

YOUR COMPLIMENTARY COPY



# The Turkish Perspective

MAY-JUNE 2011 ISSUE 4

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

**SPECIAL REPORT**

The first visionary strategy developed by private sector

**BRIEFING**

How three global giants decided to invest in Turkey

**EXCLUSIVE INTERVIEW**

Stephen Kinzer, on Turkey and its role of being a regional power

## TURKEY TO SET BALANCE AND DIRECTION

Standing out with its economic and political advances, Turkey is rising to a task of being a provider of strength and balance within its region



**TURKISH EXPORTERS ASSEMBLY  
IS WORKING TO INCREASE  
THE EXPORT POTENTIAL OF  
TURKEY**



# Contents

- 05 | Positive Revision to the Exports Target
- 06 | A' Design Award
- 07 | Automobile Sales Rose 82.9%
- 08 | Turkey Leads in Growth for First Quarter Steel Production
- 09 | E-Trade Grew 45%
- 10 | Global 2000 List Features Turkish Companies
- 11 | Turkey Sixth in Europe in High-Speed Trend



## 34 COVER

### CENTENNIAL ASPIRATIONS

President of Turkey Abdullah Gül spoke about the ambitious goals that Turkey has set in a large number of fields for the next ten years

## 50 IN DEPTH

### MOVING TOWARD 2023

Turkish Exporters Assembly announced its exports strategy and targets for 2023. Exports target of 500 billion dollar seems to be modest as the sectors are exceeding their short-term goals



## 12 PANORAMA

### THE TURKISH ECONOMY IN 2011

Growth based on domestic demand peaked in 2010 in spite of the high budget deficit brought by high growth



12

## 14 BRIEFING

### 14 | ANATOLIA: A LAND TURNING FOOD INTO ART

From the Hittites to Rome, and from Byzantium to the Ottomans... It is always mealtime in Anatolia

### 18 | WILL THE LUSTER OF MARBLE REFLECT UPON EXPORTS?

The Turkish marble and natural stone sector aims for 4 billion dollars of exports until 2015

### 20 | WEALTH COMING FROM DEEP

Geothermic zones, which have been known since long ago but were never been utilized fully, are going to be an important investment area in Turkey

### 22 | TURKEY'S NATURAL ATTACK

Wood and Forest products sector is developing maintaining the balance

### 24 | STRATEGIC DECISIONS IN CRITICAL TIMES

The quick reflexes Turkish Airlines displayed first in the Middle East and then in the disaster in Japan are a crisis management success

### 26 | TURKEY IS PREPARING TO WRAP UP THE WORLD

Having cast off the stagnation of the crisis, the packaging sector is expanding its goals

### 28 | THE GRANARY OF THE WORLD

One of the world's top producers and exporters of legumes, Turkey is entering a period of courageous international promotion

### 30 | NATURE IS CHANGING FASHION

Turkey is among the countries with a promising future in organic textiles, the fastest-growing subsegment of the textile sector



**32 | "WE CAME NOT TO LOOK, BUT TO STAY"**

Investment and cooperation agreements announced within less than one month are all important indicators providing hints on how the year 2011 will go

**42 IN DEPTH****42 | LOGISTICS: ATLAS'S NEW RIVALS**

The Turkish logistics sector has managed to draw worldwide attention thanks to the success it achieved in recent years

**60 BRANDS****60 | ATOP SEVEN LAYERS OF CIVILIZATION**

The Minister of Culture and Tourism, Ertuğrul Günay, told The Turkish Perspective about Turkey's touristic potential, and how this potential could be effectively put to use

**63 | TURQUOISE AND CORAL RED**

The crafting of "çini," earthenware items decorated with glazes and traditional Turkish motifs, is Anatolia's oldest artisanal handicraft

**66 | THE MODERN RECIPE OF TRADITIONAL HALVAH**

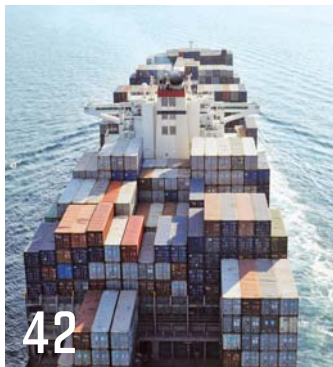
Having brought halvah—a six-hundred-year-old delicacy—to the current era, Koska is now making plans for international expansion

**67 | ZORLU'S JOURNEY IN TEXTILES**

Behind the success of Zorlu Textiles—one the world's top home textile producers—lies speed, flexible production, and R&D

**46 OPINION****Turkey's Goodwill Ambassador**

The award-winning author, Stephen Kinzer, spoke about the increasing role of Turkey in its region to the Turkish Perspective

**69 AGENDA**

**FAIRS, EXHIBITIONS, SUMMITS, MEETINGS IN THE NEXT TWO MONTHS**  
**71 FIGURES**

**THE RISE OF TURKISH AUTOMOTIVE SECTOR**

**COMPETITIVENESS INDEX**

**The Turkish Perspective****MANAGEMENT**

PUBLISHER ON BEHALF OF TURKISH EXPORTERS ASSEMBLY / PRESIDENT OF THE TURKISH EXPORTERS ASSEMBLY  
MEHMET BÜYÜKEKŞİ

MANAGER IN CHARGE  
MUSTAFA MENTE

PUBLICATION BOARD  
M. İLKER AYCI, BÜLENT AYMEN, İBRAHİM BURKAY, MUSTAFA ÇIKIRIKÇIOĞLU PhD, ALİ NEDİM GÜRELİ, AHMET KELEŞ, TEMEL KOTİL PhD, ŞAHİN OKTAY, TAHSİN ÖZTIRYAKI

**PUBLICATION MANAGEMENT**

PRESIDENT  
SERKAN ÜNAL

GROUP COORDINATOR  
MEHMET MÜCAHİD DEMİR

COORDINATOR  
BAHAYILMAZ

FINANCE COORDINATOR  
SELİM KARA

**EDITORIAL**

EDITOR IN CHIEF  
SERDARTURAN

EDITOR  
CEYHAN AKSOY

REPORTERS  
AYŞEGÜL SAKARYA, F. EMRE YILMAZ, GAMZE GÖREN, GÜNEŞ KOMÜRCÜLER, MEHMET ERDOĞAN ELGIN, NESRİN KOÇASLAN, SINAN KOPARAN, MERVE KARA, TOLGAHAN ÖZKAN

ENGLISH EDITOR  
ALTAN ORHON

**DESIGN**

GROUP DESIGN DIRECTOR  
N. EMRAH YÖRÜK

DESIGN DIRECTOR  
ÖZKAN ORAL

DEPUTY DESIGN DIRECTOR  
AHMET ÇELİK

PHOTO EDITOR  
ŞEREF YILMAZ

CONTRIBUTORS  
PROF. DR. ASAF SAVAŞAKAT

**PRINTING**

BİLENET MATBAACILIK BİLTÜR BASIM YAYIN VE HİZMET A.Ş.  
DUDULLU ORGANİZE SANAYİ BÖLGESİ 1. CADDE NO: 16,  
ESENKENT - ÜMRANİYE 34476 - İSTANBUL  
TEL: (0216) 4444 33 • www.bilenet.net.tr

**INFOMAG**  
YAYINCILIK

CONTACT  
ttp@infomag.com.tr  
www.infomag yayincilik.com

Neither text nor photographs from this publication may be reproduced either in full or summary without acknowledging the source and without prior permission from the publisher.

# Editorial



MEHMET BÜYÜKEKŞİ  
PRESIDENT (TIM)

## TIM HAS DRAWN OUT TURKEY'S 2023 ROAD MAP

Behind the great progress shown by Turkey's economy lie the deep changes occurring in exports and intelligent steps taken by Turkish companies on the matter of integrating with the global economy

**E**ACH PASSING DAY, we see that more Turkish companies are successfully holding their own in the global arena. Putting the advantage of Turkey's unique geopolitical position to very good use, Turkish companies are both engaged in production for the domestic market appealing to the dynamic Turkish population, and are experiencing the advantages to a demographic structure quickly growing in highly varied geographies.

As the Turkish Exporters Assembly, we want to carry the great success exhibited by Turkish exporters in recent times ever forward with a long-term vision.

Turkey's exports gained great momentum in the past ten years. As a result of this, Turkish exporters reached their 114 billion dollar export target in 2010. The export target we, as TIM, have set for 2023—the centennial of the Republic of Turkey—is 500 billion dollars. To this end, we have brought the “2023 Turkey Export Strategy” to life.

A first has occurred in Turkey: a non-governmental organization in Turkey has worked with the public to create a long-term strategy for the whole country.

Our goal is for Turkey to adopt an export-based model in its development. And we, with this study, have drawn its road map and determined its route.

The most important aspect of this project, which has been in the works for

close to 1.5 years, is that instead of being a static project, it is a project that is highly dynamic and will be pursued by being updated year by year. This project will be alive constantly in the process leading up to the year 2023. We will reassess the strategy each year.

Our goal for this project is for Turkey to take its place within the world's top ten largest economies, and to raise Turkey's exports revenue to 500 billion dollars in 2010 as a way to accomplish this.

We determined 18 strategic targets in order to achieve this goal. For these 18 strategic targets, we created 72 criteria. For these criteria, we determined levels of success. In order to reach our goal, we will measure these 72 criteria each year. We will immediately where we fell behind and where we came out ahead. In addition to the macro goals we have determined, we have also conducted a study for all exporting sectors in Turkey.

We have determined the strategic priorities for our 24 exporting sectors one by one. We have set their criteria. We will measure these criteria each year too. Thus, on both the macro and sub-sector planes, we will have the chance to measure how well Turkey's exports strategy is going on an annual basis.

Our greatest strategic target in our 2023 study is that we are aiming for sustainable growth and stable increases in exports

for Turkey. We will increase our existing market shares in exports to this end. By reaching target markets with high growth potential, we will increase our market shares there. We will increase the number and capacity of exporters in Turkey.

We will increase our exporters' competitive ability in the global field through sectorial leadership, science, technology, and innovation.

We will provide timely and active solutions to the needs of exporters.

We will increase awareness of Turkish brands. We will draw export-oriented foreign capital and investors to our country. We will encourage investments in and the application of innovation and R&D.

We will strengthen bilateral and multilateral commercial cooperation. We will secure effective legislation and legal arrangements. We will ensure the active and productive use of financial instruments and tools of commercial support.

We will move from low skill to highly productive and skilled human capital.

We will ensure speedy access to accurate information and market intelligence.

We will harmonize relations between the public, private sector, NGOs, and universities.

Finally, we will provide active strategic governance.

The Turkish government has taken this project under its wing. All political factions, from the ruling party to opposition parties, are behind our project.

We believe that this project is an effort that transcends the political. Thus, the project is coming to life as a common project for all of Turkey.

We believe that this project is of critical significance for Turkey's future, and that it possesses the vision that will make Turkey skip a league.

Turkey will strengthen its position within the world with its new export strategy, and it will elevate its image as a leader and visionary country in its region ever higher.



Over 23,000 international companies have already invested in Turkey. How about you?



GE Healthcare



Indesit Company

MANGO

Microsoft

ORACLE

TOYOTA



## INVEST IN TURKEY

- A population of 73 million, half of which is under the age of 28.8
- 60% of the population is under the age of 35
- Approximately 450,000 students graduated from around 150 universities and other higher education institutions in 2009
- Over 25 million young, well-educated and motivated labor force
- Highly competitive investment conditions
- A country that offers 100% and more tax deductions on R&D expenditures
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa
- 16<sup>th</sup> largest economy of the world and the 6<sup>th</sup> largest economy as compared to the EU countries in 2009 (IMF-WEO)
- 15<sup>th</sup> most attractive FDI destination for 2008-2010 (UNCTAD World Investment Prospects Survey)
- Average annual real GDP growth of 6% between 2003 and 2008

REPUBLIC OF TURKEY PRIME MINISTRY  
INVESTMENT SUPPORT AND  
PROMOTION AGENCY



YOUR ONE-STOP-SHOP  
IN TURKEY

[invest.gov.tr](http://invest.gov.tr)

**Contents:** Positive Revision of the Exports Target **P05** ADesign Award **P06** Automobile Sales Rose 82.9% **P07** Turkey Growth Leader for First Quarter Steel Production **P08** E-Trade Grew 45% **P09** Global 2000 List Features 12 Turkish Companies **P10** Turkey Sixth in Europe in High-Speed Trend **P11**  
**Editor:** Ceyhan Aksoy

# First

EXPORTS, SPONSORSHIPS, PARTNERSHIPS, INFORMATICS, IRON & STEEL, AUTOMOTIVE, COMPETITIVENESS...



**Prime Minister Recep Tayyip Erdoğan** commends the 500 billion dollar exports target and promises to support it in every way

ered to have been made from exports either, but it does reduce the budget deficit. Mustafa Çıkrıkçıoğlu, TIM Deputy President and Board Member of the Steel Exporters' Union, said, "This 545 billion dollar target is a modest target. It will be exceeded. For example, the iron and steel sector's 2023 target appears as 50 billion dollars, but with the new investments made, we already think that it will reach 70–80 billion dollars."

According to Büyükeksi's statement, the share held by Turkey in global trade, still 0.8%, will rise to 1% in 2013, 1.15 in 2018%, and 1.58% in 2023. Turkey, which has been the 16th largest economy of the world as of 2010, ranks 31st in exports, and its share in high-technology products is 7.2%. It is calculated that the world goods trade will be 16.1 trillion dollars in 2013, 23.7 trillion in 2018, and 34.3 trillion in 2023. The share Turkey is to take was calculated according to the growing volume of trade.

## POSITIVE REVISION TO THE EXPORTS TARGET

Even 545 billion dollars seems to be a modest target for 2023—increasing rates of exports signal higher figures

**M**EHMET BÜYÜKEKŞİ, President of the Turkish Exporters Assembly (TIM), said they aimed for a 12% increase in exports for 2011, but that the data for the first three months of the year indicated that a 20% increase will occur by the end of the year. Thus, Büyükeksi stated, they will exceed 2008's record 132 billion dollar export figure. Announcing a road map relating to the 500 billion dollar target set for 2023,

Büyükeksi said, "We have aimed for a 12% consecutive increase each year—including this year—until 2013. This is what we now expect, and that is how it appears from the way things are going: there was an increase of 23% on average for the first three months, and there will be an increase of 20% this year. We will also exceed the 132 billion dollars of 2008; we will match that record this year." Stating that exports were affected

negatively in the Middle East and Africa region where internal turmoil has been occurring, Büyükeksi said, "Had sales to these nine countries not been affected, exports would have increased 4% more in February, and 5% more in March." Büyükeksi noted that they have revised the 500 billion dollar exports target for 2023 as 545 billion dollars. According to Büyükeksi's statement, imports will be 625 billion dollars in 2023.

The ratio of exports meeting imports will rise to 80%. Statements made by TIM directors and incomes not recorded by TIM, on the other hand, show that Turkey's exports to imports ratio will be much higher. A 75% share of Turkish Airlines' income is in foreign currency and comes from abroad. However, this does not appear on TIM's account of exports due to the records system. Income made from tourism is not consid-

## DESIGN



## A' DESIGN AWARD

Dr. Hakan Gürsu sets sail toward innovation in design with his company, Desingnnobis

**D**OES RECEIVING 40 DESIGN awards, 26 of them international, within less than five years seem exaggerated? Hardly, if you were to ask Hakan Gürsu—for him, it was even a little late. A faculty member at Middle East Technical University, Dr. Hakan Gürsu, the first designer to bring the International Design Awards—regarded as the Oscars of design—to Turkey, had received first prize in the categories of both nautical as well as all transport vehicles for Volitan, a ship capable of turning on a point, among the 1,438 projects which were entered that year. Later, he continued his ride at the top by receiving a Green Dot for his solar-powered, folding ship—Foscat. Most recently, the announcement of the results of the A' Design Award and Competition—a design contest that was organized for the first time this year by the Bureau of European Design Associations and which aims to be the newest and most comprehensive in Europe—in April was cause for similar excitement for Gürsu, his crew at Designnobis, and Turkey as a whole alike. Increasing the recognition of and developing innovation and design ability in the EU are the main goals set by BEDA, which has 24 European member countries, for the competition.

With the aim of showing off Europe's design ability to the masses and taking it to global markets, the competition works to unearth the best new designs, design concepts, and design-oriented new products while also assembling international companies, designers, and innovative ideas in all fields on a fair, ethical, and competitive platform.



*Dr. Hakan Gürsu and his team Designnobis have won 40 design awards in less than five years*

Dr. Gürsu and Designnobis, the design company he founded in 2006, were deemed worthy of a total of seven awards in the competition, which gave awards to the best designs of 2010 in 18 separate categories ranging from furniture to transport, toys, and illumination. The awards received are as follows:

- First place for Foscat, the folding, environmentally friendly nautical vehicle, in the category of vehicle and transportation design as well as in the general ranking.

- Second place for FireKnight—the fire-extinguishing vehicle of the future—in vehicles and transportation, and third in the general ranking.

- First place for Aquarius in toy and recreation design, and second place for Power Tower, a wooden toy set.

- First place for LSP, a lighting unit, in the category of electrical and electronic design.

- Two A' Design Awards in the furniture category for Floger, which is a folding chair, and Beetling, an environmentally friendly bench.

Gürsu and his crew Designnobis, ranking first in terms of total awards won in the categories of designer and firm respectively, accomplished a major feat by winning 40 design awards, 26 of them international, within 54 months. The crew, which has many awards from previous leading design competitions such as the International Design Award (IDA) and Green Dot, proved itself once again at this competition.



Foscat is a solar powered, folding yacht that received a Green Dot Award in 2008







## AVIATION

### DUSSELDORF MEETING

Attended by airlines and travel agencies, the Business Travel and Meetings Show was held recently in Düsseldorf. A 70 square-meter stand erected by Turkish Airlines' Düsseldorf Office dazzled visitors to the fair. During the fair, participants were briefed on the significant advantages to their travel budgets offered by a firm like Turkish Airlines that never compromises on quality, as well as the discounted fares, excess baggage allowance, corporate club card and other advantages available to our corporate passengers who are members of the Turkish Corporate Club.

## AUTOMOTIVE

# Automobile Sales Rose 82.9%

While automotive sales shrink in most of the EU countries, Turkey exhibits a record increase



While automobile sales in Europe shrank in the first quarter of the year compared to the same period last year, sales in Turkey rose by 82.9% in the first quarter of 2011. According to data released by the Automotive Distributors Association (ODD), European countries (EU27) experienced a shrinkage of 4.7% in March 2011 as compared to March 2010, resulting in a market numbering 1,602,131 vehicles. Greece fell the hardest last month with 55.2%, and it was followed by Spain with 29.1% and Italy with 27.6%. Portugal, England, and Poland were other countries experiencing shrinkage. While the top three countries to increase their sales in March

over the same time in 2010 were Latvia with 161.4%, Lithuania with 118.8%, and Estonia with 86.9%, automobile sales in Turkey exhibited an increase of 59.1% for a total of 54,023 vehicles. Turkey ranked eighth in Europe with these sales figures. Total European automobile sales in the January-March term of 2011, on the other hand, shrank 2% compared to the same period last year, falling to 3,690,389 vehicles. Again, Portugal, England, and Poland were other countries to experience shrinkage. The highest increase in auto sales in the first quarter of the year occurred in Latvia at a rate of 131.7%, followed by Lithuania and Estonia at rates of 108.5% and 103.1% respectively.

## INFRASTRUCTURE

### ZAFER REGIONAL AIRPORT TO BE COMPLETED IN TWO YEARS

Zafer Regional Airport, which is to be built in the Altıntaş district of Kütahya with the build-operate-transfer and will be Turkey's first regional airport, is planned to be completed in two years. Veysel Eroğlu, the Minister of Environment and Forest, said, "First, charter flights abroad are aimed to be made from Zafer Regional Airport, after which scheduled flights will start." It is thought that two million passengers on domestic and international flights will annually pass through the airport, which is expected to bring economic activity to thermal tourism centers in Kütahya, Afyonkarahisar, and Uşak, and to contribute to the opening of the Frig Valley to tourism. Zafer Regional Airport will be Turkey's fourth largest airport.

## TOWARD THE CENTENNIAL TARGET

According to March 2011 data released by TIM;

20.8%

INCREASE IN EXPORTS OF AGRICULTURAL PRODUCTS OVER MARCH 2010

33.4%

INCREASE IN CHEMICALS EXPORTS OVER THE SAME PERIOD LAST YEAR

15.8%

READY TO WEAR INDUSTRY EXPORTS REACHED 1,429,689 DOLLARS IN MARCH 2011

38.4%

INCREASE IN MACHINERY SECTOR EXPORTS OVER MARCH 2010, REACHING 717,640 DOLLARS

15.4%

INCREASE IN AUTO INDUSTRY EXPORTS OVER LAST YEAR, RISING TO 1,955,270 DOLLARS

33.3%

INCREASE IN STEEL INDUSTRY EXPORTS, ACCOUNTING FOR A 1,390,585 DOLLAR SHARE

## REGIONAL DEVELOPMENT

## INDUSTRY MOVES PARTIALLY TO THE EAST

The industrial shift toward eastern regions has much more to offer than incentives

**I**N ITS REPORT titled, "The First Step for Regional Industry Strategies in Turkey: Certain Observations on the Regional Differences of Production," the Economic Policy Research Foundation of Turkey (TEPAV) stated that industrial activities have shifted, if only in part, from west to east, adding that this inclination is as positive for Turkey as a whole as it is for eastern regions, raising the importance of regional development agendas. It was explained in the study that Turkey's economic success will develop largely in parallel with its establishment of regional competitive ability strategies and the way these will feed the national industrial strategy, which will require the regional characteristics of production to be understood. Pointing out that there is a notable tendency for industry to move from the west

of the country to its east on examination of the size of industrial institutions, sectorial distribution, and the structure industrial of production in the distinction between "developing provinces" and "developed provinces," the study states that the industrial sector's tendency to shift toward regions where costs are lower offers important advantages, particularly for regions to the east of Ankara, when considered with the advantages created by the incentives system. In its conclusion, the study explained that the Regional Development Agencies have important roles to play in the national coordination and development of tangible regional plans that include regional industry strategies, created in a participatory manner with the consideration of both local conditions and global tendencies of the agendas of competition.



## IRON &amp; STEEL

## Turkey Leads in Growth for First Quarter Steel Production

Steel production increased 8.8% in the first quarter globally and by 31% in Turkey

In March, world production of raw steel rose by 7% from 120.9 million tons to 129.3 million tons. Turkey, which increased its production by 24.9% from 2.2 million tons to 2.7 million tons according to production figures for March, was among the top 10 largest producers of steel in the world, and the country to most increase its production among the 15 largest steel producers.

	Country	2011	2010	% Change
1.	China	59,418	54,521	9.0
2.	Japan	9,092	9,341	-2.7
3.	USA	7,101	7,112	-0.2
4.	India	6,350	5,845	8.6
5.	Russia	6,160	5,735	7.4
6.	South Korea	5,762	5,037	14.4
7.	Germany	4,026	4,022	0.1
8.	Ukraine	3,050	3,057	-0.2
9.	Brazil	3,020	2,829	6.8
10.	Turkey	2,734	2,189	24.9
11.	Italy	2,575	2,371	8.6
12.	Taiwan	1,770	1,569	12.8
13.	Spain	1,621	1,616	0.3
14.	Mexico	1,550	1,479	4.8
15.	France	1,426	1,476	-3.4
	<b>Total</b>	<b>129,343</b>	<b>120,897</b>	<b>7.0</b>

DATA: TIM

## FOREIGN AFFAIRS

## RELATIONS WITH AFRICA WARMING UP

Organized by the Feyziye Mektepleri Foundation's Işık (it means 'Light' in Turkish) Schools, the second "Holding Up A Light to Sports" awards ceremony took place at the school's Nişantaşı Campus. Turkish Airlines was named "Sponsor of the Year" at the ceremony, where Director of Corporate Development Zeki Çukur accepted the award on behalf of the airline.

Citizens of the SAGA countries (countries of sub-Saharan Africa) who fly Turkish Airlines will be able to obtain visas at Ataturk Airport provided they already hold valid Schengen, UK, or US visas. The new implementation will contribute to the development of trade relations between Turkey and the countries of the region.

The international line VIP Lounge serving Turkish Airlines' Business Class passengers is being renovated and will be closed as of April 4 for the alterations. During the renovation Business Class passengers will be served in the Yapı Kredi Lounge and a satellite lounge that is being readied in front of it. The new VIP Lounge is going to be twice the size of the existing one.



## AVIATION

### WE SUPPORT TURKISH SPORTS

Turkish Airlines is continuing its support for Turkish football at every level, starting with the country's National A-Team. As part of its recently renewed Primary Sponsorship agreement with the Turkish Football Federation (TFF), Turkish Airlines is continuing to stand by all Turkey's National Football Teams. The "Official Sponsor" of the Beşiktaş, Bursaspor, Fenerbahçe, Galatasaray and Trabzon football clubs, the airline recently extended its sponsorship agreement with the TFF for another two years, serving Turkey's youth and its future as a permanent sponsor of sports. Primary sponsor of the Turkish Basketball Federation as well, Turkish Airlines supports sports through its sponsorship of 47 different sports federations. At the individual level, the airline also backs athletes like Enis Yilmazer and Şahika Ercümen, who represent Turkey and chalk up records at international events.

