

The TÜSIAD Cost-Based Competitiveness Index (TÜSIAD-CCI) fell by 1.3 percent quarter-on-quarter to 86.1 in the second quarter of 2026.

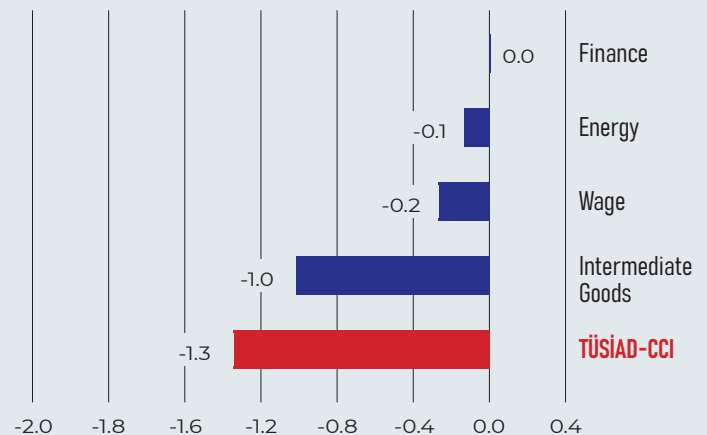
TÜSIAD-CCI (2017=100)

An increase in the index signals a gain in Türkiye's cost-based competitiveness, while a decrease indicates a loss.



Source: SAHA Analytics

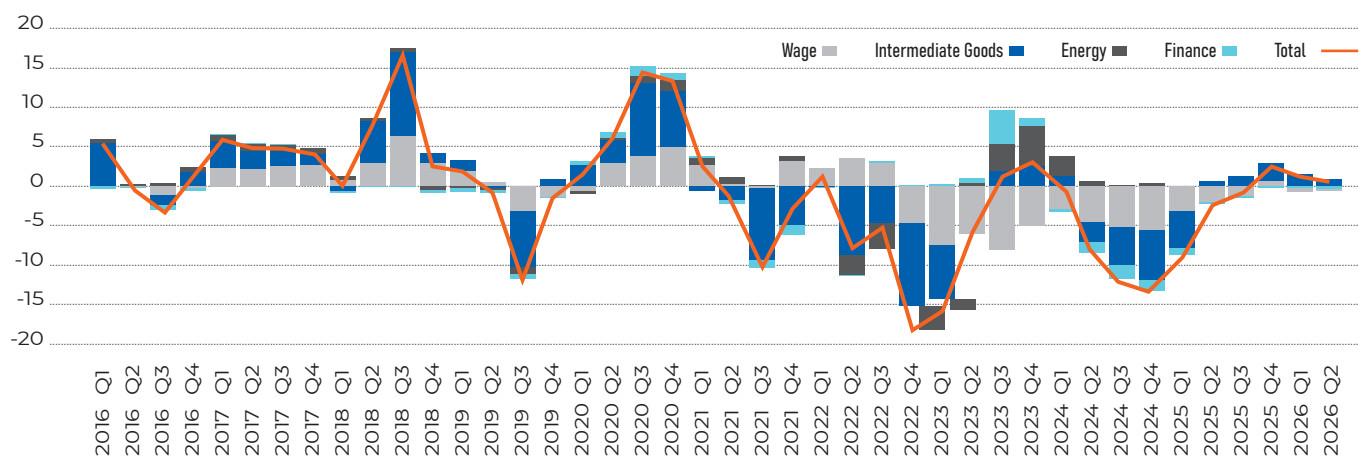
TÜSIAD-CCI Cost Components (Contribution to Quarterly Change, ppt)



Source: SAHA Analytics

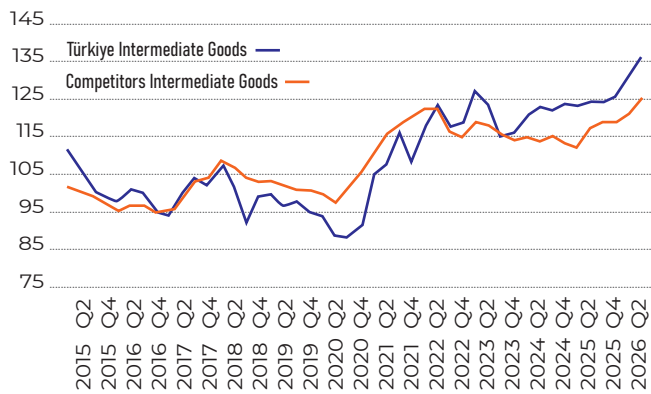
In the second quarter of the year, the TÜSIAD-CCI continued its downward trend hovering near its historical lows. The decline in the TÜSIAD-CCI in the second quarter was primarily driven by intermediate goods costs, which contributed -1.0 percentage point to the index. The combined negative contribution of labor and energy costs amounted to 0.4 percentage points, while the positive contribution of financing costs remained limited. With most cost components weighing negatively on the index, the TÜSIAD-CCI declined by 1.3 percent quarter-on-quarter.

