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# The Turkish Perspective

JANUARY-FEBRUARY 2013 ISSUE 14

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

ISTANBUL hosted a marvelous event that was organized by TIM. TURKEY INNOVATION WEEK was a venue for discussion about innovation.



THE LEAD ACTORS IN AN OUTSTANDING PERFORMANCE AIM HIGHER FOR 2013



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

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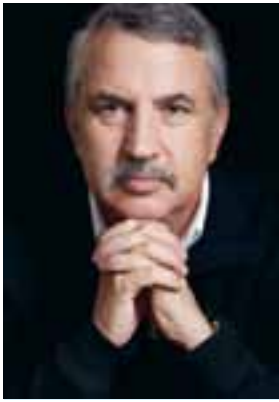


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# Editorial



MEHMET BÜYÜKEKŞİ  
CHAIRMAN (TIM)

## Turkey will reach its targets through INNOVATION

We have left behind yet another year. In a global environment riddled with ongoing economic risks, Turkey took one more step forward with its outstanding economic and export performance.

**W**HILE ACHIEVING A SUBSTANTIAL growth rate in spite of global economic stagnation, in exports too we broke a new record, surpassing the \$149.5 billion target set by the Medium-Term Program.

Our export didn't just break a new record; it also contributed greatly to balancing the economy. At least 2.5% of the 3% economic growth expected by the end of 2012 will come from exports.

Meanwhile, credit rating agencies haven't just been mere spectators to the success Turkey showed in growth and exports—however belatedly, they raised Turkey's score. After an 18-year gap, Turkey once again received an investment-grade score by a credit rating agency in November. Other agencies are expected to follow this example soon.

Trust in and expectations for the Turkish economy have risen, too. We predict that the influx of foreign capital into Turkey will continually accelerate as a result of this. And, in 2013, we expect a significant part of growth to again come from exports. In the Medium-Term Program announced by Turkey, the 2013 export target was set as \$158 billion. Turkey's growth target for 2013 is 4%.

By providing more support them production and exports, Turkey will reach these targets, with its increasing competitive power making it easier to reach them. Directly related to Turkey's competitiveness is the task of developing greater consciousness of innovation in Turkish

exporters. As TIM we are engaged in significant efforts toward this end, holding design competitions and R&D project marketplaces for many of our export industries.

Last year, we hosted the Turkey Innovation Conference, welcoming many important guests. This year, we expanded our vision, hosting an important event at the Istanbul Congress Center from December 6 to 8, Turkey Innovation Week, which was sponsored by Arçelik, TEB, and Turkish Airlines.

We believe this event was an important one for Turkey's future. Our exporters have developed a clear understanding that the most important way to pull ahead in the global competition is through innovation, R&D, and design—the only way to survive the tough global competition is to renew oneself constantly. Behind the performance exhibited by our exporters in the recent term were constant innovation, R&D investment, design, and trend awareness.

Our most recent Exporter Tendency Survey also confirmed that exporters in Turkey have been focusing on R&D. Participating companies indicated that they set aside 3.13% of their budgets for R&D, whereas overall in Turkey, this figure is 0.86% on average. Our aim for 2023 is to bring this figure to 3% for all of Turkey, with our exporters serving as an example.

As TIM, we have always pointed out the importance of design and innovation. We spread the design competitions

we held to all of our industries, and with Turkey Innovation Week, we drew the entire country's attention to the subject of innovation.

The opening of this event, which welcomed over 15,000 guests, was conducted by Prime Minister Recep Tayyip Erdoğan.

The event featured several globally renowned speakers—Sir Tim Berners-Lee, innovator of the now-indispensable World Wide Web; Kenneth Morse, innovation and entrepreneurship advisor to the US president; Heidi McBride, the industrial design consultant responsible for the project design of Boeing's 787 "Dreamliner"; Anton Oğuzhan Andrews, Director of Office Envisioning at Microsoft; Tom Kelley, author of "The Ten Faces of Innovation"; and Fred Alan Wolf, the famous quantum physicist known as "Dr. Quantum."

Turkey Innovation Week provided a venue for researchers and professionals from all over the world to meet with their Turkish colleagues, giving us the chance to observe how both academia and business view innovation. Also present during Turkey Innovation Week were designs that won awards at the competitions we have held as TIM. The event allowed us to present these designs to the business sphere.

Turkey Innovation Week helped raise consciousness of innovation in Turkey. We expect this consciousness to reflect on our exports' value-add positively in the coming term. We propose three suggestions to increase the role of innovation in the economy of Turkey: Our first suggestion is to place innovation at every level at the top of our societal chain of values. Our second suggestion is for the creation and adoption as a state document of a national innovation strategy. And as our third suggestion, we want Istanbul to be made a global center for design and innovation.

Should these suggestions be put into practice, they would not only allow us to reach our 2023 targets more easily but also have a distinguishing effect upon Turkey's stature in the world.



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.
- 16<sup>th</sup> 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 13<sup>th</sup> 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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# First

SUMMITS, INNOVATION, AEROSPACE, AVIATION, AUTOMOTIVE, RETAIL, EXPORTS....



Drawing the world's attention to Istanbul, the summit brought together leaders in politics, foreign policy, energy, and economics.

*Hosted By TIM, Third Boğaziçi Partnership Summit*

## BRINGS 42 COUNTRIES TOGETHER

The event was held with the aim of fostering and improving strategic partnerships between Turkey and countries in the Middle East, Africa, and Central Asia.

**H**OSTED BY the International Cooperation Platform and the Turkish Exporters Assembly, the third Boğaziçi Regional Partnership Summit was held with the presence of President Abdullah Gül December 13–15, 2012 at Çırağan Palace in Istanbul, featuring the participation of 42

countries, including the US, Russia, and countries in Europe, the Middle East, North Africa, the Persian Gulf, the Turkic republics, and the Balkans. Drawing the world's attention to Istanbul, the summit brought together leaders in politics, foreign policy, energy, and economics. President Gül

participated in the opening of the third Boğaziçi Partnership Summit via teleconference, delivering a speech in which he said, "I believe that the successful cooperation mechanisms we will put into action in the Eurasia region, which has become the center of gravity for the global balance of power, will

serve as a tangible example for a new, better-functioning global order." In his speech, President Gül reminded audiences that the International Cooperation Platform was founded in 2010 as a response to the need for regional cooperation and effective multilateralism with the awareness that the

fundamental balances in the world's politics and economy are changing. He has been in support of this initiative from the start. "The ICP has been institutionalized and has succeeded in bringing together statesmen from Eurasia, leading businessmen, representatives of NGOs, and local administra-



tors under the same roof," he said.

President Gül expressed his belief that the platform provides an important contribution to the development of strategic cooperation at every level so as to utilize the opportunities presented by the global economy most effectively.

The transformation the world has been going through since the end of the Cold War has entered a new phase with the recent developments in North Africa and Middle East as well as with the global economic crisis, all of which have deeply affected Europe, declared the President. He added, "It seems that this process concerning the whole of Eurasia will have reverberations and its influences will stand for years. In this regard, I find this year's theme, "Reconstructing the Global Order: Eurasia's Potential," quite appropriate."

Also attending the summit was Deputy Prime Minister Ali Babacan, who indicated in his speech that the third Boğaziçi Regional Partnership Summit would have a great influence on increasing international cooperation. "I am glad to be with you on the occasion of the third Boğaziçi Regional Partnership Summit organized by UIP. I'm seeing that this summit is becoming more effective and influential every year. I can say

that this summit has taken on an influential role in the development of a better understanding of the new world order. I'm sure it will create new business opportunities and new possibilities for the Eurasian region over the course of three days," he said.

The ongoing economic and financial crisis is so significant that recent history can be divided into "the world before and after the crisis," Babacan declared. The cost of the recent crisis is being compared to that of World War II, and it is being regarded as the deepest economic crisis ever suffered by the world.

**"HEAVY PUBLIC DEBT WILL DRAG GROWTH DOWN"**

Upon inspection, the public debt stocks of developed countries are now comparable to post-WW2 levels, said Babacan. "Budget deficits and public debt stocks will continue to be a burden for some countries for years or even decades. This heavy burden of public debt will drag down the growth potential of several economies. Following this crisis, many people in the world fell below the poverty line. The crisis brought with it the disruption of income distribution," he said.

The total pull held by developing countries in 1980 was around 37%, said Babacan. Today, this figure has neared 50%, and this shift in power



*The International Cooperation Platform was founded in 2010 as a response to the need for regional cooperation and effective multilateralism.*

is now being felt in international platforms, too, said Babacan. Mehmet Büyükekşi, Chairman of the Turkish Exporters Assembly, expressed his gladness at welcoming to the platform this year many high-level guests from several countries and said the joint aim is to establish a foundation for sustainable cooperation with all countries in the region. Büyükekşi continued, "Regional commerce and cooperation are gaining in importance.

We all assembled here with the aim of mutually improving economic relationships. Our summit brings together the

statesmen, young leaders, and pioneering entrepreneurs in the business world of this territory. Our aim is to develop a results-oriented atmosphere for dialogue and to prepare environments for cooperation. Why do we think this? Because regional commerce and cooperation are becoming continually more important in the conditions of today's world. Countries that engage in commerce with their surroundings stand out more and become richer. Countries that become integrated with the ecosystems around them and which support those ecosystems are less affected by crises.





*Drawing the world's attention to Istanbul, the summit brought together leaders in politics, foreign policy, energy, and economics.*

foreign trade volume with these countries rose rapidly. Turkish businesspeople started investing seriously in these countries, and significant amounts of investment and capital have been coming from this territory to Turkey, too.”

#### “LET’S ALL WIN TOGETHER”

“Turkey possesses a very dynamic population with a high potential for consumption. It is located in a place with significant, large potential for growth, at the crossroads from the Middle East to Africa and from Asia to Europe. For all the reasons I have listed above, Turkey now is a center of attraction for investment. The state, too, providing great support to investments. The new investment incentive bill issued most recently is a significant step on this path.

Turkey is at the position of being the most suitable partner for all

sorts of commerce and cooperation. This, in turn, further increases the importance of this summit, because this summit brings the world of business together with state-level participants. Large-scale investments are being discussed on this platform. The crisis environment in the world paves the way for new opportunities. For this reason, we set the main theme for the summit as “Reconstructing the Global Order: Eurasia’s Potential.” Turkey believes in this potential. It strives to bring this potential to life. We realize very well that the world’s economic center of gravity is shifting from west to east. We are presenting a vision that encompasses all stakeholders in trade, not one that presents a single-sided perspective. We act on a “win-win” principle. We want for us to all win together as a result of this.”



Turkey is cognizant of these developments. It foresaw these and planned accordingly. It based its strategies always in accordance with its surrounding ecosystem. As a result, its relations with the region’s economies

developed rapidly. While continuing our cooperation with the EU, our traditional market, on one hand, we moved toward multilateral cooperation on the other in the Middle East and Africa. As a result, Turkey’s

## INNOVATION

## EBULLIENT INTEREST IN INNOVATION GIVES HOPE FOR TURKEY'S FUTURE

**ORGANIZED BY TIM**, the three-day-long Turkey Innovation Week turned into an ebullient occasion by virtue of the interest shown by participants, bringing together people of all ages who have an interest in innovation. All speakers at the event spoke before full audiences. The event also created a venue where universities, industrialists, designers, students, and project directors could interact.

