

YOUR COMPLIMENTARY COPY

The Turkish Perspective

SEPTEMBER-OCTOBER 2011 ISSUE 6

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

EXCLUSIVE INTERVIEW

Ali Babacan, the Deputy Prime Minister of Turkey, assessed the decoupling of Turkey from the crisis in the EU and US for The Turkish Perspective



READY FOR THE CHALLENGE

While the US and Euro Zone struggle amid financial turbulence and debt crisis, Turkey's healthy glow carries it to the premium class of the emerging markets

BRIEFING

International hotel chains look for more places in Turkish market

SPECIAL REPORT

Turkey is aiming to become a regional power in the manufacture of defensive products and technologies

BRANDS

Dreaming outside the box





Contents

05 FIRST

- 05** | Focus on Exports in Turkey's Strategy
- 06** | Turkish Airlines Transports Aid to Africa
- 07** | Fighting Hunger In Somalia
- 08** | The "A" Team
- 10** | Economic Coordination Council
- 11** | Growing More than Anyone Else



34 COVER

READY FOR THE CHALLENGE

While the US and eurozone struggle amid financial turbulence and debt crises, Turkey's healthy glow carries it to the premium class of the emerging markets

12 PANORAMA

NEW PRIORITIES IN A NEW ECONOMIC ERA

Turkey's economy is entering a new era with the fairly significant advantages provided by the normalization and recovery it underwent over the past ten years



14 BRIEFING



14 | WHEN THE PASSENGER IS BOSS...

Turkish Airlines earned the titles "Best Airline Europe," "Best Airline Southern Europe" and "Best Seats in Premium Economy Class" in Skytrax 2011 World Awards

19 | BATTING WITH THE GLOBAL GIANTS IN TOURISM

On the rise with its growing economy, Turkey is a mouthwatering prospect for investors for its touristic potential

22 | CREATING WEALTH FROM THE SOIL

Turkey which ranks seventh among the largest agricultural producers moves towards top five

24 | SNIPS AND SNAILS: EXPORTING EXOTIC EDIBLES

Entrepreneurs selling products not typically consumed domestically

25 | STEEL MANUFACTURING STRONG AS EVER

Despite fears of a double-dip recession in the global economy, the steel sector exhibited significant

27 | TURKEY FULL SPEED AHEAD

Maritime commerce is to be one of the greatest playing cards that Turkey, will have with regard to its goals for the year 2023

29 | ON THE INVESTMENT OFFENSIVE

A new but rapidly growing industry in Turkey is attracting global interest while creating new employment opportunities for the young population

31 | FOCUSING ON REGIONAL LEADERSHIP

İnci Akii is building its vision entirely on being a leading player



40 INDEPTH

46 | OVERCOMING A DEPENDENCY TO IMPORTED DEFENSE EQUIPMENT

Turkey is aiming to become a regional power in the manufacture of defensive products and technologies

50 | STAMPING "MADE IN TURKEY"

World's ready-to-wear clothing brands are produced in Turkey. "Made in Turkey" badge constitutes a guarantee

54 BRANDS

54 | DREAMING OUTSIDE THE BOX

A journey which began with working in a TV channel turned Dreambox into a prestigious brand in the digital platform

57 | DRAWING STRENGTH FROM THE PAST

The diamond company Ariş Pırlanta is taking innovative steps to grow both in Turkey and in the world market

59 | A TURKISH TOUCH IN THE OFFICE

Having gained momentum following industrialization in Turkey, the office furniture sector is expanding its share in the whole and increasing its export figures

62 | WELCOMING GUESTS IN A MODERN-DAY PALACE

Ela Quality Resort Hotel, which is considered one of the world's top 99 hotels, presents historical tradition with modern day comforts



COUPLING MEASURES DECOUPLING ECONOMY

Deputy Prime Minister Ali Babacan evaluated the global turmoil arising from eurozone and the US and told about how Turkey has been prepared for the challenges, for The Turkish Perspective



64 | A NEW HORIZON IN CULTURAL TOURISM: THE ZEUGMA MUSEUM

With the Zeugma Museum, one of the world's largest mosaic museums, Gaziantep has opened its doors to millions of visitors.

66 | A REAL ESTATE CONSULTING FIRM FAVORITE

Turkey's allure for international real estate consulting firms is as captivating as ever



68 AGENDA

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

70 FIGURES

FOREIGN DIRECT INVESTMENTS IN THE FIRST HALF OF 2011

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 ÇIKRIKÇIOĞLU PhD, ALİ NEDİM GÜRELİ, AHMET KELEŞ, TEMEL KOTİL PhD, ŞAHİN OKTAY, TAHSİN ÖZTİRYAKİ

PUBLICATION MANAGEMENT

PRESIDENT
SERKAN ÜNAL

GROUP COORDINATOR
MEHMET MÜCAHİD DEMİR

COORDINATOR
BAHA YILMAZ

FINANCE COORDINATOR
SELİM KARA

EDITORIAL

EDITOR IN CHIEF
SERDAR TURAN

EDITOR
CEYHAN AKSOY

REPORTERS
AYŞEGÜL SAKARYA, AYŞEM KAMACI, F. EMRE YILMAZ, CİHAN DAĞ, GAMZE GÖREN, NESRİN KOÇARSLAN, CAN GÜRSU, 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
CAN FUAT GÜRLESEL

PRINTING

BİLMET MATBAACILIK BÜLTÜR BAŞIM YAYIN VE HİZMET A.Ş.
DUDULLU ORGANİZE SANAYİ BÖLGESİ 1. CADDE NO: 16,
ESENKENT - ÜMRANİYE 34476 - İSTANBUL
TEL: (0216) 444 44 33 • www.bilmet.net.tr

INFOMAG
YAYINCILIK

CONTACT
ttp@infomag.com.tr
www.infomagyayincilik.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)

TURKEY: A STORY OF DECOUPLING

As developed economies wrestle with serious debt problems, insufficient fiscal measures, and lack of growth, Turkey is heading toward a positive divergence

THE GLOBAL ECONOMY IS trembling in the face of the danger of a new crisis. The effectiveness of the monetary and fiscal policies implemented after the 2008 crisis had been debated hotly at the time. Although economists who had commented that the measures taken after the crisis would be temporary were labeled as being negative, the point we have reached today proves how right they were.

Unfortunately, the measures implemented were rather insufficient. Neither the USA's nor the EU's economy has grown to desired levels. Significant improvement in employment rates has not occurred either. Expectations are being concentrated in the direction of these two global poles entering long-term stagnation. Likewise, the US Federal Reserve has announced that it will keep interest rates at a low level until mid-2013, signifying the projected duration of this stagnation.

As developed economies wrestle with serious debt problems, insufficient fiscal measures, and lack of growth, we note that Turkey is heading toward a positive divergence in this process.

Turkey is not dealing with the problems developed countries are facing and struggling to solve. Turkey has no issue with extreme debt, nor is it worried about speeding up a slowing economy. To the contrary, the Turkish economy entered a rapid process of recovery following the 2008 crisis. Growing 8.9% in Q10, Turkey achieved a record growth rate of 11% in the first quarter of 2011. Now, Turkey is trying to cool its economy with healthy steps in

order to be affected less by the breeze of the crisis occurring in the rest of the world.

Turkey's exports grew 12% in 2010 to reach 114 billion dollars. The rate of growth in exports over the first seven months of 2011 exceeded 20%. We expect it to exceed 135 billion dollars by the end of the year.

Following the measures taken by the Central Bank, in the case that developments occurring in the currency exchange rates remain permanent, they will reflect positively on Turkey's exports while also balancing imports, thus providing an opportunity to bring the current account deficit problem under control.

The most recent results of the exporter tendency survey conducted by the Turkish Exporters Assembly on more than 1,000 companies show that Turkish exporters maintain their positive expectations for the upcoming term. According to the results of the survey, 45% of exporters expect their exports to increase in the third quarter of the year, while 33% predict they will remain the same.

Turkey's positive short-term appearance continues. Together with this, Turkey is moving with a more mid- and long-term perspective in taking steps to accelerate structural transformation in the economy. Turkey is quickly escaping the status of a hot money paradise with the changes the Central Bank made to its policies. Because of this, currency exchange rates are reaching levels that are more competitive.

Competitive currency exchange rates at levels that won't constrict the domestic market will direct industrialists

toward exporters, facilitating a reduction in imports and an increase in exports.

Turkey is now supporting exports and production more. Investments to be made to support the production of high value-added, cutting-edge products that will be manufactured in Turkey for the first time ever and investments that will produce critical raw materials will be incentivized specially with the "special investments incentives" arrangement with no discrimination between local and international investments.

Turkey is shifting its industries and exports from low- and medium-technology products to medium- and high-technology sectors.

These sectors are being incentivized actively and are supported via the incentive policies implemented by the government.

With the acceleration of this process, Turkey will shift more toward value-added production and exports, thus coming closer to the goals it set for 2023, which are becoming the world's tenth largest economy and realizing 500 billion dollars' worth of exports.

Other than the economic agenda, in the political agenda we are following the creation process of a new constitution. Turkey, which is a source of inspiration with the democratic culture it possesses, now has before it the goal of creating a new constitution. Having adopted for itself a vision of becoming the world's tenth largest economy and a centrally important country with regard to its goals for 2023, Turkey will reach the goals it has via the new steps it will take in democracy and its brand new, constitutional process.

We, as TIM, have always emphasized that one of the most important priorities of Turkey, which is changing and moving step by step toward becoming a global country, is a new constitution. Therefore, we are ready to provide every kind of support and advice required for this new constitutional process.



“We are running 79 countries from Istanbul and we are enjoying the dynamism, diversity, and availability of high quality work-force.

These attributes and more, we believe, represent big potential for Turkey, in the way of development through effective use of technology, as well as becoming a software and services provider to other countries, particularly the EU. Microsoft Turkey will be there to support economic development and capacity building.”

Microsoft® Jean - Philippe COURTOIS, President of Microsoft International,
Senior Vice President of Microsoft Corporation

INVEST IN TURKEY

- A population of 74 million, half of which is under the age of 29
- Approximately 500,000 students graduate annually from more than 150 universities
- Around 26 million young, well-educated and motivated labor force
- Highly competitive investment conditions
- A country with unique R&D incentives and tax deductions
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa
- 17th largest economy in the world (IMF-WEO, 2010)
- 15th most attractive FDI destination for 2008-2010 (UNCTAD World Investment Prospects Survey)
- Fastest growing economy in the world with an impressive GDP growth rate of 11% in the first quarter of 2011

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



**YOUR ONE-STOP-SHOP
IN TURKEY**

invest.gov.tr

Content: Turkish Airlines Transports Aid To Africa **P6** The Five Stars of Turkish Exports **P6** Fighting Hunger In Somalia **P7** Business Class Privilege At 12th Istanbul Biennial **P7** Paper Industry To Create 35 Billion Euros in Value Added **P7** Stronger in Africa **P7** The New Cabinet **P8** **Editor:** Ceyhan Aksoy

First

PHILANTHROPY, EXPORTS, TENDENCY SURVEY, GOVERNMENT, TOURISM, AVIATION...



TIM became the first delegation Prime Minister Recep Tayyip Erdoğan accepted after the formation of the new government

FOCUS ON EXPORTS IN TURKEY'S STRATEGY

The primary outcomes of the 2023 Export Strategy that TIM began in all sectors are in the new government's program

FOLLOWING THE elections on June 12, Prime Minister Recep Tayyip Erdoğan attended the Turkish Exporters Assembly (TIM) General Council meeting. TIM later became the first delegation he accepted after the formation of the

new government. TIM President Mehmet Büyükekşi, who wished success to the Prime Minister and the new government, presided over the visiting delegation. The visit was highly important not only for TIM, but also for the future of

Turkey's economy. Emphasizing the significance of the newly established ministries and the Undersecretariat for Foreign Trade joining the Ministry of Economy in his speech, Büyükekşi said, "We embrace the inclusion of the primary

outcomes of the 2023 Export Strategy that TIM began in all sectors in our new government's program with pleasure."

Highlighting the importance of a competitive currency exchange rate that would not constrict the

domestic market in its meeting with Prime Minister Erdoğan, the TIM delegation also discussed such matters as the ratification of the Eximbank Law and the bank's being moved to Istanbul, having exporters take advantage of the sources created

in the export of food to Libya, and bringing flexibility to employment. Also discussed was the provision of “special investment incentives” to investors for high value-added, cutting-edge technological products that will be produced in Turkey for the first time ever as part of the Input Supply Strategy (GİTES), which is being coordinated by the Ministry of Economy with the aim of supporting exports at the manufacturing stage. Büyüktürkş expressed the importance of these matters with the following: “We find it extremely important in terms of the development of our country’s long-term competitive power for Turkey to move toward 2023 with a vision.”

A short while after this speech, it became understood once more that Turkey is moving with a vision toward 2023 and has made this issue a priority. The decisions taken by the economic administration assembled under the leadership of Prime Minister Erdoğan constitute the building blocks of the export-focused competitive economy. Considering the strong political stability and strong macroeconomic fundamentals it is based on, developments occurring in global economies are not expected to have lasting negative effects on the country, but Turkey remains cautious. Detailed in the Medium Term Plan,

which will encompass the 2012-2014 period, the economic administration’s priorities are listed as below:

- Fiscal discipline will be upheld and bolstered in the upcoming term
- Action plans concerning the improvement of the investing environment will continue being applied
- Employment-increasing policies will be continued
- The struggle against the shadow economy will continue and the privatization program will be applied decisively
- Work on the Export-Oriented Manufacturing Strategy, Input Supply Strategy, and Export Markets Diversification Strategy will be completed
- Efforts for Istanbul to become an international financial center will be expedited
- Steps geared toward reducing foreign dependencies in energy will continue
- Programs directed toward developing R&D and innovation will be applied actively.

PHILANTHROPY

Turkish Airlines Transports Aid to Africa

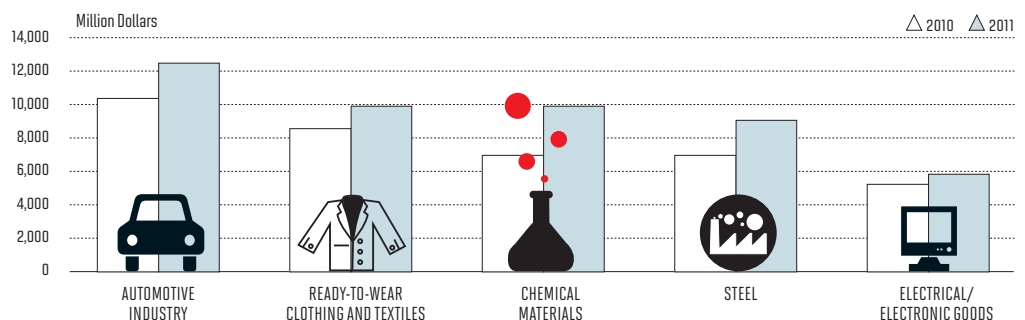


TURKISH AIRLINES is continuing to take important steps as part of its commitment to social responsibility. On Monday August 8 and Thursday August 11, the company transported close to 115 tons of Turkish Red Crescent, Presidency of Religious Affairs, and Turkish Cooperation and Development Agency (TİKA) aid materials to the needy in Somalia on three Turkish Cargo planes. Sent with Turkish Airlines support, these aid packages will

be distributed to people in the Somali capital, Mogadishu, bringing smiles to the faces of 1,500 families. Among the 115 tons of aid were baby food, powdered milk, baby crackers, chickpeas, lentils, rice, dried beans, sugar, oil and salt as well as toys sent by concerned Turkish children for their counterparts in Somalia. The company continues to support efforts to bring aid to the needy in Somalia via Turkish Airlines and Turkish Cargo.

THE FIVE STARS OF TURKISH EXPORTS

Automotive led the pack of sectors making the most exports in the January–July 2011 period. It is followed by ready-to-wear clothing and textiles, chemical materials, steel, and electrical/electronic goods.



Data: Turkish Exporters Assembly

AVIATION



STRONGER IN AFRICA

The existing Free Sale Codeshare agreement between Turkish Airlines and Ethiopian Airlines (ET) has been expanded to allow access to eight points in Africa beyond Ethiopia. Under the agreement, tickets bearing the TK flight code can now be sold to eight destinations in Africa to which Turkish Airlines currently does not fly but have been added through the agreement via Addis Ababa, the Ethiopian capital.

FORESTRY PRODUCTS

35 BILLION EUROS IN VALUE ADDED BY 2023

In Turkey, whose net waste paper usage rate is 71.1%, the net rate of waste paper recycling is 41.8%. While amount of exported waste paper was 73,500 tons in 2010, from January to February 2011 alone, it totaled 27,200 tons. Erdal Siikan, President of the Pulp and Paper Industry Foundation says they will create an added value of 35 billion euros.

SOCIAL RESPONSIBILITY

Fighting Hunger In Somalia

TIM, which has pioneered several aid campaigns for disaster victims in various parts of the world, has made a call to battle hunger in Somalia



THE ECONOMIC difficulties wreaking havoc on the entire world are not always limited to financial crises. In recent months, the US and Europe have been trying to cope with financial issues, but elsewhere in the world, there are people who experience economic difficulties on a gut level. The continent of Africa is again in global headlines with the hunger problem it was once closely associated with. The United Nations warned of a "hunger epidemic" in Somalia, while in August, news emerged that 300,000 children came face to face with death due to starvation.

Non-governmental organizations and professional associations in Turkey are, of course, well aware of this situation. The Turkish Exporters Assembly had provided great support to disaster victims of the tsunami in South Asia and the flood in Pakistan with the

campaigns it launched, and now, it has begun an aid campaign to help hunger-ridden Somalia in kind and in cash. Explaining how the campaign emerged, TIM President Mehmet Büyükekşi said, "Today, millions of people in Africa, mostly children and especially in Somalia, are wrestling with hunger caused by drought. In these days in which we share the fecundity of the month of Ramadan, we organized an aid campaign jointly with the Red Crescent for Somalia." TIM led the campaign, to which over 50,000 exporters were invited to join, with a 500,000 TL contribution. This invitation is not, of course, for exporters alone: anyone who pleases can participate via SMS. Each message sent from any operator to 2868 and containing the body text "TIM" will provide 5 liras in support to the region, meeting the dietary needs of one person for one day.

AVIATION



BUSINESS CLASS PRIVILEGE AT 12TH ISTANBUL BIENNIAL

Ironically titled 'Untitled', the 12th Istanbul Biennial, which has been bringing leading figures in contemporary art to Turkey since 1987, is taking place this year at the Antrepo September 17 to November 13. But that's not all. Not content with mere Transportation Sponsorship of the event, Turkish Airlines, a major contributor to sports and the arts, is giving its Business Class passengers eager to witness the latest in contemporary art at the biennial — which features five joint exhibitions and 45 solo presentations — a chance to visit the Antrepo free of charge.



GOVERNMENT

THE "A" TEAM

After the general elections held on June 12, Prime Minister Recep Tayyip Erdoğan formed the new cabinet that will carry Turkey to a higher league



Prime Minister
RECEP TAYYİP ERDOĞAN

Erdoğan served as Prime Minister in the 59th and 60th Governments. In the 61st Government, he began his third term of post as Prime Minister.



Deputy Prime Minister
ALİ BABACAN

Babacan served as a State Minister in the 58th and 59th Governments. He was named Chief Negotiator in the negotiations conducted with the European Union. In the 60th Government, he served as Minister of Foreign Affairs. With the changes made to the government, he was brought to the posts of State Minister and Deputy Prime Minister. In the 61st Government, he is named Deputy Prime Minister.



Deputy Prime Minister
BEKİR BOZDAĞ

Bozdağ is named Deputy Prime Minister in the 61st Government.



Deputy Prime Minister
BÜLENT ARINÇ

Arınç served as State Minister and Deputy Prime Minister in the 60th Government. He is named Deputy Prime Minister in the 61st Government.



Deputy Prime Minister
BEŞİR ATALAY

Atalay, who was a State Minister in the 58th and 59th Governments, was brought to the position of Minister of Internal Affairs in the 60th Government. In the 61st Government, he is named Deputy Prime Minister.



Minister of Justice
SADULLAH ERGİN

Ergin, who was the Minister of Justice in the 60th Governments, continues his duties in the 61st government.



Minister of Family and Social Policies
FATMA ŞAHİN

Fatma Şahin was named Minister of Family and Social Policies in the 61st Government.



Minister of Science, Industry, and Technology
NİHAT ERGÜN

Ergün undertook the role of Minister of Industry and Commerce in the 60th Government. In the 61st Government, he is named Minister of Science, Industry, and Technology.



Minister of EU Affairs
EGEMEN BAĞIŞ

State Minister and Chief Negotiator in the 60th Government, Egemen Bağış is named Minister of European Union Affairs in the 61st Government.



Minister of Labor and Social Security
FARUK ÇELİK

Çelik was named Minister of Labor and Social Security in the 60th Government. With the changes made to government, he undertook the role of State Minister. In the 61st Government, he returned to the post of Minister of Labor and Social Security.



Minister of the Environment and Urban Planning

ERDOĞAN BAYRAKTAR

Bayraktar was previously the President of the Public Housing Administration (TOKİ). In the 61st Government, he is serving as Minister of the Environment and Urban Planning.



Minister of Youth and Sports

SUAT KILIÇ

Kılıç is named Minister of Youth and Sports in the 61st Government.



Minister of Development

CEVDET YILMAZ

Cevdet Yılmaz served as a State Minister in the 60th Government. In the 61st Government, he is named Minister of Development.



Minister of National Defense

İSMET YILMAZ

İsmet Yılmaz is serving as Minister of National Defense in the 61st Government.



Minister of Foreign Affairs

AHMET DAVUTOĞLU

Davutoğlu was named Minister of Foreign Affairs in the 60th Government. He continues his duties in the 61st Government.



Minister of Food, Agriculture, and Animal Husbandry

MEHMET MEHDİ EKER

Eker served as the Minister of Agriculture and Village Affairs in the 59th and 60th Governments. In the 61st Government, he is assigned the post of Minister of Food, Agriculture, and Animal Husbandry.



Minister of Culture and Tourism

ERTUĞRUL GÜNAY

Günay served as Minister of Culture and Tourism in the 60th Government. In the 61st Government, he continues his role as Minister of Culture and Tourism.



Minister of Forestry and Waterworks

VEYSEL EROĞLU

Eroğlu served as Minister of the Environment and Forestry in the 60th Government. In the 61st Government, he is brought to the position of Minister of Forestry and Waterworks.



Minister of Economy

MEHMET ZAFER ÇAĞLAYAN

Çağlayan served as Minister of Industry and Commerce in the 60th Government. With the changes made to government, he was brought to the post of State Minister. In the 61st Government, he undertook the role of Minister of Economy.



Minister of Customs and Commerce

HAYATİ YAZICI

Yazıcı was a State Minister and Deputy Prime Minister in the 60th Government. In the 61st Government, he has been assigned the role of Minister of Customs and Trade.



Minister of Finance

MEHMET ŞİMŞEK

Şimşek, who was the Minister of Finance in the previous government, continues his duties in the 61st government.



Minister of Health

RECEP AKDAĞ

Akdağ, who was the Minister of Health in the 58th, 59th, and 60th Governments, continues his duties in the 61st government.



Minister of Energy and Natural Resources

TANER YILDIZ

Yıldız served as Minister of Energy and Natural Resources in the 60th Government, a role he continues in the 61st Government.



Minister of Internal Affairs

İDRİS NAİM ŞAHİN

İdris Naim Şahin is named Minister of Internal Affairs in the 61st Government.



Minister of Education

ÖMER DİNÇER

Dinçer served as Minister of Labor and Social Security in the 60th Government. He is named Minister of Education in the 61st Government.



Minister of Transportation

BİNALİ YILDIRIM

Yıldırım, who was the Minister of Transportation in the 58th, 59th, and 60th Governments, continues his duties in the 61st government.

GOVERNMENT

ECONOMIC COORDINATION COUNCIL

The administration of Turkish economy is in the hands of the Economic Coordination Council, which is comprised of ministers who have significant experiences in their field

COUNCIL MEMBERS



COUNCIL CHAIRMAN

ALI BABACAN

Deputy Prime Minister



ZAFER ÇAĞLAYAN

Minister of Economy



CEVDET YILMAZ

Minister of Development



MEHMET ŞİMŞEK

Minister of Finance



NİHAT ERGÜN

Minister of Science, Industry and Technology



HAYATİ YAZICI

Minister of Customs and Trade



FARUK ÇELİK

Minister of Labor and Social Security

THE ECONOMIC COORDINATION Council (EKK) was formed to reduce the effects of the economic crisis that emerged in 2009 and to facilitate coordination in the management of the economy. The council is led by the Deputy Prime Minister responsible for the economy. Its meetings are attended by ministers involved with the economy, as selected by the Prime Minister. The EKK can invite participants from universities,

the private sector, and non-governmental organizations to its meetings when necessary. Furthermore, the council also has the authority to demand all kinds of information and documents on the state of the economy from public institutions and foundations. The EKK, whose primary mission is to follow and evaluate developments concerning economic stability, is also responsible for facilitating coordination in developing, applying,

and updating economic policies in such areas as money, credit, finance, treasury, debt, and income, as well as plans and programs. The council, which also carries out the task of following developments in the global and national economy, evaluating them, and conducting research when necessary, also assesses income-reducing or spending-increasing suggestions and carries out effect analyses on those deemed suitable.

