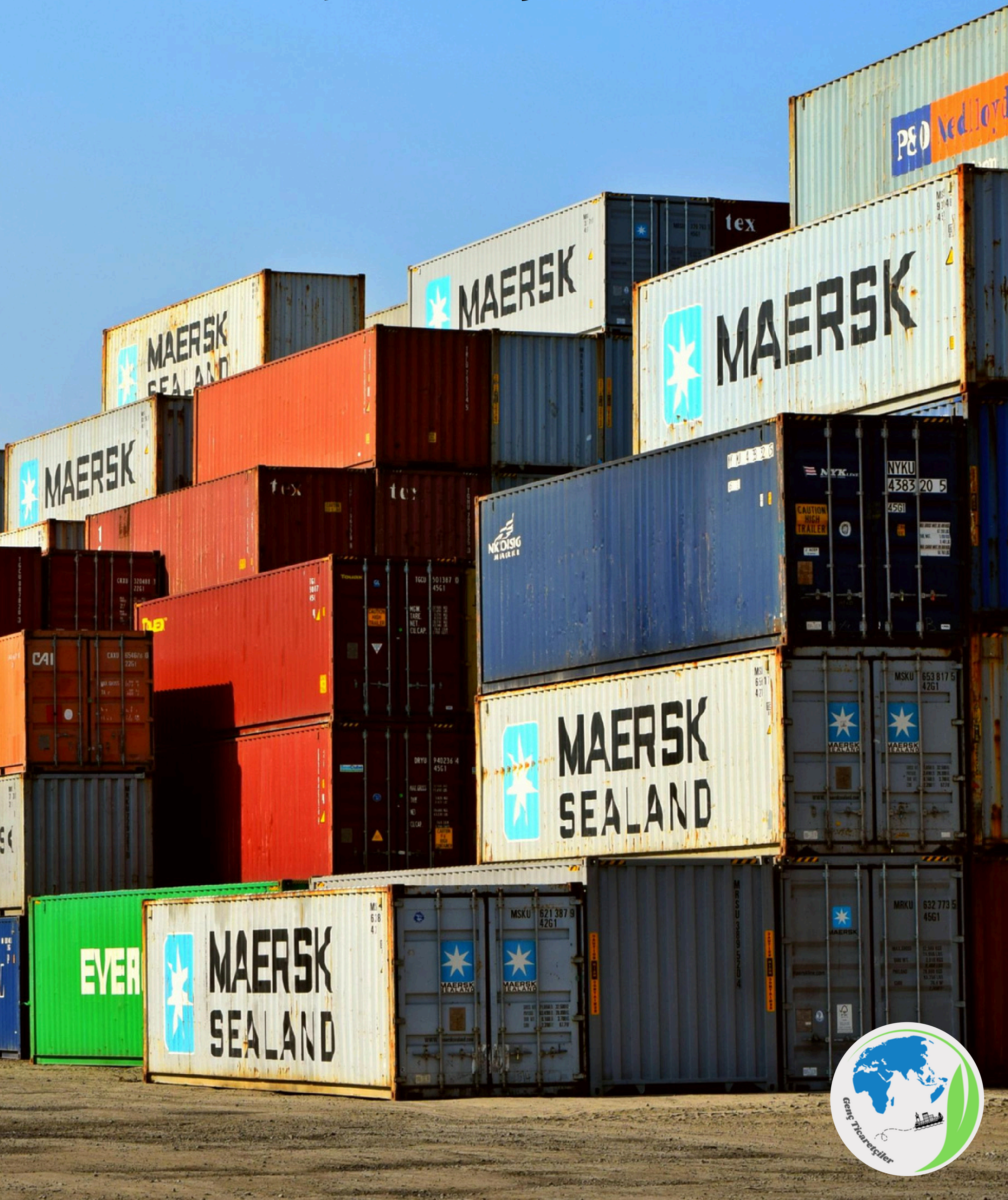
Trade Bulletin

DECEMBER 2025



Genç Ticaretçiler

FOREWORD

Dear readers,

The December issue of the *Genç Ticaretçiler Trade Bulletin* offers an overview of Türkiye's December and full-year 2025 foreign trade performance, with a focus on the main trends shaping exports and imports. By examining recent trade data, this issue aims to provide readers with a clearer picture of Türkiye's external trade dynamics at the end of the year.