Held at the Istanbul Congress Center with the strategic sponsorship of Arçelik and TEB, Turkey Innovation Week began with a presentation by Kenan Işık and an opening speech by Prime Minister Recep Tayyip Erdoğan. The Prime Minister started his speech by thanking the Ministry of Economy and the Turkish Exporters Assembly for their work on Innovation Week and went on to state his belief that innovation will become an influential topic on the agenda thanks to the negotiations, consultations, presentations, exhibitions, visits, meetings, projects, and tournaments to be conducted over the three days of the event.

Providing an assessment of the present state of the economy of Turkey, Erdoğan said that because Turkey doesn't possess rich oil reserves, natural gas fields, goldmines, or similar natural resources as do many other countries in the world, it must work harder.



## AEROSPACE

## TURKEY LAUNCHES FIRST MILITARY EXPLORATION AND RECON SATELLITE

**MANUFACTURED BY THE TÜBİTAK** Space Technologies Research Institute and TUSAŞ using a high degree of local resources, Göktürk-2 was launched to space from the Jiuquan Satellite Launch Center in Gansu Province, China, on December 18.

After Göktürk-2, which possesses a 2.5-meter resolution, settles into orbit, its camera will turn to face Earth and start capturing

images. The first images from the satellite are expected to have been downloaded between December 25 and 30.

The imagery obtained via Göktürk-2 will be used for military reconnaissance and for such civil applications as agricultural product analyses, harvest estimates, pest control, and assessing harm caused by pollution and natural disasters.

## AVIATION

## The 200<sup>th</sup> Plane

Pursuing its goal of having the youngest and most modern fleet in Europe, Turkish Airlines is bolstering its fleet with more new aircraft.

**THE AIRLINE'S** 200th aircraft took to the skies following the November 13 ceremony hosted by Board Chairman Hamdi Topçu and CEO Temel Kotil, PhD, and attended by Turkish Finance Minister Mehmet Şimşek. Pointing out that Turkish Airlines has met all its targets since 2003, the airline's executives drew attention to its contributions to international aviation.



## AVIATION

## WITH THE WORLD UNDER ITS WINGS

Flying to more countries than any other airline in the world, Turkish Airlines is constantly adding new flight destinations. The Kitahya and Maldives routes opened in November. Flights to Sabha in southwest Libya were launched on December 2, and flights to the Kenyan city of Mombasa and to Kilimanjaro, one of Tanzania's most visited regions, on December 4. Other new routes added in December were Buenos Aires, Niamey, and Ouagadougou.

## AVIATION

## BEST-TASTING CATERING SERVICE

Singling out the travel industry's most successful members for the last six years, TravelPlus magazine has recognized Turkish Airlines again this year. Readers voted Turkish Airlines worthy of the award for "Best In-Flight Food and Beverage" in this year's 6th TTG China Travel Awards 2012. Turkish Airlines' success in the awards, which are followed by numerous media organizations, is expected to contribute to its market popularity in China.

## AUTOMOTIVE

## Export Champion Pursues Seventh Consecutive Title

The automotive industry has been Turkey's champion export industry for the past six years. The industry expects to hold this title for 2012, too.



**A** **STURKEY RACES TOWARD** ITS \$150 billion export record, the automotive industry, as the country's leading export industry, is pursuing that title for the seventh time. According to the Uludağ Automotive Industry Exporters' Union's (OİB) November exports report, the automotive industry's export increased by 10% over the same period last year, reaching \$1.763

billion. Over the first 11 months of the year, exports fell by 5% to \$17.44 billion.

Assessing the export performance for November, OİB Chairman Orhan Sabuncu stated that increases occurred in exports to the industry's top ten recipient countries and that the approximately 10% increase in exports to EU countries is cause for hope for a recovery in that region.

## EXPORTS

## Steel Exports Surpass \$14 Billion, Nearing Target

**S**TEEL exporters are steadily progressing toward their target. With November's exports, the industry's 11-month international sales surpassed \$14.3 billion, bringing the industry closer to its \$15.7 billion target for the year.

Turkish steel industry's exports increased 11.39% by amount over the first 11 months of 2012 in comparison to the same period the previous year, rising to 18.2 million tons. By value, the industry's export appreciated by 3.09%

from \$13.89 billion to \$14.32 billion. The industry's export target for 2012 was 20 million tons and \$15.7 billion. The total production target was 365 million tons. The steel industry aims to increase its exports to a value of \$55 billion by 2023.

## RETAIL



## Retail Federation to Represent \$90 Billion Industry

In talks for years, a federation to unite the Turkish retail industry in one body is finally being established. Five organizations joined forces to establish the Federation of All Shopping Centers and Retailers, which will represent the organized retail industry, which is worth \$90 billion.

## EXPORTS

## Exports Increase 20% in November; 12-Month Exports Surpass \$150 billion

According to TIM records, Turkey's exports in November 2012 exhibited a 20% increase over November 2011 to \$12.771 billion. In the first eleven months of the year, exports rose 13.6% to reach \$139.49 billion. Over the past twelve months, exports increased 12.9% to reach \$151.526 billion.



# Panorama



BY CEMİL ERTEM, PHD

## OPPORTUNITIES ABOUND FOR TURKEY IN A NEW ERA

Shifting dynamics in Europe, the Middle East, and Africa herald a leadership role for Turkey.



**N**EARING THE END OF 2012 (as of the writing of this text), reports by many investment corporations, headed by the IMF, anticipate a serious decline in the growth rate for Europe and all countries connected to it. The IMF's growth forecast for Turkey had been around 2%. But as Turkey achieved such a growth rate in 2011 and Q1 2012, especially in connection with its industrial production and export, it didn't drop back to the level of 2%. Turkey's industrial production and exports continued to grow as unemployment rates decreased. In Europe, unemployment increased geometrically during this period, whereas Turkey succeeded in slashing unemployment rates to around 8%. However, as of Q2 2012, those at the helm of the Turkish economy introduced measures to decelerate growth. These measures sped up short-term capital investments while ensuring the revaluation of the Turkish lira and maintaining interest levels in Turkey at above the global average. This we know as a very old lure.

In other words, the valuable lira, high interest rates, and short-term capital investments would cause the financial

structure—not the industry—to inflate, not grow, taking Turkey back to the crisis of the '90s, which depleted its funds. As seen below, exports stand out as contributing factors to recent growth in OECD countries. It is then that Turkey should have come forth with a growth strategy employing the full force of its industrial base. However, we were unsuccessful in 2012, bringing our growth levels back to the IMF's expectations.

Turkey thus made a return in Q2 2012 to the growth rate of its industrial export in 2010 and 2011. Meanwhile, the political transformation that originated with the situations in the EU and Middle East means very important opportunities lie ahead in favor of Turkey. Let us now take a look at the EU and this territory in this context.

### THE EU, THE MIDDLE EAST, AND TURKEY'S OPPORTUNITIES

As the year 2012 draws to an end for the European Union, there are two possible routes could be followed. Strategies that emerge from this basic crisis will correspond to restructuring politically and economically for both the EU and the



rest of the world. To briefly summarize, the front wishing to emerge from the crisis with war-threaded strategies bearing traces from the thesis “Clash of Civilizations,” led by the traditional German capital and finance, defends the contraction of the EU into a Germany-based community of rich nation-states. To enable this, they are working on a strategy for south European countries to exit the euro, starting with Greece, and they are raising the subject from time to time by means of the press. Europe’s second strategy to overcome the crisis would be very clearly in politically consummating its historical association as the EU. In my opinion, the political union can only accomplish its purpose by expanding toward its own east. In that case, the year 2013 will be the year of “make-or-break” for the EU. However, iron, steel, and traditional industries based on militarism are losing their effectiveness in Europe, as is the financial capital structured on these industries. For example, Germany’s largest steel manufacturer, Thyssen-Krupp, announced a €5 billion loss for 2012. The loss suffered by Thyssen-Krupp—a company that was originally born of German militarism and the war industry—actually explains the cause of the crisis and the transformation we are going through. On the other hand, the German Federal Bank (Deutsche Bundesbank), which has been trying to suppress the European Central Bank’s influence on the European monetary system for a long time, announced that Germany’s growth will decrease immensely in 2013. Bundesbank comes at the head of institutes that wish to turn this crisis into a power play for Germany and in this respect it is against the monetary union. Recently, though, the EU realized an agreement that authorizes the ECB to audit banks. As this clears the path for fiscal union, it is a blow for those against the path of European political union and expansion. Due to this, we can say that with the ending of South Cyprus’s presidential term, relationships between Turkey and the EU will warm up again in the beginning of 2013. What the EU has actually realized is that a closer-knit union and the integration of strong countries such as Turkey are needed to come out of the crisis. It can thus be said that the dynamics of the crisis have impeded the front that wishes to discontinue the union and recreate it as a “rich” Christian club.

Beginning in the year 2013, this lays a historical opportunity in front of Turkey. The upper echelons of the Turkish government, from Deputy Prime Minister Ali Babacan up to President Abdullah Gül, are aware of this and state it at every opportunity. Furthermore, Babacan said in his speech at the International Cooperation Platform that the Middle East, Africa, and Asia Minor regions were not living up economically and commercially to their economic potential, and he also added that they were involved in very low levels of commercial and economic relationships, underlining that the realization of market-based integration is essential in order to enable the development of the region and to establish peace.

In the coming years, a Eurasian integration—including Af-



*Turkey will need to put forward an industrially based, export-targeted growth strategy.*

rica—will come to the fore with Turkey at the helm, enabling the market mechanisms in this region to operate properly, being realized with democratic stability. Therefore, not only will this lead to a Eurasian economic integration but the progression will also be a political integration in parallel. When you establish this well-known and obvious truth, it puts in front of you a “new” strategy to emerge from the crisis, starting with the economy.

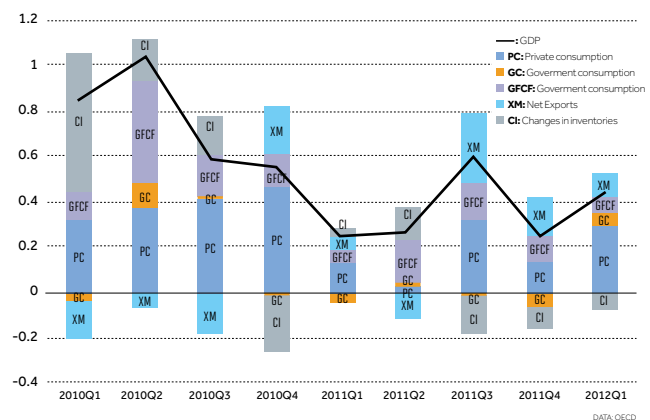
This union (integration) strategy undoubtedly starts with Turkey. Energy resources from the Middle East and Caspian regions reach Europe and the Mediterranean over Turkey, which is a path not just for energy: it is also a path to peace. For example, the TANAP project

to transport Azerbaijani gas over Turkey directly to Europe is important in this respect. On the other hand, Vladimir Putin’s last visit to Istanbul certainly established a new beginning in the structuring of economic and political cooperation in the region. Contrary to some claims, this does not mean a Turkish-Russian union to spite Europe—to the contrary, with Turkey approving the Russian south pipeline project, it actually strengthens the Russian-Turkish-European axis. Consequently, I believe this means 2013 will be the start-up year for large-scale integration, beginning with Europe and taking in Asia Minor, the troublesome Middle East, and North African hinterlands.