EXPORTER TENDENCY SURVEY

GROWING MORE THAN ANYONE ELSE



According to the results of the tendency survey conducted by TIM in Q2 2011, exporters' expectations for the future are quite positive. According to the results of the poll, exporters will invest and support employment in Q3 as they did in Q2. Those believing the economy will turn negative by the end of the year are only 13%

TIM President Mehmet Büyükekşi says, "In spite of the negativities occurring in the EU, our exports to the area in the first 17 days of August increased by 40%. We will realize the general exports we planned for 2012 in 2011." Noting that the poll was conducted before the occurrence of the negative developments in the EU and the reduction of the USA's credit score, Büyükekşi says these developments will not change the results drastically. Exports

continued to grow at high rates—namely 40% to Germany, 33% to the UK, 46% to Italy, and 53% to Spain—over the first 17 days of August. Stating that the general exports planned for 2012 will be realized by the end of this year according to these indicators, Büyükekşi reminds that they planned the 2023 exports target according to a annual increase of 12% and in four-year segments, adding, "We are growing more than anyone; this is a great opportunity."

SOME RESULTS FROM THE POLL

- For the third quarter, 43.8% of exporters believe production will grow and 45.4% believe exports will grow.



Turkish exporters believe that the economy will improve in the next quarter of 2011

- While 66.1% of raw materials used by exporters in the second quarter came from local sources, the rate of companies that increased their electrical consumption was 53.5%.

- The top five countries exporters plan to enter in the third quarter were listed in order as Russia, Iran, the USA, Iraq, and Germany.

- Demand for external financing increased by 7% between the first and second quarters to reach 39%. Private banks were preferred most often.

- Approximately 40% of companies state they will request financing in the third quarter of the year.

- An approximately 50% increase in companies' needs for skilled employees like master workmen and technicians was observed in companies' staffing requirements.

- Exporters invested in modernization and capacity increases in

the second quarter at rates of 35.5% and 30% respectively. It is stated that in the third quarter, these percentages will be 30% and 27.5% domestically.

- Exporters expect the dollar and euro's rates against the lira to fall to 1.66 and 2.34 respectively by the end of the year, for which they also expect growth of 9.13%.

- Around 43% of companies believe industrial prices will rise, and around 48.4% believe agricultural goods prices will do so too.

- Among the primary issues being faced by exporters are energy costs, intermediary material and raw material prices, and tax costs. These have come close to rivaling the biggest issue of all, which is the currency exchange rate.

- Only 6.8% of exporting companies are publicly traded, and just 12.8% plan to issue IPOs within the next three years.

AVIATION

CRISS-CROSSING THE WORLD WITH OUR ROUTES

New routes and flights strengthen Turkish Airlines' flight network



TURKISH AIRLINES IS

continuing to strengthen its flight network. As part of this effort, the city of Dammam in Saudi Arabia become even closer to Istanbul when thrice-weekly flights are launched on December 17. Following its regular flights to Rome, Milan, Venice, Bologna, Genoa and Naples, Turkish Airlines has also started flying to a seventh city in Italy, Turin. The flights, which got under way on August 2, are run on Tuesdays, Fridays, and Saturdays.

Panorama



CAN FUAT GÜRLESEL

NEW PRIORITIES IN A NEW ECONOMIC ERA

Turkey's economy is entering a new era with the fairly significant advantages provided by the normalization and recovery it underwent over the past ten years



THE TURKISH ECONOMY HAS largely completed the stage of recovery and normalization it entered with the reform process that began in 2001. Now, it is entering a new era. Policy priorities and axes of development will differ in this new era as compared to the past. With the three-year medium-term program the government is preparing for, it will present its new goals and policy priorities soon.

The priorities of the ten-year policies applied following the economic crisis of 2001 can be listed as price stability, the establishment of public financial discipline and making public debt manageable, the strengthening of the banking and finance system, and increasing effectiveness in the goods and services markets. The most radical policy changes occurring in this period were the declaration of the Central Bank's independence, the targeting of inflation, and the initiation of a free currency exchange rate policy. The three most successful areas in which

new policies were put to practice in the past ten years were public financial discipline, the targeting of inflation, and the strengthening of the banking sector. Progress achieved in these three sectors contributed greatly to Turkey's exiting the global economic crisis with minimal harm.

Turkey's economy is entering this new era with the fairly significant advantages provided by the normalization and recovery it underwent over the past ten years. Due to the economic harm caused by the global crisis to developed and developing countries, its comparative position and the relative advantages it possesses are becoming more and more important for Turkey.

In this regard, the advantages that the Turkish economy has can be listed in three main groups. The first is the strong indicators of public finance and the financial system; the second is the rapidly developing domestic market; and the third is the presence of an expansive industrial production base. All three advantages

are in areas that received damage and became fragile during the global crisis particularly in developed countries; it is in these three areas that Turkey has come to possess relative superiority.

In light of its public budget and public debt indicators, Turkey is among the most financially credible countries in the world. The fiscal discipline practices that secure this credibility will continue to be the most important policy tool in the new era as well.

The banking sector in Turkey is also relatively superior in terms of capital adequacy, profitability, and the manageability of the risks it faces. The active controlling and supervision strengthening the banking sector will be continued in the new era too.

The second significant advantage Turkey takes with it to the new era is its dynamic and rapidly growing domestic market, which attracts asymmetrical interest to Turkey at a time when domestic demand and consumption in most developed countries have nearly come to a standstill. This asymmetrical interest is namely the interest that enriches Turkey's domestic market as other countries' domestic markets slow down.

A healthy and sustainable buildup is forming beneath the strong domestic market dynamics in Turkey. Turkey has entered a period of opportunity in which its ratio of people of working age to the total population is at its highest. This demographic structure leads to significant domestic demand. As urbanization in Turkey rapidly carries on, the momentum of urban transformation is added to this too. The middle class is both expanding and increasing its purchasing power as a result of the economic recovery and development over the past ten years and the proliferation of economic activities in Anatolian cities. The middle class has relatively low rates of debt and its access to financial resources is increasing quickly, while per-household consumption is also on the rise.

The third advantage the Turkish economy has is its industrial structure and manufacturing tradition, though it has faced increasing competitive pressure lately and is deficient in many ways. However, the inclination to withdraw from heavy industry that is present in many developed countries is not found in Turkey, although Turkish industry has its own competitive problems.

As the Turkish economy enters a new era with these advantages, it also has a number of significant structural problems darkened additionally by the recurrence of worries of stagnation coming with the global crisis. Among these problems are the high current account deficit, external dependency in energy, the low-technology manufacturing practiced by industry, low domestic thriftiness, and the rigid structure of the labor market.

The economy's priorities and axes of development in the new era are being formulated using existing advantages with the aim

of solving these structural problems, and there will be accordingly significant changes in the policies that will be put to practice.

The most important policy change in the new era will be in monetary policy, which tops the list of priorities. The Central Bank is moving from targeting inflation to targeting monetary issues to ensure stability in prices. As lower interest rates are being targeted in parallel to this, a Turkish lira subject to higher currency exchange rates or losing in value is also on the horizon. The bank will continue reductions as it follows global conditions in which interest rates have become imbalanced, and it will allow the Turkish lira to lose value only up to the threshold of inflation. Policies that will be applied in the new era to solve structural problems will be founded on a new monetary policy based on low interest and high currency exchange rates.

Measures geared toward fixing the structural problems in the economy will include shifting the manufacturing base in industry toward areas with higher added value and advanced technology, establishing production of capital goods and intermediary goods not currently produced in Turkey, and boosting the competency of traditional industry sectors once more.

In relation to these goals, important improvements will be brought to R&D incentives and investment incentives will be restructured to support diversity in areas crucial to the sectors. Alluring incentives with broader scope will be provided for investments in mid- to high-tech industry sectors, while improvements to the investing environment will be expedited to draw foreign capital investments.

Another priority in the economy will be bringing flexibility to the labor market, thus reducing labor costs for the traditional sectors and accelerating growth in employment. Measures relating to improving the labor market will be announced together with the employment

strategy document by fall at the latest.

The new monetary policy of the new era has been practiced for approximately the last two months. Lower interest rates and higher currency exchange rates will find their new balance in the fall after global uncertainties and risk-related fluctuations are resolved. New policies concerning structural priorities in the economy, on the other hand, will be announced with the medium-term program encompassing the 2012–2014 period. The new program will likely be announced to the public in October together with the budget plan for 2012.

In this new era, Turkey will manage to minimize the effects of both global fluctuations and stagnation while maintaining stability in prices and financial stability with the policies it prioritizes for solving its structural problems, moving on to a path of sustainable growth.



A healthy and sustainable buildup is forming beneath the strong domestic market dynamics in Turkey

Content: Rediscovering the Hidden Wealth **P17** Batting with the Global Giants in Tourism **P19** Snips and Snails: Exporting Exotic Edibles **P24** Steel Manufacturing Strong As Ever **P25** Turkey Full Speed Ahead **P27** On the Investment Offensive **P29** Focusing on Regional Leadership **P31** Fashion in September Is Something Else **P32** **Editor:** Ceyhan Aksoy

Briefing

AVIATION, AUTOMOTIVE, MARITIME, SERVICES, HAUTE COUTURE...



AVIATION

“The awards we receive show that we are on the right path,” says Temel Kotil

WHEN THE PASSENGER IS BOSS...

Turkish Airlines CEO Temel Kotil told The Turkish Perspective about the company's road to success, which has earned it the titles “Best Airline Europe,” “Best Seats in Premium Economy Class,” and “Best Airline Southern Europe” in Skytrax 2011 awards

BY CAN GÜRSU

THE MANCHESTER United - FC Barcelona match played in the US on July 30 was a focus of interest for soccer fans around the world, Turkish viewers

especially... One of Turkey's biggest companies, Turkish Airlines, was a sponsor of both teams, and Kobe Bryant—one of the company's trademark personalities

who has a sizable fan base in Turkey—made some penalty shots together with Turkish journalists at half-time. In other words, more than a tournament match, this was

a virtual Turkish Airlines tour de force. And nothing could have been more natural. Flying passengers from all over the world to their destinations with

maximum comfort and convenience, Turkish Airlines was recently voted the best airline in Europe, best airline in Southern Europe and best premium economy class airline by Skytrax, one of the most respected research and consulting firms in the aviation field. Given that the votes of passengers are the main factor in Skytrax's scoring system, this title is at the same time a key indicator of customer satisfaction. Known as the aviation Oscars, the Skytrax 2011 World Aviation Awards found their recipients in a ranking realized with the participation of 18.8 million passengers from 100 countries. Turkish Airlines' success, acknowledged by some 20 million passengers, was not limited to a single area either. In addition to earning the award for best airline in Europe, the airline was deemed worthy of other awards as well, among them three world seconds, including "Best Airline Catering" in Business, Premium Economy, and Economy Class. Having already garnered the awards for "Best Airline in Southern Europe" and "Best Catering Service in Economy Class" in previous years, Turkish Airlines' target now is to be among the best in the world.

Expanding its fleet and continuing to restructure in line with global needs, Turkish Airlines has further strengthened its bid by developing a quality and effective flight alternative through the brand new, long-haul aircraft it has added to its fleet. Making good use at the same time of Istanbul's position as a natural hub, Turkish Airlines offers attractive deals for a broad user profile through the connections and flight alternatives it provides.

Establishing its brand awareness with customers through the high-quality services it offers, Turkish Airlines has also captured global brand awareness through the many sponsorship and co-operation agreements it has signed with the likes of NBA star Kobe Bryant in basketball, Manchester United and FC Barcelona in soccer, and others in fields from art and culture to tennis. In other words, for Turkish Airlines, which is producing services and earning awareness at the global level, the goal of being best in the world could be closer than you think. Turk-

million passengers of different nationalities from 100 countries makes them especially important for Turkish Airlines. We are a company engaged in the transportation of passengers by air. Serving passengers lies at the heart of it. The passenger is our boss in that sense. And our boss's demands, expectations, satisfaction, and complaints shape us. We strive to provide the best possible service to our passengers. The awards we receive show that we are on the right path and motivate us.

Turkish Airlines was also named Best Airline Southern Europe in the Skytrax rank-

ing of 2009. We held on to that title in 2010 and were also deemed worthy of the award for third best airline in Europe.

We offer our passengers Turkish hospitality and Turkey's rich cuisine with the catering on our planes. We were also deemed worthy of a Skytrax award for our meals, which are prepared by Turkish Do&Co, a partnership between Turkish Airlines and catering company Do&Co. We were voted "Best in the World" for the catering service we offered in economy class in 2010. And in 2011, we earned the rank



ish Airlines CEO Temel Kotil told The Turkish Perspective about the airline's rise and its goals.

Was the road to winning Skytrax long and difficult? Could you tell us briefly?

We were deemed worthy of the awards for "Best Airline in Europe," "Best Premium Economy Class Seats" (for our Comfort Class seats), and "Best Airline Southern Europe" by Skytrax, a firm that inspects and ranks airlines.

The fact that our worthiness of the Skytrax awards was determined following a ten-month survey of 18.8

"It is very important that our passengers do not get bored while they are in the air, especially on long flights"

of second in the world in three classes, Business Class, Comfort Class, and Economy Class.

What were the decisive factors in your winning the award in your view?

We put the customer at the center of the business. We assessed passenger demands, satisfaction, and complaints, and we shaped all our activities around that framework. That is the basis of the business.

How did you succeed in satisfying customers of so many different profiles?

There are some things that

are the common expectation of everyone—man and woman, young and old, and Eastern and Western alike—without distinction. We tried to meet those common expectations in aviation as well.

It is very important that our passengers do not get bored while they are in the air, especially on long flights. For this we offer our passengers flying in all classes without exception an individual monitor and a digital film and music archive in our new cabins. Our award-winning catering is another cause for satisfaction. We have met our passengers' expectations by offering them a choice of white or red meat as well as vegetarian dishes.

Are you aiming to achieve another first by becoming a five-star airline or is hanging on to the awards you've already earned your top priority?

Holding on to our awards is not among our goals. Preserving the status quo would only take us backward. Our goal is to be a five-star airline. The awards we have received

Expanding its fleet and continuing to restructure in line with global needs, Turkish Airlines has further strengthened its bid

up to now motivate us along the path to that goal. But that's not our only goal.

What sort of return will there be on the awards?

People will want to fly on an airline that's been voted "Best in Europe" in a survey of 18.8 million people. When it comes to catering, passengers are also going to take into account that we came in second in three classes, namely Economy, Comfort, and Business. We are expecting those awards to contribute to sales.

Did the advertising agreements Turkish Airlines has signed with the world giants also have a hand in the awards?

We promote Turkey, Turk-

ish Airlines, and our products and services through our sponsorships. The two football clubs we sponsor, FC Barcelona and Manchester United, played in the Champions League final. You couldn't plan it in advance even if you tried, but it happened. Barcelona won that match, and Manchester United won the US Tour tournament match on July 30. But there was another winner as well: Turkish Airlines. Fans of those teams in different countries have begun to choose us. We can monitor that from the passenger numbers. Barcelona and Manchester United fans know that the teams they support choose Turkish Airlines. So they want to enjoy the same privilege and experience when they fly too. I believe that they also feel more sympathy towards us because we support their teams.

Is Turkish Airlines aiming to expand its activity in Africa through its new aircraft purchases?

Africa is an important region for us. At the moment we fly

to 17 locations in Africa.

We are going to start flying in Africa with the new Boeing 737-900(ER) planes to be delivered in the coming months. Despite being narrow-body aircraft, they can fly long-haul thanks to fuel tank reinforcement. This will contribute importantly to lowering fuel costs as well. The cabins on our 737-900(ER) planes have also been specially designed. We offer our passengers the best service with wide seat pitch and a next-generation in-flight entertainment system.

Human and commercial relations between Turkey and Africa have increased immensely in recent years. Here at Turkish Airlines, we too are in a position to boost our investment in Africa following analyses of profitability and passenger capacity in the region.

What are Turkish Airlines' primary goals from here on out?

There is no doubt that being Turkey's flag carrier and having the name Turkish Airlines gives us certain advantages in the market. In that context, our goal is to raise our position from fourth to third in the European market as soon as possible and to become one of the world's ten largest airlines by increasing our global market share to 2.5%. In terms of service quality, our target is to become a five-star airline.

In addition to earning the award for best airline in Europe, Turkish Airlines was deemed worthy of other awards as well, among them three second place awards for "Best Airline Catering" in the Business, Premium Economy, and Economy Class





AFRICA

Rediscovering THE HIDDEN WEALTH

The overlooked continent turned into a land of opportunity for a time, but this didn't last very long. How are Turkish companies maintaining their investments here?

BY MERVE KARA

P IOMAK, an engineering and infrastructure company from Turkey, was founded 20 years ago to design automation and machinery systems for industrial facilities. Being in a country—and region—with water problems, the company specialized in the water and wastewater field in recent years. The improving business environment and the acceleration of infrastructural investments in Africa, a place very familiar with drought, provided enough reason for the company to expand

there. “The events occurring in Somalia proved once again just how valuable water is for the country,” says Piomak Board Chairman Oral Avcı. The company, which ranks in the top five in the field of automation on the continent, has taken its first steps in the region with projects aiming to find a solution for Africa’s water issues. Among the projects Piomak signed on for are the electromechanical infrastructure of a wastewater purification plant in Uganda, Sudan’s first water automation system, and automation



South Africa’s gross domestic product is estimated to rise 3.8% in 2011 and 4.1% in 2013

Africa, one of the globe’s new investment destinations, maintains its status of being an important market for Turkey

systems belonging to a petroleum facility in Egypt. Oral Avcı points out that Piomak—which also conducts remote observation and maintenance of the facility in Uganda—has built many water purification, potable water pumping, and wastewater purification plants as well, including the construction work. He adds, “As the existing projects continue, new ones begin too.”

Africa, one of the globe’s new investment destinations, maintains its status of being an important market for Turkey. According to data from the Turkish Exporters Assembly, exports to the continent in February 2011 increased by 24.19% over February 2010, totaling 10.164 billion dollars. The approximately 24% increase in exports to North Africa shows that Turkish producers continue to have an interest in the region in spite of the chaotic atmosphere in Egypt, Libya, and Tunisia. “European firms’ high engineering and labor costs present significant advantages to us in terms of competitive ability,” says Avcı, adding, “At the same time, we can offer the procurement of goods and equipment from our country at much more reasonable prices than many of our rivals.”

For Turkish companies, the increase in the region’s consumption potential is as much a draw as infrastructural investments are. In recent months, Argelik, one of Europe’s largest producers of household appliances, bought the South African firm Defy, a local producer and a leading player in its field in Africa, and made a

speedy entry into the market. This move once again drew attention to the opportunities in the region. Arçelik has established 11 production facilities in Romania, China, and Russia in addition to Turkey. In 2010, it earned 6.9 billion Turkish Liras in sales. Its expansion to Africa via South Africa is regarded as an additional cornerstone in its growth strategy. According to analysts at research firm Frost & Sullivan, besides offering a diverse array of products and services, Arçelik will increase its competitive ability to expand to South Africa and East Africa with the momentum Defy's distribution channels will provide. The purchase has attracted attention not only to Arçelik's growth gambit, but also to South Africa's status as a gateway for companies wishing to expand to the continent. Frost & Sullivan analyst Jiaqi Sun indicates that South Africa, having recently entered the ranks of the BRIC countries (Brazil, Russia, India, and China) thanks to its continually develop-



"The events occurring in Somalia proved once again just how valuable water is for the country," says Piomak Chairman Oral Avcı

ing short-term debt market, the free trade agreements it signed, and the physical and telecommunication infrastructure it laid, will become an alluring market for direct investors. Meanwhile, according to sector analyst Craig Parker, personal consumption expenses are expected to grow by around 4.6% in 2011. Frost & Sullivan also forecasts that South Africa's gross domestic product figures will rise 3.8% in 2011 and 4.1% in 2013, predicting that the next three years will pass by quite smoothly.

Besides South Africa,

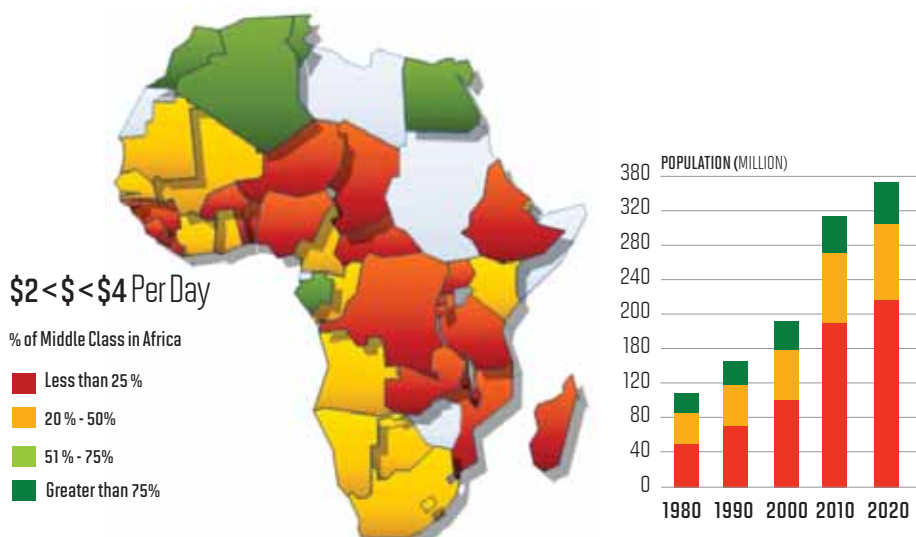
Angola and Mozambique offer significant opportunities in the region, too. Angola is growing with its mineral resources and the entry of direct foreign investment capital, while the rise in its household income is increasing demand in general. Therefore, the region harbors important opportunities for international companies wishing to use South African companies or South Africa as bases for expansion.

Despite all the opportunities Africa offers, however, some caution is advisable—the reverberations of the

economic unpredictability coming from debt-ridden Europe and America, the chief sources of financing in Africa, are being felt in the African market too. "As [companies] experience difficulties financing projects, they can leave even water-related projects of vital importance halfway through," says Oral Avcı. However, this situation does not itself place a barrier before Turkish companies doing business. "We direct our investments to Gulf Cooperation Council member countries where hot money is circulated more, particularly Qatar," he says, adding that efforts by countries in the council to transform the income they receive from underground resources into investments and development are ongoing and continually renewed. In the near future, Piomak will be transferring its African crews to the company it established in Qatar. Even if conditions in Africa take a turn for the worse, business and investments will carry on as usual.

GROWING OPPORTUNITY IN AFRICA'S MIDDLE CLASS

With the need for fundamental necessities and growing middle class, investing in Africa provides a win-win situation for both investors and the African population



- African middle classes are dominated by the "floating class," implying the constant risk of being plunged back into poverty
- Changing purchasing behavior: a preference for rice and wheat, the need for housing and education, public or private healthcare, and Internet access, to name a few
- Rural urban migration will drive domestic demand for household appliances

Source: Frost & Sullivan - African Development Bank 2011



TOURISM

BATting WITH THE GLOBAL GIANTS IN TOURISM

On the rise with its growing economy, diversifying tourism, and international culture, art, and sports events, Turkey is a mouthwatering prospect for investors for its touristic potential

BY CİHAN DAĞ

WE PRESENT A somewhat radical proposal for those who seek to determine a country's level of development solely using economic indicators: consider the number of hotels, particularly city hotels, found in that country. The presence of city hotels indicates not only the touristic potential in that country and its cities, but also its commercial, financial, and cultural potential. As the country becomes more integrated with the world, the number of foreign parties trading and

investing in the country will increase, and the number of international meetings held there will increase in direct proportion to the strength of its decision-making machinery. As a country gains more recognition worldwide, its cultural and historic accumulation becomes the focus of travelers, meaning the addition of more new hotels. If the country in question is Turkey, which has shaped world history and is located at the center of the planet's most fantastic geographical basin, then this potential

becomes much clearer. Our proposal is backed up by the number of conferences held in Turkey, increasing investments in hotels, and the number of people visiting the country.

