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The Turkish Perspective

NOVEMBER-DECEMBER 2012 ISSUE 13

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

EXCLUSIVE INTERVIEW

The Minister of Food, Agriculture, and Livestock, Mehdi Eker shared his views on Turkish agriculture



**PRODUCING
FOR THE
WORLD**





**TURKISH EXPORTERS
ASSEMBLY IS WORKING
TO REACH TURKEY'S
2023 EXPORT TARGET OF
500 BILLION
DOLLARS**



TİM TURKISH
EXPORTERS
ASSEMBLY

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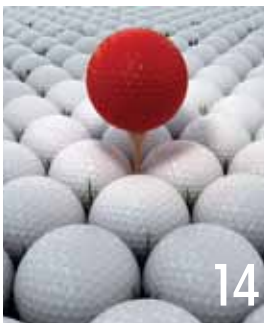
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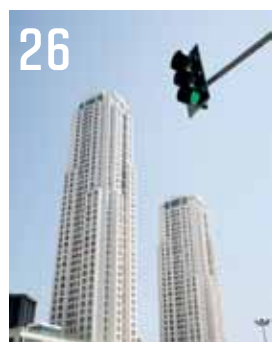
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Editorial



MEHMET BÜYÜKEKŞİ
PRESIDENT (TIM)

TURKEY VIEWS THE FUTURE WITH HOPE

Turkey recently announced the Medium-Term Program that encompasses its 2013–2015 macroeconomic goals. According to the program, Turkey is predicted be growing at a speed of 3.2% this year, and expected growth for 2013 is 4% and, for 2015, 5%.

TURKEY'S EXPORT TARGET FOR this year was revised to \$149.5 billion. It is estimated that Turkey will conduct \$158 billion of exports in 2013, \$172.3 billion in 2014, and \$187.1 billion in 2015.

Looking at these figures as a column, we see that Turkey is approaching the coming term with a cautious perspective. Nevertheless, Turkey's growth and exports continue unabated. In an environment where difficulties continue to plague the global economic state of affairs, Turkey is moving along on its path calmly but with strength. There-

fore, we regard the continued growth and increase in exports and employment in the economy of Turkey, which has achieved stability both internal and external in this high-risk atmosphere, as a very significant success.

Problems in the euro zone and concerns about the US economy are curtailing estimates for global growth. Despite diminished predictions for growth and the constriction in the global economy, Turkey's exports continue to exhibit a successful performance. This is because Turkey's exports prove at every chance that they possess a dynamic, flexible

constitution. It's because the cultural and economic ties Turkey has helps Turkey to quickly reach rapidly developing, pristine markets. When Turkey's rising image in Africa and the Middle East is combined with the quality of Turkish wares, demand for Turkish products in this market, which is one of the world's fastest developing, keeps increasing.

Despite the crisis in the EU and political instability in our neighboring countries, we preserved our momentum in exports. We owe this success to the dynamism of our exporters and their success in alternative markets. We believe that the economy of Turkey will grow faster thanks to increased export performance in the term to follow, too. Thanks to the positive performance exhibited by exports in the third quarter and as we expect this to continue in the fourth quarter, we believe Turkey will easily surpass its growth targets via exports.

The newly announced incentive law, too, will provide a great contribution to Turkey's growth and to increasing its export. Thanks to the new incentive system, a new investment crusade is beginning in Turkey. From labor-intensive industries to the information and technology industries, and form large investments to strategic investments, it has become possible to take advantage of a great variety of incentives thanks to this new incentive system. Investors from all over the world are starting to benefit from the new system, too.

With the political and economic stability it possesses, the great support it gives to investment and exports, and position as a strategic bridge between Europe, Asia, and Africa, Turkey is progressing fast along the way to become one of the brightest economies of the future.





More than 30,000 foreign 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 trillion 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 600,000 university graduates per year

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
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Editor: Can Gürsu

First

EXPORTS, AVIATION, FDI, TOURISM, BANKING, AWARDS, INCENTIVES



Awareness to Grow with

INNOVATION WEEK

The Turkish Exporters Assembly is preparing to hold R&D project markets and design competitions in 26 exporting industries with the purpose of strengthening university-industry cooperation and contributing to the development of original products for Turkish exporters to offer to world markets.

Last year, several such famous speakers as Mike Lazaridis, Clayton Christensen, and Lyndon Evans attended Innovation Week

R & **D** AND innovation are the most important weapons today to stand out in the increasingly tough competition. Turkish industrialists and exporters, too, are placing more importance on innovation and R&D every day. For Turkey to reach its 2023 export targets, innovation culture needs to become more widespread in exports and industry. Increasing

value added in exports and introducing new technologies and methods to manufacturing processes are becoming great necessities. The Turkish Exporters Assembly is preparing to hold R&D project markets and design competitions in 26 exporting industries with the purpose of strengthening university-industry cooperation and contributing to the development of original

products for Turkish exporters to offer to world markets.

TIM is conducting preparations for a giant event to bring together the finalists of its 2012 R&D Project Marker and Design Competition to meet with international business. Additionally, from December 6 to 8 in the Istanbul Congress Center, TIM is holding the event Innovation Week Turkey, in

which businesspeople, academics, students, famous designers, and high-level representatives of both the public and private sector will participate. The event will concentrate on encouraging advanced technology and innovation-focused production and marketing.

To be exhibited at this event are innovative products developed over the year by universities from all over

Turkey and industrial enterprises that possess R&D centers. There will also be conferences and panels featuring world-famous speakers on matters of design and innovation.

The event, which will increase awareness in Turkey of innovation, is set to be an important milestone for reaching Turkey's designated target of \$500 billion exports for 2023.

EMPLOYMENT

EXPORTS CONTRIBUTE GREATLY TO REDUCING UNEMPLOYMENT

The unemployment rate of 9.1% in July 2011 fell to 8.4% this past July.

TIMPRESIDENT Mehmet Bıyükeksi made an announcement concerning the employment figures released by TurkStat. The unemployment rate of 9.1% in July 2011 fell to 8.4% this past July. Exports, said Bıyükeksi, shoulder the growth in the economy and contrib-

ute greatly to reducing the current account deficit, in addition to helping to ameliorate unemployment. Worldwide, unemployment is reported to be roughly 11.4% in Europe, 7.8% in the US, 25.1% in Greece, 24.6% in Spain, 10.7% in Italy, and 10.2% in France.



EXPORT

EXPORTS CONTINUE TO ACCELERATE

Turkey's exports in September exhibited a 7.4% increase over the same month last year, totaling \$11.41 billion.

EXPORTS IN THE first nine months of the year increased 12.1% to reach \$111.46 billion, according to data announced at a press conference by TIM President Mehmet Bıyükeksi together with Minister of Economy Zafer Çağlayan and Minister of Food, Ag-

riculture, and Animal Husbandry Mehdi Eker. In the past 12 months, exports increased 11.6% to reach \$146.93 billion. The top exporter in September was the automotive industry, whose exports valued \$1.5 billion. Ranking second was the chemical substances indus-

try with \$1.49 billion and third was apparel with \$1.37 billion. The agricultural industries accounted for 14.4% share in exports for September, corresponding to \$1.64 billion; heavy industry took 82.4% with \$9.4 billion; and mining products took 3.2% with \$365 million.

SIGNIFICANT PERFORMANCE

110

BILLION

FDI IN THE PAST NINE YEARS

13th

MOST ATTRACTIVE FDI DESTINATION IN THE WORLD (2012 A.T. KEARNEY FDI CONFIDENCE INDEX)

16th

LARGEST ECONOMY IN THE WORLD

6th

LARGEST ECONOMY COMPARED WITH EU COUNTRIES IN 2011 (GDP AT PPP, IMF-WED)

5.2%

AVERAGE ANNUAL REAL GDP GROWTH OVER LAST NINE YEARS

ENTREPRENEURSHIP

ENTREPRENEURS
TO BE
DISCOVERED

The world's leading investors from 20 different countries are coming to Istanbul to discover Turkish entrepreneurs. Turkish Airlines is official airline sponsor of the event, which will bring Turkey's entrepreneurial talents together with Europe's world of technology and international investors, November 13-14.

TOURISM

TOURISM FAIR
COUNTDOWN

The countdown has begun for Travel Turkey İzmir 2012, Turkey's tourism fair aimed at professionals. Montenegro was recently named partner country and Kastamonu as partner province at the fair, scheduled to take place December 6-9 with Turkish Airlines' sponsorship. Fair participants this year will also enjoy the support of the Small and Medium Enterprises Development Organization (KOSGEB). South Korea, Palestine, Tazmania, the Maldives, and Indonesia will be first-time participants at the fair, which is expecting to host a large number of business delegations and members of the press from different countries.

AVIATION

This Pride Is
Turkey's

SUSTAINING ITS GROWTH in the international markets, Turkish Airlines has become the airline that flies to the largest number of countries in the world according to a report by the Official Airline Guide. Flying to 204 destinations in 90 countries, Turkish Airlines has made a short film to emphasize that the Turkish nation is the true owner of this success. Based on the motto, "This Pride Belongs to All of Us," and the theme of having Turkey's national anthem, the Independence March, played on different

instruments by people from different countries, the project was supported by a group of 40 musicians. Several countries, among them Mongolia, India, Thailand, Brazil, and Morocco, were visited for the short film, which took two months to shoot. During these travels, 130,000 miles were covered and 95 hours spent in the air. Produced by Turkish Airlines to share its success with the Turkish people, the film, "National Pride," has become one of the most talked about short film projects in recent times.



RESEARCH

TURKEY'S
MOST
VALUABLE
BRANDS

Turkey ranked as the world's 19th most valuable national brand with a \$487 billion brand equity.

According to the Nation Brand 100 study conducted by the brand assessment agency Brand Finance, Turkey ranked as the world's 19th most valuable national brand with a \$487 billion brand equity. Turkey increased its brand equity by \$114 billion in one year. Among Turkey's most valuable brands, Turk Telecom led the pack with a brand equity of \$2.39 billion.

Isbank followed Turk Telecom on the list with \$2.28 billion and Turkcell with \$1.9 billion. Also on the top ten most valuable Turkish brands in the list were Akbank, Garanti Bank, Turkish Airlines, Efes Pilsen, Yapı Kredi Bank, Arçelik, and BİM.



FURNITURE

TURKISH FURNITURE INDUSTRY CONTINUES ITS EXPORT PUSH

Increasing its exports day by day, Turkey's furniture industry is about to make its voice heard in the world.

FURNITURE EXPORTS GREW 20% over the past two years. In the coming period, they are expected to continue to grow, putting Turkey into the ranks of the top ten furniture-exporting countries. Should Turkey's furniture exports rise from the \$2 billion threshold to \$3 billion, Turkey will replace Canada as seventh on the list, coming right after the US.

The Turkish furniture industry is, as a result of its continually improving manufacturing processes and increasing R&D efforts, opening up to the international markets, aiming to promote Turkish furniture as best as possible without slowing down. Turkish furniture manufacturers are reaping the rewards of their efforts by way of increasing exports—in the first six months of 2012, furniture exports reached roughly \$0.86 billion, exhibiting an increase of 18% over the same period in 2011, while imports slowed 11%.

In the first six months of 2012, furniture exports reached roughly \$0.86 billion

EXPORT COUNTRIES JAN.—JUNE 2012



FDI

TURKEY HIGHLY ATTRACTIVE FOR INVESTING COUNTRIES

DESPITE THE many European countries that have been unable to regain their previous economic sizes due to the economic crisis, Turkey continues to be a point of focus for international investors. Minister of Economy Zafer

Çağlayan stated that \$8.9 billion was invested in the country over the past seven months. Çağlayan indicated that 77.4% of incoming investments came from the EU, highlighting the UK, Austria, and the Netherlands in particular.



AWARD

PAYLOAD ASIA 2012 AWARDS

PAYLOAD ASIA 2012 was held last month in Singapore, naming the top airlines in the air cargo industry. Seventy-eight nominees competed for the awards, and three finalists were chosen in the jury's final eliminations. The winner was

determined by the votes of upwards of 25,500 readers. Turkish Airlines was deemed worthy of the award for Air Cargo Carrier of the Year. Asia and Far East Regional Director Hüseyin Ceyhan accepted the award on behalf of Turkish Cargo.

INCENTIVE

SIGNS OF A
NEW RECORD
IN ÇANAKKALE

The New Incentive System Promotion Tour conducted by the Ministry of Economy in association with the Turkish Exporters Assembly continued in Çanakkale Province after visiting Muş, Şanlıurfa, and Van.

Mustafa Çıkrıkçıoğlu, Deputy Chairman of the Turkish Exporters Assembly, spoke at the meeting for the New Investment Incentive System held at the Çanakkale Chamber of Commerce and Industry, where he said, "We are accomplishing a new record in the republic every year. We exported \$135 billion worth in 2011. And we are striding confidently toward our 2012 target of \$150 billion. The way to reaching our 2023 targets in exports passes through new investments. It is not easy for us to reach these targets with our current capacity. By combining our efforts, we aim to reach \$500 billion of exports."



AVIATION

A New Agreement

TWO BIG BRANDS in aviation and healthcare in Turkey, Turkish Airlines and Hisar Intercontinental Hospital have joined forces in agreement by which patients with private health insurance will earn one frequent flyer mile for every lira spent on expenditures of TRY 200 and up at the hospital. In an announce-

ment he made about the collaboration, Turkish Airlines' CEO Temel Kotil, PhD said, "We want the agreement we have made with Hisar Intercontinental Hospital to offer our Miles&Smiles members a healthier life as well as earning them many more miles. We hope the agreement will make that possible."

AVIATION

Turkish Plane In
Legoland

A TURKISH AIRLINES Lego Model Plane recently took its place at Legoland as a symbol of the airline's partnership with the Danish toy company. The A321 model Lego plane went on exhibition at Legoland, located directly adjacent to Billund Airport, which serves more than two million

passengers a year, on October 8 in a press conference also attended by the renowned Danish tennis player Caroline Wozniacki. Turkish Airlines' collaboration with Lego, an enduringly popular toy with children around the world, was clinched at the press conference, which attracted strong interest.

CONSTRUCTION

CONSTRUCTION
EQUIPMENT
EXPORTS GROW
NINEFOLD IN
NINE YEARS

Construction equipment exports in 2002 were worth just \$162 million, while in 2011, the industry's exports totaled \$1.5 billion.

Cüneyt Divriş, Chairman of the Construction Equipment Distributors and Manufacturers Union of Turkey, said Turkey exports construction equipment and machinery to 127 countries. "While the export of construction equipment was worth \$162 million in 2002, in 2011 this figure was \$1.5 billion, corresponding to a growth of 9.3 times in nine years," he said. Divriş noted in his announcement that construction equipment exports continued to increase in 2012, too, with 10.5% growth in the first eight months of 2012 compared to the same period last year. The industry aims to reach \$2.1 billion by the end of this year, according to Divriş. "Our sales reached 8,122 units in the first eight months of the year and we obtained a revenue of \$1.218 billion. We aim to reach 12,500 unit sales by the end of the year. In 2011, this figure was 11,160," he said.

STOCK EXCHANGE

“Borsa Istanbul” to Replace ISE AND ISTANBUL GOLD EXCHANGE

According to the Capital Markets Bill that passed the Turkish Parliament’s Planning and Budget Commission, a new body called Borsa Istanbul will replace the Istanbul Stock Exchange and Istanbul Gold Exchange.



THE CAPITAL Markets Bill passed the Turkish Parliament’s Plan and Budget Commission. A number of changes were made to the bill’s suggestions by the subcommittee. The bill is aimed to facilitate the operation and development of capital

markets in a trustworthy, transparent, effective, stable, fair, and competitive manner and to reorganize and audit them in order to guard investors’ rights. ISE board members will be moving on to serve on the board of Borsa Istanbul.



UNIVERSITY

TURKEY’S 50 MOST INNOVATIVE UNIVERSITIES

Study reveals innovation takes place in a diverse range of universities

Turkey’s 50 most enterprising and innovative universities have been named. Sabancı University came first on the list, followed by METU, Bilkent, Özyeğin, and ITU. Universities were assigned a score on a 100-point scale in which none received

- 1.** Sabancı University: **84 pts.**
- 2.** Middle Eastern Technical University: **83 pts.**
- 3.** Bilkent University: **70 pts.**
- 4.** Özyeğin University: **69 pts.**
- 5.** Istanbul Technical University: **67 pts.**

full marks. Sabancı was first with 84 points and METU was second with 83. After this year, which was the very first year for this index, the results will be announced every year by the Ministry of Science, Industry, and Technology before university selection begins.



TÜHEFSO AT 3 YEARS

In its third year, TÜHEFSO 2012 (Turkish Aviation Industry Exhibition, Forum and Fair), a collaboration between Turkish Technic and the Istanbul Chamber of Commerce, is bringing aircraft parts manufacturers together in Istanbul, October 18-20. The event, in which 10,000

companies are expected to participate, plays a key role in bringing local producers into the global aviation sector. TÜHEFSO aims to brief participants about aviation parts manufacturing standards and procedures as well as enabling participants to share their experience in the field.

WORLD OF INNOVATION

MEETS IN ISTANBUL

6-7-8 DECEMBER 2012

ICC / ISTANBUL CONGRESS CENTER

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A hand is shown at the bottom, holding a glowing funnel that contains various terms related to innovation and technology. The terms are arranged in a circular pattern within the funnel. The background features a night view of a bridge with lights reflecting on the water.

Future, Project, Production, Science, Speed, Design, Export, R&D, Innovation, Workshop, Development, Change, R&D, Future, Design, Export, R&D, Project, Export, Science, Change, Workshop, Science, R&D, Technology, Speed, Future, Science, Design, Change, Project

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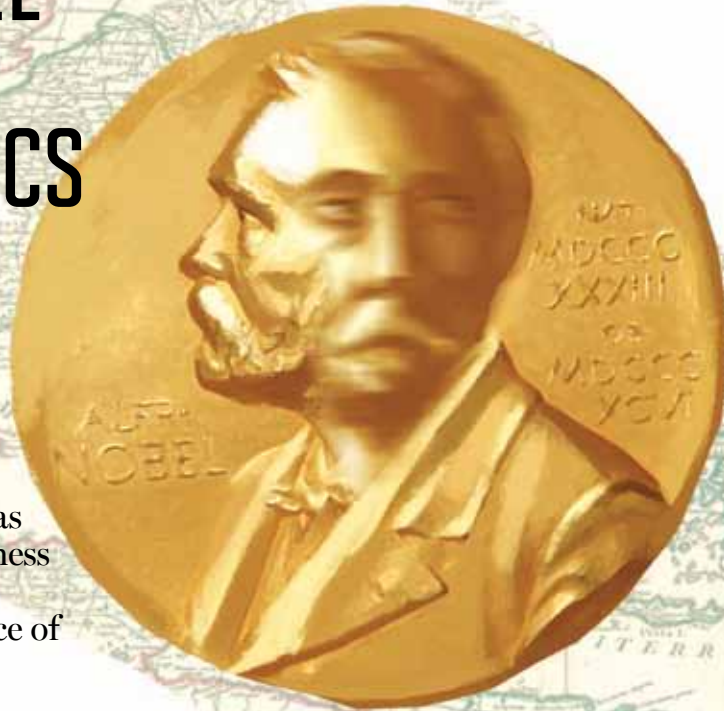
Panorama



BY PROF. EMRE ALK N, PHD

THE NOBEL PRIZE IN ECONOMICS

This year, the efforts deemed worthy of the Nobel Prize in Economics came from the field of microeconomics. Perhaps the Nobel Committee decided as such due to the weakness of macroeconomic approaches in the face of the global crisis.



ALTHOUGH THE FACT THAT STUDIES UNDER THE heading “bringing various actors together” were deemed worthy of the Nobel Prize might seem to bear hope for the euro zone for people who read only the heading, these studies actually put forth a number of theses concerning daily life. Generally, however, when I’m doing economic work, I prefer to look at works written in other disciplines—novels, even. Being fixated on microeconomics alone seems like missing the forest for the trees.

After glancing at the first few pages of Umberto Eco’s famous novel “The Name of the Rose” and then reading Amin Maalouf’s “Disordered World” on top of that, it’s difficult not to worry for the future. One tells where Europe came from and where it is going and the other tells of the situation of the Middle East and the Western world. Neither is particularly uplifting. To be frank, there has been only one territory in history that gave up on democracy because of entering an economic crisis, and that is Europe. I won’t be discussing on this page the people who

were in recent history elected to power to become dictators and then spatter Europe and the world in blood, of course. But I would like to give a reminder that every study done concerning the future lives under the shadow of such a possibility.

Whenever there are societal stirrings in Greece, Spain, or another European country, and whenever EU leaders issue nationalist statements, I am taken with unease. Perhaps this is because I think Europe, which hasn’t experienced a “Great War” since 1945 excepting regional conflicts and tyrannies, could fall into this danger at any moment; I don’t know. When I read my papers to a congress or deliver a speech in EU countries, I feel more of a believer in the idea of “one Europe” than my European colleagues. I insistently assert that the euro is no longer just the currency of the European political union but also its lever. I say that neither Greece nor any other country should leave the euro—and indeed, that they cannot. Frankly, the leadership problem being experienced by the Europeans, who have escaped many bad situations in their histories and

acted with foresight, gives me pause. I'm actually European myself, too. Perhaps not in the manner of a Scandinavian or a Briton, or like a German, but I'm a European like a Mediterranean—or, put simply, a Turkish-style European. The majority of Turkey feels this way. Next to countries that are trying to renounce European Union membership because of the economic crisis, Turkey is exhibiting a very steady stance. For this reason, I believe that in order for Europe to escape the situation it is in, it should better protect the characteristics and pieces it has inherited from history. Europe has never been a unity of values tied only to religion and the economy.

I have some bad news. We will see more war in the 21st century compared to the previous century. But I can say that these conflicts will have a limited effect upon the money and stock markets. The best example of this is that while one territory right next to it does not value democracy at all, Turkey, which is secular and democratic and is a champion of liberalism, is exhibiting an economic performance one would be hard pressed to find an equal to and is making important gains for its portfolio capital. Perhaps the Nobel Prize given this year is a sign of macroeconomics' global lack of success, but I'd like to emphasize that Turkey's performance must be seen as an important phenomenon as well. I believe it is my responsibility to do this not as a Turk but as a scientist.

It has been almost more than ten years since the Turkish banking crisis, but the lessons we received are still in memory. As an economist who learned those lessons, I watched the US and EU banks' deeds within the "active creation competition" they had from 2004 to 2007 with astonishment, and I wondered, "Where are they going to hit a wall?" You all know what happened; there's no need to remind you of them. To return to the Nobel Prize, I must say that I have always been against the granting of such an award in economics, which was not among the five branches in the original list. Because while awards in the other categories were given if you made significant contributions to the world, the Nobel Prize given in economics has given me an impression less discernible than even the prize in literature. None of the works here are discoveries or inventions; most are either acknowledgments of the obvious or suggestions that go no further than being technical solutions. Still, they are admittedly interesting, to be fair.