This, together with being an integration headed by Turkey, is an alliance of civilizations and the beginning of a new era...

2013 will be an important year for Turkey if on top of all these developments we consider the start of Barack Obama’s second presidential term in the US. However, as mentioned above, Turkey will need to put forward an industrially based, export-targeted strategy. This growth strategy, of course, needs to be crowned with the new constitution that completes the process of democratization. Only by these means can Turkey turn this crisis into an opportunity.

CONTRIBUTIONS TO OECD REAL GDP GROWTH  
PERCENTAGE POINTS



**Content:** Turkey: The Smiling Face of the Home Appliances Industry **P15** Foreign Banks' Increasing Investment in Turkey **P19** Turkish Airlines Continues Its Steady Climb **Editor:** Can Gürsu

# Briefing

TOURISM, HOME APPLIANCES, INVESTMENT, AVIATION



## TOURISM

# TURKEY ROLLS UP ITS SLEEVES FOR WINTER TOURISM

As Turkey increases its touristic value day by day, positive developments in the industry create a driving force that propels winter tourism, too, with Turkey's aim to become a global brand in winter tourism becoming more of a reality as time goes on.

BY DERYA ENGİN KUTLU

**T**URKEY IS RAISING its bar in tourism every day. According to data from the World Tourism Organization (UNWTO) from 2000–2011, the increase in the number of tourists and tourism income

going to Turkey is well above the world average increase. Tourists coming to Turkey increased by around 14% and tourism income by 15%. According to the Turkish Tourism Investors Association's

report titled “Drive for New Investment toward 2023,” average growth targets for the next decade (2012–2022) encompass a 6% increase in tourist numbers and 8% in tourism income.

Attracting increasing numbers of tourists in several areas of tourism, Turkey is in a bid to be considered among the world's leading countries for winter tourism as well. Turkey possesses high potential for





*Especially today, as global climate change has been hitting world winter tourism hard, Turkey is among the countries least affected—and in the case of snowfall, unaffected—by climate change.*

(Kars), Bitlis, Bingöl, Muş, Van, and Hakkari ski resorts in eastern Anatolia, there are ski destinations one can choose all over the country.

#### **THE DRIVING FORCE OF WINTER TOURISM: GOVERNMENT SUPPORT**

Government support is important for fostering the growth of ski and winter tourism in Turkey. Regarding the matter, the Council of Ministers declared 12 winter sports resorts as “centers of tourism” based on the Tourism Incentive Act. “The Ministry of Tourism aims for winter sports resorts to attain compliance with international standards in every way, increase their share especially in international tourism, and for them to be guided toward mass tourism,” says Turgut Gür, PhD, Chairman of the Turkish Tourism Investors Association. Indicating that the population of tourists showing an interest in Turkey alone numbers around 100,000, Gür notes that the number of tourists coming from abroad has risen notably too. He explains the plans for the industry’s future as follows: “An uptick in winter tourism activity geared toward the foreign market in Turkey is being seen in the regions of Istanbul–Bursa–Uludağ, Istanbul–Erzurum–Palandöken–Sarıkamış, Antalya–Saklıkent, and Alanya–Akdağ. The efforts conducted in a planned

winter tourism with a geography that is 60% mountainous. The mountainous areas have altitudes that reach up to 2,000 meters and present the advantage of being suitable for skiing for five months out of the year, on average. Another important characteristic of Turkey is that its mountainous area is distributed equally throughout the country. The Uludağ (Bursa) and Kartepeler (Kocaeli) ski resorts in the Marmara region; Kartalkaya (Bolu), Ilgaz (Kastamonu), Ladik (Samsun) ski resorts in the Black Sea region; Erciyes (Kayseri), Elmadag (Ankara) ski resorts in the inner Anatolia region; and Palandöken (Erzurum), Konaklı (Erzurum), Sarıkamış



fashion by the Ministry of Tourism, with preserving balance among tourism centers in consideration too, are making Turkey a hot spot for European ski enthusiasts and investors.” The infrastructural, environmental, promotional, and investment activities carried out by the ministry toward the aim of diversifying tourism have brought volume to winter and sports tourism resorts, especially Palandöken, Erciyes, and Sankamış in central and eastern Anatolia. As a result of these efforts, Palandöken has become over time a worthy rival to Uludağ, the long-time giant of Turkish winter tourism.

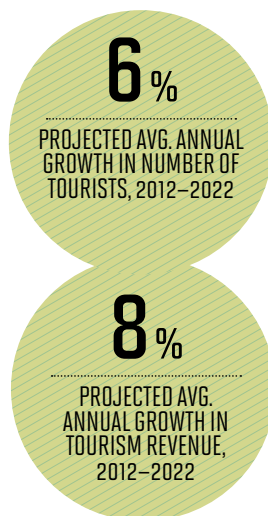
#### “TURKEY’S PLUSES ARE MANY”

Especially today, as global climate change has been hitting world winter tourism hard, Turkey is among the countries least affected—and in the case of snowfall, unaffected—by climate change. Turkey is also a magnetic location for tourists searching for alternative ski destinations. Currently, Uludağ in Bursa, Kartepe in Kocaeli, Kartalkaya in Bolu, Ilgaz in Kastamonu, and Erciyes in Kayseri stand out as the resorts most popular with local tourists, while Palandöken and Konaklı in Erzurum, and Sankamış in Kars, are popular with tourists both local and foreign.

Erzurum stands out among these ski resorts with the advantage of having ski runs that meet global standards as set by the international federation responsible. With its world-class runs, Erzurum hosted the 2011 World Winter Universiade in 2011, welcoming more than 3,000 foreign participants. In 2012, Erzurum hosted the World Youth Skiing Championship, welcoming 1,500 foreign participants. Besides the aforementioned large events, Erzurum also hosts



*With different altitudes and suitable for skiing for more than five months out of the year, there are ski destinations one can choose all over the country.*



Data: Turkish Tourism Investors Association

various smaller international skiing events and activities in which several countries participate. In the upcoming season, roughly 750–1,000 foreign participants are expected to come from abroad for the World Youth Snowboard Championship March 1–11, 2013.

#### “TOURISM MUST BE SPREAD OVER EACH OF THE 12 MONTHS”

Infrastructure is of great importance to winter tourism. The characteristics of the ski runs and mechanical facilities, and the fact that these are at the levels of international standards, be-

ing maintained year-round, are among the factors that influence demand. On the other hand, the fact that demand is limited to 2.5–3 months increases the time for return on investments. In order to increase profitability, lengthen the season, and cater to broader masses, winter tourism areas need to be provided with value-added options such as facilities congress, sports, wellness, and spa tourism so as to enable year-round utilization. For this reason, there is a need for either freestanding congress buildings or large conference halls at winter sports centers. Investments such as soccer fields and running tracks would also attract sports clubs for retreats.



#### TURGUT GÜR, PHD

Chairman, Turkish Tourism Investors Association

Occupancy rates at accommodation facilities in Erciyes have approached one hundred percent. As investments increase in Palandöken and Erciyes, which present an eight-month-long season and ideal natural features for skiing, Sankamış meanwhile is also a candidate to become the ski resort of the future. Additionally, construction on 21 hotels is to begin on Mt. Erciyes, Kayseri in the first half of 2013, according to the Kayseri Tourism Master Plan. Through this plan, which is expected to be completed by 2014, the current 800-bed capacity of the Kayseri region is expected to reach 5,000. With this total €275 million investment, Mt. Erciyes will become the top mountain and winter sports resort in the Middle East and Balkans.





## HOME APPLIANCE

# Turkey: The Smiling Face of the HOME APPLIANCES INDUSTRY

With a manufacturing capacity of 25 million units, Turkey's home appliances industry is among Europe's focal points of manufacturing.

BY SEBAHAT DÜZLEYEN

**SOME SOURCES** consider home appliances to be part of a general category of electrical home appliances, while others consider them durable consumer goods that are used for more than one year. With a vast range of technologies, there is a wide array of products made available by the industry—to list a few, refrigerators, washing machines, ovens, dishwash-

ers, stoves, vacuum cleaners, and other such fundamental items; and small appliances such as toasters, food processors, and blenders. Freezer chests, air conditioners, water heaters, and water purifiers are also considered within the home appliances industry.

Providing a living to roughly 500,000 people in Turkey, the home appliances industry provides a significant con-

*Local manufacturers satisfy roughly 90% of the growing demand in Turkey for home appliances.*

**Turkish companies that began** with simple assembly lines are now at the point where they can show off their names abroad.

tribution national economy through its daily-increasing production and advancing technology. Together with R&D activities in the industry gaining momentum, significant steps were taken over the past decade in spreading consumer awareness as well. Solidifying its place in the domestic market and exhibiting a positive outlook with increased demand every year, the industry has managed to establish a network of lasting, long-term customers, not only domestically but also abroad, since the early '90s.

### WORLD AVERAGES

The investments made over the past decade, the conveniences afforded by tech-



#### ÖMER YÜNGÜL

Executive Committee Chairman,  
Vestel Group

#### *Technologies yielded by R&D drive growth both locally and abroad*

The home appliances market continued to grow in 2012, too. Influencing this growth were such factors as the producing companies' R&D investments, Turkey's continued economic development at full throttle (and the construction of many domiciles in connection to this), and the size of the young population. In addition, several factors such as consumer preferences tending toward energy-saving products and the fact that Turkish producers have increased energy efficiency in their products to 65% over the past decade thanks to R&D have enabled brands in Turkey to come to an important place in the global arena. Another of the factors enabling the industry's development is competition; currently, Turkey is the number-one supplier of home appliances in both Europe and (Turkey's) surrounding territories. This brings with it a race against the numerous actors in the market. This situation will cause the industry to further develop in 2013.

We are among the three companies from Turkey that rank among the 1,000 firms in the world that spend the most on R&D every year.

Due to all of these reasons, we believe the industry will exhibit more development in 2013 as well. Vestel is a brand that thinks long-term and strategically, playing for the future. Today, we are rising in the ranks of Turkey's ten best-known and most prestigious brands. And in 2013, we will continue our consumer-friendly efforts and keep on differentiating ourselves from our rivals in the industry with our products and services.

