EXCLUSIVE INTERVIEW urkish Ertuğrul Günay, the Minister of Culture and Tourism, tells The Turkish Perspective about the new concept in tourism NOVEMBER-DECEMBER 2011 ISSUE 7 ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS





Determined to be the world's fifth largest country for tourism in 2023. Turkey is taking bold steps toward realizing this vision

BRIEFING

Fashion's Leather Gateway Investing in a Promising Future

Crafting a Global Brand Reaching the World's Consumers

SAMUEL DI Piazza on "A Potential Second Dip'











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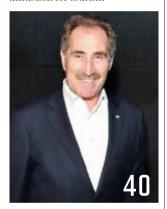
THE WORLD'S LARGEST OPEN-AIR MUSEUM

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Editorial



PRESIDENT (TIM)

Turkey Gains Strength as a New Balance Is Established in the Global Economy

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

DDING A 10.2% GROWTH rate in A the first half of 2011 to the 8.9% momentum in growth it achieved in 2010, Turkey became the world's fastest-growing country. Turkey's leadership in growth in the first half of 2011 was followed by China and Argentina. The successes we have achieved and the momentum we have attained show us this: we are the fastest growing, most dynamic country in the Europe, Eurasia, Middle East, and Central Asia region.

In the process of exiting the global crisis, Turkev has been one of the fastest-improving countries among those in the OECD, whether in terms of fighting against unemployment or public finance, thanks to its rapid growth and the timely measures it applied. The distance we have covered has led us to become decoupled from other countries, now to be evaluated from a different position.

The clearest recent example of the distance we have covered is that credit rating agency S&P upgraded Turkey's credit score by two notches, bringing it to the level that is suited for investment.

However much we may believe that this rating increase must occur not only in the local currency sort, but also in foreign currency, this does not dilute the meaning of the rating increase. To the contrary, at a time in which the scores of many developed countries are being

dropped one after the other, it shows the power and quality of the Turkish economy in a very clear way.

Thanks to the rating upgrade, we expect an increase in the number of foreign direct investments in Turkey in upcoming terms. In the first eight months of the vear, Turkey received 10.1 billion dollars of direct foreign investment. True investments are continuing to enter Turkey, and they will continue at an increasing rate in the coming period as well. It is never too late to enter the Turkish market or invest in Turkey. However early an investment is made, the faster one could speak of benefiting from Turkey's advantages.

Exports constitute one of the most important milestones in the distance covered by Turkey. While Turkey's exports totaled 28 billion dollars in 2000, this figure was 114 billion dollars in 2010. We quadrupled our exports in ten years. In the first nine months of 2011, on the other hand, we secured a 22% increase in exports. We predict that we will have realized around 135 billion dollars' worth of exports at the end of 2011.

Turkey has announced a mediumterm program encompassing the years 2012-2014. Today, at a time when all the world's economies are facing a challenging, gloomy outlook, for Turkey to appear before investors with a solid, well-grounded plan that correctly reads the risks present in Turkey and aims

to take steps in this regard will further improve Turkey's credibility.

Fighting the current account deficit —one of Turkey's most chronic problems—ranks first in the list of priorities of the Medium Term Program announced with the purpose of securing trust and stability. Besides the measures that will be taken to reduce the current account deficit, the program is aimed to facilitate macroeconomic and financial stability through gradually reducing the current account deficit by 2014.

Several countries in Europe are facing spiraling debts. As the crisis that started in peripheral countries is threatening to spread to the core countries, we are stepping up our precautions and making projections based on possible scenarios. While growth in the world economy is slowing down, Turkey is following a stable trend of growth.

Our strategy is exports-directed manufacturing, and our aim is 500 billion dollars' of exports in 2023. To reach this target, we will diversify our export markets and give importance to R&D and innovation. Our road map for 2023 will run through innovation, design, and enterprise. We will develop strategies by target markets for our industries to gain a solid hold in the export markets and deepen their operations. To make use of the investment opportunities created by the Arab Spring, meanwhile, we are focusing on geographic diversification. In addition to our traditional markets, we are moving toward developing markets like China, Japan, South Korea, India, and Russia.

We are aiming to make the increase in exports a lasting increase via the 2023 targets, which will represent our country among the world's ten largest economies. For the 500 billion dollar exports target, we aim to achieve a participatory, competitive, sustainable, and innovative exports structure in all of our industries, and we are working very hard for this.



Around 30,000 international companies have already invested in Turkey. How about you?













Indesit Company













INVEST IN TURKEY

- One of the fastest growing economies in the world with robust GDP growth rates of 10.2% in the first half of 2011 and 9% in 2010
- 17th largest economy in the world (IMF-WEO, 2010)
- A population of 74 million, half of which is under the age of 29
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa

- 15th most attractive FDI destination for 2008-2010 period (UNCTAD World Investment Prospects Survey)
- Highly competitive investment incentives as well as exclusive R&D support
- Around 26 million, well-trained and motivated labor force
- Approximately 500,000 students graduate from universities annually

REPUBLIC OF TURKEY PRIME MINISTRY INVESTMENT SUPPORT AND PROMOTION AGENCY



YOUR ONE-STOP-SHOP IN TURKEY Content: Food Sector Accelerates R&D Efforts P6 Prime Time For Turkey P6 Turkey's Candidacy for OECD Council Chair P7 Brand New Concept On Board P7 Olive and Olive Oil Industry Races toward 5 Billion Dollars in Exports P8 Automotive Industry Leads Again P8 Easier Communication during Flight P9 Era of Free Trade with Mauritius Begins P9 Exporters Launch Libya Operation P9 The Economy's Road Map: The Medium-Term Program P10 Editor: Ceyhan Aksoy

First.

EU NEGOTIATIONS, EXPORTS, MEETINGS, PARTNERSHIPS, TOURISM, BANKING, ELECTRONICS, SCIENCE, MARKETING...



The meetings helped establish relations that will clear the way for Turkish business enterprises in Egypt

EXPORTERS IN EGYPT

The Turkish Exporters Assembly conducts its first official visit since the regime change occurring with the Arab Spring

Minister Recep Tayyip Erdoğan on his visit to Egypt with the organization of the Turkish Exporters Assembly (TIM), Turkish exporters met with Egyptian businessmen. TIM attended the visit, which was highly significant for

being the first official

visit since the regime

OINING PRIME

change occurring after the Arab Spring, with 280 exporters. On the first day, exporters were given facts about the local economy from Egyptian officials in an informational meeting moderated by TIM President Mehmet Büyükekşi. Cairo Trade Advisor Gökmen Şahin, Turkish-Egyptian Businessmen Association President Zeki Ekinci, TIM Egypt Country Desk Coordinator İsmail Hakkı Kısacık, Egypt Businessmen's Association Representative Ehab Akl, and officials from the Egyptian Ministry of Industry and Commerce appeared as speakers at the meeting, in which questions were fielded on leading sectors in Egypt and opportunities for investment and collaboration.

Before Prime Minister Erdoğan's visit even came to a finish, 40 businessmen from Egypt assembled to go on a trip to Turkey. Visiting Turkey via the coordination of the Foreign Economic Relations Board Turkish-

Egyptian Business Council, the businessmen met with contacts in Adana, Mersin, and Gaziantep, conducting bilateral commercial agreements between companies throughout their September 18–20 visit.

Turkish-Egyptian Business Council President Zuhal Mansfield stated that Egypt represents a door opening up to Africa and the 300-million-strong Arab market for the Turkish private sector, noting that the Egyptian delegation's meetings with Turkish businessmen in three provinces helped establish relations that will clear the way for Turkish business enterprises in post-revolution Egypt.

TRADE ROUTES WITH EGYPT SHORTEN

Noting that ro-ro vovages between Alexandria and Mersin would soon commence. Mansfield stated that commerce would gain momentum with the ordinarily ten-day-long voyage falling down to 24 hours. Mansfield said, "Our most important subject from now on will be to establish a strong banking network between our countries. Furthermore, in the short term, we expect visa regulations between the two countries to be made easier, and for visas of longer stavs like three or four years to be provided to businessmen, and in the medium term, the mutual abolishment of visas.

Mansfield emphasized on behalf of the business council that they suggested the forecasted date for the free trade of all goods within the scope of a free trade agreement between the two countries planned to be finished in 2020 should be pulled forward to 2015.

FOOD

FOOD SECTOR ACCELERATES R&D EFFORTS

The Food R&D Project Market is aimed to present alternative products to consumers

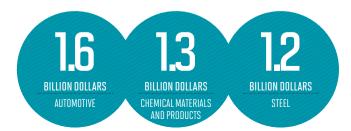


Pood Exports are Expected to reach 55 billion dollars within Turkey's 500 billion dollar export target for 2023. TIM Board Member and TIM R&D Project Market Executive Board President Eli Alharal stated that the Food R&D Project Market is aimed to present alternative products to consumers via diversifying product ranges with innovative work in all food industries and to encourage the export of branded, consumer-packaged items rather than raw-form or bulk goods. All food industry boards functioning under the TIM umbrella are supporting the endeavor, in which innovations created in the food sector with university and private sector cooperation will be presented to the benefit of companies.

All food industry boards operating under the TIM umbrella are supporting the endeavor

Exports rose 16.41% over last year to 10.723 billion dollars in September. Exports in the first 9 months of the year totaled 99.453 billion dollars, a 21.71% increase, whereas they totaled 131.622 billion dollars over the last 12 months, rising 18.83%.

SEPTEMBER EXPORT FIGURES



EXPORTS

PRIME TIME FOR TURKEY

The Boston Consulting Group (BCG)
Turkey and the Foreign
Economic Relations
Board of Turkey (DEİK)
presented a report titled
"Global Advantage of
Turkey" at the Turkey
Investment Conference
in New York, hosted by
the American Turkish
Society and Goldman
Sachs on October 21.

According to the recent report this is the best time to invest in Turkey. Automobiles, textiles, chemicals, steel, and food are highlighted as leading export industries in the report. It also emphasizes Turkey's importance technologically and socially, not just the country's strategic importance.

Turkey's dynamic population creates an extensive labor pool, the report said, noting that Turkey had the largest working age population (aged 15 to 64) in the European Union and Central and Eastern European countries. The report also underlines Turkey's privatization plans for state-run energy generation plants and distribution firms, banks, highways and bridges, and ports, as well as the country's sole landline provider, Türk Telekom, and the national lottery company, Milli Piyango.

The report was presented to US investors and fund managers who decide on the flow of millions of dollars in funds.

OECD





TURKEY'S CANDIDACY FOR OECD COUNCIL CHAIR

Turkey's Deputy Prime Minister Ali Babacan said Turkev had run its candidacy to chair the ministerial council of the OECD in 2012 during his Paris visit for G-20 finance ministers meeting on the October 14. According to Anadolu News Agency, "I officially declared Turkey's candidacy when I made a presentation at the OECD Council yesterday on the Turkish economy and global economic developments," Babacan told Turkish reporters in Paris, France.

Minister Babacan said Turkey expected the OECD to decide on the chair of the council in 2012 as soon as possible. "I had the opportunity to talk about our economic achievements and our medium-term economic program to be valid between 2012 and 2014," Babacan said.

AVIATION

Brand-New Concept On Board

Turkish Airlines' new cabin concept promises to deliver passengers a different in-flight experience



URKISH AIRLINES L **IS** getting ready to add to its fleet the Next Generation Boeing 737-800 and Boeing 737-900ER model aircraft with their Sky Interior cabin concept. Lighting in the cabin design of the 20 Boeing 737-800 and 15 Boeing 737-900ER model aircraft on order from the Boeing firm is in tones of light blue to give the impression of being in the sky. The cabin side walls have been designed with wide window recesses to

afford a wider angle of vision and enhance flying pleasure.

The 737's new overhead compartments allow for the stowing of wider bags as well as creating a sense of spaciousness by taking up less room in the cabin. Turkish Airlines will receive delivery of the first four of the next generation Boeing 737-800 and Boeing 737-900ER planes in November and December of this year. Delivery of the planes is to be completed by the end of 2015.

TRADE

TRADE WITH IRAN MIGHT HIT 15 BILION DOLLARS, AMBASSADOR SAYS

According to Iranian Ambassador to Turkey Bahman Hosseinpour. who spoke to the Iranian state-run Press TV news channel, Turkey's bilateral trade with its eastern neighbor Iran will reach 15 billion dollars this year. The value of goods and services traded between the two countries totaled 10.6 billion dollars during the first eight months of 2011, Hosseinpour said in the news report.

Iran gains access to world markets via Turkish companies. The total number of the Iranian firms in Turkey reached 1,470 by the end the last year. This figure was 319 between 1954 and 2002. Bilateral trade between Turkey and Iran reached 10.55 billion dollars by the end of September, according to TurkStat data.

Turkey exported 8.22 billion dollars in goods to Iran in the first nine months of the year, meanwhile, imports from Iran reached 2.33 billion dollars.

Turkey plans to erect new border gates with its eastern neighbors Iran and Georgia due to the increase in trade with these countries.



AGRICULTURE

OLIVE AND OLIVE OIL INDUSTRY RACES TOWARD 5 BILLION DOLLARS IN EXPORTS

The olive and olive oil industry improves more and more each day, increasing its contribution to the Turkish economy

THE NUMBER OF OLIVE TREES in Turkey has ▲ risen from 90 million to 170 million over the past ten years, bringing with it expectations for olive oil production to rise from 150,000 tons to 400,000 tons within the next two or three years. Facilities have been mushrooming in the region of Akhisar during this period, with 245 olive processing plants and 35 olive oil production facilities at present. The need for branding has meanwhile become much more apparent.

TIM President Mehmet Büyükekşi, noting the importance of the increase in olive trees at the harvest festival, stated that the industry is very important for them as a contributor to the Turkish economy via its exports and highlighted its position as a net provider of added value at a time when the current account deficit is such a crucial matter. Reminding audiences of Turkey's 500 billion dollar exports target for 2023, Büyükekşi said, "We predict 300 million dollars' worth of olive and olive oil exports for this year. Next year, we will increase this by 100%. For a few years later, we have an aim to raise it to one billion dollars, and in 2023, we expect 5 billion dollars' worth of exports from this industry."

<u>Büyükekşi</u> said "Turkey expects 5 billion dollars'worth of exports from the olive and olive oil industry industry"

AUTOMOTIVE

AUTOMOTIVE INDUSTRY LEADS AGAIN

Having regained its speed recently, the auto sector continues to raise its share in exports

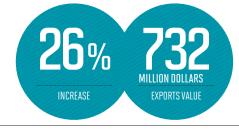
aving increased its exports by 12% between H September 2010 and 2011 to total 1.665 billion dollars, the automotive industry again ranked first in Turkish exports, accounting for 16% of all exports and reclaiming its title after a one-month hiatus. The industry secured this increase via advantageous currency exchange rates and a rise of around 26% in the parts and components industry.

According to the report, which examines Turkey's automotive exports as a whole, the automotive parts and components industry increased its exports by 26% to rank first as a product group with 732 million dollars of exports in September. Also noted in the report was that the industry increased its sales to nine of ten of the countries to which it exports the most. Sales to Germany—the heart of the auto parts and components industry—and Iran increased by 46% and 81% respectively.



IMPRESSIVE RESULTS

In September automotive parts and components ranked first in exports as a product group in the auto industry as a whole



AVIATION

Easier Communication during Flight

Turkish Airlines' new system makes it possible to access the Internet and watch live TV on board



HE PLANET GCS-GLOBAL ■ Communication Suite is going to enable Turkish Airlines passengers to communicate with the world during flight. Passengers on intercontinental flights will have access to Wi-Fi Internet and live television broadcasts on planes equipped with the system. All passengers will be able to take advantage of the system, which is very

easy to use. Simply by using their credit cards, passengers will be able to connect to the Internet with a user name and password they will receive during flight.

Access to the BBC World, **BBC** Arabic and Euronews channels as well as live news in six categories provided by Turkish Radio and Television TRT will be available via the PLANET portal.



TRADE

ERA OF FREE TRADE WITH MAIIRITIIIS REGINS

Turkey continues uninterrupted with its quest to diversify its markets in foreign trade

Turkey has signed a free trade agreement with Mauritius, the island nation in the Indian Ocean. Minister of Economy Zafer Cağlavan and Mauritius Foreign Affairs, Regional Integration, and International Trade Minister Arvin Boolell, as well as ministry officials and exporters of both countries, attended the signing ceremony at the Istanbul Conrad Hotel. The Mauritian minister also visited the Turkish Exporters Assembly on that same day. Members of the Mauritian delegation had the opportunity to visit Istanbul's historic and touristic areas on their three-day visit as well.

Negotiations to secure a free-trade agreement between Turkey and Mauritius, which began on June 3-4, 2009, became finalized with a set of meetings held January 17-19, 2011 during which the text of the agreement was initialed. The final signatures needed on the document were signed on the delegation's recent visit to Istanbul.

EXPORTS

EXPORTERS LAUNCH LIBYA **OPERATION**

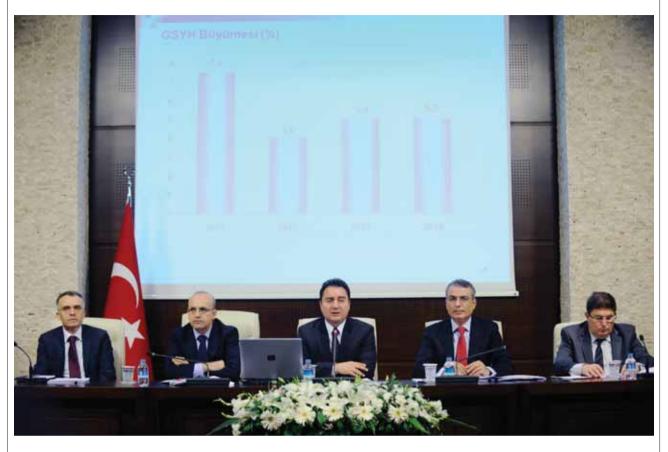


Turkey's exporters are adding Libya to the roster of places they are visiting in North Africa following the Arab Spring. Led and coordinated by Minister of Economy Zafer Cağlavan and his ministry and organized by the Turkish Exporters assembly, a Trade and Contracting Delegate Program directed toward Libya (Tripoli-Benghazi) will be realized by the Istanbul Mineral and Metals Exporters' Association on October 31, 2011.

Companies that produce and export international-standardscompliant products

and are active in the fields of machinery and components, electrical and electronic goods, iron and other metals, cement, medicine, medical tools and necessities. furniture, grains and legumes, automotive and automotive parts and components, and

contracting industries will be able to join the delegation, which is being organized to increase Turkey's market share in Libya, which presents potential business opportunities for exporters, and to create new export opportunities directed toward the region.



ECONOMY

THE ECONOMY'S ROAD MAP: THE MEDIUM-TERM PROGRAM

Turkey clarified its three-year road map with its announcement of the medium term program

NE OF THE most eagerly awaited developments in October was the announcement of the Medium-Term Fiscal Program. A road map for the next three years of the Turkish economy, the plan was announced mid-month. The main objective for Turkey, which finished the first half of 2011 as one of the world's two fastest-growing economies, is "increasing the overall wealth." Announced by Deputy Prime Minister Ali Babacan and Minister of Finance Mehmet Şimşek, the Medium-Term Program (MTP) features increased social welfare programs and also depends on a boost in privatizations. Babacan listed the priorities of the new program as follows: "....increasing employment, sustaining the stable growth process, continuing fiscal discipline, raising domestic savings, shrinking the current account deficit and as a

The main objective for Turkey's Medium Term Program is "increasing overall wealth" result, strengthening economic stability." Bringing measures to shrink the current account deficit, which is seen as the Achilles heel of Turkey's well-performing economy, the plan predicts that the deficit will peak at 9.4% of GDP this year before falling to 8% next year, 7.5% in 2013, and 7% by 2014. While it revises the predicted growth rate for 2011 to 7%, the plan aims for a stable trend of growth in spite of the turmoil occurring globally.

MEDIUM-TERM PROGRAM ESSENTIALS (2012-2014)

The basic priorities of the fiscal policy for the 2012–2014 period have been designated as

CENTRAL ADMINISTRATION BUDGET INCOME





PROF. TANER BERKSOY. PhD

Economist

"Generally, I found the Medium-Term Plan to be positive. The fundamental function of such kinds of plans is to guide actors in the economy, to show them the way to go. The public is an actor that has a great weight within the economy; it is a unit that possesses the power and authority to regulate. Therefore, seeing and knowing what the public will do in the coming term and how it perceives the world and the economy of Turkey is an important road sign. If you look at it from that angle, the Medium-Term Plan fulfills this function. Personally, I think that such term-bearing regulations must be consistent and that their most important property is this. I regard this Medium-Term Plan as being consistent.

Such term-bearing regulations must be consistent in three aspects: in terms of correctly evaluating present con $ditions, in \, \tilde{terms} \, of \, the$ relationship between the developments and targets it sets itself or predicts (for this is a requirement brought directly by the economic system), and projections for the future in terms of their forecasts...

In summary, it is also possible to make flighty plans that are very ambitious and thus cannot see or perceive the truth. To the contrary, it is also possible to perceive these in an objective, regular fashion. I think this program falls into the second category."

