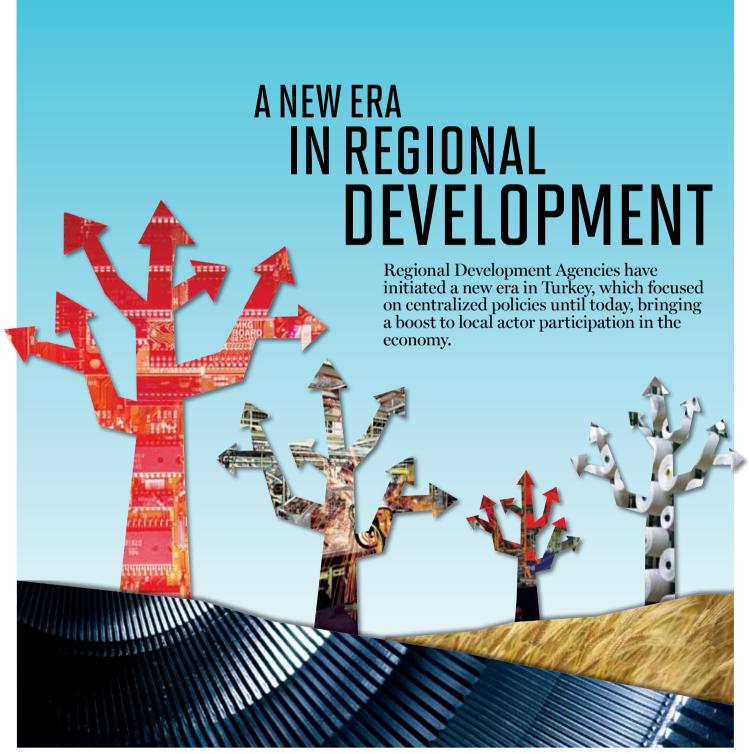
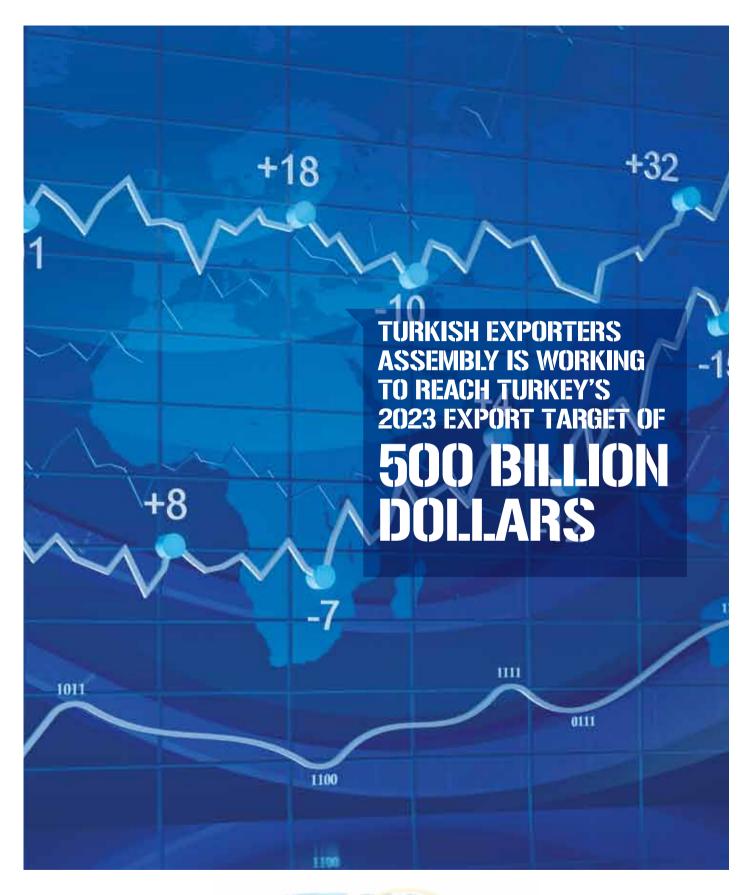
Turkish erspectiv The Minister of Development Cevdet Yılmaz shared his views on the new approaches to development ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS JULY-AUGUST 2012 ISSUE 11









Content

- 05 | The Export Road Map Is Now a State Document
- 06 | Prime Minister Presents Awards to Export Champions
- 07 | Reward for a Job Well Done
- 08 | Turkey's Rating Upgraded
- 09 | For a Greener Environment





26 COVER

A NEW ERA IN REGIONAL DEVELOPMENT

Regional Development Agencies have initiated a new era in Turkey, which focused on centralized policies until today, bringing a boost to local actor participation in the economy

46 EXCLUSIVE INTERVIEW

ELIMINATING BARRIERS

June has been a month where important steps were taken in terms of Turkey-EU relations. Minister for EU Affairs and Chief Negotiator Egemen Bağış shared his comments on these major developments between Turkey and



10 PANORAMA

THE TURKISH ECONOMY: A SOFT LANDING

Ms. Ümit Izmen, Chief Economist of the Turkish Industry and Business Association (TUSIAD) analyzes the conscious, controlled period of slowing down in the Turkish economy in 2012



12 BRIEFING

12 TURKISH TOURISM UP HIGH

Turkish tourism, which rose in UNWTO's global listings to rank sixth, is making use of the country's mountains and highlands as part of its diversification strategy

15 | TURKEY PLAYING ITS "A" GAME

With an active gamer population in excess of 20 million, Turkey ranks among the top ten countries

18 | ALL STUDENTS ARE INVITED!

The Turkey Scholarships program is the country's most comprehensive scholarship program to date, and it is welcoming its first beneficiaries

19 OUICK STEPS

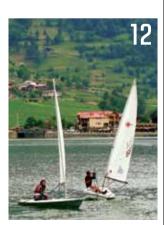
With its approximately \$500 million worth of exports, Turkey is taking an ever-larger share of the footwear industry pie each passing

22 TO THE WORLD WITH 200 NEW DESTINATIONS

Turkish Airlines is linking everywhere to Istanbul, just like the Silk Road that connected the civilizations in history

24 TURKEY'S IMPRESSIVE INVESTMENT PERFORMANCE CONTINUES

While European countries has been the major FDI source of the Turkish economy, as Europe keeps struggling to recover from the recent global financial crisis, ISPAT has started to look to proliferating its FDI sources





42 OPINION

"THE EU WILL NOT BE A PLAYER IN THE GREAT STRATEGIC GAME"

Paul Taylor, a professor of international relations and political science at the London School of Economics, shared his views on Turkey's global position

52 IN DEPTH

ELIMINATING PREJUDGEMENTS

Abdullah al-Shammari, A consultant in Saudi Arabia's Ministry of Tourism and Information, provided his views on Saudi-Turkish relations to The Turkish Perspective

56 BRANDS

56 | TURKEY'S NEW ROUTE

Turkey is aiming to increase its share in the Mediterranean basin with new marina investments both domestically and abroad

59 | iPEKYOL: FASHION FOR **EVERY AGE**

The brand that reaches its customers via 155 stores, is planning to open 25 more with Turquality support

61 A STEADY BRAND IN PASTA: SELVA

Ranking first in Turkish-branded pasta exports, Selva aims to reach more countries via new investments

63 TURKEY AIMS TO ENTER ALL

The home textiles industry is moving confidently toward its target of "\$10 billion exports in

66 TAKING OVER THE WORLD, ONE STEP AT A TIME

Simit Sarayı aims to grow to 6,000 locations within the next ten years, adding one at a time



EXCLUSIVE INTERVIEW

A BRAND-NEW APPROACH TO SUSTAINABLE DEVELOPMENT

Development Minister Cevdet Yılmaz, who is now bringing a brand new face to old public institutions such as the State Planning Council, told The Turkish Perspective about the new approaches to development





68 AGENDA

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

70 FIGURES

BIMONTHLY SUMMARY OF RETAIL INDUSTRY FIGURES AND BASIC INDICATORS OF THE TURKISH **ECONOMY**

MANAGEMENT

PUBLISHER ON BEHALE OF TURKISH EXPORT-ERS ASSEMBLY/ PRESIDENT OF THE TURKISH **EXPORTERS ASSEMBLY**

MEHMETRÜYÜKEKSİ

MANAGER IN CHARGE **ISMETYALÇIN** PhD

PUBLICATION BOARD

M. İLKER AYCI. BÜLENT AYMEN. IBRAHİM BURKAY. MUSTAFA CIKRIKCIOĞLU PhD. ALI NEDIM GÜRELİ, AHMET KELEŞ, TEMELKOTIL PhD, ŞAHİN OKTAY, TAHSİN ÖZTİRYAKİ

PUBLICATION MANAGEMENT

PRESIDENT SERKAN ÜNAL

GROUPCOORDINATOR MEHMET MÜCAHİD DEMİR

FINANCE COORDINATOR **SELIM KARA**

EDITORIAL

EDITOR IN CHIEF SERDARTURAN

EDITORS CEYHAN AKSOY, AYNUR ŞENOL ALTUN, MERVEKARA. CAN GÜRSU. DERYA ENGÍN KUTLU,

ALTAN ORHON DESIGN

DESIGN DIRECTOR ÖZKAN ORAL

DEPUTY DESIGN DIRECTOR **AHMET ÇELİK** PINAR GÜVEN

> PHOTO EDITOR ŞEREFYILMAZ

CONTRIBUTORS DR. ÜMİTİZMEN

PRINTING

BİLNET MATBAACILIK BİLTUR BASIM YAYIN VE HİZMETA.Ş. DUDULLU ORGANİZE SANAYİ BÖLGESİ 1. CADDE NO: 16 ESENKENT — ÜMRANİYE 34476 - İSTANBUL TFI:(0216)4444403 • www.hilnet.net.ti

INFOMAG

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

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







Editorial



PRESIDENT (TIM)

PULSE QUICKENS FOR 2023

In a rough time for global trade, production, and investment, Turkey is decoupling in a positive direction from the world's other economies

ITH THE ONGOING DIFFICULTIES and fluctuations in the global economy, we are witnessing a time of stagnancy in world commerce, with both the world economy and trade slowing down. The housing market, banking credit, and imports in the US are quite weak compared to last year, while China, which is experiencing its lowest growth rate in the past three years, is implementing measures to increase demand and investments. The European Union, meanwhile, whose unity is threatened by high debt costs and problems with banking and the public sector, is seeking out new methods by which to overcome

these issues.

With the stability of its economy and its dynamic, productive, and active population, Turkey continues to be the star of its region with its growth potential. Last year, Turkey became a center of stability, trust, and production with \$722 billion in national income, \$135 billion in exports, and a foreign trade volume of \$375 billion. Turkey has moved from receiving resources from the IMF to transferring resources to the IMF. We see this development as an advent. Turkey's bolstering its solid, trustworthy image in the international arena is a success that deserves applause.

With the foreign trade figures it has attained these days—a rough time for global trade, production, and investment are experiencing—Turkey is decoupling in a positive direction from the world's other economies. Despite negative developments in world trade, our exports in the

first half of this year exhibited quite a successful performance. Over the first five months of the year, Turkey's exports rose by 10.5%. Thanks to our enterprises in our new export markets, our exports to the Middle East, Africa, the CES, and other Asian countries increased significantly. Our current account deficit, too, continued to fall with the reduction in imports. When the steps taken to solve the current account deficit problem influenced the economy, increasing Turkey's credit score entered the agenda. The international rating organization Moody's raised Turkey's credit rating toward a positive outlook.

This development gave us happiness and pride. I would like to reiterate that the newly implemented incentives law will be quite effective in reducing our current account deficit. With a new incentives system that supports exports and 55,000 dynamic exporters committed



to exports, Turkey is advancing toward a much brighter future.

In addition to the great news we are receiving domestically, pleasing developments from abroad are continuing to refresh Turkey's trustworthiness and stability.

With the official launch of the "Positive Agenda," the negotiation process between Turkey and the EU, which had been treading water for the past two years with no new chapters being introduced, has been reignited. We see this as an important development in Turkev-EU relationships. As TIM, we want an environment in which our exporters can go to the EU visa-free, with the visa problem they currently face as they go there being solved. provided they satisfy various criteria.

The path before Turkey, which is advancing toward its targets with solid steps, is being cleared of more obstacles each day. The 2023 Export Strategy prepared by TIM was published in the government's Official Gazette with the approval of the High Planning Council. Started by TIM, this effort is a visionary study that will change Turkey's outlook. Focused on innovation, skilled human capital, information technologies, R&D, and entrepreneurship, which are what wield influence in the world of the 21st century, the Turkey Export Strategy places great importance on the innovative, sustainable growth of our exporting companies in order to reach the \$500 billion exports target for 2023.

Representing our family of exporters, I thank everyone—our Prime Minister, Mr. Recep Tayyip Erdoğan and our Economy Minister, Mr. Zafer Çağlayan above all—who played a role in the appropriation of the 2023 Turkey Export Strategy and Action Plan prepared by TIM on behalf of our country by being made a state document. With the power we get from our dynamic exporters, Turkey's pulse for 2023 has quickened.



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







































INVEST IN TURKEY

- One of the fastest growing economies in the world with robust GDP growth rates of 9.2% in 2010 and 8.5% in 2011.
- 16th largest economy in the world with \$1 trilllion GDP at PPP (2011, WEO IMF)
- A population of 75 million with half under the age of 30.

- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa
- The World's 13th most attractive FDI destination in 2012 (A.T. Kearney FDI Confidence Index 2012)
- Highly competitive investment incentives as well as exclusive R&D support
- Around 500,000 university graduates per year

REPUBLIC OF TURKEY PRIME MINISTRY INVESTMENT SUPPORT AND PROMOTION AGENCY



YOUR ONE-STOP-SHOP IN TURKEY

FITST EXPORTS, MEETINGS, PARTNERSHIPS, FINANCE, TOURISM...



THE EXPORT ROAD MAP IS **NOW A STATE DOCUMENT**

The Export Strategy Document covering the years 2012–2023 consists of three four-

Now, the 2023 Turkey Export Strategy has not only the assistance of the state behind it, but also its power

¬ HE 2023 Export Strategy Document and Action Plan prepared by the Turkish Exporters Assembly (TIM) became an official state document, being published in the Official Gazette with the approval of the High Planning Council. Aiming to make Turkey one of the world's tenlargest economies with \$500 billion of exports and a \$2 trillion GDP, the Strategy Document plans to raise Turkey's share in global exports to 1.5% by 2023. TIM President Mehmet Büyükekşi made an

announcement regarding the topic, in which he indicated that the document, which was created jointly by the public and private sector, has become Turkey's visionary strategy, and he said that the primary purpose of the 2023 Turkey Export Strategy

and Action Plan is to form a unified action plan and ensure the sustainability of exports in line with the targets designated for Turkey's exports initiative. Büyükekşi continued, thanking Prime Minister Recep Tayyip Erdoğan for pioneering the action to make a

state document of the strategy, which includes 19 strategic targets, 72 actions, and 72 metrics, and he said, "Our exports have a route now. I see it as beneficial for all our companies, our exporters most of all, to position themselves accordingly."



EXPORT

REWARDING SUCCESS

Prime Minister Recep Tavvip Erdoğan presented awards to companies that exported the most in 2011

rime Minister Recep Tayyip Erdoğan attended the conference "Creating Value along the Way to 2023 with the Aim of 500 Billion Dollars in Exports and Leadership" held by the Turkish Exporters Assembly (TIM), at which he presented awards to the companies that exported most in 2011. The top three out of these companies were, in order, Turkish Petroleum Refineries Co. (Tüpras), Ford Otomotiv, and Oyak-Renault Otomobil.

Speaking at the ceremony, Prime Minister Erdoğan said the government has fleshed out the 2023 targets and matched them with a calendar. "We are walking toward 2023 with firm resolve. We are progressing toward our 2023 exports target with a very successful road map," said Erdoğan. The matter is now a national issue, he stated. Erdoğan indicated that they place special importance on strategic areas in particular, and ended his speech with the worlds, "I give my thanks to TIM, which believes in the 500 billion-dollar exports target."

Zafer Cağlavan, the Minister of Economy, touched upon the long-term road maps that have been prepared and said, "Nine or ten years ago, not even a ten-day plan could be made." Çağlayan pointed out that efforts geared toward export goods with high value added are continuing at full throttle. "For the first time ever, a target set by an NGO like TIM is being supported by the Prime Ministry."

TIM President Mehmet Büyükekşi also spoke at the event. In his speech, he thanked Robert Kaplan of Harvard University. who led the team that created the strategy for 2023. "Here, today, we will talk about Turkey's exports' planning power and how a civil society project is becoming a public project," said Büyükekşi, and he went on to discuss how they have divided the 2023 project into three stages of fouryear visions: "Breakthrough," "Investment," and "Leadership."

TOURISM

CRUISES IN TURKISH PORTS

In the first five months of 2012, 300 cruise ships brought 353,000 tourists to Turkev

T HENUMBER OF cruise ships that docked at Turkey's ports has increased 83%, while the number of passengers who came to the country on those ships has climbed 276% in the last nine years. Cruise ship tourism, which attracts high-income travelers, has grown about 10% every year. The number of tourists coming to Turkey by cruise ship has exhibited a yearly increase of 10.8% in 2004, 17.4%



in 2005, 34.1% in 2006, 34.6% in 2007 and 17.3% in 2008. A 7.5% drop occurred in 2009 due to the global economic crisis. The figure increased by 15 percent in 2010 and finally by 18 percent last year. The number of cruise ships visiting Turkey was 887 carrying a total of 582,000 passengers in 2003. The figures hit 1,623 cruise ships carrying 2.2 million passengers as of the end of 2011.



AVIATION

REWARD FOR A JOB WELL DONE

Given every year, the Freddie Awards single out the world's top airlines and hotel lovalty programs. This year's awards found their recipients at a ceremony in the US state of New Jersey on April 26. and Turkish Airlines walked off with two of them: Program of the Year and Best Affinity Credit Card. Expressing his pleasure, Turkish Airlines' President and CEO, Temel Kotil, PhD, had this to say: "For Turkish Airlines to be deemed worthy of two Freddie Awards, which name the world's best travel programs, is a sign that all our hard work has paid off."

AVIATION



CANADA ON A SINGLE TICKET

Turkish Airlines and Air Canada have signed a single ticket cooperation agreement. Under the agreement, passengers on either airline will be able to continue their journey on the other airline on just one ticket. The agreement makes it possible for Turkish Airlines passengers to travel on a single ticket to 33 domestic destinations in Canada as well as to several points in the US via Canada.

AVIATION

Turkish Airlines Convenience in the US

Passengers will be able to transfer between New York and Washington with the partnership of Turkish Airlines and JetBlue Airways







TURKISH AIRLINES AND
JetBlue Airways have
decided to form a partnership at New York's Kennedy
and Washington, DC's Dulles
international airports. Under
the partnership, customers will be able to transfer
between the two airlines in
either US city. The agreement

makes travel possible to the many US cities served by JetBlue, among them Boston, Massachusetts; Buffalo/Niagara Falls, New York; Charlotte and Raleigh, North Carolina; Fort Lauderdale and Orlando, Florida, Pittsburgh, Pennsylvania; and San Juan, Puerto.

AVIATION

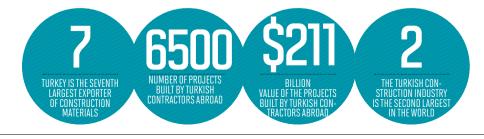
ALIBABA.COM IN ISTANBUL WITH ITS TURKISH MEMBERS

SMEs are starting to play a significantly increasing role in international commerce in Turkey. the fastest-growing country in e-commerce after India. In 2010 and 2011, the amount of direct investment in Turkey reached \$750 million. Alibaba.com is constantly improving its website features and support, making it more useful and beneficial, serving to increase Turkish SMEs' visibility in the international markets.

The new products presented via Alibaba. com, which helps members increase their performance by finding new buyers, and suggests suppliers utilize the website's business trends analyses, through which "Gold" members have better options to market their products and sell more.

CONSTRUCTION BY NUMBERS

The Turkish construction industry is exhibiting great performance abroad



FINANCE

TURKEY'S RATING **UPGRADED**

▶ HE international rating agency Moody's upgraded Turkey's credit rating on June 20, maintaining the positive outlook as stable. Turkey's previous Ba2 rating was revised to Ba1. The agency announced that the key drivers for the rating action are, the significant improvement in Turkey's public finances and the resulting increased shock-absorption capacity of the government's balance sheet; and policy actions that have the potential to address external imbalances, such as the large current account deficit, which

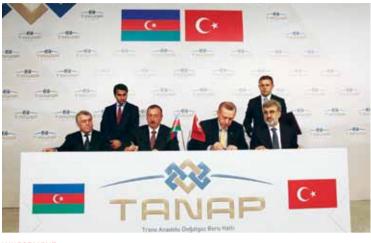
is the largest credit risk facing the country. Moody's decision to maintain the positive outlook on Turkev's ratings reflects the rating agency's expectation that both of the drivers that led to the rating upgrade will continue to improve the country's fiscal and macroeconomic resilience. Looking ahead, an upgrade to an investment-grade rating will probably be dependent on Turkey becoming more resilient to balance-ofpayment shocks, given the already favourable public finance metrics.

CUSTOMS

Another Giant Step to REDUCE RED TAPÉ IN **EXPORTS**

The informationsharing protocol signed by the Turkish Exporters Assembly (TIM) and the Ministry of Customs and Trade not only eases customs processes, but it also makes them faster and cheaper. TIM. which will increase the competitive ability of exporters with this protocol, has therefore reduced one more obstacle along the way to reaching the target for 2023 and this year's

target of \$150 billion. TIM President Mehmet Büvükeksi emphasized that 55,000 exporters are competing against the world in 236 customs areas. He stated that TIM places great importance on two-way cooperation with the Ministry of Customs and Trade in order to increase exporters' competitiveness. Permits, contracts, and state assistance operations are being sped up for exporters with this protocol.



INVESTMENT

SIGNATURES PLACED ON TANAP

The intergovernmental Trans-Anatolian Natural Gas Pipeline Project (TANAP) was signed with Azerbaijani President Ilham Aliyev and Prime Minister Erdoğan as witnesses

■ HETHREE FINAL AGREE-MENTS for the Trans-Anatolian Natural Gas Pipeline Project (TANAP), which will transport 16 billion meters cubed to Europe via Turkey in its first stage, were signed. The intergovernmental official signatures were signed by Azerbaijani President İlham Aliyev and Prime Minister Recep Tayyip Erdoğan. The project will be brought to life over six years with a \$7 billion investment. Aliyev said, "Turkey and Azerbaiian will execute TANAP within five years," in his speech, while Prime Minister Recep Tayyip Erdoğan said, "Let's work more and do it in less than five years," signaling an intention to expedite the project.

As Prime Minister Erdoğan answered questions, he said of the fact that 16 billion meters cubed will be transported to Europe via Turkey in its first stage, "It has been stated that the gas could go up to 50 billion meters cubed in the future. As Turkey, we will be able take 6 billion meters cubed of this today, and later 10 billion meters cubed of natural gas. Then, whatever we need in future years,

my brother Aliyev said we could take as much as is necessary."

Erdoğan reiterated his statement that he believes Turkey and Azerbaijan are, in the words of the late Azerbaijani President Havdar Aliyev, "a single nation and two states" with strong ties, and said there are a number of strategic agreements with Azerbaijan in the field of energy at present. Erdoğan indicated that the Baku-Tblisi-Ceyhan crude oil and Baku-Tblisi–Erzurum natural gas pipelines are important projects brought to life successfully as part of these energy collaborations.

Prime Minister Erdoğan said while the TANAP Project will be made operational with gas from Şah Deniz Phase 2, gas obtained from other fields in Azerbaijan may be carried over this pipeline in the future, and that the trans-Caspian gas resources passing through Azerbaijan could also be directed toward TANAP. The project, which will require billions of dollars of investment, will provide great contributions to the secure the prosperity of the people of the region and their future generations, said Erdoğan.

AVIATION

ANOTHER NEW **AGREEMENT**

Turkish Airlines has signed an agreement to lay the foundations in Istanbul of a strategic cooperation with Bavaria's Nürnberg Messe and Munich Airport. The agreement, personally spearheaded by Dr. Markus Söder, Bavarian Finance Minister and simultaneously deputy chairman of the Nürnberg Messe supervisory board and chairman of the Supervisory Board of FMG, the Munich Airport operating company, was signed on the minister's recent visit to Turkey. Announced at a press conference on May 18, the agreement will go into effect in January 2013.