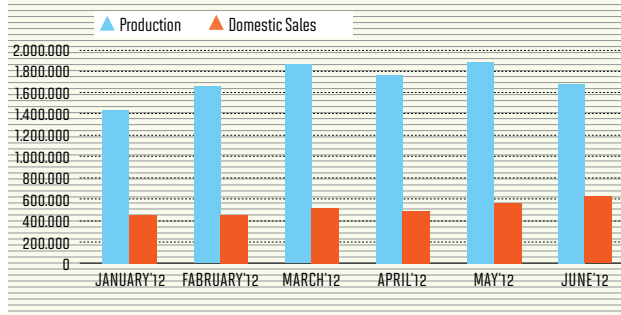
nology, the acceleration of R&D efforts, and increased consumer awareness enabled production in Turkey to grow and shift to higher quality. Local manufacturers satisfy roughly 90% of the growing demand in Turkey for home appliances.

Among the important factors behind the increase in Turkey's home appliances

exports was the liberalization of foreign trade, which allowed Turkish products to enter foreign markets without the hurdles of tariffs or quotas. Turkish companies that began with simple assembly lines are now at the point where they can proudly show off their names abroad through their own designs and technologies.



#### 2012 Q1-Q2 HOME APPLIANCES PRODUCTION AND DOMESTIC SALES (UNITS), SIX MAIN PRODUCTS



#### TURKEY'S HOME APPLIANCES EXPORTS BY COUNTRY

COUNTRY	2010 (Million USD)	2011 (Million USD)	Jan.-July 2012 (Million USD)
UK	533	638	348
France	380	436	237
Germany	350	456	269
Italy	204	215	130
Spain	178	185	100
<b>Total</b>	<b>3,379</b>	<b>3,828</b>	<b>2,636</b>



#### ŞAHİN MERSİN

Board Chairman, Durable Consumer  
Goods and Home Appliances  
Retailers' Association

#### *Industry exports bolster employment and use of local materials*

With a production capacity of 25 million units and an actual production of 20 million units in the home appliances industry, Turkey has become a very important production hub and Europe's leading country in the home appliances industry. The home appliances industry consists of six large home appliance producers, which account for 90-95% of the domestic market, as well as more than 50 medium-scale manufacturers and roughly 500 parts and components manufacturers. There are about 10,000-12,000 dealers and 1,500 authorized service providers. There are around 120,000 employees in the industry—105,000 blue-collar and 15,000 white-collar employees.

The home appliances industry's exports are roughly 2.5 times the size of the domestic market, making it an industry that provides a current surplus. Use of local materials in production has risen to levels of 60-70%.

We expect the larger-than-expected drop in the current account deficit and the recovery that accompanied diminishing effect of the economic crisis upon the EU to reflect upon our industry in 2013 in the form of increased domestic and foreign sales and for the economy of Turkey to grow around 4% in 2013, barring extraordinary crises in the EU or world economy, with the industry growing by around 6-7%. We expect 2013 to be a year in which the returns on the decisions made in 2012 will be received.



## INVESTMENT

# Foreign Banks' INCREASING INVESTMENT IN TURKEY

The Turkish banking sector has attracted more than \$31 billion of FDI over the past decade; in a bid to further boost investments in the financial services sector, ISPAT actively cooperates with foreign banks.

**T**HE GLOBAL economic outlook is still gloomy for investors, as government policies have failed to restore confidence. Faced with such a turbulent economic outlook, global investors are looking for safe havens to invest their money in. There are a few countries offering confidence to investors. One of these countries is Turkey, with an economy having robustly expanded in 2010 and 2011,

followed by a soft-landing in 2012, when the sovereign debt crisis engulfed European economies. Many economies have been downgraded by credit rating agencies since the beginning of the global financial crisis, which was followed by the Eurozone debt crisis, thus causing further downgrades. However, Turkey has been the only country having been upgraded **twice** since the onset of the global

financial crisis, and recently it has been upgraded to **“investment-grade”** by the rating agency Fitch. Cognizant of the positive developments in Turkey, investors from all around the world have now turned to Turkey. Interestingly but not surprisingly, the Turkish financial sector attracted more attention in a time when financial markets around the world were hit hard by the recent global

financial crisis and the euro zone debt conundrum.

### **MOST ATTRACTIVE SECTORS: FINANCE**

As a result of the recent economic crises in the world, many banks had to be bailed out by the governments, **but not even a single bank in Turkey sought government assistance.** On the contrary, the Turkish banking sector has been resilient to the crises,

**Following its acquisition** of a local bank in Turkey at a total cost of \$3.5 billion, Sberbank, Russia's largest bank, signed an MoU with ISPAT to strengthen business ties between Turkey and Russia.



**Having launched a liaison office** in Turkey to support Spanish companies and to assist Turkish companies through its local banks, Banco Popular Español S.A., Spain's fifth largest bank, signed an MoU with ISPAT.

with considerable profit margins. Over the past decade, **the Turkish banking sector has attracted more than \$ 31 billion of foreign direct investment (FDI)**. In such a favorable milieu, foreign banks have recently increased their stakes in Turkey. The **Investment Support and Promotion Agency of Turkey (ISPAT)** has been actively cooperating with foreign banks and supporting their investments in Turkey. On December 11, 2012, ISPAT signed a Memorandum of Understanding (MoU) with Spain's fifth largest bank, **Banco Popular Español S.A (Banco Popular)**, in a bid to support Spanish investments in Turkey. Banco Popular, in May 2012, launched its liaison office in Turkey to support Spanish companies, as well as Turkish companies through their local banks. Today, around 500 Spanish companies are operating in Turkey and this MoU will generate new opportunities that will further strengthen the existing ties between Turkish and Spanish business and finance communities. **BBVA (Banco Bilbao Vizcaya Argentaria)**, Spain's second largest bank, has also substantially invested in Turkey by acquiring a 25 percent stake in a local bank, Garanti Bank. Spanish banks' investment in Turkey is also a reflection of the Spanish investments in Turkey. Readers of this paper will remember that in July 2012, **Befesa**, a major Spanish company in the field of recycling



*“Russia has been emerging as an important source of FDI in the world. As Turkey, we want to receive more investment from Russia, which has invested around an annual average of USD 50 billion of FDI abroad over the past five years. Through this MoU with Sberbank, we aim to support and increase the Russian investments in Turkey”.*

and treatment of industrial residues, announced a **\$ 120 million** greenfield investment to set up two plants for steel dust recovery in Turkey. Relations between Turkey and Spain have improved in recent years. Speaking of strong relations between the

two countries, **Mr. İlker Aycı, President of ISPAT**, said, **“On November 27, during an official visit to Spain under the leadership of our Prime Minister, the significance of the relationship between the two countries was once again emphasized. Both**

parties have given similar messages as to explore opportunities for cooperation between the two countries and extend this cooperation to third-party countries. Within this context, for ISPAT it is essential to create a working environment and cooperate with relevant institutions and organizations to achieve this goal.” Aycı added that the two countries with such close ties should make more investments, mutually. He also stated that **international businesses have regional offices in Turkey and that the number of offices increases due to rise of the income level and the country's strategic position in the Middle Eastern, North African, Central Asian and European regions.** Aycı continued: **“As Turkey and Spain develop cooperation opportunities mainly in the finance, energy, environmental technologies, infrastructure-construction, engineering, automotive and other industries, Turkish and Spanish economies and their investment environments are promising in terms of**



cooperation opportunities and on-going projects. With this MoU, we will deliver the dynamics required by the Spanish economy and companies and offer important investment opportunities. Our goal is to increase the number of investments with high added-value.”

#### INVESTORS FROM ALL AROUND THE WORLD

Spanish banks are not the only foreign banks investing in Turkey. **Lebanese, Russian and Japanese** banks have also invested in the Turkish banking sector. **Bank Audi**, Lebanon's largest bank, made an initial **\$300 million** investment in Turkey, after it has been granted a license by the authorities for full-fledged banking operations. Meanwhile, **Sberbank**, Russia's largest bank, has recently acquired a local bank, Denizbank, at a total consideration of **\$3.5 billion**. Right after the acquisition, it signed an MoU with **ISPAT** to strengthen business ties between Turkey and Russia. The MoU between **ISPAT** and **Sberbank** also includes the exchange of information and assistance with regard to investment projects during the promotion and implementation stages. As in the case with Spanish banks, **Sberbank's** investment in Turkey is also a clear indicator of the increasing Russian investment in Turkey. Today, there are around 1,400 Russian companies with investments in Turkey, and more recently the Russian nuclear giant, **Rosat**, has been granted a license to build Turkey's first nuclear power plant. Commenting on the importance of the Russian investments in Turkey, **ISPAT's** President, **Mr. İlker Ayçi**, emphasized that **“Russia has been emerging as an important source of FDI in the world. As Turkey,**

**we want to receive more investment from Russia, which has invested around an annual average of \$50 billion of FDI abroad over the past five years. Through this MoU with Sberbank, we aim to support and increase the Russian investments in Turkey”**. As regards the Japanese banks, **ISPAT** and **Sumitomo Mitsui Bank Corporation (SMBC)**, Japan's second largest bank, signed an MoU on December 12, 2012, in order to support and assist Japanese investors in Turkey. SMBC's move is not a surprise, as Japan's largest bank, **Bank of Tokyo-Mitsubishi UFJ Financial Group Inc.** has already been granted a bank-

ing license in Turkey. SMBC opened a representative office in Istanbul in February 2012, with an aim to expand its business in Turkey's growing economy. Speaking of the MoU, **Mr. Hiroyuki Iwami, the Managing Director and Head of SMBC Europe Division, CEO of SMBC Europe**, said, **“SMBC is supporting the country's financial sector across a wide range of products, including but are not limited to project, trade, ECA and corporate finance, syndications and securitizations to top tier financial institutions, corporates and sovereign. SMBC sees Turkey as both a strategic marketing office and a gateway to its neighbor-**

**ing emerging economies. It is our aim to further contribute to Turkey's economic development based upon a firm relationship with our customers”**.

Faced with weak domestic demand, Japanese companies have been increasingly investing abroad. Over the past five years, the average annual FDI by the Japanese companies in the world has amounted to \$100 billion, making Japan one of the top sources of FDI in the world. Commenting on the importance of the MoU with SMBC, **Mr. İlker Ayçi, ISPAT President**, said, **“Japan, one of the largest economies in the world, is also one of the leading investor countries in the world. We will continue to reinforce our existing political alliance with further business cooperation; hence via this MoU, we target to increase our country's share in Japan's highly value-added investments”**.

*The recent MoU signed between ISPAT and Sumitomo Mitsui Bank Corporation, Japan's second largest bank, is set to support Japanese companies who are faced with a sluggish domestic demand at home and looking for safe havens.*





AVIATION

Turkish Airlines' fleet grew to 200 airplanes in 2012.

# Turkish Airlines *Continues Its Steady Climb*

Through its investments, Turkish Airlines continues to grow in spite of the crisis. According to Temel Kotil, CEO of Turkish Airlines, the company's investments over the past two years in new planes and routes will reinforce growth in the years ahead.