In addition to national developments, the Bulletin reviews key findings from the *UNCTAD Trade and Development Report 2025*, particularly in relation to slowing goods trade, supply chain reconfiguration, and emerging patterns in global trade. The issue also highlights major global and regional developments that came to the forefront in December and had implications for Türkiye's foreign trade.

Through these assessments, the December edition seeks to present a concise and accessible perspective on both Türkiye's trade performance and the evolving global trade environment.

Enjoy reading.

Genç Ticaretçiler

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Türkiye's Trade Performance: December Momentum and 2025 Overview

When the December 2025 foreign trade data are examined, it is observed that Türkiye recorded a strong increase in both exports and imports in the final month of the year. Exports reached USD 26.4 billion, representing a 12.8% increase compared to the same month of the previous year, which indicates that production capacity and access to foreign markets have been maintained. During the same period, imports rose by 11.2% to USD 35.8 billion, signaling a vibrant level of economic activity while also revealing the continued presence of a foreign trade deficit.

Table 1. Turkish Monthly Foreign Trade Data (Million USD)

	Export	Import
December 2025	26.411	35.826
December 2024	23.407	32.218
Difference	**12,8 %**	**11,2 %**

Source: Ministry of Commerce of the Republic of Türkiye (2025)

Examining the 2024–2025 period, it is observed that the upward trend in foreign trade continues, but imports are increasing faster than exports. In December 2025, exports rose by 12.8% compared to the same month of the previous year, reaching $26.411 billion, while imports increased by 11.2% to $35.826 billion. Looking at the year as a whole, in the January-December 2025 period, exports increased by 4.5% to $273.434 billion, while imports increased by 6.3% to $365.524 billion. This picture shows that the volume of foreign trade expanded in 2025, but the stronger increase in imports continues to put pressure on the foreign trade deficit.

Table 2. Turkish 2025 Foreign Trade Data (Million USD)

	Export	Import
Jan- Dec 2025	273.434	365.524
Jan- Dec 2024	261.778	344.010
Difference	**4,5 %**	**6,3 %**

Source: Ministry of Commerce of the Republic of Türkiye (2025)

An analysis of country-based export data shows that Germany remains Türkiye's most important export market. The United States and the United Kingdom follow Germany, indicating that Turkish exports are largely directed toward developed economies. This reflects Türkiye's sustained competitiveness in industrial products within certain key markets. Nevertheless, the fact that the top ten export destinations account for 44.4% of total exports suggests a high level of market concentration and highlights the importance of increasing market diversification.

From the perspective of country groups, the European Union's position at the top of export destinations is noteworthy. Exports exceeding USD 10 billion to EU-27 countries demonstrate that the Customs Union continues to play a decisive role in Türkiye's foreign trade. The fact that Near and Middle Eastern countries rank immediately after the EU can be considered positive, as it indicates Türkiye's ability to leverage its geographical advantages by turning toward alternative markets.

Sectoral distribution reveals that exports are largely driven by the manufacturing industry. The manufacturing sector's share exceeding 93% clearly indicates that Türkiye's export structure is predominantly industry oriented. The relatively lower shares of agriculture and mining suggest that there is room for improvement in terms of product diversification.

On the import side, the prominent positions of China and Russia reflect Türkiye's external dependence, particularly on intermediate goods, energy, and raw materials. The European Union also ranking first in imports shows that Türkiye maintains an intensive and reciprocal trade relationship with the EU in both exports and imports.

Overall, the December 2025 data indicate that Türkiye continues its growth trend in foreign trade; however, structural challenges such as the trade deficit, import dependency, and market concentration persist. These figures clearly show that while Türkiye has preserved its export performance in the short term, it needs a more balanced, higher value-added, and diversified foreign trade structure in the long run.

Author: Emrullah T. KARÇİÇEĞİ

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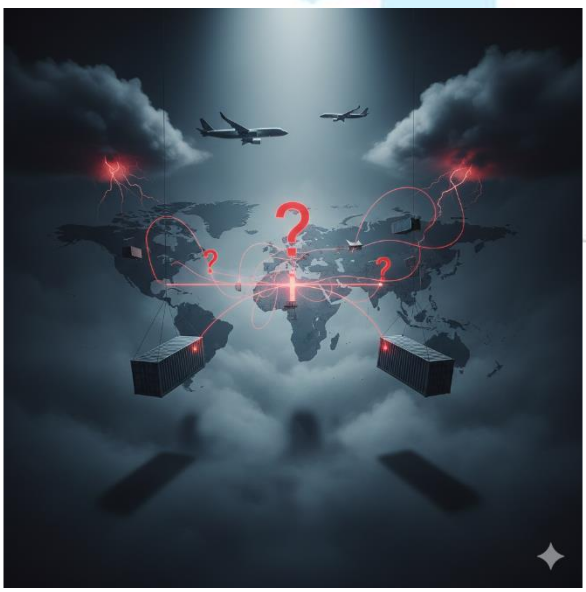
Navigating Global Trade Uncertainties: Key Messages from UNCTAD Trade and Development Report 2025