IN THE TOURISM TOP TEN

Although it is located at the center at one of the world's touristic hotspots, until the 1980s, the number of hotels and beds in Turkey was extremely limited. Later, a different strategy was followed under Prime Minister Turgut Özal; hotel after hotel

There will be 28
international hotel chains
in Istanbul alone by 2013

was built along the Mediterranean coastline—in Antalya most of all—and work on the required infrastructure was sped up. The '90s were still, however, an infertile time in terms of tourism investments. From the 2000s onward, discussions began in the sector on what could be done to break free from the traditional touristic trio of sun, sea, and sand, and Turkey's touristic model thus began to change. A picture of a Turkey integrated with its region and the world, effective in international decision-making processes, and united with the world economy started appearing. This brought with it a great increase in the number of visitors coming to the country and the hotels that would welcome them. Having begun in the '80s and matured in the 2000s, this process allowed Turkey to rise to bat among the world's giants in tourism and earn a fair amount of money.

Turkey, which "stretches from Asia to the Mediterranean like the head of a mare," in the words of famed Turkish poet Nazım Hikmet, had a late start in tourism, but managed to catch up very quickly. While the average number of tourists coming to Turkey in the mid-'80s was 2 million annually, this figure hit 5 million in the '90s and 11 million in the early 2000s. According to data provided by the Ministry of Tourism and Culture, the number of tourists visiting Turkey annually reached 28.6 million in 2010, allowing the country to enter the ranks of the top ten in this category

worldwide. A similar trend can be observed in tourism revenues. Income from tourism, which was 11.9 billion dollars in 2002, exceeded 21 billion dollars in 2010 in spite of the global financial crisis. According to the Ministry's data, in the second half of the '80s, Turkey had an average bed capacity of around 100,000. In 2010, this figure was approximately 650,000.

According to Information from the International Congress and Convention Association, Istanbul, in which just 23 congress were held in 1999, hosted 80 in 2009 and 109 in 2010. Istanbul thus leapt ten steps at once in world rankings, rising from 17th place to seventh. In terms of attendance, Istanbul welcomed 10,000 delegates in 1999 compared to 46,000 in 2010.

INVESTORS HAVE THEIR EYES ON TURKEY

Turkey has come a long way since it initiated its tourism gambit in the 1980s. The emergence of its potential reflects on investments by both local and foreign parties. A number of factors influence Turkey's preferred status, namely the increase in direct flights and destinations thanks to local and foreign airlines, Turkish Airlines most of all; the increase in cooperation and joint ventures between large corporations due to the country being a center of attraction for foreign investors; the increase in the number of international congresses and conventions being held in Istanbul; the rise in the number of tourists due to such reasons as increasing integration with countries in the region, the popularity of Turkish television series, and the bilateral lifting of visas



with many countries; and the increase in international cultural, artistic, and sports events held in Istanbul. It is mainly for these reasons that international chain hotels are turning toward Turkey and Istanbul in particular.

Until 20 years ago, the only international hotel chain in Turkey was the Hilton. Unlike then, Turkey is now a country to which international chains are flocking en masse. According to data from the Directorate of Culture and Tourism of Istanbul Province, there are of 100 ongoing hotel investments in Istanbul alone. Investments in the 14 largest five-starred hotels total 1.7 billion dollars. There are currently over 20

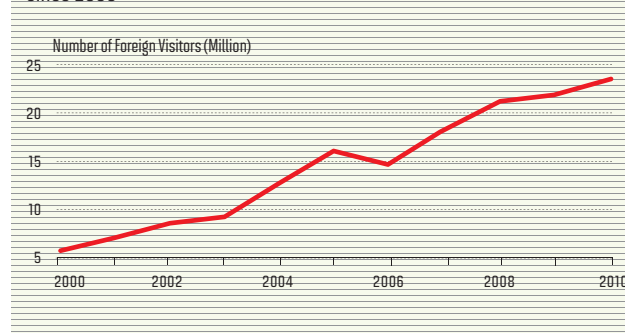
international hotel chains operating in Turkey, and it is said that many luxury hotel chains including Mandarin, Jumeirah, Shangri-La, Wyndh, and Raffles are planning investments too. According to a study conducted by the Touristic Hotels and Investors Association of Turkey, there will be 28 international hotel chains in Istanbul alone by 2013, resulting in an increased capacity of 15,000 beds spread between 71 hotels.

Multinational chain hotels haven't just accelerated their Investments in Istanbul, but also those in other cities like Ankara, İzmir, Bursa, Gaziantep, Denizli, and Adana. Not to be upstaged by the foreign competition, local investors have sped up their investments too: the likes of Dedeman, Rixos, and Limak have begun efforts to expand on a national and regional basis. Rixos, which has a total of 14 facilities located in Turkey and abroad and a bed capacity of nearly 12,000, has decided to expand especially in Turkey, the Middle East, and the Southeast Mediterranean. The Dedeman Group, on the other hand, as one of Anatolia's best-established and oldest chains, appears to have set its eyes on countries in the region. The Limak Hotel Group, which grew 35% over the past five years, is in search of hotels abroad as well. The road Turkey will follow in tourism is made even clearer by the fact that the likes of such groups as Akfen, Doğuş, Sönmez, Koç, Kibar, and Bayraktar have decided to invest in the hotel field.

So which regions and cities stand out investmentwise? Istanbul is the foremost choice for investors. While the Bosphorus and Pera regions stand apart from the rest, the vicin-

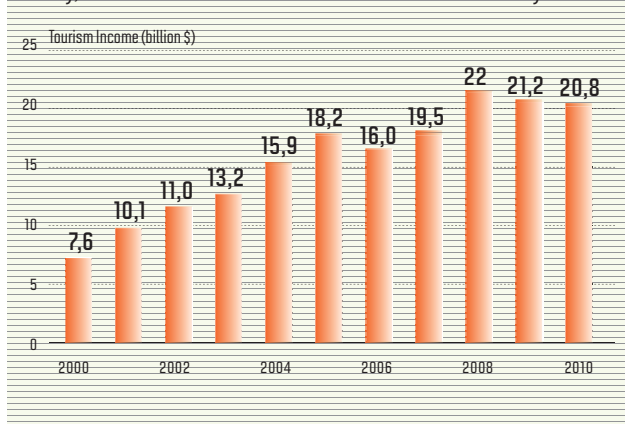
VISITING TURKEY

There has been a significant rise in the number of people visiting Turkey since 2000



TOURISM INCOME, 2000-2010

With increasing domestic and foreign investments in tourism industry in Turkey, total tourism income has increased 13.2% in the last ten years





Bodrum's in Our Sights

LEVENT GÜRCAY

Director of Marketing, Four Seasons

"Istanbul, which is at the very east of the West and the very west of the East, promises great potential in tourism... There is continually rising interest from the Middle East. There is also an increase in the number of tourists coming from the South America market. People come not just to see historic places but also to enjoy the city. They want to discover the fields of culture, art, design, and gastronomy and become familiar with local values. And investors have taken note of this rising interest.

In particular, the Bosphorus area is Istanbul's most valuable, beautiful, and attention-drawing location... In the coming future, I believe that the areas of Harbiye and Nişantaşı can develop too. The Four Seasons has positioned itself in the sector well. We are selective in investments and our strategic plans do not include much expansion. We invest only in places we believe will be successful. Although it is not yet certain, the new destination being considered is Bodrum."

YEAR ENTERING THE TURKISH MARKET

1996

NUMBER OF HOTELS AND LOCATIONS IN TURKEY **2** (Istanbul)

ROOM CAPACITY **235**

AVERAGE OCCUPANCY RATE 2010

80% - FOUR SEASONS HOTEL BOSPHORUS

75% - FOUR SEASONS SULTANAHMET



Competition Means Quality

CANGÖKTAŞ

Turkey and Bulgaria Regional Sales Director, Kempinski

"There was a very clear increase in the demand for Istanbul in 2010. There are many reasons for this. The direct flights begun by many domestic and foreign airlines, Turkish Airlines most of all; the increase in international congresses and meetings being held in the city; Istanbul's central position gaining great value economically; and the increase in social, cultural, and artistic activities are a few of these... We expect demand to be high in 2011 too. However, other cities in the world that experienced such a rapid increase in demand must be taken as an example, and in order to ensure lasting improvement, quality must not be compromised.

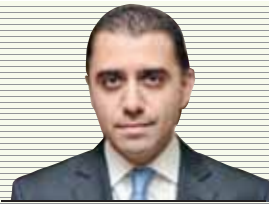
We expect new players to come to the sector and support this, because as competition increases, so does quality. The city becomes seen and recognized more often in the international arena. The vicinity of Atatürk Airport, the Levent-Maslak area developing with a focus on business travel, and Pendik are Istanbul's rising areas. We are involved especially with city hotels. We have Ankara and İzmir in our sights."

YEAR ENTERING THE TURKISH MARKET **1990**

NUMBER OF HOTELS AND LOCATIONS IN TURKEY **3**

ROOM CAPACITY **708**

AVERAGE OCCUPANCY RATE 2010 **70%**



Brand Value Is Increasing

ÖMÜR YEKER

Executive Assistant Manager, Grand Hyatt Istanbul

"2010 was a year in which positive results were achieved in terms of the tourism sector. We observe increases in all segments in 2011 too. We expect an increase particularly in the demand for meeting groups, conferences, and larger events. I think this trend will continue between 2012 and 2014.

Istanbul's brand value is increasing. We expect new investments with the occupancy rates in the city and the rise in the average price of the rooms sold. For the Anatolian side, I think investments will increase particularly in the Ümraniye region where business centers are concentrated, as well as the regions stretching out to Gebze, İzmit, and Kocaeli. Investments in the Sabiha Gökçen Airport area have reached a certain level of saturation. With the identity change under way in the city, new areas like Moda, Nişantaşı, Pera, Kasımpaşa, and Dolapdere are opening up for investment. The fear of "how could you put a hotel here" is being left behind. I also observe that there will be an increase in investments in the İkitelli, Yenibosna, and Basın Ekspres areas."

YEAR ENTERING THE TURKISH MARKET **1993**

NUMBER OF HOTELS AND LOCATIONS IN TURKEY **2** (Istanbul)

TOTAL ROOM CAPACITY

360 - GRAND HYATT ISTANBUL

90 - PARK HYATT ISTANBUL - MACKA PALAS



Hilton Speeds Up Investments

MICHAEL COLLINI

Vice President, Hilton Worldwide

We believe that Turkey, as a market with a key role among developing markets, offers exciting opportunities in very diverse market segments ranging from the most luxurious extreme of the sector to quality accommodation in the economy segment. In spite of this, there are very few international brands that can meet the demands of travelers in Turkey's regional centers and resort towns.

Our growth strategy in Turkey is to develop hotel projects in all the country's important cities, regional centers, and holiday resorts from the top down. While continuing to value large cities like Istanbul in this context, we also see significant potential for our brand in regional centers that have key roles. There are 13 hotels that we are currently developing in Turkey. We predict that the number of hotels we operate will be approximately two times the current figure within the next two years. In 2011, we plan to open 11 hotels, a record figure in our company's history in Turkey.

YEAR ENTERING THE TURKISH MARKET **1955**

NUMBER OF HOTELS AND LOCATIONS IN TURKEY **17**

NUMBER OF HOTELS RUN BY HILTON WORLDWIDE **11**

ity of Atatürk Airport, the business travel oriented area from Levent to Maslak, and Pendik are quickly gaining favor. The districts of Nişantaşı, Moda, and Üsküdar are also attracting much attention. Although Istanbul is the most popular city, investments in

Anatolia are also being sped up. Investments in cities with populations of over 500,000, Ankara and İzmir most of all, are noteworthy. Bodrum is also on the chains' radars; it is being said that The Address is seeking a location in Bodrum and that US-based beach club

Nikki Beach and luxury resort brand Viceroy are focusing on Bodrum. The Four Seasons is also considering Bodrum, though they have not yet committed to an investment.

Local and international hotel chains have developed an exciting appetite for invest-

ment in Turkey, and it seems that interest in the country will continue to rise with its growing economy, rapidly continuing integration into the world, and the attention it has attracted for the international cultural, arts, and sports events held in it.

AGRICULTURE

Creating Wealth From the Soil

Turkey which ranks seventh among the largest agricultural producers moves towards top five

BY CEYHAN AKSOY

ACCORDING to the OECD's report titled "Evaluation of Agricultural Policy Reforms in Turkey," which was released this year on April 29, Turkey is the world's seventh largest agricultural producer. It is a top producer and exporter of crops ranging from hazelnuts and chestnuts to apricots, cherries, figs, olives, tobacco, and tea. The agriculture sector, which occupies an important position in exports and domestic employment for the above reasons, continues to contribute positively to the economy in 2011 too. According to the export figures announced in July by the Turkish Exporters Assembly, the export of agricultural goods increased by 24.4% over last July, totaling approximately 1,365 million dollars. Despite the gross domestic product growing by 11% over the previous

year with fixed prices in the first three months of the year, the agricultural GDP rose by 4.1%, and in terms of current prices, the increase in agriculture was around 16.1%.

Indicating that Turkey's sound agricultural policy will not be content to stay at seventh place, Mehdi Eker, Turkey's Minister of Agriculture, says the goal is to have Turkey enter the ranks of the world's top five countries in the field. The aim is to raise Turkey's gross agricultural sales to 150 billion dollars in 2023. In light of the momentum achieved, this can be said to be a realistic target. Turkey's agricultural sales totaled 23 billion dollars eight years ago. With comprehensive efforts and concentrated support from farmers, exports now exceed 62 billion dollars. This year, farmers were given 6.5 billion liras as support in the form of cash. According to the

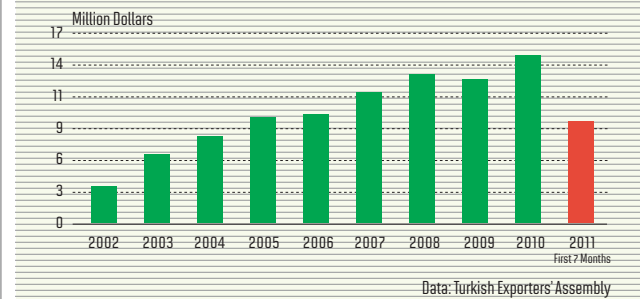
With comprehensive efforts and concentrated support from farmers, agricultural exports now exceed 62 billion dollars

OECD's figures, support given to farmers in Turkey was 35% of total farm income in 2007–2009, higher than the OECD average of 22%.

The export of tobacco and tobacco products rose alongside that of agricultural goods in July. Increasing by 33.8% over the same month last year, tobacco and tobacco products accounted for 57.5 million dollars in exports.

USING THE POTENTIAL

Between 2002 and 2011, the agricultural output has increased by four to five times in volume



THE REAL SOURCE OF FOOD

Analysis and statistics show that Turkey is one of the main suppliers of agricultural products especially fresh vegetables and fruit

6.6

Turkey's share in total global tomato production

7.4

Turkey's share in total global paprika production

4.5

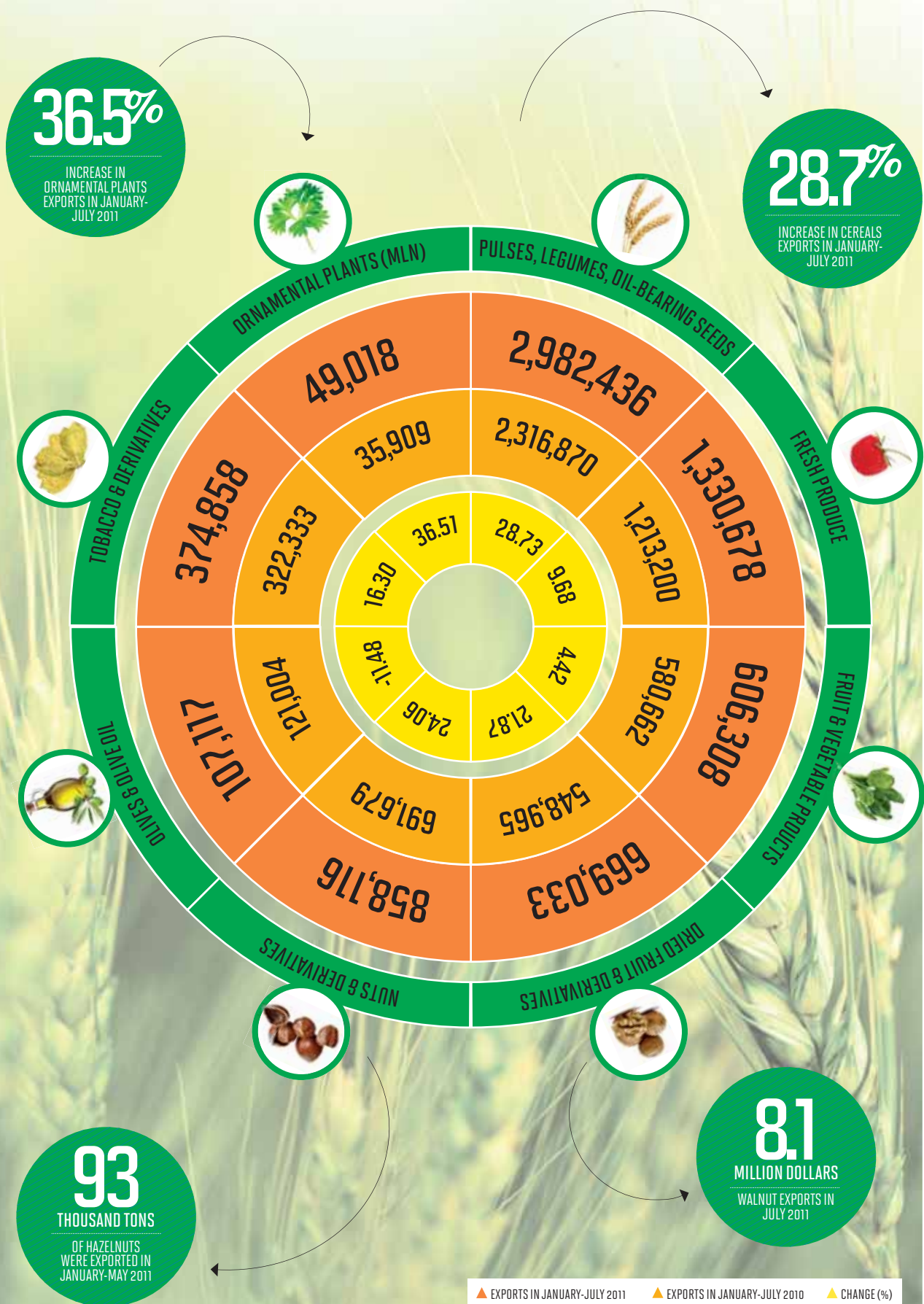
Turkey's share in total global water melon production

3.2

Turkey's share in total global onion production

30,000

hectars of greenhouse makes Turkey Europe's second largest greenhouse owner



AQUATIC & ANIMAL PRODUCTS

*Snips and Snails:***EXPORTING EXOTIC EDIBLES**

Entrepreneurs selling products not typically consumed domestically, in international markets are contributing to exports

BY AYŞEGÜL SAKARYA BY ŞEREF YILMAZ



TURKEY'S EXPORTS exceeded 77 billion dollars in the first seven months of 2011. Exporters wish to raise this figure to over 132 billion dollars by the end of the year, and they will do all that it takes to achieve this. By exporting such exotic goods as grasshoppers, seaweed, chicken feet, snails, and frog legs, exporters are making a name for themselves in markets abroad. There are almost no consumers for these products domestically, but interest for them is very high in a number of markets abroad.

The export of aquatic products alone has increased sixfold over the past ten years, reaching a volume of 352 million dollars in 2010

Group Sagun is one of the important exporters of frogs and sea snails. The company exports 180 to 250 tons of frogs and 300 to 400 tons of sea snails on average yearly. "We plan to raise our export of frogs to France, Italy, Switzerland, Greece, Lebanon, and Belgium by 80% in 2011. And for sea snails, we wish to raise them by 50%," says Group Sagun Board Chairman Tuncay Sagun. He adds, "Turkey is a country surrounded on three sides by water and possessing rich inland water resources. It also has a high catching and production capacity in this area. With the correct use of the resources and the placing of even more importance on marketing activities abroad, the potential for exports will surely rise." Sagun states that the export of these products, which occupy an important position in the country's economy, must be incentivized.

The upsurge in the animal products sector's exports has had a great effect in the increase in exports of such products as snails and frogs. In July, the sector increased its exports by 53% over the previous year, achieving a 120.99 million dollar figure. Additionally, its exports grew fastest out of all sectors in the January-July period and over the last twelve months. Sinan

Kızıltan, Chairman of the Aquatic and Animal Products Sector Board in the Turkish Exporters Assembly (TIM), says, "When we set an exports target of 1 billion dollars by the end of the year 2010 five years ago, many people saw it as being impossible to achieve. In spite of the global crisis, we managed to exceed the 1 billion dollar export target two months behind schedule. As of July 31, our yearly exports have reached 1.241 billion dollars."

The export of aquatic products alone has increased sixfold over the past ten years, reaching a volume of 352 million dollars in 2010. "In the first six months of 2011, our exports reached 219.991 million dollars. Considering this figure was 173 million dollars in the first six months of last year, a growth of around 30% is expected by the end of 2011," says Melih İşliel, Board Chairman of the Aquatic Products Promotion Group and Vice President of the Animal Products Exporters' Union. Close to half of the export of aquatic products—a 152 million dollar share—is made up of fresh and chilled fish like sea bass, tuna, and sea bream. The export of



MELİH İŞLİEL

Board Chairman, Aquatic Products Promotion Group

"By participating in international fairs in countries we determine each year, we as the Aquatic Products Promotion Group clear the way for new markets. In our sights for the coming future are countries like Hong Kong, the People's Republic of China, Ukraine, and Iraq."



SINAN KIZILTAN

Sector Board Chairman, Turkish Exporters Assembly and Animal Products Exporters' Unions.

"While reduced production in Greece and Italy increased Turkish exporters' strength in the European market, the increase of demand in the Middle East and Russia markets resulted in the increase of country and product diversity. The Ministry of Food, Agriculture, and Animal Husbandry's support for modern packaging and processing plants has also cleared the way for exporters."

filleted fish and frozen fish is also quite significant. Finally, the export of mollusks like octopus and mussels had a volume of 22 million dollars in 2010, equaling 6% of all aquatic product exports.

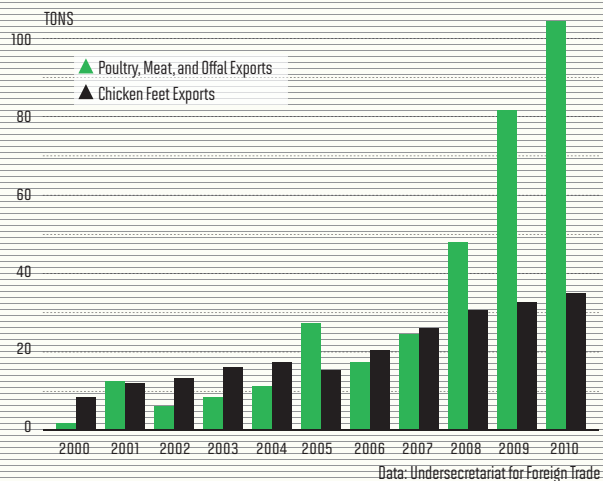
The Aquatic Products Promotion Group's activities have influenced this growth too. The group works to promote their goods in new markets by participating

in international fairs held in countries determined as targets every year and also to expand their volume of business in existing markets. So far, in 2011, it participated in fairs held in Russia, the United Arab Emirates, Belgium, Azerbaijan, and Iran. Plans are being made to find new markets in countries like Hong Kong, China, Ukraine, and Iraq in the near future. "At the moment, 25% of Europe's demand for sea bass and sea bream is met by the Turkish aquatic products sector. Our aim for the year 2023 is to attain 2.5 billion dollars in exports," says Sinan Kızıltan.

A similar leap forward has also occurred in the export of animal-based products. Between January 1 and July 31, 2011, 197.771 million dollars' worth of fowl meat was exported. In 2010, 38 million dollars' worth of chicken feet was exported to Vietnam, Hong Kong, China, and Thailand. Steadfastly determined to raise the volume of goods sent from Turkey to the rest of the world, exporters continue researching new possibilities.