## E-COMMERCE

### E-Trade Grew 45%

E-Trade spending per purchase in Q1 2011 has been 172 liras



**A**CCORDING TO E-TRADE data released by the Interbank Card Center (BKM), revenues from e-trade increased by 45% in the first quarter of 2011 over the same period last year, reaching a volume of 4,843,500 liras. The data indicates that an average of 217 transactions occurred per minute on e-trade websites through the first three months of 2011. Taking into account that the increase in purchase revenues was higher than that of transactions processed, it appears that costlier products were more often chosen for e-trade spending this year. According to the data, spending per purchase in Q1 2011 was 172 liras. Looking at purchases made on e-trade sites with credit cards according to the data for the period, the service sector appears to lead the pack. The sector's revenues increased by 96% over the same period last year, reaching 790 million dollars, while transactions processed exhibited a 63% increase. Service sector purchases, with e-trade purchas-

es such as those for fitness gyms and restaurants, ranked first. Air travel was again among the sectors in which e-trade was most active. Air travel purchases made using credit cards over e-trade in the first three months of 2011 averaged 247 liras per purchase. The following was stated in the announcement: "One of the areas in which we made the most e-trade purchases with our credit cards was electronic goods and computers. Looking at the purchases we made of electronic devices ranging from cellphones to laptops, DVD players, and gaming consoles, it was observed that we spent 190 liras per transaction. Men opted for electronic goods and auto accessories the most, while women opted for cosmetics and textile products. Computer hardware, computers, cellphones, electronic goods, second-hand wares, sports equipment, and auto accessories were the products most often chosen by men, while cosmetics and textiles were the products most often chosen by women."

# 217

AVERAGE TRANSACTIONS PER MINUTE ON E-TRADE WEBSITES

## COMPETITIVENESS

### DIYARBAKIR MOVES UP IN COMPETITIVENESS

The city exhibited the greatest improvement along with Zonguldak

International Competitiveness Research Institute announced the results of the competitiveness study it conducts each year in Turkey's 81 provinces. The winner of the study was again, by a long shot, Istanbul. The city with the highest human capital and quality of life, on the other hand, is Ankara. The cities moving up were Zonguldak, where an airport was opened, and Diyarbakır, which receives the fourth highest public investment. The two cities exhibited the greatest improvement in the study. While Ankara ranked first in terms of human capital and quality of life, Istanbul took second place in this area. Eskişehir, İzmir, and Antalya were third, fourth, and fifth respectively in this category.





## INFORMATION TECHNOLOGIES

### TURKEY WILL BE A FIBER OPTIC CONNECTION CENTER

The Ministry of Transportation has moved into action to make Turkey a center for fiber optic connections, used widely in South Korea, Japan, and some European countries, in the field of IT. Preparing a directive for fiber optic backbones to be set up along roads and railways connecting the country to the world, the Ministry of Transportation will bring these efforts to life either itself or through the Information Technologies and Communication Authority. The Ministry, planning to request bids for the lines from businesses, will thus bring a solution to the high costs demanded by local administrations for the installation of fiber optic cables or base stations associated with the system's infrastructural backbone.

## COMPANIES

### GLOBAL 2000 LIST FEATURES 12 TURKISH COMPANIES

Turkish companies enters the prestigious lists of the largests

**T**welve Turkish companies have been included on the "Global 2000" list released by Forbes Magazine. Garanti Bank, having a market value of 20.1 billion dollars, ranked 324th on the list. Last year, the bank was the 274th spot on the list. Garanti was followed by Isbank, ranking 329th with a market value of 14.2 billion dollars. Isbank was number 288 on last year's list. Koç Holding, mean-

while, appears as 343rd on the list, with a market value of 10.8 billion dollars. Koç was 321st in last year's listings. Doğan Holding, which last year ranked 1,872nd on the list, did not appear in this year's listing. On the other hand, Ford Otomotiv Sanayi entered the list at the 1,946th position. Turkish Airlines, which entered the list as 1,896th this year, has a market value of 2.9 billion dollars.

Rank	Company	Market Value	Rank	Company	Market Value
324 <sup>th</sup>	Garanti Bank	20.1	674 <sup>th</sup>	Türk Telekom	15.2
329 <sup>th</sup>	Isbank	14.2	753 <sup>rd</sup>	Vakıfbank	6.1
343 <sup>rd</sup>	Koç Holding	10.8	770 <sup>th</sup>	Turkcell	12.4
367 <sup>th</sup>	Akbank	19.8	1,222 <sup>nd</sup>	Enka	7.7
459 <sup>th</sup>	Sabancı Holding	9.7	1,896 <sup>th</sup>	Turkish Airlines	2.9
630 <sup>th</sup>	Halkbank	9.8	1,946 <sup>th</sup>	Ford Otosan	3.0

## AVIATION

### IT'S EASIER THAN EVER TO FLY TO THE BALKAN COUNTRIES

Turkish Airlines has launched a project dubbed "Visa-Free Balkans," aimed at the Balkan countries that require no visa and between which travel is easy. With flights to the capitals of all the Balkan countries, with which Turkey has relations based on 500 years of history, Turkish Airlines is offering travel packages and special fares in conjunction with the project, which encompasses seven Balkan countries.

## ARTS

### Free Zone for Film Sets

The film production market in Turkey is highly developed and a free zone for film sets will be established soon

**T**URKEY'S RAPIDLY growing television and film sector has brought the establishment of free zones for film sets to the agenda. State Minister Zafer Çağlayan, who said that film sets as found in Los Angeles and Bollywood will be built in Turkey too, stated, "We want to build the same as the structure in Bollywood or even the similar sets in Los Angeles. The

film market in Turkey is highly developed, but a serious set is needed for a zone continue. We will establish the

free zone. We will give the required support. We will provide a number of tax and social supports to free zones here. We will also

provide support on the matter of security. We will make the necessary contacts in Bollywood on our current visit. All kinds of countries, whichever they are, will come to our country and do their shooting on the sets in this free zone. India has 79 billion dollars of exports in services, while we have 34 billion dollars. We wish to raise this export figure to greater heights."



## FOREIGN TRADE

AIMING FOR  
A 50 BILLION  
DOLLAR TRADE  
VOLUME

Zhang Ojingyang, Istanbul Consul General for the People's Republic of China, said that the current trade volume between China in Turkey is around 15 billion dollars, and that this volume will reach the level of 50 billion dollars in 2015. Stating that both countries have developing economies, Ojingyang said, "We wish to develop cooperation between China in Turkey in every area. In terms of its geographic situation, transportation, and tourism, Turkey has a great advantage."

## SPONSORSHIP

EUROPEAN  
WOMEN'S GOLF  
TOURNAMENT

The third of the European Women's Golf Tournaments that have been organized by the National Golf Club since 2008 took place May 5-8 with the participation of golfers from around the world. Held all over the world, the European Women's Golf Tournament is considered one of the most prestigious golf events. The Turkish leg of the tournament is being organized with Turkish Airlines sponsorship under the name "Turkish Airlines Ladies Open."

## TRANSPORTATION

Turkey Sixth in Europe  
in High-Speed Trend

Turkish companies begins to produce locomotives for European and American companies



**TURKEY'S FIRST** domestic diesel trains have been introduced to the rails. Turkish State Railways (TCDD) Board Chairman Süleyman Karaman said, "Thanks to our mobilization in railways, we have become sixth in high-speed trains in Europe, and eighth in the world." Former Minister of Transportation Binali Yıldırım, stating that railways are changing the country's fate, said, "We are making trains for the world too—TÜVASAŞ received orders from Bulgaria, a European Union country. TÜLOMSAŞ made an agreement with General Electric, the world's locomotives giant, in the United States. It will build 50 next-generation locomotives in Eskişehir. It placed its first order for England too, and we have delivered it." Yıldırım, indicating that they have set great goals for the Republic's centennial, said, "Over the next 12 years, we will create close to 10,000 kilometers of

high-speed railways. Likewise, we will rebuild the normal railways, which have reached 4,000 kilometers. We will also renew 800 kilometers of our existing railway lines each year as well. Thus, when we enter the 100th year of the Republic, Turkey will be a developed Turkey that has gained 25,000 kilometers of modern railways east, west, north, and south. Then the fact that railways are the road to affluence and prosperity will be experienced in a true sense. Now, as the Turkish people and Turkish workers, we have become a country that best heeds the call to do whatever is being done in developed countries, and we have accomplished this. Now, we even make battle-ships. Now, we even make all sorts of commercial ships. We make our trains too. We make our high-speed trains too. We will make our planes as well. We will fly our satellites too. This is the point at which Turkey will arrive, desired by all of us."

**25,000**  
KILOMETERS OF  
RAILWAYS WILL BE  
ADDED BY 2023

## AVIATION

ARBIL ROUTE  
OPENS

Turkish Airlines recently started flights between Istanbul and the predominantly Kurdish city of Arbil in Iraq. The inaugural flight on the aircraft Safranbolu took off from Istanbul at 9:30 a.m. and landed in Arbil at 11:30. Present on the flight were Finance Minister Mehmet Şimşek, Energy and Natural Resources Undersecretary Metin Kilci and Turkish Airlines' board chairman Hamdi Topçu as well as a large number of businessmen and members of the press. At a ceremony held on the apron following the landing at Arbil, Finance Minister Şimşek opened his talk in Kurdish, continued in Turkish and then concluded again in Kurdish. Speaking at another a ceremony in the northern Iraqi city of Arbil, Şimşek said, "The Turkish and Kurdish people have been together for a thousand years. Nobody can break up our brotherhood." In a talk he gave at the ceremony, Turkish Airlines' board chairman Hamdi Topçu pointed out that Arbil is the airline's 135th destination abroad and is now linked via Istanbul to 1,200 points around the world through the Star Alliance Group.

# Panorama



BY PROF. DR. ASAF SAVAŞ AKAT



## THE TURKISH ECONOMY IN 2011

Growth based on domestic demand peaked in 2010. In spite of the high budget deficit brought by high growth, growth slowed down in the first quarter of 2011, although it is expected to achieve the success of 2010 by the end of the year.

**D**URING THE LAST QUARTER of the 20th century, Turkey had become a textbook example of economic instability and underperformance, i.e. high chronic inflation, weak coalition governments, irresponsible populist policies, unsustainable budget deficits, exploding public debt, asset and liability dollarization, periodic financial crises, and so on.

However, this bleak picture began to change with the onset of the new century. First, a disinflation program supported by IMF was initiated in 2000. Despite an

attack on the currency midway, leading to a severe contraction of the economy and banking sector troubles, the backbone of the adjustment process—namely the fiscal effort—continued uninterrupted.

The elections in 2002 put an end to political uncertainties with a single party government based on strong support at the Parliament. The Muslim Democratic AKP's fiscal conservatism, pro-business and pro-globalization mentality accelerated the pace of reform. Prospects of EU membership supplied the much-needed road map for the political transformation of the

country. The results were impressive.

At the end of 2010, Turkey's net public debt stood at less than 30% of GDP, a very healthy ratio by any standards. It is there thanks to large primary budget surpluses (more than 5% of GDP) for most of the decade. In other words, today's financial stability, low inflation, and strong growth were made possible by a long period of substantial fiscal and social sacrifices.

The global financial crisis was the first major test for the improved fundamentals of the Turkish economy. Residents and markets, their memories of past turbulences fresh, expected the worst; newspapers and TV channels ran stories of impending catastrophe while business and financial lobbies pressurized the government for an immediate deal with the IMF. Exports and domestic spending had indeed collapsed by the first days of 2009, but the predicted financial turmoil simply did not materialize. To the great surprise of most observers, the currency and the interest rate remained stable, which allowed some relaxing of fiscal and monetary policy. For the first time in recent Turkish history, countercyclical measures were put in place in 2009 by reducing sales taxes and short-term interest rates. And no IMF!

The recession was severe but short lived, and the recovery was much stronger than even the most optimist forecasts. After shrinking 4.7% in 2009, the economy expanded 8.9% in 2010, thus putting Turkey in the same league with stellar performers such as India and China.

However, this transformation also triggered an undesirable process. As the outside world gradually began noticing Turkey, its improved fundamentals, its large domestic market, its potential for rapid growth, and its geostrategic position, demand for Turkish assets —both financial and real— exploded. The jump in capital inflows in turn caused substantial appreciation of the TL, thus hurting exports in particular and tradable sectors (industry and tourism) in



*The new policy set has two targets: one, to slow private consumption and investment spending to the other, to increase the competitiveness*

general as well as employment growth and quality. The end result was ever increasing current account deficits (and a corresponding fall in domestic savings). The whole process reminds us of the “Dutch syndrome,” in the Turkish case financial stability replacing the discovery of natural resources.

This mechanism was already at work before the crisis, when the Central Bank's unnecessarily high interest rates further encouraged capital inflows. TL interest rates normalized after the crisis; but this time, the pressure on TL was aggravated because of the glut in global liquidity, a direct consequence of loose monetary policies in the US and Euro zone. We should also remember that these unexpected capital inflows impose serious constraints on the effectiveness of monetary policy on controlling the surge in domestic demand.

To cut a long story short, the current account deficit reached 6.6% GDP in

2010 and, unless the cycle is reversed, may go up to as much as 8–9% in 2011. Clearly, these are dangerous levels, even for an economy with strong fundamentals; tight fiscal policy and low public debt are an advantage, but private sector balance sheets are rapidly deteriorating.

This constitutes the major economic policy issue (and challenge) facing the Turkey in 2011. The current cycle works through rapid credit expansion coupled with an overvalued currency. The new policy set has two targets: one, to slow private consumption and investment spending to reduce imports, the other, to increase the competitiveness of tradable sectors through a depreciation of the currency. Together, they imply an “orderly correction”; i.e. the current account deficit is reduced without compromising the growth of the economy, as the fall in domestic demand is offset by an increase in exports. At the same time it addresses the risk of a sudden reversal of capital inflows (an attack on TL) because the financial markets get scared of external deficits: this is the so-called “market-led correction.”

This was the policy set introduced by the Central Bank at the end of 2010 and rigorously implemented in the first four months of the year. It uses two distinct instruments: hikes in bank reserves to control credit growth and lower money market interest rates to discourage short term capital flows (“hot money”). Are these adequate for the task? What are its chances of success? Are administrative or other controls over capital flows inescapable? Should it be complemented by further tightening of fiscal policy?

These are open questions; they are subjects of heated debates among economists, market participants, and policymakers in Turkey. Whatever happens, one thing is certain: the normalization of Turkish economy will continue at full speed.

**NUMBERS FOR TURKISH ECONOMY (2010)**

<b>8.9%</b>	LESS THAN <b>30%</b>	<b>6.6%</b>
ECONOMIC GROWTH IN 2010	NET PUBLIC DEBTS IN 2010	CURRENT ACCOUNT DEFICIT IN 2010

**Content:** Anatolia: A Land Turning Food into Art **P14** Gone with the Wind **P16** Will the Luster of Marble Reflect upon Exports? **P18** The Wealth Coming from the Deep **P20** Turkey's Natural Attack **P22** Strategic Decisions in Critical Times **P24** Turkey Is Preparing to Wrap Up the World **P26** The Granary of the World **P28** Nature Is Changing Fashion **P30** "We Came Not to Look, but to Stay" **P32** **Editor:** Ceyhan Aksoy

# Briefing

GASTRONOMY, ISTANBUL SHOPPING FEST, MARBLE, GEOTHERMAL, AVIATION, INVESTMENTS...



## GASTRONOMY

### *Anatolia: A Land Turning* **FOOD INTO ART**

From the Hittites to Rome and Ottomans, some civilizations added spice, some changed the cooking techniques. It is always mealtime in Anatolia...

BY GAMZE GÖREN

**T**HE WORLD ASSOCIATION of Chefs' Societies (WACS) made a bold statement by raising the status of the Istanbul Gastronomy Festival, the ninth of which was held this past February, to "intercontinental." Turkey is one of the world's important centers for food and drink. After all, we are talking about an area possessing a diversity

of food offered by four separate climates and a cuisine that has 2,205 different regional foods. The title bestowed by WACS upon Turkey, ranking seventh in world tourism in terms of tourists received and eighth in foreign currency intake, was further bolstered as the country was deemed worthy of close to a hundred medals in 79 different categories in

various gastronomy festivals. "The time had come for our rich Turkish cuisine to become a brand," says Timur Bayındır, President of the Touristic Hotels and Investors Association. Pointing out that the cuisine of a country or region is one of the elements best able to convey its culture, he adds, "The kitchen is a lifestyle."

This is very true. If you

haven't tasted stuffed collard greens with meat "only as thick as your little finger," as would have been said in the olden days; if you haven't taken in the deliciousness of its butter; and if you haven't eaten a slow-cooked Laz dessert pastry drenched in plenty of syrup, then you have missed a lot of things about the Black Sea region. And if you've seen

**With its 2,205** different regional foods Turkey is an important center of food and drink



**Turkish chefs won** more than a hundred medals in 79 categories in various gastronomy festivals

Zeugma but haven't seen one the 291 kinds of dishes in Gaziantep's cuisine, you cannot call yourself familiar with the province...

"Babagannuş," "katmer," "mihlama," "alinazik," "imambayıldı..." All these words, seemingly nonsense at first encounter, are a code to the flavors of Turkey for all who have sampled it. And indeed, history does repeat itself. Every dish cooked in Anatolia's oases of flavor brings its history to present day.

"Lahmacun," known as Turkish pizza, transcends the country's borders and enters the cuisines of various cultures with the 5,000 years of history in its unleavened dough and spicy minced meat. Food in Anatolia, where each meal is a ceremony of its own, is a fairly serious affair. Baklava, whose history dates back to the Assyrians, introduced food to bureaucracy with the traditional baklava regiment founded by the Ottomans in the 17th century.

According to Fatih Güllüoğlu, Board Chairman of famed baklava maker Güllüoğlu, the secret of Turkish cuisine lies in the exclusive ingredients available: "Adding a separate richness particularly to desserts is the availability of such products as Antep pistachios and Bursa chestnuts at high quality," says Güllü. Pointing to the high commendation given by famed Dutch food critic Door Johannes van Dam, Güllü states that they are very sensitive as a company about presenting the best they can in the name of flavor. Founded in Karaköy in 1949, Güllüoğlu Baklava is today managed by the sixth generation, and operates as a broad network run by various family members under the roofs of a



number of companies. While Karaköy Güllüoğlu exports from a single headquarters, the Güllüoğlu Baklava Faruk Güllü brand produces 550 varieties of products at its 5,000 square meter facility, which it then exports or sells in 30 different retail stores.

Baklava is just one example. The worldwide renown of kebab, döner, and "lokum" (Turkish delight) seems to prove that Turkish cuisine lives on and receives interest in every part of the world. Turkish cuisine's claim has been carried to the international arena by Mehmet Soykan's book "Tadı Damağında Kaldı," which entered the top 50 in the Gourmand International World Cookbook Awards—considered

*Very luxurious hotels or establishments with a different concept can be opened anywhere in the world. But what gives personality to an establishment, what makes it special, is the service it presents*



the Oscars of cookbooks—among the 156 countries participating this year. Last year, the same award was given to Lale Apa and Hande Bozdoğan's book "İstanbul Mutfakta" (translated as "Contemporary Istanbul Cuisine").

And this claim also serves as a driving force pushing the sector toward a completely new area. That numerous schools have added the culinary arts to their educational programs shows food is more than a need and hobby for the inhabitants of this country. Zeki Açıkgoz, President of the Turkish Chefs Federation, says, "Our only deficiency in the developing field of gastronomic tourism was cooks with language training. However, our new generation of young chefs are both more educated and more knowledgeable on this subject," and continues, "This situation allows us to better express our cuisine abroad."

It has been a long time since humanity abandoned the age-old philosophy of "eating to live. Now, "living to eat" is not just a philosophy, it is the slogan of a giant sector. To speak in global terms, what we considered a primary need has now become a massive sector. For some, food is a way of self-expression. For others, it may provide many-digit revenues—sometimes even with government aid. Turkey is determined to secure the delicacies of its cuisine by including them within the scope of TURQUALITY, the world's first government-supported branding program. Tahsin Öztirkay, who has put the kitchen utensils he produces in the kitchens of more than 100 countries, says that he follows undertakings in this area with

great excitement. Öztiryaki says that he gets the opportunity to better see how the fame of Turkish cuisine has spread on his trips abroad, and adds, "It is possible to find a kebab or döner shop everywhere in the world. In this regard, we are everywhere. However, we must give a chance to other products too," referring to the hidden treasures of the Turkish kitchen.

Take Erzurum's sour stuffed grape leaves, or Antalya's black-eyed pea salad, for instance. Or "testi" kebab, cooked in an earthenware jug. One of the best places to sample these delicacies, Ürgüp—in Cappadocia, land of the fairy chimneys—welcomed close to 300,000

*Mehmet Soykan's book "Tadı Damagımda Kaldı," entered the top 50 in the Gourmand International World Cookbook Awards among 156 countries participating this year*

tourists in March. According to Zeki Açıkoz, this draw is due to the increase in the number of businesses providing menus highlighting such delicacies. "Unusual flavors are what make the establishments unforgettable," says Açıkoz. Timur Bayındır, with the words, "Very luxurious hotels or establishments with a different concept can be opened anywhere in the world. But what gives personality to an establishment, what makes it special, is the service it presents," speaks in support of Açıkoz's statement. Of course, one cannot overlook the key role of presentation and service in gastronomy, which sometimes even surpasses flavor itself. Nevertheless, Bayındır adds that increasing inspections and hygienic sensitivities have visibly increased the quality of the establishments in recent years.

If the best advertisement is that made by a happy customer, the figures prove Bayındır right. Could there be any better proof of this than the phenomenal 116.7% increase in the number of foreign tourists coming to the country in 2002, 13.2 million, to 28.6 million in 2010?



## ISTANBUL SHOPPING FEST

# GONE WITH THE WIND

It has been the beginning of a tradition. Istanbul Shopping Fest provided significant movement in the markets

BY CEYHAN AKSOY BY CİHAAT CANER



**BAŞARAN ULUSOY**  
TÜRSAB  
President

"Turkey, though late and slow, has understood the significance of this business, and it will quickly do what is needed. We can call the point at which we currently are the initial stage of the business. But starting is an important step."



**YALÇIN MANAV**  
All Chefs  
Federation  
President

"The awards we received as the federation in the first quarter of 2011, more than 20, show how successful we actually are in the field of gastronomic tourism as a country that has just started to focus on it."



**AHMET BARUT**  
TÜROFED  
President

"The quality of presentation and service offered at the establishments and rising in parallel to their increasing numbers in recent years are the most important contribution made by hotels to Turkish cuisine."

**B**ROUGHT TO LIFE through private sector and government cooperation, Istanbul Shopping Fest achieved many firsts from its planning stages onward. ISF, which had a 50 billion dollar buffet, greeted the 40 day, 40 night-long shopping and entertainment festival with an opening ceremony taking place in five separate locations in Istanbul, with the participation of 600 musicians, on March 18. Launched as an Istanbul Project, ISF drew the interest not only of tourists and participants but also of Dubai, the long-time heavyweight of the shopping

event sector, through sales nearing 50% and fleeting surprises offered by hundreds of local and foreign brands in areas ranging from clothing to food. Dubai Fest CEO İbrahim Karmostaje, Marketing Director Suhaila Ghubash, and International Marketing Director Buti Al Masood came to Istanbul and observed the event. Masood and Ghubash, stating that they underwent an arduous struggle for 15 years on the matter of private sector and public cooperation, asked ISF Board Co-President Yılmaz Yılmaz the secret to this. Yılmaz said



**Istanbul Shopping Fest** bid farewell to its followers, who it shall next see in 2012, with a big party on April 26



that the desire to make Istanbul a brand brought everyone together, and emphasized that Istanbul will become a tradition as of this year. Concerts and dance shows added color to the festival—shopping had never been so much fun. Istanbul Shopping Fest, continuing unhindered, caused significant movement in the markets during its first week. Between March 18 and March 29, according to credit and debit card usage data, spending increased by 21% over the same period in 2010, hitting 1.5 billion TL. Tourist spending between March 18 and 23, on the other hand, increased by 38% over the same period in 2010, hitting 20 million TL. Shop-

ping centers ranked first in places where most spending was made, with 174.4 million TL in revenues. It was announced that the revenues of shopping centers in Istanbul increased by 22%, and that clothing purchases comprised a 94.2 million TL portion of their total revenues. A sector-by-sector view of spending shows that the greatest increase in this period was gained by the jewelry sector with 26%, with 17.5 million TL spent on jewelry items within the first week of the festival. The holidays of Nowruz, Paskover, and Easter, which coincided with the dates of the festival, had a snowball effect on festival attendance. Further-



more, that certain shopping centers dubbed “emergency shopping centers” stayed open until 2:00 a.m. had revenues basking in festival fertility too. An added 128,000 transactions occurred over the previous week on March 19 just between the hours of 10:00 p.m. and 2:00 a.m. One of the brands to attend the festival, Ramsey, announced a 40% increase in its revenues. ISF, which faced intense interest especially from surrounding countries, soared toward shopping on Turkish Airlines. The additional flights set by Turkish Airlines were as crowded as the hotels in Istanbul during the period. One of many great advantages awaiting tourists among Istanbul’s historic and natural beauties was tax-free shopping. Speaking on the subject, Yilmaz Yilmaz said, “A 70% increase was seen over the same period last year in tax-free shopping by foreigners. Many of the foreigners spend money at shopping centers at nights.” ISF Platform President Mehmet Büyükekşi, pointing out that Istanbul Shopping Fest helped not just retailers but also store owners of all segments, stated, “I can see that we reached our goals, because not just retailers, but all store owners should take their share.” Istanbul Shopping Fest bid farewell to its followers, who it shall next see in 2012, with a big party on April 26.