Now let's look at another aspect: if it were up to me, when it comes to promising countries that have no market controls but say they are growing 8% with the figures they constantly release and possess performances that are difficult to prove scientifically, instead of calling them "miracles" scientists should accept that there is no such thing as miracles and take a closer look at what's going on. For example, it is a phenomenon that Turkish exporters raised their exports of not even \$30 billion in 2000 to \$135

billion and that they did this by selling goods in the world's most dangerous territories. I would also like to remind of the importance of the visits these people made with a belief in democracy and peace and the investments they made in these territories. If investors reading these lines want to invest in any country at all, they should be sure to see if they have any Turkish colleagues, as no other source of information could be better.

I don't want to remind you on this page of the figures concerning global growth next year and bring you down. But if you'd like to be uplifted, I suggest you come to Turkey, where 72 million people live and where the youth is in a great majority. Even if not for investing, come for a holiday—money lost is regained to regain spirits lost is truly difficult. I say this as an economist. Why?

Because even Adam Smith put economics last when listing the sciences. Because it's hard to talk about a positive science in an issue involving the human character. If motivation and rationalism are needed, I can say that both are present in Turkey. I won't name any names here, but I present to your attention to how the economies once described as "miracles" of countries reached their present state due to not being based on the kind of democracy we used to and to lacking a deep-rooted trade and banking system. If anyone needs a morale boost when all hope is lost, coming to Turkey and taking a brief look around should suffice. We economists try to explain every development through mathematics but it is difficult to explain the achievements of the Turkish people in the past ten years with mathematics. It is impossible not to accept that high value added emerges from every place where morale and motivation is high.

As I indicated in the heading, if I were on the Nobel Committee and if a prize really had to be given, I would give it to the Turkish people, who for the past ten years have been working with all their might investing all over the world and selling goods and services despite all kinds of difficulties. These sentences are a belated show of thanks that we definitely owe to these people.

Lastly, by the year 2050, Turkey will not only be the region's energy corridor but also a country that has the youngest population and, for that reason, great supply and demand potential. It's not hard to say that its young people, perhaps the best educated and at the peak of experience, will serve in important roles in the world.

I would like to finish by asking you a few questions. Have you ever been part of a joint venture or worked together on a project with a Turk? Do you have one or more Turkish acquaintances or friends? If you have answered "no" to all of these, I'm going to respond to you with a phrase used by the Turks: "What world do you live on?"

Here from The Turkish Perspective, I wish you a life full of peace—in both your country and the world.

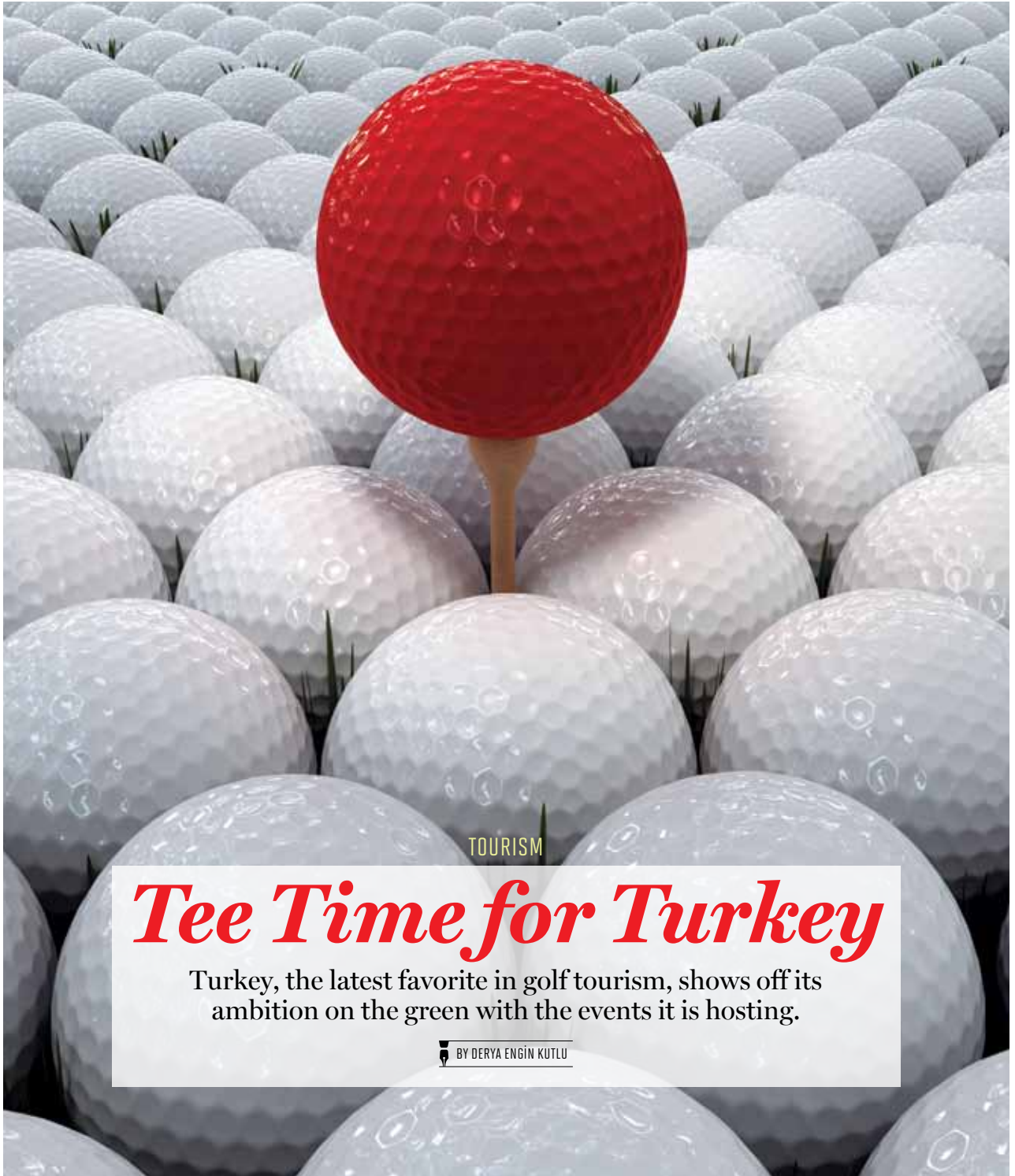


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Editor: Can Gürsu

Briefing

TOURISM, AUTOMOTIVE, INVESTMENT, CONSTRUCTION, FACTORING, MACHINERY, PACKAGING...



TOURISM

Tee Time for Turkey

Turkey, the latest favorite in golf tourism, shows off its ambition on the green with the events it is hosting.

BY DERYA ENGIN KUTLU

“TODAY, JUST TO play on different golf courses, millions of people in the world travel to different countries all the time,” says Nasut Akosman, a member of the Turkish Golf Federation, as he speaks of the global nature and size of golf tourism. The many theories on the origin of golf can be divisive, but the sport itself today unites millions of players across the globe.

Behind golf lies not only the actual playing of the game but also the joy of practicing this sport in various countries. The number of young people playing golf increasing rapidly on one hand while the ever-older world population starts to favor relatively less strenuous sports on the other, making golf even more popular. And being so popular, it has become a significant influence on the tourism of many countries, turning this relaxing, social sport that is open to all ages into a giant worldwide industry.

According to a report prepared by Sport Marketing Surveys, golf is a pleasure shared by 61 million people around the world. Turkey’s 2010 Golf Tourism Report certainly reflects this claim. What was most striking in this report was, as indicated by Turkish Airlines Senior Vice President-Media Relations Ali Genç, PhD, that golf tourism in Turkey was growing three times faster than the global rate. Worldwide revenues from golf tourism in 2010 were around \$100 billion, accounting for roughly 11% of the overall \$919 billion that year. With golf generating such a large share of these revenues, many countries have been investing in the field. One of these countries is Turkey, which realized the potential



of this field and launched its investments in it in 1990.

With its temperate climate, hotels that boast worldwide awards, and the activities it has to offer to the families of golfers, Turkey has become one of the choicest destinations for the sport in recent years. Ali Şahin, General Manager of Cornelia Diamond Resort Golf Club—one of Turkey’s many golf resorts

Tourists who come to Turkey to play golf spend up to four times more foreign currency compared to tourists who visit for ordinary holidays

concentrated along the Mediterranean coast—underlines the boons Turkey offers: “Turkey is a country that possesses new, quality golf courses. Our country stands out with its ease of access, well-suited climate, and cost advantages—all thanks to its geographic position.” He adds, “We have ten golf clubs and fifteen golf courses in Antalya today. The courses we have are very few for an important golf destination but very many for the services provided. Roughly 600,000 games are played on these fifteen courses, and with this level of concentration we could easily place in the top five in the world.”

The fact that the courses are new and well maintained also influences choice in golfing tourism, together with other factors such as the distance between accommodations and the green. The facilities in Belek, a region in southern Turkey, are dispersed along a 15-kilometer strip that is home to 15 courses and 52 five-star hotels. Turkish Airlines’ Ali Genç points out that there is



Worldwide,
the tournament
was watched
by at least 300
million

no other destination like this in the world and adds, "Generally, players spend one- to one-and-a-half hours on the road. Over here, the distance between the courses and the hotels is five minutes."

Turkey ranks among the leading countries in golf tourism. In 2009, roughly 110,000 golfing tourists visited the Antalya area; in 2010, this figure rose to 125,000. Considering that an average golf tourist spends around four times more than what an ordinary tourist spends, in monetary terms it can be said that the number of tourists who visited for golf tourism in 2010 was equivalent to the 500,000 vacationers who visited in the summer season.

TURKEY, THE NEW EVENT DESTINATION

As Turkey increases its brand equity in golf each passing day, more and more events that golfers mark down on their calendars are being held in the country. The fourth European Ladies' Golf Tournament contributed significantly to promoting golf in Turkey and increased Turkey's strength as a brand with 126 professional female golfers from 30 countries. Other events, such as the Turkish Airlines World Finals Golf Tournament held October 9–12 in Belek, are also drawing golfers' eyes to Turkey. A total of \$5 million in awards was presented at this tournament, which had Turkish Airlines, the Antalya Golf Club, and Gloria Hotels as its main sponsor. Such famous players as Tiger Woods, Rory McIlroy, Lee West Dodd, Luke Donald, Webb Simpson, and Charles Schwartzel contributed to Turkey's recognition in this area with their attendance. Speaking on the matter of



the pluses gained for Turkey through such events, Ali Şahin said, "We're talking about Tiger Woods here—the world's biggest golfer. Eight athletes are participating in the tournament. Many local

and international journalists are watching the event. Some channels are broadcasting live. At least three hundred million people are watching the tournament for home. That Tiger Woods as well as

Turkey ranks among the leading countries in golf tourism. In 2010, roughly 125,000 golfing tourists visited the Antalya area.



the other great golfers were brought to our country is contributing significantly to the promotion of Turkey, which is a brand in golf." Having gained the opportunity to show off its potential for golf tourism through all these promotional vehicles, Turkey aims to take a bigger slice of the pie with new enterprises in this field.



NASUT AKOSMAN

Member, Golfing Federation of Turkey

Besides being a branch of sports, golf is also a branch of industry; and many people now accept that it has a great potential for tourism. Today, more than fifty million people in the world travel to various countries just to play on different golf courses. What makes the game of golf so different from other sports is that every golf course is different from the other and that golfers are in constant pursuit of seeing a variety of courses and experiencing different thrills and new experiences. Turkey satisfies many of golfers' criteria. Besides being a branch of sports, golf is also a branch of industry; and many people now accept that it has a great potential for tourism.



DR. ALI GENÇ

Senior Vice President-Media Relations, Turkish Airlines

"Turkey is a country that possesses new, quality golf courses. Our country stands out with its ease of access, well-suited climate, and cost advantages—all thanks to its geographic position. Additionally, Turkey presents many options for time spent outside of golfing, such as swimming and sunbathing, historic areas and nature tours, shopping options, entertainment and nightlife, and other sports activities. As golf tourism grows in the world, Turkey too is continuing its investments in this industry.



ALİ ŞAHİN

General Manager, Cornelia Diamond Resort Golf Club

"We have ten golf clubs and fifteen golf courses in Antalya today. The courses we have are very few for an important golf destination but very many for the services provided. Roughly 600,000 games are played on these fifteen courses, and with this level of concentration we could easily place in the top five in the world."





In 2011, 5% of Turkey's exports were funded via export factoring; by June 2012, this figure had risen to 5.4%

FACTORING

Turkey Is Becoming AN EXPORT FACTORING HUB

By increasing its use of export factoring by 57% in 2011, Turkey ranked second out of all countries in this area, coming right after China.

BY MERVE KARA

EXPORT FACTORING was one of the most important items on exporters' agendas in September. Attention has been drawn to factoring not only by the influential meetings held by the Turkish Exporters Assembly as part of efforts to create new channels to satisfy exporters' financing needs, which are attended by TIM President Mehmet Büyükekşi, but also by the International Factoring Conference held with

hundreds of participants from 25 countries, organized by the Factoring Association with the cooperation of the European Bank for Reconstruction and Development (EBRD) and Factors Chain International (FCI). The results of the meetings showed how far export factoring has come and revealed that Turkey has revised its targets in this field upward.

Turkey's rapidly increasing export volume is fueling the

growth of a number of subsectors, one of which is factoring. Turkish export factoring, which today boasts a \$9.4 billion asset size and revenues of TRY 71 billion, surpassed by a significant margin the average annual 12% growth figure for the field worldwide, growing by 41% on average every year. In 2011, 5% of Turkey's exports were funded via export factoring; by June 2012, this figure had risen to 5.4%. Adding to this growth the international

success of Turkish factoring companies, positioning Turkey as a global hub in the field becomes a priority target. Zafer Ataman, Chairman of the Factoring Association of Turkey, said in a speech he delivered at the International Factoring Conference, "Turkish factoring companies are representing our country at the highest level and achieving international successes, especially in export factoring. These successes provide hints that Turkey will become a factoring base in the region as western countries shift their factoring practices to developing countries."

Foremost among the institutions responsible for the considerable spread of export factoring usage in Turkey is TIM. The informatory meetings organized by TIM President Mehmet Büyükekşi with members of the TIM



The bill concerning leasing, factoring, and financing companies is expected to create a richer competitive environment for financial institutions. This increased competition will lead to reduced costs and a better environment for exporters.

12%
AVG. 2011 WORLDWIDE GROWTH OF FACTORING INDUSTRY

41%
AVG. 2011 GROWTH OF TURKISH FACTORING INDUSTRY

Also expressing his views at the meeting was Eximbank General Manager Hayrettin Kaplan. Indicating that the bank has entered cooperation with the Factoring Association, he said they

would utilize the experiences of the factoring industry especially relating to post-dispatch export credit insurance. “We will provide great support to companies with limited access to financing in our work with the Factoring Association.”

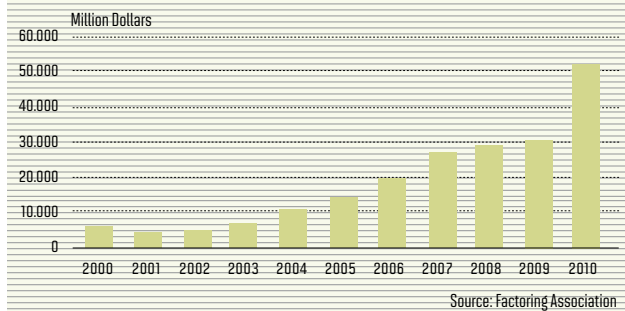
The Draft Bill concerning Leasing, Factoring, and Financing Companies passed the Plan and Budgeting Commission of the Turkish parliament in May. Now on the agenda of the parliament’s General Council, the bill is expected to contribute to a richer competitive environment for financial institutions. This increased competition will lead to reduced costs and a better environment for exporters.

TIM is teaming up with leading institutions in the factoring industry like the Factoring Association and Eximbank to cover the majority of SMEs in Turkey. With the asset size it now has, the factoring industry in Turkey ranks 14th out of 69 countries and ninth in Europe. The industry is aiming to reach a \$100 billion volume by the end of 2015.

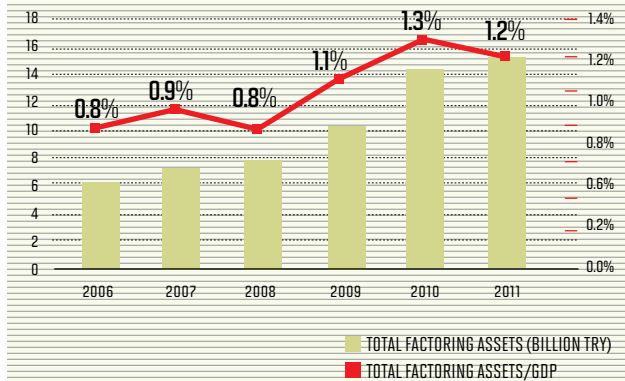
The rapid growth of the factoring industry in combination with the international success of Turkish factoring companies makes securing a position as a global hub in the industry a priority target for Turkey.

Industries Council, which are geared toward satisfying the various financial needs of exporters, were important tools for developing awareness of factoring in the industry. The meetings continued last month with the Factoring Association. Besides Büyükekşi, Zafer Ataman, board members, and Eximbank GM Hayrettin Kaplan also attended the meeting. Speaking at the opening of the meeting, Büyükekşi emphasized that improving the means of financing available to exporters has a direct effect on export growth, saying, “We believe that exporters don’t know enough about factoring, which is of great importance for the collection of export receivables. Our aim is to explain factoring to SMEs especially.” Factoring has made great progress over the past 20 years, stated Büyükekşi, and he suggested a joint effort to explain factoring to exporting companies all over Turkey and especially in Istanbul.

FACTORING TRANSACTION VOLUME IN TURKEY



TOTAL ASSETS OF FACTORING COMPANIES IN TURKEY



AUTOMOTIVE

AUTOMOTIVE LEADS THE PACK IN EXPORTS

Aiming to satisfy increased demand both domestically and abroad, the Turkish auto industry delivered an export performance that again kept it at the top in September.

BY SEBAHAT DÜZLEYEN

The auto industry's sales over the first nine months of the year totaled \$14 billion



THE AUTOMOBILE Institute of Turkey entered the industry in the 1950s as an assembler. In 1964, when the Assembly Manufacturing Alteration Law was issued, it started to grow; and in 1996, when Turkey became a member of the European Union Customs Union, the organization of the automotive industry in the country slowly started to change in a newer direction. The infrastructural transformations under way in Turkey helped the auto industry to expand. An increase in the number of companies operating in the industry accompanied this expansion, which made it possible for Turkey's production capacity to rapidly increase as well. Several Asian and European investors noticed this development in the market and focused on investments in manufacturing facilities in Turkey, and for years they have been using these as springboards to the rest of the world.

According to a report published in 2007 by the Economic Development Foundation of Turkey, the Turkish auto industry underwent radical changes in the late 20th century with the appearance of intense competition. Among some of these changes were the application of contemporary manufactur-

ing techniques, the establishment of quality management systems, and the certification of companies by international institutions. As a result of this, the industry became one that is export-focused and competitive in global markets.

Changes that occurred in the industry after 2002 set up the conditions for Turkey-bound demand to increase. In terms of export performance, Turkey's auto industry managed to become part of—and even ranks first among—the nation's three biggest industries.

INCREASED DOMESTIC DEMAND

The Turkish auto industry is taking solid strides toward becoming the apple of the eyes of not only Turkey and the Middle East but also Europe. The changes made to, investments in, and subsidies for the industry caused increased demand domestically. The number of cars per capita in Turkey doubled over that period—according to information from TurkStat, there was one car for every eight people in 2002; as of the end of June 2012, this figure had risen to one per every four people. Again according to data from 2012, the number of cars over the past decade increased 79%, roughly from 4.7 million to 8.43 million. The total number of vehicles in traffic grew by 87% to reach around 16.7 million. These figures provide a summary of how much the auto industry has progressed.

BEST IN EXPORTS

In the history of Turkey's exports, 2008 stands out as a record year for auto exports with revenues of TRY 24.7 billion. 2011, with TRY 20.4 billion in revenues, was also a year of record exports. Announcements concern-



79%	\$97.7 BILLION	16.7 MILLION	\$14 BILLION
The number of automobiles increased 79% over the past decade, hitting roughly 8.4 million."	Over January–June 2012, Turkey's exports grew 10% to reach \$97.7 billion.	The total number of vehicles in traffic increased by 87% to around 16.7 million.	Having attained \$14 billion in sales over the first nine months of the year, the auto industry ranked first out of all industries in sales abroad over this period, too.

ing 2012 have proved that automotive, as a lively and dynamic industry in Turkey, continues to be an industry that is steadily approaching its new targets. An important factor behind the increase in exports can be said to be the fact that the constriction in the European and world auto markets did not affect Turkey as strongly as it was expected to. The effect of the liveliness in the Turkish auto market and of alternative markets is another factor worthy of consideration.

Orhan Sabuncu, Chairman of the Uludağ Automotive Industry Exporters Union,

said in an announcement that Turkey's auto exports grew 10% from January to August 2012, reaching a value of \$97.7 billion. Sabuncu noted that the economy of Turkey is on a much better course compared to euro zone economies. "Our automotive industry has on an industry basis been the export champion of the past six years. Closing this period with production of 1,189,000 units and \$20.4 billion in exports, our automotive year has surpassed production figures for 2008, which is regarded as the best year in every way," said Sabuncu, em-

phasizing the exports success over the first eight months of 2012 despite the difficulties ailing European countries. Turkey will continue to be a significant market, stated Sabuncu, and he added that the industry is continually increasing its importance by entering such markets as North and South America, the former Eastern Bloc, and North Africa.

THE LEADING INDUSTRY

The September exports report published by the Uludağ Automotive Industry Exporters Union proved that despite the crisis that affected Turkey



“Our automotive industry has on an industry basis been the export champion of the past six years,” said Sabuncu

Strategy Document is a state document. Additionally, the “Turkey 2023 Export Strategy Breakdown by Industry Project” launched under the roof of the Turkish Exporters Assembly is, in line with the targets and metric our industry has set, an important opportunity for the fulfillment our export community’s expectations. Putting the aforementioned document into practice is very important for us to be able to attain the four million units produced, three million units exported, and \$75 billion export revenue we are targeting for 2023.” According to Sabuncu, Turkey, which ranked as the 17th-largest motor vehicle producer in the world as of 2011, is aiming to be among the top ten in 2023.