EXTRAORDINARY EXPORT

Turkish exporters have discovered goldmine destinations for products not consumed in the local market



STEEL



STEEL MANUFACTURING STRONG AS EVER

Despite fears of a double-dip recession in the global economy, the steel sector exhibited significant growth performance in the first half of the year

BY GAMZE GÖREN

IT IS THE MOST fundamental element in the architecture and aesthetics of construction. It appears in the most ordinary of items and in the most exclusive design objects and products. We are talking about steel, the manufacturing of which will increase by 4.5% per annum 2010 through 2012 to reach 2.58 billion tons according to the World Steel Association. At a time in which debates on a double-dip recession in the global crisis have reignited, the steel sector ranks high among sectors that are spraying the flames burning in the markets with hope. Compa-

red to the first seven months of last year, the Turkish steel sector exhibited an 8.64% increase in the volume and a 31.06% increase in the value of its product, respectively reaching 10.7 million tons and 9 billion dollars' worth of exports. A growth of 21.3% also occurred in the production of crude steel. Turkey has thus become the country to increase its output the most among the world's 15 largest crude steel producers. Mustafa Çikrikçioglu, Chairman of the Turkish Exporters Assembly Iron and Steel Sector Board, says, "The Turkish steel sector is sufficiently strong to

position itself against external developments. Due to both our production capacity rising year by year with increased product diversity and our flexible market and manufacturing conditions, I don't think there will be a regression in exports in the second half of the year either," assessing the growth in the steel sector. The emphasis on the domestic market that came with 2009's economic crisis created a serious competitive environment, while the increase in exports is reestablishing balances in the sector. Dr. Veysel Yayan, General Secretary of the Turkish Iron and Steel Producers Association, highlighting the benefit of the competitive reflex developing in the sector, says, "The tough competitive conditions in our steel sector afford sector institutions to develop their competitive ability in the international market. It is important for building contracting companies to not overlook the competitive structure of the sector in order to make an objective evaluation."

Turkey has been—and will continue to be—discussed in world markets often for the high performance it achieved in steel manufacturing over the past ten years. The 2010 edition of the "World's Biggest Steel Producers List" prepared annually by Metal Bulletin proves how serious Turkey is in the steel sector. The list only features producers whose crude steel output in 2010 was at least 2 million tons. Five companies from Turkey entered the ranks of the world's top steel producers. Erdemir Group appeared 47th in the list with an output of 7.1 million tons. It was followed by Habaş as 72nd with 4.4 million tons, İçdaş as 76th with 3.6 million tons, Diler Group as 108th with 2.3



MUSTAFA ÇIKRIKÇIOĞLU

Iron and Steel Sector Board Chairman,
Turkish Exporters Assembly Sectors
Council

Working to be a net exporter

"The ratio of exports to imports in flat (steel) products, which was 25% until a few years ago, has now gone up to the vicinity of 60%. I think this ratio will increase every year, and within four or five years, in terms of the sector as a whole, we will become a net exporter, and we are working day and night for this to happen."



BÜLENT DEMİRCİOĞLU

CEO, Borusan Mannesmann Boru

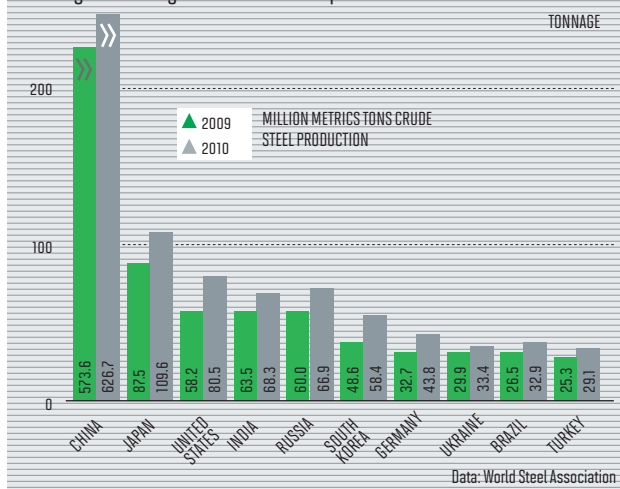
Big players contribute to growth

"The emergence of big players with the process of consolidation happening in our sector in recent years and the growth in scales, increase in capacity, and serious investments in technology are what brought this success to Turkey."



AMONG THE LEADERS

Turkey is now among top ten steel manufacturers in the world and is hosting the leading manufacturer companies



million tons, and Çolakoğlu Metallurgy as 110th with 2.1 million tons of crude steel production. Increases in the number of Turkish companies appearing in the list and the increase in rank of those already on the list are within the realm of expectation for the years to come.

Prices for products like steel form on international markets and depend on such factors as raw material costs, energy, currency exchange rates, and the production technology used. Lately, as with all traded goods, fluctuation in the supply and demand of steel has often been discussed. However, in recent days, the sector was cleared of rumors of price increases, emerging with a clean record from an investigation conducted by the Turkish Competition Authority. The Turkish Iron and Steel Producers Association emphasizes that fluctuation in the prices of raw materials and the final product in the steel sector are in accord with the global steel sector.

Meanwhile, with its "Input Material Supply Strategy," the government is aiming to reduce the sector's role in the budget deficit. Mustafa Çıkrıkçıoğlu notes that one of the causes for this is insufficient scrap metal production, one of the sector's main inputs to the budget deficit. The strategy outlined in the plan is aimed to supply more raw materials to the companies for lower costs, thus providing savings in the vicinity of 2.5 billion dollars against the budget deficit. Actors in the steel market have shut their ears to embellished global crisis scenarios and are going after lofty goals with the desire to take Turkey to the top ten with cooperation between the public and private sectors.



MARITIME SHIPPING

TURKEY FULL SPEED AHEAD

Maritime commerce is to be one of the greatest playing cards that Turkey, will have with regard to its goals for the year 2023

BY CAN GÜRSU

“WE NEED TO BE in an effort to use the marine potential we possess in the most successful and productive way,” said Turkish Exporters Assembly President Mehmet Büyükekşi as he began his speech at the meeting held in the Çanakkale Chamber of Commerce and Industry, where export figures for the month of July were announced. Maritime shipping is one of the most important sectors for Turkey, which aims for 500 billion dollars in exports in the year 2023. Around 90% of all trade in the world—71% of which is covered by seas—passes over sea. Turkey, with the advantage and strategic

positioning of being a country surrounded on three sides by water, is preparing to play a key role in this sector. According to the latest research, Turkey’s logistics sector had a size greater than 60 billion dollars in 2010. Together with its increasing foreign trade, Turkey is rapidly starting to rise in the maritime shipping sector despite being a latecomer to the game. The volume of shipping going by sea in Turkey, which was 118 million tons in 2000, has exceeded 246 million dollars according to the latest data. Having grown more than 100% in ten years, this volume raised Turkey’s rank among 30 countries to 15th place, and

the positive picture emerging appears not to have been overlooked by foreign investors.

Mediterranean Shipping Company (MSC), Maersk, Mars Logistics, and Yang Ming

Turkey is on the European Union’s maritime shipping whitelist, and it is also carrying out a very welcome move by easing the process for ships transitioning to the Turkish flag

With more than 100% growth in ten years, Turkey is rising in the field of maritime shipping at a rate far above the global average

Logistics (YML) are just a few of the many global companies that have set up shop in Turkey. Mars Logistics Seaborne Exports Director Ümit İşberk says, “The development of European routes and their rising significance have brought Turkey to a very good position,” adding, “All big firms except for one or two are operating in Turkey via their own agencies; they all assumed their positions previously.”

Today, UN Ro-Ro, which was established with the aim of bypassing problems in overland shipping in the Balkans that began with the breakup of Yugoslavia via seaways, conducts its operations that started in 1994 with just two ships with 13 ships and three routes.

The company has a shipping capacity of 35 km in vehicle length. It was bought in 2007 by Kohlberg Kravis & Roberts (KKR) and it continues to grow. With the Constanta, Romania harbor being made active, the company, for which the year 2011 appears to be going very productively, will order two more ships. The company is set to achieve the highest number of voyages in its history with 650 voyages by the end of the year, and it also aims to carry a record number of vehicles on one line this year, more than 110,000. UN Ro-Ro CEO Sedat Gümişoğlu says, “If there are difficulties Turkey could encounter in its exports, we want to play a role in overcoming them.” The company has already begun formulating ten-year plans toward its 2023 goals to supply Turkey with the contributions it needs.

Europe—to which Turkey sends 50% of its exports—has a significant share in Turkey’s exports for the year 2023. For this reason, ro-ro shipping is of

special importance for Turkey, which is competitive globally with the size of its truck fleet. UN Ro-Ro conducts 85% of its shipping via ro-ro vessels currently present in Turkey. Sedat Gümüsoğlu says shipping will increase by 100% in coming years and explains his reasoning as follows: "Because it is not possible to reach a foreign trade volume exceeding 1 trillion dollars by overland routes alone." One of the factors helping maritime shipping grow quickly as an alternative to land-based transport is international arrangements and policies. For example, although Turkey is a member of the Customs Union, the conveniences needed are not yet supplied to it in overland journeys to Europe. For trucks, the ability to bypass numerous countries to go directly to the destination country or close harbors known as hub points is very important.

Additionally, Turkey is on the European Union's maritime shipping whitelist, and it is also carrying out a very welcome move by easing the process for ships transitioning to the Turkish flag. Many ships that used to fly foreign colors are now moving over to the Turkish flag. "All of our ships have Turkish flags; there is no difficulty in transitioning to the Turkish flag," says Sedat Gümüsoğlu. All of UN Ro-Ro's 13 ships fly the Turkish flag.

For Turkey, which maintains its goal of becoming a regional power, the importance of maritime shipping was proved once again by a number of events happening recently. Turkish Maritime Assembly Chairman Erol Yücel states that the importance of maritime shipping stood out once again with the evacuation of Turkish citizens from Egypt and Libya during the turmoil in the Middle East, saying, "Even if you send a big plane, you can carry 250 people



"Turkish Airlines really turned Istanbul into a hub in recent years; same thing can happen in maritime shipping too" says Sedat Gümüsoğlu



le at most; but when you send a ferryboat to Libya, you bring back 2,500 people. Preparing to bolster its geographic position with investments in local and foreign ports, Turkey can cover great distances within a short time." Sedat Gümüsoğlu indicates that Turkish Airlines must be taken as an example in this matter, asking, "Turkish Airlines really turned Istanbul into a hub in recent years; why shouldn't the same thing be possible in maritime shipping too?" Many investors both local and foreign have come to the country for investments.

The presence of many big players among these investors draws attention. The Dubai Ports Authority bought land on the Gulf of İzmit with a capacity for 800,000 containers. The Afken and PSA Group partnership is continuing its work to expand the Mersin harbor. MSC has begun efforts to construct one of Turkey's biggest container harbors in Tekirdağ. Terminal de Contenidors de Barcelona (TSC) is continuing to build a container loading and unloading spot in Aliğa, İzmir. Having collected strength with the investment in its ports, Turkey is preparing to take a giant leap in its short-term plan.

The sector took a massive blow globally after 2009's crisis, and it is still occupied with licking its wounds. The sector in Turkey, one of the countries

least affected by the crisis, is being influenced much less by this economic bottleneck in comparison to the rest of the world. Thus, the local players active in the sector in Turkey are at least as important as foreign investors are. Ümit İsberk of Mars Logistics says, "As Mars Logistics, we foresaw the crisis in 2009 and invested in countries that were affected little, and we were thus affected less by the crisis and closed the year with figures above our targets." While Mars Logistics expects general growth of around 22% by the end of 2011, its growth target for maritime shipping is 32%.

Turkey has gained strength with the investments present, and together with this potential, maritime shipping will be one of its greatest playing cards with regard to its goals for the year 2023. Turkey, which mostly prefers overland transport due to high energy prices, also has a fairly high energy bill. The routing of land-based traffic to the seas is important in terms of both costs and the load it will take off the roads. It is of vital importance that these investments and moves in the private sector will be supported by parallel policies to be enacted by the government. It is possible that we will see Turkey emerge as a significant player in maritime commerce within the next ten years.



CALL CENTERS

ON THE INVESTMENT OFFENSIVE

A new but rapidly growing industry in Turkey is attracting global interest while creating new employment opportunities for the young population

BY F. EMRE YILMAZ BY GÜRCAN ÖZTÜRK

CALL CENTERS WERE discovered as a tool for communicating requests and complaints in the late 1960s. Toll-free phone numbers were presented by many companies as a service in that era. Later, at the start of the 1970s, Continental Airlines started using the first Automatic Call Distributor. Today, call centers are essential to most businesses and occupy a significant position internationally. Developing sectors also had a notable influence on call centers gaining strength.

As in the rest of the world,

Investments made in the past five years in the call center sector in Turkey, which has a volume of 1.4 million TL, has exceeded 200 million Turkish Liras

telecommunications and finance were the driving forces behind the growth of call centers in Turkey. The rise in privatizations of public institutions, efforts geared toward professionalization with regard to EU compliance, and the increasing importance given by the public to call center services reflect positively upon the sector. All of these elements combine to increase the call center sector's volume and whet the appetite of investors for the area. "Turkey's call center sector has a higher development graphic than

Call centers are trending toward rapid growth, providing employment to 17,500 people in 2003, 35,000 in 2008, and 40,000 by the end of 2010

average sector rates," says Adil Zenbat, General Manager of Assistt which is one of the leading call center companies in Turkey and a subsidiary of Türk Telekom.

MARKET GROWS TO 1.4 MILLION TL Bahadır Pekkan, Chairman of the Board of the Call Centers Association, says that the sector has been investing heavily in Turkey and providing employment for the last 15 years. There are 300 large call centers and more than 1,000 mid-size call centers active in Turkey. At the end of 2010, it employed 40,000 people at 35,000 call desks. While the world call center market reached a size of 340 billion dollars at the end of 2010, Turkey's market grew to around 1.4 billion TL. The total size of the investment made in the sector over the past five years has reached 200 million TL. Pekkan states that investments in Anatolia have increased in recent years, adding that the growing sector's investments in many provinces in Anatolia besides Istanbul, Ankara, and İzmir are continuing to rise. He notes that the sector is trending toward rapid growth, providing employment to 17,500 people in 2003, 35,000 in 2008, and 40,000 by the end of 2010. Pekkan predicts the sector's employment potential by the end of 2015 to be 85,000 at an average growth rate of 16% per year.

GROWTH POTENTIAL

In countries where the call center sector is developed, there is one customer representative for every 100 to 400 people, whereas there is one for every 2,000 people. Based on this



metric, which bears potential for growth, Pekkan states that it can be said that the sector will grow by a minimum of four or five times. The sector is trend toward growth ignites investors' appetites. The study that the Call Centers Association conducted in December 2010 declared that the size of the market was 1.4 billion dollars, 45% of which comes from abroad. Tempo Call Center General Manager Cemal Akar, who says that new business models have emerged with the development of technology especially with the spread of the Internet, highlights the rising popularity in the sector of outsourcing, and continues, "The business model we call 'Home Agent' will become widespread within the next ten years. Interest in outsourced call centers will grow."

**ADIL ZENBAT**

General Manager

ASSIST Call Center

"The sector should produce its own dynamics and form its own competitive environment. Call centers have a significant role in this matter. Germany has no considerable investment in call centers. We export call center services to Germany. Turkey is at the point of exporting services. And another crucial issue in service export is foreign language. We have solved this issue with Germany with the Turkish citizens living in the area."

**CEMAL AKAR**

General Manager

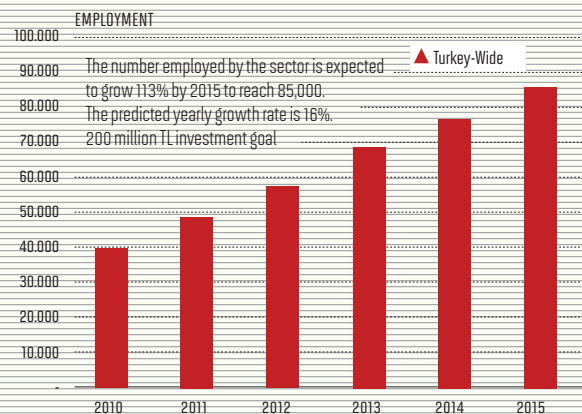
Tempo Call Center

"With a perspective based on using modern technology productively, we reevaluate our investments every day and renew them quickly if need be. We are also changing our methods of doing business in line with new inclinations. New business models have emerged with the development of technology especially with the spread of the Internet. For instance, the business model we call 'Home Agent' will become widespread within the next ten years. Interest in outsourced call centers will grow."

Although Adil Zenbat from Assistt says he doesn't believe in government incentives under normal circumstances, and thinks they are temporary solutions which will eventually burst, government incentives to be supplied in places where call centers will be built, means for technical infrastructure suited to building call centers, the sizable young population suited to employment, and whether there is an airport in the region for ease of access are among the criteria that investors look for when selecting a site. There has been a noteworthy increase in services provided to customers abroad from Turkey too. Turkey's cultural and geographical proximity to Europe, young and dynamic demographic structure, high-quality human resources, and technological infrastructure provide it with an advantage in becoming a regional center among the international competition and drawing foreign investment to the area. Pekkan says, "We see that large international companies that have realized this potential are expediting their investments in Turkey." That investments made in the past five years have reached 200 million TL is an indicator that the sector's potential has been realized.

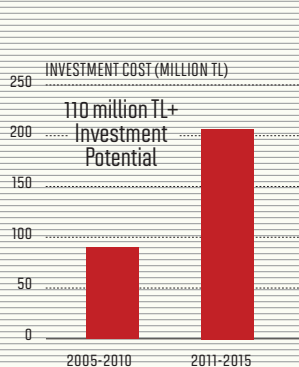
CALL CENTER SECTOR EMPLOYMENT

2010-2015 Turkey-Wide Employment Potential



INVESTMENT POTENTIAL IN THE 3RD AND 4TH REGIONS

3rd and 4th Region Investments



In the 3rd and 4th Regions, the call center sector has invested 90 million TL over the past five years. It is expected to have an investment potential of 200 million TL in these regions in the next five years.

Source: Call Centers Association

AUTOMOTIVE

Focusing on REGIONAL LEADERSHIP

İnci Akü is building its vision entirely on the basis of being a leading player in the regional market

BY F. EMRE YILMAZ



THE MOST IMPORTANT supporter of the automotive sector, a chief driving force behind the Turkish economy, is the automotive parts and components industry. The performance achieved by this industry in the automotive sector, whose exports totaled 17.3 billion dollars in 2010, is quite noteworthy. According to data from the Uludağ and Central Anatolia Exporters' Unions, auxiliary industry exports totaled 4.9 billion dollars in 2009, a figure that rose to 5.3 billion dollars in 2010. To break it down specifically, the export of parts and components reached 4.3 billion dollars, inner tubes and tires 958 million dollars, car batteries 78 million dollars, and safety glass 50 million dollars.

One of the most important players in this field in Turkey is İnci Akü. After the success Cevdet İnci achieved in the production of rims, he decided invested in battery manufacturing and founded the company in the Manisa Organized Industrial Zone in 1984. Today, it carries out its operations with facilities in Ukraine, Romania, and Manisa, with two locations in the latter. As of late 2010, it has been manufacturing in a facility with a capacity of 4.5 million in Manisa and another in Kiev, Ukraine with a capacity of 300,000. İnci Akü CEO Gökşel Parker explains that the first stage in the construction of the new factory being built in the Manisa Organized Industrial Zone has been completed and that it will begin mass

production in the year's final quarter. He adds that a facility was put on-line in Romania in 2010 as well and that they have begun seeing returns on their investment. Besides possessing manufacturing facilities located both in Turkey and abroad, the brand has an expansive distribution network. Parker explains that the com-



*Accounting for 60%
of Turkey's battery
exports, İnci Akü
manufactured
2,840,000 batteries
in 2010*

pany serves a broad customer profile in 67 countries on four continents via the distributor İncitaş with 90 primary dealerships, nearly 3,500 retail points of sale, and 180 service stations domestically; the İnci Akü, EAS Akü, and Hugel Akü brands for the replacement market; and 90 distributors with the İnci Akü, EAS, Hugel, and Blizzaro brands abroad.

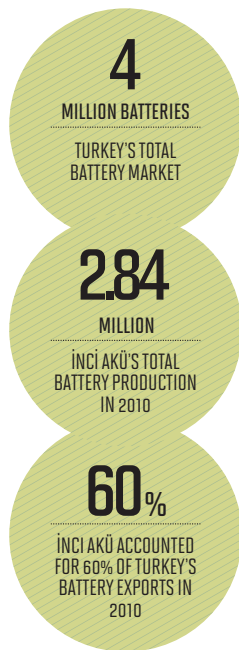
ON THE WAY TO BECOMING A REGIONAL LEADER

İnci Akü's export channels and international investments contain hints as to how far the automotive auxiliary industry has come in exports. The industry is putting in the effort to be an effective player in foreign markets by itself, and it is covering significant distances in this area. Parker states that there is a market for a total of 4 million battery units in Turkey, of which 3 million are used in the aftermarket and 1.2 million in the principal industry. Parker says, "As İnci Akü, we produced 2,840,000 batteries in 2010. Also in 2010, we as İnci Akü supplied 60% of Turkey's battery exports. In short, we are now building our vision entirely on the basis of being a leading player in the regional market." İnci Akü has started reaping the rewards of the steps it has taken with its export channels as well. The brand gained the right to enter the TURQUALITY program as the second company to do so in the automotive auxiliary industry in Turkey—and as the first in its own sector—through its ongoing efforts to develop exports. Increasing the auxiliary industry's competitive ability, meanwhile, is possible via innovative approaches. It is indicated in the Automotive Manufacturers Association's Automotive Industry 2010 Annual Evaluation Report that the R&D initiatives of companies



CEO Göksel Paker:
“We will be ready for electrical vehicles when the principal is ready”

in the supply chain gained significant momentum in 2009 and 2010 despite the global economic crisis. According to the report, at the end of 2010, R&D centers established within the scope of the R&D Statute 5746 No. 87. In addition, it states that the number of R&D centers in the auxiliary industry sector reached a total of 37, with 16 belonging to suppliers that manufacture parts and components and 11 to companies producing motor vehicles. The number of people employed at the R&D centers rose to 4,000.



Source: Company Reports

For İnci Akü, R&D efforts are of vital importance. CEO Paker believes that R&D is the most important factor behind the power they have attained in both Turkey and foreign markets. He notes that they have set aside 3% of their revenues for R&D activities and adds, “We possess the sector’s first registered R&D center. With the work we carry out here, we expand our portfolio according to expectations in both the automotive sector and others that have energy storage requirements.” The fruits of İnci Akü’s R&D activities include products developed for telecommunications, renewable energy, and electric vehicles, for which Paker says, “Although it is not fully clear exactly when the principal industry in automotive will move over to manufacturing electrical automobiles, with the work we have begun, we too will be ready when the principal industry is ready.” İnci Akü’s definition of electric vehicles is much broader than just land vehicles; it is engaged in activities in various fields including industrial and seafaring vehicles.

Having already taken steps toward the future, İnci Akü also stands out for the performance it has achieved in markets both in Turkey and abroad. The company ended the year 2010 with a growth of approximately 26% over the previous year, and in 2011, it plans to grow by around 20%. Paker says that they will reach their end-of-year targets in light of the data on hand. Though the automotive auxiliary industry does not possess supernatural powers by any means, the sector can be said to have attained a noteworthy synergy in recent years. Automotive’s energy and the synergy attained by the auxiliary industry could be regarded as a potential triggering force for the latter to develop significantly in its own right.



APPAREL

Fashion in September IS SOMETHING ELSE

Now in its fifth year, Istanbul Fashion Week will be donning the city in the latest and most fashionable clothing once again

BY GAMZE GÖREN

COLORFUL, FLYING fabrics, stilettos instilling a fear of heights in people, a diverse range of accessories that appear to have little connection at first but appear admirably harmonious when seen, new designs being awaited excitedly, and celebrity shows that will add even more flair to these designs—these are the things that turn an ordinary event into a fashion festival. This time, the magic of fashion

will spread to the world out of Istanbul. Over the past 20 years, Turkey has solidified its position in the European fashion industry with its high production capacity. Textiles and fashion items account for one fourth of exported goods. This fruitfulness reflects upon all actors in the sector.

There is a new fashion hub for fashionistas who immediately think of New York, Milan, and Paris on



mention of fashion weeks: Istanbul. That Istanbul has been and is home to various cultures and has become a great center of commerce for both Europe and Central Asia play a large part in the city's development as a fashion center. Istanbul

is preparing to welcome fashion lovers once again with the fifth Istanbul Fashion Week, which is to be held September 7-10. The CEO of Orka Group, Süleyman Orakçioğlu, who is also Chairman of the Istanbul Fashion Week Consulting Council, says, "What makes this year's fashion fair more special than the ones before is not so much the attendance to the event, but rather that it is in a place reflecting the soul of the city." As visitors wander amid fashion shows scattered around Beyoğlu, the heart of Istanbul, they will simultaneously be discovering the city. The fashion week, which is the largest event ever organized by the Istanbul Textile and Apparel Exporters' Association (İTKİB), has managed to put Turkey on the calendar of professional fashion within a short time. The bar is raised higher every day at the event. İTKİB President Hikmet Tanrıverdi states that its budget has

been set as 1 million euros this year.