**Concerts and dance** shows added color to the festival—shopping had never been so much fun





There are 1,000 marble quarries, 1,500 small to mid-size factories, and 7,500 workshops contributing to employment

## MARBLE

# Will the Luster of Marble Reflect upon Exports?

The Turkish marble and natural stone sector had 1.57 billion dollars of exports in 2010. For 2015, it is aiming for 4 billion dollars. And what about 2023?

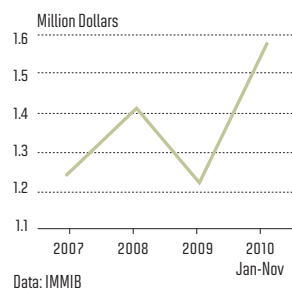
BY EMRE YILMAZ

**SINCE THE EARLIEST** days of humankind, it was the symbol of pomp as well as of wealth... Both ancient Greek deities and kings were brought to life in it. It was used in the most splendid buildings and structures. It maintained its significance for centuries. And for Turkey, marble has had even further significance... With its basins and heated slabs, the Turkish bath owed its fame to marble. Afterward, it became

a favorite material not just for Turkish baths, but also for nearly every kind of structure. Turkish marble adds color to Disneyland's 18,000 square meters as well as to structures and luxury hotels all around the world.

The wealth of marble reserves, available in various colors and patterns at a level of quality rivaling marble varieties on the global market, has had an effect on this fame. The "Turkey

## TURKEY'S NATURAL STONE EXPORTS



Mining Sector Report," which bears the signatures of the Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT) and Deloitte, shows that Turkey is 28th in global mining production and 10th in the quantity of metals and minerals. With its 3.8 billion-cubic-meter marble reserves, Turkey possesses around 33% of the world's marble reserves. The main cities in the country where reserves of natural rocks, including marble, are found are listed as Afyon, Balıkesir, Muğla, Eskişehir, and Bilecik. SMEs are relatively more prominent in the sector than large-scale producers, and the sector is generally comprised of private companies.

"The natural stone sector makes an important contribution to the Turkish economy," says Özel Tuzlacı, General Secretary of the Turkish Marble, Natural Stone, and Machinery Manufacturers Association (TÜMMER), and explains that approximately 1,000 marble quarries, 1,500 small to mid-size factories, and 7,500 workshops are active in the sector, which provide a significant contribution to employment. Over 90% of the quarries are in western Anatolia, concentrated in the Aegean and Marmara regions, the latter owing its

name to the Greek word for marble—"marmaron."

**IN THE TOP TEN OF THE LEAGUE**

Mining, in general, is an important generator of exports and income for Turkey. Mustafa Sönmez, President of the Turkish Miners Association, says that the mining sector has a share of around 1.5% in the GNP, adding that the sector achieved 10.1 billion dollars of sales in 2008 and 6.4 billion in 2009. In 2010, sales totaled around 10 billion dollars. According to Sönmez, for 2011, the sector expects an outcome similar to 2010 levels...

Mehmet Özer, Chairman of the Istanbul Mineral Exporters' Association (İMMİB), says that mining is responsible for a 9 billion dollar share of the GNP, and adds that this ratio is around 4.2% in the US, 7.5% in Canada, and 8.7% in Australia. When one calculates the revenue that mining products create on the basis of primary products for sectors in which they are used, says Özer, the result is a figure exceeding 30 billion dollars, and says, "And it can be seen that this has a share of 5-6% in the GDP, in turn showing the true dimensions of the sector within the economy."

For natural stone and marble, however, one must turn to another page. With its possession of a large portion



*Turkey is 28th in global mining production and 10th in the quantity of metals and minerals*



of the reserves in addition to its experience, qualified labor force, logistic advantages, and broad range of natural stone varieties and colors, Turkey is a leading player in the global sense, and it is among the top ten producers of natural stone... Turkey is competing against China, India, Italy, Spain, and other countries powerful in the sector. Özer Tuzlacı states that the world's natural stone producers are ranked as China with 17%, Italy with 13%, Turkey and India with 7%, and Spain with 6%. Important factors allowing each of these countries to appear in the top ten are the reserves in their possession, stone varieties, progress shown in production technologies, the performance of institutions involved in exports, the place of their fair and exposition activities on the global scale, successes in design and architectural endeavors, and positions taken with regard to the field on a global scale. According to the figures announced by Tuzlacı, the Turkish marble and natural stone sector exported 1.57 billion dollars' worth in 2010. Its exports target for 2015, on the other hand, is 4 billion dollars. İMMİB President Özer also explains that 75% of Turkey exports in 2010 went to countries also in the top



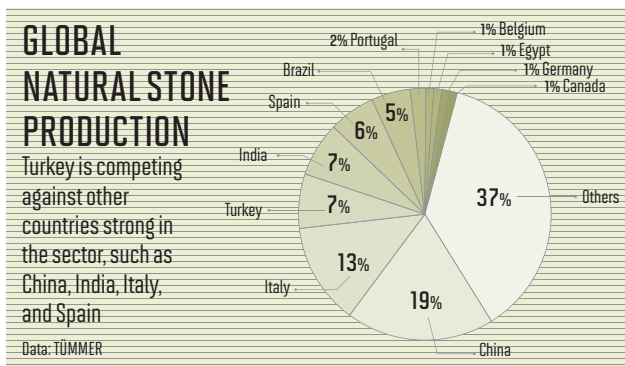
**MEHMET ÖZER**  
İMMİB Chairman

"Our target in the export of natural stones for 2011 is to reach an exports volume of 2 billion dollars. All of the sector's institutions came together, and we prepared the "Natural Stone Sector Strategic Action Plan." This plan will be run in parallel with the 2023 Export Strategy prepared by TİM. As we indicated in this strategic plan, our natural stone sector's target for 2023 is 10 billion dollars. Within the framework of this plan, all institutions will assemble as one, and we will continue our concentrated efforts to realize—and even exceed—the target we have set.

ten, such as China, the US, Iraq, the UK, Saudi Arabia, Canada, India, Libya, France, and Israel, and he says that the target for natural stone exports in 2011 is to reach 2 billion dollars.

Although the momentum achieved by the sector has drawn attention, Ömer Tuzlacı of TÜMMER believes predicting that new employment—200,000 on average in 2010—will increase in light of expectations that the sector will improve would be wrong, because just as in every sector, improvements in technology affect employment in this sector too.

The sector's annual production amounts to 11.5 million tons, while annual production for the domestic market is 60%—approximately 6.9 million tons. The volume in the domestic market reflects upon other



sectors too. Uğur Gül, head of Machinery Sales and Marketing at Borusan Makina ve Güç Sistemleri (“Machinery and Power Systems”), says that the momentum achieved by the marble sector provides investments and jobs to areas surrounding marble quarries. Companies involved in the manufacture and trade of quarry and factory equipment are especially feeling the positive effects of the marble sector’s good progress. Gül says, “For suppliers of work equipment, the marble sector has become a very important and special segment in the past ten years.”

#### 10 BILLION DOLLARS BY THE CENTENNIAL

However, the high costs of the initial investment required to enter the sector can be regarded as a threat. ISPAT and Deloitte’s report touches on the facts that various departments concerned with licensing operations have been reorganized under the Mineral Works General Directorate attached to the Ministry of Energy and Natural Resources, and that expenses have gone down. As a result of these changes, the report indicates, investments in the mining sector increased at a compound annual growth rate of 16.6%, a figure accounting for 2.3–2.4% of all investments.

The report, which goes on to state that government incentives will help the country to have a competitive and strong mining sector in addition to the process of liberalization and privatizations, highlights opportunities that will come with foreign direct investment and the entry of new foreign companies to the market, such as the arrival of the latest technologies and increases in exploration investments...

The report also draws attention to the fact that geographic advantages help exports due to lowered costs. The contribution to exports owed to these lowered costs is as great as that contributed by the richness of the reserves. Özer Tuzlacı believes that exports to China will grow in the years to come, and that this also goes for Middle Eastern countries, Russia, and some African countries. It is predicted that the recovery of the housing sector in 2011, coming as the US surmounts the economic crisis, will also reflect positively on natural stone usage and lead to an increase in export figures. And in this scope, the sector’s goal within Turkey’s aim to reach 500 billion dollars of exports in the centennial of its republic is to reach 10 billion dollars... “Furthermore, it is surmised that use of natural stone as raw materials for China’s continually growing construction sector will enter a trend of growth. Demand in foreign markets will be able to be met through an increase in domestic production. The activeness appearing in commercial relations with countries Turkey is increasing foreign relations with will reflect on the natural stone and marble sector,” says Özer Tuzlacı.

The steps Turkey has taken or will take within the scope of its exports target and political stability are important to the development of the marble and natural stone sector, as it is for all other sectors. In fact, according to Tuzlacı, the entry of foreign capital to the sector between 2015 and 2020 seems possible too. If all these processes are managed correctly, Turkey will have no trouble reaching all of its goals—most especially its goal for 2023.



#### GEOTHERMAL

### *The Wealth*

# COMING FROM THE DEEP

Geothermic zones, which have been known since long ago but were never been utilized fully, are going to be an important investment area in Turkey

BY MEHMET ERDOĞAN ELGİN BY KEMAL ATA - AA

**F**OR CENTURIES, people seeking health have found solace in the hot waters and vapor oozing from the tectonic structure of Western Anatolia. In antiquity, the great civilizations of Anatolia grew and flourished around these sources. They were then forgotten for centuries, only being used by locals in surrounding areas for daily necessities. Now, however, they are of great importance to the Turkish economy.

Geothermal regions, being critically important for electricity production, agriculture and thermal tourism, are awaiting new investors. For Turkey, as a country that supplies its energy needs mostly by import, each geothermal zone put to good use will help reduce dependence on foreign resources. Furthermore, these geothermal resources present great opportunities to firms who will invest in the area.



According to data from the Turkish Geothermal Association (TJD), Turkey ranks seventh in the world and fifth in Europe with its geothermal resources. The same data also notes that in Turkey, the total electrical production capacity of the geothermal regions, concentrated especially in Western Anatolia, is 2,000 megawatts (MW). It is expected that this capacity, once put on-line, will meet 5% of Turkey's electricity needs. Today, the energy generated by the power plants installed in geothermal zones by a number of companies totals around 78 MW. In addition, the construction of a power plant with an installed capacity of 20 MW is ongoing. If the potential of these geothermal zones is considered, there are many opportunities available to investors. An installed capacity of 300 MW is being aimed within the 2015 strategic plan of the Turkish Ministry of Energy and Natural Resources (ETKB). Finally, the "Renewable Energy Law" ratified by

the General Assembly of the Turkish Parliament (TBMM) in the last days of the previous year stands out as significant step in the generation of electrical energy from geothermal zones. A 10.5-dollar-cent per kilowatt-hour buying guarantee will make the geothermal zones an important investment ground for electricity production. Murat Sungur Bursa, President of Zorlu Energy Group, says, "The incentive rate given for geothermal energy is an optimal figure. These rates will enable investments to pick up speed." He adds, "Many foreign energy companies are also interested in Turkey's geothermal zones."

Of course, the uses of geothermal resources are not limited to electricity generation. The use of geothermal water in greenhouses is increasing rapidly worldwide. It seems that this acceleration has caught on in Turkey too. In Çanakkale, Afyonkarahisar, Denizli, Aydın, İzmir, and Antalya, the number of the greenhouses that are heated by

*The geothermal zones, being critically important for electricity production, agriculture and thermal tourism, are waiting for their new investors*

thermal water is significantly increasing. In the past ten years, the total area of greenhouses heated by this method has increased five-fold to reach 2.5 million square meters. This area is expected grow to 10 million square meters as per the TJD's data. Initial investment costs for greenhouses using geothermal resources are higher than that of others; in subsequent stages, however, the heating costs (or lack thereof) pull expenses down. "Greenhouses using geothermal resources in Turkey have developed rapidly in the recent term. But these resources are used at levels well below the existing potential," says Nilgün Bakır, General Director of the Turkish Geothermal Association. She adds, "Both foreign and local companies are conducting studies for projects to utilize this potential."

As these developments in agriculture—one of humanity's oldest fields of economic activity—take place, serious investments are being made in thermal health to-

urism, the oldest field of use for geothermal resources. The share taken by Turkey in thermal tourism is well below its potential, although it has thermal resources in its every city. Whereas the countries of the European Union (EU) take in 3.5 billion dollars from thermal tourism annually, Turkish companies get only 20 million dollars. The CEO of Hat-tuşa AŞ, which has an investment of 150 million Euros in the thermal tourism sector, informs that the biggest handicap in the development of the thermal tourism in Turkey is the lack of concept. He says, "In Turkey, because many thermal hotels were designed with an urban hotel concept, they were not effective enough. But our approach to thermal tourism will help the development of this sector in Turkey," adding, "Turkey presents many investment opportunities in the thermal field."

Besides these three main domains, geothermal resources can be used in many other fields. Geothermal water, used at different temperatures and in different areas, stands out for its cost-reducing effects, especially in industrial applications. The heating and cooling of industrial areas, the drying of agricultural products, canned food, and the fish farming sector are also important fields in which thermal water is used. Low carbon emissions compared to other energy sources makes it an environmentally friendly option. Geothermal zones are becoming important centers of investment. These areas, which for many years were in the possession of the General Directorate of Mineral Research and Exploration (MTA), are now getting to meet their investors. Turkey's geothermal zones will be a great opportunity for investors both local and foreign.



7%

THE CURRENT  
USE RATIO OF THE  
GEOTHERMAL ZONES  
IN TURKEY

Data : TJD (Turkish Geothermal  
Association)





Wood and forest products sector is comprised of four main industries and furniture is one of the biggest

## FOREST PRODUCTS

# TURKEY'S NATURAL ATTACK

The wood and forest products sector grows, but also takes care to maintain the balances

BY SİNAN KOPARAN    BY GÜRCAN ÖZTÜRK

**A**CCORDING TO THE 2010 data given by the Food and Agriculture Organization (FAO) there are 6,000 square meters per capita worldwide. Each day, this area, which is approximately the size of a football field, diminishes due to the increasing size of the world population and careless logging. Unsystematic logging processes particularly increase the devastation rate of the forests. One can doubtlessly appeal to emotion against such logging of the

forests. But with forests being one of the most important economical resources in the world, solutions that are more rational are what must come on the agenda. Today, forest products are among most important exports of many developed and developing countries. In this respect, conscious forestry practices can increase the contribution of the forests to the economy and expand a country's forested area.

In Turkey, the wood and forest products sector, which

has reached a 19 billion dollar volume, continues to generate profits by utilizing the forests that constitute 26% of Turkey's land in the most effective manner. The sector is comprised of four main fields of activity. The paper, cardboard, and packaging field has the biggest volume of trade, followed immediately by the furniture sector. Wood products such as fiberboard, plywood, and MDF, and the secondary forest products sectors that introduce plants and fruits such as thyme, laurel, linden trees, and acorns to the economy are also important fields of activity.

Total exports for these fields in 2010 were nearly 3.2 billion dollars. But like all exporters, the sector players aim for higher targets. "We are planning to increase exports, which currently are 3.2 billion dollars, by 12% each year," says Ahmet Kahraman, President of the Middle Anato-

lia Wood and Forest Products Exporters' Association. He adds, "We must increase our export to 16 billion dollars in 2023 so that we can catch the total target of 500 billion dollars. Currently, the sector is around 2.5%. If we can continue as we maintain this, the necessary increase in exports will be realized".

The exporters' goal may seem high, but the 16% increase realized in the first three months of the year shows that the target does make sense. The sector continues in its efforts required to realize the target it has set. Ahmet Kahraman says, "We are studying our markets in furniture. The associations are examining their target markets in 2011. As the Middle Anatolia Wood and Forest Products Exporters Association, we will go to Indonesia, and following that, to Iran and Algeria. We will thus try to increase the export of Turkish forest



products. Until now, that is to say in the in the first three months of this year, we managed to realize 780 million dollars of exports.”

Though it is a significant step in the name of growth for the sector to carry out the work needed to increase its contribution to the economy, it is important for this step to be supported by raw materials—while 26% Turkey’s land is covered by forests, only around 14% of this area can be utilized today. Ahmet Kahraman says, “The other parts, mostly areas of Mediterranean flora consisting of densely growing evergreen shrubs, must also be turned into forests”.

Efforts in this area are ongoing, and Turkey’s forests are expanding rapidly. Since the 1970s, the amount of forested areas increased by 12,000 square kilometers. Speaking on World Forestry Day, Environment and Forest Minister Veysel Eroğlu said, “Forests and the richness provided by them are diminishing in many countries, but Turkey is one of the rare countries that increased its forested area and wood production. Turkey owes that to its foresters.” He adds, “The wealth of wood has reached 1 billion 400 million cubic meters. So it increased by 40%. Furthermore, the United Nations’ 10th Forestry Forum will take place for the first time in its history in a center outside of UN—it will be held in Turkey, and this is very important to us.”

In Turkey, General Directorate of Forestry supplies 60% of the required trees. The remaining 40% is supplied by countries such as the US, Canada, and Chile. Various efforts toward reducing this ratio are, of course, under way. Abdullah Tever, President of the Istanbul Wood and Fo-



**AHMET KAHRAMAN**

President of the Middle Anatolia Wood and Forest Products Exporters' Association

“As the Middle Anatolia Wood and Forest Products Exporters Association, we will go to Indonesia, and following that, to Iran and Algeria. We will thus try to increase the export of Turkish forest products. Until now, that is to say in the in the first three months of this year, we managed to realize 780 million dollars of exports.”



*As it increases its export targets, the forest products sector is not neglecting to grow sustainably either*

rest Products Exporters’ Association, says, “In order to meet need for raw materials, the General Directorate of Forestry has started the greatest planting project in history.” Additionally, in 2008, operations began in 81 cities for the rehabilitation of down-trodden forest areas. In this respect, the target has been raised to 4,630 square kilometers from 4,200 in 2008.

The efforts carried out can certainly be regarded as an important precaution for the sector’s future. For the sustainability of the forestry sector, more trees must be planted than cut. And dozens of years are needed for a tree to grow up and provide profit to the economy. As such, it is not possible for recently planted trees to provide economic interest, consequently influencing prices. “The prices of raw materials are high,” says Bülent Aymen, President of the Mediterranean Wood and Forest Products Exporters’ Association. He adds, “The goods must be sold to the domestic exporters who have a processing license at the same prices as those found in the world market”.

The “Industrial Forest Plantation” program is co-

ming up as a matter of great significance to the most important raw material of the market: trees. This program, particularly the planting of fast-growing trees, can be an important step toward meeting raw material needs. The Industrial Forest Plantation can ensure a better-planned process to meet the raw material need. The Ministry of Environment and Forest can provide space for the private sector to this end. The interest of the private sector in this subject would undoubtedly reduce prices.

The first application of the plan in this sense came from the paper sector. Mopak, in 2003, started the Industrial Eucalyptus Plantation Project. This project, which was the first in the sector, was to provide appropriate forest plantations for the paper sector. The forest that the company built in order to supply the need of wood, the primary source of the cellulose used in paper and cardboard production, has prevented foreign currency spending due to cellulose imports, and also acted against the decrease of natural forests.

Every effort made in each branch of export is very important for Turkey, which has expanded its targets for the year 2023. Almost every company in the wood and forest products sector display significant progress toward this target. For the sustainability of this growth, both the public and private sectors must fulfill the responsibilities befalling them. Climate change is nowadays discussed more and more seriously. And at this point, it is clear that the world can no longer tolerate losing any more forests. For this reason, planned growth in wood products, which are very difficult and expensive to replace, is much more important than thought.



## AVIATION

# Strategic Decisions in Critical Times

The quick reflexes Turkish Airlines displayed first in the Middle East and then in the disaster in Japan are crisis management successes

BY GÜNEŞ KÖMÜRCÜLER

**T**HE NEW NORMS of the new millennium continue to surprise everyone. As the US and Europe, which had for centuries been identified with prosperity and wealth, wrestle with the devastating effects of the global economic crisis, Japan has been trying to wrap up its wounds from perhaps the largest earthquake disaster in its history. Peoples in the North Africa and the Middle East, on the other hand, who had been under dictatorial regimes for years, are rising up one after the other. And for its part, right at the center of all these extraordinary developments, Turkey has been signing off on new, extraordinary stories of leadership and success every day.

The star in one of the latest of these success stories was Turkish Airlines. Since the start of the year, the company safely flew thousands of Turkish citizens and foreigners during popular rebellions in, listed in turn, Tunisia, Egypt,

and Libya. When revolt broke out against Zine al-Abidine Ben Ali, Tunisia's dictator of 23 year, Turkish Airlines carried a total of 456 passengers on six scheduled flights. In the wave of uprisings against Hosni Mubarak, the company carried 4,556 passengers on a total of 33 flights from Cairo and Alexandria.

The uprisings in Libya were much more violent. Naturally, the number of people wishing to leave the country was higher than that of Tunisia or Egypt. The following words, uttered by a Turkish worker employed at a construction company in Libya after landing in Istanbul on a Turkish Airlines plane, neatly summarized the terror being experienced and his happiness at returning home: "The construction sites Turks worked on were being looted, and anti-aircraft guns were constantly fired. How should we explain these incidents now? They are known by those who lived them. We sat up



*Turkish Airlines officials say that the secret to success of its operations in North Africa is that the institution and personnel could actively reflect their experiences on the operations*

all night on concrete for three or four nights. But thanks to Turkish Airlines, we escaped that hell." Turkish Airlines carried a total of 8,749 passengers from the capital city of Tripoli, Benghazi, Sebha, Alexandria, and Djerba on 47 flights during the events in Libya.

Turkish Airlines officials draw attention to the fact that they completed all preparations for a possible humanitarian aid operation and were on the alert at the start of the events in North Africa. And this, because its planes and its flight crews were both ready, allowed them to quickly decide to act and reach the affected areas fast.

Hamdi Topçu, Chairman of the Board of Turkish Airlines, says that they also initiated



Since the start of the year, Turkish Airlines safely flew thousands of Turkish citizens and foreigners during rebellions in Tunisia, Egypt, and Libya

contact with the opposition to Muammar Gaddafi in order to ensure safe landings, receiving assurance from them as well. "But in spite of this, from time to time the soldiers gave us the answer, "There is not a safe environment; we cannot land your plane." Although Turkish Airlines officials were only able to secure landing permission at varying intervals, every time they did, they used their larger planes so they could bring more people. "If there was such an event a year ago, we could not have carried out an operation this easily. Now, we have large planes. We used our Boeing 777 and Airbus A340 aircraft in the operation," adds Hamdi Topçu.

This success by Turkish Airlines went down in world his-

tory as one of the largest logistical operations of all time. "As Turkish Airlines, we mobilized the operational experience and skill we acquired in the evacuation of civilians and the wounded in wars and similar situations once more during the events in Libya, Egypt, and Tunisia," say Turkish Airlines officials. Similarly, the

company mobilized quickly following the devastating earthquake in Japan as well, moving hundreds of people away from the disaster area. Turkish Airlines carried out its flights to Japan solely on a scheduled basis.

However, at the request of the Prime Ministry Crisis Center, a cargo flight num-

## READY TO RESCUE

On May 19, at the request of the Prime Ministry Crisis Center, a cargo flight numbered TK 6482 to Tokyo was scheduled, carrying the equipment listed below:

THREE SEARCH AND RESCUE VEHICLES

TWO TRAILERS

GENERATOR AND VARIOUS SEARCH AND RESCUE EQUIPMENT

FOOD AND FOOD EQUIPMENT

VARIOUS MEDICINES AND FIRST-AID EQUIPMENT

bered TK 6482 was planned for Tokyo on March 19, carrying three search and rescue vehicles, two trailers, generator and various rescue equipment, food, and medicine. Turkish Airlines also sent 100 earthquake bags to Tokyo and Narita.

During all the events, Turkish Airlines constantly exchanged information with the embassies and consulates of the concerned countries, as well as with Turkish Airlines station managers. The company was also in contact with the Prime Ministry Disaster Coordination Center.

Turkish Airlines' experienced and knowledgeable staff, from its operations control center to its flight crews, station personnel, foreign station management, and technical units, allowed the operations to succeed without a hitch in all of the cases listed above. Turkish Airlines officials say that the secret to success of all these operations is that the institution and personnel could actively reflect their experiences on the operations. It appears as if Turkish Airlines will continue to achieve similar and even greater successes in the future.

### TURKISH AIRLINES ACCOMPLISHED A GREAT LOGISTICS OPERATION IN NORTH AFRICA AND JAPAN

8,749

DURING THE EVENTS IN LIBYA, A TOTAL OF 8,749 PASSENGERS WERE CARRIED ON 47 FLIGHTS FROM TRIPOLI, BENGHAZI, SEBHA, SIRTE, ALEXANDRIA, AND DJERBA

456

A TOTAL OF 456 PASSENGERS WERE TRANSPORTED FROM TUNISIA

4,556

DURING THE EVENTS IN EGYPT, A TOTAL OF 4,556 PASSENGERS WERE CARRIED ON 33 FLIGHTS FROM CAIRO AND ALEXANDRIA



The packaging sector is growing at a rate twice that of the country's economic growth

## PACKAGING

# Turkey Is Preparing to WRAP UP THE WORLD

Having cast off the stagnation of the crisis, the packaging sector is expanding its goals

BY SİNAN KOPARAN

**GROWING 8.9% IN 2010**, Turkey was among the top five countries exhibiting the most growth along with China, Argentina, Taiwan, and Singapore. The active increase in domestic investments and consumption was undoubtedly the most important trigger of this growth. Many sectors have taken on the role of pioneers in this growth on the economic side, and many sectors that cast off the stagnation of the crisis are, through their own power to grow, af-

fecting the growth of another sector—packaging. Affected by the activity of many sectors, from food to cement and from disposable goods to animal feed, the packaging sector cast off that stagnation long ago and displays an aspiration toward greater goals. The sector comprised a volume of 5.5 million tons in 2010.