TÜSIAD-CCI Cost Components (Contribution to Annual Change, ppt)



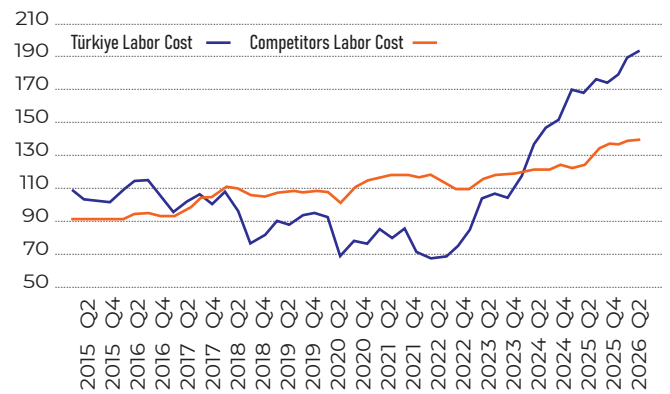
Source: SAHA Analytics

Cost of Intermediate Goods in Türkiye and Competitor Countries



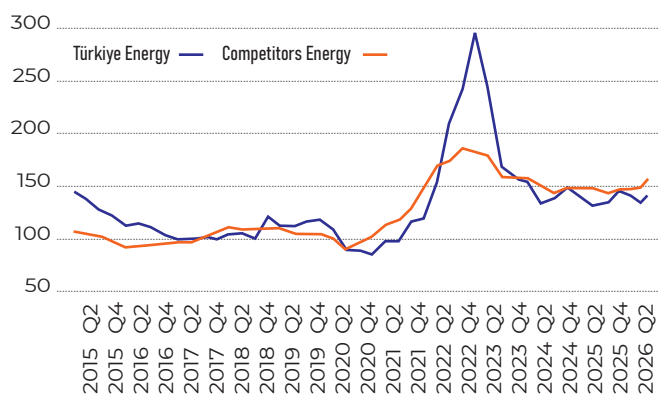
Source: SAHA Analytics

Labor Cost in Türkiye and Competitor Countries



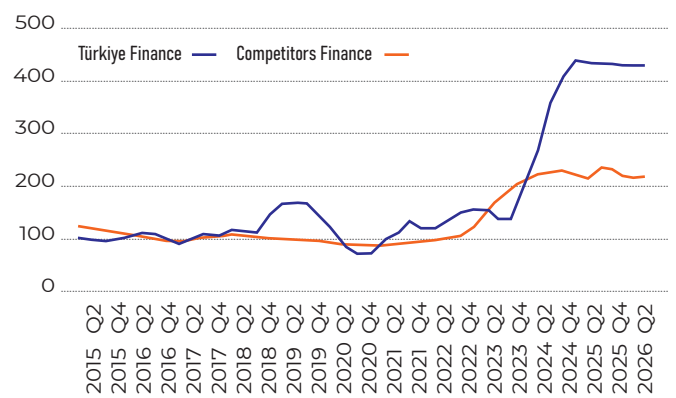
Source: SAHA Analytics

Energy Cost in Türkiye and Competitor Countries



Source: SAHA Analytics

Cost of Financing in Türkiye and Competitor Countries



Source: SAHA Analytics

COST COMPONENTS

Cost of Intermediate Goods: In the second quarter of 2026, intermediate goods costs measured in U.S. dollar terms continued to increase both in Türkiye and in competitor countries. Domestic intermediate goods costs rose by 4.6 percent quarter-on-quarter, compared with a 3.3 percent increase in competitor countries. The more substantial increase in domestic costs relative to those of competitor countries exacerbated the relative cost pressure from intermediate goods during the quarter.

Labor Costs: Domestic labor costs measured in U.S. dollar terms remained elevated in the second quarter of 2026. During the quarter, labor costs in Türkiye rose by 2.2 percent quarter-on-quarter compared with a more modest 0.5 percent increase in competitor countries.

Energy Costs: Domestic energy costs, which had been declining since the final quarter of 2025 mainly due to lower electricity prices, increased in the second quarter of 2026 amid rising global energy prices driven by geopolitical developments. During the quarter, energy costs measured in U.S. dollar terms increased by 8.3 percent in Türkiye and by 5.9 percent in competitor countries. That said, the decline in domestic electricity prices mitigated the unfavorable divergence in energy costs relative to competitor countries.