ENERGY

FOR A GREENER ENVIRONMENT

In its second year, the "International 100% Renewable Energy Conference and Exhibition-IRENEC" took place in Istanbul in June. The main aim of IRENEC, for which Turkish Airlines was the official transportation sponsor, is to convert the existing energy network into entirely renewable energies in the future. Ways of undertaking conversion to renewable energies in architecture, transportation and education were discussed at the program.

INVESTMENT

Invest in Istanbul

A draft bill that creates tax incentives for investments of at least TRY 500 million of fixed investments passes the Parliament.

SA PART OF THE TURKISH A government's project to transform Istanbul into a regional financial hub, a draft bill passed Parlia-

ment's General Assembly on May 31 that will change some tax regulations that have been seen as an obstacle preventing fund management firms from opening offices in Turkey.

The new bill provides government incentives and related regulations for asset management companies founded in Turkey and the international funds run by these companies. The bill also encourages the management of foreign funds from Istanbul, to develop and deepen local financial markets. Companies other than banks and financial institutions will no longer be able

to write off up to 10% of interest and other costs from debts obtained from foreign sources. Firms can exempt up to 10% of their incomes from income tax based on funds invested in venture capital investment trusts, which allocate financial sources to entrepreneurial firms, according to the new regulation. It enables firms to deduct a particular rate of venture capital funds from earnings and profits. Dividends from venture capital investment trust shares and partners in venture capital trusts are exempted from corporate income tax.

Another incentive is that revenues from securities issued by asset rental firms are included in the scope of tax cuts.

AGREEMENT

TIM and Halkbank Launch "SME Export Mobilization"

The Turkish Exporters Assembly (TIM) and Halkbank are bringing practices that will provide financial conveniences to exports to life

THE EFFORTS BEING RUN to attain the target have been continuing at full throttle since the 2023 Turkey Export Strategy and Action Plan prepared by the Turkish Exporters Assembly (TIM) became state policy. TIM has divided the coming period into "Breakthrough," "Investment," and "Leadership," and with the protocol it signed with Halkbank, it is presenting all sorts of financial instruments to exporters with great convenience in accessing them. TIM President Mehmet Büyükeksi, speaking at the signature ceremony for the protocol, expressed his thanks for Halkbank's SME- and exporter-friendly stance. "Within

the scope of our 2023 target, we are, in the name of increasing financial instruments and tools of commercial support and ensuring they are used productively, presenting all products used in finance to exporters under very reasonable conditions with Halkbank," said Büyükekşi, and he emphasized the great importance of this partnership realized in the name of financing investments. He raised the matter of the 19 strategic targets in the action plan was prepared and stated that increasing means of financing and allowing them to be utilized under favorable conditions were among the most important of these goals.

AVIATION



SOCCER IN THE SKY

Thanks to the Planet entertainment system on Turkish Airlines planes, passengers had the chance to watch the Super Final matches in flight thanks to an agreement with Digiturk. With this agreement, which applies to flights to and from the US, the final matches played on May 6 and May 12-13 were broadcast live to the airline's passengers. Offered initially on the airline's B777-300 ER aircraft, the system, currently in operation on four planes, is slated to be available on 12 by year's end.

AVIATION

MORE FLIGHTS TO AFRICA

Efforts to step up flights from Turkey to Africa were launched at an Africa meeting in İzmir May 30 to June 2. Turkey, which has no Air Transport Agreement with 26 of Africa's 54 countries, is planning to boost tourism, education, the aviation sector and business opportunities by introducing flights to more African countries.

ILLUSTRATION BY SEDAT GIRGIN

Panorama



пр їїміт ітмем



NE OF THE WORLD'S FASTEST-GROWING economies in 2010 and 2011, Turkey is slowing down in 2012. This is a conscious, controlled period of slowing down. The economy of Turkey grew 9.2% in 2010 and 8.5% in 2011. By the last quarter of 2011, however, the growth rate had slowed down to 5.2%. When filtered for seasonalities, growth in this quarter was just 0.6% over the previous one, showing very clearly the dimensions of the slowing in the economy. This situation persisted through Q1 2012, too.

Looking at growth components, domestic consumption—the driving force behind past growth—appears to have lost momentum. More than half of growth generally comes from domestic consumption, while net exports contribute positively despite all the current problems in the world economy. That the public sector contribution in this time of rapid slowdown is negative stands out, too. The area where the slowdown in growth is most visible is investments. All these indicators show that the slowing of the economy is taking place as part of a soft landing scenario consistent with the monetary and financial policies being pursued.

The industrial production index has been essentially flat in 2012. The increase in employment appears to have stopped, with the unemployment rate hovering horizontally at around 9%. This, in turn, suppresses domestic demand. The rate of increase for imports is falling, too, with the slowdown in the economy. In contrast to reduced imports, exports have been exhibiting strong growth. In January to February, exports to the EU fell 6% due to stagnancy in the EU economies, the main recipients of Turkish exports, whereas exports to other countries, on the other hand, increased by 28%. The foreign trade deficit therefore fell from \$37 billion to \$27 billion.

Behind this exports performance is the fact that Turkey has exhibited significant success in market diversification. Increases of more than 50% to countries targeted for exports in previous years have been accomplished. All of these target countries are developing markets, except for the US and Canada. Between 2002 and 2011, Turkey's exports to the EU increased three times, to African countries six times, and to Near and Middle East countries six times. Turkey's adoption of a much more active foreign policy supported increased exports, too. There may be limitations before

exports to developed markets, but exports to developing countries, those in the Middle East and Africa in particular, are only likely to continue rising.

Turkey was thus able to balance internal and external demand. Looking at the components of growth, internal consumption—the driving force behind past growth—appears to have lost momentum, while by contrast net exports are contributing positively to growth. The increase in exports with the fall in imports narrows the foreign trade gap, too. Reduced energy prices also help to bring down the foreign trade deficit. It is also notable that energy excluded, the current account deficit has achieved balance, falling from \$80 billion before to \$70 billion. The current account deficit is expected

to fall even more by the end of the year, down to \$60 billion.

Fiscal policy is in harmony with the soft landing in the economy. The rapid growth over the past few years caused fast increases in public revenues, too, while public spending was kept nearly constant in the real sense. The ratio of public spending to national income fell from 28% in 2009 to 24% in 2011. The budget deficit was again drawn down to 1%. The budget continued to perform well in the January-May 2012 period. Although the budget was planned to post a TRY 21 billion deficit over the whole year, it staved at TRY 0.4 billion in the first five months. The rate of total public debt to GDP fell down to 40% again, an enviable level for many countries.

The Central Bank, too, supported the cooling of the economy with the monetary tightening policy it has been practicing as of October 2011. The credit expansion, which had grown to levels that could have been problematic in terms of financial stability, was put under control. With the cooling of the economy, inflation started to fall

too, going from a high of 11% down to 8.3%. The data shows that Turkev is addressing its weaknesses in an environment in which uncertainties and risks are on the rise in the world economy due to problems in the euro zone.

The constantly mounting risks in the international financialmarkets are causing global funds to focus their attention on markets perceived to have low risk, like the US and Germany, in lieu of developing countries. That the return rates on these countries' bonds have fallen to historical lows is proof of this. Should issues in the global markets become more serious, Turkey's reduced budget deficit will alleviate the financing problem. The downward trend in inflation enables increased flexibility in monetary policy when needed, and the strength of public finance shows that fiscal policy can be used to accelerate growth. Stagnation in developed countries aside, the world's developing countries, from China to Brazil and India to Russia, are slowing down as well. The ability to exercise flexibility in monetary and fiscal policy will prevent

Turkey from entering a serious recession, even if there is less room of manoeuvre than in 2008

Here, one must ask this: when the issues in the global economy are solved, will Turkey again be able to accelerate its growth and narrow the income gap with developed countries?

Turkey set lofty goals for the centennial of the founding of its republic, including doubling its share in world trade and entering the ranks of the world's ten largest economies, to which end it enacted important practices and reforms like its exports strategy, the new Turkish Commercial Code and incentives system, and educational changes. All that's left to see is whether these reforms will be enough

to realize the lofty goals set for 2023.

When we shift our gaze from the short term to the medium and long term, we notice a significant trade-off between employment and value added. Although the unemployment rate may be relatively low compared to countries like Greece and Spain, where it is in excess of 20%, it still needs to be cut down to ensure sustainable growth. The 50% employment rate in Turkey is quite behind that of developed countries. The industries where employment can be created quickly and cheaply are those in which value-added is low, whereas Turkey has to increase value added products in order to speed up its growth and reduce its current account deficit. Although a shift away from low- and medium-technology products toward high-tech products has been seen in Turkey's exports over the past ten years, this transformation needs to be speeded up in order to increase the country's share in global commerce.

Turkey is aiming to solve this trade-off between employment and high value added

by way of its exports strategy and new incentives system.

The province-based incentive system is targeted to accelerate regional development, increase technological and R&D capacity, reduce dependency on imported inputs in industries with high potential for growth, reduce costs, and draw large-scale investments.

There is a serious disconnect between the goals Turkey has set in the areas of technology, R&D, and innovation and the human resources to accomplish these. Educational reform and newly opened universities will accelerate the development of human capital and alleviate this disconnect. It is clear that efforts in education must be sustained and strengthened in order to reach the targets for 2023

In conclusion, Turkey appears to have found a safe harbor against the increasing possibility of a storm in the world economy due to problems in the euro zone. After the storm subsides, the economy will return to the rough seas, where its speed will be determined by how well the decisions taken in this period, from the exports strategy to the incentives system, will perform in practice.



 $All\ indicators\ show$ that the slowing of the economy is taking place as part of a soft landing scenario consistent with the monetary and fiscal policies being pursued

Briefing entertainment, education, footwear, airlines, investment...



TOURISM

TURKISH TOURISM UP HIGH

Turkish tourism, which rose in UNWTO's global listings to rank sixth, is making use of the country's mountains and highlands as part of its diversification strategy

BY CEYHAN AKSOY

▶ HE DEFINITION OF Competitiveness in tourism is closely linked with three objectives: development, inclusion and conservation," said the Minister of Tourism of Brazil, Gastão Dias Vieira, as he spoke at the opening of the Green Innovation in Tourism event at Rio+20 on June 19. "There can be no economic growth in tourism without sustainability, without conservation of natural resources, and without incentives to citizenship. The event that was cohosted by the Organization for Economic Cooperation and Development (OECD), the United Nations Environment Program (UNEP), and

the World Tourism Organization (UNWTO) pointed out that shifts in tourism practices can confer major benefits.

Turkey is perhaps of the first countries to decide and act on changing and diversifying its tourism segments. According to current UN-WTO data, the country ranks

sixth worldwide in terms of number of tourists received and ninth for tourism income. One of the most important factors behind these positions is this prescient, visionary approach. The most important example of this is the Highlands Tourism Project initiated in the early '90s by the Ministry of Culture

and Tourism. 26 highlands in Turkey have been declared touristic centers as part of this project. According to UNEP data, mountains account for 15-20% of the global tourism industry. bringing in \$70-90 million vearly. Highland tourism. an indispensable element of ecotourism, is becoming more and more popular these days in Turkey as the Ministry of Culture and Tourism enforces conservation of original architecture, disallows multistory buildings, and protects natural resources. For instance, the İkizdere Valley in Rize, an Eastern Black Sea province famous for its highlands, presents great potential for both domestic and international tourism with its highland tourism, mountaineering, thermal springs, rafting, bird watching, paragliding, and other recreational offerings in both summer and winter. İkizdere was declared a protected area in 2010, and these characteristics make it one of the world's 200 most important valleys.

İkizdere is not alone, of course—the Eastern Black Sea region is so rich in terms of biodiversity and natural resources that it is designated as a "highlands corridor" in the 2023 Tourism Strategy for Turkey put together by the Ministry of Culture and Tourism. The area from Samsun to Hopa is becoming ever more alluring as highland tourism and alternative tourism segments develop. As part of rural tourism, which appears in the Ninth Development Plan for 2007-2013 as well, options for such adventurous activities as kayaking, spelunking, paragliding, rafting, horse riding, air ballooning, fishing, photo safaris, and bungee jumping are increasing.



One of the locations that draw the most attention in the region is Trabzon. The province attracts tourists especially from Germany, Australia, and Israel. The nearly 40 highland festivals organized there annually add joy and action to the region's calm, tranquil natural environment. Trabzon Airport's location eases access to the city by air, and the convenience of easternwestern travel along the Black Sea coast makes the highlands more accessible. An airport under construction between the provinces of Ordu and Giresun will make it even more convenient for tourists (foreign ones in particular) to reach the highlands of the Black Sea when it opens in 2013. Trabzon's peerless Uzungöl and Zigana highlands will therefore have the chance to multiply the number of visitors it receives annually, which it has been increasing every year. Uzungöl, which has become an important hub for "heliskiing," or skiing on places accessible only by helicopter, is now offering a cable car service to increase the panoramic pleasure it presents to its visitors. According to data for 2009 from the Ministry of Culture and Tourism, Trabzon receives the most overnight stays out of

all other cities in the Eastern

Nearly 40 highland festivals organized in the Eastern Black Sea annually add joy and action to the region's

calm, tranquil natural

environment

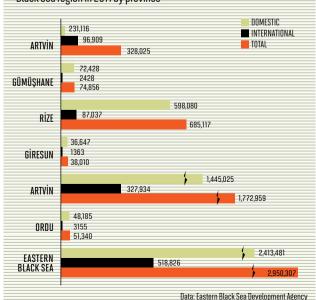
Black Sea region.

The provinces toward which foreign tourists show the most interest after Trabzon are, respectively, Artvin, Rize, Ordu, Gümüshane, and Giresun. The Camili area of Artvin is one of the 100 biosphere reserves in the world, and with its biological diversity and endemic flora as registered with UNESCO, it is a natural marvel. Also among Artvin's unique touristic destinations are the highlands of Kafkasör, Yusufeli, Kackar, and Borcka.

The Black Sea isn't the only place for which there is a heavy interest in highland tourism. The Mediterranean area, already a center of attraction for domestic and international tourism but known mostly for its sea, sunshine, and beaches, presents some unique opportunities for highland tourism still undiscovered by most people. The highlands of Tekir in Adana; Zorkun, Kadirli, Savrun, Cığsar, and Maksutoğlu in Osmaniye;

DESTINATIONS FOR ALTERNATIVE TOURISM

Number of domestic and international tourists who visited the Eastern Black Sea region in 2011 by province





Namrun (Çamlıyayla), Gözne, and Soğucak in Mersin; Samandağ-Teknepınarı (Batıayaz), Erzin-Kocadüz, Üçkoz, Bağrıaçık, and Karıcalı in Hatay; Nergizlik and Belen-Güzelyayla (Soğukoluk) in İskenderun; and Finike-Ördübek, Serik-Ovacık, Alanya-Dereköy, Saklıkent (Saklı), and Üçoluk in Antalya are just a few of these. As Turkey enjoys the benefits of diversifying its tourism with investments made in these areas, it is also getting one more step closer to its preparations for 2023 with the support provided to investors who are interested in this area. Several institutions and ministries are conducting efforts in many areas with the aim of developing

highland tourism in Turkey. The Tourism Incentives Law created with the purpose of developing highland tourism opened many highlands for development, including Çambaşı, Arşin, Aybastı, Keyfalan, and Topçay in Ordu; Bektaş, Kümbet, and Yavuz in Giresun; Anzer and Ayder in Rize; Kafkasör and Kaçkar in Artvin; and Uzungöl,

Karadağ, Erikbeli, Solmaz, Pazarcık, and Yılantaş in Trabzon.

Aiming to become an important destination for ecotourism through all these efforts, Turkey enjoys the pleasure of being able to share is peerless biodiversity, endemic plants, and natural beauties with the rest of the world.

NAME OF CENTER	YEAR Declared	CHARACTERISTICS	NAME OF CENTER	YEAR Declared	CHARACTERISTICS
GİRESUN BEKTAŞ HIGHLAND T.C.	1990	HIGHLAND + WINTER	SİNOP AYANCIK AKGÖL T.C.	1991	HIGHLAND
TRABZON AKÇAABAT KARADAĞ T.C.	1990	HIGHLAND	SİNOP KOZFINDIK BOZARMUT HIGHLAND T.C.	1991	HIGHLAND
TRABZON TONYA ARMUTLU GÜMÜŞHANE	1990	HIGHLAND	SINOP TÜRKELİ KURUGÖL T.C.	1991	HIGHLAND
KÜRTÜN ERİKBELİ			TRABZON MAÇKA ŞOLMAT.C.	1991	HIGHLAND
ARTVİN KAÇKAR T.C.	1991	HIGHLAND	TRABZON ARAKLI PAZARCIK HIGHLAND T.C.	1991	HIGHLAND
ARTVİN KAFKASÖR T.C.	1991	HIGHLAND	BAYBURT MT. KOP T.C.	1993	HIGHLAND+ WINTER
GİRESUN KÜMBET HIGHLAND T.C.	1991	HIGHLAND	RİZE ÇAMLIHEMŞİN AYDER KAPLICASI T.C.	1995	HIGHLAND+HOT SPRINGS+ WINTER
GİRESUN YAVUZKEMAL HIGHLAND T.C.	1991	HIGHLAND			
GÜMÜŞHANEZİGANAT.C.	1991	HIGHLAND+ WINTER	ORDU MESUDİYE KEYFALAN HIGHLAND T.C.	1995	HIGHLAND
ORDU ÇAMBAŞI HIGHLAND T.C.	1991	HIGHLAND	GAZİANTEP ISLAHİYE HUZURLU HIGHLAND T.C.	1995	HIGHLAND
ORDU AKKUŞ ARGIN HIGHLAND T.C.	1991	HIGHLAND	ANTALYA İBRADİ MAŞATA HIGHLAND T.C.	1998	HIGHLAND
ORDU AYBASTI PERŞEMBE HIGHLAND T.C.	1991	HIGHLAND	ORDU MESUDİYE YEŞİLCE TOPÇAM HIGHLAND T.C.	1998	HIGHLAND
RİZE ANZER T.C.	1991	HIGHLAND	TRABZON ARAKLI YEŞİLYURT YILANTAŞ Highland	1998	HIGHLAND



ENTERTAINMENT

TURKEY PLAYING ITS A-GAME

With an active gamer population in excess of 20 million, Turkey ranks among the top ten countries worldwide

BY CAN GÜRSU

N PARALLEL WITH THE

relentless pace of technological advancement, the games industry likewise grows every day. The size of the industry worldwide is reaching record levels, together with its contribution to supporting industries. One of the youngest industries in the world with a history of only 30 years, the games industry, has already left the much older film and music industries behind with an estimated \$80 billion volume. Due to the lack of comprehensive studies, experts say this figure is just the tip of the iceberg and that the industry's true size exceeds

\$100 billion. Whatever the industry's specific size may be, it's clear that it developed at a much faster rate than expected. A 2009 report by PwC, Global Entertainment, and Media Outlook predicted very modestly that the size of the industry in 2012 would be just \$68 billion—clearly too modestly for this fast-growing, young industry, which is becoming more and more important for Turkey, one of the world's youngest countries.

One of the most important features of the industry is that it is remarkably tolerant of crises in comparison to other industries. The industry



In a short time, thanks to its talented young population, Turkey will soon become a country that will be able to compete with the rest of the world in digital games industry. The companies established are already among the world's best

escaped the global economic crisis with minimal damage, a fact proven best by its growth. "The entertainment industry is always growing because people always need to have fun," savs SOBEE Studios CEO and Digital Games Federation of Turkey (TUDOF) President Mevlüt Dinc. "Entertainment is an inescapable need." People need entertainment most when they are under stress. More than one billion people worldwide play games on their computers, consoles, or cellphones. According to figures provided by the Entertainment Software Association (ESA), Turkey ranks among the top ten countries in the world with more than 20 million active gamers.

The games industry in Turkey, though new, exploits this large segment of gamers together with the country's generally young population to develop very quickly. "Turkey is a country that likes to play

games," says Emek Kepenek, director of Middle East Technical University (METU) Tech-Atom. There are more than 31 million Facebook users in Turkey, and more than 70% of them play games, he says. According to data released by Facebook, Turkey ranks seventh in terms of users, with Istanbul coming in third as a city with 7.5 million users. The relatively low cost for which Facebook games and applications allow individuals to develop without having to invest large amounts to enter the market. These low barriers of entry are also behind the games industry's shift toward mobile platforms. But it's not just about the little guvs—Facebook is gaining importance as a lucrative platform for the industry's heavyweights as well.

"1 Man 1 Team", a management game Sobee Studios developed for the Facebook platform, is one of the most recent examples of this phenomenon. Founded by the renowned game developer Mevlüt Dinc, who entered the industry as it was being born in the 1980s, Sobee Studios was later bought by Türk Telekom—one of Turkey's leading tech companies—and today continues with more strength behind it than ever before. "Istanbul Kıyamet Vakti", which was the first online game made in Turkey, and "I Can Football", the first soccer game that could be played 11 to 11 online, are just a few of the successful games the company gave to the industry. "Istanbul Kıyamet Vakti", which has more than one million registered users, notably features a realistic rendition of the city of Istanbul and its historical buildings. Game development companies in Turkey have been advancing rapidly since

2010, and they are growing in number by the day.

Many of Turkey's leading universities are establishing academic programs and game development centers inside their technological parks in order to support the games industry. One of these is the Animation Technologies and Game Development Center established within Middle Eastern Technical University in Ankara, METU Tech-Atom. Founded with the purpose of preventing the loss of creative ideas in games and animation, the center serves as a successful bridge between academia and industry. Emek Kepenek says, "Seven of the companies established in Turkey are companies that were created thanks to the support provided by METU Tech-Atom." He adds, "In a short time, thanks to its talented young population, Turkey will soon become a country that will be able to compete with the rest of the world." The companies established within the center are already among the world's best.

One Turkish game called "Mount & Blade: Warband". named one of the best 100 games ever by PC Gamer, entered the ranks of the top ten best-selling games on





Many of Turkey's leading universities are establishing <u>academic programs</u> and game development centers inside their technological parks in order to support the games industry

the Steam platform, which is the world's largest and most popular digital games storefront and distribution system. İkisoft Software Company/ TaleWorlds, which was born inside METU Tech-Atom, has been exporting its games for years now. Ali Erkin. the company's director of communications, says, "We develop our games completely with local engineers in our studio, which is founded within METU Tech-Atom," and he tells us of the successes they achieved in an international arena where global giants wield budgets expressed in the hundreds of millions of dollars. Canada, Europe, China, Australia, and most especially the USA account for 98% of TaleWorlds' sales.

Another leader in the Turkish games industry is CéiPrime Entertainment, the creator of such games as "Umaykut Online", "Céiron Wars: Origins", and "Sovereign Symphony Online", with a total of more than 2.5 million online subscribers. CéiPrime Entertainment Chairman Erkan Bayol says they opened offices in America and Russia to scout for game developers from all over the world. Their plan is to publish the games they de-





velop first in Russia and then with partners in Germany, Poland, North America, and the rest of Europe, he states. Numerous companies have realized Turkey's potential, too, and have started preparations to enter Turkey themselves.

The first company that contacted TUDOF for this purpose was Riot Games. which holds the rights to League of Legends, one of the world's most popular games. The company, which opened an office in Turkey in



Canada, Eurone China, Australia. and most especially the USA account for 98% of TaleWorlds'

2012, is not alone in noticing Turkev's potential—Blizzard Entertainment, the world's third-largest games company. announced that it was looking to hire Turkish-speaking developers. Despite entering this race comparatively late, Turkey is clearly rising rapidly toward the top. Always known for accomplishing firsts, Turkey is also preparing to make waves worldwide with the world's first digital gaming olympics under the leadership of TUDOF.



ERKAN BAYOL

Chairman, CéiPrime Entertainment A.Ş.

Our most important plan concerning the near future is to enter the mobile gaming segment. We have ideas both for our current game, Céiron Wars, and for new projects. For this reason, we are expanding our team. Furthermore, our efforts to become a publisher that will publish other companies' games first in Turkey and then the EMEA region are in the works, too.



ALİ ERKİN

Communications Director, İkisoft Software Company/ TaleWorlds

Continuing our successful game series, which has become a recognized brand abroad, is among our essential goals. Games are developing rapidly in the mobile field too, todav. We have some mobile projects that we are thinking of realizing in time. Hopefully, we will present games that will be successful worldwide in this area, too, to gamers as soon as possible.



EMEK KEPENEK

Director, METU Tech-Atom

As METU Tech-Atom, we await our new entrepreneurs and prepare a term in which there is intense training for them. This year, we are receiving applications in the mobile applications field, too, for the first time ever. We partnered with Turkcell Technology. An intense process of support now awaits our entrepreneurs. Additionally, we received project support for the games industry from the Ankara Development Agency. An industry report was prepared for this project, and we conducting efforts to establish a training academy specific to the industry.