The monetary equivalent of this volume means a production valued at approximately 6.8 billion dollars. According to TurkStat's data, as on 2008,

*The Turkish packaging sector offers its services outfitted with equipment that provides the quality sought by developed countries*

per capita packaging consumption in Turkey was around 86 dollars in 2008. This figure fell down to 65 dollars in 2009, a time of crisis. However, with renewed activity in the economy, it went back up to the level of 85 dollars in 2010. This growth in the packaging sector can be considered a real-time indicator showing the recovery of the economy, as production in the sector is fundamentally based not on stock, but on ordering. Today, the cost of packaging in the sales price of food and essential items varies from 3% to 5%. In luxury products, however, this ratio is around 10%. The 6.8 billion dollar packaging production in Turkey is actually fueled by a volume of production equivalent to 120 billion dollars.

Of course, the sector does not see per capita packaging consumption, 85 dollars today, as sufficient. The numbers are much higher in developed

countries. Per capita packaging consumption, which can function as an indicator of living standards, is around 350–400 dollars in North America, and 550 dollars in Japan. “There really is a very large potential for the packaging sector of Turkey,” says Sadettin Korkut, Chairman of the Board of the Turkish Packaging Manufacturers Association. He adds, “The packaging sector is growing at a rate twice that of the country’s economic growth. According to the figures that were announced, our economic growth is 8.9%. Therefore, packaging will experience a growth of around 16–17%. And in any case, we see this from our own calculations too.”

At the foundation of the calculations made by sector representatives lies, undoubtedly, Turkey’s demographic structure—the working population in Turkey, which possesses a young population, is rapidly increasing. The purchasing decisions of this group, which is open to innovation and whose consumption habits can quickly change, are of great significance to the packaging sector. For instance, the constant shrinkage of portion sizes in food, which is due to lifestyle changes, means a new, increasing volume of work for the packaging sector.

Of course, at this point, the features of a package carry great significance. Işıklar Ambalaj Vice President Sema Koman says, “The sector is very open to development, especially in food. Packaging that allows products to preserve their properties also allow the product to express itself. So packaging has both a preserving and a promoting side.”

Of course, growing with these dynamics, the sector is proving itself on the exports front as well. Doğan Erberk, General Secretary of the Turkish Packaging Manufacturers

18%

INCREASE IN PACKAGING  
SECTOR'S EXPORTS, 2010

Association, says, “The packaging sector’s exports were, according to the 2009 values published by TurkStat, 2.02 billion dollars. Furthermore, it must not be forgotten that a large amount of packaging is also exported indirectly as the packaging of export goods. The exports of the packaging industry have increased by an average of 16% annually over the past five years. Though the

sector and sector players are educated, technology, the following of technology is quite high,” says Sadettin Korkut, and adds, “By following all the innovations in the world and applying them to their own businesses, they are able to answer their customers’ requests. And because they do this, they can go to the heart of Europe and easily sell their goods.”

Europe is the sector’s most important market. Exports made to the euro zone comprise 40–45% of all exports. Meanwhile, exploiting the advantage of its geographic position, Turkey is also active in nearby regions. Sema Koman informs us that Işıklar



export of packaging products fell by around 15% in value in 2009 due to the shrinkage in foreign markets during the global crisis, in 2010, the sector’s exports increased by 18% to around 2.38 billion dollars. Preparing to do all that it can for the 500 billion dollar export figure set for the Republic’s centennial, the sector has set an exports target of 25 billion dollars for itself.

The sector’s openness and the fact that it closely follows global developments allow it to approach its target in a speedier manner. The packaging sector possesses quite a modern infrastructure especially in terms of technology. “Because it is a new and young

*The packaging sector, which cut capacity during the crisis due to slowing consumption, now sets its goals ever higher with rapid growth figures*

Ambalaj’s factory investments in Northern Iraq will become active by the end of the year. At the facility, which is located in an area that is currently being restructured and will serve the 20 or so cement factories in the area, packaging will be produced for food products on a belt under hygienic conditions.

The producers in Turkey are, of course, not the only ones in the market. Countries close to the primary raw material, paper, are especially showing great developments in the sector. Among European countries, Germany, Italy, and France are in highly developed states. However, the critical factor for the sector is the dynamics of economic growth—fast moving consumer goods is the top sector served by packaging, and Europe is undergoing a stagnant period in this regard. But producers in Turkey, whose growth figures show rapid increases, see themselves as being much luckier at this stage. Sadettin Korkut says, “The most important rivals are in the euro zone, but they also have difficulties they experience due to their own dynamics,” and continues, “This becomes an advantage for packaging manufacturers in our country.”

Today, the Turkish packaging sector offers its services outfitted with equipment that provides the quality sought by developed countries. In its own domestic market, meanwhile, the sector grows by answering increased consumption. Of course, the presence of imported goods consumed in the domestic market, whether due to foreign trade policies or low currency exchange rates, cannot be denied. However, as the Turkish packaging sector better promotes its gear whether in the structural or in the technological sense, the manufacture of these products in Turkey will also come to the agenda.

## LEGUMES

# THE GRANARY OF THE WORLD

One of the world's top producers and exporters of legumes, Turkey is entering a period of courageous international promotion

BY AYŞEGÜL SAKARYA



**I T IS THE 1980.** Mahmut Arslan is a young man in Istanbul who has graduated with a degree in mechanical engineering. He decides to start his business life in Mersin, beside his family. His dream is to practice his own profession. The economic conditions of the time were uncooperative, and after staying unemployed for a year, he took a radical decision to enter the business of legumes, his father's business. Mahmut Arslan, also taking his brothers Hüseyin, Hasan, and Ali by his side, planted then planted the seeds of Arbel, which is among the world's giants today.

For Arbel, which was engaged in wholesale and pri-

vate label production from its founding through the end of the 1990s, an invitation from Canada—the world leader in legume production and exports—opened up a new era. Mahmut Arslan, accepting the special meeting request from Canada's Minister of Agriculture, gained the opportunity to take the first step in opening up to global markets. With special support provided by Canada, Arbel made its first investment abroad in 2002, in Canada. First, a red lentil cracking plant was founded. Arbel, which afterward saw that there was a significant production of peas in the country but that the peas were not put to good use, then took a decision to estab-

lish a pea-peeling plant. With the pea investment in Canada, the company took its first serious step toward being North America's largest legume company. Arbel collected the first fruit of its investments in 2007. By the end of July 2007, the Arbel Group had bought the Canadian company Agtech; assembled their companies in Canada, America, Australia, and Mersin under the roof of the Alliance Grain Traders Income Fund (AGT); and gone fully public in the Toronto Stock Exchange. Today, the group ranks as Canada's largest producer of legumes. Alliance Grain Traders, which exports to 85 countries, has the capacity to process 1.5 million tons annually in its 24 processing plants. Arbel, investing in two separate hemispheres with holdings in Turkey, the US, Australia, and Canada, thus being capable of year-round legume production, used this ability to become a global player in legumes from production to marketing.

At the beginning of November, Arbel bought 140-year-old English food company A. Poortman—one of the world's best in the field of beans—for 8.3 million pounds sterling. “The company, which has an important customer portfolio, will play an important role in the shipping and distribution of the products processed in faciliti-

*Arbel aims to enter the ranks of the world's top producers with a yearly capacity of 160,000 tons on completion of new line investments*

es located around the world, particularly to EU countries,” says Arbel Group CEO Hüseyin Arslan. On completion of its revision and its new line investment, the company, which is planning an additional 2 million dollars of investment in its China facilities this year, will increase its annual production capacity by 30%.

Producing under the Arbel and Arbella brand names, the company is also staking a claim in the pasta business. Hüseyin Arslan says that they will enter the ranks of the world’s top producers with a yearly capacity of 160,000 tons on completion of their new line investments. Also possessing investments in the rice sector, the company will have 20,000 tons of storage space and a 250-ton daily processing capacity for hulled rice. “Until today, we worked with an emphasis on imported rice. With the completion of our new facility, we will play an active role in the processing and export of domestic rice,” says Hüseyin Arslan.

Undoubtedly, the strength of Turkey in the sectors encompassing grains, legumes, and oil-bearing seeds—a category that includes Arbel—has had an effect on the company’s growth. Turkey is first in the world in flour exports; it is also the fifth biggest producer of pasta and the second biggest exporter of pasta globally. Furthermore, it is among the world’s top producers and exporters of legumes. Turkey, which is in the top five in global production of all groups of legumes, concentrates on North American and Middle Eastern countries in its exports. Approximately 750 flour factories operate in Turkey, which is among the top seven countries in the world in wheat production with an average yearly harvest



***“Turkey’s production power in the sector also directly reflects on its exports. The exports of the grain, legume, and oil-bearing seeds sector, which accounts for 3.62% of our country’s total exports, increased 4.1 billion dollars” says Mahmut Arslan***

of 22 million tons. While 14 million tons of flour are produced yearly, the part of this going for export exceeds 3 million tons.

“Turkey’s production power in the sector also directly reflects on its exports,” says Mahmut Arslan, Arbel Board Chairman and President of the Mediterranean Cereals, Pulses, Oil Seeds and Products Exporters Union, adding: “The exports of the grain, legume, and oil-bearing seeds sector, which accounts for 3.62% of our country’s total exports, increased in 2010 by 12.7% over 2009, reaching the level of 4.1 billion dollars.” Strong in the Middle East and North Africa, the sector also exports significant amounts to European countries such as Italy, Germany, and the Netherlands. Iraq, to which 157 million dollars’ worth of exports were made last year, is among the most important markets. Iraq is followed by Syria with 105 million dollars of exports, and Saudi Arabia with 94 million dollars of exports. While new markets such as Su-

dan and Bangladesh have lately been gaining strength, efforts to increase exports to Europe also continue. “If production and productivity rise, Turkey has the potential to be Europe’s granary,” says Mehmet Reis, Chairman of the Board of Reis Gıda.

Having placed an exports target of 13.7 billion dollars for 2023, exporters decided to create a promotion group to this end. Salih Özmen, Board Member of the Aegean Cereals, Pulses, Oil Seeds and Products Exporters Union, said that they decided to create three different promotion groups—namely Sugar and Sugary Products, Flour and Flour Products, and Pasta, Bulgur, Legumes and Products. He says, “Dues amounting to a ratio of one in one thousand will be applied in our three promotion groups. With the 4 million dollar budget that will therefore emerge, promotion will be carried out at important fairs in the world at large.” Although export estimates for 2011 are positive, growth is directly related to the situation in markets receiving the exports. “International markets are an area in which many factors are closely related to each other. To this end, factors such as production quantities in other countries and export bans that could be set in relation to this, the prices of substitute goods, changing consumer preferences, and demand will influence export figures,” says Mahmut Arslan, and continues: “At the same time, in light of reduced imports by the sector due to increased production and lessening of the use of imported intermediary goods in export products, more added value will be left for our country. With these matters in consideration, it is thought that 2011 will go positively for the sector.”





**Organic products** y young designers the chance to promote their collections

## ORGANIC TEXTILES

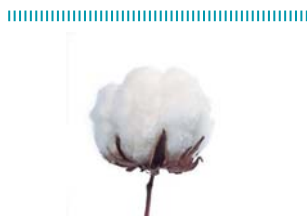
# Nature Is Changing Fashion

With advantages in raw materials and final product manufacturing, Turkey is among the countries with a promising future in organic textiles, the fastest-growing subsegment of the textile sector

BY MERVE KARA BY SEREF YILMAZ

**THERE IS JUST ONE** way to closely follow fast fashion, which has become a mainstream consumption trend in fashion over ten years: shopping mania! Collections that change each week and sales periods that start and end in the blink of an eye have in a short time become, with their seasonally—not seasonal—designs, the most active and crowded stage of ready-to-wear clothing—fast fashion indeed. Satisfying the demands of more restless customers while breathing new life into the ready-to-wear industry, although the trend may seem like one of the trailblazing ideas of the century, it is not as innocent as it may seem. The negative effects of fast fashion on the environment and society are one of the hottest debate topics of today. Europe leads the pack in the consumption of

fast fashion, whose side effects, particularly those inflicted on the environment, have now come to a level at which they cannot be ignored. According to the Clothing Action Plan report prepared by DEFRA (the Department of Environment, Food, and Rural Af-



*Beginning with organic cotton production in 1980, Turkey has been the third largest producer in the world*

fairs), one of Britain's leading environmental organizations, 2 million tons of clothing are bought in England each year, while a fifth of all clothing purchases are comprised of fast fashion products. These products, which have an average shelf life of three months, truly are produced with the mindset that they will be disposed of after being used for a very short time. Because a significant proportion of the approximately 1 million tons of textiles thrown out each year are produced using environmentally harmful dyes and bleaches, they can cause a range of problems from the release of methane gas to water pollution and future health issues... However, consumers' awareness on the matter is rising from day to day. Having made space for the organic in nearly all fast moving consumer goods from cosmetics

to food and drink, Europe and America top the list of markets in which this trend is felt most strongly. Turkey, the most important exporter to these markets, stands out for its advantageous position in organic textiles.

Turkey, which began with the production of organic cotton—the most important raw material in organic textile production—in the 80s and has been a world leader in the field for more than 20 years, ranks as the third largest producer in the world, coming after India and Syria. Production of organic cotton has from 209,950 metric tons in 2008–2009 to 241,697 tons, just over 1.1 million bales, grown on 4,600 square kilometers of land in 2009–201. According to the Textile Exchange, a Texas-based nonprofit organization, these figures show that even if Turkey only has a 1.1% share in global cotton consumption, demand for organic cotton is increasing each passing year. Turkey, with this increase and its accumulation of knowledge in textile production, accounts for 4.8% of the world's organic cotton production with 11,599 tons, is in the top ranks of countries with a promising future in organic textile production. Today, interest in products manufactured with no chemical additives is especially high in the fields of infant clothing, underwear, towels, and home textiles. Consumer trends indicate that this will become even more widespread.

İsmail Gülle, Sector Board Chairman of the Textile and Raw Material Exporters' Unions, states that Turkey is managing the organic textile process well. Currently, as



Istanbul is becoming a fashion capital, İzmir is working to be a center of organic fashion. As the Aegean Clothing Manufacturers' Association (EAGD), which rolled up its sleeves three years ago for the task of making İzmir a center for organic textiles, works for its members to receive organic production certificates on one hand, it started searching for markets on the other. Initiating its efforts with the slogan "Organic Fashion İzmir," the association then expanded its scope to participate in the Ecology İzmir 2010 Organic Products Fair held May 6–9, 2010, as part of its market searching activities. EGSD, which aims to export 300 million euros' worth of organic textiles from İzmir in 2013, is engaged in comprehensive efforts to address new searching in the textile sector. İsmail Gille points out that it also creates a serious opportunity in terms of product differentiation, one of the most important difficulties of the fast fashion trend. Is expected that İzmir's current exports to the rest of the world, worth around 20–30 million dollars, will multiply in volume each year.

Large cotton buyers such as Nike, Timberland, Marks & Spencer, H & M, Ikea, Levi's,

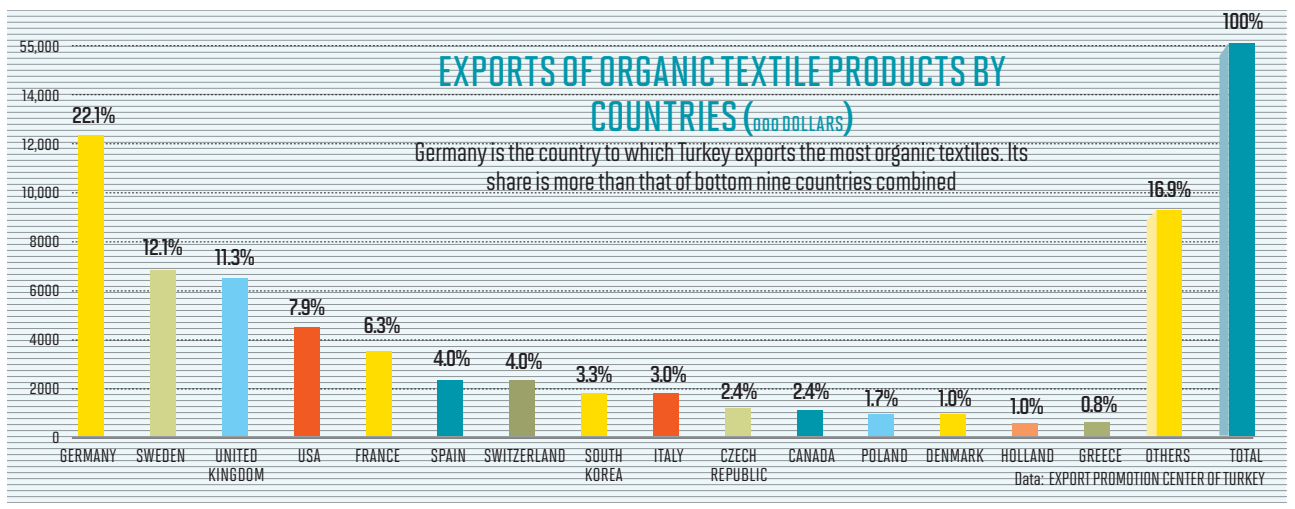


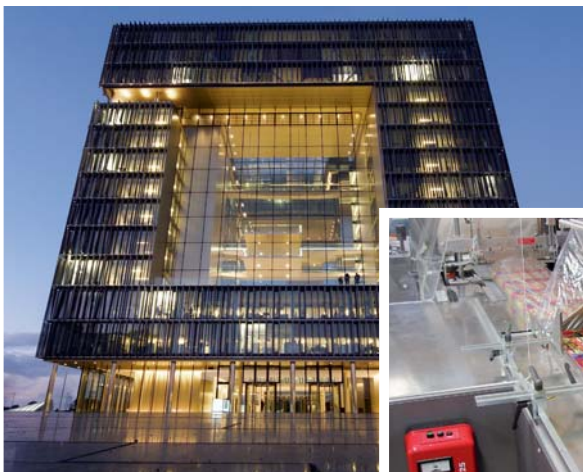
Wal-Mart, and Gap—companies that Turkey also does production for—are expected to increase their purchases of organic cotton to 10% by 2013. Several pioneering brands in Turkey, which is now the top country producing cloth woven with natural thread, have already incorporated organic materials into their collections. Yeşim Tekstil, a manufacturing partner of Nike and Gap that also does production for such brands as Banana Republic, Old Navy, Zara, Pull & Bear, Massimo Dutti, Esprit, Hugo Boss, Lands' End, Tchibo, and Schlafgut, uses thread made from bamboo and soy in its products. Mavi Jeans, a strong denim brand both in the domestic and the global market, leads the way of the organic movement with its collection titled "Mavi Organik." Another

*Turkey, with its accumulation of knowledge in textile production, accounts for 4.8% of the world's organic cotton production, is in the top ranks of countries with a promising future in organic textile*

pioneer, the BOSSA brand is also among those moving toward manufacturing processes that are respectful to the environment, having created a new collection in the group of ecological products made with organic cotton, ecologically safe dye, and less water. While Sarar offers an organic collection for women, Big Star Jean continues its big overture with its ecological miniskirts. Prof. Dr. Işık Tarakçıoğlu, one of textiles' luminary figures, points out that this is indispensable for the efforts of Turkey, ranking third in the world for organic cotton production, in the global fashion sector. According to Tarakçıoğlu, a former faculty member of Ege University's Department of Textile Engineering, the rise of organic textiles is an opportunity that Turkey can't afford to miss.

Sold on the market at prices 10–20% higher than conventional textile products due to reasons such as the increased cost of organic cotton production and additional inspections during textile processing, it is true that organic textile products will not become mainstream within a short period. But there is no doubt that it will become more widespread and longer-lasting in the market.





**Nestle, ThyssenKrupp and Bank of Tokyo Mitsubishi UFJ** announced new investments in Turkey

a month, the investment and cooperation agreements are actually an important indicator providing hints on how the year 2011 will go. And, in such a time when the whole world is going through a critical period, these investment decisions naturally reflect the performance displayed by Turkey. “ThyssenKrupp Metalforming, taking a decision to expand with a second move following the first facility to start production in Kocaeli at the end of 2007, delivered a message to international investors by once again proving what a perfect center Turkey is with regard to investment decisions,” says ISPAT President M. İlker Aycı, and adds, “Undoubtedly, for such a large, world-renowned company to choose to invest in Turkey for a second time will once again draw attention to the opportunities in Turkey for global investors.”

As an umbrella company, through the companies it has operating in various fields, ThyssenKrupp has actually been active in Turkey for years. ThyssenKrupp Tailored Blanks Steel Industries in Bursa; ThyssenKrupp Elevator, headquartered in Istanbul and active in various cities in Turkey through seven regional headquarters; and ThyssenKrupp Metalforming, which has been operating in Kocaeli since 2007, are a few of the investments made in Turkey by ThyssenKrupp, which operates in more than 80 countries with close to 180,000 employees. This last investment, worth 30 million dollars, belongs to ThyssenKrupp Metalforming,

## INVESTMENTS

# “We Came Not to Look, but to Stay”

Investment and cooperation agreements announced within less than one month are all important indicators providing hints on how the year 2011 will go

BY CEYHAN AKSOY

**L**ATELY, EMPLOYEES of the Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT) have practically had no time even to scratch their heads—after all, getting global giants to invest in Turkey within the past two months was no easy task. First, the world’s leading food and drinks corporation, Nestle, announced on March 24 that it would establish

a breakfast cereal factory in Turkey with an investment of 85 million liras. Afterward, on March 31, news that ISPAT signed memorandum of understanding with Bank of Tokyo–Mitsubishi UFJ Ltd (BTMU) hit the news agencies. And just shy of two weeks later, on April 14, 2011, it was announced that the German company ThyssenKrupp would invest too.

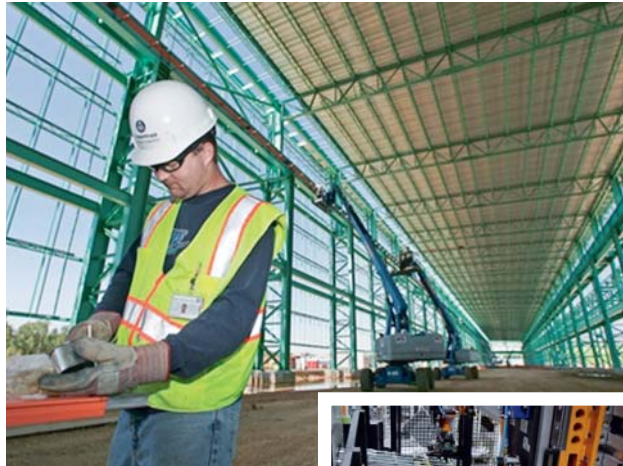
Announced within less than

*Nestle and ThyssenKrupp Metalforming experience the advantages of having entered the Turkish market early, while also continuing with their new investments*

which produces automotive components. at the founding ceremony, ThyssenKrupp Metalforming CEO Rudolf Helldobler, who delivered a speech at the foundation ceremony, says, "When you examine the investments we have made in various countries throughout the world as ThyssenKrupp Metalforming, you can see how large an investment they can become through time," and continues, "This investment is very valuable for us due to the importance given to the automotive sector, the locomotive of Turkey's economy. We came here not to look, but to stay; investment here will be an important driving force with regard to a regional overture."

The same driving force must apply to Nestle as well. The company, which started operating in Turkey more than a century ago, decided to move the production of breakfast cereals that were so far imported to Turkey instead of being produced locally here too. Aiming to meet not only the demands of the Turkish domestic market with the 85 million lira investment but also to export to surrounding countries with the breakfast cereal factory it will establish, the company will be sourcing all the raw materials needed by the factory from Turkey too, in turn benefiting wheat, sugar, and rice producers. Nestle will realize purchases of 4,350 tons of sugar, 5,350 tons of wheat, 4,000 tons of corn, and 1,000 tons of rice in one year. "That a product which was imported until now will be produced here with our country's raw materials will provide a great contribution to the Turkish economy," says ISPAT President M. Ilker Ayçi, and he adds, "The investments so far made by Nestle, which is one of the world's leading food

and drink companies and has a deep-rooted history in Turkey as well, are indicative of how important Turkey is for Nestle." With revenues of more than 4 billion TL, Nestle is one of the world's largest producers of breakfast cereals, and its cereals are sold in over 130 countries. The Karacabey factory, which will make Turkey a regional center in the category of breakfast cereal foods, will export to countries in the Middle East and North Africa. But another important aspect of this investment is that all products sold by



Nestle in Turkey will also be produced in Turkey when the factory becomes operational. "Beside the investment we made in Turkey over the past for years at a cost of 325 million TL, we are signing yet another new investment in 2011 in Karacabey," says Hans Ulrich-Mayer, Executive Board President of Nestle Turkey, whose revenues have reached 1 billion dollars. He adds, "We are experiencing the well-earned pride of drawing an 85 million TL factory investment with the support of the Prime Ministry Investment Agency."