A CELEBRITY PARADE IN ISTANBUL

Catwalk rumors have it that Istanbul Fashion Week, which has so far welcomed the likes of globally famous celebrities like Anna Kournikova, Meg Ryan, and Burlesque performer Dita von Teese, will again become a celebrity parade this fall. Brand and design collaborations will continue this year too; new collaborations are expected to be added to the Hakan Yıldırım and Koton partnership of last fashion week, which drew much interest and admiration. Hikmet Tanrıverdi states that designs will be emphasized at this year's IFW with the aim of showing off the fashion unique to the country to the rest of the world. Although designs are what excite fashionistas the most out of all things at the event, brands will be presenting them with surprises throughout the week too.

CREATING A CITY OF FASHION

• Bahar Korçan, Designer:

"In the changing order of the world, I believe the old state of centralization has changed too. Istanbul Fashion Week will undertake a significant role in this transformation. Our first job is to do our work well in order to be more recognized in the world. Afterward, it's also important for this to be sustainable."

• Gamze Saraçoğlu, Designer:

"Local and foreign press interest is an indicator that we produce interesting work. In a cultural and artistic sense, Istanbul is very rich. This infrastructure is a very significant advantage on the way toward becoming a city of fashion."



Hakan Yıldırım, Designer:

"A large number of foreign journalists and buyers are coming to our country by means of the event. Many opportunities can emerge for designers who stand out in the eyes of the people who visit. And, of course, with the support of the country's investors, they can expand abroad too."

Özgür Masur, Designer:

"I'm very happy with the event; the stage, lights, and seating arrangement are fantastic. Tents have been used as they are abroad; it's very nice. I am very happy to be part of Turkey's official fashion week."

MORE BRANDS MORE DESIGNERS

WEDNESDAY, SEPTEMBER 7

4:00 p.m. - Karma 1
(Jale Hürdoğan, Aslı Güler, İpek Arnas)

5:30 p.m. - Argande

7:00 p.m. - Atıl Kutoğlu

9:00 p.m. - Tween

THURSDAY, SEPTEMBER 8

1:00 p.m. - Niyazi Erdoğan

2:30 p.m. - Simay Bülbül
(Presentation)

4:00 p.m. - Özlem Kaya

5:30 p.m. - Nejla Güvenç

7:00 p.m. - Stüdyo Kaprol
(Gülcan Ardic, Beliz Mısırlı, Tolga Turan, Ali Bayramoğlu)

9:00 p.m. - Koton

FRIDAY, SEPTEMBER 9

1:00 p.m. - Karma 2 (Şafak Tokur, Seda Zoroğlu, Çiğdem Akın)

2:30 p.m. - Özgür Masur

4:00 p.m. - Hatice Gökçe

5:30 p.m. - Luğ von Sığa (Gül Ağış) (Historic Galatasaray Bath House)

7:00 p.m. - Özlem Süer

8:30 p.m. - adL by Cengiz Abazoğlu

9:30 p.m. - Mehtap Elaidi

SATURDAY, SEPTEMBER 10

13:00 p.m. - Deniz Kaprol

14:30 p.m. - Rana-Berna Canok

16:00 p.m. - Tuvana Büyükçınar

17:30 p.m. - Gamze Saraçoğlu

19:00 p.m. - Giovane Gentile

21:00 p.m. - Twist



READY FOR THE CHALLENGE

While the US and eurozone struggle amid financial turbulence and debt crisis, Turkey's healthy glow carries it to the premium class of the emerging markets

BY SINAN KOPARAN

The warning issued by Deputy Prime Minister Ali Babacan, one of the key figures in Turkey's economy, set the main agenda, coming at a time when negative news from abroad arrived in rapid succession. Babacan pointed out that all indicators of risk related to Europe had risen to record levels and said, "If a powerful earthquake were to occur right next to us, Turkey would of course be affected by it. Just as one feels an earthquake happening far away even if only a little, and just as an earthquake has after-

shocks and is followed by tsunami, a serious tremor to occur in Europe would be felt in Turkey too." Coinciding with credit rating agency Fitch's warning on the current account deficit, this announcement brought with it sudden rumors of a crisis. Immediately after Babacan's statement, the stormy waters were calmed down by Prime Minister Recep Tayyip Erdoğan, who announced that it "wouldn't even graze" Turkey, and Central Bank Governor Erdem Başçı, who said, "**The situation in Turkey is very good.**"



The warning issued by Deputy Prime Minister Ali Babacan, was considered as a 'verbal intervention' by the markets

What people do see amid all the dust and debris of the global turmoil is the glowing performance of developing countries that are increasing their effectiveness in the world economy

The world is indeed going through one of the toughest times it has experienced economically. Credit rating agency Standard & Poor's recent downgrading of the US's score to AA+ can be considered a sign that things are not going so well on the other side of the pond. Meanwhile, Europe appears to have entered an even greater impasse.

Those with dim expectations for Greece are now making room beside it for Portugal and Italy. A sword dangles above France, too, due to its banks that supply the aforementioned countries with credit. The most important news for the region, however, comes from Germany. Although the country is considered the primary engine that keeps Europe up and running, its economy grew only 0.1% between the first and second quarters of the year, contributing to an ever-darkening mood in the eurozone due to being below expectations. What people do see amid all the dust and debris of this turmoil, however, is Turkey's healthy glow. Turkey feels the tremors, but it escapes harm's way. As the most important consumer in the world, the US could have overcome the economic crisis it entered. However, the fact that Europe is experiencing significant tremors in its balances alongside the US leads to the entrenchment of the idea that the global

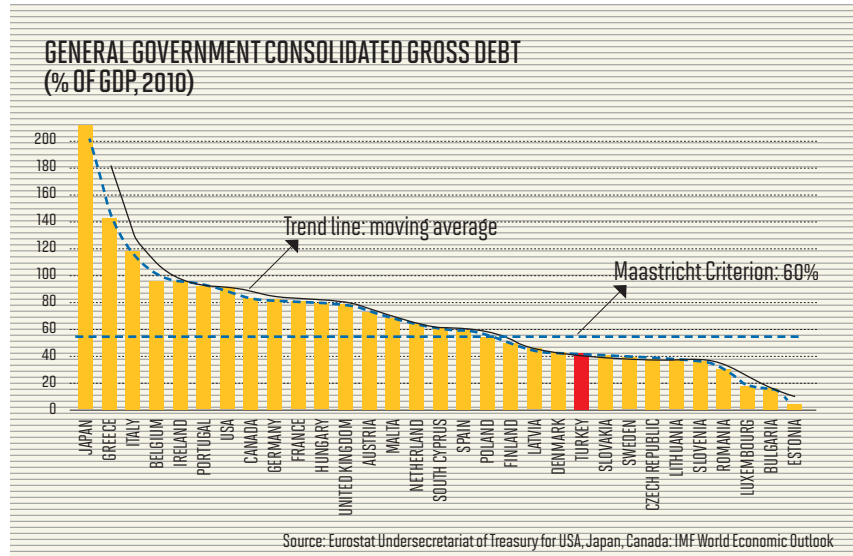
crisis currently under way will last much longer. What people do see amid all the dust and debris of this turmoil, however, is the glowing performance of developing countries that are increasing their effectiveness in the world economy, Turkey most of all. With its healthy and solidly grounded economy, Turkey is sure that it will emerge from this process unharmed. According to results of the Second Quarter Exporter Tendency Survey conducted by the Turkish Exporters Assembly, 41.4% of exporting companies in Turkey expect their sectors to be in better states by the end of the year. Furthermore, a proportion as large as 42.7% believes that the Turkish economy will improve. However, Turkish exporters are not so optimistic when it comes to Europe. Around 53.8% of the exporting companies participating in the survey predict that the EU economy will become even worse. Emphasizing that all economic indicators in the country are positive, TIM President Mehmet Büyükekşi says, "The atmosphere of crisis and panic discussed in public is incorrect, and the results of the survey prove this." Büyükekşi adds that such negative developments as those happening in the EU and the reduction of the US credit rating would not change the results of the survey significantly.

So why did one of the most important figures at the helm of the economy feel the need to make such an announcement? Was a crisis really on the way? HSBC Bank Chief Economist Fatih Keresteci interprets the warning as a "verbal intervention." He says, "The main purpose of the measures that the CBRT (Central Bank of the Republic of Turkey) and BRSA (Banking Regulation and Supervision Agency) took was to slow down internal demand. This had to be supported, and the part we call the 'verbal intervention' constituted one of the legs of this support. It was for this purpose that the names at the top of the economy said, 'There's a risk of a crisis; let's be careful and economize.'" He adds, "Only bankers were following the CBRT's decisions relating to added returns, but even the average villager became aware of this announcement and started spending less."

The truth is that for Turkey to spend less, from its villagers to its city-dwellers, is an important step to extinguish the searing flames of the current account deficit. Prime Minister Recep Tayyip Erdoğan highlights this matter in particular, saying, “Recognizing the month of Ramadan as an opportunity, let us please avoid extravagant spending. Let us not engage in spending on cars and houses that could be considered luxurious,” adding, “I’m not saying ‘don’t spend,’ but avoid extravagance.” With the efforts of the CBRT and the economic administration, the flames in the current account deficit are expected to die out in the second half of the year. Economist Seyfettin Gürsel says, “A move to correct the current account deficit has arrived. What is important is to control this,” and continues, “If the current account deficit fell to 5% right now, nobody would say that there is a problem.”

Turkey’s economy is starting to cool, and from 2011’s final quarter onward, the flames of the current account deficit are expected to die down somewhat. Zafer Çağlayan, the Minister of Economy, said, “The current account deficit broke its record with 9.7 billion dollars the month of March. We will probably not see the deficit exceed this in the months to follow. From the summer months onward, we expect stability in the current account deficit, and after fall, we expect it to recede.”

The CBRT’s measures, though seen as “experimental,” seem as if they will prove the Minister of Economy’s point. The measures aimed to lower the domestic demand for credit that were put into practice since late 2010, which is when the risks of the current account deficit first started being discussed loudly, are slowly starting to bear fruit today. The CBRT has meanwhile kept a close eye on negative global developments, slashing policy interest by 50 points in the first days of August to 5.75% and raising overnight debt interest rates from 1.5% to 5%. The CBRT’s move showed that it didn’t regard the deficit as a particularly serious risk and served to emphasize the bank’s true priority—growth. This series of decisions taken by the CBRT showed



that while it will use the same tools in struggling against the problems it faces, it will use different methods to do so.

The markets, however, seem to think that the CBRT acted too hastily in slashing interest rates. Garanti Bank Economic Research Director Ali İhsan Gelberi says, “The economic data on the growth coming from the US and EU is not good. But the figures do not show that the economy is headed toward a second dip. I think the CBRT acted a little early. The difference in perspectives may lead to the exit of capital or a reduction in the inflow of capital.” The CBRT’s sensitivity and jarring speed to take such measures can be regarded as the sign of a new era. The bank feels the need to take

The euro crisis that peaked with the debt crisis of Greece caused great reactions in the continent





The series of decisions taken by the CBRT showed that while it will use the same tools in struggling against the problems it faces, it will use different methods to do so

action without causing a crisis by following a more proactive approach in dealing with growth, which it regards as a risk, than in the past.

In light of all this, it can be said that Turkey is in quite a good position when compared to the rest of the world today. Many countries are facing the risk of not being able to service their debt. Turkey, on the other hand, has a debt-to-GDP ratio of 45%. The number of countries that enjoy such relatively favorable conditions may well be counted on one hand.

Resilience is now gaining more importance. Although expectations regarding the current account deficit have

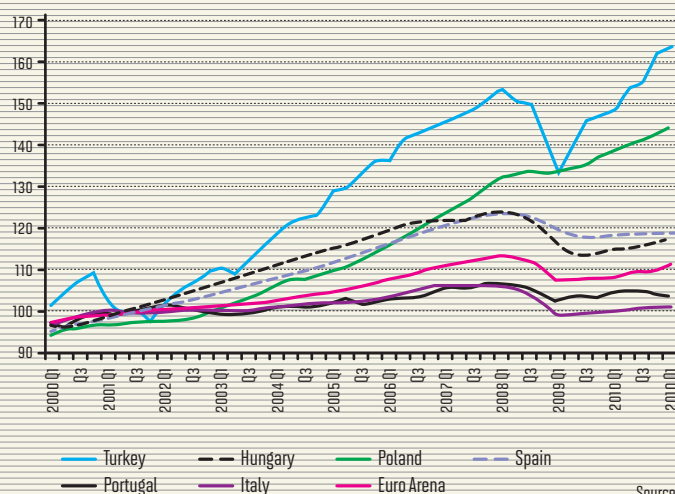
fallen with the cooling in the economy, and although Turkey has passed the test of resilience, the economic administration is standing by its measures. And it is very right to do so. Fatih Keresteci says, "If capital now retreats to safe harbors as the world undergoes a crisis, it could become problematic for us to finance our current account deficit. We have this risk. The current account deficit's ratio to the GDP is around 6.5%. If suitable measures are not taken or if things do not slow down, it is possible for it to exceed 10%."

When taking precautions, of course, the economy administration considers the incredibly sensitive balances in play, because every step taken has various effects. For example, considering how far Turkey has come lately in terms of exports, enacting stiff measures to combat the current account deficit that would slow down production could backfire completely. In reality, the increase in exports, particularly in that of value-added products, has had a positive effect on the reduction of the current account deficit. Despite the economic difficulties in Europe and the political tension in the Middle East and North Africa, Turkey continues increasing its exports performance. According to an announcement made by the Turkish

|||||

*Turkey is
constantly
growing more than
the EU average
since 2002*

COMPARISON OF EUROPE AND TURKEY:
REAL GDP GROWTH (2001=100)



Source: OECD, 2010

Exporters Assembly (TIM), exports grew by 23.02% from July 2010 to July 2011, totaling 11.538 billion dollars; and in the first seven months of the year, they grew by 20.05% to total 77.17 billion dollars. Considered over a one-year period, exports grew by 15.61% to total 126.771 billion dollars. The automotive industry sector accounted for the most exports in July with 1.910 billion dollars, with the ready-to-wear clothing and apparel sector coming second with 1.625 billion dollars and the chemical substances and products sector coming third with 1.36 billion dollars. TIM President Mehmet Büyükekşi says, "It has been understood that we cannot solve the high current account deficit—the only element constituting a risk of crisis for the economy of Turkey—by constricting the credit market. Instead of this, a new economic model that boosts production and added value must be proposed."

As recent developments in the currency exchange rates fuel increases in exports, they also strengthen the CBRT's hand. Although the economic administration is not particularly fond of turbulence in the exchange rate, it is having a slowing effect on consumption. CBRT Governor Erdem Başçı says, "Nobody can claim the Turkish

lira is overvalued. There is absolutely no pressure on the Turkish Lira for additional valuation. We think that the Lira is contributing as much as it can to the current account deficit." The latest interest rate decision taken by the CBRT also accelerates the valuation of the exchange rate somewhat.

It can be thought that the depreciation in the Turkish Lira might affect inflation negatively; however, the CBRT realizes the instruments it possesses here and has so far been successful in curbing inflation. For instance, the CPI exceeded expectations in July, falling by just 0.41%. Core inflation indicators continue rising but are slowing down. In any case, as the world economy starts tending toward a slowdown and as stock prices are expected to fall, inflation might not be among the CBRT's top priorities.

Today, the priority of the CBRT and economic administration is to curb the overheating in the economy and to establish balance in foreign trade. Although the progress achieved so far has come slowly, incoming data shows that the right path is being followed. The CBRT is progressing slowly and calmly. For a longer-term solution, the structural reforms realized by the economic administration are picked up speed, on the other hand.

EXPORTERS ARE OPTIMISTIC ABOUT TURKEY'S ECONOMY BUT NOT ABOUT THE EUROZONE

42.7%

EXPORTERS WHO BELIEVE THE TURKISH ECONOMY WILL IMPROVE IN THE SECOND HALF OF 2011

53.8%

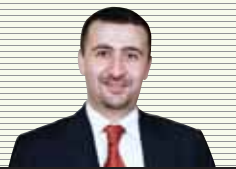
EXPORTERS WHO BELIEVE EUROPEAN ECONOMY WILL WORSEN IN THE SECOND HALF OF 2011

Source: Exporters Tendency Survey



ZAFER ÇAĞLAYAN
Minister of Economy

"The current account deficit broke its record with 9.7 billion dollars the month of March. We will probably not see the deficit exceed this in the months to follow."



FATİH KERESTECİ
Chief Economist,
HSBC Bank

"Only bankers were following the CBRT's decisions relating to added returns, but even the average villager became aware of this announcement and started spending less."



ALİ İHSAN GELBERİ
Economic Research
Director, Garanti Bank

"The economic data on the growth coming from the US and EU is not good. But the figures do not show that the economy is headed toward a second dip. I think the CBRT acted a little early. The difference in perspectives may lead to the exit of capital or a reduction in the inflow of capital."



SEYFETTİN GÜRSEL
Economist

"If the current account deficit fell to 5% right now, nobody would say that there is a problem. However, we still don't know the answer to this question: how much should growth fall for the current account deficit to fall to the level of 4-5%?"



COUPLING MEASURES DECOUPLING ECONOMY

Deputy Prime Minister Ali Babacan evaluated the global turmoil arising from eurozone and the US and told about how Turkey has been preparing for the challenges, to The Turkish Perspective



BY CEYHAN AKSOY



BY CEVAHİR BUĞU

“GLOBAL UNCERTAINTIES WILL LESSEN SOMEWHAT IN THE MONTH OF SEPTEMBER,”

Deputy Prime Minister Ali Babacan said during a televised interview conducted with him in August, adding, “Of course, we are prepared for every kind of scenario.” At a time in which global tremors lead to fluctuations in the finance and stock markets, Turkey’s strong stance is the result of the preparations Babacan speaks of. Ali Babacan, who also currently presides over the Economic Coordination Council, has been one of the leading players in how the needle of Turkey’s economy has been rising since he came to power four governments ago.

How do you think the Turkish Lira’s depreciation will affect inflation?

There is still a slack in the Turkish economy which will limit the pass-through from commodity prices to the prices of core goods and services. Also, rise in the global commodity prices will ultimately lose its pace. Consequently, the recent depreciation of Turkish Lira will have a limited effect on the inflation and increase in the inflation will be temporary.

As the glimmers of strength in the global economy are fading away and some major economies are on the verge of recession, in my view the main source of concern is the global economic slowdown rather than the inflation threat.

Could the credit limitations placed on banks be considered for 2012 as well?

After displaying a solid growth of 33.6 percent in 2010, banks have been called on to limit their credit growth to 25 percent, a level that is in accordance with domestic and external macroeconomic balances. Main culprit behind this cap was to mitigate the macro-financial risks and balance the growth dynamics in the sense that domestic consumption was fuelled by bank loans which eventually brought about growing current account imbalances.

Recently, interest rates on deposits and credits have started to climb. In addition, we are observing shifts in the balance sheet compositions of banks indicating that banks have become more responsive to their liquidity positions and increasing dependence on central bank financing. All in all, these developments suggest that we will witness further slowdown in credit growth and domestic demand in the upcoming months.

Does growth have to slow down for the current account deficit in Turkey to reach modest levels?

The measures we have implemented so far narrowed the divergence in foreign and domestic demand by controlling the credit growth – hence, keeping the current account deficit in check.

We are giving utmost importance to structural solutions for decreasing the current account deficit. In this regard, we have applied structural and medium term policies for reducing the dependency of intermediate goods imports. Energy sector reform program including issues such as nuclear energy, renewable energy, energy efficiency and privatization of distribution and generating companies have been carried out since 2003. A new investment incentive system and R&D and Innovation Support Program were put in to practice aiming to increase the competitive power and increase longer term capital inflows to the country. The Assessment Council on Export-Oriented Production Strategy



IN ADDITION TO THE STRONG FISCAL POSITION, TURKISH BANKING SYSTEM IS RANKED AMONG THE BEST PERFORMING COUNTRIES IN EUROPE. PROBABLY THE ESSENTIAL FACTOR ENSURING POSITIVE DECOUPLING IS THE POLITICAL STABILITY IN TURKEY

was set up in order to develop strategies to increase the in-house production of intermediate goods.

How do you assess the Central Bank's measures and policies particularly in the face of developments occurring in Europe?

The deteriorating growth outlook in our major trade partners will have an adverse impact on our external demand, whereas domestic demand is expected to moderate as well due to rising global uncertainty. Central Bank of Turkey has taken a number of timely and preemptive measures in order to contain the repercussions of global uncertainty on our economy. In this regard, Central Bank recently reduced its policy rate by 0.5 point to 5.75 and cut the foreign exchange required reserve ratios by 0.5 point for all maturities. This monetary policy reaction also together with its accurate forecast performance once again enhanced Central Bank's credibility.



Do you think there is a need for the government to take certain fiscal measures to put the brakes on the rapidly developing credit volume and increasing current account deficit?

Recent indicators show that credit growth is diminishing which will have positive reflections on our external balances. The government and the authorities are closely monitoring the developments and taking required actions when needed.

In the face of widening current account deficit, increasing domestic savings is crucial and economic policy framework has been drawn within this context. We consider reducing the dependence on external sources for financing the growth as a matter of priority. For this purpose, we give utmost importance to policies for increasing domestic savings, particularly public savings. That is why, as the government, we are determined to improve public savings through sustained fiscal discipline.

Could the Tobin Tax or similar practices constrict the current account deficit?

Efficient financial intermediation and a dynamic financial sector are essential for the proper functioning of a market economy but it is also important to ensure that excessive capital inflows do not disrupt economy's fundamentals via distorting financial stability and creating fragility. That is why several emerging market economies have implemented measures so as to restrict capital inflows and ease the appreciation pressure on their currencies. In this regard, policymakers gave Tobin tax the benefit of doubt. However, in a global setting of ample liquidity, interest rates hovering around nil in the developed markets and widening growth gap between the emerging and developed economies, this popular means has not been an efficient instrument to deter capital inflows or limit the appreciation pressure.

Bearing in mind all the shortcomings and other countries' experience with the Tobin Tax, the odds are high that this sort of tax would not be the appropriate solution to fix our external imbalances problem. Furthermore, as the government, we do not want to deviate from 3 frees, namely, free capital flows, free trade and free floating exchange rate. Hence, we are of the view that it's wise to find alternative and more robust ways such as structural reforms which will provide gradual improvements in current account balance instead of consulting to indirect ways.

There are some who think that Turkey will decouple positively in the face of developments in Europe. What are your views on this?

Turkey is one of the most dynamic emerging economies which have rapidly recovered from the global financial crisis. The prominent macro and structural indicators in the post-crisis period suggests that our economy will experience a positive decoupling in the forthcoming period thanks to the strong fiscal and financial system.

While the European economies struggle against debt problems, Turkey has a very strong fiscal structure. In addition to the strong fiscal position, Turkish banking system is ranked among the best performing countries in Europe. Probably the essential factor ensuring positive decoupling is the political stability in Turkey. Confidence of producers, consumers and investors depends on political stability which is lacking in many countries leading to delays in the decision-making processes.

Consequently, although both the worsening outlook for global economic activity and rapidly increasing concerns on the debt sustainability in Europe has increased the risk of a renewed slowdown in the global economy, the negative impacts of these developments on our economy is expected to be limited on account of

"Global uncertainties will lessen somewhat in the month of September" says the Deputy Prime Minister



In 2008, US Foreign Minister Condoleezza Rice had congratulated then-Foreign Minister Ali Babacan for the role Turkey played in the rapprochement between Syria and Israel



As Foreign Minister, Ali Babacan accompanied US President Barack Obama on his visit to Istanbul in 2009



Ali Babacan who was born in 1967, was the youngest minister in Turkey during the 58th Government which he was attended as the State Minister in Charge of Economy



The success he exhibited in the previous three governments propelled Ali Babacan to post of Deputy Prime Minister in the 61st Government, which was formed after the June 12, 2011 elections



In 2010, Ali Babacan was selected as a member for the "Global Sustainability High-Level Working Group" formed by United Nations (UN) General Secretary Ban Ki Moon.



Undertaking the role of Minister Responsible for the Economy in May 2005, Ali Babacan put his signature on the beginning of a new era in EU-Turkey relations

strong macroeconomic fundamentals as well as timely implemented fiscal and monetary measures.

How do you consider the warnings of overheating directed toward Turkey? Do you believe we are about to face such a risk?