MEVLÜT DİNÇ

CEO, SOBEE Studios, and President, Digital Games Federation of Turkey

As Sobee, we place a lot of importance on edutainment. "Süpercan," a character we created, is a character made so that children can learn about and gain awareness of important subjects as they have fun. We plan for all the games to take place in historical locations in Turkey. We want both our own children and foreigners to get to know Turkey as they play games. Soon, we will bring the games to other languages, too. Additionally, we are focusing on efforts concerning many different platforms such as mobile, Facebook, and Kinect.



BARIS ÖZİSTEK

CEO, JOY GAME

The industry is growing rapidly and Turkey is one of the few countdies which stand out in terms of growth in online games industry. Today Turkey. Brazil and Poland is being talked in the world. We are a star in terms of growth pace but the market is not big enough yet. So there is too much work to do. Because it is accurate that the potential is very high.



EDUCATION

ALL STUDENTS ARE INVITED!

Scholarships for students coming to Turkey from abroad first started in 1992 for students from the Turkic republics in Central Asia, and since then it expanded its scope

Created for Turkish students with overseas status, the Turkey Scholarships program is the country's most comprehensive scholarship program to date, and it is welcoming its first beneficiaries this year

BY MERVE KARA

THE TURKEY Scholarships office in the Prime Ministry Directorate for Turks Abroad and Related Communities (YTB) in Ankara is extraordinarily busy these days. Having announced the most comprehensive scholarship program ever for expatriate students for Turkey, the office received more than 40,000 applications between April 20 and July 1, necessitating long hours at the office to evaluate the applications and summon qualified candidates for interviews in July. Once this work is done, the excited

wait of students expecting answers from scholarship programs will end soon.

This program, which will support Turkey's vision to become a global power in higher education, started when Turkey Scholarships was put into effect by the Foreign Students Assessment Council in January this year. The new system brings an end to the state/government scholarships divide that was in effect until last year. The Turkic Republics and Relative Communities Exam was also lifted. The state and government scholarships



Having announced the most comprehensive scholarship program ever for expatriate students, YTB received more than 40,000 applications between April 20 and July 1.

were united under the name Turkey Scholarships, therefore bringing about a centralized, dynamic scholarships system.

Together with the global increase in the number of students who wish to make use of opportunities for international education, the internationalization taking place in education is benefiting not just individuals, but also countries. In order for the scholarship system of Turkey, whose higher education capacity and means are expanding each day, to take advan-



EMBRACING ALI

Turkey Scholarships for graduate and research programs are receiving applications from all countries

GRADUATE AND RESEARCH PROGRAMS

ALİ KUŞÇU SCIENCE AND TECHNOLOGY **SCHOLARSHIP**

Scholarships for successful students who wish to engage in graduate or research study in Turkey in the fields of science and technology.

IBNI HALDUN SOCIAL SCIENCES **SCHOLARSHIP**

Scholarships for successful students who wish to engage in graduate study in Turkey in the field of social sciences. Open to students from all countries.

ECONOMICS STUDIES SCHOLARSHIP

Scholarships for successful students who wish to engage in graduate study in Turkey in the field of economics. Open to students from all countries.

HISTORY AND CIVILIZATION

Scholarships for successful, idealistic students who wish to engage in graduate study in Turkey in the field of history. Open to students from all countries.

tage of this situation, it was restructured so as to be dynamic, competitive. and able to satisfy what is needed of it. Scholarships for students coming to Turkey from abroad first started in 1992 for students from the Turkic republics in Central Asia, and since then it expanded its scope as it continued up until this day. YTB President Kemal Yurtnac told state media that they as YTB have inspected the scholarship systems of 70 countries since the body was established in 2010. received opinions from 116 universities, and restructured scholarships in light of their findings.

Under the direction of Yurtnaç, YTB spends \$10 million each year on 11.000 students from 138 countries. The number of students expected to come to Turkey in the 2012-2013 academic year is 3,750. "In terms of both educational opportunities and scholarship possibilities, we need to make Turkey a center of education not just in its region, but in the world," said Yurtnac, indicating that scholarships awarded will be brought to the level where they can satisfy all of a student's needs.

Together with Turkey Scholarships, YTB is establishing offices in several countries, where it will offer guidance and information to foreign students about Turkey and the educational opportunities available. "We are opening these offices in the name of guiding them in the matters of history and culture in Turkey and offering them guidance for careers. We will bring new projects with them, too. These offices will be a bridge between the students' countries and Turkey, says Yurtnaç.

FOOTWEAR

QUICK STEPS



With its approximately \$500 million worth of exports, Turkey is taking an ever-larger share of the footwear industry pie each passing day

BY DERYA ENGÍN KUTLU

CHOEMAKING IS A CRAFT as old as humanity itself. While one pair of shoes is sometimes enough to get by with, sometimes one expects shoes to appeal to the taste of the person who wears them with their designs. Expectations vary by time, place, and climate, of course, but shoes have been produced and sold for centuries.

In the footwear industry, which many countries recognize as a large market, there are some countries that have been involved in the business for so long that their names are the first

> to come to mind on mention of shoemaking.

Next to countries like Italy and Spain, which stand out for their quality and design, there is also China, Vietnam, and India, which are known for their low cost. Stepping up toward the arena with a confident stride today is a new name—Turkey, which serves as a bridge between Europe and Asia and whose allure is increasing day by day. With the development of its economy and increasing production values, the footwear industry in Turkey has achieved commercial success domestically, and it is benefiting from these im-

provements as a whole internationally, too. According to a study done by the General Directorate of Exports, part of the Ministry of Economy, Turkey's shoe exports in 1994 totaled \$28.1 million in value. In 2011, this figure rose to \$441.3 million, and Turkev is taking an everlarger share of the pie each passing day. Among the countries that accounted for the highest proportion of Turkey's shoe exports in 2011 were Russia, Iraq, Saudi Arabia, Germany, and Bulgaria. The value of Turkey's exports to just these five countries in 2011 totaled more than \$218.2 million.

According to statistics from the Footwear Industrialists' Association of Turkey (TASD), exports to Russia—Turkev's largest market for shoes-totaled \$73.5 million in 2011. Iraq, which became the secondlargest market, increased by 32.2% to \$58.4 million, and Saudi Arabia by 14% to \$28.8 million. These aren't the only countries to which Turkey sells shoes—powerful European countries like the UK, France, Italy, and the Netherlands, too, are quite happy with the quality produced in Turkey. Exports to Germany in 2011 increased by

17.1% to \$19

million dollars, and perunit export prices in shoes for Germany increased significantly in 2011 as well. To the UK, exports increased 3.5% valuewise to \$12.4 million and 6.9% by quantity to 856,600 pairs of shoes. A regional power in the footwear industry, Turkey secured increases in its exports to markets with high buying power like the US and Japan, too, According to data from TASD, roughly half the producers in the Turkish footwear industry, whose manufacturing capacity is increasing day by day, operate out of Istanbul. Total capacity is as high as 500 million pairs annually.

Turkey has stepped out of its own region to compete in such challenging markets as those mentioned above. On this point, Ender Yazıcıoğlu, President of the Footwear Suppliers' Industry Association (AYSAD), said in an announcement, "Turkey has started exporting shoes even to important industry players like Italy and Spain. Turkey ranks within the top ten countries in shoe production." The Footwear Industrialists' Association of Turkey's announcement, "European countries, which contain the world's largest

consumption

societies, are ex-

tremely important markets for the Turkish footwear industry as well," further shows how much the bar has been raised. President Yazıcıoğlu indicates that 500 million pairs of shoes are produced in Turkey every year, an activity that provides employment to more than 200,000 people and creates an annual value-add of more than \$4 million. He adds, "Turkey exports 70 million pairs of shoes annually. Its imports, on the other hand, increased 30% in the first six months of 2011." Broken down into product groups, the footwear industry's exports consist of roughly 50% leather shoes by value; in 2011, this was equivalent to \$200 million of leather shoe exports. The second significant group of products is made up of shoes with rubber or plastic treads and faces, with an exports value of \$100.9 million in 2011.

"MADE IN TURKEY" HAS BRAND EDUITY

The strategies Turkey has pursued abroad play a large role in the growth of the Turkish footwear industry, which is taking a larger slice of the pie each passing day. The country is striding confidently toward its 2023 centennial goals of entering the ranks of the world's ten largest economies and generating globally recognized Turkish brands. Mehmet Ziylan, the president of Ziylan Group, which possesses several global shoe brands, interprets global success as follows: "Years ago, Turkish brands used to produce only to satisfy the demand of the internal market. Today, they export to many of the world's countries. As for the factors underlying this increase, producers are now aware that the borders have been lifted

SELLING SHOES TO ITALY

Turkey ranks within the top ten countries in shoe production and competing with the most important global actors of the industry



in world trade to make a single global market. We are now able to produce shoes of better quality than many of the world's shoe producers. Because of this, Turkish shoe manufacturers and Turkish brands have started to rank high in the world market."

In recent years, the experienced shoemakers of the world have closed their facilities and shifted manufacturing to Third World countries. This influenced shoe production values in Turkey, indicates Lemi Tolunay, President of the Istanbul Leather and Leather Goods Exporters' Association. "The Turkish footwear industry benefited

from this axial shift, too, An

accumulation of informa-

tion, know-how, and tech-

nology transfer therefore

took place. Our industrialists put this opportunity to use and raised their quality, and they developed products in the upper segments of the markets," he says, adding, "Standing out from among other countries in the world who practice mass production, Turkish shoe brands

European buyers have started looking for the "Made in Turkey" label on the shoes they purchase





achieved differentiation with products that comply to international norms and target quality, bringing them to the position where they are today." Another of the factors behind this rise is the importance given to innovation on footwear. The 47th Aymod International Footwear Fair held in April brought innovative shoes before an audience of consumers and other producers. In addition to shoes designed with countries where winters are long and cold in mind, and shoes that alleviate aches and arthritis, a heated shoe with a battery chargeable roughly 600 times was also on display at this fair. The heated shoe, which will become a very valuable product in military and security use when it is commercialized, was among the most popular products at the show.

All of this shows that the period in which Turkish brands in the footwear industry focused solely on the domestic market is coming to an end to be replaced by one in which they ask, "What kind of innovations can we bring to footwear?" One should also take care to recognize the influence that fairs held in Turkey and abroad have had on the Turkish footwear industry's confident stride. Turkish brands gain the chance to promote their wares in foreign markets and meet



with buyers from Europe, the Balkans, the Middle East, North Africa, and Russia in such global fairs as GSD Shoe Fair Düsseldorf, Mican Shoevent Milan, Motexha Spring Fair Dubai, Lineapella Italy, and Mosshoes Moscow, as well as at fairs organized by AYSAF, the largest trade platform of the footwear supply industry, which has reached a market size of \$4 billion.

Turkey exports 70 million pairs of shoes annually, but its imports increased by 30% over the first six months of 2011





MEHMET ZİYLAN

Chairman, Ziylan Group

"Experience gained over years and the perception of quality in the product obtained are very important for a product to become a brand. Brands that keep up with the market, with fashion, and with technological developments will guide the market and the fashion so long as they analyze these well. FLO and Polaris brands will start appearing in stores in Italy and the rest of the world. This investment in Italy, a market that guides world footwear fashion, will bring Ziylan Group to the forefront in the international arena. Additionally, when Ziylan Group selected its markets, it chose according to the quality and needs of the countries, and it exports to many countries in continents like Europe, Asia, and Africa. Present with its brands in 48 countries, Ziylan aims to export to 60 to 70 countries in the near future. The Group exports to 29 countries; namely Germany, France, Belgium, the Netherlands, the Czech Republic, Slovakia, Greece, Russia, Kazakhstan, Turkmenistan, Azerbaijan, Iran, Iraq, Egypt, Tunisia, Libya, Kenya, Lebanon, Kuwait, Estona, Canada, the United States of America, Bahrain, Cyprus, Finland, Israel, Ukraine, Lithuania, and Saudi Arabia, and its exports to 29 countries in 2011

were worth \$11 million."



LEMİ TOLUNAY

President, Istanbul Leather and Leather Goods Exporters Association

"We must separate the markets of Turkish footwear brands into two. The first is EU and EU-candidate countries; the second is everything else. The main markets in EU countries in particular are Germany, Italy, Austria, and the Netherlands. Among EU-candidate countries, young economies like Slovenia, Croatia, Serbia, and Macedonia can be regarded as developing markets. Among other countries, our rising markets are our neighbors in Iran, Syria, Iraq, Azerbaijan, and the Persian Gulf countries of Saudi Arabia and Kuwait, and Libva. Our shoe exports of \$200 million in 2006 rose to \$450 million in 2011. Underlying this success is the fact that Turkish brands are in the highest segment of world standards in terms of materials quality, labor, knowhow, technology, and supplies. And when you have all of that, the product is excellent as well. This conception and approach continues to gain acceptance for Turkish brands in the world market as their vision. Turkish footwear brands are continuing this strategy and are taking an ever-larger slice out of the world footwear market, which in 2011

was worth around \$112 billion."



MEHMET AKBACAKOĞLU

Ayakkabı Dünyası

"Companies in the industry that have renewed their machinery, attained standard manufacturing, solved their corporate identity, and which follow world fairs, fashions, and trends have come a considerable distance in becoming a brand in our country. Many of them started opening their own branded stores in the retail industry. The transition to the euro with the European Union caused prices to double for labor and materials in Italy and Spain, which are leaders in shoemaking. Countries like Germany, or the UK, or France, meanwhile, gave up this labor-intensive industry and shifted production of their own brands to countries like China, Vietnam, and India. Turkey, on the other hand, uses a large part of its production capacity, and we have a significant set of machinery. That we possess an inexpensive and young labor force in comparison to Europe is of great importance. We are a country that responds even to orders in low amounts; we have fleets of semitrailers that can go anywhere in Europe within a few days. And there is significant support in retailing abroad. Additionally, the significant support that the supplies industry has started to give to exports, where it has renewed itself, is influencing export value as well."

AVIATION

To the World with 200 New Destinations

Turkish Airlines is linking everywhere to Istanbul, just like the Silk Road that connected the civilizations in history

BY CAN GÜRSU



E VERY DAY, TURKISH
Airlines is getting closer to achieving its stated goal of having the world's largest network of destinations. Bearing the distinction of being the airline to fly to the most destinations from a single terminal in Europe. Turkish Airlines flies to many destinations all over the world via Istanbul Atatürk Airport. In an interview with The Financial Times, Turkish Airlines General Manager said, "The purpose is very clear: like the Silk Road, we are linking everywhere to Istanbul." With the new destinations it started flying to in 2012 and

its purchases of new planes, Turkish Airlines is aiming high.

Turkish Airlines has taken a very important step in parallel with Turkey's active Africa policy, flying to the Somalian capital Mogadishu for the first time on Monday. March 5, 2012. The flights are scheduled as Istanbul-Mogadishu via Khartoum on Tuesdays and Thursdays and Mogadishu-Istanbul via Khartoum on Wednesdays and Fridays, bringing this city by the Indian Ocean, said to be one of the most beautiful in Africa, closer thanks to Turkish Airlines. Turkish

Flying to more than 200 destinations and possessing a rapidly growing fleet, Turkish Airlines will have 190 planes in its power this year, up from 100 in 2006

Airlines also launched its flights to Kigali, the capital of Rwanda and one of its most important cities, on Tuesday, May 15, 2012. Flown with the pattern Istanbul-Kigali-Entebbe-Istanbul, the flights are being conducted four times weekly. And Turkish Airlines is increasing its number of destinations not just in new territories and countries, but also in regions to which it presently flies.

The Scottish capital of Edinburgh, known as a city of festivals, is another new addition to Turkish Airlines' European destinations. Starting July 16, 2012, passengers who wish to experience the great outdoors and history together will be carried to Scotland on flights being run four times weekly, on Mondays, Tuesdays, Thursdays, and Saturdays. Transporting passengers from all nations to various parts of the world, Turkish Airlines attained increases of 51% and 41% in business class and international transit passengers respectively in January-April 2012 over the same period last year, proving the soundness of its strategy. Assoc. Prof. Dr. Temel Kotil indicates they are confident in growth in Europe in spite of the crisis. At a time when Turkey is continually expanding its influence on the world stage, Turkish Airlines, too, is paving closer and closer attention to the Middle East, Central Asia, the Balkans, and Africa.

Yanbu, a city on the western coast of Saudi Arabia, which is planned to become a touristic attraction, is a city already discovered by Turkish Airlines. After Rivadh, Jeddah, Medina, and Dammam, Turkish Airlines ran its first flight to Yanbu in Saudi Arabia, too. on June 11. Flights to Yanbu are being run thrice weekly, on Tuesdays, Thursdays, and Saturdays, Turkish Airlines is conducting its newly begun flights to Yanbu with Airbus 320 and Boeing 737 aircraft. Turkish Airlines is also increasing the frequency of its existing blights based on passenger requests, too.

Turkish Airlines made its flights between Istanbul and New York more frequent as of May 2012. With the 2012 summer schedule in effect between May 28 and September 16, its New York flights are taking place thrice daily, presenting a better range of options to passengers going between Istanbul and New York. Flights between Istanbul and a new US destination, Houston, will start next year, on April 1, 2013, to be run four times a week, on Mondays, Tuesdays, Fridays, and Saturdays. Turkish Airlines is bolstering its transport network in the Americas not just with its new destinations, but also with the agreements it is signing. The airline recently signed a ticket-share agreement with Air Canada, by which passengers from both airlines can fly on routes flown by both airlines using just one ticket. Calgary, Charlottetown, Deerlake, Edmonton, Fort McMurray, Fredericton. Halifax, Kelowna, Kingston, London, Moncton, Montreal, Northbay, Ottawa, Quebeccity, Regina, Saintjohn, Sarnia, Saskatoon, Saultstemarie, St johns, Sudbury, Sydney, Thunderbay, Timmins, Vancouver, Victoria, Windsor,

Winnipeg, and 33 other destinations in Canada, as well as many US destinations via Canada, will be made available using a single ticket. Turkish Airlines, which conducts 40% of its flight out of Istanbul, is establishing new hubs in order to exploit Turkey's strategic location.

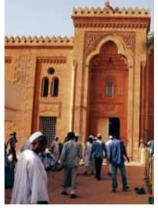
Having started its direct flights to international destinations via Ankara as of June 9, Turkish Airlines is starting flights in the first stage to 12 cities at a frequency of



"While it used to be a small airline with ten million passengers and a profit of around 1.7 billion dollars a year, Turkish Airlines has come to the position where it is targeting thirty-eight million passengers and 7.8 billion dollars in profit this year"

40 times a week, with these cities being Moscow, Tehran, Baghdad, Vienna, Diisseldorf, Stockholm, Brussels, Amsterdam, Cologne, Stuttgart, Berlin, and Hamburg. Flights from Ankara to Berlin, Hamburg, and Stuttgart are being offered to passengers in Ankara once again after a long hiatus. These flights will tie passengers from Ankara to the rest of the world with the comfort and safety of Turkish Airlines, and they also provide Moscow, Tehran, and Baghdad with the means to connect with destinations in Europe. Expanding its service network and fleet daily, Turkish Airlines is enjoying ongoing success in many areas.

Presented with awards for "Best Airline Rewards Program" and "Best Credit Card Program" with its Miles&Smiles program in the Europe/Africa region, Turkish Airlines is adding to its collection of awards yet another one. Assoc. Prof. Dr. Temel Kotil says, "For Turkish Airlines to be



deemed worthy of the Freddie Awards, which names the world's best travel programs, is an indicator that our strenuous efforts and the labor we have spent have been worth it."

Flying to more than 200 destinations and possessing a rapidly growing fleet, Turkish Airlines will have 190 planes in its power this year, up from 100 in 2006. Dr. Kotil points out that the high growth rates achieved by the airline confirm two realities—the first being Istanbul's perfect location. The city is just three or four hours from most of Europe by flying. The other is the scope of the restructuring process that Turkish Airlines has been undergoing since 2003, which has had almost the effect of being reestablished from the ground up. The airline succeeded in growing its market share even in 2008-2009, when the industry was shaken roughly due to the effect of the global crisis. In summary of the company's success, Dr. Kotil states, "While it used to be a small airline with ten million passengers and a profit of around 1.7 billion dollars a vear, Turkish Airlines has come to the position where it is targeting thirty-eight million passengers and 7.8 billion dollars in profit this year." Stable growth and sustainability are two words that describe Turkish Airlines. "Europe's best airline" seems poised to continually expand its list of achievements each passing day.





INVESTMENT

TURKEY'S IMPRESSIVE INVESTMENT PERFORMANCE CONTINUES

While European countries has been the major FDI source of the Turkish economy, as Europe keeps struggling to recover from the recent global financial crisis, ISPAT has started to look for proliferating its FDI sources

Mizuho Corporate Bank set up a liaison office Istanbul and signe a memorandum of understanding (MoU) with ISPAT in order to increase investments from Japan to

S PART OF ITS STRATEGY to diversify the sources of foreign direct investment (FDI) inflows to Turkey, the Investment Support and Promotion Agency of Turkey (ISPAT) has been relentlessly working to attract more investments from new sources other than traditional sources of FDI to Turkey. While European countries has been the major FDI source of the Turkish economy, as Europe keeps struggling to recover from the recent global financial crisis, ISPAT has started to look for proliferating its FDI sources. As part of this strategy, while keeping Europe as its strategic target, ISPAT also enriches its portfolia through its efforts mainly toward Asian and the Gulf countries.

The hindsight suggests that ISPAT's strategy is yielding results with more investments from non-European countries. Only a couple of weeks ago, India-based company, Polyplex Corporation Limited (Polyplex), one of the world's largest producers of thin polyester film, announced a greenfield investment to set up a new PET resin production plant in Turkey. The two-phased investment is worth a total of \$150 million and will have an annual production capacity of 600,000 metric tons. The new plant will provide direct employment for some 250 people, with a likely trade volume of \$1 billion per annum, 70-80% of which will be exported to Europe, the US, and Russian markets. ISPAT's assistance was very instrumental in this investment. As previously reported by the Agency, another Indian giant Aditva Birla announced a \$500 million greenfield investment to produce viscose fiber in Turkey at the end of 2011.

Regarding the investment project, Mr. İlker Avcı, President of ISPAT, said the Agency worked closely with Polyplex, and added, "We are proud to bring in this investment to our country: a highly valuable one given its size and potential. This investment will enable Turkey to become a significant exporter of a product of which we have been an importer. This is the kind of added-value we are seeking while attracting investors to our country." Meanwhile, commenting on the plant, Mr. Kapil Gupta, Senior Vice President of Polyplex, said: "To focus and establish our market position in the European and Mediterranean markets, we took steps to establish a polyester film plant in Turkey, and in September 2004 we formed a company in Turkey. Ever since that decision we have been very content. I must underline, however, that this is not an expansion but a greenfield investment. Our new plant is located in the European Free Zone in Corlu, Tekirdağ. The free zone provides a suitable investment environment, in particular for import/ export intensive operations. Thanks to the location, we now have ready access to an existing large market in Western Europe, where no new capacity has been added in the past three-four years. continued growth in the market notwithstanding. This market also imports significant quantities." Mr. Gupta went on to say, "This location acts as a bridge between Asia and Europe and is also servicing the Middle

Eastern, the US, Russian/ the CIS, Central and Eastern European markets. I would like to thank ISPAT for their efficient work and support in helping facilitate the decision making process."

JAPANESE FDI HEADED TO TURKEY

Another good news came from the Asian company, Mizuho Bank, the second largest financial services company in Japan and one of the three, as it is commonly said. Japanese "megabanks" (along with the Mitsubishi UFJ Financial Group and the Sumitomo Mitsui Financial Group, both of whom have also set up liaison offices in

"We would like to reinforce our existing political alliance with economic cooperation; therefore, MoU will help us to increase our country's share in Japan's high valueadded investments," says İlker Aycı

VE TANITIM AJANSI





Turkey)". Mizuho Corporate Bank set up a liaison office Istanbul and signed a memorandum of understanding (MoU) with ISPAT in order to increase investments from Japan to Turkey. CEO of Mizuho Corporate Bank, Ltd., Mr. Yasuhiro Sato, said, "Mizuho opened a representative office in Istanbul. Having identified Turkey as a strategically important country, we will focus on extending business support to Japanese corporations, expansion of business with financial institutions, and development of business with non-Japanese corporations including conglomerates. We are now ready to provide tailor-made business solutions to our customers. We are aiming to further contribute to Turkey's economic development by establishing firm relations with our customers." Meanwhile, commenting on the MoU, ISPAT President, Mr. İlker Avcı, said: "Japan is not only one of the largest economies in the world but it is also one of the leading investor countries globally. We would like to reinforce our existing political alliance with economic cooperation; therefore, this MoU will help us to increase our country's share in Japan's highly valueadded investments."