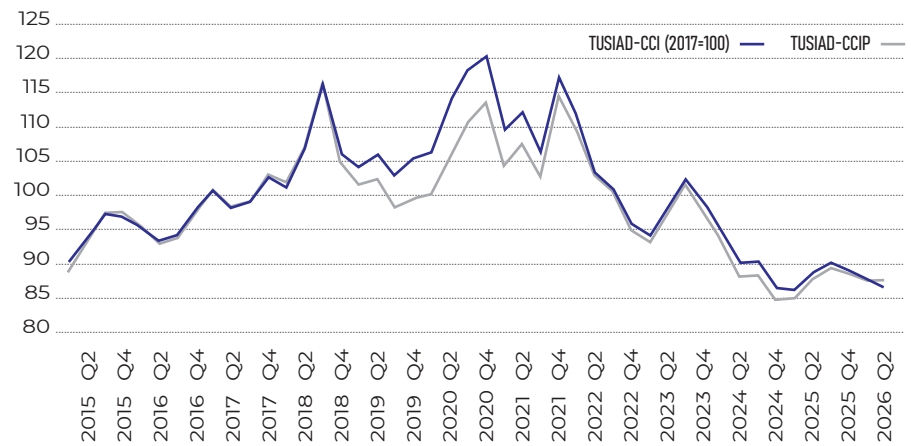
Financing Costs: Domestic financing costs measured in U.S. dollar terms declined by 0.5 percent in the second quarter of 2026, while increasing by 1.0 percent in competitor countries. Heightened uncertainty surrounding the global inflation outlook due to geopolitical developments, together with persistently high interest rates, exerted upward pressure on financing costs in competitor countries during the quarter.

TUSIAD-CCIP

The productivity-adjusted index (TUSIAD-CCIP), which incorporates developments in labor productivity, remained above the TUSIAD-CCI over the past two quarters. Nevertheless, the contribution of labor productivity remained limited in mitigating the negative impact of cost developments on competitiveness.

TUSIAD-CCI and TUSIAD-CCIP (2017=100)

An increase in the index signals a gain in Türkiye's cost-based competitiveness, while a decrease indicates a loss.



Source: SAHA Analytics

The TUSIAD Cost-Based Competitiveness Index (TUSIAD-CCI)

is a cost-based competitiveness index that compares the course of input prices (costs) used in exporting manufacturing industry sectors over time with those of competitor countries. The index is calculated using up-to-date data sets provided by national and international organizations. The index consists of four cost components: intermediate goods, labor costs (average gross wages), energy, and financing costs. These production costs are measured in current US dollars for each country and compared on a quarterly basis. An increase in the index indicates a decrease in the unit cost of production relative to competitor countries (cost-based competitiveness gain), while a decrease in the index indicates an increase

in the unit cost of production relative to competitor countries (cost-based competitiveness loss). The productivity-adjusted index (TUSIAD-CCIP) is constructed by incorporating labor productivity developments in exporting sectors and competitor countries into the calculations. The TUSIAD-CCI and TUSIAD-CCIP indices are compared to provide information on how labor productivity affects cost developments compared to competitor countries. A higher increase (decrease) in the TUSIAD-CCIP index compared to the TUSIAD-CCI index signifies that labor productivity in exporting manufacturing industry sectors has increased (decreased) at a higher rate than in competitor countries, thereby enhancing (weakening) cost-based relative competitiveness.

CALCULATION METHOD

The TUSIAD Cost-Based Competitiveness Index (TUSIAD-CCI) is an index developed to monitor trends in production costs (intermediate goods, energy, labor, and financing) across Türkiye's 10 exporting manufacturing sectors in comparison to those of competitor nations. The sectors encompassed by the index include food, textile-clothing-leather, chemicals, plastics and rubber, other non-metallic minerals, basic metals, fabricated metals, electrical equipment, machinery manufacturing, and motor vehicles. The identification of competitor countries is based on Türkiye's primary export markets. In this context, 15 competitor countries were identified for each of the sectors analyzed and 35 competitor countries were identified across all sectors, of which 31 countries with available data were included in the index calculations.

For competitor countries and Türkiye, cost components and their weights in terms of "intermediate goods, energy, financing and labor costs" were calculated using input-output tables provided by national and international organizations. The cost items were calculated using data on producer price indices, average gross wage levels, energy prices, private sector loan interest rates, and exchange rates of the relevant countries. Using these data and the weights calculated from the input-output tables, a production cost index in local currency is constructed for each country. To make the indices comparable across countries, the index values calculated in local currency are divided by the US dollar exchange rate for the respective country. The TUSIAD-CCI index is derived by dividing the aggregated index for competitor countries by the cost index for Türkiye. The productivity-adjusted index (TUSIAD-CCIP) is obtained by incorporating the labor productivity calculated for competitor countries and Türkiye into the index.

The calculation of the intermediate goods cost index is based on the input prices of the pertinent sector from agriculture, hunting, forestry, fisheries and aquaculture, mining and quarrying (non-energy products), and manufacturing industries, utilized for production. The calculation of the energy cost index involves the utilization of input prices procured by sectors from mining and quarrying, energy-yielding products (coal, lignite), coke, and refined petroleum products, as well as electricity, gas, steam, and air conditioning sectors. The calculation of the financing cost index is based on the interest rates of commercial loans utilized by the real sector and the amount of financing required. The calculation of the labor cost index is predicated on the gross labor payments per employee indicator.

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