Sustaining the stable growth process is one of the priorities of Medium Term Program

increasing employment within a stable process of growth, reducing the current account deficit to sustainable levels via the implementation of structural measures, increasing the level of domestic savings, and sustaining fiscal discipline by strengthening it. The fiscal policy will be run with an approach that is in harmony with the monetary and income policies and facilitates the attainment of medium-term fiscal targets determined in relation to the current account deficit. primary balance, income, and expenditures.

The 2012-2014 central administrative budget that will be prepared based on the Medium-Term Fiscal Plan aims for the allotment of resources as per the priorities of policies designated as fundamental, increasing the quality of public spending, and therefore increasing the Turkish people's standard of living.

Effective public fiscal administration must be based on the prioritization of expenditures in a rational fashion and the allotment of resources according to these priorities. Efforts geared toward the rationalization of public expenditure legisla-





SHIFTING DOWN FROM FIFTH GEAR TO FOURTH

Macroeconomic indicators as foreseen in the Medium-Term Program to produce central administrative budget income and expense estimates for the 2012-2014 period

	2012	2013	2014
GDP Growth (%)	4.0	5.0	5.0
GDP (Billion TL, with Current Prices)	1,426	1,572	1,733
GDP (Billion Dollars, with Current Prices)	822	888	952
Year-End CPI (%)	5.2	5.0	5.0

Data: Medium-Term Program



PROF. MEHMET ALTAN, PhD Economist

"The Medium-Term Program is positive in terms of reading Turkey's problems and the effort to solve them. However, the matter of whether this will occur or not bears vital importance, of course. The Medium-Term Plan's observations regarding structural problems must be treated as significant. I think it is a valuable work, an important work. However, we will see its capacity to occur by experiencing it in practice.'

CENTRAL ADMINISTRATION BUDGET EXPENDITURES BY ECONOMIC CLASSIFICATION

The ratio of central administration budget expenditures to the GDP in the 2012–2014 period have been predicted as 24.6%, 24.2%, and 23.6% respectively per year.

(Million TL)	2012	2013	2014
Central Administration Budget Expenditures	350,898	381,096	408,644
Primary Budget Expenses	300,648	328,096	353,644
Staff Expenses	81,692	88,618	96,053
State Expenses for Social Security Institution Premiums	14,279	15,490	16,790
Goods and Services Purchase Expenses	28,859	29,774	31,307
Current Transfers	130,250	143,651	154,077
Capital Expenses	27,914	31,093	34,248
Capital Transfers	4,213	4,332	4,470
Debts Granted	8,625	10,515	11,885
Reserved Allotment	4,817	4,624	4,815
Interest Expenses	50,250	53,000	55,000

Data: Turkey Medium Term Program 20112-2014

tion will be continued within this framework. Public administrations will determine their policy priorities in the Medium-Term Program and Medium-Term Fiscal Plan based on macroeconomic indicators and allocation ceiling and their own institutional priorities as suited to a multi-year budgeting approach, and they will present their budget proposals for the years 2012, 2013, and 2014.

SUSTAINING STABLE GROWTH

The fiscal policy that is to be followed in 2012–2014 is aimed to increase employment within a stable process of growth, raise the level of domestic savings, and sustain fiscal discipline.

Expenses that support growth and employment and equalize changes in regional development status will be given more importance in the term of the fiscal plan.

Infrastructural investments that support the economy's productivity in the medium and long

Infrastructural
investments
that support
the economy's
productivity in
the medium and
long terms will be
given weight

terms will be given weight. Infrastructure investments geared toward improving education, health, technological research, transportation, drinking water, and technologies for information and communication will be given priority.

In the term of the fiscal plan, with the provision of food safety and trustworthiness and the observation of sustainable use of natural resources, agricultural incentives will be differentiated on the basis of area and products and reorganized toward increasing effectiveness, productivity, and quality so as to provide stability in income and prices.

Spending programs will be reassessed with the aim of increasing productivity, and an



İBRAHİM ÖZTÜRK Economist

"The Medium-Term Program has declared what kind of global environment the government expects in the long term and with what kind if policies, reforms, and $institutional\ measures$ Turkey in general and the public sector specifically will respond to this, and it is of critical value in terms of having provided commitments as suited to this.

The government holds fairly hesitant expectations regarding the global climate, and introspectively, it is exhibiting "a cautious optimism."

The first matter striking the eye in this context is briefly the adjustment of growth to the 5% band. This is a realistic target for Turkey of the "yes, but not enough" sort in consideration of presumptions and expectations regarding $external\ conditions.\ It$ won't make Turkey leap, but because the others are relatively still in a very bad world, it will still open a space of "real convergence" for Turkey.

CURRENT BALANCE TO GDP The current account deficit is expected to start shrinking as of 2012 2007 2008 2009 2010 2013 2014 n -2 -2% -6% -6% -6% 7% **-7**% -8% -8% -9%



PROF KEREM ALKIN Pho

Economist

"Frankly speaking, growth of 4% actually shows that the economic administration of Turkey expects a palpable stillness in terms of the world economy, that the process for the economy to grow at a set rate will be pursued in spite of the crisis, and that the measures necessary for this will be taken. Then, for the upcoming year, it is being aimed for the economy to grow via the possible use of certain resources collected from the Omnibus Bill in the economy but mostly again with private sector investment spending and consumption spending. It is evident that growth on a scale similar to this year's is expected in consumption spending and private sector investment spending for 2012. Next year, the economy of Turkey will have a year that is more cautious and slower paced in terms of household spending and private sector investment spending. When we assess it within this scope, because economic activity will be more limited compared to this year, it seems

sideration. In summary, 2012 will be a year in which fiscal discipline is strengthened and continued, in which growth of the economy based heavily on the private sector will be strived for, but in which a cautious growth process will be managed in the meantime. And if certain preparations like tax updates geared toward the future are to be carried out. on the condition that these are completed this year, we will experience a period in which no matter is left over for next year."

like we will not have much

difficulty in achieving the

5% inflation figure in con-

administrative mechanism will be established to this end.

TOWARD GREATER FEFICIENCY

The primary objective of the income policies to be implemented in the term of the fiscal plan is to develop competition, create a more effective tax system, encourage employment and investments, and reduce differences in regions' level of development. Evenhandedness in the application of tax policies and predictability in taxation will be essential for accomplishing these.

The simplification of laws relating to business and labor will be prioritized with the aim of thwarting the underground economy and efforts geared toward strengthening institutional technological infrastructure will be continued by facilitating information-sharing and coordination among public institutions.

Legal and administrative arrangements geared toward raising voluntary tax compliance and expanding the tax base will be continued. Activities to develop and improve tax awareness will be intensified.

FUNDING THE FISCAL DEFICIT

The plan's goals regarding the fiscal deficit have been designated as the pursuit of a sustainable, transparent, and accountable debt policy that is compatible with monetary and fiscal policies and takes macroeconomic balances into account, and meeting financing needs within the boundaries of the level of risk determined in light of internal and external market conditions and cost elements with the most reasonable expenditure possible in the medium and long term.

Since 2002, the central administration has been conducting debt policies based on strategic metrics and geared toward financing the budget deficit. In this regard, the sensitivity of public debt to market variables like interest and currency exchange rate has been reduced notably. and debt terms have been extended to fairly high levels.

The metric-based debt policy will be sustained in the 2012-2014 term too, and market risks in the medium and long term are aimed to be controlled via the strategic metrics listed below.

Liquidity Risk: Maintaining strong

The plan's goals regarding the fiscal deficit have been designated as the pursuit of a sustainable, transparent, and accountable debt policy that is compatible with monetary and fiscal policies

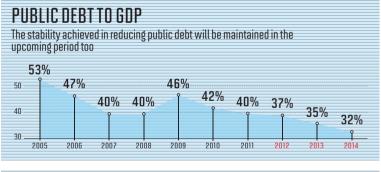
reserves and reducing the share of securities due in less than 12 months by extending average terms as market conditions allow.

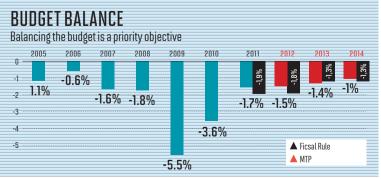
Interest Risk: Reducing the share of securities that will be renewed within the next 12 months by conducting TLbased debt mostly with fixed-interest instruments.

Exchange Rate Risk: Conducting internal debt mostly on a TL basis.

The projected ratios of public debt to GDP within the scope of the financing program prepared in accord with the aforementioned strategic metrics are presented in the table to the left.

The ratio of the EU-defined central administration nominal debt stock is aimed to be reduced to the level of 32% in 2014.





LLUSTRATION BY SEDAT GIRGIN

Panorama



BY MENSUR AKGÜN PAD



HEN I WAS STUDYING AT university in the 1970s, my family had decided to send me to summer school because I hadn't been able to learn English adequately due to strikes, boycotts, and school closures. I remember that I had found the school and put the money together, but I just couldn't get the official foreign currency needed to go abroad. Finally, on the request of a relative of mine from the Central Bank, I had bought 100 dollars and thus gained the right to go abroad.

Although this situation seems like the plot to a movie when looking at it now, in the Turkey of the 1970s—and even the 1980s—it was quite natural. The country truly was beholden to 70 cents, as Süleyman Demirel, the prime minister at the time, had said. Gas, diesel, margarine, cigarettes, alcohol, and even balls of thread—in short, everything you can think of—were on the black market. Most necessities were smuggled into the country. Turkey was a country that was introverted in every respect.

Turkey had nearly no neighbors it got along with. Because of the planting of opium poppies and the intervention it Cyprus it conducted immediately afterward, its relations with America, its closest ally, were tense. In any case, global and regional politics would not accommodate Turkey playing any kind of role in its region.

In the thirty years that have passed since, many things have changed in both Turkey and the world. As Turkey's present-day neighbors are drawn from crisis to crisis, it is a country that has managed to remain standing economically and be effective politically. Its budget is posting a surplus for the first time after 28 years. As mass job cuts take place in Greece, Portugal, Spain, and England for the purpose of public thrift, Turkey is heralding the news that job opportunities for 90,000 more people may arise in its public sector.

Today, Turkey has become a country that makes its weight in global politics felt as a result of some historic coincidences but mostly conscious choices. There is no longer a Turkey that relies only on its geographic importance, threatens others with political suicide, and tries to secure its continuation by pitting one great state against another on the global political scene—there is a country that has things to say in the Middle East, Balkans, and Africa, and contributes to the solution of many problems from Afghanistan to Somalia and from Iraq to Bosnia.

Turkey is a country whose regime is accepted as a peer. Its democracy is shown and taken as an example for the Arab world. It is in a key position in the conflict of civilizations paradigm—we are speaking of a place that supports change in Egypt, Libya, and Tunisia and does not hesitate to sever relationships with its neighbor and trade partner Syria for the sake of its principles. It is active in international organizations and in the shaping of policy in many fields.

Moreover, with its civil society, universities, industrialists,

and traders, it is a globalize power. The country of my studenthood, which was beholden to 70 cents, exports not only goods to the entire world, but also capital. Think tanks are able to organize meetings in Paris, London, Washington, Doha, and in many more places. There are more than 1,000 Turkish schools in every corner of the world, and its own students are all around the world too.

Now, you might ask, "Aren't there any problems at all?" Of course there are, and many at that. Turkey is a country that has had a Kurdish issue it has not been able to solve for decades, a country in which violence escalates just as solutions are being discussed. It has a dark cloud hanging over its head called the PKK. Without discriminating between civilians or the military, the PKK attacks locations it has targeted within the country, and with the indigna-

tion it creates, it is trying to block the way to solve the Kurdish issue—democratization.

Democratization has also been a painful process for Turkey since time immemorial. The constitution written after the military coup in 1980 is still in effect in spite of the dozens of amendments made to it. Actions carried to topple the Justice and Development Party's seat of power since it ascended to it after the 2002 elections are also cutting off the way of democratization. And although a large part of the coup plans made by those believing the incumbent government has a secret agenda have been revealed and passed on to the courts, one could hardly say that all barriers before the current regime have been overcome.

Relations with the EU, which Turkey has been trying to become a member of since 1959, have come to a standstill too. In spite of Turkey's support of the plan prepared by then-UN General Secretary Kofi Annan and presented for referendum

to the both sides of the island, which was approved by 67% of voters on the Turkish side and rejected by the Greeks, the unsolvability of the Cyprus issue has blocked up accession negotiations. No chapter has been opened for negotiation in nearly two years.

Sarkozy's France, Merkel's Germany, and many other EU member countries are, in any case, against Turkey's membership. But interestingly, Turkey is able to stand on its own feet both economically and politically. Both the people and political sphere in Turkey are becoming more and more indifferent about the EU. The EU's own crisis, on the other hand, is fueling indifference, alienation, and estrangement. When the EU's regular annual reports are published, only political progression and regression becomes a matter of debate.

In spite of being shut out of the EU and all the issues it is experiencing both internally and externally, Turkey has

become a country that knows what it wants better each passing day, puts its own brand of foreign policy into practice, and manages to make new advances in the economy constantly. It keeps a resolute stance. It does not consider compromising on the policy it has determined, from its development of its relations with Cyprus to Armenia.

At the same time, it is making peace with its non-Muslim minorities, and it is coming to face its history as it democratizes and as its self-confidence grows. The question of how the tragedy that occurred in 1915 is no longer a heated issue. Turkey's official position has become based on Article 2 of the 1948 Convention on the Prevention and Punishment of the Crime of Genocide, leaving the problem for historians, and for historians to debate, speak, and write.

Relations with Israel are tense, but this tension is being sustained in a controlled fashion, and Turkey is expressing that its aim is to secure an apology and reparations at every opportunity. Israel is ready to pay reparations for its operation against those protesting the Gaza blockage in open seas on May 31, 2010, which resulted in the death of nine Turkish citizens and the injury of dozens, and if it apologizes too, relations will start to normalize.

Once the pieces settle in the Arab world, it is clear that Turkey's influence in the region and weight in world politics will grow, and that its economy will rest on stronger foundations. This will happen so long as the incumbent party doesn't stray from the principles it has determined as of 2002, shapes its foreign policy on the basis of justice and legitimacy, and doesn't step backward in democratization. Turkey can thus handle the PKK, and if it really wants to, it can enter the EU as well.

*Mensur Akgün, Faculty Member, Istanbul Kültür University



Turkey has become
a country that
knows what it
wants better each
passing day and
puts its own brand
of foreign policy
into practice

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Briefing Leather, Aviation, Automotive, Consumer electronics, Branding...



LEATHER

FASHION'S LEATHER GATEWAY

The Turkish leather industry achieved record growth in 2010 and is now playing for leadership not only in Europe, but in other markets too

BY CEYHAN AKSOY

E xciting, memorable scenes arose at the MICAM Shoe Event held in Milan, Italy, in late September. The great interest shown in Turkish shoe brands at the international fair, which 24 companies from Turkey attended, was reflected by the increased number of orders they received. Lemi Tolunav. President of the Istanbul Leather and Leather Products Exporters' Association, notes that throngs of attendees practically rushed to their stands on the second and third day of the event. He says, "We received our share [of this] as Turkish companies," expressing how satisfied Turkish companies that attended the fair were on their return. This satisfaction aids the Turkish leather industry in moving toward its future goals with surer steps while also underlining not only the growth potential in shoes, but also in the fields of leather goods and apparel.

While 777 million dollars' worth of exports was made



With a total of 3.3 billion dollars in exports in 2010, leather exporters attained the highest figure in the past five years



from January to August 2010, over the same period in 2011, the leather industry exported 970 million dollars' worth of product, a 25% increase. These figures show that the momentum the industry has attained recently continues-in 2010, with a total of

3.3 billion dollars in exports, leather exporters attained the highest figure in the past five years. The goal for 2011 is to raise exports by 10%. The Turkish leather industry occupies quite a significant place in the international market too: "In the European The industry pays special attention to innovation, R&D, and

Union territory we are second, and worldwide, although the figures change, we are always within the top ten," says Turkish Leather Industrialists Association President Erdal Matras, and adds, "In fact, we have a suede-fur product that we are the sole supplier of worldwide."

This differentiation is the result of the industry's special attention not only to industrial production, but also to innovation and design, "We support R&D efforts geared toward technical leather and high-tech products in the industry," says Turkish Exporters Assembly President Mehmet Büyükeksi, himself an important player in the industry. With the qualities it has today, the Turkish leather industry currently produces goods for world brands. "We continue our activities as an industry that operates 541 facilities in 13 regions and provides employment to 11,534 people with the infrastructure, technology, knowhow, and qualified workforce





The Turkish leatherworking industry today occupies a truly important position among the world's leather producing countries

it has," says Erdal Matras.

All of these qualities increase the industry's ability to compete, of course, making Turkey one of the world's most important suppliers of leather. Lemi Tolunay, who is also President of the Leather Promotion Group, says Turkey is the only country that can produce leather equivalent to that made by Italy, a country renowned for its leather. Like Matras, he emphasizes know-how. This know-how didn't emerge in one day, of course—one of the most important indicators of how old a profession leatherworking has been in Turkey is that Ahi Evran, founder of the Ahilik organization, established a leatherworking workshop in Kayseri at the start of the 1200s. Evran, considered a master of the trade, managed 32 separate branches of the business, proving the significance the industry had in the historical process.

Today, the industry is moving to action in order to show the world this accumulated know-how and quality. China, which commands the attention of the entire world, is an ideal market for Turkish leather and leather product exporters too. That



LEMİ TOLUNAY

President, Istanbul Leather and Leather Products Exporters' Association

"In Turkey, if we add touristic sales in suitcases, cargo, or on passengers' persons to our officially recorded exports, as per our position, we receive a 2.5-billion-dollar share of the world market. The Turkish leather industry receives a share of around 2%. The Turkish leather industry occupies a very young, high value-added, upper segment. Products for the class A and A+ customer base are being produced. Our export target for 2023, meanwhile, is 5.2 billion dollars. Because of its high value added, Turkish leather is favored very much by EU countries such as Italy, France, and Spain. After these come Japan and the USA."



ERDAL MATRAS

President, Turkish Leather Industrialists Association

"Like the leather and leather products industry, the subsidiary leather processing industry is an industry that can realize the exports potential it possesses when the necessary work is done. It has been noted that China must be where the first of the industry trade delegations that will be assembled from time to time are sent, and preparations for this have been started. The Turkish leather processing industry occupies a truly important position among the world's leather producing countries. There is no competition in suede fur, and in the European Union territory, our country comes right after Italy."

internal production in this newly explored market is low increases the competitive power of Turkish leather industrialists, who produce grade A and A+ goods. Also being targeted is the Italian market-the country possesses a stellar reputation in leather production, but signals are already emerging that Turks are challenging the reign of the local industry. While the debt crisis in which Italy—among other euro zone countries—is embroiled has led to many companies being put on sale, Turkey stands out as the foremost alternative option for famous brands. Meanwhile, Turkish leather industrialists are establishing joint purchasing platforms in the market, contributing to the realization of their goal to bolster their positions in it. Lemi Tolunay indicates that a fair number of famous Italian brands currently manufacture in Turkey, adding, "But we want to enter the Italian market and attain a place for ourselves. A detailed effort is required for Turkish leather to increase its brand power and exist in Italy, but we have a 100% chance of succeeding."

Leather companies are receiving state support in their endeavor to boost the power of their brands, and they have been making great strides in this regard. Today, DESA, which takes part in TURQUALITY, the world's first government-supported brand development program, plans to enter the USA and Italy in addition to Britain and Saudi Arabia. İnci Deri. which started to produce shoes in 1947, also exports to 37 countries with more than 120 stores worldwide. And the same goal is pronounced by each brand: becoming a global brand not later than 2023...

AUTOMOTIVE

TURKISH TIRES SPIN UP

Using it strategic advantage and technology, Turkey has high ambitions in the global tire market

BY CAN GÜRSU



T OGETHER WITH THE wheel, one of humankind's most important inventions, the tire is of critical importance for almost every moving vehicle, whether in land or air transport, agricultural equipment, construction equipment, bicycles, or military equipment. A total of 750 million car tires and 300 million bus and truck tires were produced in 2010, in which 50 million cars and 20 million buses and trucks were sold, with these figures bringing the world tire market to a size of more than 100 billion dollars.

Turkey is one of the foremost countries benefiting from this market. There are factories and production facilities belonging to leading tire industry companies in Turkey, among them global giants like Pirelli, Goodyear, and Bridgestone. Turkey uses its geographical position well, and it is becoming ever more important for global brands.

Pirelli, the sole tire supplier of Formula 1 for 2011-2013. decided to produce all F1 tires in this period at Pirelli Turk İzmit Factory. Pirelli Chairman and CEO Marco Tronchetti Provera states that they have been able to achieve this thanks to the quality and know-how of Turkish employees, as well as the technology in İzmit, and adds, "We don't only produce Formula 1 tires in Turkey; we produce 250,000 tires in Turkey for all motorsports."

In addition to global brands, local manufacturers in Turkey possess a large market share as well. Lassa is one



of the local players that plan to rise in the regional markets. Lassa, founded by Sabancı Holding & Co. and entering production in 1978, took the name Brisa Bridgestone in 1988 after merging with the market-leading Japanese Bridgestone Corporation. The company, which today has one of the largest factories manufacturing tires under one roof, produces 500 kinds of tires. Serving the markets of 52 countries, the company's exports value more than 150 million dollars.