The recent investments in Turkey are not limited to the aforementioned ones; German, Russian and Gulf countries have been boosting their presence in Turkey, too. On June 8, German auto parts giant Benteler International AG also announced its decision to set up a plant in Turkey. Similarly, in late April, Saudi Arabia's Advanced Petrochemical Company announced its plans to build a polypropylene production plant in Turkey.



A NEW ERA IN REGIONAL DEVELOPMENT

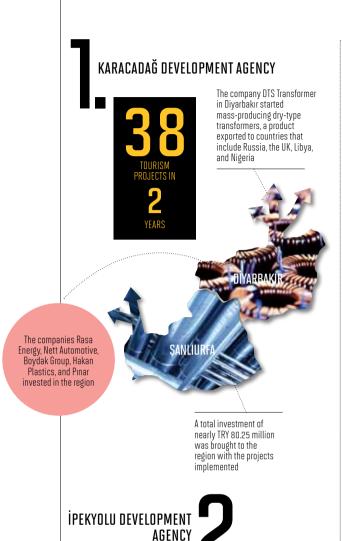
Regional Development Agencies have intiated a new era in Turkey, which focused on centralized policies until today, bringing a boost to local actor participation in the economy.

BY MERVE KARA

"We used to think agriculture gave rise to cities and later to writing, art, and religion. Now the world's oldest temple suggests the urge to worship sparked civilization," wrote National Geographic in its cover story on Göbeklitepe in the venerable magazine's June 2011 issue. The Neolithic hilltop sanctuary erected at the top of a mountain ridge in the Southeastern Anatolia Region of Turkey is the oldest known human-made religious structure. The site, which changed the way that we perceive the ancient life of humankind, was most likely erected in the tenth millennium BC. Although the site was discovered in 1994 and has been under excavation since that time, it is only very recently that

Göbeklitepe attained worldwide fame. Besides National Geographic, the television channels Nippon Hoso Kyokai (NHK) of Japan, BBC World, and RAI of Italy have been in Göbeklitepe for documentary shooting over the past year. The discovery is resonating more and more in global media. Dr. Ilhan Karakoyun, General Secretary of the Karacadağ Development Agency, one of the organizations that assumed a pioneering role in the promotion of this unique site, appears quite pleased to have contributed to this success. Founded in 2010, the Karacadağ Development Agency accomplished a multitude of projects both large and small within a short time, one of which was preparing a video for broadcast





Provided assistance to SMEs totaling TRY 9.1 million in 2010. Three financial assistance programs with a total budget of TRY 20.5 million were implemented in 2011 ADIYAMAN A Middle East Situational Report was prepared with the purpose of guiding investments and commercial activity that will take place in the area

on the Turkish Radio and Television Corporation (TRT) channels, which air in 31 languages, to promote Göbeklitepe. The Hılar Caves, Çayönü Ruins, and Hasuni caves have been opened to tourism thanks to the support provided by the agency, which is active in Divarbakır and Sanlıurfa, two large cities in southeast Anatolia. Work to restore and open many examples of civil architecture and historical citadels, walls, and towers for visitation is ongoing. In the two years it has been present in the region, the agency paved the way for the dam lakes in the districts of Birecik, Halfeti, and Eğil—brought back to life by the Southeast Anatolia Project—to be used for outdoor sports, water sports, and recreation, and it laid the groundwork for industry-leading companies like Rasa Energy, Hakan Plastics, and Pınar, as well as a Kuwaiti company, to invest millions of dollars in Sanlıurfa. Nett Automotive, a company from Diyarbakır, started construction with a partner from İzmir in order to manufacture agricultural machines on a 20,000-square-meter area allotted to them in the organized industrial zone thanks to the efforts of the Divarbakır Investment Support Office operating within the agency. The list of projects accomplished by Karacadağ is only getting longer. The region's ability to embrace almost all of the areas in which it wields competitive advantage is the outcome of the design of the development agencies as flexible, dynamic structures inspired by the private sector, says Dr. Karakoyun.

Development agencies are designed as regional and qualified technical institutions to support the established development policies at the regional level and provide their implementation, monitoring, and evaluation through the logic of the strategic plan. Agencies, with their resources and technical knowledge, support the local institutions and act as coordinating, catalyzing bodies for the development issues in their regions. Tuncay Engin, General

Secretary of the Western Mediterranean Development Agency (BAKA), sees this as an effort to localize the government's longtime ambitions for development to the regional level. He adds, "In other words, it means the region being a pioneer in development and the participation of local actors, too, in decisions and activities related to development."

Economic, social, and political structures have been involved in a major change with the influence of the dynamics of globalization and localization in the world. Some concepts intended to explain the theoretical and practical reasons of the change stood out especially. In the 1990s, the idea of development as primarily being an outcome of local dynamics and internal potential—thus mainly using a region's own dynamics to achieve development—gained importance and led to the creation of development agencies. Although they were attempted in various forms for nearly 40 years, the most credible as an important tool for regional development was implemented within the Ninth Development Plan period (2007-2013) in Turkey. "Looking back from the point reached today, we can see that the enacted reformative Law on Regional Development Agencies in 2006 is not a result of a hastily carried out process, but it is the healthy product of the process of determination of the most appropriate



IT IS MORE IMPORTANT FOR TURKISH AGENCIES TO UTILIZE. MULTIDIMENSIONAL ELEMENTS OF SUPPORT THAT COMPLEMENT EACH OTHER AND THE CHARACTERISTICS OF THE ENVIRONMENT IN A WAY THAT TAKES THE REGION'S POTENTIAL AND DYNAMICS INTO CONSIDERATION



DETERMINATION OF THE
COMPETITIVE ELEMENTS OF
A REGION AND STRATEGIES
TO BE DEVELOPED ON
THESE ELEMENTS CAN
ACCELERATE DEVELOPMENT IN
DISADVANTAGED REGIONS.

structure by examining samples of the various countries that fit to our needs with intellectual and social infrastructure, technical experience, and years of discussion," says Ahmet Akman, Secretary General of Mevlana Development Agency (MEVKA), which is established in the Central Anatolian cities of Konya and Karaman.

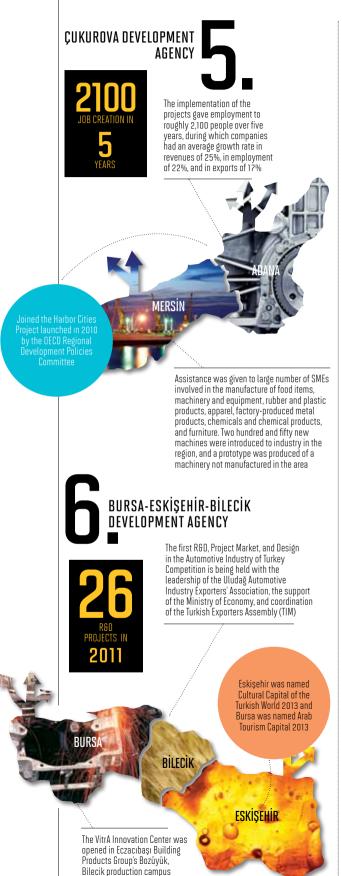
The European Association of Development Agencies (EURADA) divides regional development agencies according to their activities into four main groups as strategic, general, sectorial, and interregional attractiveness. "To define the model of development, agencies established in Turkey as 'sui generis would be more appropriate. However, considered as a functional classification, it wouldn't be wrong to say that a multidirectional model serving not just one but most of these categories has indeed been established," savs Ahmet Akman. It is true that the Turkish model certainly does not fit only the agency with industrial structure. On the contrary, it is much more important for Turkish agencies to utilize multi-industry, multidirectional, multidimensional elements of support that complement each other and the characteristics of the environment in a way that takes the region's potential and dynamics into consideration.

Konya—the "city of dervishes"—is one of the largest provinces in the region of Central Anatolia, which is known as the "breadbasket of Turkey" and is a leading contributor to the country's agricultural production. There are nine Organized Industrial Zones (OIZ) in Konya and one in Karaman. The Konya OIZ in

particular may become the largest OIZ of Turkey with its 25 million square meters of space, considering the possibilities for expansion. In Konya and Karaman, the cities where it is active. MEVKA provided TRY 15 million worth of support for 76 projects with a total budget of TRY 31.69 million, encompassing 15 different industries including machinery manufacturing, automotive, agricultural machinery, tourism, chemicals, renewable energy, food, medical devices, and services. In 2011, within the framework of the three priorities of the Financial Support Program for the Development of Competitiveness of Economic Enterprises with a TRY 11.5 million budget, a total of 62 projects worth TRY 24.971 million were supported, spread over two provinces, thirteen districts, twenty industries, and eight themes including R&D infrastructure, innovation, process improvement, and export-oriented product development. Additionally, the agency helped both local and multinational investors to benefit from this prosperous location, a \$100 million investment by Unilever-Algida being just one of its outcomes. These concentrated efforts to develop the region pushed Konya and Karaman, which were ranked 26th and 35th respectively in the previous index of socioeconomic development, up to 20th and 32nd place.

Determination of the competitive elements of a region and strategies to be developed on these elements can accelerate development in disadvantaged regions. Here, innovation-based thinking and acting offers more different alternatives than ever to the regions. The importance of innovative R&D, the strategic framework and roadmap introduced, and the financial and technical support by the agencies is coming to the fore. In this regard, a striking example that shows how the autonomy of agencies helps them to find their own inspiration is seen in the case of the Western Mediterranean Development Agency (BAKA). The





agency is present in Antalya, which was visited by 11 million tourists in 2011 and which ranks first nationally in agricultural production; Isparta, which boasts Turkey's highest-quality roses and peerless fruit orchards; and Burdur, a strong competitor in marble and animal husbandry. In May and June, forty thousand Japanese tourists flock to Bulgaria just to pick roses, and each of them stays for at least a week and joins cultural tours in the area. Learning of this, BAKA took the initiative and opened a stand at the JATA Tourism Fair in Japan, after which they opened the only Turkish stand at the Rose and Gardening Fair in Japan last year, which welcomed 450,000 visitors and participants from ten countries. Representatives from various Japanese countries visited Isparta after BAKA promoted rose cultivation in the western Mediterranean, which accounts for 60% of the world's rose oil production. They toured Istanbul, Pamukkale, Konya, and Cappadocia, and included in their agendas the addition of rose gardens and rose oil factories to their tour in the proper season, too. Now, as part of BAKA's planned project support activities, a project called the Rose Valley Project is being launched in Isparta.

Tuncay Engin describes development agencies as a new approach and perspective in Turkey. He indicates that they have placed great importance on renewable energy investments; solar, wind, and biogas most of all. Active in the region since 2010, BAKA seems to have been standing by this claim so far. At the end of last year, the agency facilitated the launch of Turkey's first project to generate biogas and electricity from greenhouse waste in the Western Mediterranean region. The project entails the generation of electrical energy from biogas obtained from 400,000 tons of greenhouse waste annually, with production on the side of bio-coal, composite fertilizer, and liquid fertilizer. The €30 million investment was kicked off by a Turkish-Danish partnership in the Kumluca district of Antalya.

As the investment agencies play a key role in making attempts to eliminate the barriers before investments to improve the investing climate, BAKA has taken on a pioneering role in securing a TRY 38 million investment in what will be Isparta's first five-star hotel and in smoothing out the final stage before an investment in a biomass power plant worth €90 million.

It can be said that investment agencies play a unique role for Turkey in drawing foreign investment, especially in places that require promotion, and the fact that the investment support offices—a department in almost every development agency—publish in at least two languages is evidence of this. Besides investments, the agencies can facilitate the transfer of know-how from abroad, too. For example, the Bursa-Edirne-Bilecik Development Agency (BEBKA) signed a protocol of cooperation with the German state of Hessen, with which it aims to develop direct relations, concentrated information exchange, and contacts between Hessen and the region. Additionally, as a result of the agency's efforts, Eskisehir has become the 2012 Culture Capital of the Turkish World, while Bursa has become the Arab Tourism Capital of 2013. BAKA, a reference agency in the Persian Gulf countries, brought tour operators that account for 90% of the tourism in the countries



AT THE END OF LAST YEAR. THE WESTERN MEDITERRANEAN DEVELOPMENT AGENCY (BAKA) FACILITATED THE LAUNCH OF TURKEY'S FIRST PROJECT TO GENERATE BIOGAS AND ELECTRICITY FROM GREENHOUSE WASTE IN THE WESTERN MEDITERRANEAN REGION.



DEVELOPMENT AGENCIES ARE DOING RESEARCH ON THE INDUSTRIES THAT STANDOUT IN THEIR REGIONS. AND THEY ARE PREPARING STRATEGIC ROAD MAPS. SIMILARLY. THEY ARE TAKING ON A GUIDING ROLE IN COMMUNICATING INFORMATION ABOUT THE REGIONS.

of Saudi Arabia, Kuwait, Qatar, and Bahrain, and hundreds of executives from India, the US, China, Georgia, Thailand, the Czech Republic, and the Middle East to Turkey's Western Mediterranean. The agency was the only agency participating in the first Expo Turkev 2011 in India, held in Mumbai the Istanbul Chamber of Commerce, DOKA—the Eastern Black Sea Development Agency—signed a contract for a three-year project with the Japanese International Cooperation Agency to develop its institutional capacity.

Development agencies bring together the public, private sector and the non-governmental organizations by prioritizing strengthening the governance dimension of development. As stated in the law no. 5449 of the Turkish Republic, development agencies are established in order to accelerate regional development in line with the policies foreseen in the national development plans and programs. "With the agencies opportunity to perform visible, tangible, and concrete applications emerges for regional development quest which once has been only the limited experience of planning," says Ahmet Akman.

As a result, almost all of the development agencies-most of which started operations in 2010-possess a 2010-2013 Regional Plan. The joint vision designated here helps regions to focus their different makeup on the same targets, too. For instance, the Silk Road Development Agency's (İKA) 2010-2013 Regional Plan

discusses becoming a logistical hub in the Middle East. İKA, which encompasses Adıyaman, Kilis, and Gaziantep (the largest border province in southeast Turkey), shows the region's commercial heritage and potential to become an international logistical hub due to its location on the paths that connect Turkey to the Middle East. "It can be said that development agencies' most important duty is to kick off the potential in their respective regions," says Dr. Bülent Özkan, the agency's secretary general. Expressing another important function of the agencies, he says, "The development agencies made it possible to devolve the research done centrally until this day down to the local level, where it is based more on local information. Currently, many development agencies are doing research on the industries that standout in their regions, and they are preparing strategic road maps. Similarly, they are taking on a guiding role in communicating information about the regions in a more correct and faster fashion via reports prepared on the national level."

In addition to enabling largescale investments worth millions of dollars, the development agencies are able to facilitate better cooperation with the SMEs that make up more than 90% of all enterprises in Turkey. Ankara Development Agency (ANKARAKA) Secretary General Assoc. Prof. Dr. Asım Balcı points to the agencies' success in creating locally tailored urban and regional economies with increased global competitive ability, highlighting in particular their aim to increase local/regional competitiveness by taking advantage of SMEs' externalities and geographic proximities with region-specific clustering.

The Northeast Anatolia Development Agency (KUDAKA), which has been active since February 2010 in the provinces Erzincan, Erzurum, and Bavburt, ran 45 projects in the SME Financial Support Program for 210, helping to secure a total

WESTERN BLACK SEA DEVELOPMENT AGENCY

2011

A project to increase production capacity and quality product diversity and to conduct environmentally sensitive production by establishing a dye application unit, implemented by Den-ko Furniture and Construction Materials

<u>Waste Management,</u>

€90 million

biomass power

plant investment



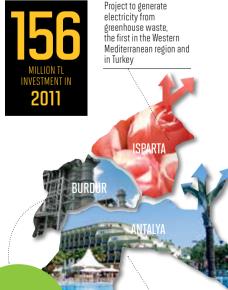
A project titled "Ayanoğlu Fish Processing Facility Project," implemented by Áyanoğlu Natural and Aquatic Products

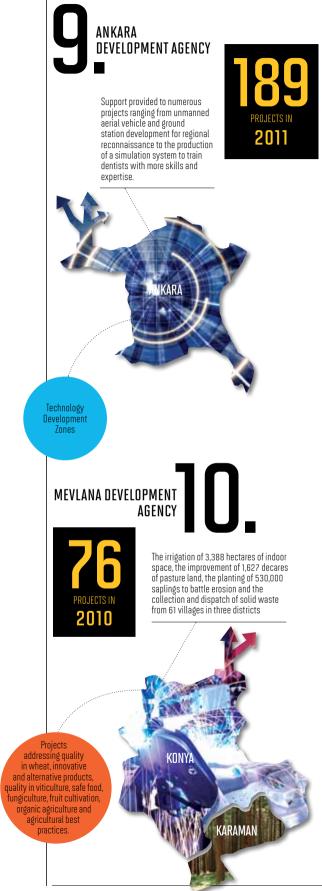
WESTERN MEDITERRANEAN DEVELOPMENT AGENCY

Launch of aircraft painting

and maintenance operations

at Sülevman Demirel Airport





of TRY 21.81 million in investments. Secretary General Dr. Rıfat Altan indicates that a machinery purchase by a water processing facility utilizing KUDAKA support within these projects increased manufacturing capacity by 20% and employment by 90%. Dr. Altan, a longtime researcher in the area of development at the University of Nottingham and the Free University of Brussels, highlights SME cooperation in areas in which women's employment needs to be improved. Fifty women received vocational training in a ready-to-wear clothing workshop established in cooperation with a foundation active in the areas of women's education, employment, and active participation on society. The women in the KUDAKA-supported project were simultaneously provided with applied entrepreneurship training. Fourteen of these women established their own enterprises, for which they also utilized KOSGEB's support for new entrepreneurs.

Together with all these, the clustering system regarded as a new model of development is in the development agencies' agendas today as one of the prominent headings in the New Incentives System. "The clustering approach aiming to strengthen regional alliances among businesses provides financial and competitive advantages in many areas to the businesses that are part of the project," says Mehmet Aydıner, Secretary General of the Southern Aegean Development Agency (GEKA). "As a clustering model, by focusing on our region's strong industries, we aim to create production basins consisting of businesses that nourish one another," says Aydıner, explaining how the system will be implemented in the region encompassing the provinces Aydın, Denizli, and Muğla. GEKA pinpoints industries that have clustering potential, initiates the clustering process, and creates national and international collaboration networks in industries that have clustering potential. The

industries in which GEKA sees potential are textiles in Denizli. food manufacturing in Aydın, and yacht manufacturing in Muğla. Aydiner states that meetings, technical support, and analysis efforts to this end are ongoing. The Bodrum Yacht Manufacturing Business Cluster Project is supported by GEKA, he adds.

Among GEKA's ongoing efforts to work with investors are a project for two geothermal greenhouses planned for Denizli; solar power in Denizli and Muğla; marketing the Avdın chestnut in the European market with German investors; and partnering projects with Singaporean investors and entrepreneurs in the region who wish to produce organic fertilizer.

The emphasis on high-tech industrial production and the New Incentives System's definition of strategic industries guides the agencies' priorities as well. Ankara, a hub for technologically intensive industries like IT, defense, electronics, medical devices, and bioinformatics, ranks near the top nationally in project and patent applications. In connection to this, ANKARAKA Secretary General Assoc. Prof. Dr. Asım Balcı states their belief that Ankara will take a relatively larger share of the strategic investments in the general incentives package. "We have intensified our efforts in this direction," says Balcı, and he explains that they plan to take advantage of the new incentives package by conducting activities



IN ADDITION TO ENABLING LARGE-SCALE INVESTMENTS WORTH MILLIONS OF DOLLARS, THE DEVELOPMENT AGENCIES ARE ABLE TO FACILITATE BETTER COOPERATION WITH THE SMES THAT MAKE UP MORE THAN 90% OF ALL ENTERPRISES IN TURKEY.



"WE REGARD THE BENEFIT PROVIDED IN THE SENSE OF INCREASING PROJECT-RUNNING CAPACITY IN OUR REGION AS MORE IMPORTANT AND VALUABLE THAN THE CONTRIBUTIONS WE PROVIDE FINANCIALLY," SAYS MEHMET AYDINER. SECRETARY GENERAL OF GEKA.

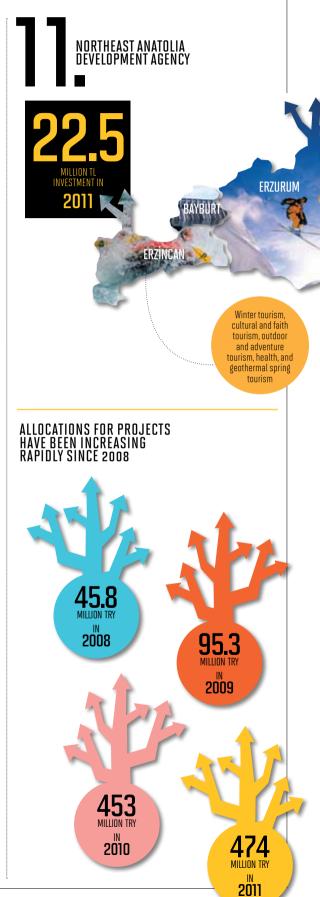
to draw high-tech medical, IT, and defense products manufacturing investments—investments in products not produced in Turkey previously, which were imported to Ankara. ANKARAKA's vision is to make Turkey's capital city, Ankara, a global R&D, innovation. and technology nexus. Since the agency started operations in 2010, it has financed 189 projects with its financial and technical support programs to the benefit of public institutions, SMEs, NGOs, Technology Development Regions, and universities. The Hezarfen Project launched in 2007, which is aimed to increase domestic production in the medical industry in Turkey, was for the first time put into practice on a regional and industry-based level in Ankara this year. According to the exports figures announced in May, Ankara's exports increased more than any other city.

Most of Turkey's 26 development agencies are just about to wrap up their second years. One can expect to see the full effect they will have on the national economy within a few years. Some are older, however—the Çukurova Development Agency located in Cukurova, an important transportation and logistics center for the eastern Mediterranean and Middle East, was founded in 2007. In the five years since, it created 2,100 jobs. Companies operating in the region experienced an average increase of 25% in revenue, 22% in employment, and 17% in exports. The Çukurova Development Agency serves a region that

is highly suited for both logistics and industrial manufacturing—the area boast a bustling harbor, free industrial zones, rail links, a sizable semitrailer fleet, an international airport, a culture that rewards industrial activity, and a cache of human capital that evolved to suit its needs. Encompassing the provinces of Mersin Province, which has been added to the Marine Highways Project together with the Middle East in the plan to expand the EU transportation network; and Adana, positioned as the energy bridge of Europe, the Çukurova Development Agency's provinces could well reach the level of Turkey's big industry towns says Zekeriya Sarbak, the agency's secretary general. The agency "will continue its activities in all economic, social, and cultural fields of development within the scope of the regional development program with a diversifying, continually increasing push in the coming term," says Sarbak.

The aggregate results of the micro-level efforts of the development agencies are quite striking, too. So far, in Turkey as whole, allocations for projects called by proposal increased by a minimum of 100% every year since 2008.

Regional development agencies (RDAs) could be characterized as the new institutions behind the regional development policies whose objectives and toolsets changed within the process of localization. which gained importance in parallel with globalization in the general course of the world economy. Increasing in number continually, RDAs opened a new era in regional development in Turkey, which focused on centralized policies until today, as it boosted local actors' participation in the economy. The wealth spread across the country and the transformation being facilitated is likely to become even clearer as these initiatives mature—just as how the discoveries in Göbeklitepe changed many things we thought we knew about the course of history.





JULY - AUGUST 2012 ISSUE 11

A BRAND-NEW APPROACH TO SUSTAINABLE DEVELOPMENT

The Ministry of Development is one of the new ministries established in 2011. Cevdet Yılmaz, the first at the helm of this young ministry, is now bringing a brand-new face to old public institutions such as the State Planning Council. Minister Yılmaz told The Turkish Perspective about the new approaches to development.

BY CEYHAN AKSOY

🖒 BY CEVAHİR BUĞU

URKEY ACHIEVED significant growth in 2010 and 2011 despite the dire situation of the global economy at that time. But more importantly than gaining such growth, what does Turkey need to ensure the sustainability and permanence of this growth?