TOWARD AN ERA OF GREATER AWARENESS AND SENSITIVITY

The year 2012 heralds the arrival of a new era with not only successes but also the social responsibility projects it has bestowed upon the auto industry. The industry’s investments in corporate social responsibility efforts also continued in 2012. Ali Bilaloğlu, Executive Committee Chairman of leading Turkish auto distributor Doğuş Otomotiv, summarized his company’s social responsibility activities in 2012 as follows:

“As Doğuş Otomotiv, in relation to the automotive industry of which we are part, we are conducting efforts to promote awareness for the

purpose of ensuring traffic safety in our society. And as of 2004, we have collected these efforts under the roof of the corporate social responsibility platform that we call ‘Traffic Is Life.’ Last year, we provided first-aid awareness in traffic and safe driving techniques training to our more than 1,000 employees in Doğuş Group. Also last year, as part of an employee volunteer effort, we shot short films in which Doğuş Otomotiv employees acted. Our short films about traffic safety were met with admiration in social media. Starting with our employees, we are conducting efforts through various channels of communication and events with the purpose of increasing awareness in our customers, children and the young target audience, and all of society.”

TURKEY IN AN EXEMPLARY STATE

The Turkish automotive industry has managed to stand out not only with its successful export performance but also with its projects to create sensitive, conscious drivers. Despite the crisis and shrinking occurring in Europe and the whole world, it is maintaining its position. Many local and foreign manufacturing companies continue every day to make new investments in the Turkish auto industry, which enlivens and adds dynamism to the global industry with its growth. Several companies engaged in manufacturing in Turkey have expressed pride in adding one more to their range of products as they conducting their manufacturing in Turkey and accessing Europe and the rest of the world through it.

	
<p>ALİ BİLAĞLU Executive Committee Chairman, Doğuş Otomotiv</p>	<p>DRHAN SABUNCU Chairman, Uludağ Automotive Industry Exporters Union</p>
<p>“The stability of the economy of Turkey, its growth rate, the advanced state of its industry, its accumulation of know-how, and quality are factors that bring about Turkey’s being an important center of investment in the automotive industry. Considering that the new incentive bill that is expected to come into effect will be added to these factors as well, I believe there will be many companies that will come to grow their existing investment or for new investment. I believe that decisions to invest in Turkey on the part of these medium- and large-sized companies will gain further speed with the incentives bill.”</p>	<p>“We are pleased that our automotive industry is part of both the large-scale investments section and the strategic investments in the new incentives system. We believe that the inclusion of products of which there is no or very little production in Turkey and are overwhelmingly imported in the scope of strategic investments with the purpose of encouraging investments that have the potential to increase international competitiveness, high technology, and high value added is, with regard to our industry, very important. For our 2023 targets, being able to produce high value-added vehicles, parts, and components is an essential.”</p>

in recent months, the industry continues with confidence to be the leading industry with its \$503 million exports in September alone. According to the report, the auto industry’s sales over the first nine months of the year totaled \$14 billion. Over this period, the industry ranked first among all industries in sales abroad. Countries to which exports increased in this time were Russia, by 7% or \$718 million, and the US by 23% or \$652 million.

Sabuncu commented on the crisis that has lately been influencing the main export centers and added that in the rest of the year, they wish to reach their sales targets in order to attain a new championship on a by-industry basis. He expressed their goals for 2023 as follows: “We had tried to express in all of our statements that it was very important for us for the Automotive Industry Strategy Document and the Automotive Export Strategy Document to be adopted by the government. Today, the Automotive Industry



Global innovation giant 3M announced its decision to establish a “Super Hub” in Turkey.

INVESTMENT

Turkey: An Investment Hub For Global Investors

ISPAT announced two greenfield investment projects worth USD 1 billion in a period of less than three weeks.

IN A PERIOD OF less than three weeks, the Investment Support and Promotion Agency of Turkey (ISPAT) announced two important greenfield investment projects worth a combined value of USD 1 billion. On September 21, the Japanese tire giant, Sumitomo Rubber, together with its local partner, announced a USD 500 million investment for the establishment of a manufacturing facility

in Turkey. The facility's core business will focus on the production and sales of radial tires for passenger cars, as well as tires for light trucks. Meanwhile, the production capacity is planned to reach 30,000 tires per day, whereas direct employment in the plant will increase to around 2,000 people by the end of 2019.

Speaking of the Sumitomo's investment, Mr. İlker Aycı, President of ISPAT, said

Turkey is seen as a strategic base for developing markets such as the Middle East, North Africa, Russia, in addition to Europe, yet by another multinational leader, 3M.

the Agency had been working on this project for the past 20 months and added: “This investment is very important in terms of creating employment and contributing to Turkey's exports. With this investment, our country is being positioned as a strategic base of a global giant such as Sumitomo Rubber, which will focus on emerging markets, particularly in the Middle East, North Africa, Russia, and Europe.” Commenting on the investment, Mr. Ikuji Ikeda, President and CEO of Sumitomo Rubber, said that Sumitomo Rubber Group expects a significant increase in tire sales in emerging markets, such as the Middle East, North Africa, and Russia. He went on to say: “We believe that supplying tires from Turkey, which is nearer to our target

Japanese Sumitomo Rubber plans to produce 30,000 tires per day and to employ around 2,000 people in Çankırı by the end of 2019.

markets in addition to Europe, will enable us to reap enormous benefits in terms of lead times and transportation costs. Moreover, we expect Japanese automobile makers to boost their manufacturing operations in Turkey, and are looking forward to increased sales of both OE and replacement tires in the Turkish market. In this regard, Turkey has now become a strategic base for us. I would like to thank Mr. M. İlker Ayçi and his team for their efforts and contributions to each stage of this project for almost two years.”

On October 9, another investment announcement came from a global innovation company, 3M, which announced an investment for the construction of a new regional manufacturing facility in Turkey. The company, with products and creative solutions for personal care, household, hobby and office, electricity and electronics, telecommunications systems, health-care, traffic and transport safety, automotive, construction, chemical industries, has 17 facilities around the world. The project, with an estimated value of USD 500 million, will start following the groundbreaking in December 2012. The investment will incorporate sophisticated technology and create highly-qualified employment for more than one thousand people. ISPAT’s President, Mr. İlker Ayçi, said the Agency had been collaborating with



3M for two years, from the planning phase of the investment. “This initiative is very important for us, in terms of creating employment and positive impact on our exports. Turkey is now seen as a

strategic base for developing markets such as the Middle East, North Africa, Russia, in addition to Europe, yet by another multinational leader, 3M. We are proud to host such an investment,” said

Ayçi. Guiseppe Castaldi, Vice President of CEE Region for 3M, emphasized the significance of the investment from their perspective: “The CEE region covers 31 countries including Turkey, Russia, Poland and other dynamic players of Europe’s future. A region with such an exciting outlook and potential also needs tailor-made initiatives. We observe the growth opportunities in existing markets through wider penetration and we will expand our reach in new and emerging markets through new products. To achieve these objectives, our main strategy is to enhance regional self-sufficiency in manufacturing and, without a doubt, research and development. Observing this huge potential, in line with 3M’s international growth strategy and the focus of regional self-sufficiency, we developed a plan to invest strongly in Turkey in terms of manufacturing. We believe this is the key action to support growth in Turkey and in other Eastern and Western European countries and in the Middle East.”

“With this investment, our country is being positioned as a strategic base of a global giant such as Sumitomo Rubber, which will focus on emerging markets” Ayçi says.



AVIATION

The Best Airline Now Flies to More Countries than Any Other

Turkish Airlines is adding yet another to its series of successes. Twice named best airline in Europe, Turkish Airlines recently became the airline that flies to the most countries—90—according to UBM Aviation.

BY CAN GÜRSU BY AHMET BİLAL ARSLAN

THE WORLDWIDE effects of the economic crisis continue to surprise everyone. As the us and Europe, which were so well known for their wealth, wrestle with the devastating effects of economic crisis, the Middle East is waiting for the saplings of its spring to finally emerge. Quite literally in the middle of all of these, meanwhile, Turkey is adding new pages every day to its groundbreaking success story. Flying to places to which no one else flew, Turkish Airlines plays a pio-

neering role in the synthesis and fusion of cultures, laying groundwork for improving relations between Turkey and the destination countries with every new route opened.

With more than 200 destinations and its flight network, Turkish Airlines is a unique success. According to a report by UBM aviation's official airline guide, as of October 1, 2012, Turkish Airlines ranks among all airlines in the world as the one that flies the most countries, having 90 countries in its flight network.



Egypt



Hong Kong

Turkish Airlines plans to buy a total of 15 wide-body aircraft, with four planned for purchase in 2014, six for 2015, and five for 2016.

Turkish Airlines' success is a great gift to the Turkish nation, the true owner of this success. For the ad video that shot to celebrate this success Turkish Airlines worked with 40 different musicians in several countries including Mongolia, India, Thailand, Brazil, and Morocco, having the Turkish National anthem performed in a great range of locations using various instruments to crown this success as beautifully as can be.

With its successful and videos and in-cabin footage,

Casablanca



Riyadh



Turkish Airlines plans to launch 12 new routes by the end of this year

launched, Turkish Airlines had already sold more than 7,800 tickets. Besides Egypt, in October Turkish Airlines also launched service to the cities of Sana and Aden in Yemen. The airline is also starting to fly to the Libyan city of Sebha.

Turkey is now in the spotlight whether for its political activity in its region or with the role it has taken on for itself. Its flag carrier, Turkish Airlines, is preparing to further expand its area of operations and its flight network with the new destinations it will start flying to in Argentina, Cameroon, and the Maldives. Transport access to Turkey, one of the world's choice holiday destinations, is also becoming easier thanks to Turkish Airlines' success. Besides the successful expansion of its flight network, Turkish Airlines is also being recognized for the investments and aircraft purchases it has been making.

Turkish Airlines grew its international passenger carrying capacity by 28% this year, faithfully reflecting the company's motto, "Globally Yours." With a high-quality approach to service that embraces the entire world, Turkish Airlines plans to launch 12 new routes by the end of this year. The airline also aims to rise to the rank of number one in the total network listings by the end of 2013. Supporting its new routes with the purchase of new aircraft, Turkish Airlines is growing its fleet by more than 25% annually. Turkish Airlines is aiming to end 2012 with 201 aircraft, and for 2013, it is aiming to do so with at least 217 aircraft.

Turkish Airlines—a sponsor of athletes and sports teams worldwide—is able to connect to many people from every single country in the world. The basketball player Kobe Bryant and the soccer player Lionel Messi, both of who are star players in their respective fields, are Turkish Airlines' new ad stars. Turkish Airlines was also the primary sponsor of the Turkish Airlines World Golf Final, so far the biggest golf event ever to be held in Turkey. Several world-famous golfers including Tiger Woods

participated in the tournament, which was broadcast live in 50 countries. As this was taking place, Turkish Airlines completed the preparations for the ads it is making with the golfers.

Thanks to advertisements and sponsorships, Turkish Airlines has elevated to its brand awareness to a global dimension through which it is able to announce to the world the peerless successes it has exhibited. This global awareness is one of the leading reasons why Europe's best air-

line is preferred by customers especially on international routes. Every day, Turkish Airlines is further expanding the list of destinations it flies to.

Recently, especially after the Arab Spring, Turkish Airlines has been opening routes to new destinations in Egypt, which has become a choice holiday destination for Turkey. The flights from Istanbul to Sharm el-Sheikh and Hurghada serve as an aerial bridge between citizens of the two countries. Just a short time after service to Hurghada was

CONSTRUCTION

THE CONSTRUCTION INDUSTRY PICKS UP

The Reciprocity Law that cleared the path for foreign investors who wish to acquire property in Turkey is enlivening Turkey's construction industry, too.

BY ESRA ERDOĞAN BY ABDULKADİR DEMİR

HOUSING DEMAND in Turkey is continually rising with the Reciprocity Law that came into effect in May and cleared the way for citizens of forty-two countries to acquire property in Turkey. The projects that have been begun recently in Turkey, which has become a favorite of Middle Eastern investors especially, are drawing great attention, with residences and luxury real estate being popular investments.

Turkey's diverse range of climates, natural wealth, geographic position, and important commercial hubs like Istanbul are just a few of the factors drawing investors to real estate in Turkey. Işık Gökkaya, Chairman of the Association of Real Estate Investment Companies (GYODER), said on the subject, "Turkey is a safe and attractive country for investment with the political and economic stability it has secured. And the real estate industry, one of Turkey's economy's bellwether industries, accounts for a significant interest in this investor preference whether with the attractive opportunities it presents or with its strong potential." Gökkaya points out the fact that the turmoil that began in the Middle East with the Arab Spring continues and says, "With the new legislation, foreign capital input in the real estate industry is expected to be roughly five billion dollars annually, and in the long term this figure is expected to reach around ten billion dollars."



Foreigners are observed to generally prefer larger housing

With the projects they have been producing in this period, Turkish construction companies are evaluating requests from foreign investors as well. Temel Bulut, CEO of Bulut İnşaat, said on the law's contribution to the construction industry, "I can say that the real estate industry in Turkey has, with its infrastructure and projects, been preparing for the reciprocity law for two years. Foreign currency input will be provided for Turkey with the law; and the currency that enters will never leave.

Turkish contractors will go abroad more easily and it will be easier for them to be successful with better knowledge of foreign demands and expectations. I am of the opinion that because the construction industry and, in time, all our industries will be enlivened with the reciprocity law, it is a very productive move."

THE BOSPHORUS AN INVESTOR FAVORITE

Industrial Development Bank of Turkey (TSKB) Real Estate Appraisal General

Manager Işıl Dinçer says, "The demand coming from the Gulf countries especially is giving hope to the industry. In this sense, upon seeing the views provided by industry representatives, the idea that investors will wish to use their money in safer markets following the chaos that occurred in the Middle East becomes more apparent. We are of the view that Turkey will become a center of attraction when the reciprocity law is being applied in full and that the processes will remain as lively as they were on the first day for quite some time." Resources from the Minister of Environment and Urban Planning show that 1,299 have acquired real estate in the districts of Sarıyer, Beşiktaş, Beykoz, and Üsküdar, in Istanbul, which are covered by the Bosphorus development law. Specifically, foreign nationals own 398 properties totaling 99,028 square meters in Üsküdar, 261 properties totaling 114,768 square meters in Sarıyer, and 454 properties totaling 42,564 square meters in Beşiktaş. Middle Eastern investors prefer the provinces of Istanbul and Bursa most of all, while Europeans favor houses in Turkey's coastal regions. Makro Construction & Akyapı Joint Venture Executive Committee Chairman Ercan Uyan says, "Foreigners are showing interest toward housing with greater qualities. Housing with social facilities is their top prefer-

ence. On a country basis, one sees that Arabs and Middle Easterners mostly buy houses in Istanbul, while Europeans buy from the Aegean and Mediterranean coast.

VARYING HOUSING PREFERENCES

It's not only luxury projects in Turkey that are drawing the interest of foreign nationals—summer residences are, too. Dinçer says preferences in housing purchases exhibit variance by region and adds, “While one generally observes interest in residence-type housing in Istanbul, purchases in coastal and summer-home areas can shift toward detached housing. Although changing depending on the intended use, foreigners are observed to generally prefer large housing when compared to the rest of the world, too. For investment purposes, however, smaller spaces can be preferable to attain higher numbers of units.” According to Dinçer, variances can occur depending on the projects presented and the projects’ concepts as

well. Generally, in summer home or villa-style secondary housing, factors such as being at walking distance to the shore and having a private garden are popular preferences. Recently, high-quality metropolitan apartment units and residences are being preferred, too.

Dinçer states that construction firms started preparing after the reciprocity law passed parliament by opening offices abroad in order to promote their projects or by signing agreements with companies that offer international real estate agency services. Construction companies are expected to further focus on promotion in the period ahead. GYODER Chairman Işık Gökçaya says GYODER has been conducting activities geared toward promotion in international markets. “We conducted the first of the projects after the new legislation at Cityscape Global 2012, which was held October 2–4 in Dubai and featured Turkey as this year’s ‘Guest of Honor.’ At



A safe and attractive country, Turkey is receiving heavy interest from investors.

this international event, the most important in its field, we as GYODER prepared significant opportunities for the promotion and representation of the real estate industry of Turkey. Also, as GYODER, we will be holding

the first of the road shows we will organize with the purpose of, again, the ‘promotion of Turkey’s real estate industry in international markets’ in important international finance centers with high concentrations of large investment funds, in association with the Prime Ministry Investment Support and Promotion Industry and with the support of the Capital Markets Board of Turkey and the Istanbul Stock Exchange, in London this November. The other destinations are hubs where there are powerful foreign funds, like Qatar, Indonesia, and Malaysia.”

Turkey has drawn the attention of foreign investors with its reciprocity law, and with the urban transformation projects that have been launched, it is becoming an attractive nexus for the construction industry. Considered as a whole, all of this information appears to indicate that a good deal of Turkey’s accumulated stock of high-quality housing will quickly be sold away.



ASSOC. PROF. FEYZULLAH YETGIN, PHD
General Manager, Çalık Real Estate

“With its position that connects east to west, its continually developing economy, and its stable growth, Turkey is a country that has the distinction of being a leader. It is therefore the strongest candidate for drawing foreign investment. Istanbul, which has become a center of attraction for the real estate industry with the new law, will come to stand out centrally for foreign nationals’ investments.”



TEMEL BULUT
CEO, Bulut İnşaat

“With the law that makes real estate sales to foreigners easier, the construction industry has undergone further stimulation. We have become better able to satisfy the demands of our customers abroad. Our foreign customers choose their type of housing as per their own needs.”



ERCAN UYAN
Executive Committee Chairman, Makro Construction & Akyapı Joint Venture

“Before this law, the citizens of forty-two countries were unable to acquire property in Turkey. This problem has now disappeared. Foreign nationals buy fifty thousand housing units from Turkey annually. With the legislation of this law, this figure is expected to reach one hundred thousand.”



IŞIK GÖKÇAYA
Chairman, GYODER

“A number of complementary elements are required for the law to be applied in a way that suits the purpose of its legislation. These are such elements as conveniences various permits for foreigners; visa conveniences; ability to use housing credit issued by Turkish banks; insurance operations for housing etc.; the ability to use real property as security; the taxation of income from rent; and improvements and conveniences in areas such as taxes on purchasing and sales.”



IŞIL DİNÇER
General Manager, TSKB Real Estate Appraisal

“Azeri, Kazakh, Kyrgyz, Iranian, Russian, and Gulf-nations’ citizens who got snagged on the reciprocity principle will especially show interest in brand-name luxury projects in Istanbul’s central locations, with views and facing the sea (or at the very least having good transport infrastructure). Additionally, new projects to be presented in the area surrounding Istanbul, in the province of Bursa and on the shores of the south and the Aegean region.”



PACKAGING

PACKAGING LIVELIER THAN EVER

Influenced by a flurry of activity in several industries, the Turkish packaging industry is heading toward lofty goals

BY ESRA ERDOGAN

PACKAGING IS WHAT allows companies to preserve, keep clean, and protect the products they sell along the way to the consumer. With various sub-categories such as corrugated cardboard, plastic, flexible packaging, metal, and glass, the packaging industry is today among the top weapons of marketing, too—research shows that packaging design is one of the leading factors that draw consumer attention. Part of every aspect of our lives, packaging affects just about every industry.

Today, Turkey is gaining recognition in the packaging industry, too.

INVESTMENTS IN TURKEY CONTINUE TO GROW

The packaging industry is one of Turkey's fastest-developing industries, says Murat Akyüz, Chairman of the Istanbul Chemicals and Chemical Products Exporters' Association. "Numerous factors such as higher living standards, changing consumption habits, and the increase in exports have a share in this. The industry's



Companies are increasing their investments to better their standing in the international market.

advancement and per-capita packaging consumption can generally be assessed as a measure of living standards and economic activity."

Companies in Turkey are continuing their investments and increasing their capacities. Murat Akyüz says, "Several factors such as economic growth and population increase, the increase in the rates of urbanization, shrinking families, and more active participation in work on the part of women are increasing the use of packaging and growing the market. This makes Turkey even more attractive for the industry."

Tetra Pak, the world's leading food processing and packaging solutions company, is one of the companies that maintain investments in Turkey. Tetra Pak CEO Dennis Jönsson recently invested €25 million in the company's İzmir factory and said, "We are proud to watch Turkey's unbelievable journey on its way to growing. The reality is that Turkey is among the fastest-growing economies in the world today, and because of this we trust this country and its potential. Turkish companies have started to become important global and regional actors. Today, we have dedicated ourselves more than ever to supporting the growth of the Turkish food processing and packaging industry through innovative products." Tetra Pak was one of the first international companies to invest in Turkey, noted Jönsson, and he added, "We came to Turkey trusting in its potential forty years ago. Now, in our fortieth year, our trust has been further bolstered. By continuing our investments, we will continue to further strengthen our leadership positions in the Turkish market. Turkey's economic strength inspires

us.” Tetra Pak exports part of its production at its İzmir factory to such countries as Iran, Azerbaijan, Georgia, Libya, and Egypt.

The liveliness in the industry allows companies to increase production and set new targets accordingly. Omkasar, a company that has been operating in the corrugated cardboard industry in Kütahya Province since 1996, aims to increase its production capacity. Kudret Erat, General Manager of Omkasar, says the industry has a clear path ahead of it for growth.

INDUSTRY COMPANIES INCREASE CAPACITY

Packaging companies are starting to obtain more profit by increasing capacity. Companies that closely follow technology have better prospects in the international market. Dikran Acemyan, General Manager of Duran Doğan Printing and Packaging, Co., said of the company’s 2012 targets, “This year we are aiming to grow our sales by 14 percent. By further increasing our presence in such large export markets as the US, Germany, and the UK, we aim to increase our total export by 16 percent over 2011 and our domestic sales by 12 percent.” Duran Doğan has been accepted as a member of the International Packaging Group, an exclusive organization of packaging producers says Acemyan. “From each country, IPG accepts just one company—whichever is the market leader and the best in terms of technology and product quality. From Turkey, it was Duran Doğan that was accepted. Duran Doğan’s membership in IPG will, in a world of daily increasing competition, give our company pride and Turkey great benefit.”



Source: PLASFED 2012 Midyear Monitoring Report

PLASTIC PACKAGING ACTIVITY ON THE RISE

According to a midyear report in 2012 by the Plastics Federation of Turkey on the Turkish plastic packaging industry, it is predicted that the industry figures for the first six months of the year will reveal 2.9 million tons produced with a worth of \$11.2 billion. PLASFED Chairman Selçuk Aksoy says, “Plastic packaging products, as one of Turkey’s value-added industries, continues to post a foreign trade surplus by both amount and value.