Petlas, another local producer in Turkey, was founded in 1976 via state incentives. Today, it continues to operate as a private company. The first and only tire company in Turkey that produces military aircraft tires, Petlas received 123 million euros of its 230 million dollars in revenue for 2010 from exports. Petlas Assistant Manager Yahya Ertem says, "Turkish tires are used in many places

around the world, from the US to Australia and from England to South Korea. We market our product both in developed countries like Germany and France and in the Republic of Mauritius and the Republic of Trinidad and Tobago." The company. which sells tires for cars, light commercial vehicles, trucks, construction equipment, and tractors to 78 countries. expects 220 million dollars of income in 2011.

Turkey, which has become decoupled from Europe economically in a positive sense, has attracted the interest of new foreign investors. Michel Rollier, CEO of Michelin, the French tire producer that has included Turkey in its main markets by connecting it to the European market. states that they predict the tire market in Turkey will grow four-fold in the years to come and adds, "However, we realize that production is necessary to be strong in the competition in Turkey. We will do whatever it takes for this." If Turkey can use the growth of its domestic automotive market and the advantage of its geographical position well, it can rise even higher.

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"We were able to produce all F1 tires in the İzmit factory due to the quality and know-how of workers in Turkey and the technology in İzmit"



CONSUMER ELECTRONICS

Retail Chains Grease the Tech Market

Intensely interested in Turkey, large chains have made the country a rare example in the field of technology retail

BY MERVE KARA

■ HE CONSUMER technology market is one of the fastest growing industries in Turkey. In the second quarter of this year, it broke the highest market value record it achieved in previous quarters. According to the results of the GfK TEMAX Turkey study published periodically by GfK, the global research firm, all segments in consumer technology goods grew in the second quarter of this year. Encompassing imaging, telecommunications,

information technology, office equipment and home appliances, the consumer technology industry grew by a total of 25%, reaching a 5.5 billion lira market value. Of its subsegments, telecommunications and consumer electronics grew aggressively by 43.5% and 38.2% respectively, leading the pack of product groups. The increase in the appetite for technology, which in turn increases the size of the consumer market, can be viewed as a victory by suppli-

Turkey is the Europe's sixth largest consumer electronics market with a value of approximately 8.5 billion dolars

ers and, more importantly, technology retail chains. Buying technological items from retail stores spread quickly as a habit among consumers in Turkey over the past ten years, paralleling the growth of the consumer technological goods market. The record growth, unsurprising in light of retail chains' spread in Turkey, is both the cause and the result of the growth of tech retail.

According to GfK data, the tech chains market grew 22% within the general technological goods market this year. "Technology stores have made large investments in Turkey in recent years. Domestic and foreign stores are increasing their numbers of locations in Turkey each passing day. We now see megastores being opened not only in the Marmara region, but in all of Turkey," says Sinan Kender, General Manager of Acer Turkey, a leading vendor in the notebook market. He explains the reason for this with the following: "These stores can offer very attractive opportunities to consumers especially with the product diversity, technically knowledgeable in-store sales staff, and perhaps above all, the financial solutions they present." GfK data shows that technology retail markets grew in number at a record rate of 75% over the past five years, during which many retail chain locations both domestic and foreign were opened in the country. There are over 500 tech markets in Turkey operated by such giants as Electro World, Saturn, Media Markt, Darty, Vatan, Gold, and Bimeks, which entered the market in rapid succession. Industry representatives estimate that the market is larger than 8.5 billion dollars, a figure that makes Turkey Europe's sixth largest market. "In developed countries, we see that there are two or three big players in the technology retail industry. In this regard, Turkev is a rare example," says Mehmet T. Nane, General Manager of Teknosa, Turkev's largest technology retail chain. The chain reaches consumers in a broad territory with over 260 stores in 72 of Turkey's provinces. In February, the company drew attention by buying out Best Buy's partnerships operating in Turkey, with the US-based company withdrawing from the Turkish market. The world's top four Western technology retailers had been active in Turkey before Best Buy withdrew from the market; today, seven giants, of which four are domestic and three are international. compete in this market. "Looking at the situation in the industry, the presence of



MFHMFT TEVEIK NANE

General Manager, Teknosa

The industry will grow even

"While the world consumer electronics sector grew by 13% in 2010, with 35% growth in Turkey, our industry became the world's fastest growing market. In addition to technology's constant renewal of itself, the love of the Turkish people for technology has contributed greatly to this growth. The technology retail market in Turkev is guaranteed to grow with new developments in technology, new products, a young population, changing needs and expectations, and a generation embracing technology are coming guarantees that the technology stores market in Turkey will grow even more."



HASAN VATAN

General Manager, Vatan Computer

Store openings will continue

"Technology retailing has started reaching every part of the country. Consumers are showing heavy interest in and have started to prefer stores close to themselves. Because of this, store openings will continue rapidly. In the long term, companies that can endure price competition, operate productively, value customer services, and can apply innovations will be lasting."

both in terms of competition and in terms of enlivening the economy," says Nane.

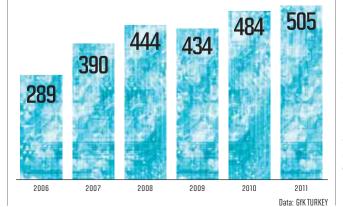
Retail chains, which have become the busiest locations in the technology market due to rapid growth and intense customer interest, is preferred by consumers chiefly because of the advantages they provide in pricing and product selection. Meanwhile, these chains play an ever-more-significant role in the growth of the technological goods market. "Appearing in technology markets has become a must for computer manufacturers," says Faik Burhanoğlu, an independent consultant in IT services. For suppliers wishing to reach a broad consumer base Turkey-wide, being present in technology retail chains really is quite critical—strong post-sale support is listed after pricing and product selection as being one of the primary reasons customers buy from tech stores. Explaining the matter from the supplier perspective, Lenovo Turkey General Manager Gülfem Cakmakçı says, "Retail chains allow us to reach the end-user in Turkey as a whole and exhibit the diversity of our range of products. They present us the opportunity to announce messages and campaigns through stores to all of Turkev instantaneously."

Today, manufacturers cannot afford to ignore technology chain stores. It seems that these chains will continue to spread for some time longer, especially considering that much distance remains to be covered, whether in the sales of technological goods or for the chains themselves. "I think technology stores will continue to grow in Turkey, as the market will continue to grow too," says Sinan Kender.

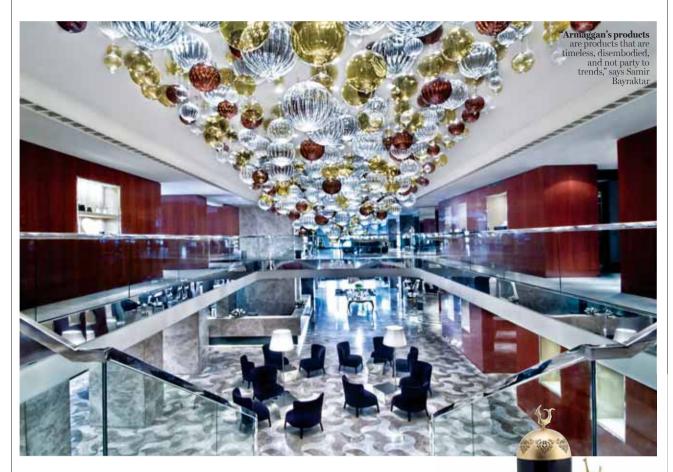


INVESTING IN A HOT MARKET

Technology stores have grown rapidly over the last five years



foreign investors is positive



RRANDING

'UNIQUE BY DESIGN"

Armaggan is adapting Turkish history to present day with Turkish designers

BY CAN GÜRSU



S BY A.KADİR DEMİR

THE MAGNIFICENT gifts given the Ottoman Empire are on display in many museums all around the world today. Ottoman rulers used gifts as a factor or key that eased communications in diplomatic relations. Serving as evidence of the empire's wealth and grandeur, in time, the gifts came to occupy a significant position within society too. The exchange of gifts, an important part of Turkish culture, and the generosity of the Ottoman sultans were eventually re-

placed by fine taste and smart choices. Armaggan, a Turkish brand that produces gifts that would be fit for the Ottoman palaces, carries the heritage and culture of the Ottomans to the present day with the gift objects it produces.

Armaggan's name comes from "armağan," the Turkish word for "gift." Presenting a diverse range of select products, the brand's catalog is quite distant to the traditional conception of gifts you might have. The brand is accomplishing its aim of pro-



moting Turkish culture—the heir to the Ottoman civilization and many others in Anatolia—to the world with raw materials found locally and shaped in the hands of Turkish designers. Armaggan's collection, numbering more than 5,000 unique items, is based on many varied materials such as diamond, silver, marble, porcelain, ceramic, wood, leather, and glass. The company presents its product range under four main categories—jewelry, textiles, objects, and leather. With

retail locations that resemble modern museums and products of a quality that would befit the Ottoman palaces, the brand has already made a name for itself.

In 2007, a team led by Yalçın Ayaslı started its efforts to create such a brand, conducting heavy R&D activities in registration processes and test production runs over a three-year launch period. In April 2010, the brand finally had the chance to meet its customers with its first retail location, opened in Nişantaşı, Istanbul's ritzy brandconscious neighborhood. In May 2011, Armaggan opened its second store, located in Nuruosmanive not far from the Grand Bazaar, one of Istanbul's most touristic locations. Armaggan gathers many different categories in Turkey under one roof. Armaggan Board Member Samir Bayraktar says, "Our Nuruosmaniye store may not be a mall, but it is a place where people can find many different things, spend time, and eat and discover how these foods are made." He adds, "Our Nuruosmaniye store is especially like a modern museum." Highly valuable gifts that can be passed down for generations populate the stores, in which different product ranges are displayed on each floor.

Standing out the most among Armaggan's products is its jewelry collection generally known for its high prices. Turkish designers produce extraordinary items by fashioning jewels with inspiration from Anatolia and Turkish culture to the contemporary norms of today. The brand, which employs 15 Turkish designers, provides opportunities to young, promising Turkish designers in certain collections too. The golden yellow color used in

the jewelry, which is designed around various stones both precious and semi-precious. was created after long R&D efforts bore a special allov that distinguishes the products in which it is used from others. Armaggan offers products that truly showcase its quality in addition to ordinary jewelry. In its Nuruosmaniye store, one can see an exactly replica of the dagger sent by Selim III of the Ottoman Dynasty to Nadir Shah, the Shah of Iran, and now displayed in Topkapı Palace. Worth an estimated 630,000 dollars, the dagger is truly indistinguishable from the original in terms of the value of the stones on it and the quality of its craftsmanship. "We are producing products of such quality that they

At Armaggan stores, you can buy unique gifts for yourself or your loved ones, see works of art that best reflect Turkish culture as well as paintings by historic Turkish painters, and gain first-hand experience in making—and <u>tasting</u>—forgotten Turkish delicacies

can be exhibited at Topkapı Palace," savs Samir Bayraktar. He emphasizes that their intention is never to practice industrial-scale mass production. Another collection of products that Armaggan reanimated from Anatolian history is textiles.

By founding the Natural Dye Research, Development, and Application Center (DATU) for analyzing Seliuk and Ottoman fabrics and developing products matching the originals. Armaggan accomplished a first. DATU, which possesses the richest collection in the world of natural dye-bearing plants, also has one of the world's most innovative labs in its field. The dvehouses, cauldrons, and workbenches used in the past have been modernized for use in this center, where historical weaves, designs, and prints are brought back to life today. Many professors and consultants work for the center, in which fabrics produced are dved with natural dyes, finding new lives under the Armaggan brand through the painstaking labor of Anatolian women. More than 200 female laborers work for brand, which also supports local economies significantly with its use of natural dye raw materials. Armaggan, which brings the heritage of the Ottomans to the present day

with the help of technology and R&D activities, plays a large role in the promotion of contemporary Turkish art.

Armaggan transforms such objects as teaspoons, trays, vases, and decorative items reflecting Turkish traditions into works of art. The company fuses Turkish marble with precious metals, creating artistic objects that can ornament the loveliest corner in our houses. From Divarbakır's "Black Pearl" marble to Milas's "Lemon" marble, the products are made using raw materials collected from all over Anatolia. These products are displayed in Armaggan's stores alongside paintings by Turkish masters İbrahim Callı, Fikret Mualla, and Seker Ahmet Pasa. All of these elements come together to produce an extraordinary whole.

Armaggan's stores, presenting the company's Anatolian inspiration exquisitely, are museums in which you can experience every aspect of Turkish culture. At the Food Arts Center (YESAM) in the Nuruosmanive store, one can taste the nearly forgotten delicacies of Turkish cuisine and furthermore take part in their preparation, gaining first-hand experience in making such Turkish classics as Turkish delight, baklava, and rock candy.

Armaggan is aiming to take its stores—in which one can experience the past, present, and future of Turkish culture in a tour from the first floor to the top—to global capitals in the future. Transforming Turkish culture into brand value and assuming a role of ambassadorship, the company is already playing for

leadership in many

industries in which

they are active.



AVIATION

Faster, Higher and More Global

Turkish Airlines is making a name for itself not only in Europe, where it is a leader, but in the entire world

BY CAN GÜRSU

URKISH AIRLINES, ■ which was established with a fleet of five planes in 1933 within the Turkish Republic's Ministry of National Defense under the name "State Airline Administration," is today a publicly traded company and ranks among the world's leading headlines in its 78th year. Continuing the journey it started with five planes with 177 aircraft today, Turkish Airlines possesses one of the world's voungest fleets. With its sizeable fleet, the airline runs regular flights to locations few have the courage to fly to even today, and its performance is paralleled in the key role it plays for Turkey in the international arena.

Since its first international flight from Istanbul to Athens on February 12, 1947, Turkish Airlines has continually expanded its territory of operations by opening new flight destinations. Today, with 188 destinations, 41 domestic and 147 international, it ranks among the world's leading airlines in this category too. Having added 17 new destinations to its map in 2011 alone, Turkish Airlines flies to 1,185

airports in 185 countries today. With 21,200 flights daily, the airline company carried 24.3 million people in the first nine months of 2011, making it the airline that carried the eighth most passengers worldwide.

Having always prioritized flight safety besides the size of its flight network and the high level of its quality of service, Turkish Airlines has been a member of the International Air Transport Association (IATA) since 2005, and it is the first Turkish airline to possess operational safety auditing certification,

Continuing the journey it started with five planes with 177 aircraft today,
Turkish Airlines
possesses one of the world's youngest fleets

by facilitating high flight safety standards.

Turkish Airlines has been awarded several titles by Skytrax, a consulting firm that sets standards of service and quality in aviation and evaluates airlines on 750 different criteria. Turkish Airlines was named Best Airline Southern Europe in both 2009 and 2010, and in 2011, it was named the best airline not only of Southern Europe, but also in all of Europe.

Turkish Airlines, which won the title of the leading airline in Southern Europe for three years in a row, has gained renown for its catering services, cabins, and in-flight entertainment as well. The airline received the award for Best Economy Class Airline Catering in 2010, and in 2011, it its Comfort Class seats were named Best Premium Economy Class Airline Seat. Together with the high-quality, safe service it has offered since the day it was founded, Turkish Airlines has been gaining acceptance worldwide with the awards it is receiving. Not content with just the firsts it has pioneered and awards it has won so far, Turkish



Airlines is in a daily search for new successes to add to those it has already accomplished.

With Planet, its in-flight entertainment system, Turkish Airlines launched live TV broadcasts on transcontinental flights, accomplishing yet another worldwide first. Developed so that passengers do not lose touch with the world during their flight, the system will soon allow inflight Internet access too.

Turkish Airlines is certainly seeing the fruits of its passenger-focused approach. Its daily-increasing number of flight destinations if both the cause and the outcome of the company's customer-focused approach. As the growing numbers of passengers and rising demand for which its quality of service is responsible leads Turkish Airlines to accelerate its efforts to open new routes, this increase in demand also triggers the



The growing number of passengers coming with the blooming of Arab-Turkish relations is enabling Turkish Airlines to open new routes in countries in which it is already present

will soon be opened, Turkish Airlines has long been flying to places around the world where the waters have never truly settled, such as Baghdad and Kabul. Continuing to fly uninterrupted to these lands. in which control has not yet been secured entirely, is the first choice of diplomats, businesspersons, and passengers visiting the region from various countries. A Star Alliance member, Turkish Airlines is the only airline serving these areas, thus earning another well-deserved success.

The growing number of passengers coming with the blooming of Arab-Turkish relations, due whether in terms of business volume or in the number of tourists, is enabling Turkish Airlines to open new routes in countries in which it is already present. Istanbul-Dammam is another flight that has been opened recently, being the fourth destination Turkish Airlines flies to after Jeddah, Rivadh, and Medina. The Istanbul-Dammam flights, which began on October 18, are planned to occur three days a week.

Rapidly growing its fleet, elevating the quality of the service it provides, and continually expanding its flight network, Turkish Airlines is making a name for itself not only in Europe, where it is a leader, but in the entire world. As Turkey's leading airline, Turkish Airlines proudly flies its flag as it continues to fulfill its adopted mission successfully and carry out stable flights to unstable regions.



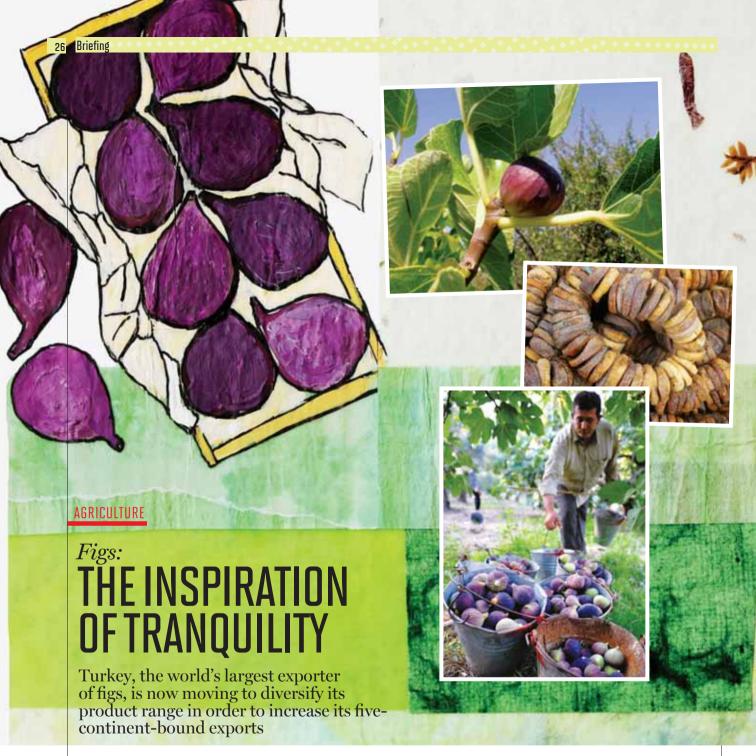
Turkish Airlines is rapidly growing its fleet, elevating the quality of the service it provides, and continually expanding its flight network

company's desire to transport its passengers to any place they must go worldwide. The number of passengers carried on domestic and international routes by Turkish Airlines, which is able to connect two ends of the world with maximum service quality by taking advantage of Turkey's strategic position and political stance in the international arena, has been rising constantly in recent years. Besides the many political and commercial agreements signed, thanks to Turkish Airlines, access to these locations is becoming

much easier. With the quick, strategic actions it implemented at critical times, such as when it lifted injured persons out of Somalia or Turks and citizens of other countries out of Libya, Turkish Airlines works in step with Turkey in foreign policy.

As Turkish contractors and entrepreneurs rebuild the territory, which has entered a time of restructuring together with the blooming "Arab Spring," the commercial activity that has emerged brings with it the potential of high rates of passengers. Turkish Airlines is continuing its efforts to utilize this emerging potential as best as it can and to fulfill the duties that have fallen on its shoulders. Besides the routes opened in the recent period, the aircraft purchases made to serve this territory effectively are of great significance.

Besides the routes that



BY CEYHAN AKSOY

S URELY IT IS NO coincidence that the fig, considered "the beginning of a nobler, more civilized life" in Greek mythology, is mentioned in almost every religious text. It is thought that the fruit, which was regarded as the symbol of productivity and fertility in Ancient Egypt and Greece, has one of the oldest histories out of all cultivated fruits. Figs grow in few regions due to its unique pollination and drying requirements, and they bestow significant advantages upon the lands in which they do grow. Turkey, the homeland of the fig, utilizes these advantages well, accounting for more than 50% of world dried fig production. Exporting nearly all of its fig production, Turkey is aiming to enter the new season, which

A 55,000 ton harvest is estimated for the 2011-2012 season, which began September 30 starts on September 30, by opening up to new markets like Russia, China, Indonesia, and India. "We have already begun promotional efforts in these countries," says Eliya Alharal, President of the Turkish Exporters Assembly's Dried Fruit Sector adding, "This past May, we started promoting the dried fig in China, and in February, we will have an important effort

regarding this manner in Moscow too."