Turkey achieved a rapid pace of growth in 2010 and continued this in 2011, too, with the GDP growth rate coming in at 9.2% and 8.5% respectively. In 2011, therefore, income per capita rose to \$10,444. Turkey has attained the fastest growth rate among OECD countries in the past two years, and it deflected the effects of the global crisis within quite a short time. The average yearly GDP increase rate in the 2003–2011 period was 5.24%. Speaking in terms of our country's mediumand long-term goals, this rate must be increased and sustainable, and permanent growth must be established.

Briefly stated, we have to increase our country's potential for growth. The matters that bear importance with regard to this purpose are the preservation of existing macroeconomic and political stability, the acceleration of capital accumulation, increasing total factor productivity, the establishment of the geographic-spatial foundations of economic growth by making use of external economies and the local-level means provided by increasing returns, expanding and spreading scientific and technological (R&D) activities,

increasing schooling rates rapidly at every level and developing human capital by increasing in-service education, constant monitoring and assessment of regional and global opportunities, and arranging the institutional structure in order to suit this.

By doing so, Turkey will attain a solid competitive stance and gain the chance to narrow the income gap between it and developed countries in a moderate amount of time.

One of the most important elements regarding the establishment of sustainability and permanence in growth is satisfying the economy's need for resources. The main resource of domestic savings is at an inadequate level in our country. Certain fundamental policies to increase savings are:

- The continuation of fiscal discipline in the public sector
- The practice of policies that reduce waste in both the public and private sectors and foster awareness of savings

TURKEY ACHIEVED MANY OF THE GOALS AS INDICATED BY THE MILLENNIUM DEVELOPMENT GOALS REPORT, EXHIBITING SIGNIFICANT PROGRESS IN THE AREA OF SUSTAINABLE DEVELOPMENT

- Increasing employment and cracking down on the underground economy
- Improving household financial literacy
- The development of individual pension plans with the aim of increasing private sector savings and encouraging investments, as well as diversification of private sector debt instruments
- Developing healthcare insurance and pension models that can be implemented in Turkey and increasing the number of people who participate in these systems

Furthermore, in order for efforts to develop savings to be effective, they must be complemented by reforms that can strengthen the financial markets. On this point, a new and comprehensive capital market law will contribute to the further advancement of the financial markets.

The Global Human Development Forum was held in Istanbul at the end of March. How was this forum, which was also the foundation of the Rio+20 Conference held in June, important for Turkey?

As is known, the Rio+20 World Summit coincides with the 20th anniversary of the Rio Earth Summit held in 1992. And the sustainable development concept defined in the Bruntland Report (1987) has been on the world agenda for a quarter of a century. It constitutes the foundation of a point of view that we are trying to address together with sustainable development, the transformation of economic

When we look at the world today, we see that several problems such as economic and financial crises, climate change, immigration, food, energy and water security, poverty, and unemployment affect human welfare negatively. Problems that arise in a globalizing world require solutions that go beyond countries' borders. Although the problems may differ in countries in different areas of the world, in terms of sustainable development, solutions need to be able to be brought to life with the principles of "joint yet differentiated responsibilities" and "relative capabilities."

In such conditions, the Rio+20 Summit coincides with a period in which governments, the world of business, and civil society must show their commitment to sustainable development, a fairer, more environmentally sensitive approach to development. The summit is expected to establish a platform of debate on the lessons gained from the past regarding and tangible future steps toward achieving sustainable development while minimizing poverty as much as possible, and as previous summits did, it is expected to set the agenda for development in future years.

In parallel with its rising importance in its region and in the world, our country is preparing for the Rio+20 Summit in a very serious, comprehensive fashion both domestically and on an international level. We are carrying out these preparations within the scope of the "Project to Support Turkey's Preparations for the 2012 UN Sustainable Development Conference," which is under our ministry's responsibility on a national level and to which the United Nations Development Program (UNDP) and many concerned parties provide assistance. Besides the aforementioned project, we are facilitating participation within the scope of our country's realities and the perspective of sustainable development together with our institutions concerned with international negotiations relating to the Rio+20 Summit.

The Global Human Development Forum we held on March 22 and 23 with the United Nations Development Program,



IN TERMS OF SUSTAINABLE
DEVELOPMENT, THE DEVELOPMENT
OF ECONOMIC AND SOCIAL CAPITAL
WILL MAKE IT EASIER TO OVERCOME
DIFFICULTIES AND PROBLEMS
THAT APPEAR NOT ONLY TODAY, BUT
ALSO THOSE THAT CAN EMERGE
TOMORROW

hosted by our ministry, is important in terms of being the last global-scale event on the way toward the Rio+20 Summit. Counting down the days to the Rio+20 Summit, the forum brought more than 200 leading development experts from all over the world and played a role in bringing sustainable to life, bringing together representatives from civil society and the private sector. Economic, social, and environmental topics were addressed. and parties representing a vast range of interests from the least-developed countries to the business world debated on the functional implementation of sustainable development. Another property of the forum is that it drew attention to the need to monitor human quality of life-and factors that risk this quality of life—at a national and international level with a sustainable development point of view by developing new methods and tools.

With the "Istanbul Declaration towards an Equitable and Sustainable Future for All" that was accepted at the end of the forum, which Turkey hosted and was



active in, a significant contribution was made to the UN negotiations and debates leading up to the Rio+20 Summit in June. As stated in the Istanbul Declaration, "The world needs a renewed commitment to sustainable development and strong political leadership to implement it," and this call was made in Turkey prior to the Rio+20 Summit, which 60,000 people—including more than 120 heads of states and governments—are expected to attend. **Sustainable development is a concept**

that includes environmental and social elements in addition to economic aspects. How do you perceive Turkey's place on this axis and the distance it has covered along the way to its goals?

Turkey is a large country with a young and dynamic population, and an economy that is developing and gaining strength rapidly. Additionally, it possesses a great wealth with its natural treasures and diverse geography. Our country, having achieved significant improvements in education, health, social security, and environmen-

tal management besides its successful economic performance, has covered significant distance over the last 20 years regarding sustainable development.

In terms of sustainable development, the development of economic and social capital will make it easier to overcome difficulties and problems that appear not only today, but also those that can emerge tomorrow. Additionally, advances in the environmental field and daily increasing awareness of conserving natural resources and the environment are accelerating the internalization process of sustainable development in our country.

Significant improvements can be seen upon examining social and environmental statistics. Within the scope of indicators for access to health care services, while the ratio to population of hospital beds was 408 and doctors 1,109 in 1990, these fell to 369 and 597 respectively in 2010. Again in the same period, the number of health centers nearly doubled, rising from 3,454 to 6,367. In terms of maternal and children's health, maternal deaths fell from 70 per 100,000 live births in 1998 to 18 in 2009. According to statistics for the 2008-2009 academic year, schooling rates rose to 96.5% at the primary level, 58.5% at the secondary level, and 27.7% at the higher level over this period. In terms of access to basic infrastructure, 96% of the population in Turkey has had access to healthy water as of 2010, with 99% of total municipal populations having access to potable and general-usage water and 88% to the sewage system.

OUR BASIC POLICY REGARDING
PUBLIC INVESTMENTS IN 2012 ARE
TO CONCENTRATE ON ECONOMIC
AND SOCIAL INFRASTRUCTURE
PROJECTS THAT THE PRIVATE
SECTOR CANNOT DO

A legal framework was developed for the subjects of energy efficiency and renewable energy, and related practices have been increasing continually. In addition to the private sector's strengthened role in the economy, significant development has been observed in levels of awareness on the matters of social responsibility and sustainability.

The Millennium Development Goals, too, is fundamentally a bouquet of goals that incorporates the most basic components of sustainable development. In this respect, income distribution in our country, for example, continues to be a problem, although significant improvement has been seen in the last 20 years. Serious steps have been taken in the reduction of poverty and in terms of social assistance and social security. Turkey's official development aid, in service of the interest of sustainable development, reached \$966 million in 2010. This situation shows that Turkey has achieved notable improvement in the matter of global partnership for development, the eighth of the Millennium Development Goals.

In summary, Turkey achieved many of the goals as indicated by the Millennium Development Goals Report prepared in 2010, too, exhibiting significant progress in the area of sustainable development and toward improving people's quality of life.

As the Ministry of Development, you have a very expansive field of operations. Public investments are among the most important out of these areas. Which areas will be prioritized in public investments in 2012? In light of the reality that public resources are limited, could emphasis on projects realized with public-private sector partnerships (PPP) be of the question?

Public investments are of great importance in our country's process of development. Public investments fulfill important functions within this process, such as positively influencing growth (as in the last global crisis), their capacity to create employment both in the building and in the operation phase, the preparation of the infrastructure and business environment needed for the private sector to develop, raising our country's competitive ability

and its exports, the facilitation of regional development, increasing our people's prosperity and quality of life, the development of our human resources, and increasing the effectiveness and access to public services. During the time of our governments, institutions have been given more authority and flexibility, resources devoted to public investments have been increased, more work has been done with the same amount of resources, discretion has been practiced in selecting new projects, and projects have been completed and put into service quickly. The contribution of public investment spending has thereby been increased, and the waste of public resources and its inflationary effect have been surmounted.

Our basic policy regarding public investments in 2012 are to concentrate on economic and social infrastructure projects that the private sector cannot do, to facilitate investments of a local quality on the part of local administrations, and to make maximal use of public-private partnerships. On a sector basis, we are prioritizing investments to develop infrastructure in the areas of education, health care, technological research, transportation, irrigation, drinking water, and information and communication technologies. On a project basis, priority is being given to projects that will be completed within the year; work within the scope of the Southeast Anatolia Project, East Anatolia Project, Konya Plains Project, and Eastern Black Sea Project; divided highway projects; Marmaray (undersea rail) and rapid rail transit, airport, and terminal building projects; drinking water projects; infrastructure and physical space needs of newly established universities; projects concerning disasters; and the allotment of funds for social assistance programs.

Due to our goal of high, sustainable, and permanent growth and our continually increasing population, demand for infrastructure in our country is increasing each passing day. In a similar fashion to all developing countries, the inadequacy of public resources for the necessary infrastructure projects in our country, too, requires the utilization of alternative financing models, and PPP models most of all. Since 2003, the PPP model was spread outside the energy industry, where

it has been used in our country traditionally, to highways, airports, harbors, and customs facilities in particular. Additionally, in recent years, arrangements have been made for the use of the PPP model in socially based projects such as integrated health care campuses, student dormitories, and schools.

Up until today, 110 PPP projects with a total contract value as high as \$26 billion based on 2011 prices have been brought to life, while the 26 projects currently in the production stage are worth approximately \$9.5 billion. The Gebze-Orhangazi-İzmir Highway Project in production is the largest PPP project in the history of the Republic of Turkey. This project and the Northern Marmara Highway Project currently in the bidding stage, which will also be bringing Istanbul its third bridge in the near future, are important steps toward having our country reach a modern overland transport infrastructure. When 16 integrated health care campus projects for which bidding is ongoing enter service in the near future, a modern and contemporary infrastructure will be established in the field of health. Many other PPP projects in the bidding or programming stages will additionally be contributing toward developing our infrastructure and increasing societal welfare.

In summary, as in the past, PPP investments will be continued at an accelerated pace, making use of the both the private sector's capital accumulation and its dynamism. We hasten to add, however, that our stance is that these projects are complementary to projects that depend on public resources, not in competition with them, and that they should be self-sufficiently financed to the maximum degree.

What do you expect the new incentives system to bring to Turkey's investing environment and the business market? Will this new system represent a turning point?

The incentives system we declared in 2009 was founded on three legs; namely general incentives, large-scale projects, and regional incentives. This system is fundamentally sound conceptually and it has been further refined with the work done, with a fourth leg being added as the concept of strategic industries. The new incentives system was therefore brought to life as the most advanced incentives system declared in Turkey until this time.

This new system will serve to achieve two main goals. The first of these is to reduce Turkey's current account deficit. In this scope, no matter where investments in strategic industries are made, they will be supported with the same conditions. By the concept of the "strategic industry," we mean industries in which our country is heavily dependent on imports, industries where more than 50% of supply is based on import-based products. And with the addition of the strategic investments that will be supported with the new system, we aim for a structural transformation to occur in industry.

On the other hand, interregional differences in development are an important problem area for our country, too. Increased investment was noted in our lesser-developed regions with the incentives we provided within the scope of the system that used to be in place. The effectiveness of the regional incentive system was increased with the new system, which has shifted toward a province-based regional incentive system. The provinces were reclassified according to their levels of socioeconomic development levels, resulting in the creation of six regions. Region 6, where the provinces in the Eastern and Southeastern Anatolia regions are, is the region that will benefit from incentives the most. With the new system, we want to facilitate increased investments in less-developed regions, this region most of all, and thereby have these regions develop faster.

2012 is expected to be the year in which the efforts of the development agencies will bear fruit. You, in addition, have characterized this year for agencies as a year of analysis. Can you expand on this statement? What do you mean by a year of analysis?

Since 2011, development agencies have come a significant way with respect to institutionalization and the provision of services. Regional plans for every one of the 26 Level II regions were prepared. Support programs that respond to the

regions' priorities and strategies were implemented. Various research and development efforts were conducted as well. Over this period, our agencies understood their regions better, getting to know them more closely and raising recognition of them.

This year will be a period in which our agencies will be producing information on the qualities, potential, dynamics, and development tendencies of our regions. This information will be presented in studies, observations, and reports that they will publish, whether they do this by their own means and capabilities or by enlisting the expertise of other people and institutions in areas where such a need is felt.

Based on this work, the agencies will convey the voices of the regions in the preparations for the national-level Tenth Development Plan. With the participation of all concerned parties in the regions, in harmony with the predictions of the Tenth Development Plan, they will prepare their regional development plans that determine each region's development vision and progress strategy for 2023.

To lay a foundation for these efforts, the agencies will collaborate with our ministry, conduct studies and analyses, and develop strategies in such areas as regional innovation systems, regional export potential, clustering, logistics and access, renewable energy, potential by industry, and social policies.

Have the development agencies taken inventory of the regions in which they operate? If they have, what sort of results did these efforts bear?

As per the duty assigned to them, the agencies coordinated the socioeconomic development tendencies on a regional level, the development potential of the establishments, per-industry goals, and the preparation of regional plans that determine the distribution of activities and infrastructure. The agencies created their plan by bringing together the public sector, private sector, and NGOs for the shared future of each region. Detailed analyses based on province-by-province, district-by-district fieldwork have been conducted within the process of preparing the regional plans as well. With these analyses, the agencies took a detailed



UP UNTIL TODAY, 110 PPP PROJECTS WITH A TOTAL CONTRACT VALUE AS HIGH AS \$26 BILLION BASED ON 2011 PRICES HAVE BEEN BROUGHT TO LIFE. WHILE THE 26 PROJECTS CURRENTLY IN THE PRODUCTION STAGE ARE WORTH APPROXIMATELY \$9.5 BILLION

snapshot of their regions and determined the strategies needed to reach the vision they plan to attain. All the plans incorporate tangible data and information that can be used in developing and implementing policies concerning our regions' economic and human resources.

These efforts were firstly and especially utilized in the design of the support programs run by the agencies. These provided guidance not only for the support, but also for in-depth analyses and studies, and our institutions and organizations in the region and center benefited from this information and these documents in their

work as well.

The agencies have undertaken guidance-providing and supporting roles for the formation and development of clustering in priority industries in the regions. Various analyses and studies have been conducted in this scope. (Eskişehir-Bilecik-Kütahva Ceramics Cluster, Mersin Province Clustering Preliminary Analysis, Clustering Strategies for Prominent Industries in Hatay, Studies regarding the Development of the Izmir Clustering Strategy, etc.) Some of the analyses. strategies, and reports produced at various levels by the agencies are as follows:

Industry Reports (Health Care Tourism Report, Natural Stone Report, Milk and Dairy Products Report, Golf Tourism Report, Solar Energy Report, Natural Spring Water Report, Furniture and Forestry Products, Energy and Mining Report, Textile Industry Report, Plastic and Rubber Products Manufacturing Report, Housing Report, Logistical Hub Report, etc.)

Country Reports (Syria, Iran, Iraq, etc.) Master Plans and Strategies (Tourism Master Plan, Rural Development Master Plan, etc.)

To what extent have development agencies contributed to the national economy and to reducing interregional differences in development?

The agencies provide various financial supports to facilitate the accomplishment of the priorities laid out in the regional plans. In addition to this, the agencies are providing technical support geared toward developing institutional capacity in the regions, such as lobbying activities and temporarily providing experts or consultants. Furthermore, technical support is being provided to investors in the regions by the investment support offices set up in every region, which can provide assistance in following operations like getting incentive documents and so on.

The financial supports provided by the call-for-proposals method are run under such headings as economic development, social development, rural development, tourism and tourism infrastructure, and small-scale infrastructure. The agencies have been providing financial and technical support programs since 2008. By way



Cevdet Yılmaz, the Minister of Development, in a groundbreaking ceremony of a student dormitory



A visit to Bingöl, a city in the east of Turkey, which is hometown of the minister

Listening to a senior citizen during a trip to Anatolia



At the opening ceremony of a school



At a preschool education

Together with the women weaving Alaca fabric in Burdur

of the call-for-project-proposals method, TRY 48.5 million in 2008, 95.3 million in 2009, 425.8 million in 2010, and 471.1 million in 2011, totaling approximately TRY 1.1 billion, was set aside for projects. A total of 18,617 projects applied to these calls; so far, 3,340 of them have won the right to receive support. Twelve out of the 25 agencies that responded to the call for project proposals in 2011 are still going through the project assessment stages.

Additionally, agencies play important

roles in the implementation of national support programs in certain regions, too. For example, the SODES Social Support Program is being run by the Eastern Mediterranean Black Sea, and the Program for Supporting Centers of Attraction is being run by the Northeast Anatolia, Karacadağ, and East Anatolia Development Agencies.

In recent months, our agencies have contributed regularly and significantly to the development of projects concerning the use of EU funds.

Beyond all this, the agencies have started to cause the creation of a consciousness of development, brought the concerned parties together, provided education to thousands of people, and contributed tangibly to the development of capacity. As these efforts bore their fruits immediately, these will emerge in a more frequent and permanent fashion in the long term, too.

Can you discuss the developments that have occurred in the East Anatolia, Southeast Anatolia, Eastern Black Sea, and Konya Plains Projects, which incorporate economic, social, environmental, and locational goals geared toward regions in Turkey that have developed at a below average rate for the country are at a disadvantage for such varied reasons as climate, population growth rate, and topography? When will these projects be completed?

The Southeast Anatolia Project (GAP) is targeted for completion in the 2008-2012 period as per the GAP Action Plan. In this scope, it has been calculated that a total of TRY 26.7 billion of resources will be required in the 2008-2012 period for the activities and projects that appear in the GAP Action Plan. A TRY 7.3 billion part of these resources consists of regular payments planned according to existing tendencies and the stock of ongoing projects. A TRY 4.9 billion part of the additional TRY 19.4 billion financing requirement set forth in the Action Plan is slated to be provided from outside the central budget. The amount planned to be provided from the central budget is TRY 14.5 billion. In 2008, 2009, 2010, and 2011, respectively TRY 1.9 billion, 2.8 billion, 3.2 billion, and 3.3 billion in payments as current prices were allotted. The amount of investment allotted for the actions within the GAP Action Plan in the 2008-2011 period was roughly TRY 12 billion, and therefore 50% of the public financing need was met.

According to the Statutory Decree dated 6/8/2011, no. 642, the East Anatolia Project Regional Development Administration, Eastern Black Sea Project Regional Development Administration, and Konya Plains Project Regional Development Administration were established as legal persons connected to our ministry with the purpose of coordinating the East Anatolia Project, Eastern Black Sea Project, and Konya Plains Project practices on location and accelerating the development of the regions covered by these projects by fulfilling the research, planning, programming, project design, monitoring, assessment, and coordination services required by the investments in provinces where these development projects are being practiced. Directors have been appointed

THIS YEAR WILL BE A PERIOD IN WHICH OUR AGENCIES WILL BE PRODUCING INFORMATION ON THE QUALITIES, POTENTIAL, DYNAMICS, AND DEVELOPMENT TENDENCIES OF OUR REGIONS

for these administrations and they have begun their duties. The administrations in question will prepare action plans of similar fashion to the GAP Action Plan in cooperation with development agencies and other concerned parties in order to execute public investments in a more coordinated and faster manner. The projects are aimed to be completed swiftly after their action plans are prepared.

Another program geared toward the development of these regions is the SODES Social Support Program. How far has SODES come?

The SODES Social Support Program was put into practice in 2008 in the GAP provinces under the GAP Action Plan's component "The Facilitation of Social Development," and with the inclusion of DAP provinces in 2010, the number of provinces reached 25. In 2011, with the inclusion of the provinces Adana, Mersin, Osmaniye, Kahramanmaras, and Hatay as pilot implementation provinces, the number of provinces within the scope of SODES reached 30. SODES is a human-focused project that is prepared at a local level and in which local actors are vested with broad authority, aiming to fulfill the social needs made necessary by such problems as immigration, poverty, and unemployment; to facilitate equal opportunities for citizens in disadvantaged positions; and to respond to social problems quickly.

Among the SODES projects' priority target groups are children, young people, women, and poor people who live in city suburbs and have difficulty integrating with society. To serve this target audi-

ence, payments of TRY 42 million for 398 projects in 2008, roughly 92 million for 778 in 92, and 150 million for 1,187 in 2010 were transferred to SODES, which is designed to work on a project basis. In 2011, over TRY 194.6 million in SODES support was provided to 1,810 projects in 30 provinces. TRY 250 million has been allotted for the SODES program in 2012. The 2012 project proposals in the GAP and DAP provinces have been received and the governorships' assessment period is currently ongoing.

Numerous activities for all children in provinces where SODES is practiced. most especially for at-risk children, have been conducted to create opportunities for them in such areas as education, culture, arts, and sports; and to foster habits beneficial to themselves, their families. In this scope, numerous children were guided toward culture, arts, and sports activities, enabling them to realize their skills. Equal access to educational opportunities is being stimulated by way of free-of-charge annual middle school exam and university exam courses, bookreading campaigns, study sessions, and scholarships for girls, and children have been given the chance to see our country's natural and historical beauties by way of field trips. Children from poor families who live in suburban parts of cities or in rural areas and face problems in accessing educational or cultural activities and atrisk children—like those who work on the street or are substance users—have been designated especially as target groups in these activities, and these activities have generally been targeted to these segments.

Another important target group of SODES is women. Projects provided for all women in provinces where SODES is active, especially for disadvantaged women, include projects that increase employability via such opportunities as vocational education and microcredit, projects to increase knowledge and awareness via education on maternal and children's health and women's rights, and projects in areas like culture, art, and sports that especially increase women's access to these and create opportunities, and enable them and their families to socialize, by way of which many of our women are better able to stand on solid ground.

NOT BE A

Paul Taylor, a professor of international relations and political science at the London School of Economics and a specialist on EU-Turkey relations, shared his views on the global position of Turkey with The Turkish Perspective.



Starting with the sovereign debt crisis that the EU is currently dealing with, do you think this financial crunch also caused the structural problems and cracks that the EU already have in regards to integration, diversity, and so on to be revealed? If so, can you discuss these problems? How will they affect the EU from now on?

There certainly are conceivable approaches to the problem—Eurobonds etc.—that are excluded because of a falling away of enthusiasm for further integration, at the popular and at the elite levels. There are specific problems that tend to reinforce this, such as those of immigration from other EU and non-EU countries. But broadly the problem is reflected in a reluctance to adopt integrative solutions to common problems, known by specialists as "spillover."



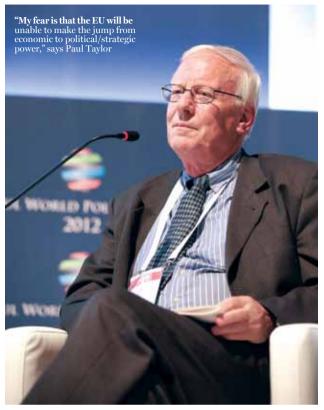


How do you see Greece's future? Do you think that exit from the euro is an option for the country to better off its economy? As a case we witness for the first time in history, how is it affecting the EU and the common values it was built on?

I think Greece will be kept in the euro system, if only because of the serious consequences for Europe as a whole if Greece withdraws. Banks holding Greek debt would be in trouble. There would be a reluctance to hold euros in countries such as China. There would be a risk of bank failures and runs on banks. But there has to be more effort to mitigate the worst effects of austerity, to encourage growth, and the make the richer citizens pay a fair share of what is needed to recover, through, for instance, paying taxes (as Mme. Legarde has pointed out).