Based on industry data for the first six months, we expect the foreign trade surplus to have increased by 8 percent to 209,000 tons and an 11 percent increase by value to \$274 million. As the industry, we posted a 194,000-ton/\$247-million dollar surplus in the foreign trade of plastic packaging products. Therefore, the industry’s constantly rising dynamism and spirited approach to foreign markets is giving us hope about supplying energy to Turkey’s export targets. In this respect, we maintain our view that every kind of support aimed to clearing the industry’s path would have very high returns for the country.”

Domestic demand for plastic packaging is increasing and has been since 2009. In the first six months of 2012, demand for plastic packaging was 1.26 million tons, corresponding to \$5.45 billion. Among the countries to which Turkey exports plastic packaging the most are Germany, Iraq, the UK, France, and Iran. Accord-

ing to PLASFED’s report, exports are expected to rise to 553,000 tons by the end of 2012, growing 6% relative to 2011 by amount.

With its activities in the packaging industry, Turkey is drawing worldwide attention to itself, causing investors to choose the country for their investments. As the packaging industry grows livelier every day, Turkey proves its success in the field. And with this vigor, the packaging industry is sprinting toward great goals.



MURAT AKYÜZ

Board Member, TIM, Chairman, Istanbul Chemicals and Chemical Products Exporters’ Union

“According to data for the year 2011, the export of Turkish packaging industry products is around \$3 billion. Plastic packaging products account for a share as large as 69 percent of this export. Although export figures fell somewhat with the effect of the global crisis, we recorded export increases of 15 to 25 percent every year for the past decade. One of the most important factors increasing the industry’s exports is the industry fairs that have been gaining intensity since the early 2000s... The focus of the packaging industry on fairs abroad allows our firms to set up new business connections and therefore increases the export potential. Considering such factors that have been facilitating growth in the packaging industry as urbanization, the level of economic development, and increased standards of living, we can say that the chief rivals are such countries as the EU countries and the US, China, and Japan. Leading among the areas the world packaging industry serves is food and beverages.”





SEAFOOD.
Seafood increased 7.73% in 2011 over the previous year.

TURKEY, THE WORLD'S SEVENTH-LARGEST COUNTRY FOR AGRICULTURE, CONTINUES ITS RISE TO THE TOP IN WORLD RANKINGS WITH THE REFORMS AND INVESTMENTS IT HAS MADE IN AGRICULTURE AND ANIMAL HUSBANDRY.

BY CAN GÜRSÜ

With the effects of global climate change, the ice caps are melting at record levels. The risk of draught is expected to increase together with this. Data released by NASA showed that 2011 was the ninth hottest year since the 1880s. Another cause for concern is that nine of the ten hottest years in the past century occurred in the 2000s. The reports being released show how serious climate change and drought has become. Climate change is affecting a great range of things, one of which is food—food prices are nearing alarming levels.



POULTRY
Chicken egg production increased 17.2% in a year.



A harsh drought is causing the sharpest increase in world food prices since 2009. Out of 24 commodities in Standard & Poor's GSCI Index, the sharpest increases were exhibited by wheat, soybeans, and corn. The index is performing better than many stocks and treasury bonds from around the world. Meanwhile, in the generally climate-stricken agriculture, food, and animal husbandry industries, Turkey is exhibiting great performance.

With the measures it has implemented, Turkey is successfully minimizing its exposure to the vagaries of nature. Despite the difficulties ailing the world, Turkey exhibited growth in agriculture in seven out of the past eight years, proving the success of its policies. By contrast to the European agricultural industry, which grew 3% in 2011, agriculture in Turkey grew 5.6% and accounted for \$62 billion of the GNP, ranking Turkey higher than the number-one country in the European Union.

Turkey, the leader in Europe in agricultural production, exported just \$4 billion worth of agricultural products a decade ago. Today, it exports \$15 billion and achieves a record export increase of 283%—in the rest of the world, increases are around 170%. Progress in agricultural exports continues via the policies being

implemented and supported. Agricultural policies geared toward industry and exports contribute positively to growth in exports by both value and amount. According to data released by the Ministry of Food, Agriculture, and Animal Husbandry shows that 2003's five million tons of agricultural exports grew to ten billion tons, with the number of countries exported to rising from 161 to 184 in this period. Turkey exports more than 1,532 products to these countries. Such achievements are what elevate Turkey to high levels in world rankings.

According to an OECD report titled "Evaluation of Agricultural Policy Reforms in Turkey," Turkey is the seventh-largest country in the world for agriculture. Although nearly two-thirds of Turkish farms are less than 50,000 square meters by area, Turkey possesses relatively large agricultural spaces relative to other countries and ranks right after high-population nations, according to the report. "Turkey is

unfortunately behind other large countries for agriculture when it comes to arable agricultural land," says Mahmut Arslan, Chairman of the TIM Industries Council Industry Board for Cereals, Pulses, Oil Seeds, and Products, though he underlines the point that the country is ranked favorably in comparison to other countries despite a lack of expansive agricultural land. The constant proliferation of sound agriculture practices, agricultural consciousness, mechanization, and irrigation technologies in Turkey is bringing with it an increase in product diversity, production amounts, and quality.

INCREASED STATE SUPPORT

Roughly 25% of Turkey's population is involved with agriculture. The state subsidy provided to farmers has been increased in the past decade from TRY 1.8 billion to TRY 7.5 billion. Growth in agriculture is positively affecting the employment rate in Turkey as well, with unemployment

BESIDES GROWING 5.6%, THE TURKISH AGRICULTURAL INDUSTRY RANKED FIRST AMONG EU COUNTRIES WITH A \$62 BILLION CONTRIBUTION TO THE GNP.



being in a falling trend as of late. Half of the 160,000 pieces of equipment required by farmers are being donated to those in need. Additionally, the Contract Farmer System that many companies have put into practice is facilitating production based on consumer and buyer demand. Together with farming subsidies, training provided to farmers as well as credit opportunities and assistance are positively influencing farmers' livelihoods.

Thanks to its arable lands fit for cultivation and the ecological diversity of its regions, Turkey is one of the best countries for growing produce, with fruits and vegetables being able to grow in good conditions and at a high quality. "Turkey has a geographical position suitable for growing almost every kind of agricultural product in the world except tropical fruits and vegetables," says Eliya Alharal, Chairman of the TIM Industries' Council Industry Board for Dried Fruits and Products. He adds, "It is in the region where numerous products like figs, grapes, cherries, and olives were first grown and domesticated agriculturally." Turkey is home to 11,000 plant species, almost equal to the total number in Europe of 11,500. Experiencing all four seasons in its different regions, Turkey bolsters its geographic advantages using the necessary investments to continue its rise to the top.

Turkey also ranks high among countries in the Eastern Europe, Middle East, and North Africa region in the food industry as one of the biggest exporters of agricultural products. Salih Çalı, President of the Uludağ Fresh Fruit and Vegetable Exporters' Union and the TIM Fresh Fruit and Vegetable Industry Council Deputy Chairman, says, "By virtue of its geographic location, Turkey possesses an advantageous position whether in terms of its market or production, and it is also a gene center of many fruits and vegetables." The harvest and post-harvest preservation (via precooling, climate-controlled storage, and packaging) are done in Turkey with the latest technology and the produce is brought to the market in vehicles and conditions that best suit each product, he adds. Thanks to the investments made, the items collected from the fields maintain the nutritional value they had at the moment they were picked. Turkey is playing for world leadership in the production, seed generation, and export of many products.

QUINCES
127
THOUSAND
TONS



POPPY SEEDS
45
THOUSAND
TONS



HAZELNUTS
430
THOUSAND
TONS



FIGS
9,391
FIG TREES



CHERRIES
438
THOUSAND
TONS



APRICOTS
650
THOUSAND
TONS





WATERMELON

3.8
MILLION
TONS



HONEY

94
THOUSAND
TONS

LEEKS

246
THOUSAND
TONS

STRAWBERRIES

302
THOUSAND
TONS

MELON

1.6
MILLION
TONS



According to the Food and Agriculture Association of the United Nations (FAO), Turkey ranks high globally in the production of many products. The country is number one in seven products; namely hazelnuts, apricots, figs, cherries, sour cherries, quince, and poppy seeds. It is second in six products—watermelon, melon, strawberries, leeks, honey, and vetch—and third in eight more—lentils, apples, cucumbers, green peppers, green beans, chestnuts, pistachios, and sheep's milk. Turkey is gaining the status of being the top exporter of the highest number of agricultural products after China and India.

Turkey is exhibiting such success not just in agriculture but in animal husbandry as well. The Turkish Seafood Promotion Group regularly puts on shows of strength at international fairs where it promotes Turkish fish to the rest of the world. Turkish fish is starting to stand out from its competitors in the markets. Turkey increased its fish exports threefold in the past decade to reach \$448 million. According to FAO data, Turkey is first in the production of trout (popular especially in Europe) and satisfies 50% of European demand for sea bream and sea bass. This once again shows the importance of the TRY 737 million subsidies provided to fishing over the past decade. Having increased by 202% from 2002 to 2011, Turkish seafood production attained the fastest growth in the world in this industry.

Turkey is taking giant strides in poultry production as well. Poultry production used to total 700,000 tons; today, this

LIVESTOCK POPULATION, 2010-2011

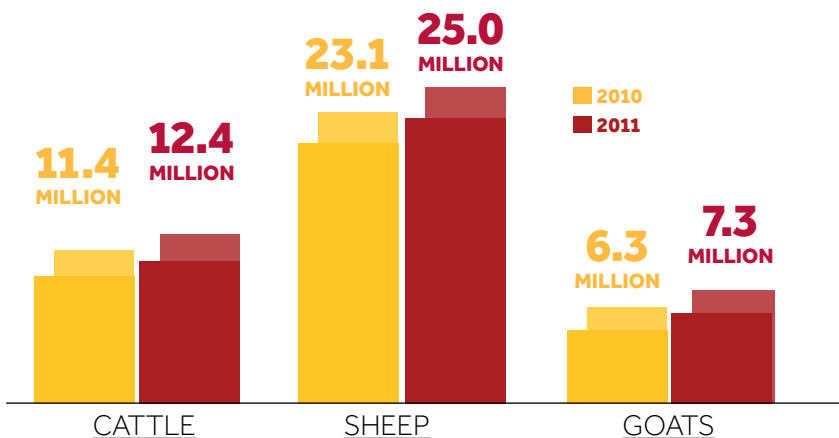




figure has reached 1.6 million tons. By 2023, the country aims to have reached 2.75 million tons. The growing appetite of the domestic market is one contributing factor to the industry's development. Red meat prices have been on the rise globally, causing a daily-intensifying inclination worldwide toward the healthier white meat. The per-capita consumption of 10 kg in 2002 has risen to as high as 19 kg. Mehdi Eker, Minister of Food, Agriculture, and Animal Husbandry, indicates that Turkey's poultry industry generates \$4.5 billion in revenues.

Turkey also has high ambitions in egg production, the other half of the poultry industry. Thanks to the modern facilities installed over the past few years and its decades of accumulated know-how, the Turkish egg industry is aiming for the top by targeting a position relative to the increasing demand in Turkey. With an egg-laying chicken population of more than 60 million and an annual egg production of roughly 14 billion, the egg industry ranks second in Europe. According to the WATT Executive Guide to World Poultry Trends, Turkey ranks tenth worldwide. The breeding eggs that used to be imported, which are of critical importance to egg production, are now produced at the Ministry of Food, Agriculture, and Animal Husbandry's facility in Ankara. As a result of these investments, Turkey succeeded in increasing its export nine years ago of 32 million eggs to 3.8 billion eggs in 2011. In Q1 2012, egg exports increased 65% over the same quarter the previous year.

APPLES
2.6
MILLION
TONS

CUCUMBERS
1.7
MILLION
TONS

PISTACHIOS
112
THOUSAND
TONS

CHESTNUTS
60
THOUSAND
TONS

GREEN PEPPERS
849
THOUSAND
TONS

RED LENTILS
1.9
MILLION
TONS



AGRICULTURE

\$18,993,108

12.93%



ANIMAL PRODUCTS
\$1,593,352
1.08%

PLANT PRODUCTS
\$13,664,445
9.30%

TREES AND FORESTRY PRODUCTS
\$3,735,313
2.54%

■ GROWTH

PERIOD: LAST 12 MONTHS

ACCORDING TO THE FAO, TURKEY RANKS FIRST IN TROUT PRODUCTION IN EUROPE AND SATISFIES 50% OF THE CONTINENT'S CONSUMPTION OF SEA BREAM AND SEA BASS.

Exhibiting agile responses to the world's changing food trends, Turkey aims to be an important player in the field of organic agriculture, too. In recent years, organic agriculture and trade in organic products have been growing in line with increased concern for healthy nourishment and living on the part of consumers and more sensitivity to the natural environment on the part of producers in developed countries. To meet export demand generated by this situation, commercial organic agriculture operations in Turkey took off with eight products that have strong associations with Turkish culture, such as raisins and dried figs, and in recent years surpassed 200 products. According to the Strategic Plan for Organic Agriculture announced by the Ministry of Food, Agriculture, and Animal Husbandry, organic agriculture production in Turkey takes place on 6.14 million square meters of land that create 2.9 million tons of organic produce a year. Several NGOs in Turkey are continuing their efforts to spread organic agriculture, which has become widespread in many villages thanks to these efforts.

PRODUCT TRUSTWORTHINESS GUARANTEED VIA QUALITY SYSTEMS

Agricultural products in Turkey are subject to all kinds of quality control systems starting from production to preparation for export. These measures, which are in place to ensure the trustworthiness of products, are important for the international certification of these products as well. "The representatives in Turkey of European auditing companies meticulously carry out the quality controls and required certification (HACCP, GLOBALGAP, ISO, etc.)," says Salih Çalı. The products are harvested, stored, and packaged using the latest tech-

nology and transferred to markets using whatever vehicle and conditions are most suited to the product in question, he adds.

The agriculture industry in Turkey is progressing not only in terms of food safety but also with regards to the development plans and strategies for the industry and rural areas as outlined by the Agriculture Bill that came into effect in 2006. This bill presents a barrier to the misuse of agricultural lands. "Had we not issued this bill, an additional 400,000 hectares [4 billion sq. m.] of agricultural land would be used for other purposes," says Mehdi Eker. Issued in 2005, the bill also brought a lower limit to the division of agricultural lands by



THE MASTERS OR PRODUCTION

Turkey is exhibiting great performance thanks to its agricultural reforms. We asked the bosses of Turkish agricultural production to share their views on the matter.



DUR SUN O ĞUZ G ÜRSOY

Member of Industries Council - Coordinating Chairman, Black Sea Exporters' Union

In 2011, the hazelnut and hazelnut products industry accounted for 13.3% of total agricultural exports. The industry's target for 2023 is to export 300,000 tons of shelled hazelnuts and to raise the current share of processed hazelnut exports to around 70% in order to contribute more value-added to our country. Through a long-term agricultural vision that Turkey will put forward, the Turkish agricultural producer and farmer will rise to the position of one of the world's most important actors in the world agricultural trade.



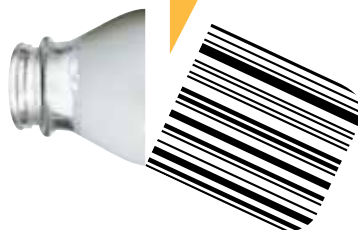
ELIYA ALHARAL

Board Member, Aegean Dried Fruits and Products Exporters' Union

Turkey has a geographical position suitable for growing almost every kind of agricultural product in the world except tropical fruits and vegetables. Furthermore, it is in the region where numerous products like figs, grapes, cherries, and olives were first grown and domesticated agriculturally. In Turkey, where the proportion to the total population of people who busy themselves with agriculture is around 25%, the continuing increase in awareness of sound agricultural practices, mechanization, and means of irrigation; together with product diversity, production amounts, and quality; exhibiting positive developments every day. If, in cooperation with all concerned ministries and institutions, we speed up efforts, it will be possible for Turkey to rank among the world's leading production centers and supplying countries in 2023.

DAIRY PRODUCTION

2011 increased by 11.2% in 2011 over the previous year.





way of inheritance, one of the biggest problems in Turkey, thereby preventing the fragmentation of large agricultural properties. An in-depth analysis by the ministry has analyzed almost all of the lands in Turkey to determine the fertility of agricultural lands and what products they are best suited for, giving farmers an excellent source of guidance.

The agricultural reforms begun by Turkey draw the interest of international investors, too. A release by the Ministry of Food, Agriculture, and Animal Husbandry indicates that \$6 billion in investment in agriculture entered Turkey from 2003 to 2012. Turkey's diversification of the markets to which it exports and its status

as a safe harbor in a global arena fraught by crisis are the leading factors that strengthen the country's hand. By increasing its 0.8% share in the world goods trade to 1%, Turkey aims to increase its exports to \$170 billion. For 2023, the bar has been set as \$500 billion—or 1.6%.

The agriculture industry, accounting for one of the largest shares of Turkey's exports with a 13.1% share, will play a key role in meeting these targets. While Turkey has less cultivated land relative to its rivals at the top of the list, Turkey is set to climb up the ladder rapidly with its value added proposition, its years of experience and know-how, and its climatic advantages.



AHMET HAMDİ GÜRDOĞAN

Chairman, Eastern Black Sea Exporters' Union (DKİB)

For natural reasons—in other words, rich natural resources, biological diversity, suitable climate, and geological conditions—agriculture has always been a leading industry for Turkey. Recently, private entrepreneurs have been increasingly interested in investing in the agriculture industry. Besides being one of the world's rising stars in such ecologically superior products, Turkey is also securing significant amounts of foreign currency input in the export of products that offer a chance of exports and export revenue.

Many products that are in demand abroad can be produced economically in our country. For this reason, we predict that our agricultural export will increase in the future with the advantages presented by the ecological potential in Turkey's geography.



MAHMUT ARSLAN

Board Member, TIM; Chairman, Mediterranean Grain, Legumes, Oil-Bearing Seeds Exporters' Union

Turkey ranks number one in Europe in the production and export of agricultural products, and it is among the world's top seven countries. The economic and political developments that have occurred in Middle Eastern and African countries in recent years has increased interest in Turkey and demand for Turkish products, a factor in the flare observed in the food industry. Large increases have been seen in the export to these countries. Turkish agricultural products find customers in a wide spectrum whether by virtue of quality and price range or thanks to their great taste and abundance. The industry's investments toward its 2023 targets have increased. The oil-bearing seeds, animal husbandry, and fresh produce industries' high-tech investments are rapidly increasing the share held by these industries in Turkey's total exports. We predict that the industry will easily achieve the \$40 billion envisioned in its export target for 2023.



ORHAN ÜMİT GENÇOĞLU

Chairman, Uludağ Fruit and Vegetable Exporters' Union (UMSMİB)

Turkey has two great gifts: suitable climate and land. Our country, which stands out for its diversity of agricultural products, is positioned as an important exporter of agricultural products despite its fragmented land and the small size of its agricultural businesses. A new structure has emerged in Turkey in recent years by the name of the Reorganization and Support Council in Agriculture. With the facilitation of the spread of policies that will provide structurally significant developments and progress in the agriculture industry, the industry will grow at an increased speed. Additionally, policies that will increase the fertility of the present lands and open arable but unused lands to agriculture, and the production of high-value-added products are also matters that the industry must urgently address. Should issues in the agricultural industry be overcome, Turkey will multiply its successes.



RIZA SEYYAR

Member of Industries Council and Vice Chairman, Aegean Fresh Fruit and Vegetables Exporters' Union

Especially thanks to the efforts conducted in recent years in food trustworthiness and traceability from the field to the table, it wouldn't be wrong to say that Turkey has today become a brand in several agricultural products. Considering that the endless need for agricultural products will increase together with the world's rapidly increasing population, it is a fact that the value of the agriculture economy will be much more realized compared to now. I believe that so long as Turkey places importance on R&D activities such as improving product diversity and varieties that have economic value, as has been the case in recent years, and so long as this becomes a steady state policy, Turkey's success will continue increasingly in the years ahead.



SALİH ÇALI

Chairman, Uludağ Fresh Fruits and Vegetables Exporters' Union

The Turkish agriculture industry is one that has been developing positively over six of the past seven years in spite of the crisis. And even more importantly, productivity is increasing constantly. Respite global crises and strong droughts, the agriculture industry has grown in seven out of the past eight years, exhibiting stability. Nationally, we are aiming to increase our fresh fruit and vegetable exports fivefold by 2023 to reach \$9.8 billion. We will therefore have increased our share in world fresh fruit and vegetable exports, which are expected to reach \$120 billion, to 8.2%. Various strategic targets that the industry will need in areas from production to marketing, product development, human resources, and legal issues have been set to overcome difficulties in the way of attaining the exports target.

TARGET: BEING THE AGRICULTURAL LEADER IN THE REGION

THE MINISTER OF FOOD, AGRICULTURE, AND LIVESTOCK, **MEHDI EKER PROVIDED THE TURKISH PERSPECTIVE WITH HIS ASSESSMENT OF THE AGRICULTURAL REFORM** TURKEY HAS IMPLEMENTED IN RECENT YEARS AND THE FUTURE OF THE GROWTH TREND IN AGRICULTURE TURKISH PERSPECTIVE.

BY CAN GÖRSÜ

TURKEY'S ACCOMPLISHMENTS in the agriculture industry over the past eight years amount to a true success story. Increasing its agricultural production from \$25 billion to \$62 billion in this period, Turkey rose to first place in Europe and from eleventh in the world to seventh by this measure. The country's aim for the year 2023 is to increase its agricultural production to \$150 billion and its exports to \$40 billion. "A road map was needed to achieve this success, and indeed we made one. We prioritized structural transformations above all," said Mehdi Eker, the Minister of Food, Agriculture, and Animal Husbandry. He says the trend of growth will continue into the period ahead, too.

Can you tell us what strategies and practices led Turkey—the seventh-biggest country for agriculture in the world—to its successes in agriculture?

Possessing great strategic, economic, social, and cultural significance, the agriculture industry is an important industry that accounts for 25.5% of total employment within our country, employing 5.7 million people. While in 2002 Turkey ranked 11th in the world by agricultural production with \$23.7 billion, today it has risen to seventh place with \$61.8 billion. In parallel with these developments, per-capita income in the agriculture industry rose from \$1,064 in 2002 to \$3,602 in 2011.



The source of our national economy's pride with all of these positive developments, the agriculture industry has also been exhibiting a rising trend every year in reports released by such important international organizations as the OECD and FAO. During the period of the Justice and Development Party governments, we launched significant efforts and brought to life many new projects to have Turkey be its region's leader in agriculture and to make agriculture a profitable industry, thereby increasing its share in the economy. A road map was needed to achieve this success, and indeed we made one. We prioritized structural transformations above all.

In this scope, first of all a sectoral depth analysis that shows the current state of the ministry and the agriculture industry and clarifies their problems was done. The industry's situation and expectations were presented with full clarity as the outcome of nearly 50,000 meetings and surveys of all parties in agriculture, including the public and private sectors and producers.