Similar undertakings are being run by the Taris Fig Union, which possesses the world's largest fig processing and storage facility in the world. As the Union renews its institutional identity and revises its brand image, it also makes sure to move toward innovation in fig production. By developing new products such as fig Turkish delight, chocolate-coated fig paste, almond-walnut fig paste, Taris aims to support the increase in exports with product diversification. "Our union exports to five continents. Our primary goals are increasing our exports of consumer packaged dried figs and facilitating the spread of our product portfolio, which we have diversified via our R&D activities," says Banu Er, Foreign Trade Director of the Taris Fig Union. With 15 cooperatives and nearly 7,000 partnerships, the Taris Fig Union has helped around 30,000 families to participate in the industry since 1915, the year it was established. Er says that their priorities for the industry include preserving existing export markets, gaining new markets, and ensuring stability in prices. She adds, "The Tariş Fig Union expresses in every platform that supporting the product and production by moving over to a premiums system—as has been done in certain agricultural products in dry fig production will be beneficial for the industry in terms of the future of the dry fig industry and fig producers."

The efforts of fig exporters do not affect promotion alone. Turkish exporters are trying to tell the world that dried figs must be red in color, as they were in the past, and not white as they are today. The Dried Fruit Exporters Union, which ran a joint undertaking with the Ministry of Agricul-

ture regarding the negative effects of bleaching agents, was influential in the establishment of a law that bans the use of these agents. An awareness effort is under way not just in China, India, Russia, and Indonesia, but also now in certain cities in Europe. A perception improvement and marketing effort is under way in these cities, utilizing almost all marketing methods, from bus coating to opening market stands, effectively. Eliva Arharal says a budget of 2 million Turkish liras was set aside for these efforts, which are to be spread over two or thee years.

However, the outcomes of these efforts bring with them the responsibility to conduct broader-reaching efforts in another field. The increase in demand as an outcome of promotion and perception efforts comes with a risk of insufficient stocks; thus, the Dried Fruit Exporters' Union has started efforts to increase supply too. "Our efforts for



Turkish exporters are trying to tell the world that dried figs must be red in color



ELIYA ALHARAL

President, Turkish Exporters Assembly Dried Fruit Exporters' Union

Providing Income to 50,000 Families

"Dried fig, one of Turkey's oldest export products, is one of the three primary products of the dried fruit industry, and it provides income to 50,000 farmers' families today. The export season of the fig, which is considered a sacred fruit, is set so as to be on tables on the significant days and holidays of the three religions. Because of Christmas, 65–70% of exports occur so as to be sold in late December."



BANU ER

Export Manager, Tariş Fig Union

$\begin{array}{c} An\,Important\,Spot\,in\\ Exports \end{array}$

"Providing an influx of around 150 million dollars in foreign currency annually with the export of nearly all of its production, the dried fig occupies an important spot in our country's traditional dried fruit exports, and our country ranks first in the production and trade of dried figs worldwide as well. Approximately 35,000 families in the Aegean region are involved in fig cultivation, and considering the workers working in fig enterprises due to the intense labor required during processing, a large mass of people make a living from figs as a product."

the cultivation of figs to be practiced in mountainous Treasury lands are ongoing in accordance with the concerned public institutions," says Eliya Alharal, and adds, "Because the best figs grow in mountainous lands." In light of the fact that a 55,000 ton harvest is estimated for the 2011-2012 season, which began on September 30, it seems very logical to kick off efforts to increase supply for the demand that will arise in target markets now—the season starts on September 30 and can extend to nine or ten months so as to span the important holidays of the three Abrahamic religions, being considered a "sacred fruit." Records show that Christmas especially is a time in which a large portion of fig sales takes place, with 65-70% of the product being sold in late December.

Alharal also states that the season's starting date of September 30, the day of the first shipment, bears special significance. Firstly, this period is of vital importance for farmers to have the time they need to dry their product sufficiently. Determining the correct duration for drying is crucial, as it is a process affected directly by weather and humidity conditions. Furthermore, the change in the buyer profile makes it necessary to choose the date of the first shipment more carefully. Today, the buyers of dried fig consist mostly not of individual retailers, but of large chains, and these chains must be supplied with the product punctually and concurrently. Accounting for more than 150 million dollars of foreign currency input to the country every season, the fig hopes to see the care shown to it in sacred texts on its journey starting in Anatolia and going all the way to India and China.



FOREIGN INVESTMENT

INVESTING IN AN ASPIRING **FUTURE**

As Turkey's dynamism piques investors' appetites, the Prime Ministry Investment Support and Promotion Agency conveys the country's energy to the four corners of the world

BY CEYHAN AKSOY

¬ URKEY HAD A VERY lively ■ September in many ways, and its energy has been reflected even on the other side of the world, in the United States. The heavy interest shown by investors toward the brunch held by the Prime Ministry Investment Support and Promotion Agency (IS-PAT) on September 24 was one of the clearest indicators

that this energy is being felt there as well. Held in at The Plaza Hotel in New York City, the purpose of the brunch was to bring American venture capitalists, investment banks, and the giant companies that shape the US and global financial markets together with Prime Minister Recep Tayyip Erdoğan, Minister for EU Affairs and Chief Negotiator Egemen Bağış, and Minister of Economy Zafer Çağlayan. The event met and exceeded its goals—the volume of capital controlled by the companies that attended the brunch was more than 500 billion dollars. "It was a great pleasure to meet you at the ISPAT Summit in New York and listen to H.E. Recep Tayyip

Erdoğan's speech and Q&A. Turkey has been among the world's fastest economies and we believe that growth of entrepreneurship and innovation are key to the Turkish economy growing further and achieving Mr. Erdoğan's vision of becoming one of the top ten global economies," said a representative for one of the venture

Reminding audiences that the agency is directly repoting to him, Prime Minister Erdoğan emphasized how red tape was thus reduced significantly

capital companies present at the meeting, expressing how pleased they were to be there. The representative added, "We believe that venture capital and private equity investors, including our company, can contribute to this growth as innovation in the economy is typically correlated to venture capital / private equity investments and development of the local venture capital and private equity market." As one of the world's leading technology venture capital investors, the company is continuing to look for further investments in Turkey where it has already completed two new investments this year.

Among the chief reasons for this positive response were Erdoğan's statements concerning the makeup of ISPAT. Reminding audiences that the agency is directly reporting to him, Prime Minister Erdoğan emphasized how red tape was thus reduced significantly. ISPAT President M. İlker Aycı also spoke at the event, presenting important data relating to the investment climate in Turkey and assessing the contribution provided by the agency to this investment climate. "The Agency reports directly to the Prime Minister and has a private sector approach. With our multilingual, professional, and dedicated project directors, the Agency helps investors successfully develop their business in Turkey," said Aycı, and continued, "The establishment of the Agency has served as a proof of improvement of the investment climate in Turkey."

Although uncertainties remain for the future of global FDI, Turkey has been performing very well in attracting FDI. In the first eight months of 2011, FDI inflows to Turkey have increased by 96% compared with the same period of 2010. Thus, in the first eight months, Turkey has attracted over \$10 billion FDI which is more than the total amount attracted in the year 2010. As the global economy recovers from the global financial crisis and averts a second-dip recession caused by the sovereign debt crisis, Turkey will attract more investment. Now Turkev is a very attractive destination

nomic outlook is imperative to attracting FDI and global investors are well aware of such positive developments in the Turkish economy. All of these developments will pave the way for more FDI inflows to Turkey in future. One can observe a similar positive trend in the field of venture-capital, the main topic of the meeting at the Plaza Hotel New York. Corroborating the trend of increasing confidence

in private equity investments, an investor says, "We remain convinced about the prospects of Turkey in terms of investment opportunities, strong fundamentals, and also in terms of the growing importance of Turkey in the world today." The investor continues, "As private entrepreneurs and private equity investors, we were stimulated by Prime Minister Erdoğan's open discussion and the country's desire to attract

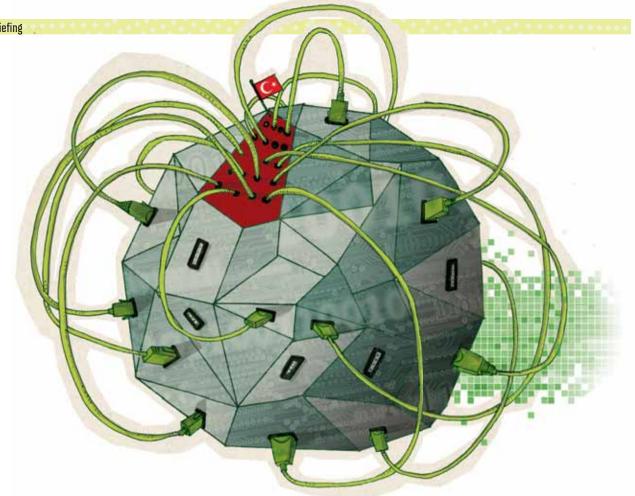


for FDI as it has sustained robust economic growth over the past nine years. Right now the macroeconomic outlook in Turkey is very ripe for investment. Especially while many economies are in crisis, Turkey is distinguishing itself by remarkable economic growth, expanding 9% in 2010, standing out as one of the fastest growing economies in the world. The robust economic growth has continued into 2011, the Turkish economy has expanded 11.6% and 8.8 in the first and second quarters of 2011 respectively, thus growing by 10.2% in the first half of 2011. Such a macroecoIn the first eight months of 2011, Turkey has attracted over \$10 billion FDI which is more than the total amount attracted in the year 2010

more capital investments in its growth sectors."

ISPAT continues its activities both in the US and worldwide to solidify the basis of this confidence and render it permanent. Highlighting the qualities of the steps the agency has taken in these areas, M. İlker Aycı says, "ISPAT provides support to all investors with increased information access and further transparency on policies," and continues, "Working together with ISPAT, investments can be a part of a Turkey that enjoys a robust GDP growth, strong economy, and dynamic population, and has an aspiring future."





SOFTWARE

TAKE NOTE OF TURKEY'S SOFTWARE INDUSTRY

With a thriving competitive environment in the IT industry, Turkey possesses a growing and significant potential in software exports

BY MERVE KARA

NLY A SHORT TIME remains until the completion of the second and last phase in the transition to the drug (inventory) tracking system in Turkey's pharmaceutical industry, for which it is considered revolutionary. Essentially, the system is designed to follow every step from when a drug leaves the warehouse until it reaches the patient. Among the remarkable aspects of the project, besides the 2 billion dollars it will contribute to the Turkish economy, is that

such a comprehensive tracking system is being implemented successfully for the first time worldwide. Labeling each box of a drug with a unique QR code and then tracking the box in all stages from manufacturing to sales is no easy task. The instantaneous tracking of all data requires billions of operations, requiring a very solid infrastructure to run smoothly. Caretta Creative Business Solutions, the Turkish software company that developed the software running the system, had pinpointed this

As Turkish companies export software solutions to five continents simultaneously, more than 160 global telecommunications operators actively make use of these solutions

as one of the most significant challenges it would face when taking on this duty. There were no similar cases that the company could take as examples, and they were expected to design a system that would cover the entire country. Caretta Creative Business Solutions co-founder Selçuk Kumbasar lists the challenges they had to tackle when realizing the project as managing data traffic, handling complex reverse logistics processes for returned products, overseeing the dispatch of at least 50 million packages, and the requirement for this data to accommodate local processing . In spite of all these challenges, Caretta completed the first phase of the drug tracking system, accounting for two-thirds of it as a whole, in 2010, and it is finishing it so that it includes all participants in the supply chain from drug production to distribution. Caretta's project will serve as a model for future work once it has been applied success-



fully in Turkey, after which the country intends to implement similar designs in other countries, Kumbasar lists Brazil, Italy. and France as countries that also wish to work to stop the mishandling of pharmaceuticals, noting that they, as Caretta, first want to work for Brazil. He continues, "I especially wish to state that the experience we have in the drug tracking system and all processes in the pharmaceutical industry is our most important strength. Here we are speaking a system that has been developed since 2007, tested, and most importantly, brought to life. We want to share the experience we have with European countries." Although Caretta's success may be unique. having worked with such giant producers as GSK, Nobel, I.E. Ulagay, and Sandoz, it is not the only example showing the developments occurring in Turkey's software exports. Take Cybersoft, for instance, which implemented the VEDOP (Tax Office Automation Project), one of the most important "e-transformation" projects realized in Turkey's public sector, winning first prize for the project at the prestigious Computerworld Honors in the category of governmental or non-profit organizations category. Or systems integrator Netas, whose target markets in 2011 include countries in North Africa, the Turkic nations in Central Asia, Eastern Europe, the Near East, and Asia. There are many more examples to be found in the industry.

Companies that are part of Turkey's developing software industry provide software and consultancy services to places all over the world, from Australia to the United Arab Emirates. "Our members who are active in the informatics sector and have come a considerable way in the export of services are especially ambitious in software,

DOLLARS

Potential of Turkish IT services

Number of global telecom operators actively using Turkish software Data: TUBISAD

offering global-scale services in this area," says Turgut Gürsov, President of the Informatics Industry Association of Turkey (TÜBİSAD). According to TÜ-BİSAD data, activities directed toward the Middle East and CIS regions are increasing continually every year, with services provided in more than twenty countries. As Turkish companies export software solutions to five continents simultaneously. more than 160 global telecommunications operators actively make use of these solutions. Software solutions in electronic payment processing in particular are offered to countries other than Turkey. The industry as a presence in European markets, in the UK and Germany most of all, with software and integration solutions. Services are also exported to countries on the Persian Gulf, and in countries like Azerbaijan, Iraq, and Svria, the industry focuses on datacenter-oriented information technology solutions and services. According to Gürsoy, the Turkish IT services and software industry has the potential for 50 billion dollars' worth of exports and the employment of 2.5 million people.

The realization of Turkev's potential is backed up by progress sin the IT sector. Turkey. which gained five levels in the Business Software Alliance's report titled "Economist Intelligence Unit Benchmarking IT Industry Competitiveness 2011" and released in September as compared to its ranking in 2009, is gaining a much more competitive position against other countries. According to the report, increased spending by the public and private sectors in research and increased patent activity in IT point to a notable improvement in R&D. Turkey's greatest leap in the ranking occurred here, with the country rising from 35th to 20th place, and this was a significant factor in Turkey's improvement in the index as a whole. Furthermore, increased admissions to higher education and science programs contributed positively to Turkev's human capital base in IT, with the country moving up by seven in the rankings to 38th place.

BSA President and CEO Robert Holleyman, explaining the improvement in Turkey's position, says, "Turkey received positive grades from the Economist Intelligence Unit concerning matters like the protections it provides for private property, the reduction of excessive bureaucracy in establishing companies, and companies' general freedom to compete. In the years to come, policymakers in Turkey have the opportunity to further develop this area. We know from worldwide experiences that this will be worthwhile."

According to the Business Software Alliance's report titled "Economist Intelligence Unit Benchmarking IT Industry Competitiveness 2011" and released in September, Turkey is gaining a more competitive position in the field of information technologies in comparison to other countries





CONSTRUCTION EQUIPMENT

The Global Contractor

PREPARES TO BECOME AN OPERATOR

The construction equipment industry in Turkey exports to a total of 127 countries, is poised to be one of Turkey's key industries

BY CAN GÜRSU

URKEY, ONE OF THE re-L gional powers in the Middle East, is strengthening its claim to this title by elevating it to a global dimension with the help of political stability and measured policies. Today, at a time when expectations for a new global crisis are on the rise, Turkey is becoming the focus of attention with its moves to invest domestically and internationally. As growth rates in global markets approach zero, in Turkey's case, having become livelier with growth records and restruc-

turing initiatives, it can be said that the business sphere is enjoying a pleasant spring breeze. Among the leading industries that continue to grow via new projects and investments is the construction equipment industry.

The construction equipment industry in Turkey exports to a total of 127 countries, primarily European but also in the Middle East, Africa, the Turkic nations in Central Asia, Russia, and South America. It is thus poised to be one of Turkey's key industries

With its market growing 93% in 2010, the domestic construction equipment industry in Turkey possesses the world record in the area There are 600 companies active in the Turkish construction equipment industry

vis-à-vis its aims for 2023, in light of Turkey's low exchange rate policy and accelerated political relations. The domestic construction equipment industry broke a world record by growing 93% as a market in 2010. With infrastructural and superstructural investments totaling 1 trillion dollars, the industry aims to maintain its record for the next 12 years.

With a 5 billion dollar trading volume, Europe possesses Europe's fifth-largest construction equipment industry. The industry realized 2.4 billion dollars' of imports and 900 million dollars' of exports in 2010. This year, it is expected to grow by more than 35%. Cüneyt Divris, Chairman of the Construction Equipment Distributors and Manufacturers Union of Turkey (IMDER), states that their sales figures for 2010 totaled 7,700 units, adding that they hope to close this vear with sales of 10,000 units. By 2014, this figure is expected to have reached 19,000. Turkey, which is participating actively in the rebuilding process in the Middle East, aims to increase the number of countries to which it has exports from 127 to 160. Divriş says, "We expect our rapidly developing construction equipment exports to reach 3 billion dollars in 2014." This is why the construction equipment industry occupies an important place in Turkey's 500 billion dollar exports target for 2023.

In 2011, the economy of Turkey has a 4 trillion dollar trade volume. From Turkey, which acts as a natural logistical hub due to its central geographic location, one can travel to many countries in 3.5 hours or less. This strategic position is one of the chief advantages bolstering both its imports and its exports. "Our country's construction equipment industry, discounting the drop that occurred in 2002, is an industry whose sales figures have increasingly grown every year and will continue to grow," says Cem Topuz, marketing expert at Cukurova Imports and Exports, noting that the industry has exceeded the figures expected of it in the first six months of 2011.

There are 600 companies active in the Turkish construction equipment industry, and over 100 of these are large manufacturers. In the mid-2000s, local manufacturing companies accounted for only 14%; today, they have exceeded 30%. Divris, indicating that they expect this percentage to rise to around 45% by 2023, says that Turkey is again the fastest growing construction equipment market in Europe. For Turkey, which is preparing to take on many new, large-scale contracting projects, heavy domestic demand constitutes a significant driving force.

Among the projects in which investments of 368 billion dollars in the transportation sector and 400 billion dollars in the energy sector are planned over the next 12 years are the Kanal Istanbul project, 20,000 kilometers of double-laned roads, 12 new highways totaling 5,000 kilometers, the world's ten largest new harbors, bridge constructions, natural gas pipelines in 35 provinces, 14.000 kilometers of railroads. high-speed rail projects in five separate regions, five large waterways, 100 dams, the GAP, DAP, and KAP projects, the construction of 500,000 new dwellings, significant infrastructural and superstructural construc-



"Local manufacturers contribute positively to Turkey's balance of payments with their exports," says Abdulkadir Konukoğlu



tion in 50 cities, cross-strait bridges in Canakkale and İzmir, two tunnel projects, and five new airports. All of these projects will naturally push the construction equipment industry considerably beyond its current position. Abdülkadir Konukoğlu, Chairman of Sanko Holding, an important player in the industry, says, "It is an incontrovertible fact that the development exhibited by the Turkish contracting industry in recent years has had a positive contribution to the growth of the market." He

continues, "Market balances favoring imports are changing due to local manufacturers. among them Sanko Machinery, that are increasing and continuing their activities successfully. In addition to this, with their exports, local producers contribute positively to Turkey's balance of payments." Projects both currently active and in planning stages are increasing external demand and propelling Turkey toward leadership in the big markets faster than expected.

In Turkey, where investment opportunities are supported with government incentives, the industry's auxiliary counterpart is also experiencing rapid growth. The Germany-based Kion Group from the US is among the foremost companies preparing to invest in Turkey. Chinese and French companies are also preparing to invest. Heavy domestic demand and the interest of foreign companies in Turkey, which has been untouched by the global uncertainties, is driving the construction equipment industry ever forward, and Turkey, aiming to meet the heavy demand caused by new projects in the domestic market with the equipment it produces itself, thus plans to close the imports/exports gap within a short time.



CEM TOPUZ

Marketing Expert, Çukurova Imports and Exports

"The prejudice against Chinese products works against them. Here, Turkish construct equipment manufacturers and importers come into play. Developments occurring in the past year show that the industry will be affected positively in spite of China, our rival. In addition to the financial crisis in the European area, structural undertakings that expand every day with new projects in our country and the Middle East have made Turkey's construction equipment industry one of the favorite industries for future vears.



ABDÜLKADİR KONUKOĞLU

Board Chairman, Sanko Holding

"After the world construction equipment sector had a loss of revenue in 2009 that was as large as 35%, it finished the year 2010 with around 150 billion dollars, a leap nearing 40%. The domestic market for construction equipment in our country, which had a size of around 6,500 units last year, is expected to exceed more than 10,000 units at the end of this year."





Open for Business Year-Round

INTHE **WORLD'S** LARGEST MUSFIIM

Determined to be the world's fifth largest country for tourism in the 100th year of its Republic, Turkey is taking bold steps toward realizing this vision through diversifying its tourism products

BY CEYHAN AKSOY BY NECIP SAHIN

TOWARD 2023

Health and geothermal tourism, winter tourism, golf tourism, marine tourism, ecotourism and pasture tourism, and conference and fair tourism are being prioritized among alternative tourism varieties within the scope of the 2023 Tourism Strategy.

190₄₀ cities

WINTER TOURISM

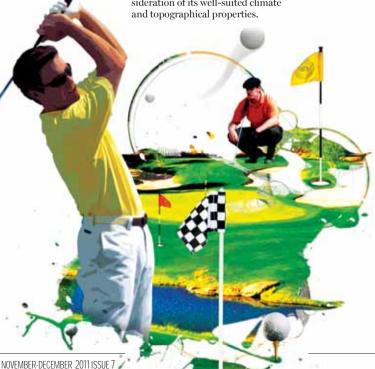
The Ministry of Culture and Tourism is going to provide land allotment incentives and emphasize infrastructure efforts in regions designated for priority development in this area too. A region encompassing Erzincan, Erzurum, Ağrı, Kars, and Ardahan will be developed as a winter tourism corridor.