In your book The End of European Integration: Anti-Europeanism Examined, you mention the post-Cold War period, when European agenda was not to the taste of French interests and when there was some hesitation in Germany as a result of a growing sense that the unified German state needed the EU less than before, and that it was unnecessary to accept the costs of integration... Considering these changes, can you shed light on Germany's attitude towards the crisis in Europe today? How will its role change within the Union?

The German economy benefits from the euro in that it is not faced with continuous reflationary pressures as it was in the '60s, '70s, and '80s. The problem in Germany today is that Germany has successfully



dealt with reunification, and is the dominant economy in Europe, but therefore tends not to want to see the consequences of not still pushing integration and risking the collapse of the euro. There is a kind of myopia of success, which in the present context is dangerous. Mrs. Merkel is allowed to put the short-term interests of German economic conservatives ahead of the interests of her country as a whole. I regret that only a new threat—which could be a Europe wide recession—to succeed that of the Cold War, and of the reunification process, will reactivate the integrative instinct in Germany.

As a new world order that brings a tremendous change in world's balance of power, what is your opinion about the "new position" that the EU will be taking in the long

My fear is that the EU will be unable to make the jump

Turkey becomes seen as an economic asset rather than a drain on the EU budget, and it is welcomed as a major conduit to Turkey's neighbors

from economic to political/ strategic power. The sense of common destiny has weakened, not least because of the British. There is little or no evidence of going beyond normative power, or emergency humanitarian machinery, to welding together a more capable European strategic force. Most members prefer to keep redundant national military forces, focused on out of date national goals. German forces are still concerned with the land threat from the east. The British and French still see themselves as global players despite their declining economic, political and military power. This is a kind of survivor of their imperial legacy. The East European states tend to be more Atlanticist even than the British. There may be a new world order, and in some areas the EU will be important, but it will not be a player in the great strategic game. The players there are likely to be the US, China, and the Russians.

We have been seeing a landmark foreign policy shift on the part of the US since last November: the country is expanding its military presence across Asia and the Pacific while becoming comparatively less involved in Europe and the Middle East. Do you expect a similar change in the EU's defense strategy as well? How should the EU respond to this new security structure in the world?

I see no capacity in the EU for developing any military presence in the Asia-Pacific area. The development of a military planning capacity may mean more recognition of threats in other parts of the world, but this will not enhance military capacity. Europe lacks appropriate forces and in particular lacks adequate logistical

capacity. For the latter the EU countries remain dependent on the US.

Can you assess Turkey's relationship with the EU from a political and economic? Do you think Turkey should become a EU member? Why, or why not? How will the membership process be affected by the economic change that both sides have been experiencing for a while? (Europe's retreat vs. Turkey's boom.)

Turkey should continue as energetically as possible with the reform agenda, but in the meantime also push further economic development and more active policies as regards her neighbors. Turkey should move from a certain introspection and defensiveness, to a more outward looking and energetic position. Many of the newer members of the EU saw membership as a way of consolidating economic development and liberalization. In the case of Turkey the process will probably be the other way round: economic development to a degree that European states want Turkish membership, the absence of any difficulties on political/social grounds, come first. Turkey becomes seen as an economic asset rather than a drain on the EU budget, and is welcomed as a major conduit to Turkey's neighbors. These changes are good for Turkey anyway, and would assist membership in the EU if that is still wanted. They would also alter the geopolitics of the Cyprus problem. A rich, outwardlooking, and energetic Turkey could more easily attract support for reconciliation Southern Cyprus. In the meantime it would be easier for Turkey to accept opening her ports and airports to Cypriot traffic. Turkey would in a sense rise above the problem.

In addition, a Turkev that develops as I have described could become a candidate for permanent membership of the UN Security Council as a representative of the Muslim world.

What are your comments on Turkey's foreign policy change during the last decade? How does the EU see Turkey's activities in the Middle East?

Very positively. As Turkey becomes richer and less vulnerable to accusations of illiberality -- more modern -- so Turkey should adopt policies of greater engagement with her neighbors and the other Turkic lands, whilst pushing them to become more modern also. Turkey could become a powerful force for regional order.

Are you expecting extreme movements nourished by xenophobia, racism, or Islamophobia to grow significantly more in Europe in coming years? We see an increase in these movements and the parallel use of the crisis as an excuse. What other social outcomes will result from economic weakness in the EU?

The economic crisis is likely to encourage greater concern about immigration, as is clear from public attitudes in most of Europe. Groups that can be identified—wrongly—as the "other" tend to be blamed for taking jobs. But I don't think that this is specifically to do with Islamophobia, but rather it is generally about "others." It has become a political problem, and it plays into party politics. It is likely to exacerbate traditional forms of racism/prejudice, especially in Eastern Europe, but to a lesser extent in the postwar period also in Western Europe. An illustration is the UK Foreign Office official warning that black players and supporters visiting the current European Nations football competition in Poland and Ukraine should be very careful in case of violent attacks. Latent prejudices are stressed by the crisis, but they have been very powerful historically—and regrettably

Turkey has the potential to be a major economic power, and that economic power is an important basis of political power

are still powerful—as with anti-Semitism.

The crisis has also sharpened political and social divides, because of the widespread perception, not just in Greece, that the rich are getting away scotfree whilst the less well off pay the penalty of economic failure. At the same time, politicians are increasingly unpopular—in the UK and elsewhere—because of the perception that they have been incompetent, and also greedy and corrupt. There are serious problems of political and social management for politicians when there has been a drastic decline of confidence in them.

In your speech at Istanbul World Political Forum, vou discussed Turkey's increasing political influence as a result of the boost in its economy during the last decade. Can you please explain this more?

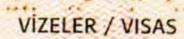
The points to stress are that Turkey has the potential to be a major economic power, that economic power is an important basis of political power, that Turkey has the advantage in the Muslim world of being a successful state, and increasingly in many ways a role model. Political ambition, for example re membership of the UN Security Council, would be increasingly justified.



VIZELER / VISAS



ELIMINATING BARRIERS





June has been a month where important steps were taken in terms of Turkey-EU relations. As an ironic development, Turkey, an EU candidate country, has decided to contribute \$5 billion to an IMF fund that was developed to help EU countries that are in financial crisis. Secondly, with the determination of Turkey, a significant step was taken to solve a long-lasting process: The Council of the European Union provided the European Commission the mandate to initiate the visa liberalization process with the final objective of lifting the Schengen visa requirement for Turkish citizens. Minister Bağıs shared his comments on these major developments between Turkey and the EU through The Turkish Perspective.

BY CEYHAN AKSOY



THE EU WOULD BE A GLOBAL ACTOR THROUGH TURKEY'S ACCESSION

Minister for EU Affairs and Chief Negotiator Egemen Bağış is taking concrete steps on Turkey's EU path although the process has been blocked by some of the EU member states in recent years. "Now it is time to enhance our cooperation" Minister Bağış commented.

BY HASAN MERT KAYA

VER THE PAST ONE YEAR, Turkey could not open new chapters.
When we take into consideration the pace of negotiations, why do you think Turkey should be a member of the EU? Turkey's EU perspective is a consequence of a long-term and visionary view that is beyond daily concerns and no efforts can change our orientation.

Turkey started the accession negotiations for full membership of the European Union in 2005. After then, our government has undertaken a series of significant political reforms accompanying Turkey's socio-economic change,

thanks to the EU process that acted as a democratic anchor. Transformation has never been easy; but Turkey has proven its capacity to transform herself into the better conditions by using the EU accession process as a driving force.

Although there are many challenges on our path to the EU, I can say that we are very determined to push on with the EU reform process and raise our standards.

When we look to the Turkey's case, anchored by the lure of the EU, Turkey has overcome a long path. Today's Turkey is changing, growing and becoming more

prosperous, democratic and reputable. Aware of its potential and power, Turkey will continue its path to the EU with the goal of full membership to the Union

As I said before, the value of the European project remains clear to us. Nations that stand together are better off than those that stand alone, and as an effort to elevate commonalities over differences, the EU is a unique accomplishment. Integration is the principle that has propelled Europe to historic levels of security, peace and affluence, and its benefits are as relevant today as ever. Not only an economic and political union but also a regional peace project, I strongly believe that the EU would be a global one with Turkey's accession. This is a vision that we can achieve together.

Is Turkey still interested in joining the EU?

On our side, Turkey continues to work determinedly in order to catch the EU standards. Our primary motivation is the reform process rather than a membership process. The conditionality of the EU process definitely contributes to the transformation of our country. However, the transformation capacity of the EU process depends on the credibility of the EU. And unfortunately the EU has a serious credibility problem at the moment. Interestingly, EU countries do not respect their own rules on the EU negotiation process. 17 out of 33 chapters of Turkey's EU negotiation process have been blocked on political ground. If political obstacles are lifted, Turkey is ready to open 16 more chapters in addition to 13 chapters which are already opened. Nevertheless, we can't. Because narrow-minded politicians in Europe may have a chance to sabotage the interest and own rules of the EU

Despite these challenges, we are determined to carry out the necessary reforms for the sake of our own citizens. We are also resolute in pursuing full EU membership. However, we need motivation form our European friends. Our partners in Europe should move forward with Turkey's membership talks in good faith, and envisage a more open, tolerant, dynamic and prosperous Europe, with the confidence to shape the 21st century for the better.

The support for the Turkey's EU membership is very low within the EU countries. What would you say to the European public that is skeptical of Turkey's membership?

If EU wants to be a global actor, it is obvious that the next step for EU is Turkey's full membership. But prejudices concerning Turkey's membership are preventing EU from taking any step.

One of the biggest sources of paranoia for the EU was the baseless assumption that EU countries would encounter an intense wave of migration if Turkey became an EU member. Fears that Turkish membership would result in an influx of migrants to Europe are simply outdated; with Turkey's economic boom, tens of thousands of Turks have returned home over the past few years.

Some European politicians who lack a vision and exploit Turkey's accession for their domestic political consumption, made the situation worse. Contrary to these politicians, none of our political parties exploited the EU issue during the last election campaign process, as we consider it a "national cause". I suggest the European public to focus on concrete benefits of Turkish membership and also focus on the discourses of their foresighted leaders who are conscious that it would be a historical mistake to exclude Turkey from the Union.

European Union's actual problem is economic stagnation. Many of the EU member countries need economic dynamism. Imagine the power of European Union when the continent's fastest growing economy and youngest working population joins the Union. Imagine the impact of the strong Turkish market and dynamic Turkish industries. Turkey will undoubtedly be an important player in Europe's security and defense policy as well. It will be a major contribution to its cultural diversity.

All of these factors would definitely persuade the European public on Turkey's membership, if the debate was not be spoiled by false fears, irresponsible statements and myths.

There are still misperceptions and prejudices between the EU and Turkey. What is your 2012 agenda on communication activities to overcome

these and to inform both sides about Turkey's negotiation process?

As I mentioned before, we continue to witness groundless discussions, prejudices and myths about Turkey and its accession to the Union. This is why we give utmost importance to communication with our counterparts in the EU. Our main aim is to give objective and correct information about our reforms. accession process and values that we share with the European public. In order to do that we have launched Turkey's European Union Communication Strategy which is a two-way strategy to communicate Turkey to the EU and to communicate the EU to Turkey in 2010. Within our communication strategy, we used every opportunity to convey our messages to different groups such as politicians, NGOs, think tanks, youngsters, academicians, media professionals and also the ordinary citizens

"We expect the EU to keep its promises and adopt an approach that allows the process to advance and be concluded on the basis of fair and objective criteria when determining and assessing the requirements that Turkey is expected to fulfill"

on street both in Turkey and the EU. In addition, we inform both sides about our activities and Turkey's EU accession process using different channels such as social media like Facebook and twitter and local/regional and national media as well.

We have launched two competitions in 2010 targeting university students. One of them is "Young Translators Competition" which aims to increase the awareness in terms of translation throughout the EU accession process and to improve the cooperation, initially, among the universities and

the youth. And the second is "Young Communicators on the Path to the EU Competition" which targets future media professionals and inform them about EU and Turkey's EU negotiation process. I am very proud of the outcomes of these two initiatives when we consider that we are now living in a communication era.

Within the scope of our EU Communication Strategy, we are planning to implement a communication and PR campaign throughout some European countries to reach wider public in 2012. Aiming to improve and strengthen Turkish image in Europe, the campaign will also increase awareness on Turkey's EU accession process and public support by various information activities including billboards and promotion videos.

Turkish public support regarding EU membership is also falling. Do you think Turkish public still wants to be a member?

It has been more than half a century since Turkey has knocked Europe's door. As I said, Turkish public is getting more and more discouraged and frustrated by the attitude of certain EU leaders towards Turkey. The discourses of some European politicians, who argue that Turkey's size and culture become an obstacle for Turkey to have a seat at the European table, is weaken the EU's credibility in Turkey. The Turkish public support for EU membership has declined, and nowadays it drops to less than half in favor of joining. More alarming, 92% of Turks believe that the union has "double standards" when it comes to Turkish accession.

Even though around 60% of the public still supports EU membership, only 30% believe that Turkey will become a member some day because of those double standards. We accept the membership of Turkey to the EU as a national target and believe that it can only be realized and made be sustainable via the support of Turkish citizens. So, if the EU wants Turkey to stay on board, it should repair its credibility problem as soon as possible.

Could you give information about the projects implemented by the Ministry for European Union Affairs?

In regard to EU accession process, Ministry for EU Affairs has developed a lot of projects regarding civil society and the public. The projects are developed for increasing the efficiency of public and civil society in Turkey, enhancing the dialogue process regarding EU affairs, introducing EU to more people in Turkey and introducing Turkey to more masses in the EU. Some of leading projects are "Provinces Preparing for the EU Program", "Turkish Local Media on the EU Path" and the "EU Communication Campaign Training on the Path to the EU" projects.

Enthusiasm for the EU is being spread throughout Anatolia with our Project titled "Improving the Effectiveness of Governorates in the EU Accession Process". The project aims to use EU financial assistance more effectively at the local level and share the experience gained through adoption of the EU acquis in local regions. Within this project, firstly deputy governors in 81 provinces were assigned to be Provincial Permanent Contact Points for EU Affairs. The provinces are now better involved in the EU accession process through EU Units established within the governorships. They have already turned out to be effective, rapid and accurate information outlets in their provinces.

For the purpose of enhancing this project and improving the technical and administrative capacities of the EU Units of the governorates, we have launched a new multi-year program named "Provinces Preparing for the European Union" in 2011. 79 provinces applied for the program with their projects and 25 provinces were awarded grants through the Ministry for EU Affairs' own resources. The Program was successfully completed with colorful awareness raising activities such as seminars, panels, trainings, info-days all over Anatolia. The financial assistance of the Ministry for EU Affairs to local administrations has not ended. As a continuation of the previous Program, a second grant program called "Provinces Preparing for the Buropean Union-II" is launched as of January 2012. The new Programme consists of two components, one micro grant scheme named "Support for EU Activities" within which 13 projects

have already been initiated as of April 2012 and another grant scheme named "Support for Regional Projects" which will be carried out through 7 regional projects that will start in June 2012.

In the first half of 2011, we have started two projects in cooperation with British Embassy in Ankara. Under the motto "EU arises from the local". "Turkish Local Media on the EU Path" project aims to strengthen the communication network with the local media members. In this way, a remarkable contribution to our EU process will be provided as the local media has a key role on influencing public opinions in their region. Within the context of this project, regional informative briefings for the local media was held in 10 different cities of Turkey in 2011 and 2012 and we have reached almost 500 local media members throughout Turkey.

The project attracted a great deal of attention from the local media. The number of applications to the seminars reached 814. For that reason, MEU has planned to start second series of the seminars. The local media members who did not participate in the first series of seminars within the framework of "Turkish Local Media in the EU Path" project will have the opportunity to increase their information about the EU, Turkey-EU relations and Turkey's EU accession process.

The other one which I like to mention is the "Communication Campaign Training on the EU Path" Project. The main objective of this project is to ensure effective implementation of the Ministry for European Union Affair's communication strategy to promote Turkey's EU accession through improvement of the communication and public diplomacy skills of our public officials.

As you mentioned before, many activities will be held throughout Turkey as part of the activities of Ministry for EU Affairs. Last month, when I visited my hometown Siirt, I saw a banner that said, "Siirt integrates with the EU." What will EU bring to our provinces?

EU process itself brings much to our Provinces. It brings welfare... It brings development... It brings broader vision. There are so many infra-structure projects around our provinces that have

been financed by the EU funds. For instance, in our 35 Provinces, Municipalities have built Solid Waste Landfill Facility with the EU funds. Besides, students from all around Turkey have travelled to the EU countries with different EU programs and they gain broader vision. So many NGOs in different Provinces prepare EU projects on so many issues.

You have shared some good news with the Turkish public regarding Turkish experts' employment at the European Commission. Could you share some more details with us?

As a result of our determination to the EU process, a memorandum of understanding for the secondment of Turkish officials at the European commission signed between Turkey and the EU on 28th of September, 2011. The recent development is a "milestone" for Turkey-EU relations since through this secondment, Turkish bureaucrats will work together with the Eurocrats in both policy making and implementation of the EU politics. This essential network will not only contribute to mutual learning and socialization, but will also remove the ongoing misperceptions and misjudgments against Turkey's membership. I am very proud that Turkish officials will contribute to the construction of the future Europe with their European counterparts.

There are also some improvements in visa-free travel to the EU for Turkish citizens.

Turkey is the only negotiating candidate country whose citizens are subject to Schengen visa. We want visa exemption, not facilitation. And now, after an intensive dialogue, we started to get positive approach from EU side. In June, the Council of the European Union gave the European Commission the mandate to initiate the visa liberalisation process with the final objective of lifting the Schengen visa requirement for Turkish citizens.

This is a milestone in the process for abolishing the unfair visa regime that has been applied to Turkish citizens by EU Member States, as a result of the policies of politicians who lacked vision following the coup d'état in 1980.

15 APR

JULY - AUGUST 2012 ISSUE 11

Permitted to remain in feeling on 11
Condition that the holder does not entire replayment unless the amplitudes a replayment unless the amplitudes of the replayment unless the amplitude has been a replayed and the range is any burners or profession of thought the permitted on the residual of a printing.

The concerted, steadfast and determined efforts undertaken by all our public institutions under the coordination of our Prime Minister, have significantly contributed to the attainment of this critical stage.

I would like to thank all representatives from the private sector, civil society organisations, and universities who have contributed to these efforts with their support and assistance, as well as all Turkish citizens who have engaged in the legal struggle for the abolishment of the unfair visa regime

contribute to Turkey's EU accession process and closer integration between societies.

What would you say to the Turkish and the European public regarding Turkey's EU negotiation process?

With bold reforms carried out in the last decade by our Government, Turkey has become a more democratic, transparent, prosperous and reputable country. I believe that Turkey's determination will pave the way for its EU membership.



for the achievement of this favourable development.

Our determination, the economic performance of our country and the firm stand taken on this issue by our people have played an important role in overcoming concerns and prejudices in EU Member States and will continue to do so.

In the next stage, we expect the EU to keep its promises and adopt an approach that allows the process to advance and be concluded on the basis of fair and objective criteria when determining and assessing the requirements that Turkey is expected to fulfill. In order to enable visa-free travel for our citizens, we have been and will continue to be committed to this issue, along with all relevant public and private institutions and organizations.

I believe that this significant step taken towards visa-free travel will also Our partners in Europe should move forward with Turkey's membership talks in good faith, and envisage a more open, tolerant, dynamic and prosperous Europe, with the confidence to shape the 21st century for the better. Once Turkey becomes a member, it will contribute the European interests in a wide range from foreign policy issues to economic dynamism, from security to social harmony, from environment to energy. Shortly, being the "key" for a stronger Europe, Turkey is ready to share the burden and contribute to solve the problems of the EU. To make it happen, we need leaders with vision who will appreciate the fact that Turkish-EU relations or enlargement in general are based on a "win-win situation".

One last question about Turkish Airlines. How do you REGARD the Turkish Airlines efforts on publicity of Turkey?

I would like to thank Turkish Airlines (THY) for their continuous support during our accession process and their cooperation for distributing our publications which describes Turkey's key role to the EU public. With this cooperation, we offer to our European counterparts and the EU public that, let's take the golden key which Turkey gives to you and open the lock. This will enable you both to get rid of the lock at the door and the lock in your minds.

Today THY has a large flight network from Europe to Middle East and from North America to Far East. Millions meet the Turkish quality and hospitability via Turkish Airlines and we believe that Turkey will make the similar contribution to the Union. As I always mention, we are very proud of THY's successes and worldwide vision. Recently, selection of THY as the "Best Airline in Europe" at the 2011 World Airline Awards makes us also proud.

Like THY sponsors the Euroleague Basketball and like the leading sport clubs such as FC Barcelona and Manchester United have been using THY logo, in a close future the name "Turkey" will also take place in "EU League". Only a decade ago, travelling by airplane was used to be a kind of dream for most of us and today, THY made this dream came true. I suppose that the Turkey's route to the EU-another major goal-which lasts more than 50 years will be shorter, again by the contributions of THY.



ELIMINATING PREJUDGEMENTS

Abdullah al-Shammari, a consultant in Saudi Arabia's Ministry of Tourism and Information, provided his views on Saudi-Turkish relations to The Turkish Perspective

BY HASAN MERT KAYA

bdullah al-Shammari is an expert on Turkey who currently serves as a consultant in Saudi Arabia's Ministry of Tourism and Information. Besides his duties in the ministry, al-Shammari is officially the nation's most important spokesperson to the press. Often meeting with leading world media institutions like Al Jazeera, the BBC, and The New York Times in Turkey, America, the Middle East, and in the Persian Gulf, al-Shammari's statements are presented as the comments of the Kingdom of Saudi Arabia. Al-Shammari was posted as a diplomat in Turkey for seven years, during which he traveled all over the country from Rize to Edirne. In addition to all his duties for Saudi Arabia, what has made Turkey special for him is the incredible effort he has exhibited for years to improve relations between the peoples of Turkey and Saudi Arabia, both at the diplomatic and cultural level. He speaks Turkish as a native, knows Turkish songs by heart, and names Turkish lentil soup, Kayseri *mantn*, and *çiğ köfte* as some of his favorite foods. He is as familiar with Turkish and Ottoman history, Mustafa Kemal Atatürk, and Turkish foreign policy as Turkish politicians are. He organizes conferences concerning Turkey in Saudi Arabia, and he is working to help found a Turkish studies institute in the country. Additionally, Turkey's Minister of Foreign Affairs, Ahmet Davutoğlu, presented al-Shammari with a medal in 2010 for his contributions to the development of relations between Turkey and Saudi Arabia.

Could you provide your views on the background of relations between the two countries?

The importance of Saudi-Turkish relations is based on religious and historical ground, and on common destiny. This, in turn, is enhanced by a solid economy where both countries are members of the G-20 and play a significant political role that contributes to the continuity of regional balances, which are cemented by a network of regional as well as international relations. In addition, both countries emphasize the importance of preserving international and regional peace, security, and stability particularly in the Middle East. Relations gained significance in the past decade and resulted in a high level of harmonization in their external relations strengthened by mutual trust between the leaderships and led to cooperation and coordination in dealing with regional issues such a stance contributed to the diplomatic efforts in support of the Palestinian issue, rejection of Israeli settlements, and in fostering stability in Iraq, Yemen, Afghanistan, and Sudan. Saudi-Turkish cooperation is evident in the forums of the United Nations, Organization of Islamic countries, the Arab League, and the GCC.

Looking back, what has changed in the international order?

While Saudi Arabia was founded on Islamic Sharia as the source of its legislation, Turkey, however, was established on a secular base. a matter that led to divergence and mutual misunderstanding for more than four decades. In spite of that, bilateral political interests and the nature of international relations often superseded ideological differences espe-



The domestic situations in Saudi Arabia and Turkey as well as the state of regional and international affairs present the two nations with an historic opportunity to fulfill their ambitions to lead the Islamic world with a common strategic vision and shared goals to enhance stability in the region.

cially that both countries had strong relations with the west and the United States, which necessitated their cooperation against the communist camp led by the now-defunct Soviet Union. Despite frequent coldness, Saudi-Turkish relations maintained a credible level of harmony in external policies particularly toward the issues of Cyprus, the Iranian revolution, and Soviet occupations of Afghanistan. Changes in the international order as a result of the collapse of the Soviet Union and the independence of the central Asian Islamic republics, coupled with the spread of Islamic revival in its population, reflected positively on the Saudi-Turkish relations, these republics have always had historical, ethnic, and linguistic ties with Turkey as well as religious, cultural and spiritual ties with Saudi Arabia, which is the spiritual center of the Islamic world. Moreover, the Saudi and Turkish positions on Nagorno-Karabakh and Bosnia were identical.

What do you think about security in the Middle East in the near future?