Thirteen new long-awaited laws were issued in the fields of food, agriculture, and animal husbandry, and 22 laws were changed in accordance with the needs of today. By changing the approach used in agricultural incentives, we brought a system to support agricultural production. We moved over to a planned era in agricultural practices. In this scope, we prepared firstly an agricultural strategy, rural development strategy, industry analyses, meetings of interindustry collaboration and common minds, agricultural master plans for the 81 provinces, regional agricultural master plans, the 2008–2012 Agriculture Vision, the 2012–2014 Strategic Plan, and the Rural Development Plan. Again, the subjects of focus were food safety and effective, contemporary methods in animal husbandry.

In parallel with these efforts, we brought to life in a series of fields a number of projects that are based on rational, contemporary production models but also take into account the social dimension, which we could call "firsts" in agriculture. We have accomplished many such things as the legislation of the Agriculture Bill, the creation of the Product and Support Model for Agricultural Basins, the initiation of

TARGET FOR 2023	
\$40 BILLION	\$150 BILLION
AGRICULTURAL EXPORTS	AGRICULTURAL PRODUCTION

state-supported Agriculture Insurance, and the prevention of fragmentation of agricultural lands by inheritance through the designation of the "Indivisible Plot Size."

With the change and transformation programs prepared, a move has occurred from a day-to-day outlook to strategic planning in agriculture, it being a strategic, competition-based industry.

Agricultural land has been used in the world not only for agricultural production but also for the production of biofuels. There is also an increase in the prices of agricultural products. Do you find these increases realistic? How is Turkey affected by these increases?

As it could affect the supply of food in our country, using grains and oil-bearing seed plants that can be used as human food or animal feed for the purpose of biofuel is inappropriate. Effect analyses are being carried out for this purpose.

As for food prices, according to data from the International Grains Council, it is estimated that world wheat production will have dropped in 2012 by 34 million tons to 662 million tons, with world wheat stocks falling 17 million tons to 180 million tons, and a drop in corn production is expected as well. It can be seen from the figures that there is no significant crisis situation. In some products

WORLDWIDE, ORGANIC AGRICULTURAL LANDS TOTAL 80 MILLION HECTARES



such as soy, however, I believe price increases are speculative. The fluctuations in food prices have had limited effects in Turkey, as such fundamental products as wheat, barley, and corn are produced sufficiently in this country.

In the first half of 2012, the agriculture industry in Turkey was reported to grow by 4.2%. What kind of growth do you expect for the second half of the year, which in a country like Turkey is typically a time of increased agricultural production? What are the causes for this growth?

Among the fundamental causes for this growth is the revision of agricultural incentives based on a principle of productivity and quality. Important efforts in incentives are both increasing the number of incentives and diversifying incentives in terms of quality and quantity. Together with this there is the renewal of machinery, as well as the facilitation of the integration of agricultural and rural areas with the transition to a market-focused mode of production. We expect this trend of growth to continue unchanged in the period ahead, too.



Organic agriculture is becoming increasingly popular worldwide. First gaining support in 2002 with 155 kinds of organic produce, organic agriculture in Turkey grew to the point where in 2011 it produced 225 kinds of organic produce, having grown steadily in the past nine years. How does Turkey compare to the rest of the world in organic agriculture? What sorts of efforts are you conducting to support and promote organic agriculture? What incentive projects are required for the advancement of organic agriculture in Turkey?

Organic agriculture has been exhibiting rapid growth in the world in recent years. The ratios of organic agriculture fields and farms in the world's total agricultural areas are increasing. According to data for the year 2010, organic agriculture is practiced on 0.9% of the world's agricultural land. Current data indicates that 1.6 million businesses are engaged in agriculture over a 37-million-hectare area. Additionally, with 43 million hectares of natural foraging areas, the total size of organic agricultural lands reaches 80 million hectares. Pastures account for 23

million hectares of this area. To examine the matter in terms of producers, roughly 29% of producers practicing organic agriculture are located in Asia, 34% in Africa, and 18% in Europe. In parallel with the increase in production, the monetary aspect of the world organic agriculture trade is growing rapidly, too. The organic food market reached a size of \$59 billion in 2010, exhibiting a growth of roughly 5% over the previous year.

In Turkey, the lands where organic agriculture is practiced account for a 1.81% share within the total agricultural area, according to data for 2011. By taking advantage of the spread in the consumption of organic products in the world, especially in Europe, we can obtain a decent market share for our country in this area. I'd like to mention some of the efforts we are doing for this. A protocol was signed between our ministry and the General Directorate of State Waterworks. Through the protocol, which was signed jointly in order to allow organic agricultural production in the basis of dams used for drinking and general-use water, the practice has reached a total of 18 dam basins in 18 provinces.

IN THE FIRST HALF OF 2012, THE AGRICULTURE INDUSTRY IN TURKEY WAS REPORTED TO GROW BY 4.2%

Also geared toward organic agriculture was the Project to Promote and Control Organic Agriculture, which was as of 2011 being conducted by the ministry's headquarters, 18 province directorates, seven Southeast Anatolia Project province directorates, and ten research institutions. In 2012, we added eight more provinces to the project in the same scope. Research, development, education, and publication efforts concerning organic plant, animal, and water products are being done with the project. Demonstrations are being installed in 33 provinces with the purpose of increasing organic agriculture. Additionally, education and promotion efforts for producers are also being conducted. Research, demonstrations, education, and promotion activities are being conducted as part of the Project to Promote and Control Organic Agriculture in Southeast Anatolia as well. We set aside a TRY 2.5 million budget for 2012. We are engaged in international collaboration for organic agricultural production too. The Albania Organic Agriculture Project and Azerbaijan Organic Agriculture Project are being conducted within the scope of the Turkish International Cooperation and Development Agency's collaboration with our ministry.

Besides the projects, we are providing area-based incentives to organic agricultural producers that are part of the support program of TRY 35 for produce and TRY 10 for field crops in 2012. For those engaged in organic animal husbandry, we give a 50% extra payment in addition to animal husbandry incentives. Furthermore, farmers who practice organic agriculture have the option to use loans with terms of 18 months for business credit and seven years for investment credit from the Agriculture Bank at a 50% discount from the current interest rate.

Increased difficulties in agriculture due to changing climate conditions and European nations' changes to their agricultural policies are pushing many nations toward sustainable agriculture. What sort of steps is Turkey taking for sustainable agriculture? What kinds of efforts have so far been conducted in Turkey to develop sustainable agriculture?

Agriculture is a field that is directly related to climate conditions. It is at this point that sustainable agriculture comes in. With the purposes of facilitating sustainability in agriculture and increasing the fruitfulness of products against climate change; concentrating agricultural production in areas where it will fit in with the ecology and supporting, organizing, and running this in an integrated fashion; we determined 30 agricultural basins by district borders according to climate, soil, and topographic data to create an agricultural inventory. With this project, we developed a production and support model for agricultural basins with the purpose of ensuring the preservation and sustainable use of natural resources by growing the right crops in the right places and in the correct amounts. Efforts to revise and develop the model continue. Furthermore, with the purpose of determining the soil's fertilizer need based on soil analysis and the application of fertilizer with consideration of the crop to be planted, we are supporting farmers who are having soil analyses done.

Under the leadership of your government, Turkey is preparing for the year 2023—its republican centennial—with a combined \$500 billion export target for all its industries. Can you discuss your ministry's goals for the year 2023 and what the ministry will do to reach these?

Turkey possesses significant potential in the agriculture industry. We have shown this with our deeds over the past eight years. Firstly, we examined agriculture as a strategic industry and conducted a sectoral depth analysis. Then we turned the mirror to ourselves. We facilitated close to fifty thousand meetings concerning the industry. We presented the depth analysis study and issues new laws that Turkish agriculture has awaited for years. With the

strategies, policies, and projects we brought to life, we increased Turkey's agricultural production from \$23 billion to \$62 billion. In terms of agricultural production, we rose to first place in Europe and from 11th to seventh place in the world. These facts are recognized by international institutions, too. OECD's agriculture report for 2011 says Turkey has shown great progress in the past ten years and rose to seventh place in the world in terms of the amount of agricultural productions. The United Nations' Food and Agriculture Organization's report also tells of Turkey's success story. But for us, these are not enough; and for 2023, too, we have drawn a vision for ourselves. We aim to raise the agricultural productions of \$62 billion to \$150 billion,



WHEN WE REACH OUR TARGETS, TURKEY BE AMONG THE WORLD'S TOP FIVE COUNTRIES BY AGRICULTURAL ECONOMIC SIZE

and our export target is \$40 billion. These are realistic targets. The things we have done by today show that we will reach our next goals.

We are working with all our might to achieve these goals. Most recently, we took a giant step in food safety. When producing for other markets, the food industry, packaging, storage, sales, and sales centers come into the equation. Different opera-

tions are done in each of these. We are in the position of having to audit this chain in every area from the market to the table, the farm to the fork, and from the pasture to the plate. And for this, we had to set up a food safety system. We have published 102 directives, and these directives are at EU standards.

Also with regard to our goals, our efforts to make the agricultural organization more effective, develop the industry, and facilitate rural development will continue in the coming term. Our aim is to see in Turkey that in the year 2023 is feeding its population with sufficient, high-quality, trustworthy food and has further improved its position as a net exporter of agricultural products,

increased its competitive ability, and has a say in the world and its region when it comes to agriculture. When we reach these targets, Turkey will have become a country that is among the world's top five countries by the agricultural economic size, has increased its agricultural GNP to \$150 billion, and has had its agricultural exports surpass \$40 billion.

Significant steps are being taken every year for the animal husbandry industry, which as of 2011 reached \$1.73 billion in subsidies. What sort of incentives are you planning for the period ahead? What are your plans to draw foreign investors?

While the share of animal husbandry incentives within overall agricultural incentives was 4.3% in 2002, we increased this to 24.4% in 2011.

With our projects and the incentive policies we are practicing, we aim for our farmers to engage in production that complies to EU norms by solving such fundamental problems as accelerating improvement efforts, increasing business capacity and productivity, developing registration systems, addressing the deficit of coarse grains, promoting animal health services, and establishing awareness of collective organization.

In order to continue the momentum we have achieved in production and productivity, we will continue providing the present support in the future, too.

Meanwhile, for the purpose of developing the industry, various projects will be brought to life for raising breeder cattle and developing animal breeds. An intervention institution will be established to facilitate price stability in red meat and other animal products. The production and use of local sperm will be incentivized. In consideration of our country's geography, incentives given for raising sheep and goats will be increased in order to develop it. The incentives provided to increase regional scale breeding angora goats, water buffalos, silkworms, and the bombus bee will be increased, too.

Do you have any projects to address the fluctuation of meat prices in Turkey? Do you believe that the organized animal husbandry zones project that was brought to life in Diyarbakır will be a solution? Are you aiming for animal husbandry in Turkey to be shifted to organized animal husbandry zones?

In 2010, we established the National Meat Council in order to determine problems concerning the meat industry and to propose solutions for these.

A supply deficit in red meat caused by increased demand is created in times when the national economy is growing. For the purpose of eliminating the periodically occurring supply deficit, the customs tax rates on imported red meat and livestock are revised to obtain price stability.

We are providing feed support in order to eliminate the pressure on the costs of local producers due to imports. We pro-



vided TRY 300 per head of cattle in 2011. This practice will continue into 2012, too.

We are conducting efforts to make it easier for pastures to be used for animal husbandry in order to reduce production costs and contribute to eliminating the recent coarse grain deficit.

Within the scope of the new incentives, we are paying TRY 225 per mother cow of beef cattle, TRY 60 in the case that these cattle are registered in the breed registration system, TRY 75 for calves born of artificial insemination and beef breeds, and an additional TRY 25 for hybrid calves born of artificial insemination.

Improving red meat production and bringing it to a level of self-sufficiency are among our fundamental policies.

Meanwhile, we are establishing agriculture-based organized agriculture and animal husbandry zones with the purpose of improving agriculture-industry integration for the support and development of vegetal and animal production and the industries based on these; the packaging, processing, and storage of the products;

TURKEY AIMS TO INCREASE ITS \$62 BILLION AGRICULTURAL PRODUCTION TO \$150 BILLION IN 2013

the provision of technical support; and the supply of suitable, quality raw materials that can increase competitiveness.

New technologies and animal breeding techniques will be practiced in these zones. Sufficiently sized, more modern animal husbandry facilities will be established together with the model. Production in these places will be more fruitful and of better quality. Our producers' incomes and levels of prosperity will thereby rise as well. Additionally, the waste material created at these establishments will be put to use, preventing pollution of the environment.

Turkey is playing for world leadership in the production and export of many agricultural and animal husbandry products, such as hazelnuts, pomegranates, cherries, figs, and eggs. What is behind these very quickly obtained successes?

With the purpose of reducing input costs in production, producers registered in the Farmer Registration System are given area-based incentive payments for new vineyards and orchards they set up using certified or standard fruit saplings on areas of at least 5,000 square meters for shrub or semishrub saplings and at least 10,000 square meters for other kinds of saplings.

Additionally, we are providing area-based support for hazelnuts in the areas of organic agriculture, agricultural best practices, fuel, and analyses of fertilizer and soils. Again within the scope of the program to support investments in rural development (storage, product processing and packaging, machinery and equipment), we are giving as a donation 50% support. We are also supporting low-interest loans and R&D projects.

Meanwhile, we have also begun efforts to facilitate production and quality increases in fruit cultivation and to establish modern fruit orchards with the purposes of reducing costs and increasing the exports ratio. With these efforts, fruit production will take place in better-suited land and ecologically appropriate areas. Fruit production will therefore be done according to the needs of the domestic and foreign markets, taking into consideration the balances of supply and demand.





TIME TO FACE CHALLENGES

Fadi Hakura is a Turkey expert and associate fellow at Chatham House, one of the leading foreign policy think tanks in the UK. He regularly comments for the international media on all aspects of Turkish politics, foreign and security policies, including EU accession issues and Turkey's regional relations. Mr. Hakura has been a guest lecturer on EU-Turkey relations at University College London since 2005. He served as European Counselor at the World Bank, and from 1999-2000 as a lawyer for the Competition Directorate-General at the European Commission. Mr. Hakura shared his views on the potential challenges that a politically and economically strong Turkey should be able to overcome in the coming periods.

 BY MERVE KARA

LET US START WITH your general view on the rapid growth period that Turkey has been through during the past decade. How do you think this process is different from the rapid growth periods the country enjoyed in the 1960s and 1980s?

I think in the last ten years Turkey witnessed economic and political achievements due namely to political stability under the rule of the Justice and Development Party, bringing inflation under control and enjoying some high growth rates. And nevertheless, these achievements were not built on the progress that Turkey made in '60s, '70s, '80s, and '90s. Turkey's recent achievement did build upon the progress made from the 1960s to the 1990s. The government inherited some very strong institutions and was able to craft Turkey's progress on those achievements.

Turkey had several crises in recent years due to its misrepresentation as a country polarized between the two extremes of Kemalism and Islamism. Today we see a Turkey that does not belong to any of these extremes. How would you define today's Turkey? Where is Turkey leading itself?

I think the Kemalist versus Islamist tensions in Turkey have not completely disappeared. We still see, for example, that the major Turkish political parties seem unable to arrive to a consensus in drawing up a new civilian, democratic constitution.

Does this mean Turkey will continue to see those tensions?

This is an open-ended question. Turkey now is developing its political approach and its own democracy, and there will be ups and downs. So far, Turkey has achieved quite a lot but it still has challenges ahead of it.

Parallel to its economic development, Turkey's foreign policy has seen tremendous alteration. Considering both, how is Turkey's sphere of influence changing globally?

Over the last ten years, there has been a noticeable expansion in Turkey's



“ON THE ISSUE OF THE MIDDLE EAST, TURKEY HAS A BIG ROLE TO PLAY GIVEN ITS GEOGRAPHIC LOCATION, HISTORICAL TIES, AND CULTURAL LINKS IN THE REGION.”

trade and economic relationships from Europe to the Middle East, Africa, Caucasus, Russia, and the other parts of the world. For example, the percentage of Turkey's exports that go to Europe declined from about 50 percent to close 30-35 percent, whereas to the Middle East they increased in recent years from 6 percent to 16 percent. Nevertheless, Turkey needs Europe and Europe needs Turkey. The Turkish economy is dependent on European foreign investment and technology, know-how, corporate governance, and productivity. So, at the end of the day, Turkey is diversifying its economic and trade relationships with different regions. But the essence of Turkey is the economic dynamism that

will depend on its relationship with the European countries.

You wrote an article in 2008 for The Guardian titled “Turkey Turns Westwards.” Has your view changed since then?

Turkey is now enjoying the very close cooperation between Ankara and Washington over the approach to Syria, to Iran, and to the Middle East peace process as well as the wider region. So the whole debate that took place a few years ago that Turkey was turning its back to the West has proven to be inaccurate and unrealistic.

How do you assess Turkey's improving relationships within the Middle East?

To what extent did Turkey have an impact on the Arab Spring movements? Prime Minister Erdoğan was one of the first foreign leaders to call on former Egyptian President Hosni Mubarak and former Tunisian President Bin Ali to leave power. So, Turkey today is very popular in the Middle East. Nevertheless, Turkey's role in the Arab Spring is more as in the role of example and inspiration rather than as a direct role

to influence events in the Arab countries themselves. At the end of the day, it will be the Egyptians and Tunisians who will decide in which direction their countries will move; this does not really depend on Turkey. But what Turkey can do is to inspire those countries and inspiring those countries to move in a more peaceful and prosperous direction.

What is your personal view on the Arab Spring?

I think it is too early to tell what will be the eventual outcome of the Arab Spring. But what is now exciting is many Arabs have a chance and opportunity to decide which way their country will move toward. What kind of political system will emerge? What kind of economy will develop? What foreign relations will they enjoy? Therefore, in the immediate period there is likely to be a lot of turmoil volatility and instabilities. But this should be seen in a positive light in that the Arabs had finally the chance to determine the destiny of their countries.

Another of Turkey's neighbors that is dealing with a crisis nowadays is Europe. Do you think that the sovereign debt crisis within the euro zone will slow down Turkey's EU membership process?

I think that Turkey's relationship with the European Union has essentially been put on hold now, developing extremely slowly. The accession process was basically halted even before the onset of the current economic crisis in Europe. Since June 2010, Turkey has not opened one chapter of negotiation with the European Union, so this relationship has been in deep-freeze now for at least two years or longer. Increasingly, Turkey is now cooperating with individual European countries on different issues rather than with the European Union as a whole. For example, Turkey is cooperating with the UK, with France, and with Germany rather than with the European Union as a collective entity. And I suspect that this engagement will continue in the near future.

WHO IS FADI HAKURA?

Fadi Hakura is Chatham House's resident expert on Turkey. Among his specific fields of expertise are terrorism, war, and solution disputes. Fluent in English, Arabic, French, and Turkish, Hakura has been producing work on the model of Turkey presented in the media, Turkish foreign policy and security, Turkey's progress in EU accession, and Turkey's regional strength.

London-based Chatham House is one of the most important think tanks that guides the UK's foreign policy. With its impressive ideas, independent analyses, and fact-based debate technique, it helps the world take steps toward greater prosperity and security.



It is obvious that Turkey has to create policies that will minimize the harmful effects of the ongoing crises in Europe and Middle East. Is there a way that Turkey can benefit from this situation, as it did by taking advantage of a soft landing this year as the economy slows down as a result of the global recession?

The economic crisis has to be dealt by the Europeans themselves. On the issue of the Middle East, Turkey has a big role to play given its geographic location, historical ties, and cultural links in the region. In the Middle East, Turkey's role should be more of a mediator than an activist. Try to bring the different and the opposing countries together, to try to minimize the volatility and destruction now taking place in the region.

The United States, another ally of Turkey as you mentioned, will hold general elections soon. It is a strong possibility that it is going to be another Obama period, but before that can you assess the past four years of the Turkey-US relationship?

There is a strong friendship between US President Obama and Prime Minister Erdoğan. On most issues there is now a growing convergence between Washington and Ankara, especially toward the Middle East, Iraq, Iran, and Syria. So it is likely that if President Obama wins the elections that the positive relations between Washington and Ankara will continue.

One hesitation about Turkey is regarding its stability. How does the tremendous transformation that Turkey went through during the past decade give the signals of a more stabilized country for the future of its economy and politics?

I think Turkey has been enjoying a honeymoon for the past ten years. Turkey's economy grew dramatically, foreign investment increased, and economic and political stability was the norm rather than the exception. However, Turkey, I think, is now facing increasing economic and political challenges. We can see, for example, that the situation in Syria is now causing a lot of challenges for Turkey. Economic growth rates in Turkey have been decreasing and, in the upcoming period, there is likely to be some political change with the local elections that are likely to take place in October 2013 and the presidential elections in August 2014. So whether Turkey can prolong this honeymoon period really depends on the policy choices that will be made by the current government and any future government in Turkey.

"TURKEY'S ECONOMY GREW DRAMATICALLY, FOREIGN INVESTMENT INCREASED, AND ECONOMIC AND POLITICAL STABILITY WAS THE NORM RATHER THAN THE EXCEPTION."

BILLIONS DRAWN BY THE MAGNET OF E-COMMERCE

E-commerce in Turkey has grown with great speed over the past few years. The industry has managed to draw billions of dollars thanks not only to its horizontal expansion but also to successful vertical enterprises

BY MERVE KARA




In an investing report on mergers and acquisitions in the Turkish market, published this year by Deloitte, the globally renowned auditing and consulting firm, e-commerce notably stood out as one of the liveliest industries. The report listed M&A activity in Turkey by volume. Ranking 12th was online auction giant eBay's \$217 million purchase of an 83% share in GittiGidiyor, which is one of Turkey's leading online marketplaces. Another noteworthy development was Amazon.com's purchase of 18.7% of the shares of Cicek-Sepeti, an online flower delivery service in Turkey. Dozens of investments measured by the millions of dollars are taking place in e-commerce. The industry grew by 50% last year, and it is expected to continue to expand. The rapid development of this industry in Turkey is closely related to the fact that it today provides trustworthy, world-class services, and the enterprises that launched in Turkey and have put on their radars markets outside Turkey confirm this. The birth every day of new e-commerce websites, whether niche or targeting a general audience, shows that the industry is expanding vertically just as quickly as it is horizontally. The industry is expected to surpass a volume of TRY 50 billion by 2013.

The total shopping revenues of online businesses in Turkey grew last year by 50%. One out of every five people in Turkey now uses the Internet to shop. According to data from Turkey's Interbank Card Center, the service sector ranked first in credit card spending on e-commerce sites over the first nine months of 2011. In that period, the serv-

ice sector's revenues increased by 69% compared to the previous year, reaching TRY 2.23 million. Airline purchases ranked second revenue-wise and grew by 57% relative to the first nine months of 2010. Somer Canko, General Manager of the Interbank Card Center, notes that the increase in e-commerce revenues in Turkey is being watched closely by several international finance institutions. "With its growth rate over the first nine months of 2011, Turkey is one of the world's fastest growing markets."