In order to make Turkey the prime destination for geothermal tourism in Europe, locations rich in geothermal springs that can be declared Cultural and Touristic Development Areas are to be determined, and immediately after physical plans are completed, they are to be assigned to tourism investors.

GOLF TOURISM

Currently numbering 18 in Antalya, golf facilities will be enabled to spread to the Aegean region, in consideration of its well-suited climate and topographical properties.



ATE SEPTEMBER IS ONE OF THE loveliest times in Istanbul. A light breeze moderates the heat left over from the summer, lending the air of spring to the season, as a flurry of activity creates the impression that preparations are under way not for winter, but for summer again. Istanbul is now a city that is as accustomed to being home for foreigners as it is to its natives. The conference hall of one of the city's large chain hotels is welcoming an important crowd that has come together precisely for this reason. The visionaries of Turkish investors. concerned state officials, and representatives from professional organizations assembled in Istanbul, which has become the country's commercial, financial, touristic, and historic heart, in order to discuss the industry's position and potential. There is a special significance in the tourism industry's decision to hold this meeting not before entering summer, but before winter: Turkey is now a country that has escaped seasonality in tourism entirely and succeeds in satisfying visitors with different expectations in all 12 months of the year. After all, wouldn't searching for another country that allows visitors to find what they seek in more than 20 tourism segments from hunting tourism to rafting and from bird-watching to cave tourism prove to be a waste of time?

"This country can be considered the world's largest open-air museum. There are 18 golf facilities in Antalya alone, and they have started to extend toward the Aegean. In convention tourism, Istanbul rose to seventh place in the world ranking," says Cumhur Güven Taşbaşı, Director of Promotion at the Minister of Culture and

CRUISES IN

1,380,000

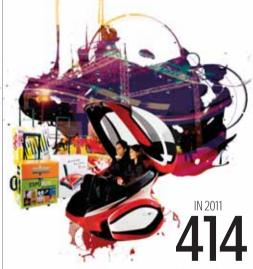
MARINE TOURISM

As harbors that accept cruise ships are renewed and expended, fishermen's piers in the Black Sea are being planned to be equipped so they can accept

Tourism, listing the developments that have taken place in all areas. He adds, "In tourism diversity, Turkey is standing out more and more." For example, while visitors to museums—the most important element of historical tourism—numbered only 5 million in the early 2000s, by the end of 2010, this figure reached 25 million. The fact that archaeological excavations have been increased 100-fold in this period has influenced this considerably, of course. Furthermore, the restoration and improvement of potential cultural attractions on a route from Hatav to Divarbakır is being realized as part of efforts geared toward urban tourism. A museum with an area totaling around 40,000 square meters with its open-air and indoor spaces is being brought to life in Halepli Bahçe, Sanlıurfa. While infrastructure and facilities are being built In Erzurum, a winter tourism center, efforts on a skiing facility in Davraz, Isparta allow the region to become a more active player in winter tourism. In addition to Mardin, which is considered a World Heritage Site by UNESCO, Trabzon, Van, Sanlıurfa, Tarsus, Konya, Denizli, and Istanbul are turning Turkey into a center of faith tourism, being the homes of sacred structures that are significant for the three

ECOTOURISM

Touristic development and action regions will be designated as spot centers or axes in places where pastures are abundant.



CONVENTION AND FAIR TOURISM

As policies that guide investors and encourage participation in such events as conventions and fairs are developed via planning and allotment efforts geared toward convention tourism, Adana, Gaziantep, and Trabzon will be designated as second-degree convention provinces in addition to the first-degree provinces of Istanbul, Antalya, Ankara, and İzmir.

FĂÎRS



AHMET BARUT President, Turkish Hotels Federation

"Tourism is Turkey's most competitive sector... For nearly the past ten years, it has been growing even in crisis periods, and it has even more growth potential. Tourism provided more than 25 billion dollars in net foreign currency input to the economy of Turkey. And I can comfortably say that we will be in the top five in the world ranking. Our aim from now on is for tourism to spread to

every part of Turkey and for income to come to the forefront as much as the number of people. We are fighting to gain more income by increasing our brand value, because now, Turkey is a country that has achieved a certain level of recognition. After this, we will work to increase or value added. We aim both for every part of Turkey to receive its share from tourism and to increase our per

capita incomes. Our main vision is tourism that is respectful to nature, to the environment. This isn't a slogan uttered just for the sake of it; on the contrary, I believe in this very much. This must be our true main principle, because Turkey has an incredible potential. We must make it so that the generations after us can use this potential too. For this, it is necessary for us to aim for tourism

that is respectful to the environment, sustainable, and can make it so that the generations after us can have a share too. The tourism in our country is not only focused on only sea, sun, and sand, or only geothermal or cultural tourism-it contains all of these. Therefore, we must work to turn this great potential into performance, and receive a share from all of them."



Abrahamic religions. Furthermore, with its more than 20,000 caves, the country enjoys possessing yet another natural and touristic treasure.

Many more examples can be listed; however, these developments are best manifested in the numbers, of course. Having welcomed 1 million tourists 30 years ago in 1980 to earn 400 million dollars in income from tourism, Turkey increased its income 52-fold to gain 22 billion dollars from the 29 million visitors it welcomes today. While the global tourism industry grew 3% since 2000, in Turkey the industry exhibited 11% growth in the same period. Also considering that the Turkish economy grew by 10% in the first half of 2011, one can see that the industry is progressing in parallel to the national economy's general performance. "The tourism industry in Turkey has been growing uninterrupted for ten years," says Turkish Hotels Federation (TÜROFED) President Ahmet Barut, adding, "It has become a sector that provides over 25 million dollars of net foreign currency input to the country's economy, and I believe that we will be within the top five countries in tourism in the world listing in the next ten years." Hilton Europe Vice President Development Mike Collini, forming his guesses on the tourism industry's future in line with Turkey's economic performance, predicts that the country's and industry's growth momentum will reflect upon the coming periods too: "Having drawn attention with its significant growth performance for the past few years, Turkey's success will reflect upon the tourism of the next ten years as well."

Cumhur Güven Taşbaşı says public- and private-sector cooperation is one of the most important factors facilitating this growth, and continues, "We even select the fairs we will participate in by consulting the private sector." The industry's dynamism, the youth of the working population, and the newness of the facilities shit the balance of price and quality in the competitive equation in Turkey's favor, whereas public-private sector cooperation has made it possible for Turkey to rank seventh in terms of numbers of visitors and ninth in tourism income worldwide. This growth, however, must be sustainable. Bekay Properties founder İsmail Saluk says both physical and quality investments must be increased. Today's bed capacity of 1 million needs to be boosted by another 1 million, and the number of educated, skilled employees must reach 8 million. The vocational tourism schools that have been rapidly mushrooming around Turkey in recent years and the increase in the number of university departments that provide education hotel management and tourism are contributing significantly toward the industry's need for qualified staff. Additionally, industry representatives continue their efforts to elevate quality by developing alternative

sion of numerous Seljuk and Ottoman relics and exam-

ples of civil architecture on

the historic Silk Road route

to accommodation facilities via build-run-transfer or

long-term leasing methods

and increasing the number

of quality facilities and bed capacity via new invest-

ments are being planned.

TO TURKEY

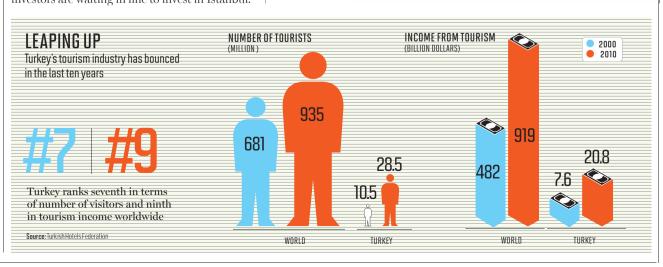
models in touristic accommodation to the proven all-inclusive model. The Ministry of Culture and Tourism, for its part, has accepted the reevaluation and planning of existing touristic regions in terms of sustainability, supporting the private sector in vet another way.

One of the most important indicators of the support provided by the public sector to tourism is the Turkey Tourism Strategy 2023 document prepared by the Ministry of Culture and Tourism. In 2023, the centennial of the Turkish Republic, visitors to Turkey are expected to number 50 million, with tourism income being expected to total 50 billion dollars. However, this is only the target set in the official 2023 strategy designated by the Ministry of Culture and Tourism as a road map. The private sector is aiming a little bit higher. At Turkey Hospitality Summit 2011, TÜROFED Board Member Zeynep Silahtaroğlu Baykal said that the target is 63 million tourists and 86 billion dollars in tourism income. Within the scope of this target, per capita tourism expenditure is expected to rise to 1,350 dollars. Turkish Tourism Investors Association President Dr. Turgut Gür stated that per capita currency input from tourism is 600 dollars, adding, "But in golf tourism this figure rises to up to 2,000 euros; in boat and yacht tourism, 3,000-4,000 euros; and in health tourism, 8,000 euros. Therefore, concentrating on diversity in segments with high value added appears to be one of the most logical steps Turkey has taken toward increasing tourism income in order to become the world's fifth-largest country in tourism as per its vision for 2023. Highlighting one of the most tangible results of this, Dr. Turgut Gür notes, "49 international investors are waiting in line to invest in Istanbul."

YOUTH TOURISM By creating safe, clean, and low-cost recreation and entertainment opportunities for the youth, they will be encouraged to participate in tourism.

BOTANICAL TOURISM Because Turkey is at the crossroads of three separate botanical regions and served as a shelter for Anatolia plants in the Ice Age it has more species of endemic plants than all of Europe, making the country a botanical

paradise.





IUURISM

BY CEYHAN AKSOY

long time has passed since the sea and sun were the only things that came to mind on mention of Turkish tourism. With more than 20 different types of tourism, Turkey is today a global center of attraction for tourism. Facilitating this is a brand new understanding of tourism that discards aged notions on tourism and makes history and culture an inseparable part of it. The architect of this approach, Minister of Culture and Tourism Ertuğrul Giinay, explained this new conception of tourism to The Turkish Perspective.

At first glance, entering the ranks of the top five among the world's centers of tourism may seem somewhat overambitious. But on examination of the Ministry of Culture and Tourism's strategy for 2023 and the steps taken toward this so far, this target looks quite realistic. Industry representatives, for their part, are much more optimistic than the public, and they believe that most of the targets set in the strategy will be surpassed. Lately, in addition to increased investment in tourism, the rapid diversification of tourism segments brings with it a rise in the number of tourists visiting and, in turn, a significant increase in tourism income. All of these developments are the product of a government that has been following a much more solid policy in the field of tourism; the skilled teams working non-stop along the lines of these policies; members of the private sector who prioritize not only the maximization of profits, but also the quality of service and facilities, and do everything they can for the country to become a global brand in tourism; and Minister of Culture and Tourism Ertuğrul Günav, who has guided this entire system with his visionary perspective and experience in matters of culture and tourism.

OU, TOO, WERE present at the Prime Minister's visit to North Africa. How do you think the process of change in these countries will reflect upon Turkish tourism? Have new steps been taken regarding collaborating in tourism with Egypt, Tunisia, and Libva?

I wish for Tunisia, Egypt, and Libya to regain well-being, tranquility, and interior security at once, because tourism is a sector that develops within peace. Peace would have a positive effect for both the region and the world. In this regard, representatives for our tourism sector went to Tunisia and Egypt following the crisis. They indicated that we were ready for cooperation. We now think that we will progress not through interior trem-

ors in other countries, but entirely through increasing our country's brand value. We are in a good year, and we have made a good start. Right now, we are in the world's top ten; we aim to enter the top five. We will work to make this a lasting development.

Until today, Turkish tourism was associated mostly with coastal towns like Antalya and Bodrum, and only a handful of other places were considered as touristic. like Mardin in **Central and East**

Anatolia, the Commagene/Nemrut monuments in Adıyaman, and Balıklıgöl in Urfa. However, recently, we have been seeing investments in culture and tourism, restoration work, and museum-building efforts

in these regions. The Zeugma Museum is a leading example. Can you discuss these efforts and the value added they will create in the region?

We are on the world's richest lands. Our history and geography are very rich. Whatever there is on these lands, whatever the era and civilization they are left over from, today they are things that have been entrusted to us by humanity. Preserving them as best as we can is a debt to humanity for all of us, and this is the approach we are working with.

We aim to develop tourism in every one of our country's provinces and regions. In this regard, we have infrastructure planning and region-based promotional efforts in expositions abroad. We are conducting efforts in our regions that could appear at the forefront in alternative fields of tourism. We are

Although we

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of alternative

tourism such as

winter, cultural,

sports, and

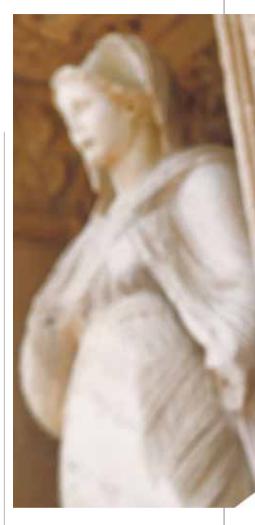
health tourism.

striving to provide the attention deserved by our geothermal regions and cities that possess cultural and natural beauties and have the capacity to be international centers of attraction but have not been promoted adequately worldwide.

The special importance you place on historical tourism and museums is known by the public. Can you speak of developments regarding this subject and your plans for the future? Will we continue seeing innovative steps

in museum administration like the agreements signed with Bilintur and TÜRSAB?

Our museums and ruin sites possess qualities above those of the competition with their visitor numbers and the



historic and cultural treasures they are home to, but they could not sufficiently keep up with the dynamism required by market conditions under public administration.

To alleviate this deficiency and bolster the contributions made by our unique historic heritage to the country's economy, we felt the need for a new overture in revenue-providing activities at our museums. Together with increasing revenues had from sales areas in our museums and ruin sites, we also aimed to facilitate the utilization of these venues as vehicles for cultural communication.

The number of visitors to our museums and ruin sites, one of the most important elements of tourism—has increased, but in spite of the increased number of visitors, the commercial capacity in our museums had not been activated until today. Yet in many countries, in museums administered with a contemporary approach, revenues from



commercial operations in museums account for a continually increasing share in total revenues. And in our country, it was necessary to increase these kinds of revenues and use them in the preservation and improvement of our cultural possessions.

As the Ministry, we have engaged in cooperation with Bilintur and TÜRSAB via transparent methods, and we developed a new model to facilitate significant revenue for museums and ruin sites with the dynamism required by market conditions and generally strengthen the perception of our museums and ruin sites.

Within the scope of the model of cooperation, wished to strengthen cultural communication, present replica items with contemporary and traditional designs bearing the brand of the museums and ruin sites; create sales areas, products, and services possessing high representative power; and enrich the museum visitor experience, while also creating a new, large market for traditional handicraft producers and designers.

We are in close cooperation with the private sector. TÜRSAB, the only tourism association established legally, has a higher economic power, and it also has conveniences regarding its ability to do work. As an organization, they support the Ministry's efforts closely. The efforts we have conducted cooperatively to take our country's culture and tourism even further will continue after this too.

You have a number of efforts directed toward new segments that will address the currently seasonal nature of tourism, such as faith tourism and health tourism. Golf tourism, too, has become a field where Turkey is on the rise. What are the incentives and conveniences offered to local and international investors in such fields?

We value those who invest in our country with very highly. There are big advantages to investing in Turkey. We are trying to reduce bureaucracy in touristic investment. We support investors in numerous ways. We provide tax cuts and assign plots of land. We afford the same conveniences we provide to local investors to foreign investors too. Turkey has become a country of stability and peace, and foreign investors can now invest without hesitation.

What are your views on whether competitive prices in the race to draw international visitors will be sustainable or not? How will this matter factor into Turkey's long-term tourism strategy?

Many hotels that provide a high standard of service in our country are deemed worthy of prestigious international awards like TUI, the World Travel Awards, and Holiday Check. For instance, 20 of the "World's Top 100 Hotels" named by TUI in 2010 are in Turkey.

Our aim as the Ministry is to help touristic facilities acquire a foundation that allows them to compete. In this respect, we are conducting efforts to raise infrastructure and service standards even higher. Therefore, an image associated with both a high quality and reasonable prices has started to form. We are working to spread the image that Turkey is a country that is both high in quality and not extremely expensive.

As for our target consumer profile—they are people with medium or higher levels of education and income, who are sensitive to the environment, highly brand aware, more interested in kinds of tourism appealing to special interests rather than package holiday tours, are interested in activities and other cultures, and travel frequently.

Event tourism is seriously on the rise in Turkey, particularly in Istanbul. Events in areas ranging from econ-

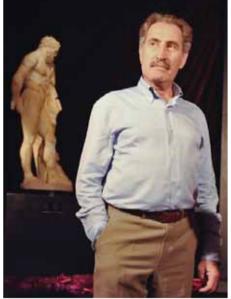


Tourism enriched with culture is our new concept in tourism



The Minister with a folkloric dance team in the east of the country

In September 2011, the upper part of the Farnese Heracles statue was brought home to Antalya after 31 years



"Beyond being a coastal country, we are trying to promote Turkey as a country that possesses historic wealth, examples of civil architecture, a gastronomic culture, a musical culture, and depth in art. says Ertuğrul Günay



Ertuğrul Günay visiting Van, which is famous for

omy to politics and even fashion are making Istanbul one of the youngest additions to the global schedule of international events. What kind of plans do you have specifically for Istanbul and what do you think about Istanbul Biennale's performance as a cultural and touristic project?

Istanbul is making its name heard worldwide with the international arts events it holds every year. Hosting film festivals, the jazz festival, concerts, and many important, large-scale events attended by artists with international

renown, the city continues to further its mission of bridging East and West, and the role that it plays will gain even more importance in the years to come.

That Istanbul is one of the world's most important centers must first be internalized by us. If we work with and adopt this belief, in the near future, we can make visiting Istanbul a matter of prestige globally.

The Istanbul Biennale, too, is transforming Istanbul into a platform followed closely by world art circles. Providing a great contribution to the

development of contemporary art awareness, the Biennale nourishes Istanbul and adds depth and color to it. At the same time, globally, it reflects upon the Istanbul brand as a significant contribution. Now, with the Biennale and other arts events, Istanbul is known as one of the world's hottest centers of culture and art.

Can you discuss your foremost plans for the upcoming five years?

Turkey has accomplished the impossible in the last 20-25 years. While struggling with terrorism within its borders on one hand and illnesses and economic crises arising in the world on the other, it succeeded in becoming a country of tourism, and tourism has become one of Turkey's most dynamic industries.

Having entered the global tourism market in the second half of the 1980s, Turkey is among the top ten countries that draw the most tourists today. Although we are known for sun, sea, and sand tourism, in recent years, we have managed to move up in many kinds of alternative tourism such as winter, cultural, sports, and health tourism. As Turkey transformed from a country "surrounded on four sides by enemies" into a land "surrounded on four sides by friends" and a country with zero problems with its neighbors, we exceeded 28 million visitors in 2010. And our goal is to attain 30-40 million visitors shortly.

While Turkey ranked 17th globally in terms of visitors received in 2002, today it has risen to 7th place. In 2002, it ranked 12th in terms of tourism revenues, while today it ranks ninth.

Our methods of calculating tourism revenue have aged somewhat. With new, more realistic methods, these figures appear much higher.

Beyond being a coastal country, we are trying to promote Turkey as a country that possesses historic wealth, examples of civil architecture, a gastronomic culture, a musical culture, and depth in art. We are therefore trying to catch up with the examples of Italy, Spain, and France, which we are racing against. This is our new concept in tourism—tourism enriched with culture.

Tourism has started to become an important resource for Turkey in closing the current account deficit and in the balance of payments, but more than its economic dimension, I value tourism's pacifistic dimension, its dimension of getting to know the world, and tits dimension of contributing to universal peace. As the Ministry, we are trying to concentrate on this area.

How much of a budget was allotted for the promotion of Turkey's and Anatolia's culture abroad in 2012? What efforts are being conducted in this context?

The international promotion budget,

Whatever there
is on these lands,
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Zeugma, the largest mosaic museum in the region, was opened with the special efforts and interest of the Minister and, in addition to Europe, on the East Asia-Pacific Region, which is growing rapidly in tourism-wise, especially India and China. We are trying to increase our market share by organizing special, regionally oriented promotion campaigns for countries in the Middle East, Iran, and the Turkic republics in Central Asia.

Another field growing rapidly in parallel to tourism is that of hotels. Last year was the best year for city hotel enterprises, and this record is expected to be broken in 2011. Large hotel chains are investing heavily in Anatolia. Can you assess the developments in this area? What do you think was the factor that made foreign investors realize Turkey's potential?

Tourism in Turkey is developing rapidly. In previous years, hotels were on



which was 43 million TL in 2000, increased by more than 3.5 times to reach 153 million TL in 2010. In 2011, it was set as 100 million dollars.