The events of September 2001 had direct and profound consequences for the security in the Middle East and led to change and modification of Saudi foreign policy and perspectives. This was evident in the new channels pursued by Saudi Arabia beyond its traditional ties with the United States and its reach out to other global powers like China, Russia, India, and particularly Turkey, which occupied a special interest due to its rising Islamic character. After the November elections of 2002 in Turkey, the Justice and Development Party gained a parliamentary majority and Turkey had more understanding of the Middle East, untainted by nationalistic perspective, resulting in a positive reception by the Saudis. In light of shared strategic needs of both countries and to enhance their relations, it is imperative that such relation

be augmented in all strategic spheres. Continuous communication at the highest level is a matter that is necessitated by the vital importance of regional stability in the region. which suffers from fragmentation and political, sectarian, ethnic, religious, social, and economic upheavals. It is of utmost importance to guard the continuity of a balanced Saudi-Turkish relationship and to secure their political, economic, and religious interest against all seditious attempts that aim at spoiling their rising amicable relations.

In the Saudi domestic front. what is the role of the accession of King Abdullah to power?

In 2005, it represented an additional opportunity to improve Saudi-Turkish relations due to his charismatic personality and his quest to defend the vital interests of the Islamic community, especially the Palestinian rights as embodied in the Arab peace initiative, which represented a genuine approach toward a comprehensive, just, and durable peace and a final solution to the Middle East problem based on international legitimacy. King Abdullah's call for dialogue between religions was the closest to the Turkish approach. The official visit of King Abdullah to Turkey in August 2006 was another important strategic step that led to the establishment of economic partnership and investment accords based on a shared vision and mutual interests. It is reasonable to state that Islam surged to become an increasingly important factor for both countries.

What do you think about the Islamic heritage of the two countries?

For Saudi Arabia, Islam represented permanence and evolution but for Turkey, it represented a new path in politics. Islam represents a comprehensive vision that governs all Saudi internal and external policies, which made the Islamic dimension the corner stone of Saudi foreign policy. As for Turkey, Islam became a new factor particularly after the ascendance of the Justice and Development Party, which emphasizes that the return of Turkev to its Islam identity is not in conflict with its national-secular character. It can reconcile the virtue of Islamic civilization with the rational progress of the West. This development explains its recent closer ties with Saudi Arabia. It is also reasonable to indicate that Turkish policy makers grasped the idea that historical and religious roots was a more decisive factor than the political or economic reasons behind the attitude of the European Union members toward Turkey's request for full membership in the European Union, especially after the accessions of Cyprus, Bulgaria, and Romania to the Union. Indeed, this perception in turn explains the influence of the Islamic dimension on the foreign policies of both nations as examples of moderate Islam. It could be clearly said that Saudi King Abdullah bin Abdul Aziz al-Saud was one of the most understanding Arab leaders, who realized the change that took place in Turkey; he was the first Arab leader to pay two visits to Turkey in less than two years. His visit to Turkey in August 2006 is considered a strategic turning point in the relationship, as it was the first official visit of a Saudi king to Turkev in the history of relations between the two countries. The bilateral visits between the two countries also included the visits of Abdullah Gül to Riyadh twice as Prime Minister, and three times as

Deputy Prime Minister and Minister of Foreign Affairs during the years 2004, 2005. and 2006, as well as the three visits of Prime Minister Recep Tavvip Erdoğan to Rivadh. These events were followed by the second visit of the Custodian of the Two Holy Mosques to Ankara on November 9, 2007 to congratulate the Turkish President Abdullah Gill on his election as President of the Turkish Republic. These visits had a positive impact on Arab-Turkish relations, as Turkish Prime Minister Recep Tayyip Erdoğan was invited for the first time in the history of Arab-Turkish relations to attend the Arab summit in Khartoum in 2006, and then the Arab summit in Riyadh in 2007.

What are the new financial opportunities for Turks in Saudi Arabia?

There are 125,000 Turkish nationals working in Saudi Arabia, while the number of Saudi tourists in 2008 reached 56,000, 67,000 in 2009, and 85,000 in 2010. The number of Turks performing the Umrah in 2010 reached 700,000 in addition to 80,000 performing the Haji.

While such numbers look good, nonetheless, economic relations have yet to fulfill the desired ambitions. Many obstacles are still there but are being addressed through negotiation by the two sides. It is hoped, however, that the trade volume will rise to \$10 billion in the coming years.

There exists a pressing need for both countries to formulate stronger strategic ties to serve their new policies and contribute to establishing successful bilateral and international relations, with special emphasis on combating terrorism, advocating dialogue among civilizations *emphasizing the significance of mutual respect* between faiths and making the Middle East an area free of weapons of mass destruction.



And what of military and security cooperation?

In the field of military cooperation, relations have developed effectively especially in the defense industries. Additionally. in May 2010, an agreement on training and military studies was signed and an official visit by the Turkish Minister of Defense is expected to take place in March 2011 in order to sign new agreements on military cooperation.

What do you think about the future of relations?

Before moving to the future of Saudi-Turkish relations, we should ask if these relations are free of obstacles. The answer to such a question is, of course, no, but to be fair the obstacles facing the two countries in their efforts to advance their relations to a strategic level have to do with perceptions rather than reality. I would argue that just like other complex relations. Saudi-Turkish relations are influenced by perceptions and has been dominated misperceptions that both parties may have of each other. I will only limit myself to what I think are some misperceptions that segments of Saudi elites hold regarding Turkey's current activism in the region. First, there is the question of continuity of Turkish foreign policy towards the region will this policy last only as long as the party in power? Second is dealing with the role of populism in this policy (Turkey is capitalizing on feeling of despair among Arab masses), and the third concern is that Turkey is seeking to replace Arab and specifically Saudi roles in the politics of the region. As I said, these are only misperceptions that we can look into at this forum, which presents the best setting to tackle such issues in an objective way.

ontent: İpekyol: Fashion for Every Age P59 A Steady Brand in Pasta: Selva P61 Turkey Aims to Enter All Homes P63 One More Step, Just as Everything is Over P66 Editor: Cevhan Aksov

Brands Ready-to-Wear, food, Household Linens, Gourmet.



TURKEY'S NEW ROUTE

Turkey is aiming to increase its share in the Mediterranean basin with new marina investments both domestically and abroad

BY CAN GÜRSU

HEMV SAVARONA was the largest yacht of its time and the fastest in its class when it was built in 1931 in the shipyards of Blohm & Voss in Hamburg, and it maintains its place among the world's largest yachts today. The giant ship cost the American heiress Emily Roebling Cadwallader, granddaughter of John A. Roebling, engineer of the Brooklyn Bridge, roughly \$4 million at the time. Today, it is anchored in Istanbul's Bosphorus, still the largest yacht in the world. Presented by the Turkish government to Mustafa Kemal Atatürk—the founder of the Republic of Turkey-in 1938, the Savarona stands as a display of the vision Turkey—whose flag it still bears—has in mind on the seas.

Turkey ranks among the three greats of the world in vacht production, together with the Netherlands and Italy. In the production of mega yachts, it is aiming for the top with the 50 orders it has in the works. The rapid development of the yacht-building industry is quickly increasing

the number of yacht owners in Turkey, too. Domestic demand for marinas on one hand, Turkey's location on the route most favored by yachts worldwide, in the Mediterranean basin, and the superb service provided by the local marina industry create intense external demand as well. With its geographic qualities, price advantage, and quality above and beyond European standards, Turkey is aiming to attain the success it exhibited in yacht production in the marina industry, too.

With the moves it has made in the marina industry over the past ten years, Turkey attained more than 100% growth. With a coastline more than 8,000 kilometers long, 40 marinas, and docking capacity of more than 20,000, it has a promising future. Many companies are pushing marina infrastructure and service quality to much higher levels as they enter the market. In response, existing marinas, too, are investing in improvements in order to raise their quality to the same level and remain competitive. Marinas in Turkey are being positioned not just as placed for yachts to be parked, but as venues where passengers can satisfy their every need, whether boating-related or personal, where they can have the requisite maintenance done on their watercrafts as they enjoy themselves in the

meantime. Mehmet Emin Aksay, chairman of MarinTürk, says, "Our marinas are touristic establishments where our guests both local and foreign can experience the hospitality of the Turkish people the best." He adds that marina occupancy rates are more than 80% despite all the new facilities built as of late. MarinTürk provides its services in three locations in Turkey, with the marinas Istanbul City Port, Göcek Exclusive, and Göcek Village Port.

MarinTürk is able to serve 750 yachts on sea and 75 on land at Istanbul City Port in Pendik, Istanbul. In Göcek Cove, MarinTürk Göcek Exclusive can serve 100 yachts on sea, and Göcek Village Port can do so for 170 on sea and 250 on land. Services offered besides all kinds of maintenance and repairs include office, harbor, technical services, fuel, social services, security, and environmental cleaning, all of which are performed by MarinTürk's experienced team. Aksay says large, particularly "mega" and "super" vachts from abroad are visiting Turkey more often, with great increases in the number of boats from countries like Russia and Ukraine. as well as Arab countries. There are many marinas in Turkey—a center of attraction and tourism—that are able to accommodate super- and mega-yachts that cannot lay anchor at just any marina.

With its 23 floating piers, MarinTürk Göcek Exclusive is ready to receive vessels of any size. "The reason demand has risen so much in Turkey is not just our geographic proximity and the natural beauty of our shores. In my opinion, the most important reason is that the quality of our facilities' well-planned infrastructure and the services we offer is unrivaled," says Aksay.

Marina investments in Turkev were launched in the '80s by the government. Today, it is advancing ever forward with numerous private companies now carrying the torch. One of the first to take this torch into its hands was Setur Marinas.

Setur Marinas' experienced crew provides personal marina service at eight marinas in Turkey- in Kalamış and Fenerbahce, Istanbul; Yalova on the Sea of Marmara; Ayvalık, Çeşme, Kuşadası, and Marmaris on the Aegean; and Finike and Kas on the Mediterranean, adding up to a total docking capacity of nearly 5,000 in facilities presenting world-class service to vacht users passing by the shores of Turkey. Setur has been a leading company in the industry since it started. "In addition to following projects concerning new marinas domestically and abroad, we aim to maintain our industry position by modernizing our existing marinas in order to serve at contemporary standards," says Lorem Ipsum Dolor, the coordinator of Setur Marinas. Turkey's plenitude of natural bays suited for marinas reflect positively on the costs of this business. Additionally, the abundance of historical and natural treasures helps to



MEHMET EMIN AKSAY

CHAIRMAN, MARINTÜRK

We estimate that the industry has grown by around 4.5%. This will be sufficient cause for the need for new marinas to arise in order to meet vessels docking requirements. Besides domestic demand, we are noticing that large, "mega" and "super" yachts in particular have been favoring our country more often and in greater number in recent years. One can't ascribe this to just our geographic proximity and the natural beauty of our shores: in my opinion, the most important reason is that the quality of our facilities' well-planned infrastructure and the services we offer is unrivaled."

convince visitors to extend their stays. The companies in the industry that use the advantages provided by Turkey the best are starting to seek opportunity abroad, too.

With Midilli Marina, which it won the contract bidding for in recent months, Setur Marina is preparing to open its first marina abroad. Recognizing opportunity in the global economic crisis, Turkish companies are accelerating their investments abroad. The D-Marin Marina group, too, is flying the Turkish flag in many harbors abroad. Active in Turkey with the locations D-Marin Turgutreis, D-Marin Didim, and D-Marin Göcek, the group is bolstering its position with D-Marin Mandalina. D-Marin Borik, and D-Marin Dalmaciia in Croatia, Serving with a 2,480-yacht capacity in Croatia and 2,410-yacht capacity in Turkey, D-Marin is keeping up its investments. "The most important business aspect of the marinas group is quality of service," says Ali Erkan, Marina Group Coordinator of D-Marin. "Service is the keystone of a marina, and all other services can only be part of this service." In addition to the Turkish companies that are accelerating their investments not just in Turkey, but in other countries as well, international



Turkey ranks among the three greats of the world in yacht production, together with the Netherlands and Italy, and it is aiming to attain the success it exhibited in yacht production in the marina industry, too.



companies are also showing interest in Turkey, too.

IC Cesme Marina, which was taken over with the buildoperate-transfer model in association with IC Holding and Camper & Nicholsons Marinas of England, possesses a 372-yacht on-sea and 80-vacht on-land docking capacity. Striving to be an exemplary institution in the marina industry, to which it is a relative newcomer, Çeşme Marina has earned renown since it started operations in July 2010 with such awards as the Arkitera architecture award, the Golden Anchor Award, and the 2011 Best Marina Business award. "Many of the marinas found in Turkey are constantly elevating their quality of infrastructure and service," says M. Kemal Saatcioğlu, General Manager of IC Çeşme Marina. He adds, "The quality of the supply presented in the industry is at a level that can serve as an example for the whole world today." Utilizing high-quality service and Turkish hospitality fully, the industry is excellently bolstered by Turkey's natural treasures as well.

Turkey has indeed started to ride the wind it enjoyed in the yacht-building industry in the marina industry, too.

In order to ensure sustainable development, however, the industry has to start receiving the support and incentives it deserves. Turkish tourism, which is already near the top worldwide, can potentially increase even more if the dynamism of the private sector in the marina industry is complemented with government support. Having turned the crisis in their favor. Turkish companies are scouting for investment opportunities not just in Turkey, but also abroad.



PRESIDENT, SHIP AND YACHT **EXPORTERS ASSOCIATION**

More than 40 marinas are currently at the service of the marine and vacht industry and investments are being made constantly. When these investments are complete, the numbers of marinas and, in turn, vessels will reach 80 and 25,000 respectively. The wellsuited shoreline, geographic position, climate, and approach to quality in the marina industry promise great potential in this area. Many large organizations and conglomerates that have realized this potential have started to enter the industry. The marina industry aims to bring in \$10 billion in income in the year 2023, and not only will it do this, but it will also provide support to other industries through services rendered for the incoming vessels, such as maintenance and catering.



M. KEMAL SAATÇİOĞLU GENERAL MANAGER, ÇEŞME MARINA

The Turkish marina industry will continue the rapid period of development it is currently undergoing, and it will grow much more in the future. In recent years, Turkish marina investors have been going abroad as well, presenting the quality of the infrastructure and services provided in our country to the service of mariners abroad.



ALİ ERKAN BEZİRGAN GROUP COORDINATOR D-MARIN MARINA GRÓUP

For Turkey to use the momentum it has achieved in yachts and marinas well and ensure sustainable development, the support and incentives this industry deserves must be provided first of all, and solutions need to be produced at the ministry level concerning matters that stand as barriers to investment.



EMRE DORUK DIRECTOR, SETUR MARINAS

Our country is in a favored position by yacht users especially in the North Aegean and Mediterranean regions due to its geographic richness and climate conditions. This, in turn, creates an inescapable potential for growth and development in the marina industry. As the marina industry develops, it will also stimulate the development of the settlements where the marinas are located.



IPEKYOL: FASHION FOR EVERY AGE

The brand that reaches its customers via 155 stores, is planning to open 25 more with Turquality support

BY DERYA ENGÍN KUTLU

B EFORE I FOUNDED my own business, I worked in a professional environment for six years in total," says Yalçın Ayaydın, CEO of Ipekvol. Avaydın entered the industry as a member of the accounting department in a textile company. After some time, he started to grow dissatisfied with working at a desk and making calculations all day. "I wanted to be outside, do research, study the market, and learn where to buy cloth, what models are sold in which stores, and so on," he says. Having spent years in the industry, he then conducted a number of analvses and decided what sort of brand he would create. What he dreamed of was a brand that would satisfy a woman's

A more expansive concept of quality that goes beyond product quality is a matter of focus in Turquality, with "quality in brand management" being emphasized especially.



ΥΔΙ (ΙΝ ΔΥΔΥΠΙΝ CEO AND FOUNDER, İPEKYOL

"The idea that the success of the brands in Turquality would affect the perception of all of Turkey and Turkish industry has been proven to reflect the truth by the results obtained using this approach. İpekyol, one of the brands in the project, and similar brands will be international ambassadors that increase the value of Turkish products and brands on a global scale in the near future."

Pides rendere hendandis ipsa q que suntis doluptiis et, niet faceper umendis es nos as int porit qui occaborest, consent quo con re vellorisite

every need, one that would be equally stylish and functional, and in 1986 he launched İpekyol, aiming at the female segment of the market.

IPEKYOL SINCE THE '80S

When Avaydın founded İpekyol, the first company in Avaydın Group, his greatest goal was to become the best brand in women's clothing first in Turkey and then in the regional and international market. The first İpekyol store opened in 1989 on Rumeli Avenue in Istanbul's famous Nişantaşı district and succeeded in answering the needs of working women aged 25 and above who played active roles in the office. In a short time, İpekvol became one of the brands to be taken up and to bolster its market position most quickly in Turkey, thanks to its collections as well as the effect of a retail chains strategy.

İpekyol was followed in 1997 by the Twist brand, designed for vounger women who enjoy dressing more casually. Catering to the 18-25 age group, Twist quickly came into its own with its modern, comfortable identity, and started to cultivate its own target audience as of 2007. Ayaydın says the biggest reason why he created the Twist brand was the admiration and interest expressed by customers. "We responded to their requests by opening Twist stores with a comprehensive collection and product diversity," he adds. Twist bears the distinction of being the voungest and most innovative brand within Avaydın & Miroglio Group, in which it possesses critical

and definitive significance. Twist's rapid success despite being a brand born of the need for its customers' desire for youth-oriented design is an indicator of Ayaydın & Miroglio Group's bent for innovation, its dynamism, and its approach to quality.

"IT'S IMPORTANT TO STRESS **IDENTITY IN THE MARKET** ABROAD'

Yalcın Avavdın believes sound infrastructure, IT, and logistics investments are what underlie success as a brand in in markets domestically and abroad, and he adds that market research must be done well to determine

"First, you have to gain acceptance for your brand in the land where you were born. To achieve success in the global market, you have to have brought your brand to a certain level of maturity in your own market," he says. Together with a well-placed brand strategy, one's brands must bear the same language and visual patterns all over the world, according to Ayaydın. "Of course, the dynamics of the country in which there will be a presence should be noted, but the brand identity should never be transgressed."



"I had a big goal when







"NEW OBJECTIVES ON THE WAY"

İpekvol's 2012-2013 objectives are ambitious. For 2012, İpekyol aims to open 25 more stores, adding up to a total of 155. Ayaydın says they will grow to a size of 1,750 employees and indicates that abroad, in 2013, they will further strengthen their Moscow operation. Present in Cyprus and Northern Iraq in addition to Russia with its own retail locations, İpekyol aims to concentrate on this territory in the future. too. In its collection, which consists of shoes, bags, and accessories created based on customer demand, İpekvol has 100 kinds of shoes and 70 bags. Avaydın indicates that these numbers will grow by the day and adds that they have produced 100,000 pieces for the next season.

THE SUCCESS THAT CAME WITH TUROUALITY

A participant in the Turquality Project, which has as its stated aim the creation of ten global brands in ten years, İpekyol is gaining more say in the international competition thanks to the state's support. "It the most important project enacted to render our country's export growth sustainable," says Ayaydın about Turquality.

Helping Turkish brands to reach their global aims and clearing the way for them in the international arena, Turquality is for Ayaydın a brand-developing and momentum-providing tool, as well as a catalyst for information and competency. He states that he finds it very valuable as a platform that elevates the organizational and operational competencies of a number of select Turkish brands to levels competitive with the best internationally and can be used to promote these brands.



Selva was the industry's top exporter in 2011, a distinction for which Mehmet Karakuş, its general manager, received an award from Economy Minister Zafer Çağlayan.

A Steady Brand in Pasta: SELVA

Ranking first in Turkish-branded pasta exports, Selva aims to reach more countries via new investments

BY AYNUR ŞENOL ALTUN

OODLES HAVE appeared in the cuisines of most major civilizations throughout history. They are an essential staple for everyday consumption. Pasta, an item of high nutritive value, stands out as one of the industries in which Turkey is an important part of in the global market. Having started exports with just 13 tons in 1970 for the first time, Turkey today ranks second after Italy in the world pasta trade. The industry exported roughly 406,000 tons of the food in 2011, and it aims to continue its rise. Stable growth of the kind exhibited by Selva, a leading brand in the Turkish pasta industry, will ensure that this happens. Selva, Turkey=s number-one exporter in branded pasta exports, which was named

among the most successful exporters in its industry at the Successful Exporters Award Ceremony in 2011, aims to grow 30% in 2012.

Mehmet Karakus, Selva's general manager, points out that pasta consumption is constantly on the rise in Turkey. Per capita annual pasta consumption went from 1.2 kilograms in 1962 to 3.9 in 1978, 4.1 in 1985, 4.38 in 1991, and 5.5 in 1999. By now, this figure has reached around 6.1 kilos. Karakus says these figures still show that the desired levels have not yet been reached, being below worldwide averages. Because of this, says Karakus, the pasta pie isn't able to grow, and producers are unable to achieve the sales they really desire. He says he believes that per capita



The third-largest brand in the Turkish market, Selva aims to continue its steady growth with a diverse product range and its new investments

consumption can be raised to 8-10 kilos by spreading consciousness of nutrition and explaining proper consumption. Emphasizing that pasta does not cause weight gain when consumed from time to time with light foods and in accordance with daily caloric requirements as determined by dieticians, the company is trying to eliminate the idea that "pasta makes one fat." The company is engaged in various activities, including brand communications activities to promote pasta a respectable main dish, to grow and speed up the pasta industry. The web is an important part of these activities, serving as a venue where the brand works to make pasta more widespread by publishing various recipes for sauces and practical hints, and as a place where they receive and publish consumer feedback on the product—a brave commercial practice, if anything.

A NEW BRAND WITH AN OLD HISTORY

The third-largest player in the Turkish pasta industry today, Selva was founded in 1988 as the first business within İttifak Holding, with a business plan to manufacture flour and semolina. In 1998, it started pasta production. In the time that passed since, Selva became the brand with the most varieties of pasta in Turkey.

The brand has a reputation for accomplishing many such first—among the items it produced introduced to the market are a pasta product that can be cooked in three minutes for people on a strict time budget, spinach-andsoy dumplings as part of its "Anatolian Delicacies" series, and traditional egg noodles. Mehmet Karakus says they value innovation highly at Selva, pointing to the example of fruit semolina, the first produced of its kind in the world. Available in strawberry, banana, vanilla, and orange flavors, the semolina is presented to consumers in 250 g vacuum packs.

Employing 300 people. Selva aims to be a trusted brand in world market with the management systems it practices as well. "As a producer that exports to dozens of countries around the world, maintaining global standards in both food safety and logistics is our primary duty," says Mehmet Karakus. Among the systems practiced by the company, according to Karakus, are the ISO 22000 (HACCP) food safety management systems, ISO 9001 quality management system, ISO 10002 customer satisfaction management system, ISO 14001 environmental management system, and the OHSAS 18001 workplace safety management systems.

Selva currently exports its products to 80 countries on five continents, giving it ever-increasing strength in the world. It is especially focused on exporting with its own brand to the East Asian market, particularly Japan, where it hopes to attain lasting growth. Another aim is to ramp up export of halal-certified foods to be more active in the international market. Karakus savs their initiatives to enter new



FROM TURKEY TO THE WORLD Turkish pasta sector exhibits a stable growth EXPORT (TONS) 2000 27.350 35.950 2001 49.051 2002



markets and countries are ongoing, and he indicates that they participate in or attend important food industry events and conventions that take place in the world. The brand uses these to gain new markets and expand its

With daily output in excess of 10,000 tons, the Turkish pasta industry continues its rapid ascent with government support



portfolio. Currently, Selva is targeting markets in South Africa, northern Europe, and Central America.

INVESTMENT IN INFRASTRUCTURE

Setting lofty goals in international markets, Selva expanded both its manufacturing and its manufacturing infrastructure to this end by making significant investments. Raising its daily pasta production capacity from 125 to 120 tons with investment in a new production line, the company will therefore be able to produce 420,000 packs of pasta a day. The company installed a robotized packing, parceling, and pallet-loading system that bears the distinction of being the first and only of its kind in Turkey, according to Karakuş. Selva also increased its warehouse capacity by 50% from 3,000 tons to 4,500. In short, with its investments in a new pasta production line and R&D efforts, conducted with a €5 million budget, Selva strives to grow even more in exports and enter the ranks of the world's most important pasta brands.



GENERAL MANAGER, SELVA FOODS

"Our attempts to enter different markets and countries continue as we participate in or attend the world's most important food fairs. We gain new markets at these and expand our portfolio. South Africa, northern Europe, and Central America are among the target regions to which we are considering bringing Selva's delicacies."