The Prime Ministry Investment Support and Promotion Agency's successes are met with praise not only by companies making invest-

60

NUMBER OF  
JAPANESE  
COMPANIES ACTIVE IN  
TURKEY

**ThyssenKrupp**  
Metalforming will make  
a new investment of 30  
million dollars



*The Karacabey factory of Nestle, which will make Turkey a regional center in the category of breakfast cereal foods, will export to countries in the Middle East and North Africa*

ments, but by the world's great economies too. The agency, which has taken on the tasks of encouraging foreign direct investment in Turkey and supporting existing investments, also supports companies making foreign direct investments or entering joint ventures with Turkish companies via country representatives. The memorandum of understanding signed with BTMU in April is an example of this support. BTMU, a Mitsubishi UFJ Financial Group (MUFG) company, has 772 offices in Japan, and 76 offices in various parts of the world. The signing of the memorandum of understanding, which was titled "Supporting Foreign Investment from Japan," affirmed the mutual intents and visions for the Prime Ministry Investment Support and Promotion Agency to support the investments to be made in Turkey by Japanese countries. BTMU has been supporting Japanese companies in Turkey through their liaison office since 1986, and perhaps due to the contributions of this support, there are over 60 Japanese countries active in Turkey today. Moreover, this memorandum bears separate importance with regard to strengthening the bonds between Turkish and Japanese finance spheres. Takashi Morimura, CEO of BTMU Europe, Middle East, and Africa (EMEA), says the power that directed them to sign the memorandum was the power of Turkey that stands out among G20 countries. He continues, "Turkey ranks 16th in the world in terms of GDP. Turkey, with its strong domestic market and rapidly increasing population together with its qualified labor force, is a very important production and distribution hub for the surrounding countries in the region."



# CENTENNIAL ASPIRATIONS

The Turkish Perspective visited President Abdullah Gül, who spoke about the ambitious goals that Turkey has set in a large number of fields for the next ten years. The former Foreign Minister is quite confident that the country will emerge as a strong global player thanks to its geographic position, young population, and favorable investing environment

BY CEYHAN AKSOY BY SEREF YILMAZ

“We wish to be among the ten largest economies in the world and a significant global player with new international brands and companies that will be able to reach 500 billion dollars in exports,” says Mr. Abdullah Gül, the President of the Republic of Turkey. In terms of timing, the above is a very meaningful statement. President Abdullah Gül, offering his evaluation as to the point Turkey has reached both politically and economically in the last decade to the Turkish Perspective, spoke about his expectations just after the Turkish Exporters Assembly announced the Turkish Exports Strategy 2023. Gül says he is confident that Turkey will continue to be among the fastest growing economies in the world in the next five years. “However, our plans for the future extend beyond the forthcoming five years and we set our goals for the year 2023 when we commemorate the 100th Anniversary of the foundation of our Republic,” he says. The objective of producing 2 trillion dollars of GDP and 25,000 USD of per capita income by 2023 seems more and more realistic after listening to the concrete strategies the President set to achieve these goals. After a long experience in diplomacy as Foreign Minister, Chief Negotiator, and also Prime Minister, Abdullah Gül describes the best way toward becoming a democratic, stable country that upholds and promotes all the universal values cherished by the international community as a whole.

**W**HERE DO YOU think Turkey—the sixteenth largest economy in the world and the sixth largest in Europe—will be in five years?

Over the last decade, Turkey has accomplished a great transformation process and has implemented sweeping structural reforms in the economic field. Ranking as the sixteenth largest economy in the world and sixth in Europe, Turkey is now an active member of G-20 that represents the major economic powers of the world. We export to nearly two hundred countries, and we had a trade volume reaching almost 300 billion dollars in 2010.

We will mostly focus on narrowing the current trade deficit, diminishing the rate of unemployment, and continuing our structural reforms so we can have an economy that is more prosperous, resilient, and stable. I am confident that Turkey will continue to be among the fastest growing economies in the world over the next five years.

However, our plans for the future extend beyond the forthcoming five years, and we set our goals for the year 2023, which is when we shall commemorate the centennial of the foundation of our Republic. We wish to be among the ten largest economies in the world and a significant global player with new international brands and companies that will be able to reach 500 billion dollars in exports. We wish to produce 2 trillion dollars of GDP by 2023. In terms of per capita income, we aim to reach 25,000 USD. We believe that the synergy

and the employment opportunities that will be brought by all these goals will create new growth for the advancement of Turkish economy.

**In which areas does the Turkish economy need to focus in order to get to a better place? Which value-added sectors might Turkey focus on?**

Currently, more than 90% of our exports are industrial items. We are proud of that. However, we should further focus our energy on technology-oriented, high quality, and value-added items. To this end, we should allocate more resources to the research, development and innovation capacity of our country. In order to strengthen our industrial infrastructure and maintain our momentum in growth, we should also attach particular importance to the development of our human

capital by improving the quality of education and standard of living of our people. By implementing such policies, we can sustain high growth rates powered by a vibrant, knowledge-based economy.

Likewise, the transportation sector could be considered as the backbone of all the economic activities. Keeping this in mind, this sector should always have a prominent place in our development programs. As a matter of fact, we have accomplished many ambitious projects not only in the field of

land transportation, but also in the railway, maritime, civil aviation, and telecommunications sectors. We should keep this momentum in the years ahead.

Turkey has significant potential, experience, and “know-how” in the construction



*Turkey is a vibrant G-20 economy that assumes new global responsibilities in the resolution of global economic problems*



sector. Currently, the Turkish construction sector has secured 188 billion dollars' worth of contracts in more than 80 countries and accomplished more than 6,000 projects. I am sure our construction companies will further extend to other geographies, especially to the lesser-developed and developing countries.

Tourism is another sector that brings dynamism to our economy. Tourism in Turkey has grown nearly 16% for the last three years despite the global downturn. We are amongst the top ten destination countries in the world. We received 28.5 million foreign tourists last year and are now expecting 31 million tourists in 2011. We aim to receive 50 million foreign tourists by the year 2023. If we look at the achievements of the last decade, I believe we can easily reach this figure. Currently, we have a very good infrastructure for sea resort tourism. We should also pay attention to other tourism areas in which we have enormous potential, such as culture,



"We aim to have invisible borders with our neighbors by resolving all residual issues in a mutually beneficial manner," says President Abdullah Gül

virtue of being a vibrant democracy and a successful market economy with a predominantly Muslim population, Turkey serves as a catalyst for reform.

In this regard, we are also well aware of the depiction of Turkey as a role model for countries in the Middle East and North Africa that are in transition. However, we believe that no country can be a model for another. Every country has to find its own balance and direction in the process of democratization.

**In the opening speech you delivered at the Asia-Pacific Commerce and Industry Chambers Conference, you said that the balance of powers in the world were changing, and that there is a global shift in such powers. On the other hand, Turkey's good relationships especially with its neighbors to the south and east led to criticisms that Turkey's axis has shifted toward the aforementioned directions. What do you think of this?**

Different growth rates lead to a new distribution of global power. It is obvious that the relative weight of the West in the international balance of power is gradually declining. Rising powers like China, India, Brazil, and Russia are shifting the center of gravity of international relations toward Asia and the East.

In fact, the relative economic powers of countries and continents have risen and declined in the course of history. Two centuries ago, the share of Asia in the global output was much higher than what it is today.

However, the values that have been developed in Europe will persist and continue to guide humanity in the coming centuries. So will our commitment to democracy, the rule of law, and respect for fundamental rights and freedoms. Therefore, our value-based vocation in the Western world will remain as it has been.

On the other hand, a brief glance at current international developments would easily reveal that many of the complex problems concerning world peace are

faith, spa, health, congress, winter and outdoor sports, hunting, and archaeological tourism.

**In addition to the economic acceleration Turkey recently achieved, it has also become a role model with its "zero problems with neighbors" policy in its region and the world alike. In light of these developments, where will Turkey be in the categories of developing and developed countries?**

In analyzing Turkish foreign policy, we should bear in mind that the vast majority of international problems affecting world peace and security are taking place in our close vicinity. In that regard, we have a very intense and broad foreign policy agenda before us.

Furthermore, we are witnessing important tensions and transformations in our region and beyond. This poses a challenge, but it also brings new opportunities. I say opportunities, because Turkey is pursu-

ing a very active diplomacy with a view to bringing about peace, stability and prosperity in our neighborhood and beyond. We aim to have invisible borders with our neighbors by resolving all residual issues in a mutually beneficial manner. I can easily say that we have achieved a remarkable progress in pursuing "zero problems in our neighborhood" as one of the objectives of our foreign policy. We also actively contribute to security, stability, and prosperity in a wide range of territories that go beyond our immediate neighborhood. I certainly believe that this will also contribute to our economic relations with the rest of the globe.

In short, Turkey is a vibrant G-20 economy that assumes new global responsibilities in the resolution of global economic problems including those of LDCs.

On the other hand, Turkey's democratic, political and economic reforms are a source of inspiration for many countries in our region and beyond. In other words, by



"We need to make sure that the UN Security Council also represents the new power dynamics of the world and benefits more from the contributions of these emerging countries"



Turkey, as a European country, has greater and deeper connections with the West than anywhere else



"Turkey is not shifting its "axis" in world politics, but has become more assertive in its foreign policy "actions" with a strong "accent" emphasizing more freedom, equality, democracy, and development in the world"



"The general philosophy of Turkish foreign policy is to strive for peace and stability through dialogue and cooperation"



taking place in Turkey's vicinity. We are witnessing important tensions and transformations in our region. As such, isolation or exclusion is not a viable option in this part of the world where local problems can quickly cascade into regional crises.

Against this backdrop, the general philosophy of Turkish foreign policy is to strive for peace and stability through dialogue and cooperation. We try to undertake this important task firstly by mobilizing our political, economic, and human resources to build confidence in our region. Our policy towards neighboring regions is predicated on the principle

of achieving maximum intra and inter-regional cooperation to achieve stability. Our efforts are driven by principles of engagement, dialogue, reconciliation and cooperation. In today's world of intense interaction, we simply do not have an alternative. We have to be open, inclusive, forthcoming, and sincere to all.

I am aware that in recent years, comments have occasionally been made alleging that this approach has led to a change in the priorities and focus of Turkish foreign policy. These allegations are groundless and unfair. We are pursuing a dynamic and multi-dimensional foreign policy, without eroding in any way our

traditionally strong ties with our friends, allies, and partners in the West.

Yes, it is true that in recent years we have been able to improve and further advance our relations with the countries in the region, and particularly with those in the Balkans, the Middle East and the Black Sea basin. We believe that enhanced cooperation in the region based on mutual interests and common values does constitute a sound basis for peace and stability. Within the larger framework of our foreign policy, our relations with different countries and regions are complementing each other, rather than substituting and/or providing an alternative.



On almost any major indicator such as the foreign investments in Turkey, Turkey's trade with the world, the distribution of Turkish students abroad and the composition of the twenty-five million foreign tourists visiting Turkey every year, Turkey, as a European country, has greater and deeper connections with the West than anywhere else. But perhaps the best evidence against these allegations is our ongoing quest for full membership in the European Union.

I believe what Turkey stands for, is even more important and indicative than what it does. As a secular and well-functioning democracy based on the rule of law, free elections, human rights and freedoms and a vibrant civil society, Turkey represents, upholds and promotes all the universal values cherished by the international community as a whole.

In summary, Turkey is not shifting its "axis" in the world politics, but has become more assertive in its foreign policy "actions" with a strong "accent" emphasizing more freedom, equality, democracy and development in the world.

**How do you, as a person who has served for many years in the Parliamentary Assembly of the European Council for many years and as a figure who has been involved in several significant developments as an employee of the Ministry of Foreign Affairs, assess the current state of Turkey's relationship with the EU? What factors, in your opinion, are effective in the stagnation observed in this relationship in recent years? What path shall Turkey's relationship with the EU follow in the years to come?**

The relations between Turkey and the EU are based on common values as well as shared goals and strategic interests. Accession to the EU is and will remain our strategic goal. The accession negotiations continue toward the goal of membership based on the EU's unanimously taken decisions. The ongoing dynamic, comprehensive, and sustained progress toward more reforms confirms that Turkey is committed to join the EU.

Nevertheless, today the pace of the negotiations does not correspond to the extent of our multi-dimensional and multi-layered relations with the EU due to political obstacles by some EU members.

*"Reforms, good governance, rule of law, transparency, accountability, respect for fundamental rights, freedoms, and sustainable development have been key words in our discourse"*

President Gül,  
in the Assembly  
Meeting of  
Turkish Exporters  
Assembly



The EU needs to act within a strategic perspective rather than narrow-minded and inward-looking point of view. The Union should also respect the principle of "pacta sunt servanda" with regard to the accession negotiations.

Despite increased opportunities for prosperity and welfare, many parts of the world are still grappling with conflicts, crises, and unresolved issues. Far too many countries and regions suffer from political instability. Conventional threats are joined by asymmetric risks, and the 2000 UN Millennium Goals still remain distant. Besides, the global economic crisis presents us with a great challenge, going beyond

the confines of economics alone. One of the reasons why we are still grappling with so many issues is because we do not have the necessary mechanisms to deal with the increasingly complex challenges of our time. Indeed, the global governance structures of the post-World War II era are no longer adequate in addressing today's problems. This we witness most acutely with the Bretton Woods system of economic domain. But the same is true for the United Nations, and for its Security Council in particular. At a time when we are faced with deepening fault-lines of a cultural/religious nature, the world is also yet to come up with the necessary mechanisms to promote a better cultural understanding and dialogue.

In light of this bigger picture, we have no choice but to embrace a comprehensive approach and act with a vision rather than ad hoc, piecemeal responses that fail to

bring lasting solutions. And we must be creative in our foreign policies in terms of both innovation and productivity to cope with the new and evolving risks, threats, and opportunities alike.

This is possible only with a more democratic, pluralist, inclusive, and egalitarian world order.

So what are the guidelines for such an important commission? First and foremost, reaching out to the emerging new powers and promoting effective multilateralism by solidifying the roles of international organizations are essential. At the same time, the UN should undergo an all-encompassing reform and the

developing countries should have a louder say in decisions that directly affect them. In terms of the new global economic architecture, G-20 provides a good example that is much more democratic and representative.

Now we need to make sure that the UN Security Council also represents the new power dynamics of the world and benefits more from the contributions of these emerging countries. Likewise, the Alliance of Civilizations initiative, which provides the strongest response to extremism, intolerance and xenophobia, should also be further strengthened with the projects and programs being specifically put in action.

All of these require strong and visionary leadership on part of the international community. In this regard, we need leaders of positive action who do not pursue narrow minded or shortsighted self-interests, but act in a sense of true partnership with their counterparts. Turkey is certainly aware of this requirement and the stakes it entails. Therefore, we are committed to play our own active role and lead the international community to positive ends whenever and wherever it is needed.

Turkey has undertaken a mediatory role in many disagreements in its region.

### **Can we expect such steps from Turkey in the period to come?**

Supporting peace and facilitating reconciliation is at the heart of Turkish foreign policy. Situated at a highly volatile region, Turkey needs peace and stability to fully realize its own potential. Moreover, as we enhance and deepen the scope of our foreign policy, we become more sensitized to the problems of our counterparts and feel the negative effect of unresolved issues. This has become much more pronounced in the post-cold war period.

Thus, Turkey is becoming increasingly active in its efforts to contribute to peace and stability including through mediation and facilitation initiatives. We deem that assisting our friends in overcoming their mutual problems is a direct investment for overall peace. It is more than merely being an option, but it constitutes a concrete necessity for us.

So far, we have facilitated reconciliation and cooperation among different parties in various theatres ranging from Iraq to Afghanistan, Lebanon to Bosnia and Kyrgyzstan. We will continue to undertake

*“Change must come from within, not from without, and homegrown dynamics of change must be encouraged and facilitated”*



Turkey stands ready to share its experience in democratization and institution-building as well as political and economic liberalization with the countries in the Middle East

similar efforts wherever and whenever needed.

In this regard, putting us in such a favorable position are our unique and strong ties with many countries in the region. We can talk to many who may otherwise find it hard to reach out to a common and trustworthy partner in assisting their dialogue. We also enjoy an increasing element of soft power in our dealings with our counterparts.

These soft power assets, if I may refer to them, vary in character. They are drawn upon a range of assets emanating from our history, social and cultural ties, growing economic capabilities and above all, our ability to understand different dynamics at play in a vast area from Europe to Asia. In most cases, the motor of our efforts is a helpful combination of more than one of them. In fact, given our active commitment to put them in use for the attainment of peace and stability for all,

these are assets not only for Turkey, but for all those seeking sustainable peace in places deprived of the bright future they deserve.

### **What kind of effect have the steps Turkey has recently taken in foreign policy had on external trade?**

We are aware that foreign policy and economic success always go hand in hand and complement each other. Tight economic relations between countries can even create a favorable atmosphere to the solution of political problems, thus enhancing peace and security. Keeping this in mind, we have adopted a multi-dimensional, constructive, and forward-looking foreign policy, one of the basic tenets of which is increased economic cooperation, integration, and interdependence with the countries not only in our vicinity but also across the globe.

We are now reaping the fruits of this policy. Abolishing visas with a number of countries over the past two years, the establishment of High Level Strategic Cooperation Council mechanisms with neighboring countries and the opening up of new embassies and consulates in Africa, Latin America, and Asia are among the most recent milestones of our foreign policy to that effect.

In view of all these steps, our economic and trade ties with all these countries are expanding; business and investment opportunities are flourishing day by day.

### **What do you think of the recent, heated developments in northern Africa and the Middle East? How do you think these events will affect Turkey's position in the region? What kind of role does Turkey expect to play in this process? Years ago, during the occupation on Iraq, a "Neighbor Countries Platform" was created for Iraq in your leadership... Do you think that Turkey should develop such an initiative in this process now?**

We believe that the winds of change and transformation have actually reached the Middle East and North Africa with a delay of almost two decades. The latest events have exhibited that it is not possible to further postpone addressing the legitimate aspirations of the people. It has also refuted the claim that the socio-political fabric of the region is not compatible with democracy. We have reached a historical



Turkey has adopted a multi-dimensional, constructive, and forward-looking foreign policy, one of the basic tenets of which is increased economic cooperation, integration, and interdependence

tipping point in which change and transition is inevitable.

In order to make sure that this transition takes place in a smooth, swift and peaceful manner, we have to approach the developments very carefully, identify the inherent risks, and formulate rational and realistic responses. Violence, in any form, is unacceptable and peaceful transformation is the keyword. We are against ethnic, religious and confessional divisions or challenges to territorial integrity of each and every country in the region. In addition, to preserve the legitimacy of the popular movements, foreign intervention should be avoided. Transitioning to democracy is a difficult process, and it cannot be achieved overnight. In order to ensure that the popular uprisings in the Arab streets are translated into institutional, democratic, and inclusive politics, a unity of purpose should be established and road maps based on specific time-

lines should be put forward. In order to respond to the needs and expectations of the people, social, political, and economic reforms should be put into practice in due course. While regional ownership is the key, the international community also has an important role to play in this process of democratic transition.

The recent developments in the Middle East and North Africa have shown that the concepts of democracy, freedom, human rights, and prosperity are universal values and cannot be monopolized by any group, nation or region. As a country that has proved this myth wrong by its own historic experience, Turkey welcomes and supports the aspirations of the people of the region for democratic change and transformation. We will stand by our brotherly countries on their historic journey.

Turkey has long been emphasizing the need for change and transformation in the

region. Reforms, good governance, rule of law, transparency, accountability, respect for fundamental rights, freedoms, and sustainable development have been key words in our discourse. Already in 2003, I, in my former capacity as Foreign Minister, called on all OIC member states to put their houses in order as a matter of utmost priority. Recent developments proved us right. In this framework, from the very beginning, we adopted a principled stance with respect to the developments unfolding in the Middle East and in North Africa. We were among the first countries to call on the respective governments to heed the outcries of their peoples and be responsive to their legitimate aspirations. We also called on the protestors to express themselves through peaceful means.

We advocate that change must come from within, not from without, and home-grown dynamics of change must be encouraged and facilitated. Turkey stands ready to share its experience in democratization and institution-building as well as political and economic liberalization with the countries in the region. Actually, we have already taken some concrete steps to cooperate in this regard with Tunisia and Egypt.

We are of the opinion that the most appropriate regional forum to declare our solid support to the Iraqi people before and after the invasion was the Neighboring Countries platform. When Turkey initiated the process, conditions in and around Iraq were quite different. However, the support extended to Iraq through this forum has indeed been important and attested to our neighbors' desire to contribute to the stability of Iraq. Within this process, we have been able to reaffirm the independence, sovereignty, national unity, and territorial integrity of Iraq. This process also helped the neighboring countries to coordinate their policies with Iraq, leading to better and more comprehensive contributions toward solving the challenges that Iraqi people were facing.

In this precarious period, we think that staying idle to the unfolding developments will not help the cause of establishing a stable, secure, prosperous and democratic Middle East. Therefore, it is high time that all regional countries should pursue constructive policies to strengthen regional cooperation and ownership that will help mitigate the problems of the people from all walks of life in our region.



ILLUSTRATION BY SEDAT BIRGIN



# Atlas's NEW RIVALRY

The Turkish logistics sector has managed to draw worldwide attention thanks to the success it achieved in recent years, and it is taking big steps toward becoming a regional logistics base

BY NESRİN KOÇASLAN

Several sectors in Turkey have set a common year as a goalpost for their long-term strategies: 2023. Turkey's exports target for its centennial is 500 million dollars. In spite of a number of problems it experienced after the crisis, the logistics sector, which is to carry other sectors' goals on its back, has succeeded in rapidly straightening itself out thanks to its solution-oriented manner and the new markets entered by exporters who seemingly conjured them out of thin air. Logistics companies regained confidence and ease of mind in 2010, a year much better than the previous; now, in 2011, they are preparing to move up to the ranks of the world's best logistics companies.

As in many other countries around the world, in Turkey, the logistics sector is seen as the main hero of competition and exports. Still, it is worth

maintaining one's poise when saying this, because the logistics sector is actually among the sectors whose importance was realized somewhat late. Especially in the intervening global crisis, the sector exhibited its importance quite clearly to companies wishing to keep costs at a minimum and even to predict them beforehand. Thus, after the crisis, exporting companies in particular saw the importance of the sector once more. "Companies started to concentrate more on the measurement of costs and the use of external resources following the crisis," says Quattro Business Consulting Founding Partner Hande Ortak, who provides corporate logistics consulting. Aslan Uzun, CEVA's General Manager in Turkey and the Balkans, sums up the rise of the logistics sector, saying that after being seen as equal to shipping and transportation up until ten

years ago, it exhibited great progress over the past ten years due in part to the rapid growth seen in foreign trade in this period. Of course, in addition to improvements to motor, sea, and airways, improvements to infrastructure have also had a great effect on this rise. According to the General Directorate of Highways' (KGM) figures, highways make up 3% of the roads network, state roads 3%, and provincial roads 48%. There are 64,255 km of roads in the network for which KGM is responsible—1,987 km of highways, 31,333 km of state roads, and 30,759 km of provincial roads. Turkey is located at the confluence of European Union roads (E-roads) and Asian roads (A-roads). Passing through it are 7,022 km of roads connecting to Europe and 5,247 km of roads connecting to Asia. Turkey is home to 8,878 km of E-roads and 29% (6,967 km) of the

Trans-European Motorway (TEM). However, motorways only have a share of around 31% in the field of shipping. And although Turkey has a railroad network that is 87,000 km long, over 54% of commercial shipping is done over sea. Maritime shipping is currently at the service of the logistics sector with a fleet of 1,646 vessels, all of which are 150 GT and above, and 183 harbor facilities. Additionally, more than 20% of fixed capital investments to be made by the State Planning Organization will be spent on transportation infrastructure.

Additional value for the logistics sector is also being created as the companies of the international supply chain invest in Turkey and as many companies start to institutionalize. GEFECO, one of the world's important logistics companies, saw the potential in Turkey and decided to invest there. In 2010, the company exhibited a growth of 35% in the Turkish market. Fulvio Villa, General Manager of GEFECO Turkey, says that they tried to keep costs at normal levels using the strategy they developed by utilizing seaways and motorways together. That the revenues of GEFECO Turkey, which offers its services in the construction and automotive sectors and plans to enter the household appliances sector in the near future, rose from 35 million dollars three years ago to 80 million dollars today seems to be an indicator of the opportunities offered to investors by the sector.

The Turkish logistics sector, whose current market volume approaches 60 billion dollars, is attracting worldwide attention for its 100 billion dollar potential. According to a report released in April by Pricewaterhouse Coopers (PwC), titled "The



Transportation and Logistics Sector in 2030," Turkey is at a much more advanced level in logistics and courier package shipping compared to service providers in other countries. Underlining the fact that the logistics sector is a young sector which started to develop in recent years is an important indicator in terms of the sector's future growth in Turkey, the report says that the country is located in a very advantageous position between the Middle East and Europe, a position serving as a transit center between countries in these regions. PwC Turkey Transportation and Logistics Sector Leader Cenk Ulu says, "As of this moment, the lead-

*Additional value for the logistics sector is being created as the companies of the international supply chain invest in Turkey and as many companies start to institutionalize*

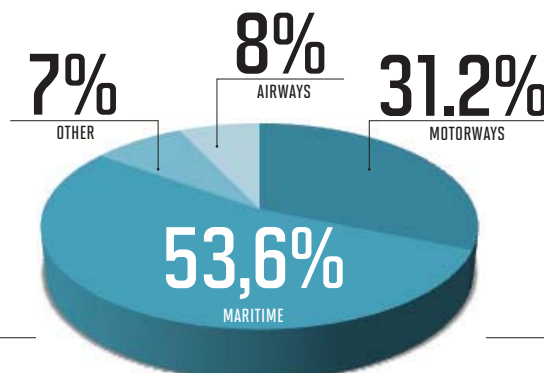
ing multinational companies are all actively operating in Turkey," and adds, "The young and dynamic structure of Turkey's population will increase demand for high-technology logistics services, and this points to significant potential for the growth of logistics service providers and courier package shipping providers."