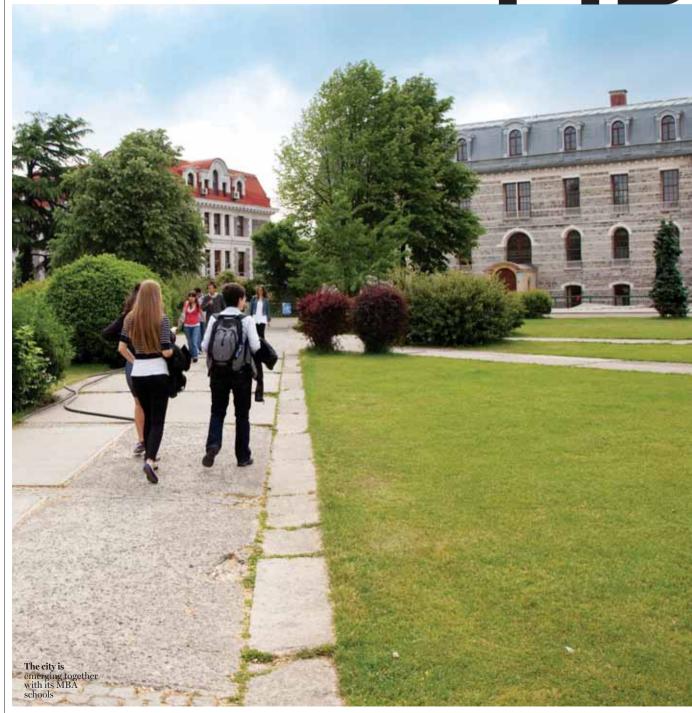
Of course, not only is increasing the budget important, but so is the application of an effective promotional strategy.

Outcome-focused strategies that emphasize the superiority of our product and total quality and facilitate branding on a country, region, and location basis have started being applied.

In this context, by pushing products aimed toward the target market in promotional efforts, we place importance on drawing high-income tourist groups through product differentiation,

the coastline. But we have a potential for tourism in 81 provinces, and we want the 81 provinces to be at the average world standard today. The tourism initiative started on the coasts, and it is moving inward in waves. We plan for a large number of branded facilities to be opened in Anatolia in the next $1-1\frac{1}{2}$ years. We want to spread tourism among the regions and extend it over the seasons. Because of this, we are running tourism efforts in various regions in Turkey. That investors and entrepreneurs are investing in Anatolia is a nice development. I think this will add momentum to the tourism initiative.

THEISTANBUL NO B





AS ONE OF THE WORLD'S FASTEST GROWING METROPOLISES, ISTANBUL IS ACCOUNTING FOR ITS FARE SHARE IN MBA EDUCATION.

BY MERVE KARA



MAP SHOWING the Ageographic distribution of the world's top MBA schools would exhibit a dense collection of data points on a line from New York to London. To find another center to the east of London, one has to go quite far, to the young ecosystem of the Far East. Occupying the expanse between these two poles, the territory encompassing Eastern Europe, Russia, Turkey, the Middle East, and the Caucasus exhibits a noted demand for MBAs. The aforementioned geographic distribution is applicable to financial centers as well, and this is no coincidence. The forward-facing evolution of respected business schools—and, of course, MBA programsfeeds off of the development of the business environment in which they are, and it in turn contributes to this development. Therefore, the international recognition of such metropolises as London and New York, and the attention they command for their graduate institutions, is closely related to their positions as financial centers. Proximity to a flexible, educated, and skilled workforce is the first of the four primary indicators of the Global Financial Centers Competitiveness Index, which quantifies the capacities and competitive abilities of financial centers worldwide. The other indicators are a business

environment with an open economy and taxation system encouraging competition; large, innovative, and accessible financial services; and firstclass infrastructure. In centers that have become focal points for the global workforce, business schools carry out the mission of fulfilling managers' academic demands at international standards and creating a well-equipped labor pool. And with the development of cities that are positioned as centers, the dynamism captured by the business world reflects directly upon MBA programs.

It is possible to trace the changes occurring over the past few years, during which the balance of power in the global economy shifted in the favor of developing countries, through a number of indicators, among them MBA programs. Since 2008, due to the crises haunting already developed economies, the

ISTANBUL,
LOCATED AT THE
INTERSECTION
OF EUROPE&ASIA,
PREPARES TO APPEAR
ON THE MAP OF THE
WORLD'S TOP MBA
INSTITUTIONS WITH
THE NEW PROGRAMS
ITS UNIVERSITIES
OFFER

relative recovery of the world economy is more dependent on developing metropolises. As these rapidly growing cities become new MBA hot-spots, the need to include the change in these markets in the curriculum for a solid MBA education grows. "We know from the long-established international financial centers of London and New York that these cities attract a large number of business and finance students who want to study and work at the heart of leading financial centers," says Nunzio Quacquarelli, founder of QS Quacquarelli Symonds Ltd. This demand is reflected in the number of highly rated business schools established in these cities. According to Forbes, banks, finance firms, and insurers account for 15 out of the 40 largest companies in the UK and for six of the top 10. The headquarters for many are in London. Likewise, London is home to some of the most highly ranked business schools-the London Business School and the Imperial College Business School, for instance, which are ranked among the top 20 best business schools for an MBA with a finance specialization in the QS Global 200 Top Business Schools 2001/11 listing. The trend is no different for the international financial center of New York—home to CitiGroup Inc, Goldman Sachs

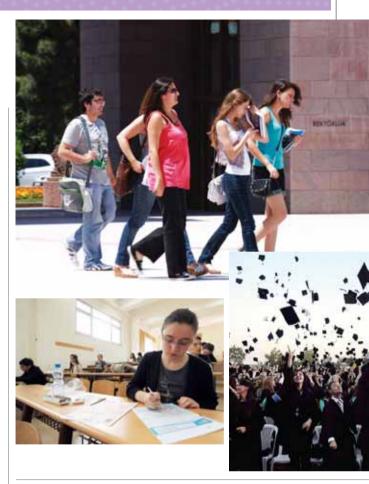
РНОГОСКАРН ВУ АА (ВОТТОМ)

Group Inc, Morgan and Stanley, and the birthplace of NYU Stern School of Business and Columbia Business School. Again, both these schools are ranked among the top 20 best business schools for an MBA specialization in finance by the QS Global 200 Top Business Schools 2010/11. "Istanbul could also follow in the footsteps of London and New York," continues Quacquarelli.

According to the 2010 results of the annual Global Metro Monitor Study by the London School of Economics and Brookings Institute, Istanbul exhibited the best performance out of all cities. exhibiting the signs of recovery the clearest. With a 5.5% increase in revenue and a 7.3% increase in employment, Istanbul ranked first in the listing of 145 cities, including the likes of the world's largest metropolises such as New York, Shanghai, and London. In 2009, according to Global Metro Monitor, the city had ranked 114th; therefore, its advancement in 2010 was truly phenomenal. The city is undergoing a significant transformation with the Istanbul Financial Center project, which is aimed to make Istanbul an international center of finance, and there is a serious increase in both the demand for and the supply of MBA education. According to the latest TopMBA.com Jobs and Salary Trends Report by Quacquarelli Symonds (QS), one of the leading companies specializing in education and study abroad, MBA holders have assumed a central role in the global battle for economic superiority. Meanwhile, economic growth in new industries increases the demand for MBAs worldwide. In line with the expectations

that Turkey will grow the most among OECD countries over the next few years, specifically from 2011 to 2017, employers in Turkey are expected to follow Asian and European trends in their demand for MBA qualifications. Istanbul, located at the intersection of Europe and Asia, prepares to appear on the map of the world's top MBA institutions with the new programs its universities offer.

Among the foremost signals that contribute to these expectations today is the rise of both the numbers and the quality of MBA-giving schools in Istanbul. According to statistics published by Turkey's Student Assessment, Selection, and Placement System (ÖSYM), there are 126,000 students enrolled in postgraduate education in Turkey today. approximately 30,000 of who are in MBA programs. The expectation that this figure will rise is encouraging many private foundation universities to present programs jointly with international partners or business organizations active in Turkey. Kemerburgaz University, which presented a program in partnership with the Turkish Exporters Assembly (TIM), aims to develop the managerial abilities of TIM members and employees in the export-focused, expanding Turkish economy within the scope of an internationalized vision. "As joint research projects to be conducted contribute to the realization of the exports target, they will also provide for the development of our university's academic research pool," says Istanbul Kemerburgaz University Social Sciences and Physical Sciences Institutes Deputy Dean Assoc. Prof. Güner Gürsoy, PhD.



ISTANBUL'S BECOMING A REGIONAL BUSINESS CENTER FACILITATES THE CREATION OF AN ECOSYSTEM THAT NOURISHES AND DEVELOPS THE **BUSINESS SCHOOLS** AROUND IT

The business world's increasing demand is not inciting only Turkish universities to act-Sheffield University in Britain, one of the world's top 100 universities, has included Istanbul in the Executive MBA Program it presently runs with partner schools in Thessaloniki, Belgrade, Bucharest, and Kiev. Offered at Istanbul Sehir University, which Sheffield chose as its partner in Turkey, and including the participation of executives from dozens of global giants such as Microsoft, Vodafone, Siemens, PepsiCo, and Nestlé, the program is expected to draw great interest. Assoc. Prof. Melih Bulu, PhD, faculty member of Istanbul Sehir University's Business School, believes that Turkey's accumulated experience in university education is strong enough to create a breakthrough.

"Istanbul's becoming a regional business center facilitates the creation of an







Economic growth in new industries increases the demand for MBAs worldwide

ecosystem that nourishes and develops the business schools around it," says Barış Tan, Dean of Koç University's Business Department, commenting on these developments. The Koç University Graduate School of Business is the Turkish provider of the CEMS MIM program, which, according to the MBA results announced by The Financial Times in recent months, ranked as the second-best

program worldwide this year. Koç University is home to Turkey's leading MBA/EMBA programs, a status brought by numerous factors including its curriculum, the quality of its teaching staff, and the respectable positions its graduates have come to occupy in the professional sphere. It also is the only higher education institution both in Turkey and in its region that possesses EQUIS accreditation. Lecturer Zeynep Gürhan Canlı states that the university has become a top choice for students both Turkish and international for the collaborations it has realized in recent years with leading global corporations.

Istanbul is poised to close the big gap between the Far East and the extreme west with its business schools, which have proved adaptable to the dynamism of the business world and gained recognition for their innovations. Managers continuing on to the world's best management schools are ever more interested in the city, just as those who come to it for this experience are. "The need of managerial skills is also increasingly felt in Turkey, therefore, more senior managers have been attending our Global Executive MBA in order to gain a more global vision, to increase their competencies, and to build an international network," says Laura Russo of the Recruiting and Admissions Service at SDA Bocconi. She adds, "Connections and partnerships between SDA Bocconi and Turkish corporations and institutions are constantly growing, and as a result, so is the number of Turkish participants in our MBA classes."

If Istanbul continues to make headway with its action plan to become an international financial center, it is more likely to see growth in the number of financial organizations establishing themselves in it. This is expected to prompt an increase in business schools offering globally accredited MBAs, attracting the attention of many overseas students who would want to study in a growing financial center.



PROF. DR. ERHAN ERKUT

Rector, Özyeğin University

Offering the right program is the key

"There is an incredible educational potential in Istanbul. However, the right service must be offered to the right market. We had found sufficient students for the Financial Engineering program we planned for Özyeğin University before even opening it. Instead of standard MBA programs, programs focusing on the branding, visual communications, or leadership that the market needs—like this program—have a high chance of succeeding."



MELİH BULU. PHD

Faculty Member, Department of Business Administration, Istanbul Sehir University

İstanbul as a new hub

"The worldwide tendency for production facilities to shift eastward has positioned Turkey as a new hub. Istanbul is continuing to draw executive staff and company headquarters to itself, and the need for education concerning business administration is rising. Meanwhile, Turkish companies are globalizing too. New companies require personnel to manage them. Management, particularly the management of global companies, requires a special kind of qualification."

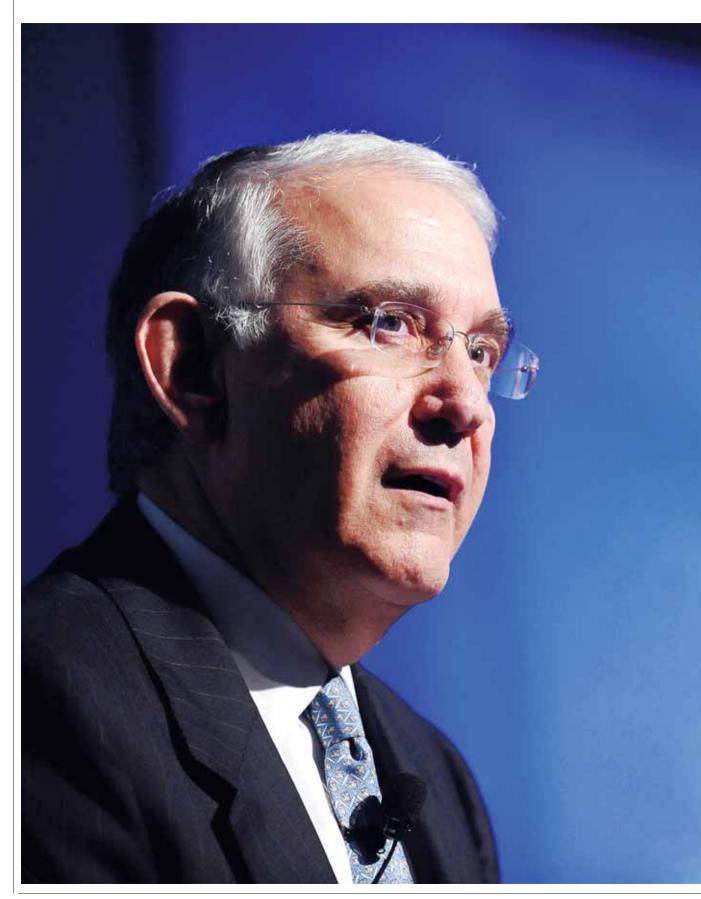


PROF. DR. EMRE ALKÍN

Vice President, Kemerburgaz University

Demand will increase

"Even if the demand for MBAs is rising, one can hardly say that this reflects the true potential fully. I think we can wait for the number of these programs to increase twofold by 2023—as universities, we must satisfy not only internal demand, but also demand coming from surrounding countries. Therefore, emphasis must be placed on raising teaching staff. As Kemerburgaz University, we have begun efforts in this direction. We continue our work on the student and teaching staff exchange program with Johns Hopkins University."



"A SECOND RECESSION ISSIIF TODAY

Despite its similarities with the Great Depression period, some key figures are missing in this recent scenario: emerging economies. And what makes today's global economic conditions unique is the existence of developing countries while on one side their developed counterparts are passing through a trying recovery period. The air of uncertainty permeating the crisis-afflicted US and euro zone shows that it will take more time to recover to pre-crisis levels than expected. With a background of more than 30 years in the finance industry, Samuel Di Piazza provided his assessment of the latest developments in the global economy, the role of emerging countries, and how Turkey relates to these for The Turkish Perspective.

BY MERVE KARA

Can you please assess the outcomes of the financial crisis in terms of accounting principles and standards? Do you believe that the auditing and credit rating institutions have regained their credibility vet?

I'd begin by saying that in the financial crisis of the past several years, there is enough blame for everyone in the market place. So there is some burden to bear from the banks to the rating agencies, to the regulators, to the central banks, in some respect to the accounting firms. I don't see this crisis as having its roots in accounting principles or many of the principles around transparency, or fair-value reporting—many of those principles added to the visibility of the issues. They made it much more apparent what needed to be done. I think, in fact, that

accounting and auditing is as much a part of the solution this time as it might have been part of the problem in the past. Now, about credit rating agencies, there's no question that they made mistakes but I believe they have addressed many of those and I think it is unfair to suggest the blame should be shared by only one or two parties. It goes across the market.

Today it looks like the markets are again on the edge of a second dip. First of all, what makes you consider this possibility? What are the main pillars or key parameters that can prevent a potential crunch?

It is clear that the recovery in the market is weaker than was hoped. We're experiencing a slowdown in many markets, and I think that's simply evidence of how deep the crisis was two years ago and how difficult it is to recover from a crisis characterized by overleveraging and the creation of asset bubbles. All of those issues take a lot of time to work through. And it is clear that demand in the many markets and many sectors has weakened. Whether we have a second technical recession is not the issue today. This is not a robust recovery. Weworking class people and businesses—all feel the pain of a protracted slowdown. I do believe that's where we are. I think the economy will weaken in 2012. Citi economists suggest the same, that 2012 will be weaker across the globe, especially through the G7 and G8 countries. Policy makers should really be careful. Short-term fiscal restraint could work against us here, though long-term fiscal restraint is a requirement. Also, the European decision about the handling of the banking crisis is very delicate.



I think Turkey has the opportunity to be a true economic power over the next 50 years, along with China, India, and Brazil

I think they have to take more risk than they seem to have taken on in the past.

On September 19, US President Barack Obama announced a tax increase plan known as the "Buffet Rule", imposing extra taxes on Americans who earn more than 1 million dollars. How do you view this decision?

I do believe it is an incredibly important US policy debate. It's about two things: the fairness of the system and the tax system, and it is also about the size of government. You never can disconnect the two. I think this is

going to be very difficult and I can not predict where it will ultimately go. But my own personal view—not Citi's or any others, my personal view—is that the US system could be fairer. There has been a disproportionate concentration of wealth at the high end. So I understand what the President is trying to accomplish. But at the same time, I think our government is large. So I think you need to deal with both issues. Unfortunately, the US political environment doesn't seem to be conducive to dealing with both issues.

I think this is going to be a very difficult debate. I hope we find a way to deal with both-make the tax laws fairer and, in the process, we redefine the government.

What about a more general application of this decision worldwide?

I think we are already seeing this. You're seeing it in France; vou're seeing it in the UK; you're seeing it as a common answer for governments that need revenue. They are reaching out to the largest individual wealth holders. That is not illogical. I do think, also, that you have to assess the size of government at the same time. You can do both. You can reduce the size of government while you raise the burden on the most wealthy people. I think that could create more growth and a fairer system. I unfortunately don't believe in



any policy makers are picking up on that issue.

Turkey was the fastest-growing economy in the world during the first half of 2011. How do you see Turkey's economic growth? How important a role does Turkey have to play among other emerging economies?

First I'd say we are very lucky and fortunate in this cycle to have a world economy that includes emerging economies that are thriving. In the past, we would have only had developed countries in the recession and emerging countries would not be part of the global economy, and it would have been more difficult to map a way out. You now have a very large segment of the world that is continuing to do well. There are many countries like Turkey that have good economic policies and good

leadership. When I speak to Turkish businesspeople, they have great respect for the economic leadership, finance, and the trade elements and private investments made. So I think Turkey has the opportunity to be a true economic power over the next 50 years. along with China, India and Brazil. I would refer not to the BRIC countries or to the G20, instead I'll refer it to the E7, which includes Russia, Brazil, India, and China, but also Mexico and Turkey and Indonesia as the emerging countries of the world. I believe Turkey has a wonderful opportunity, but it's very important that Turkey recognizes its economic imbalances. The current account deficit is not sustainable. Turkey can find itself in a position where that doesn't allow it to realize that promise.

What other risks are anticipated for emerging economies?

In most of the economies it becomes a question of managing inflation. In some, like Turkey, the focus is on managing the current account deficit so the interest rate structures can control growth at some point. All of

I do think that you have to assess the size of government at the same time. It is possible to reduce the size of government while on the other hand you raise the burden on the most wealthy people. I think that could create more growth and a fairer system.

this has to be thought out very carefully, and politicians have to be very thoughtful about their policy. I think Turkey has done well but it faces a bit of a challenge with the current account deficit as energy prices pick up. It has to be careful or it will find itself with inflation or a current account deficit.

Recently, ratings agency Standard and Poor's increased its rating for Turkey up one notch to BBB- to the local currency rating, whereas the more important foreign currency rating remained at BB, two notches below investment grade. What is your assessment about this cautious move?

The local currency is something that Turkey feels very comfortable about. It's an evidence of a strong local economy and they should be very proud of that. They should be surprised with the foreign currency ratings because of the reasons we have talked about. Until the current account balance is more in line, until it is clearer that Turkey can manage inflation and that Turkey could become more of an exportoriented country as opposed to an import-oriented country, I think that rating agencies will probably be more cautious. But that's all what Turkey will deal with. It's not a bad price for Turkey to pay. They shouldn't feel bad about it; they should think that it's only part of the journey.

What do you think about Turkey's business environment in terms of reliability, transparency, and accountability?

Turkey made great progress here, it's always been a very commercial, sophisticated business world here in Turkey...

WHO IS SAMUEL DI PIAZZA?



Retired as Global Chief Executive Officer of PricewaterhouseCoopers International (PwC) in September 2009, after serving in the role since January 2002, Samuel Di Piazza joined Citi Group as a Vice Chairman in the Institutional Clients Group this year in May. Over his 36-year career at PwC, which included 30 years as a partner, he held several positions including Chairman and Senior Partner at PricewaterhouseCoopers US, and he was a member of the Global Leadership Team. In the years under his leadership, PwC expanded operations in the emerging markets, becoming the largest professional services firm throughout the world, including the leading position in each of China, India, Eastern Europe and Latin America In addition to his role as a frequent commentator on issues of corporate reporting, transparency, and sustainable development, Mr. Di Piazza currently serves as a Trustee and a member of the Executive Committee of the International Financial Reporting Standards Foundation. He is a former chairman of the Genevabased World Business Council on Sustainable Development and he serves on the USA Foundation Board of the World Economic Forum. Mr. Di Piazza currently serves on the boards of DirecTV, Apollo Group, and St. Patrick's Cathedral in New York City, and on the board of trustees of the Mayo Clinic.