According to an industry conducted jointly by the E-Commerce Enterprises Association (ETİD), which represents 90% of the e-commerce industry, and the Internet metrics firm comScore, e-commerce sites receive four million visitors on average every day. According to the study of two institutions, 730 local and international e-commerce websites that receive visitors from Turkey produced a number of results in its range covering private shopping, online shopping, technology, and comparative shopping. Overall figures for the retail category reveal roughly 18.32 million unique visitors in June, with 1.9 million page views and an average time spent of 6.1 minutes per site.

Time spent per visit was another metric that appeared in the study. Private shopping websites scored 4.96 minutes per visit, ranking first. One of the private shopping sites that best exemplifies the success of vertical growth in e-commerce in Turkey is Markafoni. Founded in 2008 as a provider of fashion and lifestyle products, Markafoni today is a virtual shopping center where 15,000 products are on sale. Deloitte's report says that Markafoni received an \$86



ONLINE RETAIL INDUSTRY IN TURKEY WILL REACH VOLUME OF \$25 BILLION AT THE END OF 2014.

billion investment from the South African media company Naspers, which is active in nine countries—including Turkey—today. Naspers CEO Sina Afra says they plan to reach a level of \$400 million in revenues by the end of 2012.

Private shopping in Turkey is as interesting for consumers as it is for investors—Trendyol, one popular shopping site, recently drew investment from Tiger Global, and Unnado.com attracted iLab Ventures. Among the many highly origi-

nal e-commerce sites today is HediyeMo, a gift-sending service that is a first in both Europe and Turkey. HediyeMo's transaction volume last year exceeded \$3 million, with visitors sending more than 300,000 gifts over the site in 2011. HediyeMo grew by 60% per month from April to May of 2012.

Vertical growth in a diverse set of areas that includes HediyeMo creates new opportunities for investors, too. One hot area in this respect is food, which stands out especially



for its rapid growth. Ranking fourth in terms of transaction volume in e-commerce with a 17% share, food presents significant opportunities to both food retailers and independent entrepreneurs. According to Yomi Kastro, Managing Partner at Inveon, the fact that the food industry has not yet reached a point of saturation is an indication of the presence of great opportunities. Noting that the estimated size of the global online food retail industry is around \$23 billion, Kastro said, “The US accounts for nine billion dollars of this, and the UK does for just as much as well. The virtual marketplace is expected to show a growth of 50 percent by 2014. Looking at the world’s largest retailers, we see that the virtual marketplace’s strongest player drew roughly 4 percent

of its revenue last year from online channels.”

Kastro emphasizes the importance of being aware of breakthroughs in a number of industries. Big changes or risks for industry leaders at a

time far from breakthroughs can be impossible to deal with. E-commerce can be said here to be a breakthrough for the entire retail sector. Significant changes in the market shares of companies that make the

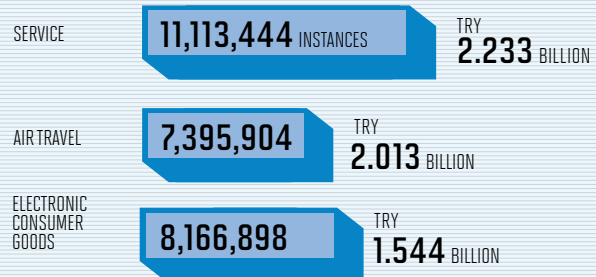
best use of the opportunities and breakthroughs here are inescapable. Within a year or two, low-ranking companies in the industry might rise to the top, or at least to the lower end of the top. “For this reason, being aware of breakthroughs, turning these to your advantage, or bolstering your position of leadership is of great importance,” says Kastro.

E-commerce is expected to be a breakthrough for Turkey. It is also being viewed as a good trial method for companies considering an entry into Turkey. A.T. Kearney’s 2012 E-Commerce Index examines the top 30 countries in the 2012 Global Retail Development Index™ (GRDI). Using 18 infrastructure-, regulatory-, and retail-specific variables, the index ranks the top ten countries by their e-commerce potential. The findings provide a wealth of information for retailers use in developing successful global e-commerce strategies and identifying emerging market investment opportunities. One of the key findings in the report is, as online sales skyrocket in developing markets, that an online presence is a low-risk way to test new markets and complement existing store footprints.

There are 30 million Internet users in Turkey today, 6.7 million of who engage in e-commerce. For a great number of people, a single click online replaces routine mounds of work, which can be said to be one of the most important factors behind the incredible progress exhibited by e-commerce in Turkey over the past decade. Of course, the preparations behind this surely played a role as well—the industry came to where it is today thanks to a solid technological backbone, widespread levels of Internet

E-COMMERCE ON THE RISE

Credit Card Spending on E-Commerce Websites in Turkey by Industry



Source: BKM (Interbank Card Center)

penetration, and increased trust on the part of consumers. Oktay Yılmaz, Deputy Chairman of the E-Commerce Enterprises Association, says the volume of e-commerce has reached TRY 22 billion in the time from 2010 to 2011, and he indicates that sites that sell products account for an estimated TRY 4 billion of this. He adds that payment card usage domestically and internationally was recorded as approximately 2.96 million in 2010, 4.71 million in 2011, and 7.13 million in 2012. The young population has affected the continually growing e-commerce industry, he said.

Interbank Card Center's Soner Canko says the 50% growth achieved thanks to the air of secure e-commerce last year is expected to be repeated in 2012. "With our young population and dynamic market, e-commerce has development potential in our country. In 2011, 126 million domestic and foreign cards













THERE ARE 30 MILLION INTERNET USERS IN TURKEY TODAY. 6.7 MILLION OF WHO ENGAGE IN E-COMMERCE.

were processed at virtual businesses in Turkey. Total shopping revenues increased by 50 percent. Seen with respect to our goal of cashless payments in Turkey by 2023, we regard these figures as highly positive developments," says Canko. The e-commerce world, where just as Canko says, a new enterprise comes to life every day, is sure to expand its potential in the days ahead.

AT KEARNEY'S E-COMMERCE INDEX

A fast riser in e-commerce, Turkey ranked tenth in A.T. Kearney's E-Commerce Index. The country gained high marks for its online infrastructure establishment.

E-Commerce Index Rank	2012 GRDI Rank		Country	Region	Online Infrastructure Establishment (20%)	Digital Laws And Regulations (15%)	Retail Development (15%)	2012 Score
1	3		China	Asia	56	55	58	78
2	1		Brazil	Latin America	56	67	90	77
3	26		Russia	Eastern Europe	30	23	48	60
4	2		Chile	Latin America	78	100	71	59
5	28		Mexico	Latin America	41	75	25	50
6	7		U. A. E.	Middle East	100	77	49	50
7	11		Malaysia	Asia	78	79	46	48
8	4		Uruguay	Latin America	40	71	100	45
9	13		Turkey	Eastern Europe	25	76	65	33
43	8		Oman	Middle East	61	97	51	41

Data : Euromonitor, International Telecommunication Union, World Bank, World Economic Forum, A.T. Kearney Analysis

Hi! Sign in or register.

Customer Support Cart

Kayıt Ol Üye Girişi

I'm looking for...

Search in all

Search

Advanced

.COM CAPITAL GOES SHOPPING

E-commerce in Turkey has exploded over the past few years. There has been a noticeably concentrated increase in domestic and foreign capital input.



SPORENA.COM

Westwing.com.tr Westwing, which maintains a presence in such countries as France and Germany, went live in Turkey in December 2011. A private shopping system is used on the site to sell home decoration products.



ICCONIA.COM

This shirts-focused site sells men's button-up shirts, T-shirts, and jackets.

GITTI GIDIYOR

Founded in 2001, it is now a subsidiary of eBay, one of the world's largest e-commerce platforms. The site reports seven million registered users and 500,000 daily visitors.



IVIY

Its name an initialism meaning "once upon a time," IVIY is a platform created jointly by important retail brands to sell in-season and discount products, featuring a modern style. Its magazine section features news of trends.



LIMANGO

Limango presents to consumers an exclusive shopping experience based mostly on textiles but also offering accessories, furniture and home decorations, and an abundance of other products. In 2012, Limango opened an online auction site at arabilvar.com.



MORHIPO.COM

The behemoth Boyner Group's e-commerce enterprise is growing nicely in its second year.



TRENDYOL

Trendyol drew investment from Tiger Global in 2010 and Kleiner Perkins Caufield & Byers in 2011.



ALAMARKA

"A private luxury shopping club." The site presents to consumers discounted products from certain clothing and decoration brands, with an invite-only e-commerce section that features such services as private jet rentals. Membership is not required to view the products.



HEPSIBURADA:

One of the oldest e-commerce websites in Turkey, Hepsiburada was founded in 1998 and grew very rapidly. It has more than three million members.



DAYBUDAY

A joint venture of Doğan Online, Cem Hakko, and Konsept, this company offers customers a diverse range of products. Its blog announces trends to consumers.



PETIPANYA.COM

A pet-oriented shopping site.



THESABUN.COM

A toiletries-focused shopping site with a focus on soap sales.

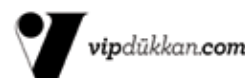


MARKAFONI

Markafoni introduced the private shopping model to Turkey. Naspers controls 70% of its shares. It is also active in Australia, Greece, and the Ukraine.

VIPDÜKKAN

A partner of the globally renowned venture capital firm ePlanet Capital, VIPDükkan presents brand-name discount products to customers.



BONVAGON

Offers consumers discounts for design, art, and decorative items, as well as local bargains.

Eymanya: This home, lifestyle, and shopping portal offers brand-name products for bargain prices.

Brands

HOTELS, TEXTILES, SOFTWARE, HVAC, GLASS, BOOTS



From Abroad, GOING BACK ABROAD

“Dressing well is everyone’s right,” says LC Waikiki, which is expanding its surge of recent years to beyond Turkey’s borders.

BY AYNUR SENDIL ALTUN

IN HIS SPEECH at the fifth Istanbul Fashion and Apparel Conference organized by the Clothing Manufacturers Association in 2011, Prime Minister Recep Tayyip Erdoğan noted that Turkey’s apparel exports had reached \$16 billion and that textile exports rose by

21% to \$11.5 billion, calling attention to the industry’s contribution to the Turkish economy. One of the companies contributing to this growth by way of production and exports is LC Waikiki, a brand that gained “Turkish citizenship” in 1997. Named after the renowned Waikiki

Beach and the initials of the words “les copains,” meaning “the friends” in French, LC Waikiki was founded in 1985. Within a short time it gained recognition in France and attained significant sales. In 1988, LC Waikiki started working with the Turkish company Taha Tekstil to meet

its increasing production needs. This relationship further solidified, and at a time when Turkey started gaining prominence in the world textile market with its production and strength in raw materials, Taha Tekstil met and exceeded LC Waikiki’s expectations, strengthening the cooperation.

Taha Tekstil increased its own investments after the success obtained with LC Waikiki and continued to grow in the following years with new manufacturing companies, eventually resulting in the establishment of Taha Group, which provides contract manufacturing to important global brands.

With the purposes of serving its wholesale and brand creation targets, Taha Group set up Tema Tekstil in 1991. First, Tema Tekstil bought the license for Turkey of LC Waikiki, Taha Group's most important export customer, and began selling LC Waikiki products wholesale to distributors. Later, in 1997, Taha Group decided to form its own brand. Simultaneously as research and feasibility studies mounted at Taha Group, the partners of LC Waikiki of France decided to sell their company, giving Taha the brand it had been waiting for all along. LC Waikiki sales were continuing to grow rapidly in Turkey, convincing Taha Group to buy the worldwide licensing to the LC Waikiki brand instead of establishing a new one. Therefore, in 1997, LC Waikiki became a Turkish brand.

LC Waikiki Board Chairman Vahap Küçük, who told us this brief but unique story, says that the company, which today is one of Turkey's most important actors in the apparel retail industry with 375 stores in 71 provinces, grew 48% in 2010 to attain revenues of TRY 2.11 billion and 37.5% in 2011 to reach TRY 2.9 billion. The company's revenue target for 2012 is to grow by 25% to reach TRY 3.75 million. For 2013, the company aims to grow by 25% over 2012 to reach TRY 4.5 million in revenues. The company started to expand internationally in 2009, and today its stores number eight in Romania, seven in Russia, seven in Kazakhstan, four in Bulgaria, two in Iraq, two in Albania, three in Egypt, and one each in Germany, Syria, Bosnia-Herzegovina, Poland, and Azerbaijan, totaling 38. By 2015, LC Waikiki wants to have 200 stores abroad.

According to a study conducted once every six months by the research firm Ipsos KMG, LC Waikiki has been the leader in Turkey's apparel retail industry since 2004. LC Waikiki's goal for 2023 is to be among Europe's three most successful apparel retail companies.

DOUBLED EXPORTS IN A YEAR

LC Waikiki's exports in 2011 were worth roughly \$47 million, says Vahap Küçük. In 2012, he says, they have so far—as of the start of October—attained an exports figure of around \$70 million. According to Küçük, this figure will come to be \$90–100 million by the end of the year.

LC Waikiki's domestic production activities are clustered under the umbrella of Taha Group, which has 11 factories in Turkey and four abroad—three in Bangladesh

and one in Egypt. “These factories operate in the fields of knit textiles, woven textiles, machine-knit fabrics, and dyeing. There are 1,800 employees in the factories in Egypt, 1,800 in Bangladesh, and 4,000 at our factories in Turkey,” says Küçük, and he adds, “Besides the factories, there are roughly 15,000 employees at LC Waikiki's headquarters and its stores domestically and abroad.”

LC Waikiki's CEO reminds us that “Dressing well is everyone's right”—the company's slogan. In line with this mission, says Küçük, they have positioned LC Waikiki as a family brand: “We want all family members to find something to buy when they enter our store. Whether young, old, child, pregnant, or plus-sized, everyone should be able to dress from our stores. And as our target audience, we see sixty to seventy percent of Turkey's population. By developing our product range every day, we diversified and developed the adult group, too. Among our product groups are all sorts of clothing, accessories, underwear, and even beach products and suits for women, men, and children.” LC Waikiki uses the same mission to set its price policy, aiming to sell more and earn

“We will offer quality and fashion for the best price, we have considered quality our philosophy”



LC WAIKIKI INCREASES ITS INVESTMENTS ABROAD

LC Waikiki's goal for 2023 is to be among Europe's three most successful apparel retail companies

12

COUNTRIES OF OPERATION

38

STORES ABROAD

200

STORES TARGET FOR 2015

375

NUMBER OF STORES IN TURKEY

48%

GROWTH & REVENUES OF TRY 2.107 BILLION FIGURES FOR 2010

less per purchase instead of selling less and earning more. And for this, it aims to present better prices to consumers by increasing efficiency and scale in all processes.

AIMING FOR 2023

LC Waikiki's vision is to be one of Europe's three most successful brands by 2023, says Küçük. They have accelerated their investments in retail in order to realize the short- and medium-term targets this vision requires, and its retail implementation is therefore rapidly continuing both in Turkey and abroad.

LC Waikiki practices total quality management, states Küçük. "Since the first day we set out with the slogan,



**DOUBLED
EXPORTS**

**\$47
MILLION**

2011 exports

**\$70
MILLION**

2012 exports by
October

25%

growth & revenues of TRY
3.75 billion, 2012 target.

**\$90-100
MILLION**

2012 year-end export
target. Export target for
the end of 2012.

"We will offer quality and fashion for the best price, we have considered quality our philosophy. We reflect our management values in the matters of environment, work health, and work safety in a manner that encompasses our employees, customers, suppliers, and society," he says. The company established a lab at its headquarters in Istanbul with the purpose of protecting the health of its customers and nature. Having begun with just one employee, the lab is today staffed by 70. Besides the lab in Istanbul, there are two other labs in China and Bangladesh. In these three labs, more than 800,000 products on average are tested yearly.

"TEXTILE IS TURKEY'S DRIVING FORCE"

"The textile and apparel industry has been one of the driving forces in Turkey for many years," says Vahap Küçük, according to whom Turkey has serious know-how on this issue. "Among countries rivaling Turkey in production, we could list China, India, Pakistan, and Bangladesh." In retail, however, Küçük says they see European brands as their true



VAHAP KÜÇÜK

Chairman, LC Waikiki

As LC Waikiki, the phrase "Dressing well is everyone's right," succinctly expresses our mission. In direct relation to this, we positioned LC Waikiki as a family brand. We want all family members to find something to buy when they enter our store. Whether young, old, child, pregnant, or plus-sized, everyone should be able to dress from our stores. And as our target audience, we see 60-70% of Turkey's population. Developing our product range every day, we diversified and developed the adult group, too. Among our product groups are all sorts of clothing, accessories, underwear, and even beach products and suits for women, men, and children.

rivals. "We do not think this position will end in the short and medium term because Turkey is, geopolitically, at a very central location. Our country also has a fast and flexible production apparatus and our domestic market is young and dynamic... In parallel to the day-by-day growth of the textile and apparel industry, there are numerous brands both old and new. The brands that achieve success in this respect are those that can satisfy consumer needs and desires. I thus believe that companies that constantly renew themselves, conduct R&D, and value the concept of collections will be in this line of work for many more years, and that these industries will continue to exist."





Rixos Hotels is preparing to introduce its upmarket and downmarket brands soon.

TOURISM'S RISING STAR

With the unique experience it offers to its guests, the luxury facilities it builds in undiscovered lands, and the fantastic service in every one of its establishments, Rixos Hotels created a true success story in just ten years. The star of Turkish tourism is preparing to enter the league of giants with its new investments.

BY CAN GÜRSU

PERGA, HOME TO THE world-famous Temple of Artemis, was one of the most important cities in ancient Greece. Now inside the borders of Antalya, Turkey's most famous touristic province, the ancient town was home to many civilizations thousands of years ago as one of the most famous settlements of the era. Rixos, the name of one of the seven founders of the city of Perga, inspired a brand in its current home province of Antalya. Rixos Hotels, founded in

Antalya, aims to become one of the world's most famous hotel chains as Turkey's brand in tourism.

Rixos Hotels is present today in many different areas from the world's roughest territories to top luxury destinations. Wherever it goes, it takes with it Turkish culture, cuisine, and hospitality. Dominated by the effects of Turkish culture in every aspect from welcoming and sending off to catering and room organization, Rixos serves as a cultural

embassy for Turkey. Fethah Tamince, Rixos Hotels Board Chairman, says, "Every Rixos Hotels guest leaves our hotel having experienced Turkish hospitality in the very best way." He adds, "In every country we go to, we adapt to the region and put forth our difference by including our own cultural touches and privileges into our services." Guests who have the chance to sample the delicious Turkish food in the locations abroad get to have knowledge of a part of Turk-

ish gastronomical culture.

Tamince says guests who sample Turkish dishes at their location in Dubai later want to visit Turkey to try them at the source. Rixos's Dubai location, Rixos The Palm Dubai, is located on Palm Islands, which is considered to be one of the newest wonders in the world.

RIXOS TO BE IN 30 COUNTRIES

As Rixos Hotels' first investment in the United Arab Emirates, Rixos The Palm Dubai brings a spiritual synthesis of East and West to the Persian Gulf. Following this investment in Palm Islands, one of the most prestigious locations in Dubai and the world, Rixos is already initiating investment for a second hotel in Dubai. Planned to be one of the hotel's most luxurious hotels, the new Rixos location is expected to rival the



world-famous Burj al-Arab. Rixos Hotels is also investing in the other emirates of the UAE. Prior to the opening of Rixos The Palm Dubai, the company gave the signal to start its second project in the country. Rixos Bab al-Bahr in Ras al-Khaimah is planned to become the largest all-inclusive resort in the UAE. Rixos Hotels today has a worldwide presence of nine hotels in seven countries (excluding Turkey), and soon, it is planning to expand to give it a total of 30 countries. The chain opened four facilities in the past ten months, and before the end of 2012 it plans to open five more.

Among the most significant of these new investments is Rixos Sharm el-Sheikh in Egypt. As the intensity of the Arab Spring fades in the region, Rixos Hotels is once again taking the spotlight with a well-timed investment. Sharm el-Sheikh is located right on the shore of the Red Sea, which is known as Egypt's diving paradise with incredible underwater beauty and more than 1,200 fish species, and is amenable for tourism year-round. Fettah Tamince says they plan to grow in Egypt just as they are in Turkey. Together with Egypt, their projects in Kazakhstan and Azerbaijan are

also expected to be completed by year-end 2012.

"TO DO WHAT NO ONE ELSE HAS DONE AND TO GO WHERE NO ONE ELSE HAS GONE"

Unlike run-of-the-mill touristic destinations, Rixos Hotels gives guests the opportunity to go to countries they've never visited before and holiday there without sacrificing a gram of luxury. "Going where no one else has gone before is Rixos Hotels' biggest plus," says Tamince, and he notes that Rixos Hotels has always been a brand that has created destinations. The best example for this is the Rixos Libertas Dubrovnik in Croatia. After the hotel was opened, Dubrovnik became one of the most popular holiday destinations for Turkish tourists. Rixos Hotels naturally played a large role in the relations between Croatia and Turkey. This role won Tamince Croatia's title of "Honorary Consul in Antalya" in 2012

Today, Rixos Hotels is steadily moving toward becoming a global brand with its bed capacity of more than 15,000 and 6,000 employees worldwide.



FETTAH TAMINCE

Chairman, Rixos Hotels

We need to practice destination management for winter tourism to develop. We must find the answer to the question of how to handle 52 weeks. For the time the sea is out of season, we should plan to bring congresses, organize amusement parks, and have world-class concerts on New Year's. It should be said that "The place where New Year's is celebrated best in the world is Antalya," and we need to move into action accordingly. This won't happen with an hotelier or tour operator. This has to be managed well. For this reason, we must manage tourism independently. We have to assemble with a greater board. There is a lot of potential and we must take advantage of it. As Rixos, we are always evaluating projects we could take our brand and adapt to.

thanks to his contributions to the relations between the two countries. Rixos Hotels is also closely following the bid to privatize military lands worth \$2 billion in Croatia, which will become a European Union member country next year.