#### Corporate Marriages

In spite of all the growth and developments in the sector, Turkey still offers opportunities for new investments that can satisfy investors. International investors who notice this soon set up shop in Turkey anyway. Hande Ocak, who states that the post-crisis period was very lively especially with regard to company acquisitions, emphasizes that firms are working to gain a stronger capital and service infrastructure both with know-how agreements and with strategic partnerships. Furthermore, real-life figures back up these statements too. The sector appeared to be more introverted prior to the crisis, but immediately afterward, it quickly started drawing global players to the market, while local players, for their part, entered strategic partnerships with foreigners. According to Quattro Business Consulting's approximate figures, close to 20 mergers and acquisitions took place in Turkey after the crisis. A series of mergers and acquisitions occurred in 2010, such as Rhea Girişim's partnership with Marmara Feribot, the purchase of Aramex Turkey by the company's global operation, and the partnership of private investors in Netlog Logistics. It is stated that this trend will continue in the coming term. By then, according to Hande Ocak, competition within the sector will be increasing as foreign-backed companies offer new value-added services, and

### THE EFFORT FOR BALANCE

Maritime is the most common way of transportation in foreign trade since Turkey is surrounded by water on three sides



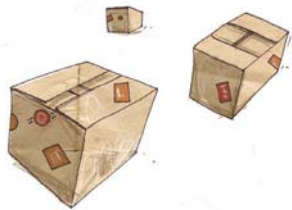
domestic companies wishing to stay on their feet within this competition will be more open to corporate marriages or foreign partnerships. Ocak's view is supported by Turgut Yıldız, General Manager of TNT Express Turkey. Yıldız indicates that international brands could enter logistics and air cargo in Turkey due to the sector's

New Markets a Salvation European Union countries, still Turkey's most important trading partners, were hit hardest by the shrinking that occurred during the crisis. Although Turkey's exports—and therefore its logistics sector—were also affected by this shrinking, thanks to its export sectors that were able to move quickly and assertively toward focusing on new markets, this

# 39

Turkey's rank according to the World Bank Logistics Performance Index.

Data: The Turkish Perspective



shrinking was replaced by a recovery. Summarizing this speedy process of recovery, Turgut Yılmaz, General Manager of TNT Express Turkey, says, "The alternative markets created by the exporters in Turkey through clever maneuvers also kept the logistics sector out of the crisis." In any case, the whole world is focusing on what kind of alternative is presented to countries by newly developed markets. A report prepared by PwC explains this inclination very clearly. Klaus-Dieter Ruske, Global Leader of PwC Global Transportation & Logistics, says, "Trade volume will shift toward developing markets. The competition for the large transportation bids of the future, such as for the shipping of goods between Asia, Africa, and other routes, shall be determined within the

next few years." "The cards will be re-shuffled," he adds. Turkey leads the pack of countries that have discovered these markets which the whole world now has eyes on.

Due to Turkey's growing foreign trade, constantly increasing experience, and the interest of global chains in the market, the quickly growing logistics sector, which overcame a crisis that deeply affected the entire world, regards the future with optimism. Having had a comfortable ride in 2010, the companies set higher goals for 2011. Furthermore, it seems that the sector's efforts toward becoming a logistical base will soon yield fruit as well, as the sector aware of what a great weight is on its shoulders for the realization of the 500 billion dollars Turkey aims to achieve by 2023.

## VOICES OF HOPE

The logistics sector has revised its expectations to higher levels in 2011, after the crisis



**İBRAHİM BÖLEN**

Borusan Logistics Deputy General Manager

Our expectations from 2011 are for the country's economy to grow at levels of 5-6% and, in parallel, to realize growth in the region of 20% as Borusan Logistics. The results of the first quarter allowed us to make a good start toward reaching and exceeding these targets of ours. The fact that we have made a start beyond our expectations on a macro basis in 2011 and with special regard to the services we offer will help us in reaching our targets for 2011.



**ASLAN UZUN**

CEVA General Manager in Turkey and the Balkans

In 2011, too, we shall continue to grow with our investments. For us, 2011 will also be a year in which we will start offering services in air logistics. We have started work on infrastructure in Istanbul, Izmir, and Ankara; furthermore, we have an investment in a new warehouse that is 60,000 square meters large, which we shall finish this year. Our target for this year is to be the first on the bases of both growth and revenues. In 2011, gaining strength from the ten years behind us, we shall continue to grow.



**LEVENT ERDOĞAN**

Latek Logistics Board Chairman

This year, the main goal of our company is to increase our profitability. We will strengthen our network of agencies abroad. We are currently planning to establish our own office in order to have a say in the Turkic Republics. With the Logistics Coordination Center in Kenya, we plan to offer such services as storage, distribution, and collections all at the same time. In 2011, we will begin block train service to Vienna, which we had previously done but put on hold for a while.



**ALİ TULGAR**

Mars Logistics Deputy General Manager

We entered 2011 with a growth target of 30%. By the end of 2010, through investing in our own fleet of trucks apropos increasing logistical needs in the markets, we reached a fleet of 500 vehicles. Meanwhile, in sea and air transport, we ship to every part of the world. In motorways, we have a strategy to increase our market share by gaining strength in markets we have newly entered such as Poland, the Czech Republic, and most especially North Africa.



**LÜTFİ AYGÜLER**

Balnak Logistics President

Balnak is celebrating its 25th year in the sector in 2011. Our target for 2011 is to be a regional power. We want to increase our activity in the Balkans, Ukraine, Russia, Caucasus, Middle East, and North Africa region. We opened offices in Libya and Arbil, and our talks for Dubai and Egypt continue. We will be in China too. Europe is not growing very much now. For 2011, we have planned to make a total investment of 25 million euros.

# Turkey's Goodwill AMBASSADOR

Turkey, deemed “a role model that has successfully balanced tradition and modernization,” has unique credentials, according to Stephen Kinzer. The award-winning author spoke about the increasing role of Turkey in its region to the Turkish Perspective

BY GÜNEŞ KÖMÜRCÜLER & MEHMET ERODOĞAN ELGIN  BY GÜRCAN ÖZTÜRK

**S**TEPHEN KINZER IS AN American award-winning foreign correspondent who has covered more than 50 countries on five continents. His articles and books have led the Washington Post to place him “among the best in popular foreign policy storytelling.”

During the 1980s, he covered revolutions and social upheavals in Central America. From 1990 to 1996, Kinzer was posted in Germany. As the chief of the New York Times bureau in Berlin, he covered the emergence of post-Communist Europe, including the wars in the former Yugoslavia.

In 1996, Kinzer was named as the chief of the newly opened New York Times bureau in Istanbul, Turkey. He spent four years in this post, traveling widely in Turkey and in the new nations of Central Asia and the Caucasus. After completing this assignment, Kinzer published his famous book, “*Crescent and Star: Turkey between Two Worlds.*” He says he benefited a lot from his years in Turkey while writing his

most recent book, “*Reset: Iran, Turkey, and America’s Future.*” In the world, specifically in the US, he is widely known as “Turkey’s Goodwill Ambassador.”

Kinzer’s sophistication on Turkey creates an international awareness about the country. He is very good at reflecting Turkey’s two-sided mirror as well as its future direction and “Godfather” role in the Middle East and Central Asia. He states in his book, “Turkey will certainly change in time, but Turkey does not have time. At the beginning of the 21st century it is presented with an opportunity that does not come often in the lives of nations.”

Kinzer has written several other non-fiction books about Turkey, Central America, Iran, Africa, and the US’s foreign policy. He is a fierce opponent of the US’s foreign policy towards these countries and regions.

Kinzer, who currently teaches journalism and United States foreign policy at Northwestern University, expressed his views on Turkey and its relations with its neighbors to The Turkish Perspective.







## HOW DO YOU SEE THE latest wave of unrest in the North Africa and Middle East?

I think it is a positive phenomenon. There has been stability in these countries, but this stability was based on unjust order. This unjust order was also part of an American project and was against the will of the people living there. It is likely that the new regimes could be negative for the US, and especially for Israel.

I think the wave of unrest will spill over to many other countries in the region. And we will see a period of instability. Of course, stability is much better than instability. However, we cannot say this for stable but authoritarian regimes. It always takes some time to switch from an authoritarian regime to a democratic one. And the latest uprisings are just the beginning of the road to democratic regimes. We can expect this process to take many years. The same thing happened in Turkey. It took about seventy years for Turkey to get rid of military rule and reach democratic rule.

### How about the US's and Israel's stance in this situation? Can we say that these countries have abandoned their hard-power policy for the sake of a soft-power approach?

I can't say that the US is breaking away its hard-power policy but I would like to say that the latest unrests in the North Africa and Middle East are an example of the rise of soft power. When we have a look at what had happened for many years, we can see that the latest uprisings are in opposition to the US' and Israel's policies in the region. Both countries have strong hard-policy understandings. As long as the uprisings need some hard-power reaction, the US and Israel will always win. Yet if the people's power—meaning soft power—is the issue, the US and Israel are becoming less and less powerful. I think we are entering an era where soft power will become quite powerful. This is bad specifically for Israel in the short run; but in the long run, it is good for Israel. Nobody can maintain power through military means alone. It



**“GEOGRAPHICALLY, CULTURALLY AND HISTORICALLY, TURKEY IS IDEALLY PLACED TO BE A KEY PLAYER IN THIS EMERGING WORLD. BUT TO BECOME SUCH A DECISIVE AGENT OF CHANGE, IT MUST ITSELF CHANGE”**

FROM “CRESCENT & STAR: TURKEY BETWEEN TWO WORLDS”

is important to see that conciliatory policies could be much more helpful than military action.

### What do you think about the role of Turkey here, specifically in the context of its “zero problems with its neighbors” policy?

I think Turkey plays very positive role in the region. Let us think about a ninety-

year-old man living in Algeria, Egypt, or Syria. This man asks himself this: “What kind of country do I want to live in?” Alternatively, “What kind of country should my own country be like?” His answer will most probably be Turkey. Turkey represents a great example for these people.

### What makes Turkey unique? Many people say Turkey is the most Eastern country of the West but the most Western country of the East.

I think there are several reasons why Turkey is unique. One reason is its history. Turkey had political, social and economic power in the past, and it is quite reasonable to think that it is now reviving its power. The second reason is the Turkish example itself. Turkey represents an example for many people. The third reason is Turkey's image. For many people in Turkey's region, Turkey was not a truly Islamic country. You can say Turkey is secular, but at the same time, it is ruled by a political party that has Islamic sensitivities. The fourth reason has to do with the fact that many Muslim countries—Iran, Egypt—have been ruled by authoritarian regimes for years. Therefore, no other country can play the role that Turkey plays.



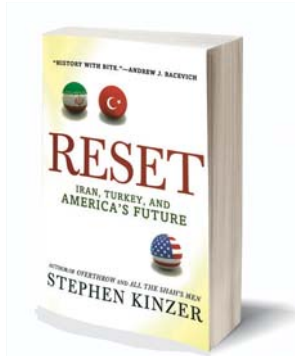
### In this context, what Turkey's main advantage?

Turkey's greatest advantage is the success of its social life. Turkey's economic miracle is another of its advantages. We are talking about a country that suffered from a big economic crisis just ten years ago but now has become the second fastest-growing economy of the world after China. No other country has become so prosperous after its president literally threw the country's lawbook at its prime minister, causing many people to lose their jobs, just ten years ago.

However, Turkey has one very important limitation. Turkish society is becoming very polarized. There is much intolerance in the society. Too many groups are worried about where Turkey is going. They fear they will have no place in Turkey in the future. A country that is not united at home cannot truly be great power in the world. If Turkey wants to guarantee its enlarging power in the world, it should look at home.

**You always mention one of Mustafa Kemal Atatürk's sayings—"Peace at Home, Peace in the World..."**

You need a society that is harmonized. Humility is a very important character-



"By intervening only when asked and maintaining good relations with such a wide range of governments and factions, Turkey plays a role no other country can. It has unique credentials," says Kinzer in his book on Turkey

### KINZER'S BOOKS

Stephen Kinzer has written several nonfiction books on Turkey, Central America, Iran, Africa and US foreign policy

- **Bitter Fruit:** The Story of the American Coup in Guatemala, with Stephen Schlesinger, 1982
- **Crescent and Star:** Turkey Between Two Worlds, 2001
- **All the Shah's Men:** An American Coup and the Roots of Middle East Terror, 2003
- **Overthrow:** America's Century of Regime Change from Hawaii to Iraq, 2006
- **Blood of Brothers:** Life and War in Nicaragua, 2007
- **A Thousand Hills:** Rwanda's Rebirth and the Man Who Dreamed It, 2008
- **Reset:** Iran, Turkey, and America's Future, 2010

istic of being a leader. No country can become successful with the leaders who say they know all the answers, all opponents, or all friends. This cannot create a good political system. Successful countries know how to unite every aspect of the society. When the aspects of a society become divided, people start to get angry with each other and get suspicious of one another. Then paranoia becomes the reality of that society. This limits unity—the possibility to move on successfully.

### How do you see the Turkish-Israeli relations? We all know there have always been ups and downs between the two countries. Is this "down" time different from previous ones?

I want to start to answer this question by mentioning one of the US' big problems. The US has always approached its issues too emotionally. For that reason, the US has very serious problems with Iran. Emotion is always the enemy of good diplomacy. I know Israel also approaches every other country emotionally, and it is quite normal. Yet governments need to be calm in the long run. Specifically, Israel should do this to breach its isolation, mainly in its region. Actually, Turkey treats Israel in some ways as how the US treats Iran. This is bad for the countries in the long run. You cannot build a stable Middle East without an angry Israel or Iran. I fear that Turkey is not learning from the US' bad lessons. It is not a good idea to push Israel to the corner. Turkey and Israel should build some sort of good communication for the sake of the region.

### What do you think about Europe's crisis? We saw Europe becoming a fortress of sorts just ten years ago, but now it is suffering from serious economic problems.

Europe is in the middle of a big identity crisis. Europe does not know what it is or what it is going to do. The dreams of a united Europe have now become so clouded. We see the same emotional behaviors in Europe, too. Closing Europe's doors to Turkey makes some people feel better emotionally; however, this behavior is not good for Europe in terms of strategy. It is unwise for Europe to exclude Turkey.

# A new source David Ricardo?

## Turkey is now an open



*Exports, which were around 28 billion dollars in 2000, ended the year 2010 with 113 billion dollars. The target for just 12 years later, on the other hand, is 545 billion dollars*

## free trade can be a tram

## And TIM, which

*The average annual increase in exports needed for this is estimated to be 12.2% between 2009 and 2023. The estimated global volume of trade in this scenario, meanwhile, is 34.3 trillion dollars*



## “sustainability” to its “ex

## strategy, is after 1% n



*A strategic performance management tool, Balanced Scorecard integrates numerous management systems such as Management by Objectives, Total Quality Management (TQM), and process improvement*

# of pride for Absolutely...



**David Ricardo**

*A classical economist who lived 1772 to 1823 and showed how effective free trade is in the development of a country with his Theory of Comparative Advantage*

## example as to how

## poline for a country.



*For TIM to achieve its 500 billion dollar export target for 2023, it must take a share in world trade of 1% in 2013, 1.25% in 2018, and finally 1.46% in 2013*

## added the principle of

## port oriented production”



*During the preparation of the 2023 Export Strategy, the Balanced Scorecard methodology, considered the most impressive management idea of 75 years by Harvard University, was adapted to the conditions of Turkey*

## more of the world trade

While TIM had 14 workshops and 72 determined 72 criteria as well as various measurements in order to measure the results of the strategy, it also analyzed scenarios on global dynamics for the next 10 years. According to the main scenario, emerging markets will gain weight and industries with high potential will shift toward emerging markets. Therefore TIM developed a comprehensive strategy which sets forth structural transformations in all the exporter industries.

### STRUCTURAL OVERHAUL

#### BALANCED

MARKET FOCUSED

#### SUSTAINABLE

MARKET SHARE EXPANSION

STABLE/UNINTERRUPTED GROWTH

#### COMPETITIVE

INNOVATION

TECHNOLOGY

PRODUCTIVITY

BRANDING

### DEVELOPMENT PLAN

Government

Economic  
Coordination Board

MINISTRIES

### NATIONAL EXPORT STRATEGY IMPLEMENTATION AND PERFORMANCE MANAGEMENT MODEL

UNDERSECRETARIAT FOR FOREIGN TRADE

TURKISH EXPORTERS ASSEMBLY

EXPORTERS' UNIONS

23-Sector Export Strategy Implementation Plan

Companies

WITH THE ADDED SUPPORT OF UMBRELLA ORGANIZATIONS, EXPORTERS STRIVE TO REACH THE TARGET

PUBLIC INSTITUTIONS, THE GOVERNMENT MOST OF ALL, PROVIDE BOTH VISION AND SUPPORT TO EXPORTERS

#### GRADUAL PROGRESS

BILLION DOLLARS

2000

28

2008

132

2013

167.3

2018

293.4

2023

545.15

# Five-Year Plans

## THREE VISIONS, THREE TERMS

The export strategy prepared by TIM splits the 2008-2023 period into five-year portions, forecasting different targets for each term.



# 18 Strategic Goals

1

THE PLACE OF EXPORTS WITHIN ECONOMIC DEVELOPMENT AND VALUE ADDED TO THE ECONOMY

2

ENSURE THE STABLE GROWTH OF EXPORTS

3

INCREASE EXISTING MARKET SHARES

4

REACH TARGET MARKETS WITH HIGH GROWTH POTENTIAL AND INCREASE MARKET SHARE

5

IMPROVE NUMBER OF EXPORTERS AND EXPORT CAPACITY

6

INCREASE EXPORTERS' GLOBAL COMPETITIVE ABILITY VIA SECTORIAL LEADERSHIP, SCIENCE, TECHNOLOGY, AND INNOVATION

7

FULFILL EXPORTERS' NEEDS IN A TIMELY AND EFFECTIVE MANNER

8

INCREASE RECOGNITION OF TURKISH BRANDS

9

DRAW FOREIGN CAPITAL AND INVESTORS TO THE COUNTRY

10

URGE INNOVATION/R&D INVESTMENTS AND APPLICATIONS

11

BALANCE DEFICIENCIES IN EXPORTS INFRASTRUCTURE AND ADAPT TO ENVIRONMENTAL RESPONSIBILITIES

12

STRENGTHEN BILATERAL AND MULTILATERAL COOPERATION IN TRADE

13

SECURE EFFECTIVE LEGISLATION AND LEGAL ARRANGEMENTS

14

ENSURE THE EFFECTIVE AND PRODUCTIVE USE OF FINANCIAL INSTRUMENTS AND TOOLS OF COMMERCIAL SUPPORT

15

MOVE FROM LOW SKILL TO HIGHLY PRODUCTIVE AND SKILLED HUMAN CAPITAL

16

ENSURE SPEEDY ACCESS TO ACCURATE INFORMATION AND MARKET INTELLIGENCE

17

HARMONIZE RELATIONS BETWEEN THE PUBLIC, PRIVATE SECTOR, NGOs, AND UNIVERSITIES

18

PROVIDE ACTIVE STRATEGIC GOVERNANCE

Eventual outcomes expected from the 18 targets set for exporting sectors in general can be listed as:

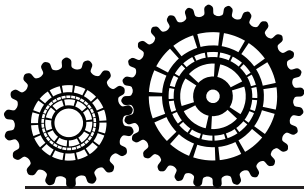
- Supporting Turkey's ambition to rank among the world's top 10 largest economies
- Contributing to the vision of Turkey as laid out in the Development Plan in terms of competitive ability, jobs, and regional development
- And finally, earning 500 billion dollars of income in exports



# Exports From A To Z

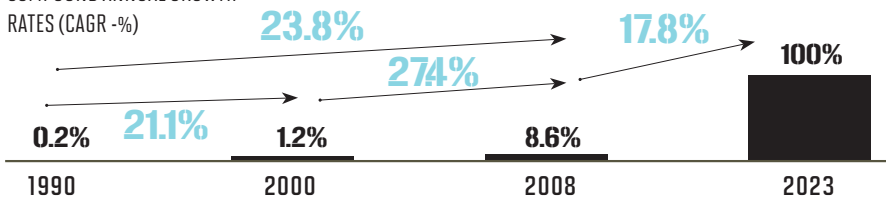
The Export Strategy actually foresees a transformation beyond the 18 targets. By first observing all economic developments and trends in the world, macro targets that will be applicable to the sector are determined.

Increasing exports in markets where imports are high are among the foremost of these macro targets. Thus, exporters aim to increase the ratio of exports to imports. Following that comes increasing competitiveness. This is precisely where science, technology, R&D, and innovation step in. All kinds of support that the public can offer to the sector, namely arrangements and incentives the sectors require, are determined one by one on the strategic road map. After a long preparatory period run by 14 working groups for 24 sectors, the strategy put forth clarifies both the goals and methods of each sector.



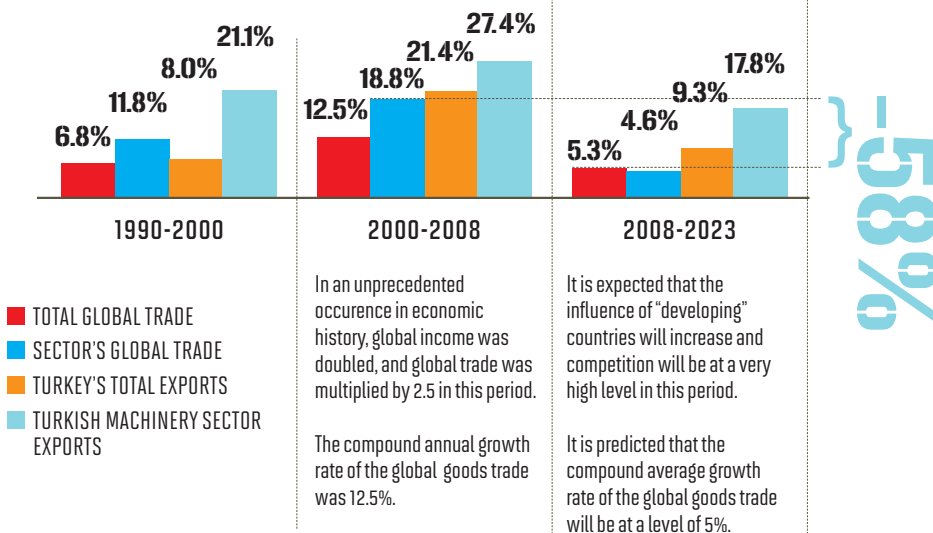
## Machinery Accesories

COMPOUND ANNUAL GROWTH RATES (CAGR -%)



The Turkish machinery sector's exports increased by 8.4 billion dollars from 1990 to 2008.

COMPOUND ANNUAL GROWTH RATES (CAGR -%)



The sector, which has a 100 billion dollar exports target for 2023, aims to make Turkey a country possessing its own production technology in its field. TIM emphasizes that design has gained considerable importance in this sector too, and foresees a need to develop reasonably priced, environmentally friendly products based on new technology. R&D efforts will be emphasized by establishing facilities to this end. In addition, with regard to the aim of the localization of the defense industry, the sector aims to become a globally preferred producer of machinery. However, to reach these goals, the sector requires various legislative changes, especially to legislation regarding the protection of intellectual property rights and the establishment of documented criteria for machinery manufacturing. Turkey's Organized Industrial Zones, an example especially for Middle Eastern countries, are of special importance to this matter. It is also believed that consolidation within the sector, with the added support of government incentives, will deliver significant momentum to the sector on the way toward the target.



## Land Vehicles and Subcontracting Sector

Automotive ranks first among sectors in which Turkey is powerful. Besides exports, the sector is engaged in efforts to produce electric vehicles and create its own brands. The export strategy, for its part, set 2023 targets for the sector in consideration of these basic facts.

# 39

TARGET COUNTRIES

# 75

BILLION DOLLARS OF EXPORTS REVENUE AIMED FOR 2023

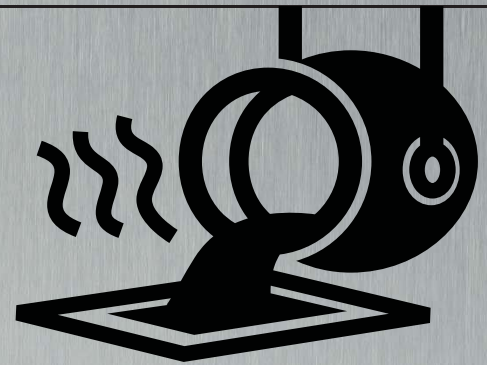


# 14.1%

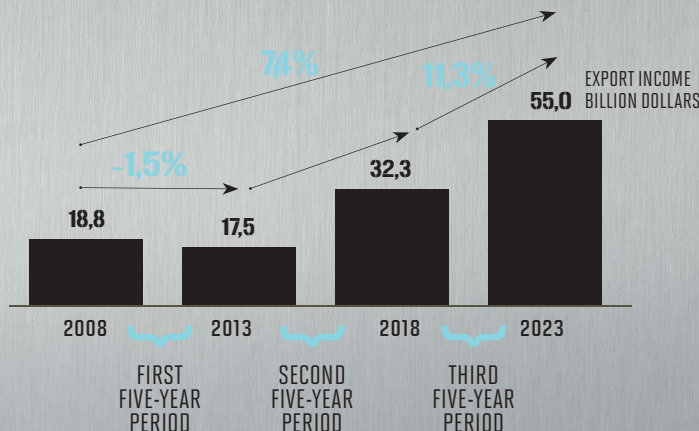
AVERAGE TARGETED GROWTH RATE FOR 2009-2023

## Iron and Steel Sector

In light of the developments targeted in the five sub-sectors of the iron and steel sector, total exports revenue for 2023 is expected to be 55 billion dollars. While long goods account for 23.6 billion dollars of this figure, flat goods account for 15.7 billion dollars. The semi-processed goods and construction parts sub-sectors are expected to generate 3.9 billion dollars of exports revenue each, while 7.9 billion dollars are expected of pipe exports.