Brands Jewelry, Fashion designed the construction, chocolate.



Crafting a Golden Global Brand

With half a century of experience, Altınbaş progresses toward becoming a global brand with sure steps, already standing among the ranks of top brands

JCCESSIVE CRISES afflicting developed countries, real estate prices, the lack of growth in world markets and real interest rates, and developments regarding the dollar and euro are triggering marked changes in the price of gold. Gold. a raw material for the jewelry industry, appears little affected by its 35% increase in price within the past year in terms of its use as a luxury consumption good. Having decoupled from the global crisis in a positive way, things seem to be going quite well for Turkey, which ranks second in gold and jewelry design globally, right after Italy.

Gold and jewels, and thus jewelry, are highly important with regard to Turkev's cultural heritage. Many of the fruits of the craft of jewelry, which exhibited development especially in Ottoman times, can be seen in museums and palaces around Turkey, which aims to present this heritage to the world as best as it can. Altınbaş, one of Turkey's notable jewelry brands, is keeping this heritage alive in the stores it opened both domestically and abroad. With 120 stores worldwide, the company exports to 45 countries directly and 80 countries indirectly. With exports accounting for 50% of its revenues, Altınbas aims to increase the number of its stores to 1,000 and to raise its exports to over 1 billion dollars by 2023. Offering its services in various countries around the world, including Bulgaria, Romania, Macedo-



nia, Germany, and Australia, the company is preparing to accelerate its efforts in the region to parallel those of Turkey, which has taken significant steps toward becoming a leader in the field.

Of course, merely being a producer of iewelry is not enough to sustain this growth. With gold having gained more value than expected in 2011, players who do not embrace innovation and instead only engage in traditional manufacturing are having difficulty hanging on. While gold as a physical investment has been losing popularity due to price fluctuations, the situation is to the contrary with jewelry and gems. Altınbas therefore

Our customer base buys our products not as investments, but as accessories," says İmam Altınbaş

Altınbas aims for more than 1,000 stores and 1 billion dollars in exports by 2023

concentrates on designfocused, themed products. "Our customer base buys our products not as investments, but as accessories," says İmam Altınbaş, Board Chairman of Altınbas Holding, indicating that the significance of design has been made apparent once again in the crisis environment. Design- and theme-focused efforts open doors other than wholesale and direct sales for Altınbas. For example, the company designed an 11.6-million-dollar jewelry collection for just one season of a television series-Turkey's most-watched television series—about the reign of Suleiman the Magnificent, one of the brightest periods in the 600 years of the Ottoman Empire. Fans can find this special collection, which was inspired by the contemporary jewelry of the era in palaces and museums and consists of 200 pieces, in the company's stores. İmam Altınbaş says, "We are



proud to take part in such a special series, and it is an honor for our designs to be used in such a series." He states that the collection was created following intense study by the design team. The most extraordinary piece in the collection is the 258,000-dollar necklace of the Valide (mother) Sultan.

The heavy interest in the series goes for Altınbas's other specially designed collections. Furthermore, even the imitation products spreading rapidly worldwide do not affect the volume of the company's sales. İmam Altınbaş says, "Even the world's most expensive watches are being imitated today, but because they can't even approach the quality, they do not constitute a big problem for us." The brand prefers to work with Turkish designers. Altınbas creates its collections with the team of Turkish designers it employs directly, being one of the world's few companies that address every detail of production, from start to finish, internally.

The power held by Altınbaş is the product of a craft and experience transferred from father to son—in Turkey, the craft of jewelry is passed down through generations. Designs emerging as the fusion of painstaking labor and valuable metals in small shops grew in a big way with branding in the late 1990s. The pioneer of branding in this field is, again, Altınbaş. The company, which started operations in 1950, buying and selling jewelry wholesale in Gaziantep, brought franchising to the jewelry sector in 199, taking a significant step toward branding. Possessing Turkey's largest gold processing plant, it is active in all areas of jewelry in Turkey with its gold





"In platforms where there are global-scale brands like Tiffany Co, Bulgari, and Cartier, we are now receiving this award" saus İmam Altınbaş



refinery, wholesale trading units, and design offices.

Turkey's greatest advantage in jewelry is the rich heritage of Anatolian culture and the Seljuk and Ottoman Empires. As Turkey launches initiatives in education to preserve this heritage, İmam Altınbaş notes that Turkey has created a very strong infrastructure in this field with its instructors and schools. adding, "If there is no design in the point reached, if there is no story, then the product has no value." That the raw material has become expensive with rising gold prices causes consumers worldwide to regard design-focused and themed collections as preferable.

Altınbaş is seeing the praise it deserves in global markets too, indicated notably by the Lifetime Achievement Award it received at the International Jewelry Summit organized by the Dubai Multi Commodities Centre Authority (DMCC). "Now, in platforms where there are global-scale brands like Tiffany Co., Bulgari, and Cartier, we are the ones receiving this award," says İmam Altınbaş, adding that they are the only member from Turkey in CIBJO, the World Jewellery Confederation. İmam Altınbaş also actively serves on CIBJO's board.

Today, at a time when expectations for crisis rise and economic data is cause for pessimism, Turkey continues its solid growth and rapid ascent, as Turkish brands sailing on the wind generated by the country play for regional leadership in their own industries. Altınbas seems to have utilized this wind most effectively. For the company, which is already mentioned alongside global giants, the future seems ever shinier.



Hatice Gökçe Creates A NEW MALE SILHOUETTE WITH GILMAN

Setting off to redefine masculinity, the avant-garde fashion designer dropped all conventions relating to men and started anew with "a male profile not loaded down by anything, existing in all its purity" for Gilman, her latest collection

BY MERVE KARA BY ŞEREF YILMAZ

ATİCE GÖKÇE IS an avant-garde fashion designer. Her designs are mysterious and original; they are as if they separated from their own mystical universes to come to ours. They are here now, and they bear the signs of the questions and answers Gökçe directed to the universe from where she lives (or vice versa) via all the innovations and conflicts she has devised. Gılman, her latest collection, is no exception. The collection is named after the male servants provided to women in paradise according to Islamic beliefs. Designed

by Gökce with the idea to erase all male stereotypes and reinvent man-and the masculine—"from scratch," it seems to have achieved this to a large extent. The Gılman collection was presented at a special show during Istanbul Fashion Week last month, and it satisfied those looking for new discoveries the most, among them Alessandra Ferrari of Italian fashion magazine Collezzioni Uomo and acclaimed international fashion stylist George Blodwell. Regarding the collection, Gökçe says, "I thought of it as a clean slate

"I have been arguing that the jacket and the suit are not that comfortable for men since the very start, and I am pursuing how I can offer new <u>alternatives</u> to them." for making a new definition." As she said, Gılman is the starting point for a journey, and Gökce's intent to take the male toward a very different

As she speaks of where she took off with her mission to redefine the masculine, Gökçe lists such matters as the societal change in gender. the reduction in the number of male role models, the scarcity of married couples, the fact that children are generally raised by their mothers, and that most teachers in elementary and middle schools are women. Here,

masculinity and machismo is being reborn. For the past three or four years, a redefined approach to male has been something that fashion circles have worked on, and Hatice Gökçe is getting all that she can out of this. "Men have been discovered." says Gökçe. After the infinite experimentalism (when compared to men, that is) and repeated trips back and forth to the extremes of creativity in women's fashion, the time has come for renewed activity in menswear. Now, having realized that the field has been relatively untouched, men's fashion is expanding beyond the two basic styles of traditional menswear and casual or sportswear. Trends in men's clothing, which once were prepared so as to follow women's fashions, are now being prepared with men in mind alone. Meanwhile, the menswear market is growing in significance each passing day.



"I can say that Gilman is a pure male profile a male profile not loaded down by anything, existing in all its purity... Perhaps we could even call it genderless. What can we put on top of it? That is what we are after."

Still, in spite of the awakening in menswear, 80% of shoppers are women. It is true that some time-time for men to develop a liking for fashion, that is—is required to balance this out. One can't really say that this has affected Gökce's motivation negatively, however. Gökce decided to specialize in menswear when she was only in her twenties: in those vears, this was a decision much more radical than it would be in today's Turkey. A 1998 graduate from the Mimar Sinan University of Fine Arts, one of Turkey's select few textile and fashion schools, Gökçe founded her design studio (bearing her own name) that same year. The young designer established her own style very early on with experimental works, drawing attention especially for her innovative fabric designs. She became the first brand-name designer in menswear in Turkey, and with her never-ending

determination, she earned the Best Design Award and many honorable mentions for the men's collection she designed and entered into a Turkish competition in 1998. and in 1999, she received a Unique Design award in Japan. She held a number of shows in Düsseldorf and Berlin, Germany, such as "Praise to Light," "Authorize," and "Angel Dust." Gökçe, who opened her boutique store in Nisantası, Istanbul at the end of last year, currently also serves as a fashion design consultant, producing specialized solutions for such important Turkish corporations as Flokser Group, Abbate, Bil's Gömlek, and Erenko Tekstil.

Lately, after collecting a certain amount of data. brands have been making a number of changes according to their customers' body types and responses. The most significant outcome of this has been the fitting of clothes according to



differences in body types. Gökce, who tried to draw a general Turkish profile while conducting her customer type research, says she needs a new definition and continues, "I needed a clean, pristine profile to make this definition." This spark led her to a male profile discussed in the Koran. She found exactly what she was looking for in a part of the Surat At-Tur, one of the sections of the Koran—the profile of a male who is tasked with serving women in paradise and has not yet proved himself as a man. Gökçe explains, "Generally speaking, we are in a Muslim land, and the description there is very interesting. It is a very fancy thing, fancy as in how the female of all animals in nature are less flashy, whereas the male is flashier. The trend in fashion currently is the exact opposite, so I wanted to start there." The Gılman collection, which she regards as a good step for this new male profile that even she has not vet defined completely, is connected to a number of other things as well. According to Gökce, the idea of providing women with servants is a very important message concerning male-female equality... The Gilman collection may seem like it appeals to a very limited male audience with its fresh stance on gender and the story behind it—an audience that is somewhat more rebellious, somewhat more radical. Gökçe's target is very clear: men who are searching for things that are new and are not afraid to try them. Her plan is to seek these men first in Milan and then in the Far East. For the determined artist, it seems like this will not prove too difficult.



After Fashion Week

Istanbul, with its rich culture and historic heritage, is an essential fashion center

BY MERVE KARA

ATICE GÖKÇE'S collection appeared in Istanbul Fashion Week as one of the most talked-about items of the event, and it is being awaited with great curiosity how this "new silhouette" she created, as per George Blodwell's description, will progress in its journey. Numerous promising Turkish fashion designers like Gökce are represented successfully at Istanbul Fashion Week every year. For Gökçe, this is a sign Istanbul's fashion potential has finally been discovered. The numbers confirm this too—from September 7 to September 10, 2011, IFW, which hosted 21 shows held with the participation of 22 designers and 5 brands, was followed by 30,000 people. World-famous figures representing fields ranging from cinema to fashion attended

the event, which propelled Istanbul to the headlines of world fashion for four days. Among those who came to Istanbul to watch the IFW Spring/Summer 2012 shows were British actor Darren Lee Darnborough; American actor, director, and screenwriter Matt Dillon; and the directors of the Berlin, Sao Paulo, and Belarus Fashion Weeks. Born as Istanbul Fashion Lab and today known as Istanbul Fashion Week, the event started receiving significant interest worldwide within a very short time. "We have entered the ranks of the world's fashion weeks," says Gökçe, and continues, "Of course, with more work and better sponsors, we will achieve what we really desire. And because it realizes the potential here, the fashion world does not hold back from following this event."



IFW, which hosted 21 shows held with the participation of 22 designers and 5 brands, was followed by 30,000 people this



Another matter that attracted attention at Istanbul Fashion Week Spring/Summer 2012, which was held in a giant tent set up in front of the Tepebaşı TRT parking lot, was brand-designer collaboration. Fashion designers such as Bahar Korçan, who is also President of the Fashion Designers' Association (MTD), Hakan Yıldırım, and Cengiz Abazoğlu announced collaborations with such leading Turkish fashion brands as Adil Işık and Koton. In addition, London-based consulting firm Centre for Fashion Enterprise has been attending the event for two years, following designers closely.

Unlike the previous incarnations, this year's event spread all over Istanbul, with shows held in various venues-including the historic Galatasaray Bathhouse, Spoil, and the Dutch Consulate-in addition to the

1,000-person tent erected in front of the Tepebasi TRT parking lot. Additionally, the nightclub 1111 was transformed into a showroom in which the designers' collections were exhibited.

For IFW, having launched with the aim of creating an international platform for Turkish designers and brands, and of making Istanbul, with its rich culture and historic heritage, an essential fashion center. Spring/Summer 2012 was a good example of the progress achieved toward these goals. İsmail Gülle, President of the Istanbul Textile and Apparel Exporters' Association, says the event creates more awareness each passing day. "It is such that attendees invited this year from France did not leave until they were sure that they would be invited to the next event," says Gülle.

REACHING THE **WORLD'S CONSUMERS**

How have upward local consumption trends boosted the overseas investments of Turkey's **FMCG brands** over the past few years?



BY MERVE KARA

HE SIZE OF THE FMCG sector in Turkey exceeded 30 billion dollars at the start of 2011. The sector has been growing so fast for several years that even Paul Polman—CEO of Unilever. one of the global giants of the FMCG sector—felt the need to comment on it. Mentioning that Turkey is one of the five markets in which Unilever is growing fastest, Polman then stated the reason underlying the

decision to manage thirty-six countries in the North Africa, Middle East, and Russia from Turkey. Competition in the market, which global giants such as Coca-Cola, PepsiCo, Procter & Gamble, and Nestlé value specially and in which hundreds of thousands of products and brands compete, is becoming ever more intense. According to data from research firm Nielsen, The Turkish FMCG sector grew 12% on a revenue



basis in June as compared to June 2010. This growth contributed just as greatly to Turkey's own FMCG brands as it did to multinational giants, and served as leverage for the brands to grow abroad. Market research experts emphasize that the Turkish FMCG sector's upward trend will continue as Turkish FMCG brands set sail to new horizons. And having received the backing of the world's only government-supported branding program, Turkish FMCG

brands have started transforming into global brands.

One of the brands that have gained increased momentum with the support of Turquality, for instance, is B'IOTA Laboratories, which develops personal care products. Providing effective, long-term beauty solutions since 2002, B'IOTA aims to become a world brand by developing plant-based products. Today, it is seeking ways to realize its overseas acquisition plans. The company is third in the

Having received the backing of the world's only governmentsupported branding program, Turkish FMCG brands have started transforming into global brands

Turkish market for antihair-loss shampoo according to Nielsen data, and it has started receiving counsel to buy a company that has a strong cosmetics distribution network in the US and Europe. Decisively summarizing their plans, B'IOTA Laboratories Chairman Cihat Dündar says, "We want to buy a cosmetics company in America, France, England, or Spain." B'IOTA, which opened up a new category in the dermocosmetics industry with its unwanted hair removal product BIODER it released in 2003, its first product, has become a brand that has created a revolution both in Turkey and abroad.

Chocolate producer Sölen is another brand that has attained the same momentum as a FMCG brand, although in an industry very different from that of BIOTA. Appearing 57th in this year's Global Top 100 List published annually by Candy Industry Magazine—a closely followed publication in the global chocolate and confectionary industry—for ten years, Şölen is one of the Turkish brands that wish to continue their plans to grow abroad in a more aggressive fashion. The Global Top 100 List is based on an assessment of companies operating in the chocolate and confectionary industry worldwide based on their revenues, the number of staff they employ, and the number of their production facilities. Sölen Executive Committee Chair Elif Coban evaluates their rise according to these criteria as "the natural outcome of [the] company's growth in a stable fashion." Şölen netted approximately 225 million TL in revenues in 2010; in the first half of 2011, this figure exceeded 150 million TL. Having invested more than



In the Middle East market. Pinar is a leader with its labneh cheese line, and exports milk to countries like Kuwait, Bahrain, the UAE, and Saudi Arabia

FMCG PLAYERS EXPANDING OVERSEAS

Focused on fortifying their foothold in their home markets, Turkish FMCG brands are making aggressive moves overseas



ELIF COBAN

Şölen Executive Committee Chair

"We export most our production to over 90 countries, primarily European Union countries, the US, the Middle East, and Central Asia, Currently, 60% of our sales income comes from markets abroad. Therefore, we follow developments in world markets very closely. To assess Şölen's performance, we could say that we succeeded in rising 47 notches in the Istanbul Chamber of Industry List since 2008, we received approximately 322 million TL in net revenues in 2010, and our revenue for the first half of 2011 exceeded 150 million TL."



MUSTAFA ARIN

Executive Committee Member at Evyap

"There are numerous companies operating and competing with each other in personal care category, ranging from multinationals to local companies. As Evvap, we are enjoying being the biggest soap exporter of Turkey. Evyap is one of the strongest local players in the market, competing not only with multinationals but also with local companies. Our brands are among the highly trusted and most recognized brands in their own categories. We are market leader in men care, personal wash and skin care categories in Turkey. We also have success in economically and demographically diverse markets in our region."



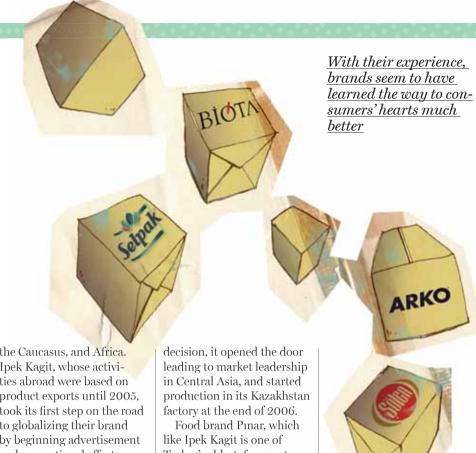
CİHAT DÜNDAR

General Manager, B'IOTA

"The first stage in the process for companies to create global brands is the success they achieve in their own markets. By correctly utilizing the experience and knowledge they gain from this success, they can repeat it in the international arena. Our company's brands' sales and brand performance have been continuing to rise, particularly over the past five years. The most important reasons underlying this are innovation and R&D, the development of new products suited to consumers' needs, B'IOTA Laboratories' scientific approach, the quality of its products, and most importantly our constant efforts to gauge customer satisfaction."

225 million TL in the past three years, the company's stated year-end goal is to grow by 30% over last year to achieve more than 400 million TL in revenues. A significant proportion of this income is expected to come from the more than 90 countries—namely European countries, the US, and countries in the Middle East and Central Asia-in which they sell most of their production. Elif Coban says, "60% of our sales income still comes from markets abroad." Sölen therefore follows developments in global markets closely, and thanks to its being spread over a wide territory, losses occurring in one country are quickly compensated by others. The brand offers consumers close to 200 products. "Innovative products, the investment we made in R&D, our technological superiority, our exports performance in markets abroad, and most of all, our quality have brought with them Sölen's ascent and growth," says Coban.

Another Turkish brand that stands out for its approach to quality and R&D is Ipek Kagit, Eczacibasi Holding's tissue paper company, which is identified in the Turkish markets with the Solo and Selpak brands. The company's exports of semi-finished and finished products to more than 30 countries in three continents, which began around 20 years ago, continue to grow today. These exports go mostly to Europe, the Middle East, Central Asia,



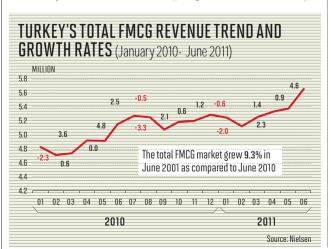
the Caucasus, and Africa. Ipek Kagit, whose activities abroad were based on product exports until 2005, took its first step on the road to globalizing their brand by beginning advertisement and promotional efforts in both the Caucasus and Kazakhstan, aiming to attain a position in which they can compete in these markets against world brands. The company launched televised advertisements for toilet paper, paper towels, and tissues as part of a strategy aimed to increase awareness of the Selpak and Solo brands in Azerbaijan, Georgia, and Kazakhstan. Furthermore, in 2005, Ipek Kagit decided to invest in Kazakhstan, founding Ipek Kagit Kazakhstan in January 2006. With this

Turkev's oldest, foremost companies, is making plans to expand the borders of the market it has access to abroad. Since its founding in 1975 under the Yaşar Holding umbrella, Pınar has developed a broad range of products satisfying various consumer needs in the dairy, meat, and water categories. Today, Pınar is working toward its aim to establish a regional force within the framework of the ideal case for the Yasar Holding Food and Drinks Group. The group, which is conducting

a multilateral search for new markets bearing export potential for all of its products, accounts for 40% of Turkey's dairy and dairy product exports on its own. Particularly in the Middle East market, the brand is a leader with its labneh cheese line, and exports milk to countries like Kuwait, Bahrain, the UAE, and Saudi Arabia. Pınar is also positioned as one of the top five brands in exports to the European Union in the uncarbonated water segment.