CREATING A WORLD BRAND

Behind Rixos's quickly earned success is Tamince's bravery in tourism, an industry he entered at a young age. "My story in the tourism industry, which I entered via commerce, began as I opened a 180-room hotel to service in the year 2000," he says. He exhibited great courage along the way that brought him to where he is today, leaving many other brands in awe of him. Today, Rixos Hotels is steadily moving toward becoming a world brand with its bed capacity of more than 15,000 and 6,000 employees worldwide. "We aim to carry our hospitality and service approach to every destination where we can have our difference be experienced and where our guests would wish to see us," says Tamince. He also emphasizes that they will continue to serve as a cultural embassy for Turkey abroad as a company that was born there when its first hotel opened in Antalya and spread to the world, where it



“Going where no one else has gone before is Rixos Hotels’ biggest plus”

today serves guests from all over the world in its 21 hotels. Last year, Rixos Hotels’ revenues were \$330 million, and this year it is aiming for \$400 million. With a mission to promote Turkish culture to the world, Rixos is being deemed worthy of many awards around the world.

The World Travel Awards, an event that was set up in the year 1993 with the purpose of informing and guiding the global travel and tourism industry, takes place every year with the attendance of tourism authorities both regional and global, executives of leading travel companies, state ministers, tourism departments and destination directors, industry leaders, and celebrities. After four months of electronic voting, Rixos took home several of the World Travel Awards. Out of hundreds of hotels, Rixos Hotels was named best hotel brand in Europe, Rixos Premium Belek and Rixos Premium Bodrum (Turkey) were named best hotels in the Mediterranean, Rixos Libertas Dubrovnik (Croatia) was named Europe’s best casino hotel, and Rixos Sungate (Turkey) was named Europe’s best meeting and conference resort. Two years ago, at the 17th World Travel

Awards Asia gala, the Rixos President Astana was named to best hotel in Kazakhstan and the Rixos Almaty was named Kazakhstan’s best business hotel. Having crowned its success with such awards, Rixos Hotels continues its rapid ascent among the ranks of the tourism brands of Turkey and the world.

GIVING BACK TO ITS HOMETOWN

Rixos also stands out for the contributions and investments it has been making in Antalya its place of birth. This year, the fifth International Rixos Cup Basketball Tournaments delighted basketball fans both local and international for five whole days in Antalya. The participation in the tournament of such significant European basketball teams as Anadolu Efes, Beşiktaş, Galatasaray Medicalpark, Banvit, Cibona Zagreb, and Unics Kazan heralds the quality and level of sophistication we can expect from tournament in the years ahead.

Rixos Hotels is also contributing to the development of the foundation university established in Antalya. Tamince says, “Education is extremely important to us. The very first foundation and international university in Antalya, the city



SUCCESS BY NUMBERS

Rixos Hotels today has a worldwide presence

21

HOTELS

8

COUNTRIES

RIXOS
HOTELS

where we were born and from where we set sail to the world, has entered its first academic year.” He indicates that a 25% quota of students being educated at the university, which was set up in cooperation with the foreign languages department of the University of Wisconsin, has been set aside for students of other nationalities. Tamince serves on the university’s board of trustees.

The new star of the extremely competitive world tourism industry is pushing ahead full throttle. Against hotel brands that are more than half a century old, Rixos Hotels has already managed to stand out with the successes it has exhibited over a short time. The successful picture traced by Rixos Hotels in just 12 years is a great sign for the performance one may expect of it in future years.



TURKISH GLASS ABROAD: PAŞABAĞÇE

Glass has become a globally important market shaped by the needs of every household and person. Among the leading brands in Turkey, one of the countries competing in this market, Paşabağçe Glass stands out for its market share.

BY DERYA ENGİN KUTLU

THE COMPANY behind the Paşabağçe brand, Şişecam Group, a conglomerate with many other brands, was established in 1935 at a glassware facility in Paşabağçe, Istanbul. The order to do so was issued by Mustafa Kemal Atatürk, the founder of the Republic of Turkey, with the purpose of satisfying the young nation's need for glass. Paşabağçe thus began that year to manufacture by hand domestic glassware out of soda-lime glass. In 1955, the company moved on to mechanized manufacturing—today considered the first stage of automated manufacturing—and the production of heat-resistant domestic glassware. Producing the glass that Turkey needed was no longer the only

goal—Paşabağçe had ambitions to enter the international market to become a world brand. Believing that exports were key to having a powerful brand, the company conducted its first export in 1961. Since then, it has continued to grow its export with every new step taken. This vision still underlies Paşabağçe's expansion strategy, and today the company is the world's third largest glass producer. There are several specifics behind this success, one of the most beautiful examples being the logistical warehouses the company put into action. Through these, it is able to manufacture the new product range of Posuda Ltd., the domestic glassware factory it bought in Russia in 2003, while Trakya Glass Bulgaria-EAD, the



Awareness of the Paşabağçe brand increased by 30% as a result of campaigns conducted in Russia to develop awareness.

domestic glassware factory investment it launched in Bulgaria in 2004, is used mostly to produce Europe-bound (Eastern Europe especially) export products.

THERE'S SOMETHING FOR EVERY COUNTRY AT PAŞABAĞÇE

Ülkü Berna, Paşabağçe Brands Manager, says they as Paşabağçe Glass Industries possess an expansive brand and product portfolio, which she classifies in terms of the demand from all segments that need glass—retail, catering service, industry, and promotional segments, namely. Drinkware ranks number one in terms of sales revenue out of this wide range of products: “From water glasses to tea glasses, and from lemonade glasses to martini

In 2011, Paşabahçe, which sells to close to 150 countries, had total revenues from abroad of \$450 million total.

glasses and cognac snifters, we have close to ten thousand varieties of drinkware that is able to meet both common needs and the needs specific to every country,” says Berna. Functional tableware items such as plates, bowls, pitchers, and salt-and-pepper shakers also account for a large share of the profits from sales in the group, she adds. Paşabahçe, which engages in glass production worldwide, is sensitive to the distinct needs of countries and regions, selling primarily stemware to European countries and cups, bowls, and plates to those in the Middle East.

\$450 MILLION EXPORTS TO 150 COUNTRIES

Ranking in the world’s top three with its glass production figures, Paşabahçe has continued to grow its export gambit in a stable fashion since starting it in the 1960s. Selling its wares to close to 150 countries today, Paşabahçe earned approximately \$450 million total revenues abroad in 2011. The company owes its earnings not only to its fulfilling the needs of every country but also to competing in a range of areas. In 2011, Paşabahçe’s



ÜLKÜ BERNA

Brands Manager, Paşabahçe

“As the Paşabahçe brand, we are among the top three companies in world glassware production. We continue on our way by constantly increasing our capacity and growing our investments in the industry. Our long-term aim is to further elevate Paşabahçe in the glassware market.”

highest sales by country were to Russia, where it operates factories. Fifty percent of its European exports are to Germany, the UK, Italy, and France. Other notable recipients of Paşabahçe’s exports include Iran, the Gulf countries, and Egypt.

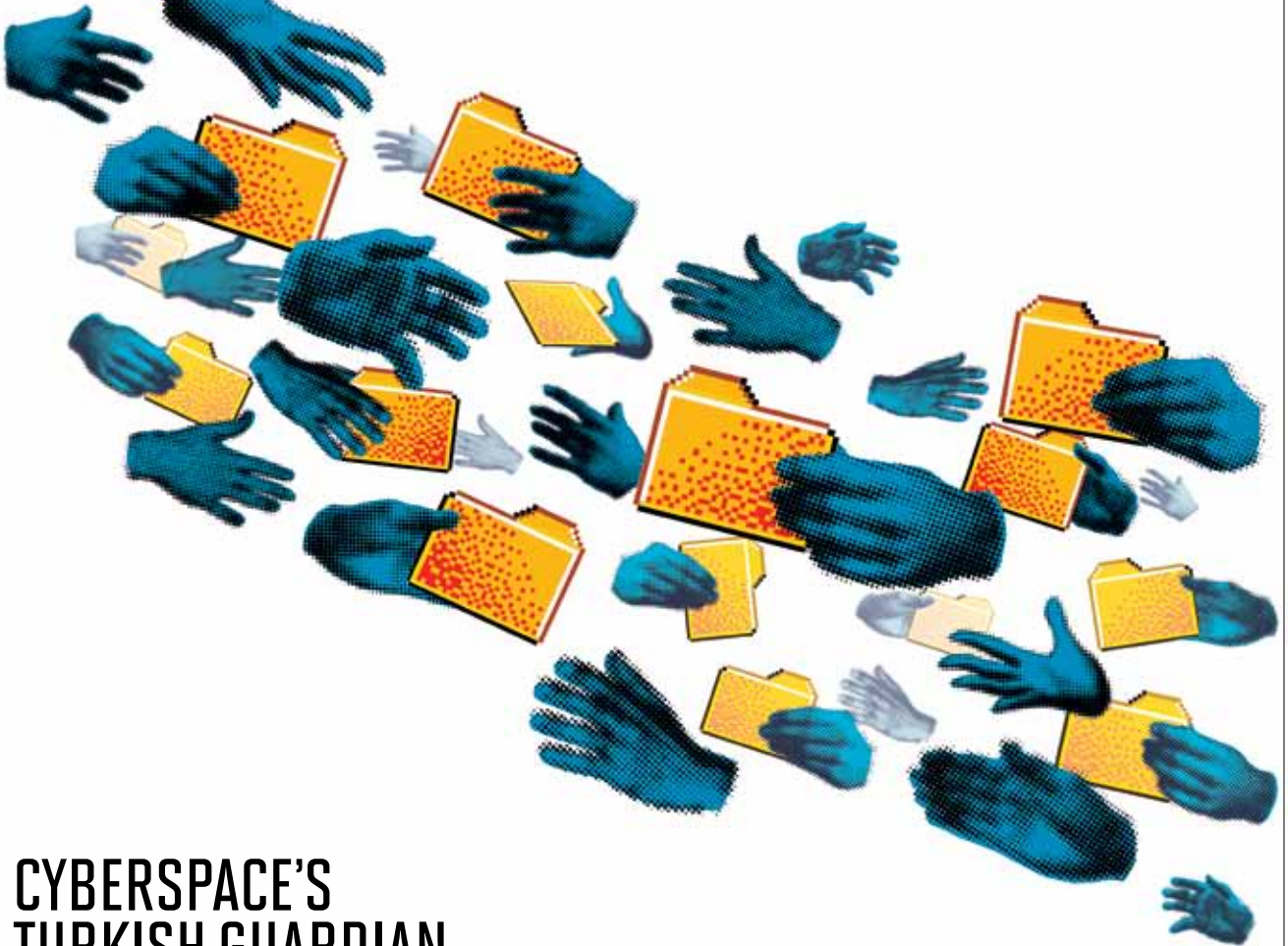
PRIORITY TO GROWTH IN DISTRIBUTION CHANNELS

Paşabahçe is setting the bar higher every day. The company intends to enter a new set of markets in the years ahead, and it plans to do this by way of its mastery of distribution channels. Ülkü Berna says that to reach this target, they plan to expand the operational areas of their sales and representation offices in the US, Germany, Spain, and Russia. The American continent—and countries in Asia and the Pacific are among their top priority regions where they are targeting growth in the years ahead.

AIMING FOR SUSTAINABLE SALES

Acting quickly to take steps toward the future, Paşabahçe is achieving stellar performance in markets abroad. Ülkü Berna underlines the fact that Paşabahçe is third among the world’s largest glassware producers. With such an excellent position in the market and strong sales, the brand has a clear path ahead of it and new demands are rolling in, she says. Paşabahçe is basing its lead strategy on focusing on markets with key importance, keeping its brand awareness and image fresh, and bolstering communications via campaigns. In Russia, one of its important markets for glass, Paşabahçe grew its market share in 2011, and the campaigns it ran to increase brand awareness are bearing fruit as well—a 30% increase was observed in awareness of the Paşabahçe brand in a market share study conducted at the end of 2011.





CYBERSPACE'S TURKISH GUARDIAN

Around the world, many security companies strive to produce solutions against cybercrime. Founded by a Turk, Comodo protects such world giants as iCloud, Harvard, and General Electric together with 45 million individual users against cyberattacks.

BY CAN GURSU

IN 2010, many computers running the Microsoft Windows operating system were infected with a computer worm called “Stuxnet.” The worm appears to have inflicted its greatest harm upon Iran’s nuclear enrichment facilities in Natanz. For the first time in the history of cyberwarfare, a malicious piece of software caused physical damage to nuclear, industrial, infrastructural facilities. Stuxnet was declared by security experts to be the most sophisticated virus ever. According to estimates, Stuxnet rendered 1,000 of Iran’s 5,000 centrifuges at Na-

tanz unusable, setting Iran’s nuclear program back by at least two years. The facility suspended work six months after the attack.

The emergence of political and industrial cyberattacks, said so far to be employed by China, the US, and Russia, proves that traditional warfare is being replaced in some aspects by cyberwarfare. Such developments show that the virtual world that makes our lives so easy, providing for our every need from entertainment to banking and e-governance operations, is no longer a safe place. National

security risks aside, millions of people have their personal information and assets stolen over the Internet every day. In these dangerous waters, Comodo successfully defends 45 million personal users as well as 500,000 e-commerce sites and corporate customers, including several world-giant companies, against harmful software and malicious hackers.

FROM THE KOMODO DRAGON TO COMODO

Comodo is named after the Komodo dragon, a very large species of lizard. It was founded in Bradford, England in 1998 by Melih Abdulhayoğlu, a young man from Turkey who had been there to study university. In 2004, he decided to move the company to the US and headquartered Comodo in New Jersey.

The Komodo dragon is known to capture its prey



iCloud, NASA, General Electric, and Harvard just a few among the global institutions, services, and corporations that Comodo protects.

using techniques based more on strategy than those of lions and other powerful hunters. This strategic behavior served as a source of inspiration for Abdulhayoğlu, whose company had strategic targets. The change of the initial letter to “C” came from the words “computer,” “communication,” and “.com.”

For his first company building, Abdulhayoğlu bought a vacated building from the University of Bradford, his alma mater. Years before Comodo, he first started earning money in computers with a tool he developed in his university years that made it possible to rent out computer games. He later put it into his mind to work not in the games industry but in the security industry. Today, he is at the helm of one of the world's largest computer security firms. Named “Entrepreneur of the Year” by Ernst & Young in 2008, Abdulhayoğlu appears likely to make the news with ever-greater successes in the future.

COMODO IN THE TOP THREE

Ensuring your security everywhere from your cellphone the website from which you are shopping with your credit card to your home computer and the company you work for, Comodo is one of the world's most advanced Internet security companies. Cemil Özyurt, Comodo Partner in Turkey, says, “Comodo is the only company in the world that produces both antivirus and SSL products.” He adds, “Comodo is the world's second-largest certificate producer. It also ranks first in SSL.” Unlike technology companies that grow by buying out their rivals, Comodo writes its own software.

Comodo today employs more than 800 engineers at its offices in countries



Comodo provides a free security suite for personal use as part of its vision to make the Internet safer worldwide.

around the world, including the Ukraine, Romania, India, Japan, Russia, and Turkey. Its founder, Melih Abdulhayoğlu, says, “Comodo is one of the three companies in this world that possesses the capacity to have its software engineers develop whatever technology it desires.” “The other two are Microsoft and Google,” he clarifies. Around 55% of Comodo's staff consists of technical personnel who work for R&D. Thirty percent of the computer security market, which is estimated be worth more than \$15 billion, chooses Comodo, says Abdulhayoğlu. Unlike personal computer security packages that cost \$30–40, Comodo is distributed free of charge—Abdulhayoğlu says that the reason for this is their slogan, “Creating trust online.” And according to Comodo's founder, creating trust online first requires ensuring that computers are secure. “To protect the Internet, everyone has to be provided with free access to security. People who don't believe they are secure stop using the Internet after a while,” he says.

COMODO
Creating Trust Online™

45
MILLION

Users Worldwide

500
THOUSAND

E-commerce and institutional Comodo customers



Abdulhayoğlu named “Entrepreneur of the Year” by Ernst & Young in 2008

Another factor that fosters trust among users is Comodo GeekBuddy, which solves their problems in real time online. An application that connects users to Comodo technical support staff, Comodo GeekBuddy provides solutions to users' computer problems 24/7, aided by remote administration technologies that allow the support staff to directly work on your computer if need be.

Comodo is also the top corporate and online security preference of several companies that are global leaders in their fields. The iCloud cloud storage service offered by Apple to its users, NASA, General Electric, and esteemed universities including Harvard and Stanford are just a few among the global institutions, services, and corporations that Comodo protects. Comodo is tasked with protecting seven of the top ten companies in the Fortune 500. Among Comodo's institutional customers in Turkey are METU, the Department of Anti-Smuggling and Organized Crime, and Trendyol. The relatively young company is growing roughly 50% every year.

The company that Abdulhayoğlu built up in just 14 years possesses not only numerous patents but also 28 patent-pending security, identity, and trust assurance technologies. Worldwide, Comodo has offices and labs in ten countries. Among the company's current goals is to provide university-level software and security education in association with METU, one of Turkey's leading technical universities. Several companies are already in line to buy the firm.



A WORLD BRAND

The Turkish boot maker YDS was recently granted the bid for tender opened by the UK Ministry of Defense, which was the world's largest ever military boot purchase by cost. For four years, YDS will be producing roughly 300,000 pairs of boots for the British army.

BY AYNUR ŞENOL ALTUN

IN RECENT WEEKS, YDS became the official supplier of the British army by winning the largest military boot purchase contract on the basis of revenue with an \$80 million price tag, issued by the UK Ministry of Defense. This development was a great success for Yakupoğlu, which was founded 85 years ago in the district of Yalvaç in Isparta,

and also showed Turkey's power in the shoe industry.

"We had a long, one-and-a-half-year process of evaluation and elimination," said Vedat Yakupoğlu, the company's chairman. Forty-seven companies from around the world participated in the bid, which ended at the start of July. "Three firms, one of which was us, were qualified in the bid to supply boots to

the British Army as its official boot suppliers. Under this four-year contract, we will deliver six separate models of boots; namely 'Desert Operational,' 'Desert Patrol,' 'Black Operational,' 'Black Patrol,' 'Cool Climate,' and 'Jungle.'" The production of these boots will take place at YDS's facilities in Ankara and the boots will be delivered to their users with the YDS brand." The new YDS-made boots will be used by male and female personnel in the UK's Royal Navy, the British Army, and the Royal Air Force. The first party of boots will be delivered in January 2013.

How was YDS—one of Turkey's most important brands in its field today—established? A deep-rooted brand of 85 years, YDS moved to Ankara in 1971, after which it shifted toward the trade and contract business of militarywear. The company started using advanced technology in 1990 and began efforts to design its own products, too. Proving within a short time its quality especially in technical shoes and equipment—to the whole world, the brand today has access to several countries. "The production of shoes and boots that are of vital importance to armies and security forces requires high-capacity production capability and an innovative crew that is equipped with advanced technical knowledge, can use technology as productively as possible," says Yakupoğlu. The company's experience with military items makes YDS very well equipped, disciplined, and constantly inclined toward growth, he says, and he continues, "Thanks to these qualities, we started producing work safety shoes a few steps ahead of our rivals. Our

Yakupoğlu Co. stands out as its industry's top exporting company with its exports to more than 25 countries, most of all the UK.

work safety shoe production first started via the company Goliath in England. As of this collaboration, we set up all of our infrastructure and processes as per EN standards. Goliath, which joined Yakupoğlu Co. in 2003, is England's leading work safety shoe supplier."

FOUR MILLION PAIRS A YEAR

At its facilities over close to 100,000 square meters in Ankara, YDS produces four million pairs of footwear a year. Among these products are nearly 200 models suited to all kinds of working conditions. Quality is a top concern in production, says Yakupoğlu: "Our biggest pluses in technical shoes are our production which is capable of satisfying our customers' needs instantly and the fact that our quality is certified by internationally recognized certificates. Additionally, Yakupoğlu is the only Turkish company in its industry that possesses a laboratory accredited by the Turkish Standards Institute."

YDS entered retail with a factory sales outlet in its facility along the highway to Ankara Esenboğa Airport. The brand was met with significant demand: "The greatest catalyst for us to open our this store—our first—was that soldiers and workers in industries that use work safety shoes and, most of all, people who heard of our products' quality and wanted to use them in their daily lives were demanding shoes from us for retail." When the company realized after opening the factory outlet that its products were in demand outside Ankara, too, it launched its online shopping website, www.ydsshop.com in 2007. The success rapidly attained by the website surprised the entire industry

including YDS due to the general wariness of consumers to buy shoes without trying them on. "Upon all these successful enterprises, we accelerated our efforts to open new stores in places where we can reach our customers directly. We opened the store that was the first leg of our meticulously run retail project in May 2008 in ACITY Shopping Center, located along the Istanbul-bound highway in Ankara. Afterward, we opened in Kentpark Shopping Center and Karaköy, Istanbul," says Yakupoğlu, and he adds, "Among our targets for the near future are to increase the number of our stores and to appear in select stores."

Having obtained the status of Europe's biggest producer of military and police boots with its quality standards and capacity to produce four million pairs a year,

YDS'S CONTRACT BY NUMBERS

6

BOOT MODELS ON
ORDER

4

MILLION PAIRS OF
BOOTS PER YEAR

4

YEAR CONTRACT



VEDAT YAKUPOĞLU

Chairman, YDS

Our experience in military shoe and gear production has, thanks also to our young team that constantly follows innovations, allowed us to be one of the leading companies in production technologies. The production of shoes and boots that are of vital importance to armies and security forces requires high-capacity production capability and an innovative crew that is equipped with advanced technical knowledge and can use technology as productively as possible. Our experience with military products gained for our company a character of being very well equipped, disciplined, and constantly inclined toward growth."

YDS was presented with an award by the Chief Military Command of Turkey. The first and only company to be accepted into the Turkey-quality state brand support program, YDS stands out as its industry's top-exporting company with its exports to more than 25 countries. It is

YDS will deliver six different models of boots to the Royal Armed Forces of the UK; namely "Desert Operational," "Desert Patrol," "Black Operational," "Black Patrol," "Cool Climate," and "Jungle."

the first company to provide the soldiers of Turkey military boots with injection-molded soles and Turkish police with lightweight, slip-resistant, polyurethane-soled shoes in both athletic and classic styles. YDS is in compliance with the EN ISO 20345-47, ISO 9001, and OHSAS 18001 standards and, according to Yakupoğlu, it is the first and only company in the world to be producing at these standards. Yakupoğlu lists some other firsts as follows: "Yakupoğlu Co. is the only company in its field to possess an ISO 17025-compliant lab accredited by SATRA and TURKAK. It is the first and only company from Turkey in its field that has been able to enter the Fortune 500 and ISO 500 lists." YDS, which has accomplished many firsts and which is one of Turkey's most important representatives in its field, progresses steadily toward becoming the world's top choice in technical boots.



YDS stands out as its industry's top-exporting company with its exports to more than 25 countries.



Baymak, a leading name in HVAC, sells solar collectors and boilers to the US, Asia, Europe

BAYMAK: A LEADING NAME IN HVAC

Baymak, one of Turkey's leading manufacturers in the HVAC industry, ranks among the hottest companies in the industry today with the partnerships it has secured with Baxi Group and BDR Thermea.