### COMPOUND ANNUAL GROWTH RATE %



# 9.83%

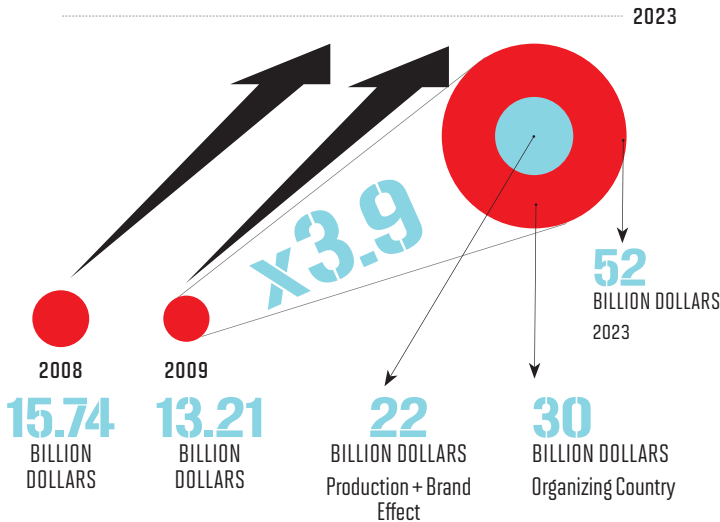
PROSPECTED SHARE OF TURKISH AUTOMOTIVE INDUSTRY IN GLOBAL TRADE IN 2023

## Ready-to-Wear Clothing

### HOW WILL CHANGE HAPPEN?

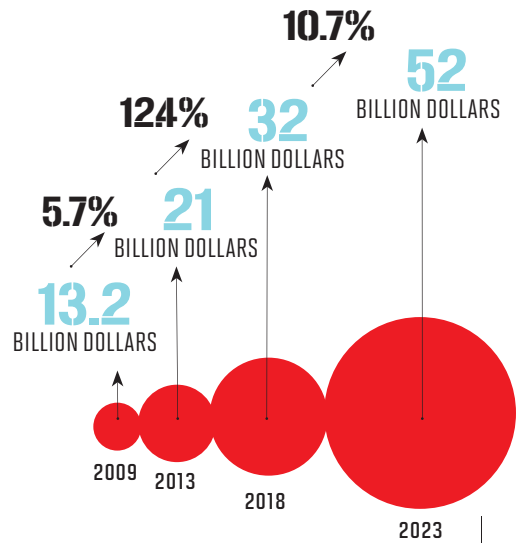
- Transitioning to being a fashion producing company via branding, design, and collections
- Becoming an "organizer country" with existing knowledge buildup
- Move toward the use of new technologies and innovative, multifunctional products in practice
- Increase in productivity by modernizing and restructuring production capacity

COMPOUND ANNUAL GROWTH RATE (2008-2023) **8.3%**    COMPOUND ANNUAL GROWTH RATE (2008-2023) **10.3%**



	2009	2013	2018	2023
SECTOR'S GLOBAL TRADE (BILLION DOLLARS)	425	530	810	1240
TURKISH SECTOR'S SHARE WITHIN THE GLOBAL TRADE (%)	3,11	3,96	3,95	4,19

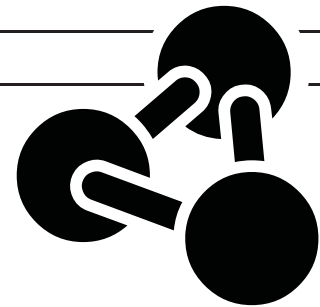
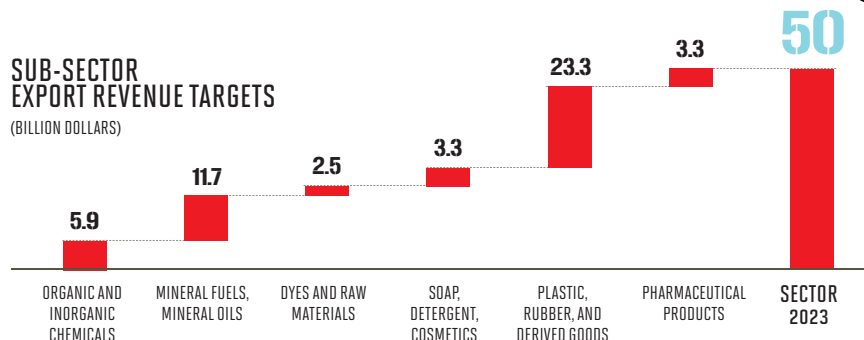
**740**  
BILLION DOLLARS  
GLOBAL ESTIMATE FOR 2023



## Chemicals

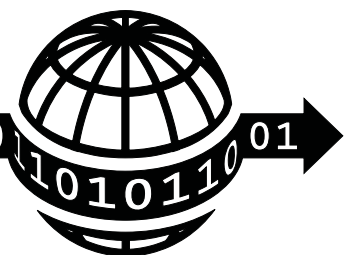
Branding is now also on the chemical sector's agenda for change. As a result of market analyses run on market and product bases, the sector aims to develop trademarked, branded products. The chemical sector, which currently has no difficulty attracting investments, also wishes for legislative changes to be enacted by 2023 that would improve the investing environment, such as overcoming non-tariff barriers and developing the incentives system.

SUB-SECTOR EXPORT REVENUE TARGETS (BILLION DOLLARS)



## Electrical and Electronics Sector

The electrical and electronics sector is preparing for the Republic's centennial by following a strategy based on exports and the production of such strategic components as display panels and processors, in which companies like Vestel and Beko have long had a head start. Naturally, R&D is prioritized in this area, as one of their goals is to make information and communication technologies (ICT) an export-generating field...



### FUNDAMENTAL INDICATORS

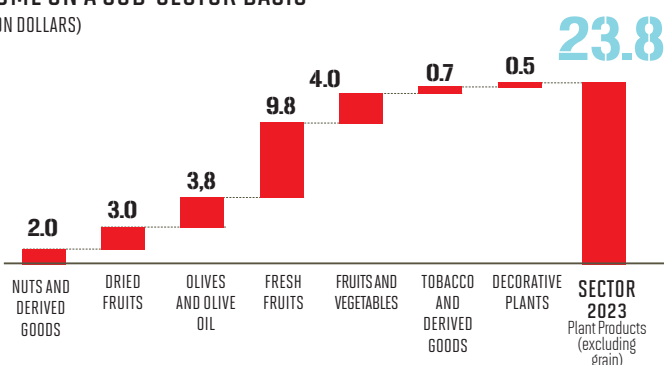
GLOBAL MARKET SHARE	2008 <b>0.37%</b>	2023 <b>0.64%</b>
COMPOUND AVERAGE GROWTH RATE	2000-2008 <b>20.9%</b>	2008-2023 <b>104%</b>
SHARE OF TURKEY'S EXPORTS	2008 <b>8.03%</b>	2023 <b>8.25%</b>

## Non-Grain Plant Products

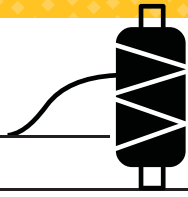
The primary target in the sub-sectors covering non-grain plant products is making best agricultural practices a standard in Turkish agriculture. Another important aim is branding within the scope of Turquality. However, for some sub-sectors like dried fruits, branding on not a company but a product basis will allow the accomplishment of these aims in a much shorter time. One of the most important steps planned for organized agriculture is the establishment of the Commodity Exchange as a result of legal arrangements required in many sub-sectors.

### FUTURE GROWTH TARGETS FOR EXPORT VOLUME ON A SUB-SECTOR BASIS

(BILLION DOLLARS)



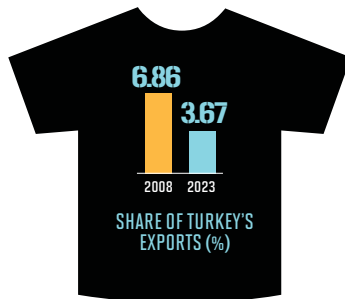
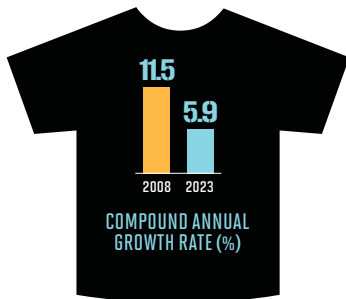
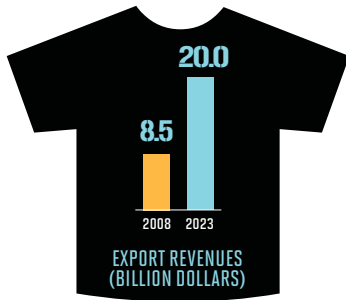
	TARGETED GLOBAL MARKET SHARE
Nuts and Derived Goods	80%
Fresh Fruits & Vegetables	8.20%
Dried Fruits	25%
Olives and Olive Oil	32%
Fruits and Vegetables	2.10%
Tobacco and Derived Goods	1.94%
Decorative Plants	2.10%



# Textile and Raw Materials

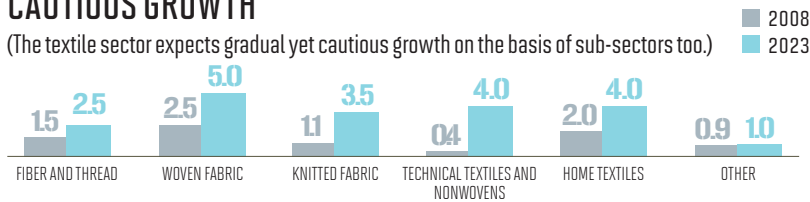
## BEING A BASE FOR DESIGN

The textile sector, for which productivity increases are aimed through the modernization and restructuring of production capacity, has long been one of Turkey's locomotive sectors. Later replaced by ready-to-wear clothing, the sector's new fundamental strategy is to focus on design.



## CAUTIOUS GROWTH

(The textile sector expects gradual yet cautious growth on the basis of sub-sectors too.)



### TARGETED MARKETS

#### WOVEN

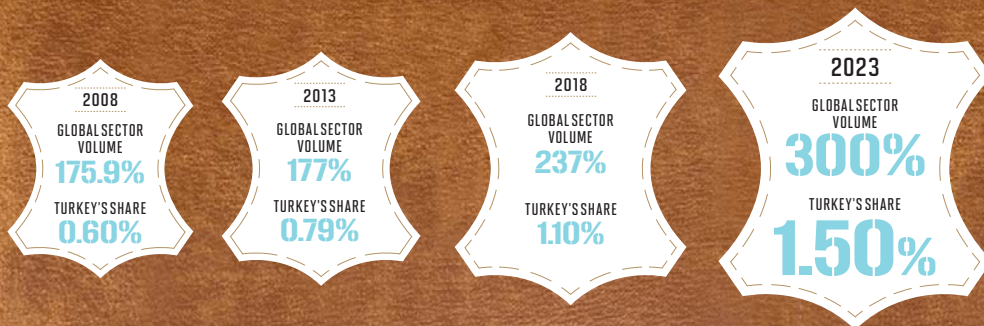
1. CHINA
2. INDIA
3. BRAZIL
4. ITALY
5. USA
6. MEXICO
7. IRAN
8. RUSSIA
9. EGYPT
10. MOROCCO
11. TUNISIA
12. SYRIA

#### KNITTED

1. MOROCCO
2. TUNISIA
3. ALGERIA
4. EGYPT
5. FORMER SOVIET COUNTRIES
6. JORDAN
7. IRAN
8. SYRIA

# Leather and Leather Goods

The industry, which has a relatively small share in Turkish exports, has modest aims for 2023



### COMPOUND ANNUAL GROWTH RATES

1ST FIVE YEARS

5.2%

2ND FIVE YEARS

13.7%

3RD FIVE YEARS

11.8%

# Brands

TOURISM, FINE ARTS, FOOD, HOME TEXTILE...



30 million TL was set aside for archeological digs in 2010.

## ATOP SEVEN LAYERS OF CIVILIZATION

In tourism, Turkey is exhibiting a leap of around 120%. The key to this progress is the construction of a modern vision atop a cultural foundation that accumulated from the Neolithic age onward

BY CEYHAN AKSOY

**A** MUSEUM IN THE garden of Gülhane Park—which owes its name, literally “rose section,” to the fact that it was the rose garden of Istanbul’s Topkapı Palace—offers much more to its visitors

than the classic knowledge on Anatolian culture and history already known to most. The Istanbul Museum of the History of Science and Technology in Islam shows that history and museums do

not consist solely of magnificent palaces, stones dated by carefully examining their layers, and exhibits of the spoils of war. The interest shown by the tourists grouped around the museum and park seems to be an indicator that Turkey will no longer just expect tourists coming for sea and sunshine in the summer months, but will go on the rise in cultural tourism too.

And it’s not just cultural tourism. Ertuğrul Günay, Minister of Culture and Tourism, is so rapid in his speech as he explains the touristic opportunities offered to domestic and foreign tourists and the developments in these areas, that

you might have a hard time keeping up with him. He speaks of health and thermal spring tourism, for instance. These kinds of tourism are perhaps the segments best at guarding the tourism sector

*While Turkey ranked 17th in terms of visitors it leaped up to 7th in 2009. And it ranks 9th in the world in terms of tourism revenue*

against seasonal changes. Offering cheaper yet higher quality services relative to European standards, Turkey welcomed over 50,000 foreign patients in 2010, and it aims to raise this number to 100,000 by 2015. Furthermore, global studies predict that this segment will grow 16% by 2013. Among the sector's other rapidly growing segments are faith tourism, which suddenly gained serious potential as the self-promoting centers opened for worship with the help of the Ministry of Culture and Tourism attracted worldwide attention; winter tourism, which managed to draw all eyes to itself even just through the Universiade Winter Games held in Erzurum, and mountain pasture tourism; golf tourism; and conference tourism, one of the sector's fastest-growing segments, having accounted for 9% of foreign visitors to Turkey in the last quarter of 2010 according to the Turkish Statistical Institute (TurkStat).

Turkey, which welcomed a total of 28.6 million tourists in 2010, is now planning to concentrate on incentives it will offer to investors in tourism and on infrastructure investments so it can attain its goal of 50 million tourists in 2023. "Turkey has become one of the world's resolutely developing countries. Today, it is one of the large developing economies of Europe and the world," says Ertuğrul Günay, emphasizing the country's potential. He continues, "The sector we invited is also one of the world's rapidly developing sectors. We are ready to provide the conveniences necessary in all areas for the investors who come. All the investors we have met leave with trust and hope."

## THE CODE OF TOURISM HAS BEEN CRACKED

*Ertuğrul Günay, The Minister of Culture and Tourism told The Turkish Perspective about the secret of Turkey's touristic potential, and how this potential could be put to use*

### How did the global crisis period go for Turkey in terms of tourism?

Tourism became considered as a mechanism for societal and economic development after the 1980s. We have left a quarter-century behind us. However, by now, Turkish tourism has risen a top 25 years of experience and has made its progress a continuous process. We found an opportunity for a serious test in the past few years, when world tourism was falling in 2009; while a drop of 3–4% occurred in the world at large both in terms of tourists welcomed and income received, Turkey closed the year with a 3% increase. As the world had only just entered the recovery process in 2010, Turkey attained an improvement and increase above world averages yet again with 6%. And when we look at the first quarter of 2011, at the winter months, we see a growth of 15%.

Turkey has been experiencing growth above the world average for the past five to six years. The number of visitors coming to Turkey was 13 million at the end of 2002, whereas we closed 2010 with 28.6 million people. This means 15 million new people in eight years. Of course, revenues are also being taken in at the same rate. Our estimate is that tourism income in the year 2010 was over 25 billion. In Turkey, tourism is a sector that is highly alluring to



Ertuğrul Günay, the Minister of Culture and Tourism told about Turkey's tourism potential to The Turkish Perspective

investors, capable of producing returns in not very long of a time, and which has made its development continual. Foreign investors have great interest in this regard. In the Mediterranean and Aegean, investors have either enterprises or searches. Therefore, we advise all kinds of investors to invest with great confidence.

**Turkey is a country that has quite a high touristic potential outside the Mediterranean and Aegean as well. Health tourism is one of the growing areas, for instance. Do you, as the Ministry, have any work on this subject?**

As in every part of the world, tourism starts on the shores of the sea in Turkey too. And it becomes quite attractive

especially if there are archeological beauties near the seashores. We have such means in our geography, starting from Izmir and stretching out to Antalya, and this is how we started to do tourism. But now, we have started to shift inward, because we also have geothermal wealth in the Aegean. We made the master plan. Right now, we are working on elements that will ease investors' investments in geothermal areas. We predict that investments in the geothermal field will increase even more. We have coordinated efforts in the area as the Ministry.

**Diversification also carries great importance for tourism. What is Turkey's general condition in other segments of tourism?**

The diversification of tourism is on the agenda as our first aim. We are trying to develop congress tourism in Turkey. We are in efforts to create

hotels, congress centers, and spaces to provide services in this field. The Golden Horn Congress Center, the Istanbul Congress Center, newly created spaces, and Istanbul have gained a serious rise in this area in the past few years.

### What kind of alternatives can be offered to visitors in Anatolia besides winter tourism?

Infrastructure is developing in Erzurum for winter tourism. New investments in the upcoming years being talked about for Erzurum and the vicinity. Erzurum has gained an excellent infrastructure anyway. Besides this, there are areas we are planning for winter tourism like Isparta and Davras. There is a great potential in Southeast Anatolia. Within the frame of a line starting in Hatay and stretching to Diyarbakır, there is a great tourism potential in terms of urban tourism. This is because urban structures were not harmed much as the region does not have much immigration. There is urban sprawl only in some places. We are now trying to improve cities' faces in the sense of strengthening the streets and restoring their trademark cultural riches. We are trying to bring new tourism and culture infrastructures to these places. New Hilton hotels will be opened within the next month in Mardin and Urfa. One was also opened in Konya one or two months ago. Five-star hotels are being built in Van. And we are trying to improve the cities' textures. Caravanserais, bazaars, inns... Furthermore, we are establishing museums. At the end of April, in Gaziantep, we will open one of the largest mosaic museums in the region and even in the world. We are turning İçkale, Diyarbakır



*“Investing in Turkey is no longer as indeterminate a field as it was in the past. The risk is less. While promoting Turkey, we also end up promoting foreign investment firms that have invested in this country”*

into a museum area in its entirety. We are organizing a 40,000 square meter area in Haleplibahçe in Urfa as an open-air and indoor museum space. We have a museum undertaking in Hatay. All of these will promote the region's existing gastronomic and urban tourism to the world. Not merely content with classic visuals, we are trying to promote Turkey's new riches to the world.

### Hatay is an important destination especially in terms of faith tourism. And, of course, there are other regions that are at least as important. What is being done for Turkey to utilize more of its potential in faith tourism?

Faith tourism is one of the newly developing areas. The most important and sacred buildings of all religions are

in our country, in cities like Trabzon, Mardin, Akdamar, Urfa, Tarsus, Konya, and Istanbul. We are trying to put all of these under our protection without discriminating. All of the works left over from Christianity, Judaism, or paganism have been entrusted to us by god and by nature. And we must carry these to humanity's future. This is how we understand it. First, only Konya was known; but now, Hajji Bektash, Hajji Bayram, and Santa Claus in Demre have started to appear on the agenda, and while Turkey learned how reach it was from this angle on one hand, it started promoting it to the world on the other. For instance, we have been doing work in Laodicea, next to the Hierapolis in Pamukkale, for a few years. All the fundamental structures of the Christian religion's seven holy churches surfaced there. By a few years', it will become one of the important places of pilgrimage for Christianity.

Faith tourism is a mechanism that announces its presence on its own. When I started my duties, services were not permitted at the church of Saint Nicholas—whom we know as “Noel Baba”—in Demre. Yet a service used to be performed there at Christmas every year. We started that right away. Visitors started coming in

numbers of 400–500,000 in a year. We also did the same thing in the church of Saint Paul the other year. We took those steps in Sümela and Akdamar last year; services were done here on reasonable dates and a large number of people came. I believe these figures will go up twofold this year. The economy in the vicinity began moving, and hotels started to be built. We started seeing these traces everywhere in Anatolia. And I think that the tourism segment will undergo change within a few years. In recent years, middle-aged tourist groups with high income started visiting our country. And I think that this is the tourist profile most suitable to our country.

### What kind of incentive plans are on the agenda for both domestic and foreign tourism investors?

The true incentive device in tourism is land allocation. Today, the tourism of Turkey is a brand. Investing here is no longer as indeterminate a field as it was in the past. The risk is less. Energy support still continues in part. There are conveniences in employment; tax and social security breaks are given to those who work and invest. We are doing its infrastructure, its planning. And, of course, the most important advantage is the airline network. That is to say, the presence of direct flights from Europe to Hatay or Urfa is, in this sense, one of the most important supports to be given to tourism. Turkey is preparing the infrastructure for its real tourism with marinas, cruiser harbors, railroads, highways, divided roads, and airports. Of course, we are trying to create a healthy infrastructure by also improving filtration and sewage systems.





The colors in ceramics made in the olden periods also carry certain meanings

## TURQUOISE AND CORAL RED

The crafting of “çini,” earthenware items decorated with glazes and traditional Turkish motifs, is Anatolia’s oldest artisanal handicraft. After approximately three centuries of silence, it

BY TOLGAHAN ÖZKAN BY MUSTAFA YALÇIN - AA

**A**LTHOUGH CHINESE porcelain, known for its glasslike appearance, designs, and elegance, is known as the most precious of the ceramic arts in the whole world, the creations of master artisans from İznik in the 16th century are considered the apex of ceramic art in that era. Known as “çini,” the most important characteristic of İznik ceramics were the broad applications of color. The best examples of “Turquoise Blue,” in which green dances with blue, and “Coral Red,” known as the color

most difficult to achieve in all the ceramic arts, were created by çini craftsmen in İznik. “Tulip” designs colored with coral red are now used as the unofficial symbol of Turkey in promotional videos aired around the world. The color turquoise graces the uniforms of its national soccer team.

Ceramic art in Anatolia reached its pinnacle in İznik between the 15th and 17th centuries. In terms of resilience and color variation, the two most important principles of ceramics, İznik was capable of production at

*The art of çini does not only mean conveying the colors in nature, but also adding a number of talismanic forces*

a level much higher than the norm of the time. Ceramic artists supported by the Palace of Istanbul in this era managed to create works so unequaled that they are today exhibited at the British Museum. However, this crafts tradition suddenly ended in the 17th century; for some, this happened because the Palace’s support was cut off, and for others, it was due to unknown reasons. Because of the guild system widespread in the Ottoman era, most production techniques that were kept secret and passed only from master to apprentice did not survive to be handed on to the next generations.

After the passing of approximately 300 years, ceramic artisans today have started to recreate this rich-

ness in İznik; they share their accumulation of knowledge with their European colleagues, exporting this Anatolian wealth that had undergone the danger of being forgotten...

So much so that the çinis of İznik were a headline topic at the events organized in April for the 100th anniversary of the founding of Escuela Ceramica in Madrid, one of the world's most important schools for the ceramic arts. The person to convey the history, technology, and iconology of the world-famous çinis of İznik to European listeners was Turgut Tuna, founder and former director of Uludağ University İznik Vocational School and one of the world's leading çini artists.

Tasked with founding a vocational school for ceramics in İznik in 1995, Tuna set up shop in a building once used as a cooling depot and made it suitable for this purpose. Adding philosophy classes to the curriculum, he then raised his students, who now try to follow in his footsteps. After Tuna retired, he set up a work-

*Çini exports are generally to countries such as the US, Germany, France, the Netherlands, Belgium, and Denmark and the share of exports in the industry's total revenue is 30 percent*

shop in İznik for himself, from where he illuminates the centuries-old history of çini crafting and carries this art from its historic center in Anatolia to the future through his modern designs. Ayşe Tuna—the first Turk to receive a diploma from the Madrid School of Ceramics, which was founded in 1991 and has raised many famous Spanish ceramic artists—says, “The Spanish were not at all able to apply the İznik technique. They were not able to achieve the colors in this technique, which is why the conferences and training sessions given by Turgut Tuna drew a lot of interest.”

Achieving various colors in the art of çini requires intense efforts and a great accumulation of knowledge. It is an indicator of the region's deep accumulation that the “red” of İznik çinis

has not yet been achieved anywhere else. “The colors in ceramics made in the olden periods also carry certain meanings,” says Turgut Tuna. “Because of this, the art of çini does not only mean conveying the colors in nature, but also adding a number of talismanic forces.”

Much hearsay is passed around on the colors used in çini and the history of the art. Most of these may be anonymous anecdotes and stories; however, most of them do point out one thing correctly: that Anatolia, particularly as of the Seljuks, became one of the world's most important centers for the ceramic arts.

#### THE INDUSTRY IS IN KÜTAHYA AND ITS SURROUNDINGS

As Turgut Tuna and those following in his path carry the art of çini back up to



**Achieving various colors** in the art of çini requires intense efforts and a great accumulation of knowledge



its old glory days, there is also a flurry of activity in its industrial aspect. Siyami Adlım—the third-generation owner of Güven Çini, which has been run from its headquarters in Eskişehir since 1940 and exports its products to 38 countries—says that despite of problems such as insufficient promotion and difficulties in finding qualified personnel, çini production is a sector developing rapidly in Anatolia, and that they receive as much demand from abroad as they do domestically. “Thanks to Turks abroad, we send exports all the way to Japan—most especially to European countries,” says Adlım, and adds, “The share of exports in our total revenues amounts to 30%.”