TURKEY AIMS TO ENTER **ALL HOMES**

The home textiles industry is moving confidently toward its target of "\$10 billion of exports in 2023"

BY AYNUR ŞENOL ALTUN

■ **URKEY RANKS** second worldwide in the home textiles industry. This industry accounts for about 5% of Turkey's exports. Moving confidently toward the target of "\$10 billion of exports in 20-23," as announced by Mehmet Büyükekşi, the industry provides much hope for this with its 2011 performance. Accounting for 8.3% of Turkey's total textile and apparel exports, which are worth a \$24.1 billion, the home textiles industry conducted \$2 billion worth of exports to 166 countries in 2011, representing a 14% increase over its exports in 2010. Notably, however, this

fairly positive performance fell by 10.2% in the first three months of 2012 compared to the same time frame in 2011. According to İsmail Gülle, President of the Istanbul Textile and Apparel Exporters' Association (İTHİB), this loss is a reflection of the ongoing global economic crisis, that in the EU in particular. This loss of value in exports is also related to an artificial dip caused by extreme fluctuations in cotton prices in 2011. In any case, in home textiles, the losses sustained in Q1 2012 were minimal.

Ismail Gülle says that the home textile industry in Turkey's success is influenced In parallel with the development of the textile and apparel industry, Turkey has grown significantly in home textiles as well

The Turkish home textiles industry exported \$2 billion worth of home textiles to 166 countries in 2011.

large industrial investments. integrated facilities being built, increased design capabilities, and the brands created. He emphasizes that the home textile industry therefore contributes to the Turkish textile and apparel industry incontrovertibly.

The success exhibited by Turkish brands confirms this information. Vedat Avdın, Textile Group President of Zorlu Holding, which occupies an important place in the home textile industry with brands like Tac and Linens, says 2011 revenues totaled \$960 million, 590 million of which was from the domestic market and 370 million from exports, with 30% of the net \$45 million profits being gained from exports.

Another brand, the venerable Özdilek, posted revenues of more than TRY 180 million for 2011, 49 million of which was exports. The company aims to attain TRY 50 million in exports in 2012. Kemal Gök, Domestic Sales and Marketing Director at Özdilek, points out that his company manufactures not just towels and bathrobes. but also other home textile products such as quilt covers, bed sheets, and blankets and pillows at its dye and print facility founded seven years ago in İnegöl, Bursa.

TURKEY COMPETES BOTH IN **DESIGN AND IN PRICE**

Turkey ranks as the world's fourth-largest exporter of home textiles, coming in after China, Pakistan, and India and ahead of Germany,

Belgium, Poland, Portugal, and the US. According to İsmail Gülle, countries like China and Pakistan appear in this list by virtue of their low prices, while countries like Germany and Belgium stand out more for quality and design instead of being competitive on price. Gülle says Turkey possesses the advantages of both groups of countries—while standing out for the quality and design it offers on one hand, it is also able to present these products to world markets at competitive prices on the other."

GERMANY AND RUSSIA ARE **IMPORTANT MARKETS**

Germany was the top recipient of Turkev's home textile exports in 2011. Russia, too, stands out as an important market, and according to İsmail Gülle, it is of highly particular importance: "Though it may have ranked as the sixth-largest market with \$90 million in exports in 2011, one must consider the fact that unrecorded external sales were conducted. too, meaning it occupies a place beyond what is visible in home textiles."



KEMALGÖK Domestic Sales and Marketing Director, Özdilek

"The home textiles market in Turkey has started gaining importance again in recent vears with its proximity to the markets and flexible production capability. If Turkish home textile companies pay attention to branding, I believe our country will reach better places in this industry."

On this point, Gülle also highlights the presence of significant market potential for the future based on developing home fashions and consumption habits in Russia. "As such, a 48.5 percent increase in exports to this country was recorded for the first quarter of 2012," he continues.

These two important markets aside, there are other regions where significant progress has been made in exports. Standing out among these are Libya, which exhibited growth of 584% in the home textile exports it received in Q1 2012; Saudi Arabia likewise grew 153%; Estonia, 162%; Tunisia, 332%: Jordan, 409%: and Amman, 6,725%. Croatia and Serbia are also being seen as alluring markets for both the general textile and home textile industries. South American countries such as Brazil and Colombia are potential markets, too.

Hikmet Tanrıverdi, President of İHKİB, points out that the Turkish textile and apparel industry possesses one of the most significant manufacturing capacities



VEDATAYDIN Textiles Group President, Zorlu Holding

"If we think of the developed markets as the EU and US, Turkey is the only country from which they will buy good, high-quality home textiles! Turkey is a country that one must turn to when quality, innovative products are desired. If we can support our position of leadership quantitatively, too, we will be in a much better position." *An exports performance* of \$2 billion in home textiles industry is expected for 2012

















HİKMETTANRIVERDİ President, İHKİB

"The Turkish textile and apparel industry possesses a globally significant production capacity and stock of machinery. The captains of industry are constantly following international technological developments and renewing their stock of machines so as to suit the changing conditions of the day."



İSMAİLGÜLLE President, İTHİB

Turkey possesses the advantageous properties of both country groups in the competition. While standing out for the quality and design it offers on one hand, it is also able to present these products to world markets at competitive prices on the other."

and collections of machinery in the world. The industry is constantly following international technological developments and renewing its stock of machines so as to suit the changing needs of the day. The technological infrastructure and machinery stock of home textile manufacturing is, then, easily able to satisfy the needs and demands of both the domestic and the international markets, says Tanriverdi, and he continues, "The presence of a textile industry that has a strong technological infrastructure and produces fabrics for curtains, upholstery, quilt covers, sheets, and towels,

Turkey ranks as the world's fourth-largest exporter of home textiles, coming in after China, Pakistan, and India and ahead of Germany, Belgium, Poland, Portugal, and the US

the raw materials used in the home textile industry, is an important advantage for the industry, too."

One of the places where the technological infrastructure Tanrıverdi discusses is set up successfully is Özdilek. The company is capable of manufacturing 9,000 tons of towels and bathrobes yearly and printing 18 million meters. Kemal Gök says the company follows manufacturing technologies and renews itself constantly, pointing to the TRY 2.5 million invested in technology for towels and bathrobes in 2012.

Zorlu Textile Group, too, is among the world's leading home textile manufacturers, with approximately 6,000 employees and 655,000 square meters of indoor production space.

AND WHAT OF 2012?

İsmail Gülle says 2012 is a tough year for exports in consideration of constriction in foreign markets, particularly in the EU. He emphasizes that initiatives in alternative markets and the industry's ability to turn crises into success will yield positive results. Hikmet Tanrıverdi, meanwhile, believes that an exports performance of \$2 billion can be expected for 2012.

All the figures and expectations show that Turkey is competitive on both price and design. The fourth-largest exporter in the field today, Turkey seems poised to rank even higher in the future with its quality and investments in infrastructure.



Taking over the World, ONE STEP AT A TIME

Simit Sarayı aims to grow to 6,000 locations within the next ten years, adding one at a time

BY CAN GÜRSU 🌎 BY ABDULKADİR DEMİR

LEPHANTS IN AFRICA L start being trained as soon as they are born. Baby elephants are separated from their mothers immediately after birth and tied to a tree or other solid anchor with thick chains. The elephants learn to live with the chains as they grow up, and even when they are mature, they do not bother with trying to break free from the chains. The elephants' trainers change the chains to regular ropes when they realize that the elephant has given up, which the animal still does not realize for the rest of its life. Because they give up and decided not to go one step beyond what is necessary, they spend their entire lives bound by flimsy ropes. This story is what inspired Haluk Okutur, Chairman of Simit Saravı. whose professional life was

fraught with difficulty at the start. "If the elephants could preserve their faith and take just one more step, they could escape their tenders and regain their freedom," says Okutur, adding, "I always knew to take one more step in every period of my life." Thanks to Okutur's never-ending faith, Simit Saravı is one of Turkev's most widespread fast food chains today.

First, some explanation about simit, a ring-shaped bread roll (in the manner of a bagel, but typically much thinner) covered in sesame seeds. The roll is dipped in a very dilute solution of molasses to impart an almost imperceptible sweetness and act as an adhesive for the sesame. Eaten at almost any time of the day, breakfast especially, and at any

time in the year, the humble simit occupies a dear place in the hearts of most people in Turkey, with more than three million of these simple delicacies being sold daily in Turkey alone. Simit is an inexpensive item usually sold at a price point under one lira for the barebones variety. Being cheap and incredibly popular, the simit drew the

Simit Sarayı which has alredy stores in the Netherlands, Saudi Arabia, Azerbaijan, and Northern Cyprus, is aiming to open new stores in the US state of New York and its first store in China by the end of this year

"By the end of 2012, we want to have more than 300 locations, and by 2015 we want to enter the 1000s Club"

attention of Haluk Okutur. Traditionally, the production of simit tended to occur in places that tended not to be shining examples of hygienic practices. Okutur thus set out to give simit the respect it deserved and possibly make some money while doing so. "Because I didn't have enough capital, I first aimed to earn the smallest coins in people's pockets," says the founder of Simit Sarayı, whose name means "Palace of Simit." Thanks to the use of sound strategy and planning, the company started with small steps, but today it ranks above McDonald's and Burger King in Turkey according to a Nielsen study on the fast food and pastry items industry. The eventual goal of the company, which left several of the world's leading brands in the dust in Turkey, is to open enough locations around the world so that it has just one more than McDonald's.

McDonald's has more than 34,000 locations around the world. Okutur says Simit Sarayı is aiming for "34,000, plus one" locations in order to become the largest. Growing steadily with two or three locations being opened in Turkey weekly, Simit Sarayı has more than 200 locations now. This figure is set to exceed 300 by the end of 2012. By 2015, it is planned to reach at least 1.000. At this rate, the Golden Arches might do well to keep one eve closely trained on Simit Sarayı. Having opened its very first location in Mecidiveköy, Istanbul, in 2002, the company rose in ten years to occupy an enviable position. Although many similar companies debuted within these ten years, almost none of these have managed to survive in this industry up to the present day. A key role in Simit Sarayı's success was an early collaboration with the Scientific and Technological Research Council of Turkey (TÜBİTAK) when it first started, thanks to which it was able to achieve a consistent standard and accelerate production.

For Simit Sarayı, which rapidly opened new locations starting from the year of its launch, centralized production steadily became a necessity. "After you reach a certain size, continuing to do this business using traditional methods isn't so viable," savs Okutur. He therefore decided that it was time to shift production of the item to a centralized location. There being no simit production anywhere else, Simit Sarayı studied the commercial manufacture of similar products like pretzels, bagels, and donuts in a project conducted in association with TÜBİTAK. The outcome of the project was the first mass-production simit factory ever, which Simit Sarayı still uses today. After this roughly two-year effort, Simit Sarayı attained higher speed, better quality, and a more modern standard. "The obstacles before our business were cleared, and when this happened, we set out for the world, too." Simit Sarayı completed the necessary processes to be able to export to the EU as soon as the factory opened in 2007. Today, there are stores in the Netherlands, Saudi Arabia, Azerbaijan, and Northern Cyprus. Simit Sarayı is aiming to open new stores in the US state of New York and its first



"I believe Simit Sarayı will be very successful in China; we are thinking of opening 6,000 Simit Sarayı locations in the next ten years"

store in China by the end of this year. Okutur believes opening a store in the US is very important on the way to becoming a world brand. To grow there rapidly, he is considering buying some smaller brands.

The Simit Sarayı locations planned for China, lately the world's fastest-growing economy, are of special importance themselves, too. "Although China is a country everyone is afraid of, it is a country full of opportunities,"



says Okutur. He states that because the Chinese like sesame very much, simit is quite suitable for their palates. Studies show that close to 80% of Chinese people enjoy eating out. Having discovered this opportunity, Simit Sarayı aims to open 6,000 locations over the next ten years in China alone. Okutur savs he still carries the excitement of the first day they opened, adding that although one of the three initial partners in the business departed early, he never lost his motivation and excitement. "People who take one more step just as everything is over are always more successful." Back when the Mecidiyeköy location was their only one, not only was Okutur the store manager, but he also lugged wood to the ovens due to the lack of staff. "I'm more excited today than I was tomorrow, and when you feel this excitement, you become successful in any case," he says, and adds, "I believe there is a period of five minutes between successful and unsuccessful people." For Okutur, who worked 22-hour days to see his dreams come true, one would be right to say that he is a boss who grew up from inside the profession.

Okutur's introduction to

the food industry dates back to his years as a fresh college graduate. Grocery chains were a new thing in Turkey back then, and they posed a serious threat to bakkals. the traditional neighborhood convenience stores. With lofty ideals, he started work on what he envisioned as a 60-page handbook for bakkals to fight back against the big chains. This turned into thousands of pages, and it was so late because of this that there were almost no more of these bakkals left by that time. "The experience it gave me was very important for me to make it up to this day," says Okutur. With the momentum provided by accumulated experience and a sound strategy, Simit Sarayı is among Turkey's leading brands.

Simit Sarayı is continuing to expand in every city in Turkey, as well as all around the world. The company always makes sure to conduct the opening of the first location in a country by itself. With its exports-based strategy for growth, it is aiming to establish a manufacturing hub in every country and region in which there are more than 100 locations. Okutur indicates his belief in Turkey's \$500 billion exports target for 2023, and says, "We will do the best we can to play a part in this." In addition to exports, Simit Sarayı aims to create employment as well, with hopes to reach a target of 100,000 employees.

Simit Sarayı, with the support Turquality—the world's first and only state-supported branding program—behind it as of this year, is aiming to fully realize its vision of an institutionalized, transparent company with its IPO next year, and to enter the ranks of the most famous brands in the world.

The Turkish Perspective

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



AUGUST 29-SEPTEMBER 2

$International\,Bodrum$ Yacht Show 2012

More than 100 boats are expected to be in attendance at this fair, which will be held at D-Marin Turgutreis Marina. On display at the fair will be inflatable boats, motors, yachting equipment and accessories, electronic equipment, decorative items for yachts, nautical textiles, and marine clothing, all of which cater to every kind of taste and

budget. The fair is set to welcome more than 20,000 visitors. Large vessels will be exhibited on sea, while smaller vessels, inflatable boats, and motorboats will be on land. The fair caters to a broad audience from

> beginners to people seeking to change their boats. The fair contributes positively every year to the industry with boat sales during the season.



World Congress in Probability and Statistics Grand Cevahir Hotel

JULY 9-14

The eighth World Congress in Probability and Statistics will be in Istanbul from July 9 to 14, 2012. It is jointly organized by the Bernoulli Society and the Institute of Mathematical Statistics. Scheduled every four years, this meeting is a major worldwide event for statistics and probability, covering all its branches, including theoretical, methodological, applied and computational statistics and probability, and stochastic processes. It features the latest scientific developments in these fields.

IEEE International Conference on Vehicular Electronics and Safety

Harbiye Cultural Center



Military Museum
JULY 24-27

The 2012 IEEE International Conference on Vehicular Electronics and Safety (ICVES'12), which is an annual forum sponsored by the IEEE Intelligent Transportation Systems Society, will take place in İstanbul during July. It brings together researchers and practitioners to discuss vehicle electronics and safety systems research and practice. ICVES'12 welcomes papers dealing with any aspect of vehicle electronics and safety systems.

01

02

03

04

05

06

07 na

09

10

11

12

13 14

15

16 17

18

19 20

21

22

23

24

25

26

27

28

29 30

31

Istanbul International Conference on Business and Economics Akgün Hotel

AUGUST 3-4



The Istanbul International Conference on Business and Economics is exclusively targeting a certain class of people who are interested in presenting papers in all aspects of business, economics, management, and finance. Not only will the conference talk about the presentation of papers in said fields, but it will also aim to bring together a sizeable audience of experienced academics, policy makers, and professionals from around the world.

International Conference on Advances in Social Networks Analysis and Mining

Kadir Has University AUGUST 26-29

The International Conference on Advances in Social Networks Analysis and Mining Istanbul aims to provide a thorough overview of current developments in the industry. The conference will be a dynamic fusion of workshops, industrial tracks, tutorials, panels, exhibits, and other interesting sessions. The conference invites proposals for workshops and papers for general as well as industrial tracks.



The Only Fair in Turkey of the Halal and Healthy Products Industry CNR EXPO

AUGUST 30-SEPTEMBER 2

The third Halal and Healthy Products Fair is being held in Istanbul. Catering to an audience of two billion people worldwide, the industry is having a great convention with retailers, distributors, and service industry buyers from more than 30 countries in Europe, the Middle East, North Africa, East Asia, and the Americas. The fair will represent this

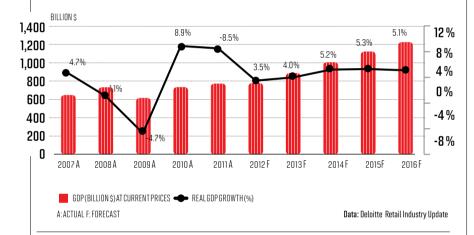


Figures FOREIGN INVESTMENTS

The Turkish retail market is continuing its sustainable growth in line with increasing purchasing power per capita and the development of modern and organized retail.

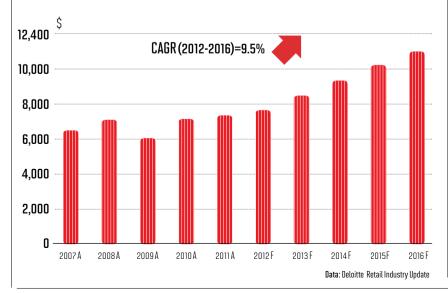
MACROECONOMIC PERFORMANCE

According to the official figures, Turkey is the 18th largest economy in the world with a GDP of \$772 billion in 2011. The economy, which grew 8.9% in real terms last year, is expected to grow by 3.5% in 2012.



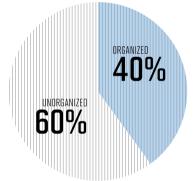
PRIVATE CONSUMPTION PER CAPITA

The per capita private consumption of 7,350 in 2011 is expected to exceed 10,000 by 2015. Strong economic performance supported by a young population stimulates growth in spending per capita



MARKET STRUCTURE

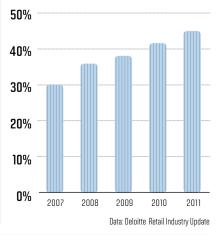
Organized retail is estimated to be c. 40% of the total retail industry in Turkey. The number of shopping malls in Turkey increased by more than 20% in the last two years and reached c. 300 at the end of 2011



Data: Deloitte Retail Industry Update

INTERNET PENETRATION IN TURKEY

Internet penetration in Turkey has more than doubled in the last five years and reached 45% in 2011



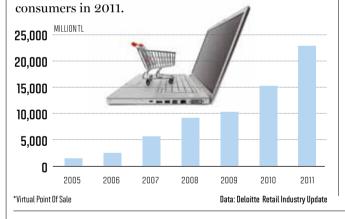
RETAIL SALES

The total size of the retail industry (organized and unorganized) in Turkey is expected to reach \$313 billion in 2012 and grow with c.10% CAGR until



E-COMMERCE TRANSACTIONS THROUGH VPOS*

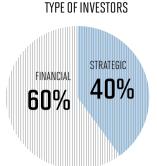
Still in its infancy, the online retail industry in Turkey is growing at a remarkable pace through a number of brand new initiatives and strong demand from online



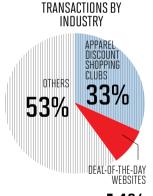
M&A ACTIVITY IN THE TURKISH RETAIL INDUSTRY

Thanks to rapidly growing internet penetration and an increasing number of online merchants, online retail in Turkey has been experiencing a boom. In order to benefit from the high growth potential of the industry, local and foreign investors are showing great interest in established internet brands as well as to promising initiatives being brought to light by local entrepreneurs.

The first quarter of 2012, which saw seven deals, also signals a strong trend in terms of M&A activity. The statistics for M&A activity for 2011-2012 period are as seen in the graphs.



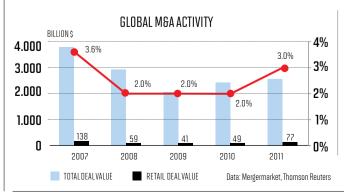


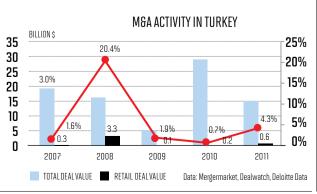


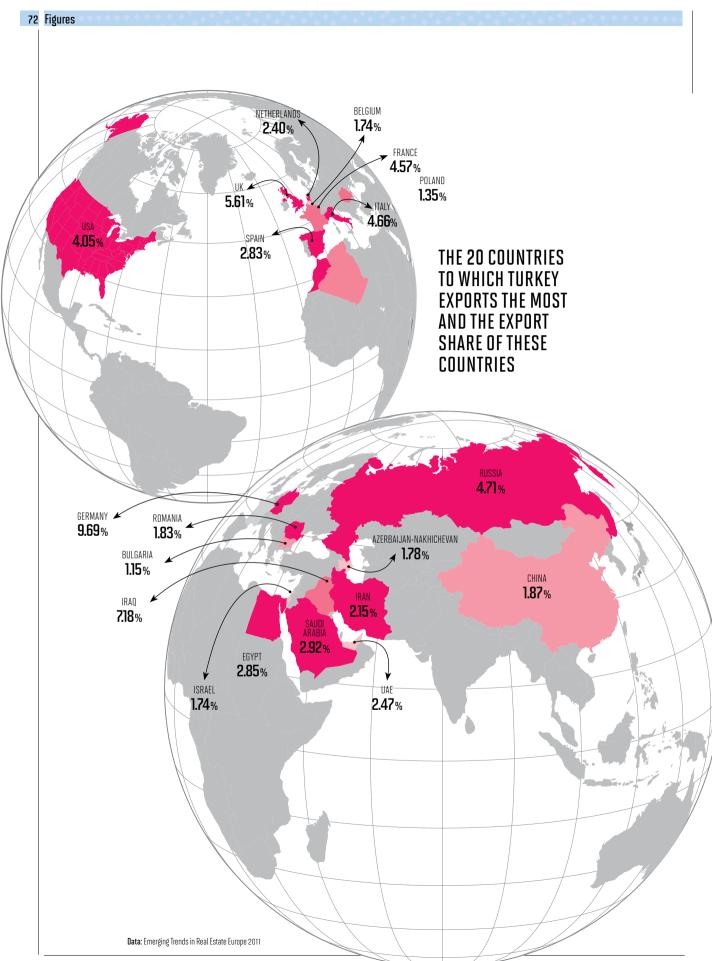
14%

A COMPARISON WITH THE GLOBAL RETAIL INDUSTRY

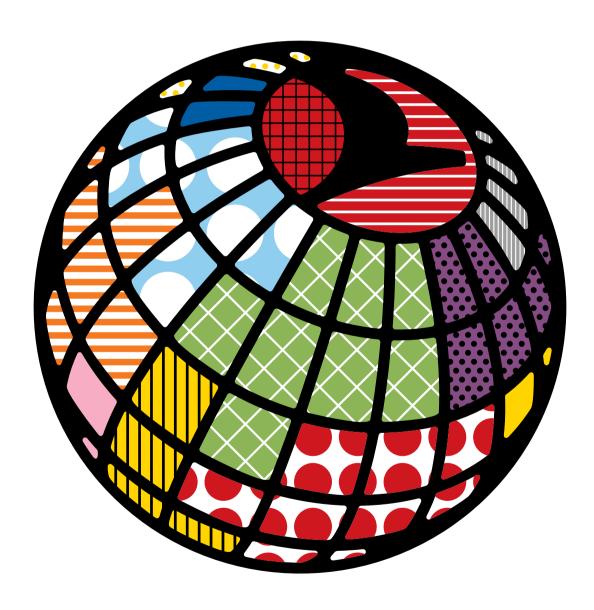
By comprising 4.3% of the total M&A deal value, the Turkish retail industry proved its potential in a year like 2011 in which private sector activity was dominant. There were 11 transactions in the retail industry in 2011, with an estimated deal value of c. \$640 million. In the first quarter of 2012, the Turkish retail industry saw profound activity through five deals.







THE COLOURS OF THE WORLD ARE WAITING FOR YOU TO EXPLORE THEM.





ON-BOARD INTERNET

GLOBALLY AWARDED CUISINE

LIVE TV

MOVIE & MUSIC ARCHIVE

FLYING CHEF SERVICE

FLAT-BED SEATS

turkishairlines.com passengerportraits.com





RYAN GIGGS RELAXING ON OUR FLAT-BED SEATS.