With the latest grim outlook in the global economy, I think the overheating debate is out of context now. The measures that we have taken so far were particularly focused on “over-borrowing” not “over-heating”. Latest data releases also confirm that credit growth has been losing steam, vindicating the effectiveness of the policy measures taken so far. Furthermore, macroeconomic indicators signal a moderation in the economic activity. On the supply side, industrial production, capacity utilization rates and business confidence indices increased moderately starting with the second quarter of 2011. On the demand side, modest increase in domestic durable goods-sales and the weakening of consumer confidence give signs of a deceleration in the consumption growth in the forthcoming period. Similarly, macroeconomic gauges such as imports and production of investment goods and sales of commercial vehicles also point out to a slowdown in the investment expenditures. All these imply that growth likely slowed down in the second half and year-end growth figure will be modest compared to last year.

Are there any messages you wish to convey to foreign investors?

Structural reforms implemented in the last decade are one of the main factors behind the favorable economic performance and remarkable recovery of the Turkish economy from the recent global crisis. Our government is committed to enhance the effectiveness of all these reforms, to urgently implement the required complementary legal provisions and consolidate the successes we have achieved so far. We are determined to institutionalize what we have done to date on the economic front. That is why Prime Minister Mr.



“The Assessment Council on Export-Oriented Production Strategy was set up in order to develop strategies to increase the in-house production of intermediate goods” says Ali Babacan

4.5%

GDP growth rate projection for 2011

Data: Ministry of Development, Medium Term Economic Programme 2011-2013, October 2010

Erdoğan defines the next four years as “a period of mastership”.

One of the priority areas, in this respect, is a brand-new constitution in line with EU standards which will improve the democratic nature of our country and introduce more liberties. In the meantime, we will implement active employment policies so as to increase employment and enhance the quality of labor, which will bring efficiency gains and increase the sustainability of growth. Energy investments will be given priority. We target both ensuring reliable supply of energy needed in the growth process and also lowering energy dependency and energy bill which constitutes the bulk of our current account deficit. Structural reform process in the health and education is continuing in an accelerating pace, which is significantly reflected on the budget appropriations. Big transportation infrastructure investments are underway and new projects are on our agenda. Legislative reforms to follow developments in international law regimes as well as to harmonize with EU legislation are also in process.

Our determination towards creating a stable economy has lured investors and Turkey will maintain its position as a safe haven and attractive investment venue offering high growth potential, stability and access to a wide geography.





Local Shield: OVERCOMING A DEPENDENCY TO IMPORTED DEFENSE EQUIPMENT

Turkey is aiming to become a regional power in the manufacture of defensive products and technologies

BY TOLGAHAN ÖZKAN

WORLD WAR II had come to an end. The US, having emerged as the guardian of the free world, had begun its search for new allies in an attempt to counterbalance the Soviet Union and its respective allies. With the foreign aid supplied within the scope of the Truman Doctrine and Marshall Plan and NATO, which was created right after the first two, the world had undergone a de facto division into two sides. Shaken by the Soviet Union's demand for land, Turkey preferred to ally with NATO. The defensive products manufactured by the US during the war were no longer needed in such quantity; they were thus declared surplus production and distributed to NATO member countries. Among the countries benefiting from these handouts was Turkey. Having been equipped with US armaments, the firepower and mobility of the Turk-

ish Armed Forces (TAF) increased rapidly. US tanks, ships, and planes provided an intoxicating boost to the TAF's abilities. However, the negative aftereffects of this sweet drug would soon become clear.

The donation of surplus defense items to allied countries started hindering the domestic production of such items. As a result, skills acquired painstakingly and with great sacrifice in the 1920s and 1930s nearly vanished over time. When the situation in Cyprus turned violent in the late 1960s, Turkey wanted to make a military landing on the island. Its NATO allies, however, did not want them to use the donated equipment. The majority of defensive equipment was being supplied by the US, and Turkey, having shut its shipyards, arrived at the painful realization that it didn't even have ships with which it could ferry its soldiers to Cyprus.



Turkey has sped up its investments in the defense industry, and it is focusing on fulfilling more than half of its needs via domestic manufacturing

WORLD WAR II had come to an end. The US, having emerged as the guardian of the free world, had begun its search for new allies in an attempt to counterbalance the Soviet Union and its respective allies. With the foreign aid supplied within the scope of the Truman Doctrine and Marshall Plan and NATO, which was created right after the first two, the world had undergone a de facto division into two sides. Shaken by the Soviet Union's demand for land, Turkey preferred to ally with NATO. The defensive products manufactured by the US during the war were no longer needed in such quantity; they were thus declared surplus production and distributed to NATO member countries. Among the countries benefiting from these handouts was Turkey. Having been equipped with US armaments, the firepower and mobility of the Turkish Armed Forces (TAF) increased rapidly. US tanks, ships, and planes provided an intoxicating boost to the TAF's abilities. However, the negative aftereffects of this sweet drug would soon

THE SIGNIFICANT PROGRESS

Turkey now aims to be a designer, producer and exporter country in defense industry

800

MILLION DOLLARS
TOTAL REVENUE OF
TURKISH DEFENSE
INDUSTRY IN 2002

2.7

BILLION DOLLARS
TOTAL REVENUE OF
TURKISH DEFENSE
INDUSTRY IN 2010

With the contributions of the private sector, Turkey is now preparing to produce its own Unmanned Air Vehicles

become clear.

The donation of surplus defense items to allied countries started hindering the domestic production of such items. As a result, skills acquired painstakingly and with great sacrifice in the 1920s and 1930s nearly vanished over time. When the situation in Cyprus turned violent in the late 1960s, Turkey wanted to make a military landing on the island. Its NATO allies, however, did not want them to use the donated equipment. The majority of defensive equipment was being supplied by the US, and Turkey, having shut its shipyards, arrived at the painful realization that it didn't even have ships with which it could ferry its soldiers to Cyprus.

Much later, starting in the 1970s, Turkey turned toward domestic arms production once again. However, technology was developing rapidly and Turkey had difficulty catching up. The critical importance of manufacturing the tanks, planes, missiles, and computer systems that the military was importing would be understood with the tension that emerged in the Aegean and

Northern Iraq in 1990s.

Today, Turkey has sped up its investments in the defense industry, and it is focusing on fulfilling more than half of its needs via domestic manufacturing. In a speech he delivered in July titled "Call to the Nation," Prime Minister Recep Tayyip Erdoğan said, "We have made very significant progress in the defense industry," and continued, "With the projects we are running, we will become a country that designs, produces, and exports its own rifles, cannons, tanks, helicopters, planes, unmanned aerial vehicles, and satellites."

At the start of the 2000s, Turkey set a long-term vision for its defense industry. With the various projects currently under way, nearly 50% of TAF's arms and equipment needs are being supplied domestically. The sector realized approximately 1 billion dollars of exports in 2010, collecting 2.7 billion dollars in revenues. In 2002, the sector's revenues were around 800 million dollars; in 2007, exports had risen to 420 million dollars and total revenues were nearing 2 billion dollars.

The fundamental reasons behind this increase in the sector's output were the development of next-generation weapon technologies and the priority granted to local companies by TAF in purchasing the equipment it required.

A step very critical for the Turkish defense industry was taken in June 2009 with the signing of the agreements for the ATAK project in which Turkey will begin manufacturing T-129 helicopters possessing superior characteristics. This exciting project has brought a new dimen-

LOCAL PROJECTS WHEN ONGOING PROJECTS ARE COMPLETED, LOCAL MANUFACTURERS WILL SUPPLY 80% OF THE TURKISH MILITARY'S EQUIPMENT NEEDS



ANTI-TANK PROJECTS AND PRODUCTS

Umtas LR
Omtas MR
Omtas Single Soldier
Cirit
120 mm Tank-Launchable Missiles



UNMANNED AERIAL VEHICLE PROJECTS AND PRODUCTS

Tiha Male Block-A
Tiha HALE Block-B
Armed (Umtas-Cirit)
Vestel Karayel Tactical
Kale Çaldıran Tactical
Kale Mini UAV
TAI Turna-G Targeting
Drone
TAI Gözcü Tactical UAV
TAI Imek Jet Targeting
drone
Anti-Radiation Radar
Hunter UAVs



AIR DEFENSE PROJECTS AND PRODUCTS

Aselsan-Roketsan Towed
VL Low Altitude Air
Defense Missile System
Aselsan-Roketsan
Otonom VL Low Altitude
Air Defense missile
System
Aselsan-Roketsan
Medium VL Altitude Air
Defense Missile System
Aselsan SpaaG Low
Altitude 35 mm Gun Air
Defense System
Aselsan Bora Naval
SHORAD Air Defense
System

Aselsan Atılğan-Zapkın
Land SHORAD Air
Defense System

Aselsan-Roketsan Naval
VL Low Altitude Air
Defense Missiles

Aselsan-Roketsan Naval
VL Medium Altitude Air
Defense Missiles



MANNED AIRCRAFT PROJECTS AND PRODUCTS

TAI-Aselsan-
AgustaWestland T-129
Attack Helicopter

TAI-ITU Light Civilian
Utility Helicopter

TAI Light-Medium
Military Utility
Helicopter

TAI Hurkus Turboprop
Trainer Aircraft

TAI Turbojet Trainer
Aircraft

SATELLITES

Göktürk-1 E/O (Italy-
Turkey)

Göktürk-2 E/O (Turkey)

Göktürk-3 E/O (Turkey)

Tusat-1 Communication
(Turkey)

Tusat-2 Communication
(Turkey)

SAR Satellites (Turkey)

National Satellite
Launching Rockets (by
2015)...



RADAR

Aselsan Land Watch
Radars

Aselsan-Meteksan Sea
Watch Radars

Aselsan Air Defense
Early Warning radars

Aselsan Air Defense Fire
Control Radars

Aselsan Naval Ship
Watch Radars

Aselsan Naval Ships
Surveillance, Fire Control
Radars

Satellite SAR Radars

Multi-Function Phased
Array Radars (APAR
Radars) (TF-2000)

Aircrafts AESA Radars

UAV SAR Radars



LAND VEHICLES I

Otokar Altay MBT

Otokar Cobra Light

Otokar Kaya Medium

Otokar Kale Heavy
MRAP

Otokar 6x6 and New 8x8
Wheel Vehicles

Nurol 4x4, 6x6, 8x8
Wheel Vehicles

FNSS PARS 6x6, 8x8
Wheel Vehicles

FNSS Samur
Amphibious Assault
Bridge

FNSS Amphibious Work
Machine Vehicle

FNSS ACV-S Tracked
Vehicles

FNSS 35 Ton New-
Type IFV (similar to
Germany's Puma)

BMC 2.5, 5, 10 Ton Cargo
Carriages



SEABORNE PLATFORMS

12 Milgem ASuW

6 U-214TN

4 TF-2000 AAW
Destroyer

(6-8)

(6-8 ?)

4 LCM

27 AAV

2 LCV-P

2 LST

(?) LCAC

8 LCT

1 LPD/LHD ship

1 RATSHIP

1 MOSHIP

MRTP-40

MRTP-44

MRTP-20 SAT

MRTP-22 Kangal

4 RMK S&R vessel

16 YTKB Dearsan

Naval Training Vessel

All Types of Fast Attack
Boats

AKYA- Heavy-
Lightweight Torpedo

Atmaca- Anti-Ship
Missile



ROCKET PLATFORMS

Roketsan T-105 Rockets

Roketsan T-122 Rockets

Roketsan T-302 Rockets

Yıldırım Block I

Yıldırım Block II



FIREARM PROJECTS AND PRODUCTS

5.56 mm National
Infantry Rifle, Kale-
MKEK

7.62 mm National
Infantry Rifle, Kale-
MKEK

7.62 mm National
Machine Gun, Kale-
MKEK

Bora-12 Sniper Rifle,
MKEK

KNT 7.62 and 12.7 mm
Sniper Rifles, Kale

National Grenade
Launcher

LASER PROJECTS AND PRODUCTS

Target or Obstacle
Detection and Guidance
Laser Systems (LADAR),

Lasers for Detection of
Chemical and Biological
Weapons (Spy) (LIDAR)

Laser Beam Guidance
Technologies

DIRCM
Countermeasure
Systems

Laser-Guided Tank
Munitions



AIRBORNE MUNITIONS PROJECTS AND PRODUCTS

HGSS (JDAM) Bombs
2000-500 lb

HGSS Wing-Mounted
Bombs 2000-500 lb

Bunker Busting Bombs
(TUBITAK-MKE)

IR-Guided Precision
Guided Missile

"Demet" Cluster Bomb

Laser-Guided A-G
Bombs

National IR-Guided
AA Missiles (Roketsan-
TUBITAK)

National Anti-Ship
Missile (Aselsan-
Roketsan)

National Torpedo Family
(Meteksan-Tubitak-
Aselsan-Roketsan)

SONAR PROJECTS AND PRODUCTS

Towed Array Sonars

Multi-Bim Sonars

Mine Protection Sonars

Side Array Sonars

Passive Distance Finder
Sonars

Estimating Sonars

Depth Charge Sonars

Sounding Log
SoDoLOG

Mounted Sonars

Torpedo Seeking Sonar



STAMPING “MADE IN TURKEY”

on World Fashion

Hugo Boss, Adidas, H&M, Zara, Massimo Dutti, Gap, Banana Republic, and Old Navy are just a few of the world's ready-to-wear clothing brands that are produced in Turkey. Today, the “Made in Turkey” badge constitutes a global guarantee



BY MERVE KARA



BY SEREF YILMAZ

Özak Tekstil, a Turkish brand that is one of the biggest denim producers in the Mediterranean basin, has been active in the field for 24 years. With the know-how it accumulated over time and its renewal efforts that began as of the '90s, Özak became a main producer for dozens of global brands, including the likes of Dolce Gabbana, Frankie Morello, Armani, Zara, Hugo Boss, and Fornarina. The company made no concessions of its tight production rhythm this year, whether in its headquarters in Ikitelli, Istanbul or its facilities in Çatalca and Malatya. Like its 130-person design team, which currently is brainstorming for 2012 winter collections, all Özak departments are preparing their sails to be propelled by the winds of fashion that will start blowing next year, an especially impressive feat in a year in which denim markets worldwide have slowed down.

It can be said that the source of Özak's outstanding performance is due to its proficiency at producing high quality, stylish blue jeans for the entire world. Likewise, General Manager Ahmet Akbalık explains the formula that allows the production-focused company to break away from the pricing competition that puts many of its rivals out of the game. Akbalık says, "By leaving a field in which there was very intense competition, producing value, and adopting productivity as a principle, we made our business sustainable." The transition Akbalık speaks of begins with the company focusing more on design activities from the '90s onward and continues with the company renewing itself constantly to this day. He states that the company, which entered the year 2000 with a solid build up of R&D, is indispensable for the numerous global brands it is a supplier to, for this reason. Özak today provides style ideas to such brands as Armani, Boss, and Gap, which can be difficult pricing-wise on the production side, and even covers their inadequacies according to the trends it notices. The hard part of the business becomes obvious on consideration of the hardy competition involving the dozens of brands for which it engages in production. Özak needs to make sure that the designs it produces for different brands must absolutely not resemble one another and that its crews are secretive about everything, including the techniques they use, until new collections are exhibited. "This is a very serious business," says Akbalık. Brands entrust their styles established over decades to Özak, which in turn appears to remain completely loyal to

Geographical proximity to main markets, short logistics period, value added products and in return reasonable prices made Turkey attractive as a manufacturer for fashion brands during the recession

this to the very end, a point highlighted by the fact that Akbalık claims the company is not planning to focus on branding or shifting to the retail side of the business. The experienced manager says, "We are decisive about staying on the production side." Özak Tekstil exports to markets that include the world's largest buyers of textiles, from Spain to France, the US, and Scandinavian countries. The company's share in Turkey's



total exports of quality denim ranges from 15% to 20%, and Özak is one of the biggest players in the Mediterranean Basin, which is known to be highly competitive. "If you are involved in the denim business in Europe today, you absolutely must know of us," says Akbalık. Özak's success crosses paths with the stories of companies that know how to use the advantages Turkey has in the global textiles market well. Figures relating to the textile sector, which is said to have returned to its brighter days as of last year, appear quite promising too. According to the export figures for July, announced by the Turkish Exporters Assembly, the export of apparel and textiles increased by 19% over the same period last year, exceeding 1.6 billion dollars. The figures of the International Textile Manufacturers' Federation also show that there was a significant rise in Turkey's textile industry at the level of modernization. Turkey ranks second worldwide with the investment it

WHO MADE WHAT?

Turkish suppliers that produce for global brands and the brands that carry 'Made in Turkey' badge:

SUPPLIER	BRANDS PRODUCED
YEŞİM TEKSTİL	NIKE, ZARA, PULL&BEAR, MASSIMO DUTTI, ESPRIT, HUGO BOSS, TCHIBO, SCHLAFGÜT, GAP, BANANA REPUBLIC, OLD NAVY
BAKON GİYİM	ZARA, BERCHEA, LEE, WRANGLER, TRUSSARDI
KAZOVA TRİKO	MARC O'POLO, DAKS, FALKE, PUCKO, GANT, ARMANI, ERMENEGILDO, ZEGNA
ÜNLÜ TEKSTİL	BANDOLERA, GAP, NEXT, MEXX, KOOKAI, OASIS, MARC O'POLO, MORE&MORE, ZARA
HEY TEKSTİL	ESPRIT, TOM TAILOR, DEBENHAMS, S. OLIVER, ZARA, BERSHKA, MASSIMO DUTTI, H&M, ONLY, VERO MODA, TOP SHOP, EVANS, MORGAN, ETAM
GENCE TEKSTİL	O'NEILL, ESPRIT, S.OLIVER, TOM TAILOR, INTERSPORT, CAMPIONE, COLVETÁ GROUP, MELTIN POT
BISSSECI TEKSTİL	ADIDAS, CARLI GRY, CHAMPION, DKNY, FERRE, LACOSTE, NEXT, PUMA, RBK, TIMBERLAND, TRUSSARDI, UNITED COLORS OF BENETTON
PAMEKS TEKSTİL	FRANK WALTER, HUCKE, BRUNO MANETTI, OTTO, MARLY'S, MARC AUREL, JOOP, AUST, BRAX, JEAN PAUL, HELDMANN, APRIORI
ÖRMA TEKSTİL	H&M, ESPRIT, DECATHLON, MANGO, ZARA, ALDI, TCHIBO, GAP, TARGET, C&A
APS TEKSTİL	MARKS&SPENCER, ESPRIT, REISS, MASSIMO DUTTI, WAREHOUSE, MONSOON
ÖRSAN TEKSTİL	BRAX, WILLY BOGNER, GOLLEHAUG, W. OLSEN, APRIORI, BURLINGTON, ANN TAYLOR, LILLY PULITZER, THALIAN, BISON, RIE DESIGN, H&M, REISS, BURBERRY, BARBOUR, ZEGNA SPORT
AKKANAT HOLDING	ADIDAS, PUMA, NEW YORKER, TOPAZ



made for machinery for long fibers (wool) over the past ten years, with a total of 289,848 spindles. It maintains second place in open-end thread machines with 385,348 rotors. With 2,853,108 spindles in short fibers, Turkey ranks fifth in that category, whereas in investments for shuttleless looms, it ranks fourth with 21,508 such devices.

Despite such challenges as raw material prices, which have put the world textile industry in dire straits, and the reduction in consumer demand with the crisis, it can be said that textile companies use certain unique advantages present in Turkey during the period of constriction quite well. Nedim Öriin, President of the Federation of Fashion and Apparel of Turkey, had said, "We see clearly that demand has increased in the period we go through after New Years," stating that apparel brands were beginning to produce more and more wares in Turkey. In 2010,

exporting companies were able to work at full capacity from the start of the year until November. The first of the opportunities providing for this came as European exporters, who shifted toward working without stock due to the economic stagnation, redirected orders made to the Far East to Turkey. The second reason for the boom in orders was that Portuguese and Spanish rivals were hit seriously by the crisis. Turkish producers kicked into gear after the economic difficulties in these countries forced many companies to shut down, and they took to the helm of unfinished projects. Turkey's proximity to Europe helped improve relations between European producers and Turkish producers whose fast delivery advantage they intended to utilize. Germany ranked first among European countries increasing their purchases from Turkey; Hey Tekstil, one of Turkey's biggest textile producers, increased its orders from this country in such a hard time by around 10%. Aynur Bektaş, the CEO of Hey Tekstil, which employs more than 2,000 people, ascribes the success achieved by Turkish apparel producers to their intense efforts in the areas of quality and design. "The



AHMET AKBALIK
CEO, Özak Tekstil

"We are focused on the basis of productivity and adding value to our business. We have been the sole supplier in Turkey of many brands for which we are a supplier; this proves how suited the service we provide is."



AYNUR BEKTAŞ
CEO, Hey Tekstil

"The 'Made in Turkey' badge has become a symbol of this intense labor; in fact, even imitations are being made of it."

'Made in Turkey' has become the symbol of this intense labor; in fact, even imitations of it are being produced" Among the customers of Hey Tekstil, which has recently opened design offices in Paris and Milan, are such brands as Converse, Stefanel, Benetton, and Kookai Celio.

Özak Tekstil is also a good example of how Turkey produces value with regard to its position, even during times of crisis. The company, which has begun deliveries of what they had produced in recent years, provides logistical services upon request too. A jean produced by Özak in Turkey can thus be transported to any store in the Netherlands, Germany, or Los Angeles. The world is starting to prefer Turkey as a production base for reasons ranging from the improvement in production quality, fast delivery of goods, and good cost analyses. Meanwhile, many textile brands from Turkey are earning nearly as much revenue as holding companies as they establish new routes to increase capacity. The awareness of creating value known by suppliers in the Turkish apparel industry provides for visible growth on the production side. However, it is worth adding that the sector's growth is not just about Europe and Africa: while Turkish textile investments spread rapidly in the Middle East and in Africa, they also target such markets as China and India nowadays. "A great foreign trade gambit is beginning. These markets are not rivals any longer; they are all markets to us," says Halit Narin, Chairman of the Board of the Union of Textile Industry Employers of Turkey.



The success achieved by Turkish apparel producers comes from their intense efforts in the areas of quality and design

Brands

JEWELRY, TOURISM, MUSEUMS, REAL ESTATE...



DREAMING OUTSIDE THE BOX

A journey which began with working in a TV channel turned Dreambox into a prestigious brand in the digital platform



BY CAN GÜRSU



BY ŞEREF YILMAZ

“WHAT WE REALLY SELL ARE DREAMS; FIRST YOU CREATE YOUR DREAM, YOUR FANTASY, THEN YOU DRAW A PRELIMINARY SKETCH OF IT AND TIE TO REAL TARGETS, AND YOU THUS CREATE A BRAND.” This is how Dreambox founder and creative director Çağrı Öztoksoy likes to explain his company's field of operations. While few people find the time to dream amid the bustle of their

working lives, Öztoksoy gets to experience the pleasure of being one of the lucky minority that does. Thanks to the digital branding agency he founded in 2001, Dreambox, he now uses his own dreams and imagination to express the goals of big brands. “The brand's name is Dreambox, because for us, everything is about imagination.”

Dreambox's *raison d'être* is to provide services in the

field of television and, in a sense, to transform television channels into brands. “In 2002, television was a sector developing rapidly in Turkey; but one of the most important elements for television channels to become brands, their visual image, was very deficient, and we couldn't go beyond looking at foreign television channels and aping them,” says Öztoksoy. He states that the fundamental

question they had in their minds when founding Dreambox, which offers all sorts of content services concerning television channels, was “Could we do it too?” The reason they decided to found a company, he adds, was to answer this question. The company that emerged was actually the outcome of the experience and knowledge Öztoksoy accumulated after working for a national TV station for seven years.

The company started working with numerous national channels from the moment it was founded. For Dreambox, designing the table at which the presenter sits or the news studio, creating the credits for the newscast, or designing the entire channel are like fruits in a basket. Öztoksoy says, “When a com-

pany comes to us, they might want the whole basket just as they might request a single fruit.” Among the stations Dreambox works with are many national heavyweights like ATV, TRT, D Spor, Kanal D, and Kanal 1. The company has also worked on many projects for international stations, including a credits reel for the UEFA Champions League that was shot to be broadcast in the entire Middle East for Al Jazeera Sports.

Fusing the message TV channels wish to convey and the goals they wish to achieve with their imagination, Dreambox has also gained acceptance in the international arena with the awards it has received. The company was deemed worthy of eight international awards so far, including such prestigious sector awards like the PromaxBDA, Interactive Media Awards (IMA), Digital Signage Expo Awards (DSE), and IF Design. Dreambox isn't just the first Turkish company to win the PromaxBDA award—it has actually won this award five times, another first. Besides bestowing an international reputation upon the company, these awards are also an indicator of just how effective it is in the web and technology fields.