2025 was a year when the world economy and trade underwent significant changes, and uncertainty became structural. According to the UNCTAD research, financial cycles, pressure on exchange rates, and protectionist measures have turned trade into more than just the flow of goods. Global growth decreased from 2.9% in 2024 to 2.6% in 2025, in contrast to soft landing scenarios. This low rate continues beyond 2026, according to the research, indicating that growth has changed from a thriving to a faltering structure.



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The US economy grew by 1.8% in the region due to increased tariffs and a slowdown in industrial production, while the Chinese economy lost momentum due to rising tariff barriers. The first half of 2025 had a 4% increase in goods trade, which is misleading because companies hoarded products to avoid hefty tariffs later in the year. Investments in the IT industry temporarily covered up this stagnation, but the effect quickly faded. Especially, firms were obliged to postpone making investment decisions due to the eight-fold increase in tariffs to 18% in the US, which led to investor immobility.

The data presented in this research clearly demonstrates the structural interdependence between international financial markets and commerce. Changes in risk sensitivity have a direct impact on trade, as over 90% of global trade is dependent on financial infrastructure. Data from 2025 shows that a 1% increase in the US dollar permanently decreases international trade by 0.6%. The cost and availability of trade financing have grown due to financial tightening and a strong currency, especially for developing countries.

As a result, a new normal has formed in which decisions made by central banks, financial markets, and border crossings all influence commerce. A shift in the global monetary system is shown by the dollar's declining reserve share and central banks' preference for gold. Trade strategy in 2026 and beyond will be determined by these high tariff walls and financial pressures. Protectionist measures must be abandoned and a more equitable trading environment must be established for everyone if the global economy is to recover.

Author: Dilşad YILMAZ USLU

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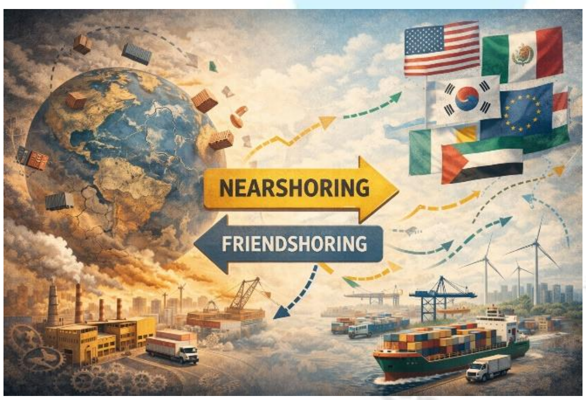
From Globalization to Reconfiguration: Nearshoring and Friendshoring Amid Slowing Goods Trade — Evidence from UNCTAD TDR 2025

The United Nations Conference on Trade and Development (UNCTAD) 2025 Trade and Development report presents noteworthy data on the recent trend of friendshoring.

Friendshoring and nearshoring are defined as strategies for shifting production and supply chain networks to countries with political and economic allies or friendly relations, taking geopolitical risks into account.



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The concept of friendshoring, first articulated by former U.S. Treasury Secretary Janet Yellen in her speech at the Atlantic Council on April 13, 2022, gained prominence in the aftermath of severe global supply chain disruptions triggered by the COVID-19 pandemic and Russia's invasion of Ukraine. The concept seeks to enhance supply chain resilience and security by reducing dependence on geopolitically unreliable countries, thereby preventing the "weaponization of trade," defined as the strategic use of trade dependencies as a coercive political tool. Unlike the traditional offshoring model, which prioritizes cost minimization by sourcing goods from countries with the lowest production costs, friendshoring emphasizes geopolitical alignment, trust, and political compatibility over pure cost efficiency.