BY CAN GÜRSU

## How has Turkish Airlines been growing?

Turkish Airlines has covered significant ground over the past decade. From the number of passengers it carries to the number of its routes, and from the number of its planes to the number of countries it flies to, the airline exhibited great progress. Playing a role behind the growth attained by Turkish Airlines is not only an improved management model but also the utilization of existing opportunities and Turkey's status as a regional and global actor.

Above all, Turkey is in the center of the Europe-Asia-Middle East region, where

passenger traffic in commercial aviation is highest. The traffic here is 65% higher than the world average. This means above all that Istanbul and Turkey are an important transfer hub. We conducted efforts to turn this potential into a reality.

For this, we first made a large investment in the years 2005-2006. We took the decision to grow by opening new routes and buying new planes. We started to reap the rewards of these investments as of 2008. That period was when the global financial crisis began. As the aviation industry shrank and bankruptcies occurred in this period, Turk-

ish Airlines attained a growth trend of 16-18%.

Secondly, we made large investments that would promote the investments we made with new planes and new routes to the entire world and make us a global brand. Foremost among these are sponsorships. The sponsorships of FC Barcelona, Manchester

*“As of the first ten months of 2012, 81.3 percent of our total income has been obtained from international flights.”*

United, and the Euroleague Basketball Championship, and having such names as Kobe Bryant and Lionel Messi as the faces of our brand, contributed greatly to Turkish Airlines' global prestige.

We believe that Istanbul's—Turkey's—potential continues. After 2005-2006, we made the second push for growth this year. And I think we will receive the results of these in the years ahead. In short, compared to the past decade, Turkish Airlines has achieved a significant transformation and success in terms of not only commercial success but also its management mindset and approach.

### What are your expectations concerning the world aviation industry in 2013?

The aviation industry constricted and shrank with the economic crisis that took hold of the world in 2008. There was a partial recovery this year. I think this recovery will continue in the year ahead, too. 2013 will be a better year for the aviation industry compared to 2012.

According to data for the first nine months of 2012, Turkish Airlines obtained TRY 1.08 billion in real operating income. Our net profit, meanwhile, increased relative to the same period last year, coming in at TRY 868 million. Our 2012 budget turnover target was \$7.7 billion. The year-end figure is expected to result in \$8.2 billion. For 2013, we are aiming for a turnover of roughly \$9.5 billion.

As of September 2012, the total number of transfer passengers carried by Turkish Airlines had increased 30% over the same period last year to a figure of 12,184,926. As of September 2012, the number of exclusively international transfer passengers had increased 46% to a figure of 6,519,642. A 19.7% increase in the total number of passengers is visible compared to the first nine-month period of last year. Our occupancy rates in the January–October 2012 period increased by five points to 78%.

### Profits in the global aviation industry have been falling significantly. What factors are behind this?

The biggest factor in the general trend of profits falling is competition, without a doubt. The aviation industry is the field where global competition is at its most intense. For this reason, airlines in different countries and continents are

trying to operate as one company and provide uninterrupted service to their passengers by establishing flight networks. Naturally, this leads to reductions in profits.

But the global crisis that started in 2008 also led to very much reduced profits—losses, even—on a periodic basis. Several airlines failed; some were bought by other airlines or tried to remain on their feet by opting for partnership. A relative recovery seems to be on the horizon for the aviation industry in the years ahead, but this won't increase profitability. The aviation industry is an industry in which profit margins are very low.

### Do you expect an increase in profitability in the short and medium term?

Relative to the industry average, Turkish Airlines is a profitable company. We aim to shut the books on this year with a profit, too. But what differentiates Turkish Airlines from many companies is that it has been profitable during the global economic crisis and has invested. Every year, there is an average increase of 16–18% in Turkish Airlines' number of passengers. We are a profitable company. However, the reason for the relatively low level of our profit is our investments. I think we will receive the results of the investments we made over the past two years in new planes and routes in the years ahead.

### Fuel is one of the most significant expenses in aviation, and fluctuations in its price disrupt balance sheets. How is Turkish Airlines affected by these fluctuations? What is Turkish Airlines doing to minimize their effects?

Oil and foreign currency prices are two important inputs to expenses. And as the prices are determined in the market,

there's no way of interfering. There is no way of being unaffected by these increases, either. As these increases increase costs, they cause profitability to fall. As Turkish Airlines, the way to minimize this effect is to create a solid budget and estimated range, and to renew these projections constantly.

We hedge roughly 30% of the fuel. We want to bring this to 50%. Once we find the suitable price range, we will do this. Additionally, with strict expenditure policies, we are trying to keep costs stable at the very least.

### How do you envision the industry's future in Turkey?

We believe the aviation industry will expand. Over the past seven to eight years, civil aviation has grown by seven to eight times. The number of tickets issued has exceeded 100 million. The Anadolu-Jet brand, which we set up to be centered in Ankara, has also become a powerful player in the market. Turkey is a dynamic society that is



*“According to data for the first nine months of 2012, Turkish Airlines obtained TRY 1.08 billion in real operating income.”*

growing and getting richer. As this continues, the aviation industry will also continue to grow.

### What are Turkish Airlines' short- and medium-term goals for 2013?

We will finish the year 2012 with 201 planes. Currently, our fleet has reached 200 planes. We are aiming for 217 planes by the end of 2013. We have placed orders for wide-bodied aircraft—we ordered 20 Boeing 777s and 15 Airbus A330s. Our goal for 2023 is a fleet of 350 planes.

The 32 narrow-body aircraft we previously ordered will join our fleet by the end of 2015. The wide-body aircraft, on the other hand, will start to join the fleet in 2013, completing by the end of 2017.

At the start of 2012, we were flying to a total of 191 destinations—35 domestic and 156 international. We launched flights on 27 routes in 2012, including Novosibirsk, Moga-dishu, Bremen, Kigali, Leipzig, Bilbao, Yanbu, Taif, Ulan Bator, Abidjan, Aalborg, Billund, Edinburgh, Iğdır, Osh, Ganja, Kinshasa, Djibouti, Nouakchott, Aden, Sharm el-Sheikh, Hurghada, Kütaahya, Kilimanjaro, Buenos Aires, Mombasa, and the Maldives. Our ticket sales to the destinations Sebha, Niamey, Ouagadougou, Isfahan, Douala, Yaounde, and Kermanshah have started and the dates these routes will open are due soon.

This year, we aim to have launched 33 new routes. We will surpass our 37.8-million-passenger target for this year [2012] by carrying close to 40 million passengers by the end of the year. For 2013, our aim is to carry 46 million passengers. Turkish Airlines ranks third by number of passengers in market share listings in Europe. We want to maintain this in 2013, too.





DESIGN EXPORT  
PRODUCTION DEVELOPMENT  
SPEED PROJECT  
SCIENCE  
WORLD  
CHANGING

# AT THE SUMMIT OF INNOVATION

IN DECEMBER, ISTANBUL  
HOSTED A MARVELOUS EVENT  
THAT WAS ORGANIZED BY  
TIM. HELD DECEMBER 6–8,  
TURKEY INNOVATION WEEK  
WAS FOR THREE DAYS A VENUE  
FOR DISCUSSION ABOUT  
INNOVATION.

BY NESRİN KOÇASLAN BY ŞEREF YILMAZ

### INNOVATION AND THE 2023 VISION

Organized by the Turkish Exporters Assembly, Turkey Innovation Week was a three-day-long event. Featuring many speakers both local and foreign, Innovation Week formally opened with speeches by Recep Tayyip Erdoğan, Prime Minister of the Republic of Turkey; Zafer Çağlayan, the Minister of Economy; and Mehmet Büyükekşi, Chairman of TIM. The talks that followed were focused largely on innovation, R&D, and design. The significance of innovation for achieving Turkey's goals for 2023—the centennial of the Republic—was highlighted in these speeches as well.

### “WE WILL BE ONE OF THE WORLD’S TOP TEN ECONOMIES IN 2023”

In his opening speech at Turkey Innovation Week, Prime Minister Recep Tayyip Erdoğan touched upon several subjects from innovation to the Turkish economy and employment. Emphasizing the importance of the event, Erdoğan stated his belief that innovation will become an influential topic on the agenda thanks to the negotiations, consultations, presentations, exhibitions, visits, meetings, projects, and tournaments to be conducted over the three days of the event.

Erdoğan gave an assessment of the state of the Turkish economy in his talk. Turkey doesn't possess rich oil reserves, natural gas fields, gold mines, or similar natural resources as do many other countries in the world and therefore must work harder, he said.

Although this may seem like a disadvantage at first, said Erdoğan, Turkey promises great potential in the long term as a country that is pulling itself up by its own bootstraps. He continued, “Although we may not have enough oil,



### PRIME MINISTER RECEP TAYYİP ERDOĞAN:

“THE REFORMS WE ENACTED IN OUR ECONOMY ALSO ENABLED BETTER UTILIZATION OF OUR YOUNG POPULATION.”

natural gas, or gold mines, we have a young, dynamic, productive, hardworking, intelligent workforce and populace.”

Erdoğan pointed out the importance of guiding this human resource in the correct direction. Turkey stands at a very advantageous position in the world with its young, dynamic population, but having a young population alone does not suffice, said Erdoğan—Turkey is in an effort to raise a generation that is proficient in foreign languages, possesses jobs and visions for the future, and keeps up with the world, not a population of youths who say, “I’ll take any job that comes my way.”

“The reforms we enacted in our economy also enabled better utilization of our young population. By opening Turkey up to the world, we correspondingly gained a vision on behalf of our young population. With the investments we made in R&D and innovation, we always supported these areas, are supporting them now, and will support them in the future. All of our investments and reforms have become a tree whose fruit is about to ripen for the picking. Right now, we are receiving news of efforts, discoveries, and projects from all over Turkey that will serve as examples, resonate, and be reciprocated worldwide, and we are pleased by this.”

At the end of his speech, Prime Minister Erdoğan said Turkey would rank among the world's top ten economies in 2023 and added, “We must be a nation that holds its head high, not lowered—a nation that is proud and triumphant.”

### ÇAĞLAYAN: “TURKEY IS EXPERIENCING A TRACK CHANGE”

Another of the opening speeches at Turkey Innovation Week was delivered





In his speech, Prime Minister Recep Tayyip Erdoğan highlighted the need for information that can be turned into economic and social benefit.



#### **ECONOMY MINISTER ZAFER ÇAĞLAYAN:**

“TURKEY HAS BECOME ONE OF THE TOP THREE COUNTRIES TO WHICH EUROPE IS SENDING DESIGN SUBMISSIONS. OUR COUNTRY RECEIVED 31,000 SUBMISSIONS IN 2010; IN 2010 THIS FIGURE INCREASED BY 20 PERCENT—JUST LIKE THE INCREASE IN OUR EXPORT— TO 36,578.”

best 100 designers, which lists the countries that attained the most successes in the European Union’s international design competitions. We hope that these designs and projects won’t remain forgotten on dusty shelves and will attain their goals for 2023 before that date. We are observing the point Turkey has reached with gladness.”