Yet another example is Evyap, which entered the FMCG sector in 1927 producing soap in Erzurum. Today, it is playing for leadership in an expansive territory with such brands as Duru, Arko, Evy, Gibbs, and Activex, Its Duru, Fax, and Arko brands rank within the top two in markets including Russia, Ukraine, Belarus, Romania, Poland, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Albania, and Moldavia. In addition to its facilities in Turkey, Evyap has a production facility in Egypt that came online in 2002.

From B'IOTA to Evyap and from Dalin to Efes and Ülker, Brands admitted to the Turquality program, the first government-supported branding program worldwide, continue their excellent performance by growing through the momentum they receive from the dynamic internal market. With their experience, brands seem to have learned the way to consumers' hearts much better.









TURKISH FOOTPRINTS IN THE **GLOBAL SUBWAY NETWORK**

Having entered business with restoration work, Yapı Merkezi Construction today prepares to gain acceptance as a global giant with investments in various infrastructure and railroad systems

BY CAN GÜRSU

BY A.KADİR DEMİR

FYOU HAVE EVER had the chance to use the Dubai Metro, you'll know that the subway stations, each of which is constructed more luxuriously than any you can see worldwide and themed with a different element, give the feeling that one has exited a public transport vehicle to enter a five-star hotel. Or even a seven-star hotel: Emre Aykar-Chairman of Yapı Merkezi Construction, which was on the consortium that built this splendid system-says, "When we asked whether it ought to be more luxurious than the Buri Al Arab, the answer we received was, 'Yes." The 74.7-kilometer-long Dubai Metro is

world's longest fully automatic subway system built under one contract. That it has undertaken its construction is proof of the company's success thus far, and it is also a sign that it must push its imagination ever forward in projects that are to come. However, Yapı Merkezi, one of the world's most important companies in the field of transportation and railroad systems, says they achieved this success not through ambition but through trust, and they bring to the future their years of experience.

Naturally, when the company's strategy of emphasizing technology combines with its experience,

"We have never said that we would be the greatest and do the most projects, but we did say that we would do the most technological projects, and we have achieved this.'

Each of the subway stations of Dubai Metro is themed with a different element

the number of international projects on which one can find its signature continually rises. The company has had a hand in many infrastructure projects worldwide, having built 1,410 kilometers of rail and 33 railroad systems. This is a success that parallels its industry's rich past—after all, the Tünel underground system in Istanbul, rising from Karaköy up to Beyoğlu, is considered the world's third oldest subway, after the New York and Paris subways, showing how far back the history of Turkey's transportation infrastructure goes. Today, with noteworthy accomplishments during the Ottoman era not just in the construction of subway systems but also in railway construction, the country is playing for the top again. And with its great contributions to this process, Yapı Merkezi Construction stands out as a pioneer that has shown the world how far Turkey has come in similar projects.

In 1965, Civil Engineer MSc. Ersin Arıoğlu and Architect MSc. Köksal Anadol founded Yapı Merkezi Construction. The two came together during the restoration of the Galata Tower, which was built in Istanbul in the 14th century and is one of the oldest towers in history. The company's first foray abroad began in Algeria. On a request from the Algerian government, they signed an agreement to build a furniture factory there, but this project later became tied up in the red tape of Algeria's bureaucracy and was shelved. Having established cordial relations with the government during this process and

having had the opportunity to get to know Algeria, Yapı Merkezi Construction later undertook the restoration of the houses built here in the Ottoman era, called Bastion 23. "Although the restoration projects were small tasks, they were projects that provided prestige and on which we learned many things," says Chairman Emre Avkar, who started working for the company in 1969 as a research engineer.

Yapı Merkezi Construction later also completed the first part of the restoration of Mostar Bridge in Bosnia-Herzegovina, which was built by Mimar Hayruddin-a student of the world-renowned Turkish architect Mimar Sinan-in 1566 and destroved during the civil war in 1993. The company used local stones exclusively in the project, which was financed by a partnered UNESCO and World Bank.

Developing expertise in the field of restoration requires abilities beyond construction and beyond renewing historic structures both local and in places all around the world. A solid knowledge of history and experience in cultural architecture is required to make these intellectual investments. Perhaps the reason that Yapı Merkezi, which has appeared on the list of the world's 225 largest building contractors every year, acquired such a permanent place on global lists is both the emphasis it places on technology and the fact that it hasn't lost this intellectual sensitivity, a sensitivity so careful and meticulous that it could literally rebuild the Adile Sultan Palace in Kandilli. Istanbul.

Of course, not all of these projects are geared toward restoration. Domestically, in 1989, the company com-

pleted the Istanbul light metro; in 1993, it completed the Aksaray-Zeytinburnu Tram, and in 2002, the Kabatas—Taksim funicular. The group launched the İzmir Metro in 2000, the Eskişehir Tram (Estram) in 2002, and the Kayseri Tram (Kayseray) project in 2004. Also in 2004, the group was deemed worthy of the International Association of Public Transport (UITP) World Light Rail System Award for Estram, and in 2010, it was presented with the UITP World Rail System Integration Project and Light Rail Transit Association (LRTA) Best Tram System of the Year awards. After having completed these awardwinning projects, this year Yapı Merkezi Construction finished construction on the Ankara-Konya rapid railway, which carried Turkish Prime Minister Recep Tavvip Erdoğan as one of its first passengers. "The first Turkish company that can build a rapid train system in Turkey without foreign partners is

Yapı Merkezi Construction," savs Yapı Merkezi Construction Management Director Başar Arıoğlu. The company, a leader in infrastructure contracting services, is formidable in building construction and industrial structures too. The Four Seasons Hotel in Istanbul: the AnkaMall. 212, and Marmara Forum shopping centers; Işık University; and the Yedpa, Atatürk, Doğu İmes, and Modoko Sanayi compounds are just a few examples.

Abroad, Yapı Merkezi Construction is about to complete the 910-meterlong El Halfaya Bridge in Sudan. This comes just two vears after finishing the 1.161-meter El Mek Nimir Bridge, a project it started in 2007, which was built over the Nile to address traffic problems in Khartoum, the capital city. The company the first that comes to mind on mention of rail systems in Turkey—continues its activities in six countries. Among its ongoing projects abroad are the Casablanca

Tram System in Morocco, the Caroubier Train Park and Maintenance Workshop in Algeria, the Bir Touta-Zeralda Railroad also in Algeria, the new airport in Khartoum, and the Medina station of the Mecca-Medina rapid train in Saudi Arabia. Having begun its journey with restoration, the company now possesses a well-deserved reputation from the successive projects it completed. It currently owns local companies in Dubai, Morocco, and Saudi Arabia. Stating that they use advantage brought by being Turkish in the territory in which they operate to the fullest, Arıoğlu and Aykar say, "You can see marks left from the Ottoman era in many places and get along with people easily, because we do have many points in common." For the company, which aims to offer its services in a broad territory and undertake projects based on the most advanced technologies, the top does not seem so far away.





"In the past, Turks were just subcontractors; today, they are present everywhere in the world as primary contractors, as partners, or even as investors," say Başar Arıoğlu and Emre Aykar





SWEET COMPETITION

Companies that produce millions of tons of chocolate aside, the true purpose of the boutique chocolate industry is to bring consumers the best, freshest chocolate

BY MERVE KARA -CAN GÜRSU

BY ŞEREF YILMAZ

AVING BEGUN ITS 2,000-year history in South America, chocolate underwent considerable evolution until assuming its present form in Switzerland, Chocolate, one of the world's bestloved foods, is so special that it is able to make you release endorphins—so-called "happiness hormones"-not just with its taste, but also with its smell alone. This delicacy, which transports one to other worlds as it dissolves on the tongue, first appeared as a drink fit for a king-consumed in the form of a mixture providing energy and happiness, cocoa once was only available to rulers, yet today, it is one of the world's most consumed food products.

Intense demand for chocolate allowed the chocolate market to reach a size of more than 80 billion dollars in 2010. The chocolate market, one of the world's largest food markets, grew by 2% worldwide in 2010, whereas in Turkey it grew at a record rate of 15%. Turkey's boutique chocolate industry and young population have contributed significantly to this growth.

The production of chocolate, both globally and in Turkey, began as an industrial affair. With the increasingly sophisticated palates and changing habits of consumers, however, it is shifting in favor of boutique chocolatiers. Turkey, which has been playing for world leadership with its mass-produced chocolate brands, is now making a name for itself in boutique chocolate production too. The importance of the boutique chocolate industry is in its



Turkey is now making a name for itself in boutique chocolate production

Producing chocolate in many different shapes and sizes, boutique chocolatiers start by appealing to the eye

distinction from mass production chocolate. Companies that produce millions of tons of chocolate aside, the true purpose of the boutique chocolate industry is to bring consumers the best, freshest chocolate. In the boutique chocolate market, where customers' individual preferences are king, design and presentation is as important as taste. Producing chocolate in many different shapes and sizes, boutique chocolatiers start by appealing to the eye.

Although many of the leading companies in Turkey's boutique chocolate industry began as pastry shops, they have become global brands that today export to numerous countries. Take Divan, for instance—the brand. which turns chocolate into an immaculate delicacy with its delicate mastery, is one of the first to come to mind on mention of boutique chocolate in Turkey. In 1956, Divan opened its first pastry shop within the Divan Hotel in Elmadağ, Istanbul. With the many more locations it opened in subsequent years, today, Divan carries on as a recognized chocolate brand in markets both domestic and abroad. Divan Patisseries Assistant General Manager Güçlü Seneler says, "With its sophisticated packaging and stylish presentations, Divan is among the world's select chocolate brands today." Divan's chocolates are sold in many globally renowned stores such as Harrods and Selfridges in London, LaFayette in Paris, Haas & Haas and Julius Meinl in Vienna, and Williams-Sonoma in New York City.

Divan, which has been in the market since 1956, produces

99% of its products in its own facilities, based on recipes privy solely to the company. Divan works with master chocolatiers within the company who are both Turkish and foreign, and there are even chefs that Divan has worked with for three generations. "We present our chocolates, which we entrust to the hands of our masters who turn passion into tradition, to the admiration of our customers," savs Güclü Seneler, noting that they procure 90% of the raw material they use from the best-quality suppliers in the nation.

Divan exports chocolate to the US, Europe, Middle East, Persian Gulf area, Far East, and Australia, and exports account for 10% of its revenues. The brand had focused more on domestic sales in the past. but now it aims to increase the share of exports in its revenues to 20% by the end of 2012. Having secured global acceptance of Turkish chocolate under the Divan brand name, the company is experiencing the pride well deserved by both itself and its country.

Divan is not the sole bearer of this pride-Pelit, another name in the boutique chocolate market in Turkey, continues to grow as a brand that has synthesized its long history with experience and quality. Pelit, which started its brand life in 1966 as a pastry shop, is a family company. Pelit's product range features items both classic and modern, from neapolitans to pralines, truffles, dragees, and chocolate-covered Turkish delight. With its per-diem chocolate production capacity of 50 tons, the company supplies many other firms in the market too.

Pelit, which has 37 stores and many other points of sale, exports its goods to many places worldwide, including North and Central America. the Far East, the Middle



FIKRET SEYHAN

General Manager, Pelit

"Pelit Chocolate is a supplier preferred by many marketleading companies in Europe and Turkey. As the quality of the service we provide and the breath of fresh air we bring to the sector with our professional efforts make Pelit one of the foremost brands, they also bestow upon us the mission working with the awareness of a leading brand that always follows innovations."



GÜCLÜ SENELER

Assistant General Manager, Divan Patisseries

"Divan Patisseries, the first name that comes to mind on mention of chocolate in Turkey, has both expanded its retail network and gained a significant market share in exports over the years. Divan, which is Turkey's foremost chocolate brand, with its own recipes inspired by Europe, will become a tradition passed down from generation to generation in the world's most prestigious stores tool."







East, and the Turkic states in Central Asia. Pelit employs a 50-person professional crewincluding members of the All Cooks' Federation of Turkey National Team-in its kitchens. Pelit General Manager Fikret Seyhan says, "Pelit is a brand that has managed to establish a special relationship with its customers through its customer-focused approach, uncompromising quality, peerless flavor, strict hygiene, and originality." The company, which satisfies 75% of its raw material needs via domestic suppliers, has bold aims for 2012 too—with the new factory that will enter service that year, its total production space is set to increase from 25,000 to 100,000 square meters. Currently employing 1.400 people, the brand plans to raise this figure to 2,000 shortly as its sales network expands. The company markets its chocolate to the entire world under the Pelit name. and it plans to take its pastry operations to the global arena in the near future as well.

The boutique chocolate market in Turkev is clearly on the rise. Many chocolate-producing companies are joining the industry every day. That global chocolate consumption rose from an average of 700 grams per capita annually to approximately 4 kilograms is an indication of the significance of the industry's potential to grow. In addition, with the advantage brought by its young population that lends advantages to Turkey in many other situations, the local industry has managed to decouple from the rest of the world positively. All that's left is to savor the flavor of chocolate.

Customers' individual preferences are king in the boutique chocolate market, where presentation is as important as taste

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



Last year's UIP Summit was opened with a speech by President Abdullah Gül

NOVEMBER 23-25

UIP Bosphorus Regional Cooperation Summit

The second Bosphorus Regional Cooperation Summit is to be held in Istanbul. Its stated purpose is to contribute to strategic alliances Turkey will enter with countries in its region to make use of opportunities presented by the global economy. The theme for this year's summit is "Regional Change and Development." With the added attendance of the Balkan nations, the number of countries targeted at the summit has risen to 41.

NOVEMBER 1-3

CARDIST – 4th Cardist International Card and Smart Technologies Exhibition and Summit

Istanbul Convention and Exhibition Centre

Cardist, the only event concerning card and payment technologies for Turkey and the countries surrounding it, is expanding its vision for 2011. With a new mission and concept, Cardist now aims for a broader area.



NOVEMBER 12-20

Artist 2011 – 21st International Istanbul Art Fair

TÜYAP

Now over 20 years old, the Artist Istanbul Art Fair prepares to open its doors to the international arena with the participation of 100 art institutes and galleries from both Turkey and abroad.



NOVEMBER 12-20

30th Istanbul International Book Fair

TÜYAP

The 30th Istanbul International Book Fair will welcome publishers, copyright agencies, and national representatives from over 30 countries.

NOVEMBER 24-27

TIME 2011 - 6th International Manufacturing Technologies Exhibition

IFM Yeşilköy

Supported by the Ministry of Industry and Commerce and KOSGEB, the TIME fair is aimed to communicate and present the qualities of the country's recordachieving industry to regional markets, bearing the slogan "The Technology Fair of a Producing Turkey."





DECEMBER 1-4

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GROWTECH — 11th International Horticulture, Agriculture, Floriculture, and Technologies Fair

Antalva Expo Center

Leading companies in the sector have all secured spots at Growtech, Eurasia's most comprehensive agricultural fair. Growtech will be welcoming over 600 domestic and international attendees this year.

DECEMBER 1-4

Bijoux Expo Turkey — 3rd Fashion Jewelry and Accessories Fair IFM Yesilköv

Following the great success of the second Bijoux Expo Turkey fair, which saw the participation of 14-5 local and 10 foreign companies, the third incarnation of the fair is expected to draw heavy interest from foreign purchasers and large companies wishing to open key delivery franchises in Turkey due especially to surging interest for Turkish and Ottoman creations abroad.



DECEMBER 8-11 FOODist 2011 TÜYAP

The meeting point for the Turkish food and beverage industry with a market worth 200 billion dollars, FOODist: The 5th Istanbul Food and Beverage Fair will take place at TÜYAP Fair, Convention, and Congress Center December 8-11, 2011. FOODist 2011 is aimed to bring together the food and beverage industry in the Eurasia and Eastern Mediterranean region as the attraction point for the global trade, and it is a significant marketing platform where international buvers and sellers meet.

DECEMBER

Figures FOREIGN DIRECT INVESTMENTS IN THE FIRST HALF OF 2011

EXPORT FIGURES

Amid spiraling credit ratings, omens of bankruptcy annu spirating credit ratings, omens of bankruptcy appearing in rapid succession, and banks' cries for help worldwide, Turkey paints an enviably stable image. With its increasing exports and growth, Turkey is making a deep mark on 2011 **EXPORTS. FIRST 9 MONTHS OF 2011** 99 BILLION 453 MILLION **EXPORTS, SEPTEMBER 2011 10** BILLION 723 MILLION EXPORTS, 12-MONTH PERIOD 131 BILLION 622 MILLION 18.83 %

INDUSTRIES WHOSE **EXPORTS GREW THE MOST** IN SEPTEMBER



SHIP AND YACHT BUILDING 137%



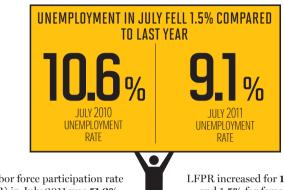




AQUATIC AND ANIMAL-BASED PRODUCTS

UNEMPLOYMENT RATES

Unemployment Turkey fell in July to its lowest in the last 6.5 years, coming in at beneath the average in job-starved Europe



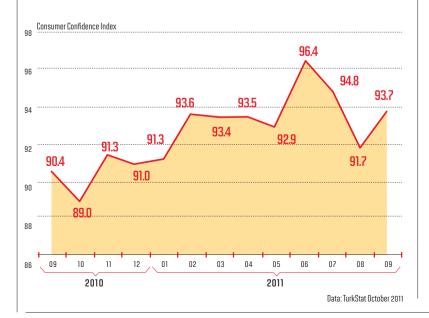
The labor force participation rate (LFPR) in July 2011 was **51.2%**, representing a **1.2%** increase over July 2010

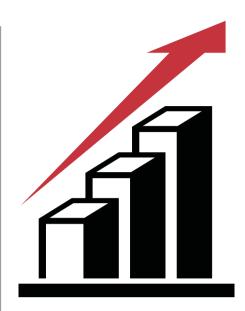
LFPR increased for 1% for males and 1.5% for females over a 12-month period



CONSUMER CONFIDENCE IS ON THE RISE

The Consumer Confidence Index, which was 91.7 in August 2011 increased by 2.1% compared to previous month and became 93.7 in September 2011. The increase in the Consumer Confidence Index stemmed from the improvements in consumers' assessments concerning purchasing power in the present and next period, general economic situation in the next period, job opportunities in the next period and buying time condition of durable goods in the present period.





GROWTH

At a time when expectations of a recession in the global markets are on the rise, Turkey continues to grow confidently. Just nine months into the year, Turkey has already doubled the growth it achieved in all of 2010.

10.2%

TURKEY'S GROWTH IN THE FIRST HALF OF THE YEAR

11%

GROWTH IN Q1 2011 (AS THE WORLD'S FASTEST-GROWING ECONOMY)

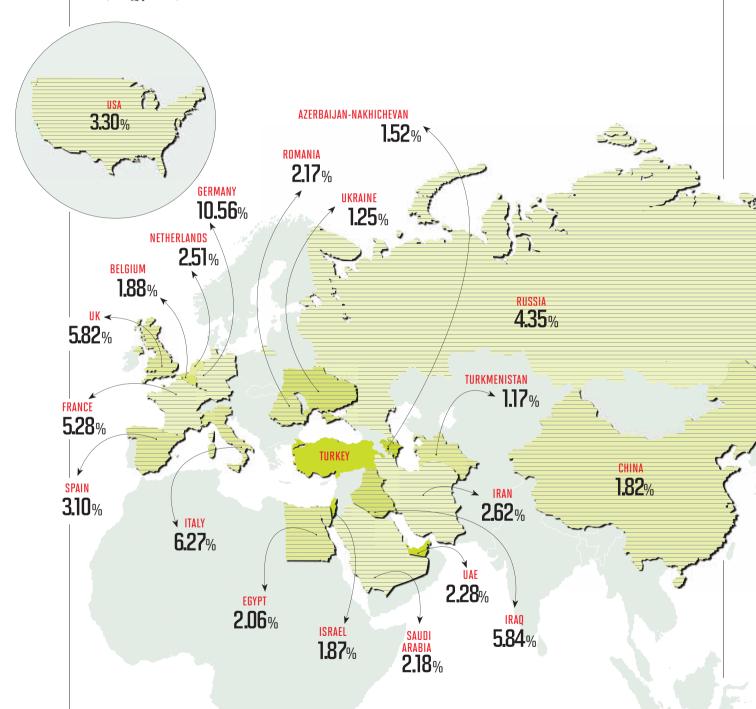
8.8%

GROWTH IN Q2 2011

Data: TIM Survey of Exporters' Tendency

COUNTRIES RECEIVING TURKEY'S EXPORTS

Turkey continues to bolster its relationships with the smart maneuvers and active approach it takes in foreign policy. Record increases can be seen in Turkey's exports to the Middle East and Africa, where it has accelerated its investments. In September, exports to Iraq rose **60%** over the previous year, to Lebanon **136%**, to Egypt **65%**, and to Turkmenistan **54%**.



In September, exports to Germany increased **8%**, Italy **15%**, France **20%**, Ukraine **13%**, Belgium **18%**, Romania **11%**, and Poland **8%**

Compared to September 2010, exports to Iraq increased 60%, Lebanon 136%, Egypt 65%, Turkmenistan 54%, Tunisia 33%, Israel 27%, and UAE % 20

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