COVID-19 case in Turkey was seen on March 11, 2020. Various measures have been taken and restrictions have been introduced to reduce the rate of spread since then. International and intercity transport of goods and passengers were limited and/or stopped and curfews/restrictions were applied. The activities of the service sector were regulated/stopped, and their activities were allowed on the condition that certain criteria were met. Working style and hours in public and private sector were designed. The restrictions on economic and social life were gradually lifted. In addition to the loss of people and workforce caused by the pandemic, the reflections of the measures put in effect in terms of economic concerns on national economy have been clearly observed. In this chapter, the economic effects of the pandemic process in Turkey; the short-term results in selected/main indicators, like inflation, unemployment, GDP, trade, etc.; and economic recovery due to policy measures will be evaluated.

INTRODUCTION

The virus appeared in Wuhan, China in December 2019 and named as Covid-19 by the World Health Organization, has become the biggest pandemic of the last century with over 418 million cases and over 5.8 million deaths as of February 2022.

The first case in Türkiye was seen on March 11, 2020, and as of February 2022, the cumulative number of cases exceeded 13.2 million and the number of deaths exceeded 91 thousand in almost two years. Various measures have been taken and restrictions have been introduced to reduce the rate of

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spread since the first detection. International transport of goods and passengers has been limited, and mutually stopped completely between many countries. While going online in education, curfews/restrictions were applied, and inter-city travels were subject to permission. The activities of venues such as cinemas, concert halls, weddings halls, cafes, coffee shops, massage parlours and gymnasiums have been regulated/stopped, and their activities are allowed on the condition that certain criteria are met. Remote working has been started in applicable areas, and working hours in public institutions have been reduced. Normalization measures were announced in March and June 2021, and restrictions on economic and social life were gradually lifted.

In addition to the loss of people and workforce caused by the pandemic, the reflections of the measures put in effect in terms of economic concerns, on society and individuals, as well as national economies have been clearly observed. Different reflections/effects of Covid-19 are handled by different disciplines and/or interdisciplinary studies. In this study, the economic effects of the pandemic process in Türkiye, the short-term results in selected/main indicators, and economic recovery due to policy measures will be evaluated¹. Providing in detail information on policy measures of Turkish government this study aims to evaluate general tendency of main economic indicators during the period of pandemic. There are not much study with similar context in the related literature yet which makes this one valuable. As of the first detection of Covid-19 in the country, Turkish government has taken immediate actions including effective measures and regulations on employment, production, foreign trade, etc., in terms of monetary, fiscal, social, and foreign trade policy instruments. Consequently, as the figures presented in this study and provided from trustworthy institutional sources, which collect and release data with the same methodology as the EUROSTAT and OECD, shows Türkiye has realized the highest growth rates among OECD member states during pandemic, being double digit annually in 2021, while keeping unemployment rate at relatively same level, and increased exports especially to the EU members making use of logistic advantages, and constraints in the supply chains. However, as seen almost every country in the world, inflation rate in Türkiye turned back its long term high levels, mostly because of expansionary monetary policy. As an emerging economy, Turkish case can be insightful to see reflections of policy measures against demand and supply shocks caused by pandemic on main economic variables.

This chapter consists of four sections. Following the theoretical background with a brief information on supply and demand shocks, the course of pandemic in Türkiye is presented. Under the third main subtitle, policy measures are explained in detail. Then, data on selected economic variables are presented with different figures and evaluated. Finally, this study is completed by conclusions and recommendations with the hope of contributing policy makers, and future research, as well.

THEORETICAL BACKGROUND

Like every unexpected event, Covid-19 led to uncertainties whose economic reflections can be evaluated in terms of demand and supply shocks. The course and possible duration of pandemic form its effects on demand and supply. Main factor with respect to supply side effects, the closure of workplaces, or limitations on, and differentiation in working hours and forms due to pandemic and quarantine. To the extent that digital technologies make telecommuting possible contraction of output can be reduced or prevented (Baldwin, and Mauro, 2020: 13). However, for those sectors, which telecommuting is not applicable, output reduction is inevitable.

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