Although the concept of friendshoring aims to prevent potential disruptions in supply chains due to geopolitical risks, this is not feasible for every sector. The main reason for this is the existing trade relationships, foreign investments, and dependence on current suppliers. However, countries, especially in the technology and energy sectors, have begun to establish new supply chains with politically close countries in addition to geographically close suppliers.

The main finding of the UNCTAD 2025 report regarding friendshoring is that the anticipated shift has progressed much more slowly than expected and has, in some cases, effectively stalled. The primary factors underlying this slowdown are the high adjustment costs and the structural rigidity of existing global supply chains, which make relocation both complex and costly. Consequently, although some countries express strategic intentions to relocate industrial production from offshore locations to nearshore or friendshore partners, such transformations are unlikely to materialize in the short term.

Finally, the report underscores that while certain shifts in global trade flows have occurred, these changes do not amount to a comprehensive friendshoring process.

For instance, China's exports to the United States have declined, whereas its exports to African economies have expanded. However, UNCTAD characterizes this pattern not as full-fledged friendshoring, but rather as trade diversion, indicating a reorientation of export destinations rather than a fundamental restructuring of supply chains based on geopolitical alignment.

The key question is how the anticipated rise in global uncertainty and geopolitical risk in 2026 will shape international trade patterns, and whether the strategic rationale underlying friendshoring will be sufficient to offset its associated economic and structural costs.

Author: Res. Assist. Emre ÖZSALMAN

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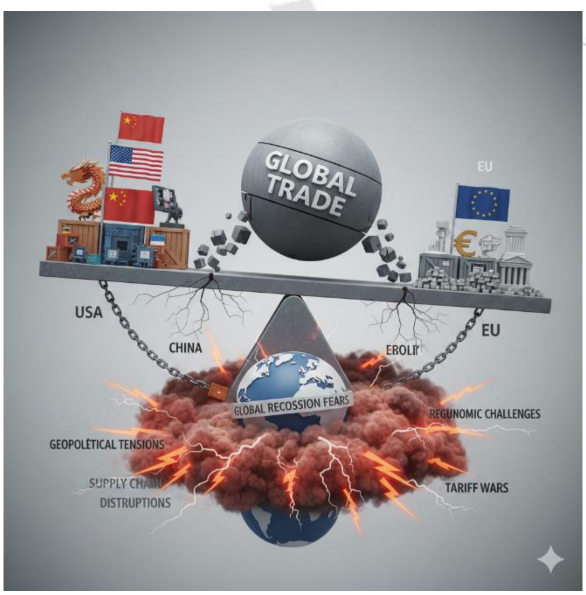
Global Trade Imbalances and Regional Fragmentation: The Case of the United States, China, and the European Union in UNCTAD TDR 2025

In an effort to close its trade deficit, which is projected to exceed $1 trillion in 2023, the US implemented aggressive tariff policies at the beginning of 2025, raising tariffs on products imported from China to levels of 125%. Simultaneously, it imposed additional tariffs on Canada and Mexico.

China has achieved a $1 trillion trade surplus by the end of 2025 and retaliated against US tariffs with additional 84%. It has offset the 13.5% loss in the US market by shifting its exports to ASEAN and EU markets. This demonstrates that China's low domestic consumption also means it controls global demand.



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The EU, meanwhile, continues to maintain a trade surplus while striving to balance the power dynamics between the two major powers. The tariffs imposed by the US on one hand, and China's growing presence in the European market on the other, are creating intense competition for EU exporters and Türkiye.

Political decisions are a shaping factor in the balance of trade. In particular, tariff wars have reshaped global supply chains and shifted global trade towards other blocs. While previously the theory of comparative advantage was the guiding principle, today "Friend-Shoring" and "Near-Shoring" concepts are preferred as more reliable options. This indicates a reshaping of trade blocs.

Turkey is experiencing intense competitive pressure in terms of price and volume, particularly in textiles, due to China's increased focus on the EU market. The rising cost of raw materials and intermediate goods imported from China risks increasing production costs in Türkiye.

Due to its geographical proximity to the EU, Turkey is in a more advantageous position compared to the US and China, according to the Near Shoring principle. This advantage can be utilized through strategies such as trade bridge or logistics center activities, market diversification and distant country strategies, accelerating the green transformation, and improving the investment environment.

