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Turkey's Tariff Edge: Cliff Hanger or Easy Road Ahead?

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GARMENT FACTORY IN TURKEY. **SERHAT CAGDAS/ANADOLU AGENCY VIA GETTY IMAGES**

While U.S. tariffs have set off a sense of confusion and ambiguity in many countries, [Turkey](#) has reacted differently, repositioning fast.

In the new tariff rates announced on Aug. 1, the reciprocal rate applicable to Turkey's trade with the U.S. was set at 15 percent. "It provides Turkey with a significant advantage compared to its competitors," Mustafa Gültepe, president of the Istanbul Apparel Exporters Association told Sourcing Journal.

“When considering countries such as [Bangladesh](#) at 20 percent, Vietnam at 20 percent, Sri Lanka at 20 percent, Pakistan at 19 percent, India at 50 percent, and [China](#) at 37.5 percent, Türkiye’s relative advantage is clearly evident. The increasing tariff burden on these Asia-based countries compels U.S. buyers to diversify their supply chains; in this regard, Turkey stands out with its quality, reliability, and geographical advantages.”

Although the advantage gap with the European Union has narrowed, Gültepe said Turkey still has the opportunity to capture volume lost by Asian countries while competing in high value-added production similar to the EU.

His point was echoed by other associations and manufacturers around the country.

Toygar Narbay, co-chair of TGSD, the Turkish Clothing Manufacturers’ Association, said, “The tariffs have given us an advantage—and we have to realize the way ahead step by step. We have to keep in mind the geopolitical developments and the many other things that affect competition, but also our strengths. We need to recognize the advantages we already have – our development capacity, the vertical supply chain, fast and flexible high-quality production, and the European mindset.”

In a study compiled in recent weeks, Narbay highlighted essential action items to fuel this advantage, emphasizing the need for government support. These include enhanced exchange rate conversion mechanisms, expanded SME support, strengthened Eximbank credit programs, and solutions to letter-of-guarantee bottlenecks.

The report noted that significant economic revitalization is expected in Istanbul, Izmir, Denizli, Kahramanmaraş, and Gaziantep, where Turkey’s apparel production is concentrated. With Istanbul alone accounting for 40 percent of total production, regional spillovers are expected to be substantial.

The study argued that “Trump tariffs have reshaped global trade dynamics in a way that positions Turkey not as a loser, but as a strategic winner,” but cautioned that the sector must “mobilize swiftly and decisively to capture this advantage.” While the EU continues to absorb 70 percent of Turkish apparel exports, manufacturers said that Turkey’s speedy delivery time and nearshoring advantage apply to the U.S. market as well, with shipping times less than half of those from South Asia.

Gültepe also spoke for the industry when he said that it was time to “repair damage to exports in the transatlantic channel” and ensure that the “opportunity window” to the U.S. was not missed. He acknowledged that the scenario was somewhat different compared with the EU but insisted Turkey could still carve out a stronger position, despite the fact that the EU now has a price advantage exporting to the U.S.

“Although the advantage gap against the EU has narrowed, Turkey has the opportunity both to capture volumes lost by Asian countries and to compete in high value-added production similar to the EU. The Turkish apparel sector’s high quality, fast delivery, sustainability, and reliable production capacity enable it to increase its presence in the U.S. market. Turkey has a production capacity similar to that of the EU—and particularly Italy—in supplying high-quality, value-added, and design-focused products to the U.S. market. By strengthening its competitiveness in quality and design, Turkey has the potential to achieve a position in the U.S. market comparable to Italy,” he said.

“In 2024, the apparel sector achieved total exports of \$17.9 billion, ranking third in Turkey’s overall exports. In the first seven months of 2025, it ranked fourth with \$9.7 billion in exports, making it one of the country’s most important sources of employment,” he said.

But analysts caution it may not yet be time to celebrate.

The economy is still grappling with double-digit inflation and renewed worker protests following a mid-year freeze in the minimum wage. A U.S. human rights report published this month, scrutinizing labor rights and freedom of association, has also prompted closer attention from global brands and retailers keen to manage reputational risks.

Looking ahead at 2026, manufacturers said that these points may not be deal breakers, citing Treasury and Finance Minister Mehmet Şimşek handle on the situation, and his comment that that Turkey’s disinflation is “in line with official targets,” with inflation in July at 33 percent, its lowest level in 44 months.

And while, minimum wages have risen by 249 percent in the last two years, set at 22,104 lira (approximately \$626) in January 2025, there was a change in the process, as minimum wage had not been increased again this summer.

Workers, however, have been frustrated in recent months after the government refused to grant a mid-year increase.

“In fact, the mid-year wage increase started in 2022, it used to be once a year before that,” Narbay said. “After the pandemic, inflation exploded and the government brought back mid-year wage increases. Now inflation is cooling, and we expect it to reach 29 percent at the end of the year. Next year inflation is expected to be between 14 and 18 percent, and below 10 percent in 2027. Because of these numbers, it will be one increase every year. We are stable and probably will be in a better position next year and beyond.”

Even so, analysts note that when tariff levels are compared with Asia, wages remain an important factor. Minimum wages around Asia still hover around \$100–200 a month. The sharp depreciation of the Turkish lira has added further pressure, with production costs estimated to have risen 25 percent over the past two years. “Factories have to price in all the extra factors,” one manufacturer said on condition of anonymity, adding that the key question is whether input-cost volatility—from yarn and chemicals to electricity—will stabilize in the coming months.

Rights groups told Sourcing Journal that brands must weigh reputational risks, pointing to routine police restrictions on marches and warning that limited space for assembly undermines good-faith bargaining. Similar concerns were raised in the latest U.S. Country Report on Human Rights Practices, which flagged issues of judicial independence, media freedom, and the right to peaceful assembly. The Turkey chapter also highlighted labor rights concerns, including freedom of association and collective bargaining. While the State Department did not single out specific factories, the report offers ammunition to activists urging brands to include freedom-of-association clauses in Turkey, as they did under the Bangladesh Accord.

“Employers used threats, violence, and layoffs in unionized workplaces. Unions stated antiunion discrimination occurred regularly across sectors. Manufacturing and service-sector union organizers reported private-sector employers sometimes ignored the law and dismissed workers to discourage union activity. Many employers hired workers on revolving contracts of less than a year’s duration, making them ineligible for equal benefits or bargaining rights,” the report said. It added that in July, the Ministry of Labor and Social Security revealed a slight decrease in union membership nationwide, with just 2.5 million of Turkey’s 16.8 million workers belonging to a union.

Despite these challenges, the mood in Istanbul has been upbeat and ready to seize the opportunity. At the Istanbul Fashion Connection trade fair from August 20 to 22, covering 33,500 square meters, manufacturers and global players met to discuss trends, materials, and sourcing strategies centered on sustainability and technical innovation.

“The overriding mood was one of positive energy,” said a buyer from the U.K. “We’re looking ahead, and it seems that the industry, which was a bit worn down by troubles last year, has been injected with new hope as retailers rethink their sourcing strategies.”

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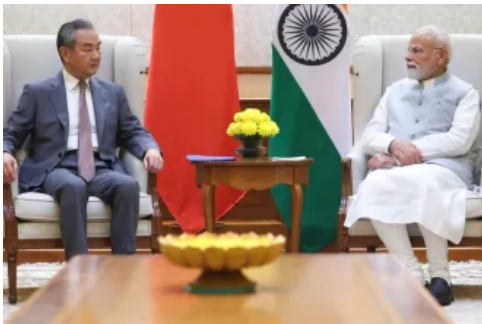
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