The Adlım family is one of the families that passed on the art of çini from generation to generation, allowing it to live on in Anatolia. “My grandfather started in this business in the year 1920. I took over from my father, and I am preparing to pass it on to the fourth generation. I am teaching this art to my children,” says Siyami Adlım.

Today, porcelain, ceramics, and çinis are made at 38 noted facilities in Kütahya. The number of people employed by the sector is around 5,000, showing that approximately 20,000 people make a living from the sector. According to the Governorate of Kütahya’s data, approximately 80 million dollars of income was made from the export of porcelain, ceramic, çini, and glass items. Çini exports are generally to countries such as the US, Germany, France, the Netherlands, Belgium, and Denmark. Foreigners coming to Turkey also show an interest in çini decorative items.



**It is an indicator of the region’s deep accumulation that the “red” of Iznik çinis has not yet been achieved anywhere else**

According to legend, everything to do with çini began when a people captivated by the pots made by a mysterious woman from a special kind of earth followed her, learning where she procured this special earth. That was the place we now call Kütahya. Archeological excavations and research carried out in the city of Kütahya—known as “Kotiaieion” in antiquity—prove that ceramics were produced in the area since ancient times. Kütahya works to ensure the continued presence of the art of çini with examples that serve as reminders of

its bright past, and increases the art’s economic benefit.

Meanwhile, in İznik, artistic and scientific studies are being carried out by artistic scientists like Turgut Tuna, who has been involved with the art of çini for more than 40 years. İznik also raises new çini artists and the additional staff needed by the industry at the vocational school Tuna founded with his own efforts. The industry of one of Anatolia’s oldest arts advances together with its trained workforce. “Most schools have taken us as a model,” says Tuna in an interview he gave to a local newspaper published in newspaper, in which he explains the arduous founding years of his school and the curriculum they applied. “While 10% of students at other schools found jobs, 90% from our school have jobs.”

## DID YOU KNOW?

- The çini plates most widely known today are two panels appearing in a single piece of 127x34 cm, mounted on the wall of the Circumcision Room at the Topkapı palace and thought to have had its designs drawn by Nakkaşbaşı Şahkulu.

- The largest collection of Iznik çinis is on display at the British Museum in England.

- The first çini workshop of Republican Turkey was founded in Bursa by Turgut Tuna in 1976. After Tuna retired, he set up his operations in his workshop in İznik, which is where he now carries out his work.

- Çini, a traditional Turkish art, is a type of ceramic generally used in the interior and exterior decoration of architectural structures, mosques, mansions, palaces, fountains, tombs, and similar structures, and on various decorative objects.

- Westerners call wall çinis “Tile Art.” In Anatolia, these embellishments are called “kaşi.” Utility ceramics such as plates, vases, mugs, pitchers, cups, and other such items, on the other hand, were called “evani.”





## Sweet History

# THE MODERN RECIPE OF TRADITIONAL HALVAH

Having brought a 600-year-old delicacy to the current era, Koska is now making plans for international expansion

BY AYŞEGÜL SAKARYA BY ŞEREF YILMAZ

**T**AHINI, SUGAR, AND water: such is the recipe for tahini halvah, one of the Turks' traditional desserts. The six-hundred-year-old secret of tahini halvah—which, at first glance, seems to have a simple formula—is in mastering the production process, and Koska is one of the companies that knows this the best. The history of the company stretches back to the 1900s to a halvah shop that was run by Hajji Emin Bey in Denizli. Halil İbrahim Adil Dindar continued in his father's profession, coming to Istanbul with his children in 1931 and opening a shop in Laleli's Koska neighborhood.

In time, as the deliciousness of the halvah and other desserts he produced spread from mouth to mouth, the company came to be known as "Koska Helvacısı" (the Halvah-Maker of Koska) after the neighborhood in which it was located. The three sons of Adil Bey—who, with the addition of his two daughters, had a total of five children—learned the business by being involved in all stages of production from a young age. The company grew along with demand and established a factory in Topkapı in 1974. In 1983, Mahir Dindar—the youngest sibling—parted ways with

his brothers Mümtaz and Nevzat Dindar. Mümtaz and Nevzat Dindar then founded the modern facility in Merter under the name "Koska Helvacısı Merter."

In 1999, Koska moved to a new factory in Avcılar that was equipped with the latest technology. Today, the company is chaired by Nevzat Dindar. The company has so far been run by the family for four generations, and a family member is responsible for each of its departments. Faruk Dindar, the family's business graduate son, fulfills the duties of deputy general manager. The other son, Tarık Dindar, has undertaken the role of technical operations director, having been educated in mechanical engineering in Florida. Hande Dindar, one of the women in the family, studied sociology at Koç University and is responsible for retail stores and the human resources department. Tülin Çantay, another of the family's women, is a graduate of Istanbul University's Business School and she is responsible for the production planning department. Emin Dindar, one of the sons of the late Mümtaz Dindar, studied marketing and advertising in Boston; he is a deputy general manager and additionally runs the marketing and export operations. "We have all received education relating to the areas we are in charge of," says Koska Deputy General Manager Emin Dindar, and adds, "Like our elders, we too learned the business to its finest detail by working in production and in the stores at very young ages."

Koska started its journey with tahini halvah and continually increased the diversity of its products; today, it produces various traditional desserts and ingredients



*Exporting its products to all European countries, America, Argentina, Russia, and Ukraine, Koska conducts tastings in stores in order to promote traditional Turkish delicacies*

such as Turkish delight, jam, molasses, and tahini. The facilities have the capacity to produce 50 tons of halvah, 20 tons of jam, and 10 tons of Turkish delight daily. Although Koska does utilize technology, it chooses not to use a fully mechanized process in order to ensure the traditional consistency and delicious taste of the halvah. Emin Dindar, a member of the fourth generation of the family to run the company, says, "We have masters who have worked with us for twenty-five to thirty years. Even though we keep up with technology, the kneading process is still done by masters so as to preserve the original consistency. It is possible to do the same procedure by machine, but it is not possible to get the same taste."

The company's name has become synonymous with halvah in Turkey. Now, Koska is making plans for growth abroad. "Our stores in Jeddah and Qatar will be opened by the end of the year," says Emin Dindar. He adds, "Meanwhile, we are searching for a suitable

**"We are searching for a suitable location to open a Turkish delight store in England. We have a plan to open a joint store with the franchiser we work with in Paris" says Emin Dindar**



location to open a Turkish delight store in England. We have a plan to open a joint store with the franchiser we work with in Paris."

Exporting its products to all European countries, America, Argentina, Russia, and Ukraine, the company conducts tastings in stores in order to increase its sales—most of which occur in ethnic markets—and to promote traditional Turkish delicacies. Emin Dindar aims to increase the 13% share of exports in total sales to around 18%. The Malaysian, Singaporean, Indonesian, and Chinese markets are also in the company's sights.

In the domestic market, the company is aiming for retail expansion. Koska has seven stores in Istanbul where, in addition to halvah, it also sells products prepared on a daily basis such as cakes and rolls. The company has started to open stores in shopping centers, recently unveiling a store in the Torium Shopping Mall in Istanbul. Two more stores are set to open in the Ora and Marmara Forum shopping centers respectively. Having grown at around 10% in 2009 and 2010 due to the crisis, the company's target for 2011 is to raise revenues to 120 million TL, growing by 25%.

What will trigger this rapid growth is the development of new products, a matter the company treats as very important. The company has released organic varieties of some of its traditional products including jam, molasses, and tahini, and it is currently engaged in efforts to produce special sugar-free halvah for diabetics. "Our aim is to increase the number of healthy organic products and to improve existing products," says Emin Dindar.



## ZORLU'S JOURNEY IN TEXTILE

Behind the success of Zorlu Textiles—one of the world's top home textile producers—lies speed, flexible production and R&D

BY AYŞEGÜL SAKARYA BY ŞEREF YILMAZ

**T**HE STORY OF ZORLU Holding, one of Turkey's largest companies, began at a small textile workshop in Denizli. Born in 1946 in Denizli, Ahmet Zorlu, the founder of Zorlu Holding, opened his first store in Trabzon. Coming to Istanbul in 1968, he decided to enter the business of sheets. Zorlu, who thus became determined to become Turkey's second sheet producer, then released Taç brand quilt covers to the market. Today, Taç celebrates its 35th year. Zorlu Holding's adventure in textiles, which began with Taç, continues

through investments made under the roof of Zorlu Textiles such as new brands, retail, and thread production. The Zorlu Group, active today in fields bringing great revenue like electronics and energy, has not given up on investment in spite of all the problems occurring in textiles. Beyond the fact that textiles were Ahmet Nazif Zorlu's first love, the success that the company has exhibited also has a great effect on this.

The company, which raised its revenues to 850 million dollars by grow-

ing 15% in 2010, aims for 1 billion dollars in 2011. “We can be competitive thanks to our solid infrastructure, point of view that values the customer, and pursuit of trends,” says Vedat Aydın, President of the Zorlu Holding Textiles Group. Zorlu Textiles is among the world’s top producers in thread and home textiles alike. Close to 1,000 varieties of thread can be produced at the factory, which is capable of 500 tons of production daily. And with its daily production of 2 million square meters, it is one of the world’s significant producers in home textiles. “Zorlu is a producing brand in European Union countries and America,” says Vedat Aydın, and adds, “We are the companies’ innovative partners.” Besides collections,

textiles with its speedy, flexible production and proximity advantage. Meanwhile, its 150-person R&D and product development team is engaged in concentrated efforts for new products. Curtains that block ultraviolet rays, wrinkle-proof 100% cotton sheets, sweat-wicking pillows, and organic sheets are a few of the products resulting from these efforts. “We set aside 5% of revenues for R&D,” says Vedat Aydın, and adds, “Our accumulation of knowledge and innovativeness in technical textiles gives us a competitive advantage.”

In addition to products directed toward producers, the company has three important consumer brands—Taç, Linens, and Verlon. The retail brand Linens has a total of 104 stores, 80 of



everything to do with the home can be found,” says Vedat Aydın. Taç, on the other hand, is sold at almost 1,000 retail locations, 150 of which are abroad. Internationally, there is ongoing growth in Russia, Ukraine, Bulgaria, Romania, the Middle East, and neighboring countries. Aydın says they are pursuing a strategy of increasing their market share within countries in which they are already present instead of entering new markets. Zorlu Textiles’ branded growth targets are not limited to nearby countries—the Valeron brand is an entirely new brand that lies outside these plans... With Valeron, which was entered into the market around three years ago and targeted toward the upper segment, they aim to grow in the Eu-



we develop special fabrics for the companies. We follow what goes on in the shelves of some of our customers and start production before orders come. Thus, we are able to deliver orders in a short time.” The company, working with large customers like Marks & Spencer and Ikea, stands against its Far Eastern competitors in the field of

them in the domestic market and 24 of them abroad. Each year, the company aims to increase its retail space by 3,000–4,000 square meters and open an average of five stores. “We opened Linens in 1999. It is the first of its kind in Turkey in specialty retail stores. With a classical retail approach, we aimed for an environment in which

**“We can be competitive** thanks to our solid infrastructure, point of view that values the customer, and pursuit of trends,” says Vedat Aydın, President of the Zorlu Holding Textiles Group

*With its daily production of 2 million square meters, Zorlu is one of the world’s significant producers in home textiles*

ropean Union, America, and the Far East. There are three Valeron stores in China, two in Taiwan, and three in Korea. Efforts continue for it to open in Brazil. Zorlu Textiles, whose foundations were laid in Denizli, appears determined to swathe the world with its various products and diverse brands in home textiles.

# Agenda

FAIRS, EXHIBITIONS, SUMMITS, MEETINGS IN THE NEXT TWO MONTHS



## THE WAY OF DEVELOPMENT WILL PASS THROUGH ISTANBUL

The definition of the Least Developed Countries (LDCs) was first set by the United Nations in 1971. Determined according to certain criteria, LDCs number 49 which consist of 33 countries in Africa, 15 countries in Asia and the Pacific and 1 countries in Latin America. The fourth of the Conference on the Least Developed Countries, which have so far been organized three times since 1981, will be held May 9–13 at the Istanbul Hilton. Topics addressed at the

**MAY 09-13**

4<sup>th</sup> United Nations  
Conference on the  
Least Developed  
Countries  
Hilton Istanbul

conference will include ways for LDCs to reduce the effects inflicted on them by the economic crisis, and investors' contributions to the economies of these countries. Potential outcomes of LDCs will be policy recommendations, support measures and specific deliverables that will strengthen LDCs' capacities. The LDCs need development paths that are more robust, less vulnerable to shocks and that result in inclusive growth, poverty reduction and prosperity.

## MAY

2nd International Istanbul Water Forum  
Golden Horn Congress and Culture Center **MAY 03-05**

The second International Water Forum, taking place one month before the fifth World Water Forum to be held in Istanbul, will be held May 3–5 at the Golden Horn Congress and Culture Center. The forum's topic will be water issues in the Middle East, Central Asia, North Africa, and East Africa

MINEX Fair  
Izmir International Fair Center **MAY 05-08**

The MINEX Fair, covering mining, natural resources, and related technologies, will be held at the İzmir International Fair Center May 5 through 7



Building with Wood Seminar  
Istanbul Cevahir Hotel **MAY 11**

In the first conference to be held by the European Wood Initiative (EWI) in Turkey, Turkish architects and engineers will be informed on the use of wood in modern buildings and new technologies. The conference will be held at Istanbul Cevahir Hotel on May 11

IDEF 2011  
Tüyap Fair, Convention, and Congress Center **MAY 10-13**

IDEF, the International Defense Industry Fair, is held biennially in Istanbul. Bringing together many domestic and international companies in the defense industry, IDEF will be held May 10–13 at the Tüyap Fair, Convention, and Congress Center

Intertraffic Istanbul  
Istanbul Expo Center **MAY 25-27**

The sixth international Intertraffic Istanbul trade fair, which brings together companies in the fields of infrastructure, traffic management, and parking systems, will be held at the Istanbul Expo Center May 25 through 27



International Educational Technology Conference  
Istanbul University **MAY 25-27**

Aimed at educators and academicians, the conference, whose educational program is gaining worldwide popularity in the field of educational technologies, will be held at Istanbul University May 25–27

01

02

03

04

05

06

07

08

09

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31



REW Istanbul 2011

Tüyap Fair, Convention, and Congress Center **JUNE 08-11**

The 7th International Recycling, Environmental Technologies, and Waste Management Trade Fair, held in Istanbul, will take place June 8–11 at the Tüyap Fair, Convention, and Congress Center

ICCI Conference

Istanbul Expo Center **JUNE 15-17**

The 17th International Energy and Environment Fair and Conference (ICCI), in which renewable energy, nuclear energy technologies, and fossil-based energy technologies will also be discussed, will be held June 15–17 at the Istanbul Expo Center



Beauty Eurasia

Istanbul Expo Center **JUNE 16-18**

The 7th Beauty Eurasia International Cosmetics and Beauty Fair, which will be attended by companies offering cosmetics, cleaning, hygiene, and spa products and services, will be held at the Tüyap Fair, Convention, and Congress Center June 16–18



## JUNE

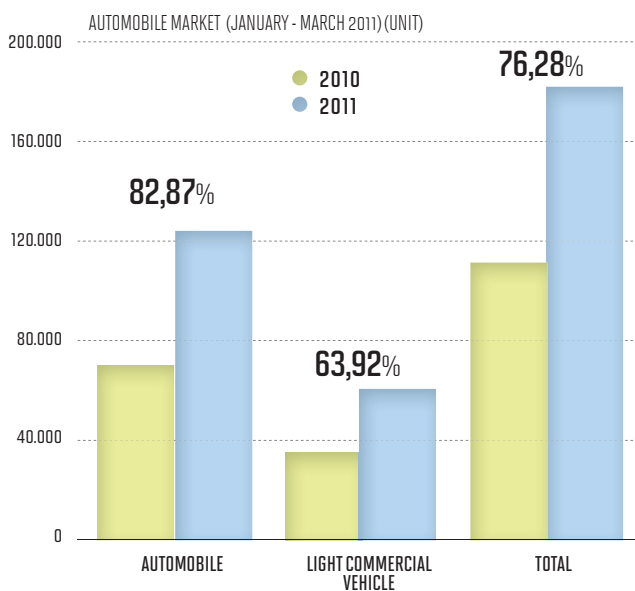


# Figures

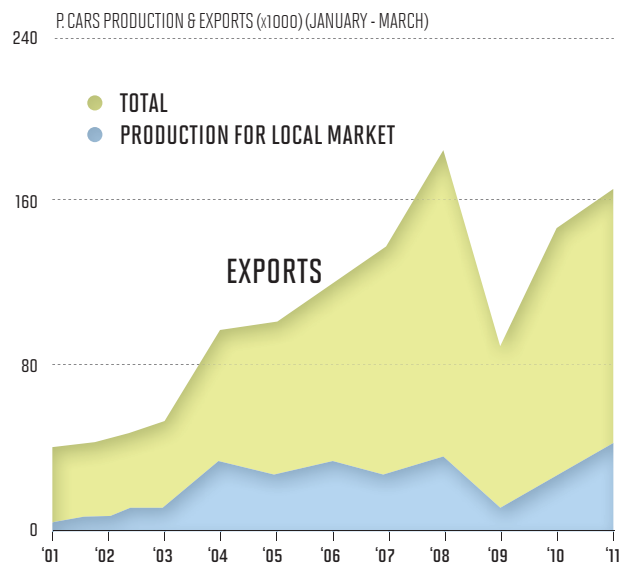
AUTOMOTIVE, COMPETITIVE INDEX

## AUTOMOBILE SECTOR PUT ON FULL SPEED TOWARDS ITS EXPORT TARGET

Having increased its exports by 16% to 17.38 billion dollars last year, the automotive sector aims to raise its exports to around 22-23 billion dollars this year. The sector's progress in the local market and exports is expected to continue through next year.



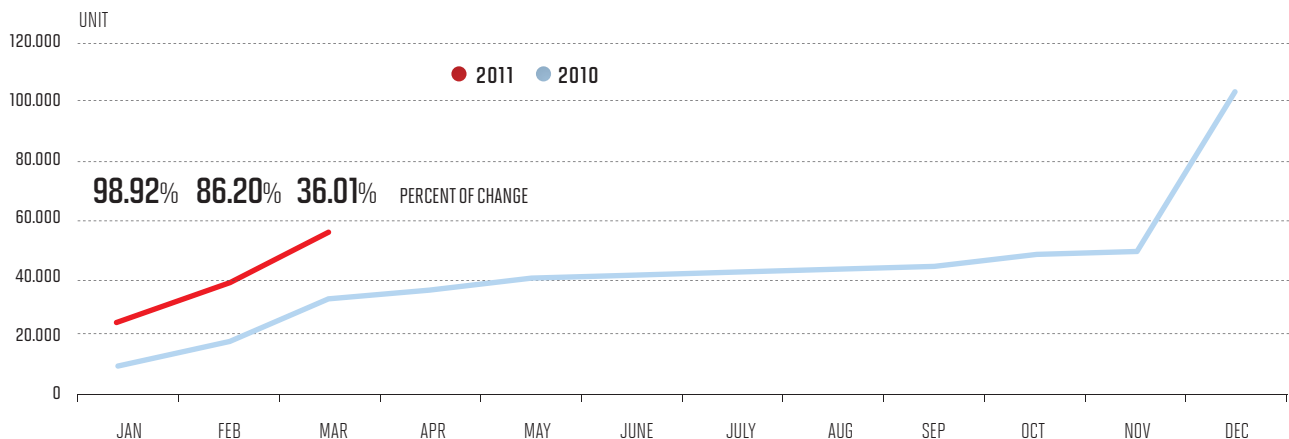
Data: TURKISH AUTOMOBILE DISTRIBUTION ASSOCIATION



Data: TURKISH AUTOMOBILE MANUFACTURERS ASSOCIATION

## MONTHLY DEVELOPMENT OF THE AUTOMOBILE MARKET – 2011

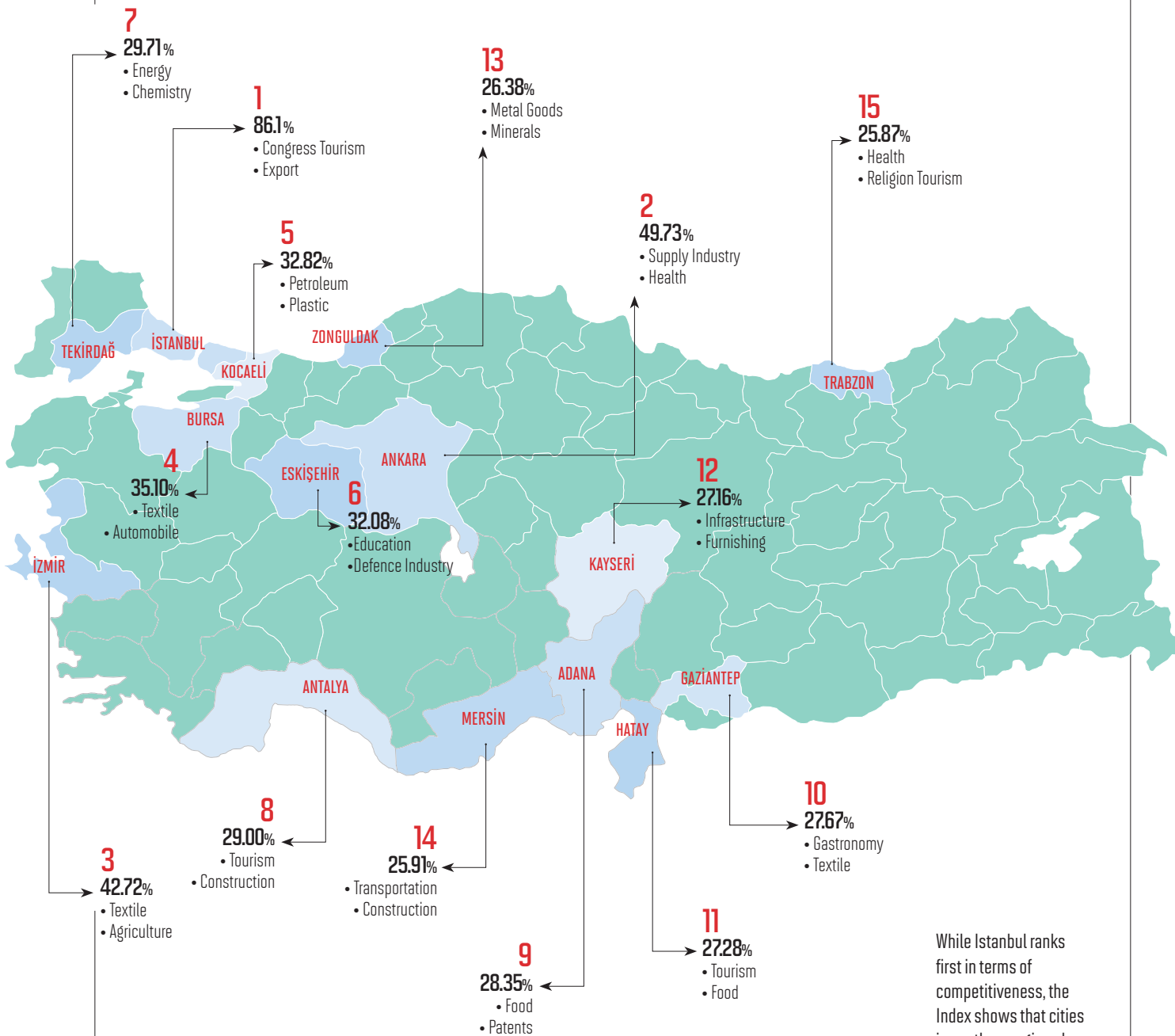
The automotive sector, Turkey's leader in exports, is quickly approaching its 75 billion dollar exports target for 2023. The sector raised the 1.10% increase in exports it had in the first two months to 1.15% in March.




Data: TURKISH AUTOMOBILE DISTRIBUTION ASSOCIATION

## INTER-PROVINCIAL COMPETITIVENESS INDEX

The third term results of the International Institution of Competitiveness Researches (URAK) Inter-Provincial Competitiveness Index (2009-2010), which quantifies the relative competitiveness of Turkey's 81 countries and is the only index of its kind published annually on a consistent basis, was presented to the public at the Istanbul Stock Exchange. Here are the most competitive cities and the main sectors they stand out with.



While Istanbul ranks first in terms of competitiveness, the Index shows that cities in southern regions have also exhibited great improvement

A STAR ALLIANCE MEMBER 

More than 170 cities to fly to  
for Berbatov and Anderson

Best of  
entertainment  
for Park

Globally awarded  
cuisine for Giggs

Full flat-bed seat  
for Van der Sar

*A Business Class for Stars.  
(Also for business stars.)*



**TURKISH  
AIRLINES**



OFFICIAL PARTNER OF MANCHESTER UNITED

turkishairlines.com

**globally**<sup>1</sup>

**yours**<sup>2</sup>

**Soci** **Ally**<sup>3</sup>

**yours**<sup>4</sup>

Keep on following us.

<sup>1</sup> [twitter.com/turkishairlines](https://twitter.com/turkishairlines)

<sup>2</sup> [facebook.com/turkishairlines](https://facebook.com/turkishairlines)

<sup>3</sup> [youtube.com/turkishairlines](https://youtube.com/turkishairlines)

<sup>4</sup> [flickr.com/turkishairlines](https://flickr.com/turkishairlines)

[turkishairlines.com](http://turkishairlines.com)

*Globally Yours*

**TURKISH  
AIRLINES**