Author: Ümran GÜVEN

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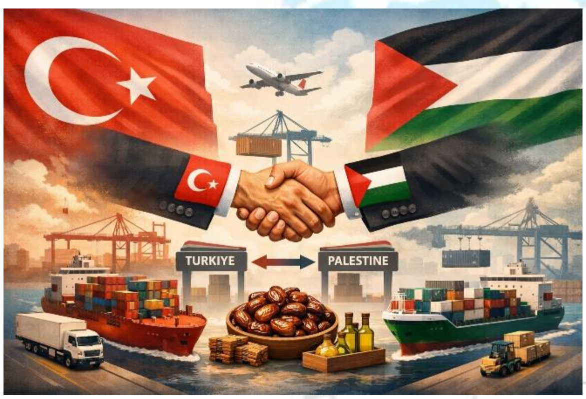
Strengthening Trade Relations with Palestine: Increased Date Import Quotas and Revised Preferential Tariffs under the FTA

A significant step has been taken in trade relations between Turkey and Palestine. With Presidential Decree No. 10779, published in the Official Gazette on December 12, 2025, tariff quotas applied to the import of certain products originating from Palestine (yogurt, cheese, tomatoes, dates, strawberries, couscous, sweet biscuits, and olives) have been updated.



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As part of the regulation, preferential tariffs and rules of origin applied to imports from Palestine to Turkey under the Free Trade Agreement (FTA) were also reviewed. A statement from the Ministry of Trade indicated that with the new decisions, tariff quotas for products of importance to the Palestinian economy have been expanded, aiming to create a more balanced and sustainable trade structure between the two countries.

With the updated regulatory framework, tariff-rate quotas have been redefined for a range of products, including yogurt, cheese, tomatoes, dates, strawberries, couscous, sweet biscuits, and olives. Customs duties have been eliminated for certain products, while additional fiscal and tariff-related obligations have been revised for others.

Moreover, the alignment of the rules of origin protocol under the Free Trade Agreement (FTA) with the Revised Pan-Euro-Mediterranean Regional Convention will introduce greater flexibility in the use of products of Palestinian origin as intermediate inputs in Türkiye. This development is expected to enhance bilateral trade volumes, particularly in the agriculture and food processing sectors.

Officials emphasize that increasing the date quota and updating preferential tariffs will facilitate Palestinian producers' access to the Turkish market, and that these regulations aim to contribute to the development of the Palestinian economy.

Author: A. Berke AYSÖNDÜ

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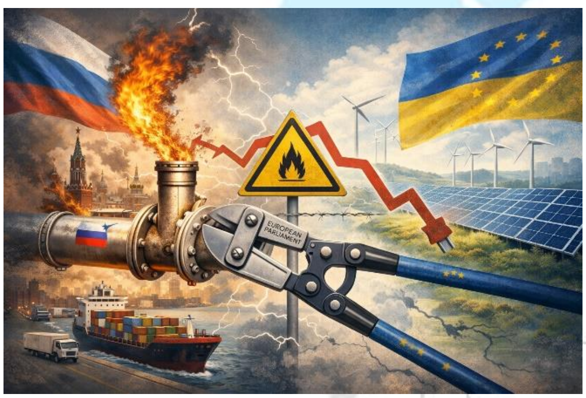
The European Parliament’s Decision to Phase Out Russian Natural Gas Imports: Rationale and Implications

The European Parliament has adopted a significant resolution representing a radical transformation in the European Union's (EU) energy policy. According to this resolution, the EU aims to gradually end imports of natural gas and liquefied natural gas (LNG) transported via pipeline from Russia during the 2026-2027 period. The decision is considered one of the most critical steps in the REPowerEU roadmap, which aims to eliminate the Union's dependence on Russian energy.



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The EU Council announced that a legally binding agreement had been reached following negotiations with the European Parliament. The Council stated that this arrangement would protect the EU's supply security, support stability in the energy market, and create an independent and resilient EU energy market in the long term.

According to EU Commission data, there has been a remarkable decline in energy imports from Russia in recent years: - Natural gas: from 45% to 13% - Coal: from 51% to 0% - Crude oil: from 26% to 2% These figures show that the EU's energy diversification policy is yielding tangible results.

Data released by the Russian Ministry of Finance illustrate the economic impact of the European Union’s energy sanctions. Accordingly, Russia’s oil and natural gas revenues declined by 33.8% year-on-year in November, falling to 531 billion rubles. This contraction once again underscores the critical role of energy revenues in Russia’s fiscal capacity and the financing of the war.

Authors: Ahmet Hakan ÖZBEY & Kağan Nihat AKTEPE

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