#### **BÜYÜKEKŞİ: “TIME TO SOAR”**

Mehmet Büyükeksi, the creator of Innovation Week and Chairman of the Turkish Exporters Assembly, offered his thanks to the 55,000 TIM-member exporters, who played a large part in realizing the event: “Were it not for their entrepreneurial spirit, today, exports wouldn’t be such a significant part of the economy of Turkey.”

Later on in his speech, Büyükeksi spoke about the importance of innovation in exports. “It is time [for Turkish exporters] to soar,” he said, adding that innovation would be the exporters’ wings. He emphatically stated that all involved now understand the importance of innovation.

#### **BÜYÜKEKŞİ’S SUGGESTIONS**

At the event, Büyükeksi also shared with the attendants three new suggestions that could serve as a road map to the vision for 2023. Under the leadership of



by Zafer Çağlayan, Minister of Economy. The 55,000 TIM-member exporters in Turkey not only conducted exports, grew the economy, and sought new markets in recent years, said Çağlayan, but they also rolled up their sleeves in order to take a higher share from R&D and advanced technology, spearheading these developments.

Çağlayan stated that Turkey’s 2012 exports were, according to the latest figures available then, worth \$151.5 billion. He underlined the point that Turkey was able to achieve this figure despite the fact that 75% of all countries it exports to are undergoing political crises.

Turkish industry didn’t need value-add and advanced technology in the past, said Çağlayan. Now, Turkish industry is practically going through a “virtual era,” he said. Thanks to the stable rule of the AK Party government, stated Çağlayan, Turkish industry has gone on the attack, by way of which Turkey has become the world’s 16th-largest economy and the country whose exports are growing the third fastest.

Turkey’s latest situation is pleasing, said Çağlayan. Completing his speech, he stated, “Turkey has become one of the top three countries to which Europe is sending design submissions. While our country received 31,000 submissions in 2010, in 2010 this figure increased by 20 percent—just like the increase in our export—to 36,578. Turkey rose to rank second in the list of the



**Held in Istanbul,** the event welcomed guests from all age groups, giving hope for the future of innovation in Turkey.



Prime Minister Recep Tayyip Erdoğan, the transformation in the chain of societal values must continue, said Büyükeksi. At the very top of this chain must be creativity and the idea of the human who is innovative at every level, he indicated. He believes this idea will motivate society and encourage creativity at every level.

As a second suggestion, Büyükeksi called for the creation and adoption as state doctrine of a national innovation strategy. The Chairman of TIM added to his words that an innovation strategy for 2023 must urgently be devised with the participation and contributions of all stakeholders.

Büyükeksi's third and final suggestion was, as he declared in his speech, a rather different, interesting, and profitable development operations have become expensive in developed countries, he pointed out. Should Istanbul be declared a world-

### **MEHMET BÜYÜKEKŞİ:**

**"WERE IT NOT FOR THE ENTREPRENEURIAL SPIRIT OF TURKISH EXPORTERS, EXPORTS WOULDN'T BE SUCH A SIGNIFICANT PART OF TURKEY'S ECONOMY TODAY."**

wide haven for design and innovation and if this perception could be managed well on a global scale, said Büyükeksi, Turkey could take a large slice of the world design and innovation pie in the year 2023. He indicated that this would make Istanbul a world capital not only in the material sense but also in an incorporeal sense.

### **TURKEY'S R&D DRIVE**

In the speech he delivered on the second day of Innovation Week, Development Minister Cevdet Yılmaz pointed out that Turkey is giving more and more importance to R&D investments every day, with the budgets allocated to R&D in Turkey increasing annually in both the private and public sectors. Yılmaz emphasized that Turkey must give importance to innovative ideas, knowledge, and R&D activities on the way to reaching its 2023 targets.

"Turkey has ambitious targets; it is a country that has a significant historical background and comes from a deep-rooted civilization. It is very difficult for a country that is moving toward new directions in the 21st century to do this through the classic methods. Turkey isn't a country that will reach its targets through classic methods. Our history, geography, and people are our most important treasure. We must build a knowledge- and human-based economy," said Yılmaz. Over the past decade, said Yılmaz, Turkey has built up its economy

from a size of \$230 billion to \$770 billion. With this increase, he noted, per-capita annual income was tripled from \$3,500 to \$10,500. Yılmaz pointed out that R&D spending increased too: "Our R&D spending, which was at the level of 0.53 percent of our low national income in 2002, rose to 0.86 percent as of last year. Even in this condition, Turkey's investment in R&D and innovation is more than that of seven or eight EU countries. But these are not enough. Turkey has ambitious targets. In 2023, we predict a national income in excess of \$2 trillion, \$500 billion in exports, \$25,000 in per-capita income, and an R&D rate of up to 3 percent of our GDP."

### **"DESIGN TURKEY" LABEL TO REPLACE "MADE IN TURKEY"**

Another leading statesman to speak at Turkey Innovation Week was Egemen Bağış, Minister for EU Affairs and Chief Negotiator. In his speech at the opening of the Design Conference section, Bağış stated that there could be no better place to hold such a meeting than Istanbul, adding that Istanbul is the most Asiatic city in Europe and the most European city in Asia. Historically speaking, Istanbul could serve as the inspiration for a world order based on love and peace, stated Bağış. He added that the mosques, churches, and synagogues in the city together give peace to humankind and instill peace and tolerance. Almost everyone would have





From top to bottom, Cevdet Yılmaz Minister of Development, Egemen Bağış Minister of EU Affairs, Kadir Topbaş Mayor of Istanbul Metropolitan Municipality



had a hard time imagining a decade ago that an innovation week would be held in Turkey, featuring the participation of the world's most famous thinkers, were it to be proposed back then, said Bağış. "We have now become a country that can present the label 'Design Turkey' in the place of 'Made in Turkey,'" said Bağış. Now, in Turkey, the idea that "every design starts with a dream" has become widespread, according to Bağış. Within the scope of the FATİH Project—an e-learning initiative slated for completion in 2014—Bağış said they want children to be able to follow academic debates at Harvard using tablet devices. The dream is to create a new generation that can surpass the true visions of such leaders who cleared the path for the nation by embracing it, such as the likes of Mustafa Kemal Atatürk, Mehmed II, Suleiman the Magnificent, Adnan Menderes, and Turgut Özal, said the minister. For this reason, it is more appropriate to give children tablet devices instead of knives, shovels, and pickaxes, and this will result in something that makes a difference in Turkey, he said.

## DISCUSSIONS ON INNOVATION

SEVERAL SPEAKERS BOTH LOCAL AND FOREIGN SHARED THEIR VIEWS WITH ATTENDANTS DURING A VARIETY OF ACTIVITIES THAT TOOK PLACE OVER THE THREE DAYS OF INNOVATION WEEK. SIR TIM BERNERS-LEE, THE INVENTOR OF THE WORLD WIDE WEB, GAVE A PLEASANT TALK ABOUT THE DEVELOPMENT OF THE "WWW" ON THE FIRST DAY OF THE EVENT.

Berners said that he witnessed many stages of technology and its development over his career and added that diverse environments are required to be innovative. Certain problems and processes that couldn't be considered before must be debated, he said. Berners, noting that technology is exhibiting progress every day even at the advanced level it has reached today, emphasized that it is for this reason that the next step must always be on the table. Another of the important speakers at Innovation Week was Heidi McBride, Director of Research and Strategy at Teague (in association with Boeing). One of the designers of Boeing's 787 "Dreamliner" aircraft, McBride related to the audience her experiences in the civil aviation industry and how the industry is influenced by R&D and design. The second day of Innovation Week continued with conferences in addition to opening speeches and activities. Tom Kelley, the author whose book "The Ten Faces of Innovation" made waves worldwide; Fred Alan Wolf (also known as "Dr. Quantum"); Massimiliano Fuksas, the famous architect; Zuzanna Skalska, a trend expert; and the designer Hakan Gürsu also related their experiences and work with those who attended Turkey Innovation Week. Finally, the third day of Innovation Week succeeded in drawing many participants to the summit—in spite of it being the last day—thanks to a very full program. Kurt Wenner, a "sidewalk artist" famous for his three-dimensional murals, presented a seminar titled "Painting and Innovation." Wenner's seminar was followed by Alberto Meda's "Design and Innovation."



### ZUZANNA SKALSKA, TREND EXPERT

Important steps are being taken in the field of design and trends all over the world. This is because the creative economy and awareness are gaining much more importance in our time. New societies are emerging in the world, and these societies are in constant communication with one another... This communication brings with it different structures of thought, and thought-based leadership occupies quite a significant place in the creative economy.



### ALBERTO MEDA, DESIGNER

Above all, designs must fulfill humankind's needs. If designs with functional properties can provide a benefit to people in the world who suffer from poverty, they really can be designs. For this reason, designers must practice keen observation and they must work to fulfill the needs of humankind.







**HEIDI MCBRIDE,  
DIRECTOR OF RESEARCH  
AND STRATEGY AT  
TEAGUE**

There are a number of trends that influence the future of design. The most visible of these are devices that bear displays, which are rapidly multiplying in number, and the need to determine the experiences that improve these screens together with this increase. It seems like everything today has an interface element to it. And this creates new business models in different categories from healthcare to printers and educational tools. Companies today must develop new capabilities, processes, and metrics that reflect the rate of innovation in demand when interactive experiences are presented. The "Maker" and DIY cultures, which are represented in 3D printing and applied to technology, too, are in their early stages but they envision a different approach to design and manufacturing in the future. Remember when personal printers came out—now, we can see a future in which manufacturing reaches our homes and where companies provide tools and platforms that enable creation.



**SIR TIM BERNERS-LEE,  
FOUNDER OF THE  
WORLD WIDE WEB**

Data is a very important subject today. As of late, especially on the Internet, a serious amount of data is being generated—the vast majority of which is generated by users. As a platform, the Web takes off from this reality and grows in relation to the imagination of the users. When systems are formed, everything must be layered and far from centralization, as only a design that is decentralized can be considered a better innovation. Therefore, if the Internet is being used in this world and if the users are innovative, this must be maintained and a foundation for innovation must be established in the new world order.



**MASSIMILIANO FUKSAS,  
ARCHITECT**

This city in which you live is a city of innovation anyway... In my opinion, Istanbul is the city that best explains the difference between globalization and urbanization. The Hagia Sophia in your city especially is one of the loveliest works of architecture I have seen yet... The land is full of works like the Hagia Sophia, works that are laced with innovative architectural ideas.



**TOM KELLEY,  
AUTHOR**

Today's business world is a lot more competitive and no company has the luxury to relax. So, if your company's rate of producing innovation falters for even a moment, the alarm bells will start to ring for you. You'll lose even if you're the market leader. For this reason, customers must focus on the individual and on the experience. There must be technical people in your company, but anthropologists are key for companies in order to observe human requirements. Anthropologists are the key people behind the idea of innovation. You, too, must learn to think like an anthropologist.



