



Business National

Increase in capacity utilization rate boosts hopes for recovery

Turkey saw a 2.1 percent recovery in its industrial capacity utilization rate between March and April, and this has been interpreted by experts as cause for hope that Turkey is overcoming the effects of the ongoing global economic crisis.



Capacity utilization has fallen dramatically in recent months, and April's rate was 14.9 points below the same month last year. Nevertheless, the increase between March and April is interpreted as a sign that the declining trend seen since November has finally ended.

Turkish Union of Chambers and Commodity Exchanges (TOBB) Vice Chairman Faik Yavuz said a considerable recovery from the economic crisis will begin if April's increase develops into a trend.

Yavuz noted that all countries are discussing whether the end of the tunnel of the global crisis is in view yet and stressed that Turkey will overcome the bad effects of the crisis quickly if this recovery persists. He said signs of recovery also are having a positive impact on markets. "There is no consensus that the crisis has bottomed out. The entire world is discussing this, particularly the US, where the crisis broke out. It is not certain that the crisis has bottomed out, but what is certain is that when it does, economic indicators will be up and positive. If the recovery continues, we hope we will be free from the effects of the crisis in the first quarter of 2010," he explained.

Noting that the increase will meet the expectations of the business world, Industry and Trade Minister Nihat Ergün said: "Amelioration in the capacity utilization rate is a clear sign of a rising trend in industrial production. The process of recovery will continue in the months to come."

Ergün also said the amelioration in the capacity utilization rate heralds positive developments in the economy, stressing that the government's attempts to help the real sector recover have begun to show their effects. "When evaluated along with the capacity utilization rate, the recovery process in industrial production shows the real sector is gathering strength. Since we took important precautions on this issue, I believe that the recovery will be a trend. We expect further increase in both the capacity utilization rate and industrial production.

Recovery in domestic and external demand will affect the situation positively. Precautions to revive the real sector will also enable the capacity utilization rate to increase with stability."

Stressing that the effects of the economic crisis slowed down after the winter, Ergün said while pessimistic views reign in many countries, the

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Capacity utilization rate falls globally

Due to the global economic crisis, capacity utilization rates all around the world declined significantly. In the US the rate has dropped to below 70 percent, the lowest since 1982. While the capacity utilization rate in the US was 70.9 percent at the end of 1982, it fell to 69.3 percent in March 2009. Similarly in Canada, the rate fell to 74.7 percent in the last quarter of 2008, the lowest seen since 1987.

recovery in Turkey stems from the strength of the country's financial sector.

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ALI ASLAN KILIÇ ANKARA

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