Dreambox shifted toward the web field when the World Wide Web fully entered mainstream use in 2003, which brought with it a stream of demand relating to the area. “TV and the web were the same for us; one is a television and the other is a computer, after all; both have screens,” says Öztoksoy, explaining why they shifted toward this field, and adds, “And we said ‘Yes, we too need to be on the Internet.’” Although the Internet boom was somewhat taxing for the department initially, the

company gained the chance to exhibit its power in this area too when television and web later became intertwined some time later. Dreambox's web department continues its mission of building brand and corporate identities that the company began in television, and analogously to its work in television, it has produced the websites of many companies both foreign and local, among them those of Whiskas, Koç Holding, Toyota, and Türk Telekom. Indicating that their success in creating television brands was a point of reference in designing corporate websites, Öztoksoy says, “A television channel has more than 150 pieces of visual work; and when you can put these in order without problems, you are entitled to your certificate of proficiency and have succeeded in gaining acceptance for your brand anyway.” Dreambox has also brought an award from the Interactive Media Awards, one of the most prestigious Internet awards, to Turkey for Istanbul Sapphire's website.

Although the web and television may not seem so similar at first glance, they have much in common, the most important being creativity. But beyond merely creativity, the way to realizing what is being envisioned goes through software. “When you can't control the software well, no matter how good your imagination is, you can't correctly bring what you imagine to life,” says Öztoksoy, emphasizing the critical importance of software. Besides allowing it to create a difference in the areas of television and the web, the company's technological proficiency allows it to set sail toward other areas too.

Another benefit provided by technological proficiency

is flexibility in many areas. Today, screens have broken free of the boundaries of bezels, whether projected on a surface or appearing as a hologram. “In every part of our lives, there is an ongoing process that will turn a person into a king; when I wake up in the morning, I can now see my news, Facebook conversations, or my schedule at the moment in the mirror,” says Öztoksoy. He adds, “These are actually all screens; their foundations are all based on visual



design.” Every visual element we see on screen in television, the Internet, and applications are part of what are called user interfaces, and user interfaces require design. Dreambox, which started out in television, thus carries on by reinvents itself according to the changing place and significance of screens in our lives.

Öztoksoy says the company is still in the growth stage. After the company finishes its development, he says, they aim to split the company into three, namely television, web, and software, underneath the Dreambox umbrella. The company is currently working at full capacity and avoids uncontrolled growth. A partnership seems unlikely before the company completes its institutionalization. However,

“When I see something new, my eyes sparkle with joy. If that new thing is moving or making sounds, that's even beter”

**DYNAMISM COMES FROM
THE MULTINATIONAL
STAFF**

130

Number of inhouse and
freelancer employees of
Dreambox



Champions League Show Opening Generic made by Dreambox for Al Jaazera Sports

once the institutional structure is in place, the company's first choice will be a Turkish partner. Underlying Dreambox's success is a dynamic, sturdy base. In addition to its more than 30 in-house employees, Dreambox has a crew of more than 100 freelance designers, software developers, hardware engineers, graphic designers, directors, designers, and architects. "We first look at the project and select the people we will work with according to what the project will require," says Öztoksoy, and adds, "Now that the walls are lifted, we can work with all sorts of people from around the world in an effective manner." Dreambox's in-house crew is a multi-cultural medley including people from a diverse set of places ranging from Chile to Thailand. The crew works remotely on small projects, but for large projects, people from all over the world assemble under one roof, which is how Öztoksoy met Alvaro Rego Pallas, one of the company's partners. As a partner in Dreambox, Pallas opened its Barcelona office in 2005. "We

are both a local Turkish company and an international company," says Öztoksoy, and summarizes the characteristics of being a multinational company with the following: "By adjusting the tone of our voice according to the message the company wants to convey, we can ensure the transmission of the message without harming the brand identity because we are competent in many markets both domestic and foreign."

The dynamic structure of Turkey, which is expected to rank first among the countries with the youngest populations in 2025, parallels Dreambox's dynamism. The company aims to use the advantages it possesses as a Turkish brand as fruitfully as possible. Taking sure steps toward becoming a global player, Dreambox is certain to raise the bar sky-high with its young crew and innovative ideas.

Today, screens have broken free of the boundaries of bezels, whether projected on a surface or appearing as a hologram

Dreambox won IF Communication Design Award with Sabah-New York Times Commercial in Digital Media Animation Category





Drawing Strength FROM THE PAST

The diamond company Ariş is taking innovative steps to grow both in Turkey and in the world market. The cornerstone of the company's growth, however, is its experience

BY SİNAN KOPARAN BY CEVAHİR BUĞU

TURKEY, LOCATED in the world's most important geographical area for bringing natural gems and minerals to life by turning them into works of art, is gaining prominent stature in the world market by increasing its exports in this field. The size of diamond jewelry export market, which was estimated to be 500 million dollars eight years ago, has now reached 1 billion dollars. Can Özkök, Vice President of the General Secretariat of the Istanbul Mineral and Metals Exporters' Association, says, "Within the



Ariş Pirlanta's product line runs the gamut from the high end to the more reasonably priced

scope of the export strategies for the year 2023, in the 100th year of the Republic, we aim to reach 12 billion dollars in exports."

The growth of the market is being supported by developments in the domestic market too: while markets abroad account for 65% of the figures achieved, the remaining 35% comes from the domestic market. The brands operating in the sector have, of course, contributed significantly to this growth. Having put an end to an era in which it distanced itself from retail, Ariş Pirlanta, one of the foremost companies in the sector, is growing simultaneously with the rest of the sector with its new positioning.

The growth of the sector, though coming mainly from abroad, was supported significantly in Turkey especially by the increase in buying power brought by rising incomes and an expanding middle class. Today, with a per capita income that has exceeded 10,000 dollars, diamond sales are on the rise too. The emergence of more reasonably priced items has caused inter-

est in diamond products to rise. "Many people who used to see diamonds as unattainable now express their feelings by buying a diamond product, even if small," says Ariş Pirlanta CEO Kerim Güzeliş.

Diamond companies highly value the branding process in order to increase their share of the currently growing pie. In a mode of consumption based on a foundation of trust, brand names are very significant. Naim Gençoğlu, the CEO of Jival, another important player in the sector, says, "Although jewelry crafting is a traditional field, it has started adapting to the global market economy especially in recent times. And this situation requires firms that have come to a certain place in the sector to engage in branding. Firms wishing to exist in the market are now shifting all their communication strategies and market-oriented efforts toward branding."

Ariş Pirlanta's product line runs the gamut from the high end to the more reasonably priced. In order to bring all these items to consumers, the company needs to have a retail network stretching all over Turkey. At the moment, Ariş Pirlanta has 20 stores domestically; by 2015, it aims to reach 50 dealerships and 100 small retail locations by 2015. "We want there to be one of our stores in all of Turkey's corners," says Güzeliş, and continues, "But we do this without hurrying."

At one time, Ariş Pirlanta had slowed down its domestic retail strategy to concentrate on international markets. However, the company gave up the latter approach and once again sped up work on developing its domestic retail network. Of course, this doesn't mean that Ariş Pirlanta has completely forfeited its international

aspirations. The company aims to become a world brand by 2015 and it is progressing toward this goal with sure steps. It is closely following new business partnerships especially in Europe, America, and Japan, and it has also opened a location in Bulgaria. The most alluring of the aforementioned markets is, of course, the US—with a 50% share, the US is the world's most important buyer. "However, due to the crisis, we know that our colleagues there are not very happy," says Kerim Güzeliş. Because of this, the company has delayed its plans concerning the US for some time. For now, Europe appears to be a much more attractive market for Ariş Pirlanta, and the company's connections in the region have the effect of increasing its effectiveness in the market. By the end of 2012, Ariş Pirlanta aims to have five retail locations abroad. The company's goals in this area were actually much loftier, but developments occurring worldwide



ARİŞ WILL GROW BOTH
LOCALLY AND GLOBALLY

150

Number of selling points
(including dealerships and
small stores) Ariş aims to
have until 2015

5

Number of retail
locations that Ariş aims
to open abroad in 2010

have led to Ariş Pirlanta follow a more cautious approach to growth, as is the case for many other companies.

In preparing to become a significant brand abroad, Ariş Pirlanta is first planning to ensure an extremely strong foothold in its own country, which it will use to support broader strides abroad. Wishing to take full advantage of the international market, the company places much importance on the relationship between quality and price.

Active in the jewelry field for four generations, Ariş Pirlanta is among the companies in the sector that insist

*Ariş which is among
the companies in the
sector that insist on
manual craftsmanship
is now feeling the need
to patent some of its
genuine designs*

on manual craftsmanship. The company regards mass production in the creation of diamond jewelry coldly, instead wishing for the efforts of its master artisans to be felt in its products, allowing for extensive personalization. From custom items bearing a person's fingerprint or inscribed with a family seal or symbol for each member of the family, Ariş turns out work that satisfies customers' expectations. This is not really a new practice for Ariş Pirlanta either—in the 1900s, Abdülkerim Usta, the family's grandfather, produced customized items according to special requests and personal designs.

Besides personalized designs, Ariş Pirlanta creates its own collections as well. For example, by drying natural leaves using highly specialized methods and producing molds from them, the company makes the "Leaf Collection." Interest in this collection, which contains some of Ariş Pirlanta's most popular products, is so high that the company feels the need to patent it worldwide.

Having achieved the growth it desired in spite of the global slowdown both abroad and domestically, Ariş Pirlanta is now expanding its goals. To achieve them, the company is quickly taking successive steps to develop its branding, strengthen its distribution network, and diversify its product range. The cornerstone of its growth, however, comes from the land in which it was born and the painstaking efforts of its master artisans.

Kerim Güzeliş
represents the fourth
generation of the family
in the jewelry sector





Office furnishings account for 30 % of total furniture production in Turkey

A Turkish Touch IN THE OFFICE

Having gained momentum following industrialization in Turkey, the office furniture sector is expanding its share in the furniture sector as a whole and increasing its export figures

BY NESRİN KOÇASLAN

TOGETHER WITH Turkey's transition to a free-market economy in 1980 came a speedy transformation in the world of business. The new enterprises, new companies, and rapid entrance of foreign investors in the market, besides bearing a number of more obvious results for Turkey, also played a role in creating a sector that stayed relatively dormant until not long ago. Turkey, which had been strong in the furniture sector, started manufactur-

ing office furniture too, but it did not make a name for itself in that field for some time. The most significant developments in the sector occurred in 1998 and 1999. By exhibiting growth of nearly 400% over these two years, the furniture sector proved that it could compete globally in office furniture too. Today, Turkey is considered one of Europe's most important producers of office furniture. According to the Office Furniture Industrialists and

Businessmen Association's Turkish Office Furniture Sector Report, there are an estimated 29,000 producers in the sector, operating in a number of cities and employing more than 250,000 people.

TAKING ON THE LOAD OF THE FURNITURE SECTOR

Although the true size of the sector is hard to tell because of the many dynamics in play, it is estimated that the total worth of the Turkish furniture sector's production is 7.5 billion dollars. Office furniture accounts for approximately 30% of this figure. It appears that the sizable share held by office furniture will grow even more with the continuing development of Turkey's economy and the rising number of foreign investors in Turkey. While the growth of Turkey's economy results in an expansion of the volume of business in the country, the rising importance of office projects within the construction sector contributes heavily toward the growth of



1.5

BILLION DOLLARS

2010 furniture exports

Source: IGEME (Export Promotion Center of Turkey)

the segment. The acceleration of growth and burgeoning potential is making the production of office furniture one of Turkey's most important sectors. One clear sign of this is that although the sector is only a branch of the general furniture sector, it has its own association, the Association of Office Furniture Industrialists and Businessmen, which houses many members under its proverbial roof. OMSIAD President Ercan Atak says, "With the aim of expanding the market, we take establishing harmony among our members; ensuring the firm rule of professional ethics in the sector; supporting high service and environmental standards, production quality, and design; and facilitating



Turkish furniture sector occupies a solid position globally, ranking second after Germany and produces 2% of the global office furniture production

coordination between members and public institutions as our mission." He adds, "The number of members in our association is exhibiting an increase parallel to the development of the sector."

POSITIONING GAZIANTEP AS A BASE

As is the case for the furniture sector at large, the office furniture sector's heart still beats in Kayseri, but Konya has lately been among the cities to house important brands. Besides Konya, which has produced numerous important brands, the sector has another goal—to "position Gaziantep as a base." OMSIAD has rolled up its sleeves for a number of efforts geared toward accomplishing this. OMSIAD President

Ercan Atak says, "We wish to make Gaziantep the exports base of the office furniture sector, establishing export ties with the Middle East via this enterprising city. We are aiming for an employment- and exports-based approach from which both our sector and Gaziantep will have much to gain."

Why is Gaziantep so important? The answer to this question is hidden in the companies' export strategies—nearly all of the big exporters of office furniture in Turkey export to the Middle East, and Gaziantep can be considered the shortest path that can be used to reach countries in this region. Considering the formidable competition in Europe, this

BRANDS GROW IN THE OFFICE

Office furniture manufacturers in Turkey has accomplished to gain reputation especially in the Middle East, Europe and Gulf countries



HALİL ÇİFTÇİ

Member of the Board and Sales and Marketing Manager, Ofisset

We currently have a monthly output of 8,500 items. We sell 30% of this outside the country. Among the countries we work in are countries like Iraq, Jordan, Dubai, Romania, and Turkmenistan. Abroad, particularly in neighboring countries, the image of Turkey is very good; when goods are known to be the product of Turkey, especially in furniture, they are considered high quality. Just as in every sector, in this sector Chinese goods see favor particularly in the Arab world and in Africa for their cheap prices, but because Turkish goods are perceived to be high quality, they stand a better chance in the long run.



GÜRAN GÖKAY

Deputy Board Chairman and General Manager, Nurus

We are experiencing the joy of being the only Turkish brand preferred in a broad geographic area stretching from Belgium to India. Nurus has been completing very big projects in Europe's most important locations and, for 12 years, in the countries of the Persian Gulf. Coming after our giant showroom in India and our office in Mumbai, this year we are bringing to life our monobrand stores project in dozens of countries. Our continually increasing power in Egypt and our new connections with Ireland and Scotland are also among the developments that give great pride to the Nurus brand. We aim for 80 million dollars of revenue in 2011.



İSA KIZILÖZ

Marketing and Trade Manager, Flekssit

Our company, which began exports with agreements signed with Saudi Arabia in 1992, today waves our country's flag in approximately 32 countries. Flekssit, which has additionally established its own regional headquarters in Dubai, Russia, and Turkmenistan, offers its services as a solutions partner to its distributorships as well as international companies in Europe, the Middle East, North Africa, and the Turkic Republics, and because of these successes, it is the only Turkish brand in its sector that has been deemed worthy of the European Gold Quality Award in Rome.



HÜSEYİN TOSUNOĞLU

Board Chairman, Tosunoğlu

Our brand is the sector's pioneering and big brand, and with its present facilities it ranks as the largest producer in Turkey. With a daily production capacity of 1,500 units of furniture and 750 armchairs, it is able to satisfy domestic orders within 72 hours. Bürotime provides employment to a staff of 400. Bürotime offers its services in Turkey with 70 concept distributorships and also in more than 35 countries abroad. It exports 35% of its production. The markets in which our exports have a significant share are above all in the Middle East, as well as in Africa, Europe, and the Turkic Republics. Meanwhile, Bürotime has been taking part in the TURQUALITY brand support program since 2009.



strategy could create alternative markets for Turkey and put it one step ahead.

CATCHING UP TO THE COMPETITION

Etem Özçelik, Chairman of the Board of Modoko, says the sector occupies a solid position globally, ranking second after Germany. He notes that 2% of worldwide office furniture production takes place in Turkey. Turkey's chief rivals include Germany, the number one producer worldwide, and Italy and Spain, which are also strong players.

Özçelik emphasizes that design is very important in getting ahead in the global race. Brands must both focus on design and understand the value of specialization. But this is not such an easy process: "Because contemporary international standards in the field are very unforgiving and strict, selling office furniture to the world is quite a tough job," says Güran Gökyay, Deputy Board Chairman and General Manager of Nursan. Gökyay adds, "In order to become a brand on a global scale, you must meet all these standards fully," highlighting

The industry representatives aim to increase the size of the furniture sector in the domestic market to 15 billion dollars and raise the share of exports to 3.5 billion dollars by 2023



Contemporary
international standards
in the field and tough
competition force
manufacturers to focus on
design

the difficulties of creating a global-scale brand.

Because developed countries are attaining impressive export figures in the global furniture sector, exports are very important to the office furniture sector too. It is estimated that the worldwide consumption of furniture, which is valued at 300 billion dollars currently, will reach 1 trillion euros in 2050.

Brands in Turkey are also highly active in exports. The majority of brands say they export some 30% of their production, and the foremost objective in the upcoming term is to increase this percentage. Güran Gökyay, the Deputy Board Chairman and General Manager of Nursan, which exports to 30 countries, indicates that they export 30% of their production. Another company saying it exports 30% of its production is Ofisset. Ofisset manufactures 8,500 items monthly and is engaged in exports to Iraq, Jordan, Dubai, Romania, and Turkmenistan. Fleksit, yet another company, began exports in 1992 after signing agreements in Saudi Arabia; today, it exports to 32 countries. Fleksit has also established its own regional headquarters in Dubai, Russia, and Turkmenistan. The company offers its services as a solutions partner to its distributorships as well as many

international companies in European, Middle Eastern, and North African countries, and in the Turkic Republics. Yet another brand, Bürotime, a Tosunoğulları Mobilya brand, exports 35% of its output. Working primarily in the Middle East, as well as in Africa, Europe, and the Turkic Republics, Bürotime has taken part in the Turquality brand support program since 2009.

TARGETING 2023

The Turkish Exporters Assembly's 500 billion dollar exports target for the centennial of the Turkish Republic has also enticed sectors to set targets of their own.

According to OMSIAD's Turkish Office Furniture Sector Report, sector representatives aim to increase the size of the furniture sector in the domestic market to 15 billion dollars and raise the share of exports to 3.5 billion dollars by 2023.

Thus, there is some work to be done to increase the share the sector will take in the proposed 500 billion dollar export target for Turkey in 2023 from 1.5% to 2%. The branding efforts of companies in the sector and their search for new markets seem as if they will continue in the meantime, banking on a total of 18.5 billion dollars in revenues.





Welcoming Guests IN A MODERN-DAY PALACE

Ela Quality Resort Hotel, which is considered one of the world's top 99 hotels, presents historical tradition with modern day comforts

BY AYŞE MERVE KAMACI

THE BRIEF NOTE explaining Ela Quality Resort Hotel's fundamental philosophy starts with the words, "If you can imagine it, you can do it; remember that everything started with a mouse." Paraphrased from Walt Disney, this line fits perfectly with the hotel's philosophy and mission. The motto of progress through imagination has been quite popular lately, and at Ela Quality Resort, it is fused with quality to become a reality. Located in Belek, a favorite

of foreign vacationers since it was discovered in 1984 with its pine forests, facilities with noteworthy golf courses, deep blue sea, and long coastline with beaches of fine sand, this modern day palace is owned by Ahmet Akbalık, Deputy Chairman of the Turkish Exporters Assembly and CEO of Özak Global Holding. Having first pictured a hotel suited to families, he now enjoys the pleasure of welcoming guests in one of the world's top 99 hotels.



Accommodation options in Ela Quality Resort, range from rooms in the main hotel block to lake houses, villas, and suites

The foundations of the Ottoman-themed hotel, which offers customers the comforts of home together with luxury and splendor fit for royalty, were laid years ago when Akbalık realized there were no holiday facilities suiting a family concept. He traveled often in those years and frequently had to chase after his children when vacationing amid a bustling work schedule, causing him to imagine a hotel in which kids and family members in different age groups could spend the day independently engaged in various activities. Thus began the story of Ela Quality Resort Hotel. In a poll conducted by online holiday and travel portal HolidayCheck, which features comments by holidaygoers from all around the world and is the number one reference for people wishing to go on vacation, Ela Quality Resort entered the ranks of



A two-ton chandelier made of blown glass greets visitors in the hotel's entrance

the world's 99 and Turkey's 10 best hotels.

This success was not achieved by chance. "We needed to be different, a structure that adopts its culture as its own," says Akbalık, explaining the principle in his mind when conceptualizing the hotel. Based on this approach, when the hotel was still being built, a school named Academy Q was founded with an investment of around 500,000 dollars. Tourism graduates from all around Turkey receiving training and certifications at the school. Approximately 800 people were trained and the hotel employed around 400 of them. Knowing that staff quality is the cornerstone of maximum customer satisfaction, the hotel management was also aware that the way to customers' hearts passes through their stomachs. "We have a restaurant that serves Ottoman cuisine in addition

to various world cuisines. For the sake of being original, we researched the Ottoman kitchen of the 1400s and 1500s personally and took direct notes. Our chefs traveled the four corners of Turkey, observing particularly the regional foods of the Black Sea, Aegean, and Mediterranean regions in their places of origin," says Akbalık, and adds that they develop their own original concepts in such undertakings instead of copying others.

Staff quality is one of Ela Quality Resort Hotel's most distinguished characteristics, but another is its aim to present activities and services with which family members in all age groups can spend time pleasantly. The hotel's spa is the first certified spa in Turkey. World-famous entertainment shows are brought specially to the hotel from abroad. Its chefs return from international gastronomic competitions

AN ACADEMY TO TRAIN ITS OWN STAFF

800

Number of people trained in Academy Q of Ela Quality Resort

400

Number of people employed after training in Academy Q

500

THOUSAND DOLLARS
Investment for the academy

with gold, silver, and bronze medals. Accommodation options range from rooms in the main hotel block to lake houses, villas, and suites. Those opting for the villas are able to relax and listen to chirping birds amid greenery and enjoy an uninterrupted vacation in a unit with fitness, spa, Turkish bath, and massage rooms, outdoor and indoor swimming pools, and cooking facilities.

Ela Quality Resort Hotel pushes ever forward with new innovations and ideas to satisfy the considerably high expectations of its customer base. Finding out that TUI, Europe's largest tourism companies group, has been observing them for two years, Ahmet Akbalık says, "They saw what we do right; due to our working style being fully concordant with their aims, they came to us with a proposal to collaborate." As the

result of a franchise agreement signed in May, the first location of TUI's new hotel concept Puravida thus came to life in Belek. Meaning "Pure Life" in Spanish, the Puravida concept signifies a holiday that includes relaxation alongside a full list of entertainments and activities. When announcing the agreement to the press, Ela Quality Resort Hotel General Coordinator Vadi Karatopraklı said, "Puravida Resort is an international hotel concept targeted at vacationers who are highly educated and lead luxurious lifestyles. The new hotel brand appeals equally and offers the best service to vacationers in all age and sex groups, from those who aim for a holiday focused on vacation on sports to customers who expect healing and relaxation. With our new model, we will provide great contributions to our country too."

For their part of the agreement, TUI has also provided Ela Quality Resort Hotel a guarantee to help sell half of the hotel's capacity. The hotel primarily draws tourists from countries like Belgium, Germany, the Netherlands, France, the UK, Austria, Rus-



In a poll conducted by online holiday and travel portal, HolidayCheck, Ela Quality Resort entered the ranks of the world's 99 and Turkey's 10 best hotel

sia, and ex-members of the Soviet Bloc; generally, only 6–7% of their customers are local. Akbalık says their lack of heavy focus on marketing efforts has played a role in this, emphasizing that they gained customer loyalty through word of mouth, with customers coming once choosing to return year after year and recommending it to people they know. In the winter season, occupancy rates remain high with golfing events, which have essentially come to symbolize Belek, soccer camps, health services, congresses, weddings (the daughter of Moscow's mayor got married here), and international corporate conferences. For tourists wishing to escape the cold weather of Europe, Belek, Antalya is an attractive destination with its mild climate.

As Akbalık lists the hotel's distinguishing features, he notes that an important detail is that the hotel's name, architecture, logo, color concept, restaurant menu, and activity selection were arranged deliberately so as to make up the parts of a whole. A two-ton chandelier made of blown glass greets visitors in the hotel's entrance. Akbalık says they selected the chandelier to support the survival of this art, a part of Turkish culture that faces being forgotten. There is also a fossil on display in the hotel; once a tree, the fossil in time turned into marble, and it was discovered in Turkey approximately two thousand years later. Ahmet Akbalık states that while such details appear unconnected when examined independently, they were considered as a whole and serve a unified purpose: presenting Turkish traditions, architecture, foods, habits, and values to guests at their most splendid.