**FRED ALAN WOLF,  
"DR. QUANTUM"**

In order to understand quantum theory, one must be prepared for this psychologically. In my opinion, because the Aristotelian culture of the West exhibits a more materialistic approach, it is hard for it to internalize quantum physics. But this is not the case in Eastern cultures. The East, whose roots date back to thousands of years ago, can grasp more clearly the spirit of quantum physics.



**HAKAN GÜRSU,  
CEO OF DESIGNNOBIS**

In his presentation, Designnobilis CEO Hakan Gürsu gave clarity to the elements of significance in the concept of innovation. Innovation is done in the fields of products, processes, marketing, organization, and service, stated Gürsu, and he explained that innovation also includes sustainable change and development. Design has developed very quickly and, since 2000, it has been perceived as making good products, he said. While design accounts for 5% of total costs, said Gürsu, it has a 70% effect on sales and the end result. Gürsu also indicated in his presentation that Turkish culture has not yet been productized: "We must productize our culture because other cultures in the world have become productized," he said.

## INVENTORS

THE BEST PROJECTS IN 17 DESIGN AND SEVEN R&D PROJECT MARKETPLACE COMPETITIONS WERE GIVEN AWARDS. GUESTS VISITED ALL THE PROJECTS THROUGHOUT INNOVATION WEEK.

During Innovation Week, the best projects selected from the design and R&D project marketplace competitions held in 2012 by Turkey's Exporters' Associations were assembled and put on display together for the first time. The winners of the best projects selected out of 17 design competitions and seven R&D project marketplace competitions were given awards. The very best of the projects, which were on display throughout the event, were rewarded with one automobile each, thanks to the support of the Uludağ Automotive Industry Exporters' Association. The awards given are listed as follows: Murat Dođruel for Most Innovative Automotive Project, Alpay Taralp for Most Innovative Project, and Emre Kuvvetli—a young designer—for Most Innovative Design



Project. The universities that generated the highest number of projects were also given awards at Innovation Week, which had as one of its aims supporting university-industry cooperation. Sakarya University ranked first in number of projects submitted to the R&D project marketplace held under the auspices of TIM in seven industries. The university that

submitted the most designs to the 17 design competitions held under TIM was Mimar Sinan University. Also at Innovation Week, Arçelik was named most innovative company in Turkey. We present to you an overview of some of the most notable projects out of the diverse set of interesting projects at the innovation summit.

### REDUCED COSTS AND SPACE EMRE KUVVETLİ—WINNER, MOST INNOVATIVE DESIGN PROJECT; STUDENT, MARMARA UNIVERSITY DEPARTMENT OF INDUSTRIAL DESIGN

The toothpaste boxes or other similar tube-shaped packaging we are accustomed to are in the form of four-cornered prisms. But there is a lot of dead space in them. With the design I developed, I aimed to bring this dead space to a minimum. It is possible to have a space savings of one-and-a-half to two times, thus saving on stocks, logistics, and shelf space. Also, because you end up using less material, it has an environmentalist aspect to it as well, and you can reduce your costs with my design.



### NAVIGATION FOR DISABLED PERSONS ŞAFAK AKÇA—R&D PRODUCTION MANAGER, MİK-TEK ELEKTRONİK

Our project is geared toward making the lives of disabled people easier. Our system consists of electronic walking canes that enable disabled people to go from one point to another in an easier fashion. We submitted a patent application as soon as our research was done. What is important is for local authorities to become interested and contribute to this project.

### FRESH OFF THE TREE MEHMET OĞUZ—GRADUATE STUDENT, DEPARTMENT OF DESIGN

After winning first place in April, I started my graduate studies in the field of design this year in Italy. My project was simple, actually, but it presented a different approach to marketing. Certain additives are put in fruit juices when they are being produced. Therefore, they aren't 100% natural. I made my fruit juice stand look like a tree—customers feel as if they are picking fruits off the branch of a tree. In this way, I tried to deliver the message that the product is fresh as can be. Although it is a new project that was announced in April, it can be put into production right away.





Businesses and institutions both large and small were present at the booths with a wide range of interesting projects. At the event were hundreds of booths occupied by the likes of such giant corporations as Arçelik, TEB, and Teknosa to organizations that aim to instill in children a love for science, various member associations of TIM, and universities.



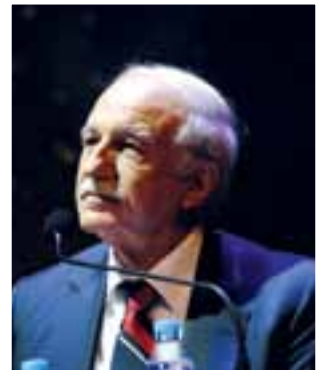
One of the liveliest activities during Innovation Week was the “Speed Networking” session held on the last day of the summit. In this activity, the dozens of business were introduced to students from various universities in Turkey. The students communicated their questions to business leaders within the allotted time, putting executives on the spot. Students who asked the best questions were awarded with internships.



The “Innovation Gazette” published daily during Innovation Week received a warm reception from attendants. The paper also drew the interest of Prime Minister Recep Tayyip Erdoğan, who attended the event on the first day to deliver a speech.



**Kurt Wenner—Artist**  
Among the most colorful figures to appear at Innovation Week was Kurt Wenner, the “3D sidewalk muralist.” Wenner was one of the highlights of the event with the 3D perspective illustration he created on ICEC’s entrance and the talk he delivered concerning painting and innovation.



**Hüsnü Özyeğin—CEO, Fiba Holding**  
One of the figures who appeared before students at the Speed Networking event was Fiba Holding CEO Hüsnü Özyeğin. Engaging the entire hall in conversation with the sincere answers he gave to the questions asked by the students, Özyeğin shared with the audience several tips ranging from how he began his career to how he uses the human resources at his company effectively.



## SUPPORT FROM INNOVATIVE COMPANIES

TIM TURKEY INNOVATION WEEK WAS HELD WITH THE SUPPORT OF INNOVATIVE COMPANIES IN TURKEY. ARÇELİK AND TEB SUPPORTED THE EVENT AS THE PRIMARY SPONSORS. TURKISH AIRLINES WAS THE TRANSPORTATION SPONSOR. IN PANELS WHERE THE COMPANIES' HIGH-LEVEL EXECUTIVES ALSO PARTICIPATED IN TALKS, THE EXECUTIVES SPOKE OF THE IMPORTANCE OF INNOVATION FOR BOTH THEIR COMPANIES AND TURKEY.



### LEVENT ÇAKIROĞLU, GENERAL MANAGER, ARÇELİK

Innovation is of critical importance to Arçelik's position and success today. With the innovative solutions we developed and our own technologies, we are one of the world's leading companies in the industry. With 24,000 employees worldwide, 14 production sites all over the world, and sales and marketing in 23 countries, we present products and services in more than 100 countries with ten of our own brands. We have stable growth in global markets; 60% of our revenue comes from abroad. Our market share, too, is constantly increasing. We are Europe's third-largest home appliances brand. Beko is the top-selling refrigerator brand in Western Europe. We have been the market leader in the UK for the past three months. In several countries, we are the brand that increased its market share the most. Behind the position of Arçelik that I'm trying to summarize are innovation and technological capabilities. We are able to present our brands with our accumulated knowledge in R&D and our own technologies. By fusing the differentiation we create in the product via innovation with other fields, we are creating a competitive business model. It is important to transform technological events into products for consumers. Arçelik is conducting studies to get to know the consumers, determine their needs, and even go beyond their needs to give them added benefits through innovative products. We are trying to determine consumer usage habits, and we are able to obtain effective, rapid results in the innovation process.



### VAROL CİVİL GENERAL MANAGER, TEB

Such events as Innovation Week are important for Turkey to reach a \$500 billion export figure in its 100th year. All companies are growing quickly today. We see investment being made in innovation and renewal. In previous years, speed was important. The way to survival is through innovation. Innovation is a way that leads from creating ideas to creating value. It's not enough to say, "We have an idea"—the real process starts after the idea. The idea is a raw input that must be processed through R&D. Innovation is to turn discoveries into business life—to transform them to money. As TEB, we believed in the importance of innovation. We started by injecting innovation into our DNA. By carrying our innovative approach to another area, we will take a significant step in the field of "venture banking." By bringing new initiatives to the Turkish banking sector, we aim to increase the support we give to entrepreneurs.



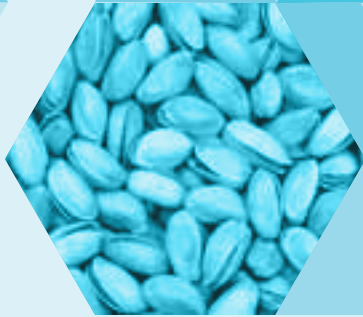
### TEMEL KOTİL CEO, TURKISH AIRLINES

In a market where the number of aircraft manufacturers is limited, the areas where airline companies can differentiate themselves and bring innovative ideas to life are the subsegments. And this necessitates intense R&D activity. You can only gain the customer's attachment by innovations you will introduce in subsegments. In this regard, innovation is one of the fundamental elements that can make you stand out in the aviation industry, where competition is very intense. And for this reason, we designed and brought to life variations in the type and quality of the service we have thus far offered to our customers. We will continue introducing these innovations and services to our customers in the future, too.



### BÜLENT GÜRCAN VICE PRESIDENT OF OPERATIONS, TEKNOSA

Aiming to bring technology to consumers in Turkey's 81 provinces with the philosophy, "Technology for everyone," Teknosa has for 12 years maintained its leadership through its practices and services that guide the industry. Deemed worthy of international awards and certificates for its pioneering practices in such fields as CRM and after-sales support, Teknosa crowned its success in providing innovative services with the awards it gained in this area, too.



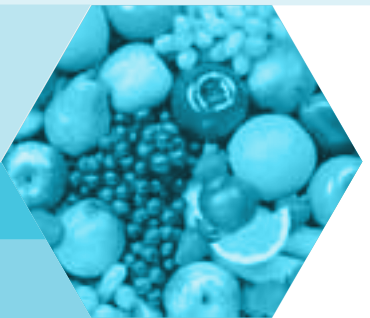


# THE LEAD ACTORS IN AN OUTSTANDING PERFORMANCE AIM HIGHER FOR 2013



In 2011, Turkey set a new record for its exports in its history as a republic. The country aims to surpass this record in 2013. As exporters fuel growth, they constitute the driving force behind Turkey in the choppy waters of the global economy.

 BY CAN GÜRSU





**"TURKEY IS ONE OF THE COUNTRIES THAT BEST TOOK ADVANTAGE OF THE PERIOD AFTER THE GLOBAL FINANCIAL CRISIS."**

**ZAFER ÇAĞLAYAN**  
**MINISTER OF ECONOMY**

While 2012 is not yet finished as of the writing of this, it is possible to perform a sound analysis of our export based on data for the ten months from January to October. In that ten-month period, our export increased by 13.4% over the corresponding period in 2011, reaching around \$126.3 billion. Looking at the export performance over the past 12 months (as of November 2012), from November 2011 to November 2012, our export added up to \$149.8 billion. Our performance over the past 12 months is an indicator that we will achieve the export target for the end of 2012 that we set as \$149.5 billion in the Medium-Term Program and, unless a sudden shock originating from abroad occurs in the interim, that we could surpass it.