BY ESRA ERDOĞAN

BAYMAK, WHICH started out in 1967 manufacturing burners under license from Körling of Germany, possesses a rich history of forty-five years. The company suffered a number of difficulties since its founding until the early 1990s, when it was able to turn over a new leaf as Murat Akdoğan, PhD, became its CEO. Ender Çolak, Baymak General Manager, says, "Looking at it today, Baymak has risen to 243rd in the ISO 500 list. And this fulfills the phrase, 'rising from the ashes.' It is the most tangible develop-

ment showing the size of the success attained." Baymak engages in production at its 60,000-square-meter facility in Tuzla, Istanbul. The facility is one of Turkey's largest HVAC manufacturing centers.

Today, as Baymak manufactures HVAC equipment, it stands out for the success it has attained with its high-efficiency and renewable energy-based product range, which includes wall-hung boilers, condensing boilers, central heating boilers, floor-standing boilers, panel radiators and towel warm-



"Baymak's indispensable principles are constant improvement, advanced technology and quality, energy-efficient products, and its social responsibilities."

ers, valves, air conditioners, electric water heaters, burners, pumps, photovoltaic panels, solar collectors, and more. Baymak aims to satisfy customers just as much with the comprehensiveness and quality of its after-sales services as it does with its products themselves.

When UK-based Baxi Group became a 50% partner in Baymak in 2002, the company's identity gained an international character. Baymak General Manager Ender Çolak says of this partnership, "Back when a corporate management culture had not—especially not until the early 2000s—formed yet in our country; and when the investing environment had not yet come to the point where it is today, where foreign investors can feel secure, this partnership by Baymak possessed a special significance. This shows the trust felt for Baymak. After Baymak fused its own successful strategy with Baxi's perfection in production and technology, it further sped up its growth and rendered it sustainable."

In 2009, Baymak became part of a new partnership, entering BDR Thermea, the fusion of the groups Baxi, De Dietrich, and Remeha. Now as part of the third-largest HVAC group in Europe, Baymak continues to promote itself in international markets, too.

Baymak's investments are drawing the attention of world companies. Companies from several countries, most significantly Germany, France, and Australia, have been

offloading manufacturing to Baymak and designing new products under the direction of Baymak's expert R&D engineers, says Ender Çolak. "BDR Group has one of Europe's strongest R&D teams. Its products are constantly deemed worthy of awards for superior quality and most innovative product. The most recent example of this is that it has for two years been receiving the United Kingdom Royal Award for its newly developed micro-CHP product. And this competency renders Baymak much more powerful in both our country and its export markets," he said.

HIGHER EFFICIENCY WITH LOWER ENERGY

Baymak leads its industry with products that employ high energy efficiency and condensation. The industry is being given a message via advertisement and promotional activities, says Çolak. "[Baymak] has showed consumers that higher efficiency with lower energy consumption is possible. Reaping the rewards of this policy within a short time, Baymak seized leadership in the field of condensing boilers. Baymak realized years ago the use case for high-efficiency condensing equipment, today a legal requirement for European Union countries, thereby benefiting both consumers and our country," he says.



EXPORTS TO MORE THAN SEVENTY COUNTRIES

Expanding the range of countries to which it exports every day, Baymak currently sells its products to more than seventy countries. Specifically, Baymak, a leading name in HVAC, sells solar collectors and boilers to the US, New Zealand, South Korea, Australia, and Western European countries; furnaces to France, Denmark, Germany, and other Western European countries; and water heaters to European and Eurasian countries.

TRAINING: AN ESSENTIAL BAYMAK POLICY

Baymak is a contributor to its industry with the training programs it provides. Organized jointly with Baymak-İşkur, these programs are an

Baymak aims for renewable energy to be used everywhere in Turkey.

important service in that they assist young people in finding jobs. These people are taught the subtleties of the job during training Baymak Akademi. Upon successfully passing the program, they are employed. "Successful students are given a certificate approved by the Turkish Employment Agency, the National Directorate of Education, and Baymak. Starting employment at Baymak, these people gain a profession," says Ender Çolak. Additionally, with its Welding Training Center, Baymak satisfies demand for welders.

POWER GENERATION FROM SOLAR ENERGY BEGINS

Today, at a time when renewable energy production is on the rise, electricity is now being generated at homes. Baymak started installing solar batteries that produce electricity from solar energy in Turkey's southeastern province of Gaziantep. Ender Çolak says they aim for renewable energy to be used everywhere in Turkey. "The Gaziantep project played an important role in the promotion of solar batteries in our country. We received a great response. With this project, we showed our people that they can install solar batteries in their homes and workplaces, and that they can use low-interest loans of up to seven years while doing so," he adds.



Baymak has showed consumers that higher efficiency with lower energy consumption is possible

Agenda

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



DECEMBER 06-08

ISTANBUL CONGRESS CENTER

INNOVATION WEEK

For Turkey to reach its 2023 export targets, the Turkish Exporters Assembly is hosting a number of events where exporters and manufactures convene.

Sixty exporters' associations are coming together at the Istanbul Congress Center in Harbiye December 6-8, 2012 in order to help provide value added to exports and introduce new technologies and methods to production processes.

Winning projects in the R&D project market and design competitions held in the 26 exporting industries will be displayed throughout the week, too. Mass participation of university students from Turkey is expected in the event, which will feature world-famous speakers and invitees.

NOVEMBER

Istanbul Autoshow 2012 Tüyap, Istanbul NOVEMBER 2-11

The Istanbul Autoshow International Automobile Fair is meeting with auto aficionados this year, too. To be held in 12 halls with 50,000 square meters of stand space, the fair, starts November 2 at Tüyap, Istanbul. Four models will have their world premieres and 31 will have their Turkish premieres at the fair. Nearly 500 models from 45 brands will be on display. Istanbul Auto Show 12 will greet its visitors in a massive exhibition area. Held biennially, the fair this year will offer its visitors the chance to spend a lovely day in its expanded area.



Mining Turkey 2012 Tüyap, Istanbul NOVEMBER 29-DECEMBER 2

Mining industry representatives will be convening November 29-December 2 at Mining Turkey 2012, the fifth Mining, Mining Machinery and Equipment and Construction Machinery Fair, at Tüyap Center in Istanbul. Participation is expected to be heavy owing to the developments in the industry, which employs 750,000 people in Turkey.

Plast Eurasia Istanbul 2012 Tüyap, Istanbul NOVEMBER 29-DECEMBER 2

The 22nd International Istanbul Plastics Industry Fair presents the latest developments in the plastic industry, cutting-edge technologies, and new products. Interest in the fair is certain to be high with the plastic industry being one of the fastest-growing industries in Turkey. The fair, which begins November 29, will feature participation by not only leading firms but also medium- and small-scale companies. Participating companies will have the opportunity at the fair to present their products to professionals both local and foreign. Over 1,000 companies from 50 countries will appear in the fair's 80,000-square-meter indoor space divided into ten halls. Plast Eurasia Istanbul 2012 is being held November 29-December 2 at Tüyap.

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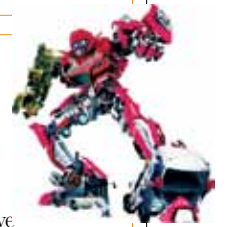
31

Cable & Wire Fair CNR Expo, Istanbul NOVEMBER 15-18

The 5th Cable & Wire Fair for Cable Accessories, Cable Realignment, Electrical Insulation Materials, and Equipment and Machines is being held November 15-18, assembling manufacturers in the \$5+ billion cable and wire industry, whose exports are upwards of \$2 billion.

Automotive 2012 CNR Expo, Istanbul DECEMBER 6-9

The 18th International Automotive Supply Industry, Components, Accessories & Service Equipment Exhibition is assembling the automotive parts and components industry once again at CNR Expo, December 6-9. The rapidly advancing automotive industry will be presenting its latest innovations to the fair's visitors. Close to 200 companies are expected to participate in Automotive 2012 with 400 brands. Manufacturers from the primary industry will be conducting bilateral meetings with auxiliary industry manufactures during the fair. The fair is targeting international visitors from North Africa, the Middle East, Russia and the CIS, and the Balkans.



Istanbul Retail Fair ICEC, Istanbul NOVEMBER 28-29

Istanbul Retail Days, a significant event for the retail sector, is being held at the Istanbul Convention & Exhibition Centre. Among the events of Retail Days are the International Istanbul Retail Conference, Istanbul Retail Fair, and Retail Sun Awards. Twenty-five speakers who have influenced retail both in Turkey and globally will appear during the fair in 16 separate sessions November 28 and 29.

DECEMBER

Figures

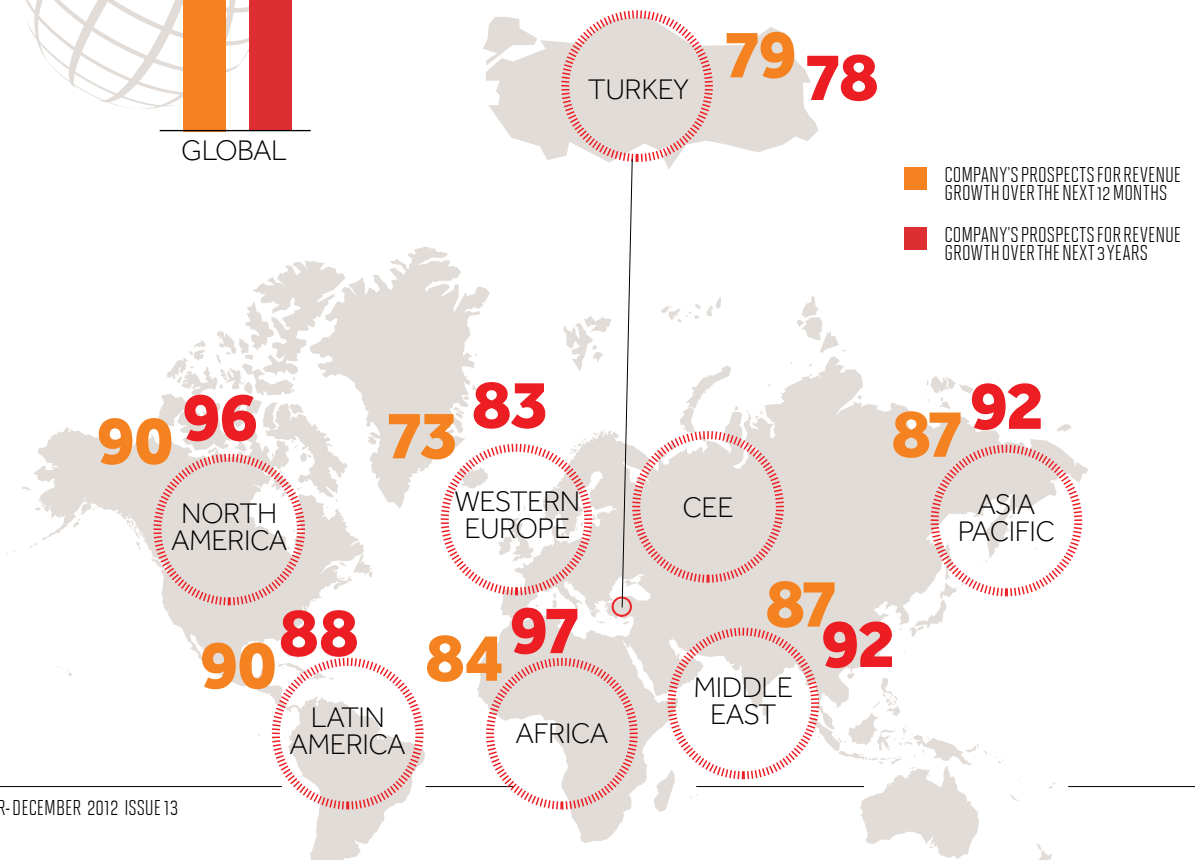
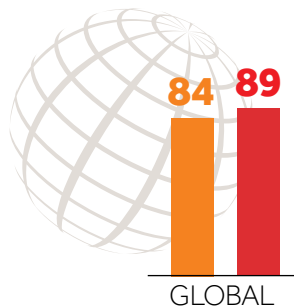
CEO SURVEY

PWC'S 15th ANNUAL GLOBAL CEO SURVEY

According to a CEO survey titled “Delivering Results: Growth and Value in a Volatile World”, CEOs in Turkey feel confident about their potential for growth despite general pessimism for their worldwide economic prospects. PwC conducted 1,258 interviews with CEOs in 60 countries between Sep. 22 and Dec. 12, 2011.

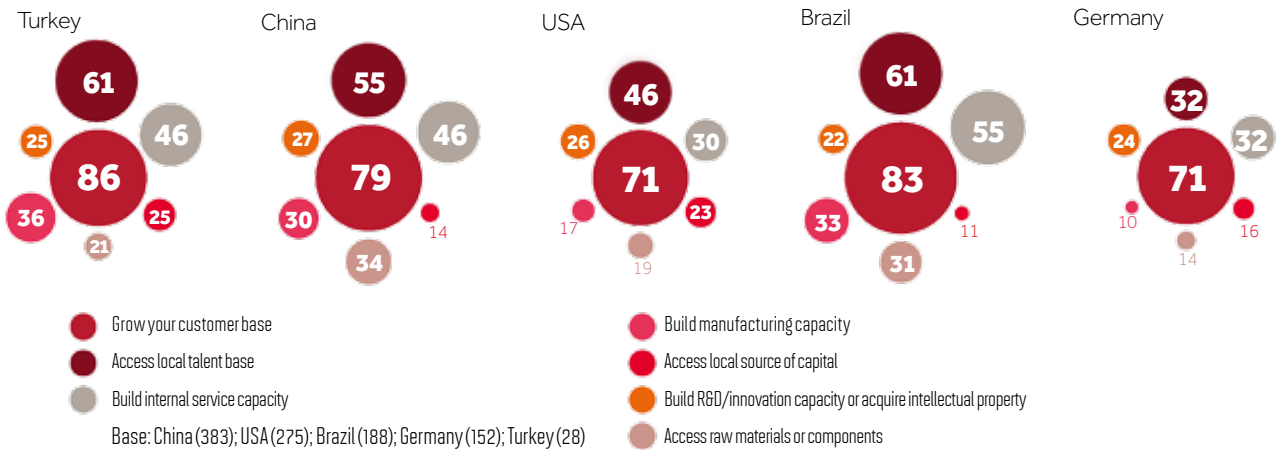
CEOs WORLDWIDE FORESEE GROWTH FOR THEIR COMPANIES IN THE LONG RUN

Q: “How confident are you about your company’s prospects for revenue growth over the next 12 months and next three years?”
(Percentage of CEOs who answered “very confident” or “somewhat confident”.)



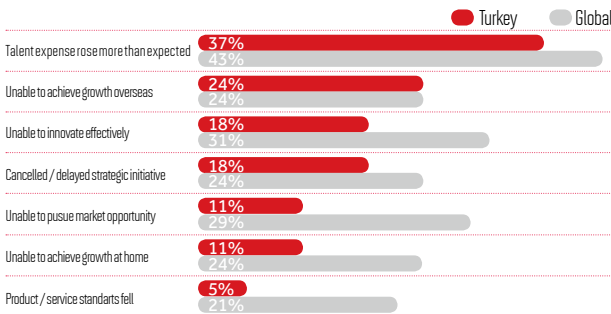
GLOBAL CEOS ARE LOOKING TO TURKEY ESPECIALLY FOR GROWING THEIR CUSTOMER BASES

Q: Which of the following objectives do you hope to achieve in the following countries in the next 12 months?



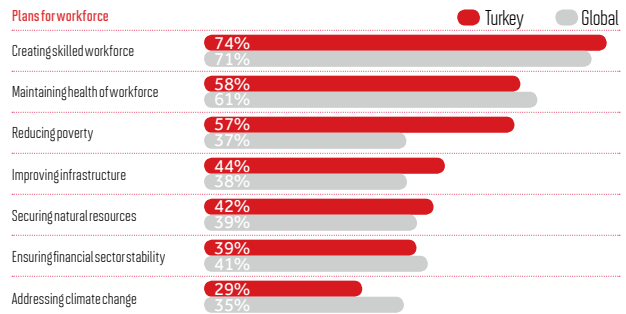
FOR TURKEY'S CEOS, TALENT CONSTRAINTS ARE IMPEDING EFFORTS TO ACHIEVE OVERSEAS GROWTH TARGETS

Q: Have talent constraints impacted your company's growth and profitability over the past 12 months in the following ways?



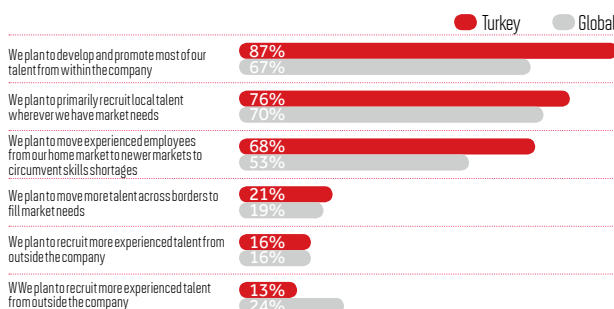
CEOS IN TURKEY ADD "REDUCING POVERTY AND INEQUALITY" TO THEIR PRIORITIES FOR INVESTING IN THEIR WORKFORCE

Q: How much does your company plan to increase its investment over the next three years to achieve the following outcomes in the country in which you are based?



TURKEY'S CEOS PLAN TO PROMOTE FROM WITHIN AND RECRUIT LOCALLY OVER THE NEXT THREE YEARS

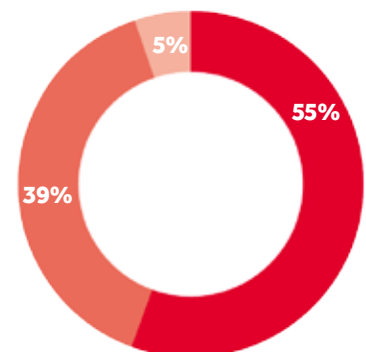
Q: With regards to plans for your global workforce over the next three years, which of the following statements do you feel is more likely to occur?



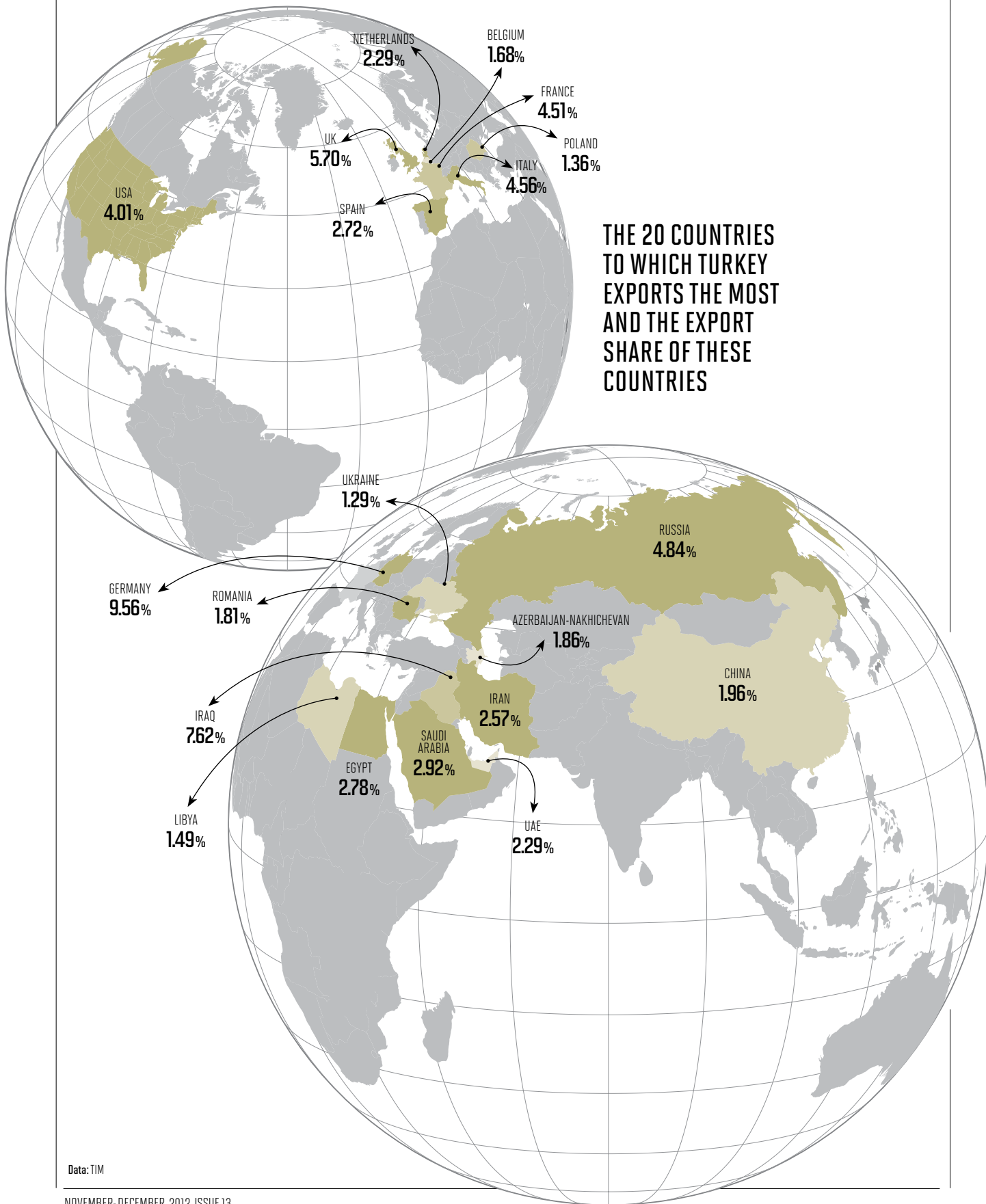
TURKEY'S CEOS SEE LITTLE CHANCE FOR NOTABLE IMPROVEMENT IN THE GLOBAL ECONOMY IN 2012

Q: Do you believe the global economy will improve, stay the same, or decline over the next 12 months?

- Very confident
- Stay the same
- Decline



Source: PWC 15th annual global CEO Survey 2012



Data: TIM

THE BUSINESS CLASS THAT MAKES YOU FORGET ABOUT BUSINESS



LONDON

NEW YORK

Fly Turkish Airlines Business Class to more than 200 destinations around the world.
Taste the globally awarded cuisine, enjoy the best of in-flight entertainment
and relax in our comfortable seats.



Still Europe's Best. Still getting better.

Last year we were chosen Europe's Best Airline at the world's largest airline passenger satisfaction survey, the Skytrax World Airline Awards.

But that didn't stop us...

We kept trying; our seats got even cozier, our meals got even yummier and our network got even bigger. We were chosen Europe's Best again this year, and again we'll keep trying...