A New Horizon in Cultural Tourism: **THE ZEUGMA MUSEUM**

With the Zeugma Museum, one of the world's largest mosaic museums, Gaziantep has opened its doors to millions of visitors

BY MERVE KARA BY ERKAN YEYREK

ARCHAEOLOGICAL excavations that began in the '90s and months of preparation and restorations have finally been completed a short while ago. With the efforts of various parties ranging from the Gaziantep Chamber of Commerce, the Ministry of Culture and Tourism, and hundreds of archaeologists and historians, the Zeugma Museum is seizing the title of the world's largest mo-

saic museum from Tunisia's Bardo National Museum. Housing a total of 2,500 square meters of mosaics, the Zeugma Museum is also leaving the Bardo in the dust with the breadth of its collection. The Zeugma Museum, which is also the largest museum in Turkey's history with its size of 30,000 square meters, contains items and remains dating back to 100 BC. Mosaics unearthed and



THE FIGURES FOLD EACH YEAR

25.8

MILLION

Number of visitors
to museums and ruin
sites in 2010

45

Number of
museums and ruin
sites transferred to
TURSAB in 2010

sites in 2008 numbered around 23 million, this figure rose to 26 million last year. “We are taking charge of our museums and ruin sites, and we are trying to raise our standards. Our income in 2007 was around 70 million liras. By the end of 2010, it had reached 170 million TL. We have an expectation for over 200 million liras in income this year,” said Ertuğrul Günay, Minister of Culture and Tourism, in an interview he granted to *The Turkish Perspective*, expressing the value given to museums as follows: “We are opening the region’s and actually the world’s largest mosaic museum in Gaziantep. We are converting İçkale, Diyarbakır to a museum site in its entirety. In Haleplibahçe in Urfa, we opened a 40,000 square meter area, and we are arranging it as an open-air and indoor museum area. We have a museum initiative in Hatay too.”

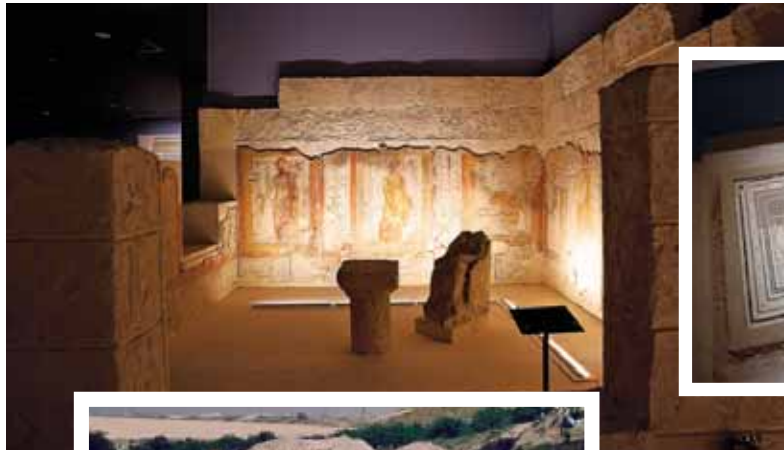
Together with Zeugma’s restoration and conversion to the world’s largest mosaic museum, one of the efforts

placed under conservation following excavations ongoing in the district of Nizip on the shores of Gaziantep’s Birecik Dam Lake include some of the most impressive artworks of the age of the Roman Empire.

Zeugma, one of Turkey’s numerous hidden treasures, is expected to draw millions of visitors. Zeugma’s rebirth can be regarded as a significant element of the Turkish Ministry of Culture and Tourism’s sustainable tourism strategy. Practiced since 2007, the strategy is based not just on the mass tourism approach that emphasizes such natural beauties as the sea, sun, and sand, it also includes a significant component of cultural tourism. New trends in tourism are shifting away from the popular and more toward the authentic, and this strategy is turning these into an advantage for Turkey.

Anatolia, after all, is one of the world’s richest areas culturally, with its millennia of history, in which it was home to numerous different civilizations. Efforts that

have been conducted for the past four years to develop close to 140 museums and ruin sites are bearing fruit too: while visitors to the country’s museums and ruin



The extraordinary collection of mosaics includes depictions of Poseidon, god of the oceans and second only to Zeus in power, along with Oceanus and Theys, who, according to legend, had 6,000 sons and daughters that became the spirits of the earth’s rivers, springs and streams. Demeter, the goddess of agriculture, is also present, as is Achelous, who gave Heracles what the world now knows as the “horn of plenty,” or “cornu copiae.” The famous warrior Achilles is also a mosaic subject



the Ministry of Culture and Tourism conducted to increase interest in museums and ruin sites was the call for bids it announced for operating the booths at museums and ruin sites, which was won by the MTM-TÜRSAB partnership. The operation of 45 museum and ruin sites was transferred to TÜRSAB last year with the purposes of increasing income and visitor numbers, attaining a high representative power, and improving guest services to bolster its perception. With this collaboration, Turkey is expected to outperform the previous year in 2011 too.

The efforts begun during the discovery of the ruins of Zeugma during the construction of the Birecik Dam Lake in 1996 have given Gaziantep the chance to welcome millions of visitors,

One of the most popular and visually striking mosaics depicts what is simply called the “Gypsy Girl,” a beautiful portrait of a young face with striking eyes that some experts believe may represent Gaea, the goddess of the earth

transforming Zeugma into the world's biggest mosaic museum. Not only is this success encouraging for Turkey's cultural tourism vision, it also shows that Turkey's dream to become one of the world's most visited cultural centers can be realized.



A REAL ESTATE CONSULTING FIRM FAVORITE

Drawing in the likes of Remax, Century 21, Arthur & Miller, Coldwell Banker, Realty World, and Sotheby's International Realty, Turkey's allure for international real estate consulting firms is as captivating as ever

BY AYŞEGÜL SAKARYA

IN THE LAST TEN YEARS, a significant transformation has been witnessed in the real estate sector in Turkey. The global giants of real estate consulting—including Remax, Century 21, Arthur & Miller, Coldwell Banker,

and Realty World—have set up shop beside neighborhood side-street realty agents. Although many of these global giants already have a presence in Turkey, international real estate companies' interest in Turkey



is not yet over, as exemplified by luxury real estate consulting company Sotheby's International Realty's initiation of operations in Turkey around six months ago.

"Representatives from Sotheby's International Realty's headquarters came to their office in Istanbul and did not conceal their astonishment before our portfolio. They were very impressed when they saw the museum-like mansions by the Bosphorus, left from the 1800s. Stories about some of our properties appeared in such publications as the Financial Times," says Arman Özver, General Manager of Sotheby's International Realty Turkey. He adds, "One of the mansions in our portfolio stayed up on Sotheby's main Internet

front page for ten days. This shows how much they value Istanbul—meaning how much they value Turkey."

The figures being posted by the real estate sector are enough to understand why these companies are so interested in Turkey: 2011 has so far been a very lively year for the construction sector, which grew 18% in 2010. According to a report titled "The Real Estate Sector in Turkey and the World First Quarter – 2011," published by GYODER (the Association of Real Estate Investment Companies), the construction sector grew 14.8% in the first quarter of 2011. "Double digit growth in the construction sector in Turkey continued through the first quarter. Rapid



Arman Özver says that broadcasting a mansion in Istanbul in Sotheby's main internet page shows how much the company values Turkey

expansion occurred in construction spending coming from the private sector. This rapid growth continued together with the continuation of projects begun long ago," says Işık Gökkaya, President of GYODER.

Soyak Holding CEO Emre Çamlıbel says that growth in the market will continue, emphasizing the upturn in sector activity in 2011. While real estate sales to foreigners fell from close to 3 billion dollars in 2006–2008 to 1.8 billion in 2009, they went back up to 2.5 billion in 2010. In the "Emerging Trends in European Real Estate Markets Report 2011" published by PwC and Urban Land Institute in February, Istanbul ranks first in real estate purchases. The figures leave little more to say—with its flourishing real estate sector, Turkey continues to be a real estate consulting firm favorite.



According to a report titled "The Real Estate Sector in Turkey and the World First Quarter – 2011," published by GYODER (the Association of Real Estate Investment Companies), the construction sector grew 14.8% in the first quarter of 2011

Agenda

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

IKSV
BIENAL

SEP.17–NOV.13



Countdown to the Biennial

The 12th Istanbul Biennial will be held by the Istanbul Culture and Arts Foundation with the sponsorship of Koç Holding September 17 through November 13, 2011. Five mixed exhibitions and around 45 personal presentations will appear at the event. Every mixed exhibition will bring together the works of numerous artists under a certain theme. The curatorship of the Biennial has been undertaken jointly by Adriana Perdrosa, Director of Programa Independente de Escola São Paulo (PIESP), and Jens Hoffman, Director of the California College of Arts Wattis

Institute for Contemporary Arts. The focal point of the biennale consists of the works of Cuban-American artist Felix Gonzalez-Torres (1957–1996), whose artistic production is one of the best examples of such an approach to art. The event's title this year, "Untitled (12th Istanbul Biennial), 2011," repeats Gonzalez-Torres's tradition of naming his works. The exhibitions to be held also refer to Gonzalez-Torres's works with themes titled "Untitled" (Passport), "Untitled" (Ross), "Untitled" (Death by Firearm), "Untitled" (Abstraction), and "Untitled" (History).

SEPTEMBER

CeBIT Bilişim Eurasia
TÜYAP Istanbul Fair and Convention Center
OCTOBER 6-9, 2011

CeBIT Bilişim Eurasia, Europe's number one information and communication technologies fair, continues being the meeting point of the ICT sector in 2011. ICT, a fundamental element of future business strategies, provides for the creation of new areas of business as well as growth in almost every sector. Having renewed its constitution to the sector's needs and inclinations, CeBIT Bilişim Eurasia 2011 will reflect the sector's rapid development and present solutions designed for companies' needs today.



80th International İzmir Fair
İzmir Kültürpark International Fair Center
SEPTEMBER 8-18, 2011

This year's theme for the fair is "The Environment and Environmental Technologies," coming at a time when the importance of a livable, sustainable world and environment is on the rise. Many international parties are set to attend the fair, which is being held with Austria as a partner country.



International Security Automation Fire Exhibition (ISAF)
Istanbul World Trade Center / Yeşilköy
SEPTEMBER 22-25, 2011

The rising global importance of safety and especially the increase in forest fires is leading to the growth of such sectors as security, fire safety, and RFID. ISAF is the largest fair for these sectors in the center of Eurasia, and with the participation of many international producers, it is ideally suited for following global developments.

7th LED and LED Lighting Exhibition
Istanbul World Trade Center / Yeşilköy
SEPTEMBER 29-OCTOBER 2

The LED Exhibition organized by Marmara Fair since 2007 is the only meeting point of the industry for Turkey, as well as for southeast Europe, the Middle East, and Africa. The fair is important for spreading the use of LED technology, which has been a part of daily life for years but is not sufficiently well known, proliferating it in sub-markets, setting up dealer networks, and enhancing awareness of LED products.



33. ISTANBUL JEWELRY SHOW
CNR Expo İstanbul
OCTOBER 13-16, 2011

Brought to life by goldsmith masters and experienced organizers with 26 years of success, the Istanbul Jewelry Show is the number one jewelry event in a wide region ranging from the Middle and Near East, Russia, CIS nations, Eastern Europe, and northern Africa.

8th International Marble and Natural Stone Products and Technologies Fair
CNR Expo İstanbul
OCTOBER 27-30, 2011

The 7th International Marble and Natural Stone Products and Technologies Fair held last year at the Istanbul CNR Expo Fair Center between November 25 and 28 had the effect of cheering up the industry.

The organization, at which companies found the opportunity to engage in fruitful negotiations with buyers to increase their exports, helped many companies double their received orders compared to the previous year. In parallel with the increasing dynamism of construction industries especially in Middle East and Northern Africa, international construction and natural stone companies heading for Turkish natural stones and marbles preferred Istanbul for purchases this year.

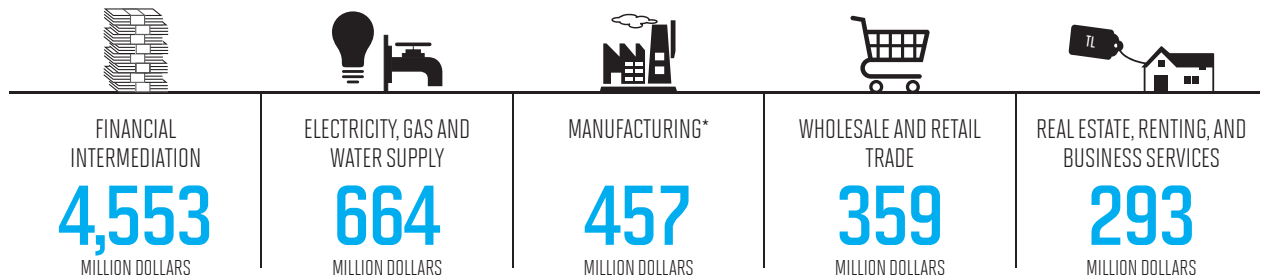


OCTOBER

Figures

FOREIGN DIRECT INVESTMENTS IN THE FIRST HALF OF 2011

TOP 5 SECTORS THAT ATTRACTED FDI IN JANUARY-JUNE 2011

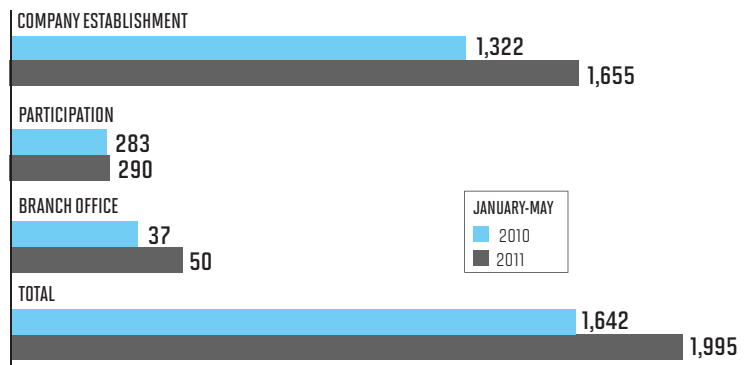


* (chemicals, chemical products and man-made fibers: 134 million dollars; food products, beverages and tobacco: 94 million dollars; electrical & optical equipment: 87 million dollars; basic metals & fabricated metal products coke: 54 million dollars; textiles & textile products: 34 million dollars; machinery & equipment n.e.c.: 22 million dollars)

The healthcare business and social services sector has attracted investment of **157 million dollars** in the first half of 2011. This is a huge increase when compared to the **2 million dollars** the sector drew in the same period of 2010.

BREAKDOWN OF COMPANIES WITH FOREIGN CAPITAL BY MODE OF ESTABLISHMENT (2010 - 2011/June)

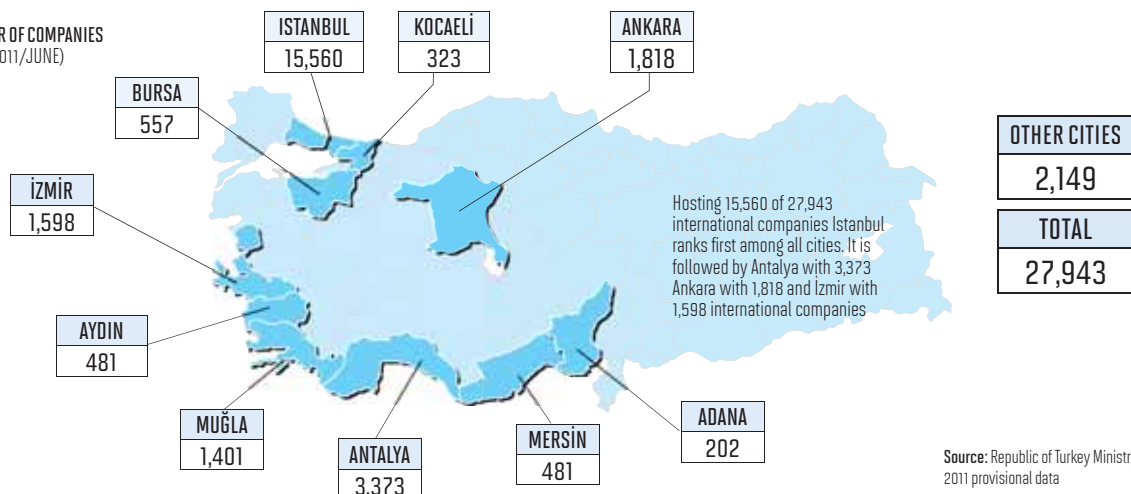
In the first half of 2011, 1995 foreign companies were established in Turkey which represents an increase of **21,5%** when compared to the same period in 2010. 1655 of them were new companies which shows an increase of **25,2%** when compared to 2010.



Source: Republic of Turkey Ministry of Economy, 2011 provisional data

NATIONWIDE DISTRIBUTION OF COMPANIES WITH FOREIGN CAPITAL (TOP TEN CITIES)

NUMBER OF COMPANIES
(1954-2011/JUNE)



Source: Republic of Turkey Ministry of Economy, 2011 provisional data

REMARKABLE INCREASE IN THE FDI AMOUNT ATTRACTED

According to the recent data released by the Central Bank of the Republic of Turkey, Turkey attracted **\$6.2 billion** FDI in the first half of 2011 (January-June), increasing by **92%** when compared to the same period of 2010.

Investment Support and Promotion Agency of Turkey (ISPAT) President Mr. İlker Ayçi says, "In the first half of 2011, global investments to Turkey increased 92% and reached 6.2 billion dollars as a consequence of global investors' trust in Turkey."

Ayçi emphasizes that, "We aim to attract investments that will advance the industrial know-how, increase employment, and minimize imports and thus the account deficit, as well. We are now working in a sector-oriented approach by addressing each sector individually and presenting Turkey as the proper and attractive destination for investment for the upper level executives of global companies." ISPAT president Ayçi continues "We are implementing a working strategy by focusing on supply chains, research and development initiatives, production capacity, import-export balance, and job creation.

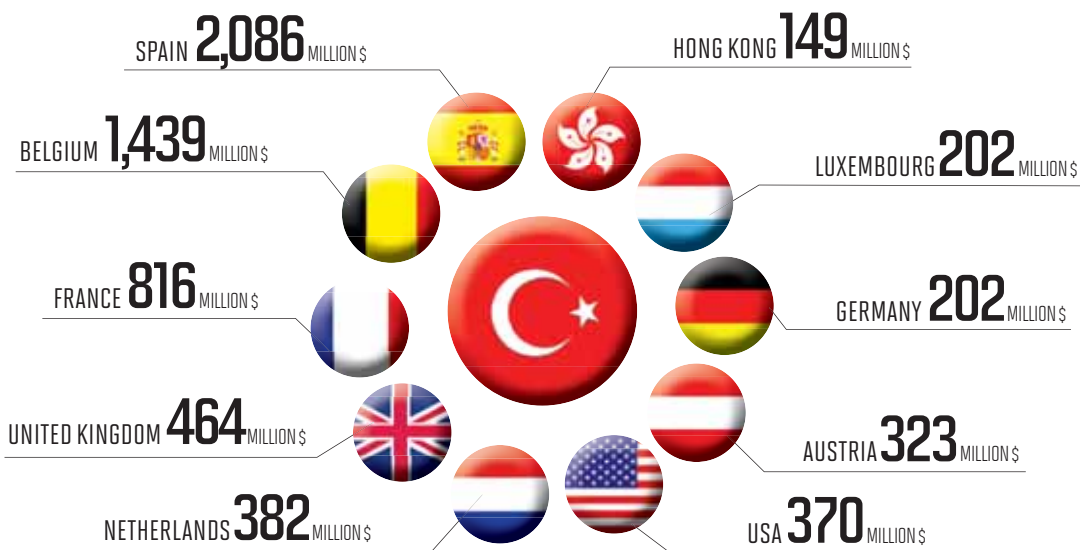


İLKER AYÇI
Investment Support
and Promotion
Agency of Turkey
(ISPAT) President

For instance, when our focus is on the automotive sector, we are not only trying to attract a global brand to Turkey, but also a variety of other companies which constitute the supply chain for the main brand, their technology and know-how. In return, we present them with various incentives, skilled labor, and ease of doing business."

Ayçi is also very positive about Turkey's FDI (Foreign Direct Investment) outlook. Apart from expecting an annual increase in the coming years in terms of the total amount of FDI in Turkey, Ayçi also emphasizes that Turkey is among the top destinations for global investment. "Nowadays, we are ending up at the top of the final lists of investors. Very often, they make their final decisions by choosing between Turkey and another country. This shows us that the global financial crisis-resistant economy of Turkey is acknowledged by global investors."

TOP TEN INVESTORS BY AMOUNT OF EQUITY CAPITAL IN JANUARY-JUNE 2011



Turkey offers quite generous incentive packages for investors. For instance, an investor who is interested in Research and Development has a chance to benefit from a specially tailored incentive package intended for the R&D and innovation activities. Investors have a wide range of options to realize their investments benefitting from various incentive schemes.

Source: CBRT

INVESTMENT PROJECTS OF COMPANIES WITH FOREIGN CAPITAL IN TURKEY (2006-2011/June)

Projects granted investment incentive certificates in the first half of 2011 now number 130. The total value of the certified projects is 3.5 billion dollars

	2006	2007	2008	2009	2010	2011 (JANUARY-JUNE)
NUMBER OF CERTIFICATES	142	179	206	180	218	130
TOTAL INVESTMENTS * (\$ MILLION)	1,715.9	3,578.2	5,358.7	9,455.3	5,301.7	3,706.3
TOTAL INVESTMENTS * (TRY MILLION)	2,508.6	4,731.5	7,106.5	14,525.3	7,961.4	5,807.0
FOREIGN INVESTORS' SHARE	35.2	44.2	49.9	50.1	40.8	54.9

* The estimated value of investment incentive certificates for international companies

Source: Republic of Turkey Ministry of Economy, 2011 provisional data

DISTRIBUTION OF FOREIGN DIRECT INVESTMENT BY COUNTRY 2011 (MONTHLY)

Of the cash capital income in the January-June 2011 period, 87.7 % comes from the European Union countries

CANADA						
Jan.	Feb.	Mar.	Apr.	May	June	
3	1	1	2	2	2	
MILLION DOLLARS						

USA						
Jan.	Feb.	Mar.	Apr.	May	June	
21	164	26	54	75	30	
MILLION DOLLARS						

MIDDLE-SOUTH AMERICA CARIBBEAN						
Jan.	Feb.	Mar.	Apr.	May	June	
54	0	0	0	0	5	
MILLION DOLLARS						

OTHER COUNTRIES						
Jan.	Feb.	Mar.	Apr.	May	June	
1	1	1	1	0	1	
MILLION DOLLARS						

TOTAL (MILLION DOLLARS)						
JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	
431	529	4,410	686	422	428	

EU COUNTRIES						
Jan.	Feb.	Mar.	Apr.	May	June	
339	310	4,315	408	310	374	

GERMANY	96	23	26	45	4	8
FRANCE	70	80	565	1	2	98
NETHERLAND	76	97	66	73	37	33
UK	5	7	23	174	165	90
ITALY	6	9	5	5	5	7
OTHER EU COUNTRIES	86	94	3,630	110	97	138

OTHER COUNTRIES (EXCEPT EU COUNTRIES)						
Jan.	Feb.	Mar.	Apr.	May	June	
2	41	49	59	15	1	
MILLION DOLLARS						

AFRICA						
Jan.	Feb.	Mar.	Apr.	May	June	
0	0	0	0	0	0	

ASIA						
Jan.	Feb.	Mar.	Apr.	May	June	
11	12	18	163	20	15	
NEAR AND MIDDLE EAST COUNTRIES	10	9	16	13	16	12
GULF COUNTRIES	9	8	15	12	15	7
OTHER NEAR AND MIDDLE EAST COUNTRIES	0	0	0	0	0	4
OTHER ASIAN COUNTRIES	1	3	2	150	4	3
MILLION DOLLARS						



Europe's best airline.

18.8 million voted. One was named.

Every year, Skytrax, the world's civil aviation audit and service benchmarking programme, announces the best in the airline business.

They do this by simply asking frequent flyers. In 2010, 18.8 million passengers were asked to choose their favorite airline in Europe. Turkish Airlines was their favorite.

Is it our network that takes you to more than 190 cities around the world?

Is it our hub, Istanbul, the world's most attractive city to connect Europe to the world? Is it our globally awarded cuisine?


Is it our warmhearted welcome on board? Is it our sponsorship of the world's best teams and athletes? Most likely all.

Next time, fly with Europe's best airline and discover it for yourself.





Europe's
Best Airline

A STAR ALLIANCE MEMBER 

Dining room.



Living room.



Bedroom.



NEW BUSINESS CLASS

Full flat-bed seats. The best of in-flight entertainment. Flying chef on board. And more than 190 destinations via Istanbul with our brand new A330-300 and B777-300 ER aircraft. All with the privileges of Europe's best airline, Turkish Airlines.

turkishairlines.com

Globally Yours

**TURKISH
AIRLINES**