Compared to 2011, I can say with a clear conscience that the year 2012 will continue the series of ongoing records since the previous year. Exports were conducted to 233 countries and customs regions through January–October 2011; this number increased to 238 to 2012. Through January–October 2012, the number of companies in Turkey that were engaged in exports rose by 7% over the same period last year to 54,065.

Turkey is one of the countries that best took advantage of the period after the global financial crisis. Growing 9.2% and 8.5% in 2010 and 2011 respectively, Turkey was Europe's fastest-growing economy. However, due to ongoing uncertainty and instability in the global markets, the economy of Turkey grew 3.4%, 3%, and 1.6% in the first three quarters of 2012 respectively. Compared to the same period last year, a 2.6% increase in growth was attained over the first nine months of the year.

While Turkey increased its total export by 13.4% over the first 10 months of 2012, our export to the European Union—our biggest trading partner—fell by 7% in that period. Another of the most important policies we put into practice in 2012 was our New Incentives System. Through our new incentives system, which we could group under four headings—the incentivization of general, regional, large-scale, and strategic investments—we aim to increase domestic production, support our exports, and get our imports under control.

According to the data released most recently, the unemployment rate came in at 9.1%, falling to the single digits. The increase in investments in the coming term, thanks also to the effects of our New Incentive System, will lead to positive developments in the unemployment and employment rates.

Thanks especially to policy measures implemented in the post-2001 crisis period, Turkey's public debt ratio fell significantly. The ratio of public debt to GDP was 39.4% in 2011, being in a much better condition than that of several EU-member countries. This has increased trust in the policies being practiced. This situation also led Fitch, the international credit rating agency, toward a credit score increase, raising Turkey's credit rating to the investment-worthy level.

Having grown through exports in 2012, our economy will bolster the success it has been enjoying in the foreign markets as surrounding economies go through a period of normalization, and it will achieve the 4% growth rate set in the Medium-Term Program with the uptick in domestic demand that will occur in 2013.



**MINISTRY OF  
ECONOMY**

**TURKEY PLANNING  
TO BECOME**

**10<sup>TH</sup>**

**LARGEST  
ECONOMY IN 2023**

**"WE MUST PUT INNOVATION AT THE TOP IN EVERY STAGE OF THE PROCESS FROM TRAINING TO PRODUCTION."**

**MEHMET BÜYÜKEKŞİ**  
**CHAIRMAN, TURKISH EXPORTERS ASSEMBLY**



**TIM**  
**TURKISH EXPORTERS ASSEMBLY**

Turkey has had a successful year in terms of exports. With the great support and contribution of exports, the economy of Turkey continued to grow.

We exported \$135 billion's worth in 2011. Over the first 11 months of 2012, our exports increased by 13.6% to \$139 billion.

Over this period, we covered significant stages in relation to shifting to alternative markets. Despite the fact that our export to the EU—our biggest market—fell 7% in the first 11 months of the year, with the EU's share in our exports falling from 50% to around 38.3%, we succeeded in increasing our exports. Our exporters achieved success at turning the crisis into an opportunity.

The economy of Turkey grew 2.6% over the first three quarters of the year despite the recession in the world's economies. Exports contributed a 3.5% share to this growth. In spite of constriction in the domestic market, through increases in exports, Turkey had the know-how to preserve its growth.

We believe Turkey will, in line with its Medium-Term Program targets, grow by 4%, with exports totaling around \$158 billion. If we were to see a rapid recovery in the European market, we could easily surpass this figure.

In addition to this, we will continue market diversification in 2013, too. We believe we will continue our rapid growth in alternative markets.

But one mustn't forget that 2013 will be a year in which the effects of the global crisis will continue and competition in the markets abroad will ramp up—so the year ahead won't be an easy one at all.

Over the past decade, Turkey's export rose from \$31 billion to \$135 billion. In 2012, we will likely have attained \$150 billion. By maintaining our pace of growth in alternative markets and focusing more on the export of value-added products, we are striding confidently toward our \$500 billion export target for 2023.

We believe we must subject our country's economy to a technology- and innovation-based transformation in order to achieve these targets. We know that these targets are challenging. We can only reach a certain point by using the old models of doing business.

We, as TIM, have always pointed out the importance of design and innovation. We spread the design competitions we held in relation to these to all of our industries. Following all these, we held a very successful innovation event, drawing Turkey's attention to innovation.

We brought together interested parties from several segments, from secondary-school students to university students with their projects and innovative ideas, our country's talented researchers with their projects, and representatives of international R&D centers.

We must put innovation at the top in every stage of the process from training to production. This is what we suggest—as TIM and as exporters. We believe a national innovation strategy is required in order for this suggestion to be discussed and for awareness of innovation, which will determine Turkey's future, to be made a dominant factor in every segment of society.



**500**  
**BILLION DOLLARS**

2023 EXPORT TARGET

# 2012 AT A GLANCE

**"HAVING GROWN 9.2% IN 2010 AND 8.5% IN 2011, TURKEY LOWERED GEAR IN 2012 BUT KEPT GROWING."**

**TURKEY STAGED SEVERAL DEVELOPMENTS THAT IMPRESSED THE WORLD BOTH IN REAL ECONOMIC FIELDS LIKE PRODUCTION AND EXPORTS AND IN THE FINANCIAL FIELD. HERE IS A SHORT SUMMARY BY NUMBERS OF THE TURKISH ECONOMY IN 2012.**

**8.5%**

The Turkish economy grew 8.5%, ranking second in growth after China in 2011.

According to data from TIM, Turkey's 2011 exports totaled more than \$134.57 billion, with an increase of 18.17% over the previous year, setting a new record for the Republic of Turkey.

**JANUARY**

**JANUARY 3**



**8.4%**

The employment figures released by TurkStat showed that the unemployment rate of 9.1% in July 2011 fell to 8.4% in July 2012.

According to statistics released by the Ministry of Culture and Tourism, Turkey was visited by roughly 12.72 million tourists over the first six months of the year.



With 40 awards received from 2010 to 2012, Turkey and Turkish designers ranked second in awards at the A'Design Awards—after the United States' 43—and first in points with its cumulative 163 points.

**AUGUST 14**

**AUGUST 7**

**AUGUST 4**

The amount FDI entering Turkey in the first six months of the year increased by 21% to reach \$8.2 billion. FDI in June totaled \$1.766 billion. Between January and June, the inflow of FDI increased 21% relative to the same period last year.

**21%**



**JULY 14**



**11.3%**

Turkey's exports over the first six months of 2012 totaled \$73 billion, corresponding to an increase of 11.3%.

**JULY 7**

**AUGUST 20**

According to data released by the Central Bank of Turkey for January–June 2012, the current account deficit fell by more than \$13.68 billion to a figure of \$31.83 billion.



**\$487 BILLION**

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.



The Capital Markets Bill was passed by the Turkish Parliament's Planning and Budget Commission. According to the bill, a new body called Borsa Istanbul will replace the Istanbul Stock Exchange and Istanbul Gold Exchange.

**OCTOBER 9**

**5%**

Turkey announced the Medium-Term Program that encompasses its 2013–2015 macroeconomic goals. According to the program, Turkey's projected growth rate for 2013 is 4% and, for 2015, 5%.

**SEPTEMBER 10**

**SEPTEMBER 18**



**120,000**

The Turkish Patent Institute (TPE) announced that Turkey filed the most applications for trademarks in Europe in 2011 with a total of 120,000 applications.



Prime Minister Recep Tayyip Erdoğan announced the new symbol of Turkish lira.

The number of cruise ships that docked at Turkey's ports increased 83%, while the number of passengers who came to the country on those ships climbed 276% in the last nine years.



**JANUARY 15**

Agriculture accounted for \$1.5 billion worth of exports in January, while industrial and mining product exports totaled \$8.7 billion and \$276 million respectively.

The Turkey-China Economic and Trade Cooperation Forum was hosted in Istanbul by TIM with the aim of improving economic, cultural, and intersocietal friendship and cooperation between the two countries.

**MARCH 1**

**JUNE 1**

**FEBRUARY 1**

**FEBRUARY 22**

The bid for tender for the third bridge to be built across the Bosphorus was completed. The project will be completed in 36 months at a cost of \$4.5 billion. The bridge will become operational by the end of 2015.



The three final agreements for the Trans-Anatolian Natural Gas Pipeline Project (TANAP), which will transport 16 billion meters cubed to Europe via Turkey in its first stage, were signed. The project will be implemented over six years with a \$7 billion investment.

The international rating agency Moody's upgraded Turkey's credit rating on June 20, keeping the outlook at "stable" level. Turkey's previous Ba2 rating was revised to Ba1.



The 2023 Export Strategy Document and Action Plan prepared by TIM became an official state doctrine, being published in the Official Gazette with the approval of the High Planning Council.

**JULY 2**

**JUNE 26**

**JUNE 20**

**JUNE 15**

**OCTOBER 16**

**NOVEMBER 6**

**DECEMBER 3**

**DECEMBER 6**

According to United Nations FAO data, Turkey ranked first globally in the production of seven items—hazelnuts, apricots, figs, cherries, sour cherries, quince, and poppy seed.



Fitch Ratings upgraded Turkey's long-term foreign currency IDR from BB+ to BBB-, with the outlook being revised as "stable." The long-term local currency IDR was upgraded from BB+ to BBB.



TIM announced that Turkey's exports to China in November increased by 51%. Turkey's total export to China is expected to have reached \$2.8 billion by the end of the year.

**51%**  
**\$2.8**  
**BILLION**

Organized by TIM, the three-day-long Turkey Innovation Week event featured world-renowned speakers and welcomed thousands of attendants of all ages.



3.8

BILLION DOLLARS

EXPORTS OVER  
THE PAST 12  
MONTHS

25

BILLION DOLLARS

2023 EXPORT TARGET

2012 was a lively and fruitful year for our industry. A better performance relative to previous years was exhibited in sales both domestic and abroad. Our exports continued to grow at an accelerated pace this year, too. Our industry has established balance between imports and exports. In the years ahead, we will be an industry whose exports exceed its imports.

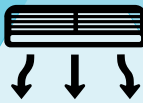
Our industry's attractiveness increases every day. The interest shown especially by foreign investors toward our industry pleases us.

Global brands established partnerships with local producers in our country in 2012. That our industry has completed its organizational structure through all its associations provides with it the trust felt toward us. And this is an important detail that attracts foreign investors. Our local firms' quality and culture, activities in the markets abroad, and our country's geopolitical power and dynamism have also influenced foreign investors positively. The HVAC industry in our country experienced rapid progress over the past ten years. The necessity of our products has just started to be understood. Both our producers and our consumers have been able to adapt to this age of progress. Producers are raising the bar on quality each passing day.

They have started to follow world trends and demand. Our local producers now have the capability to guide the industry. Under the leadership of the HVAC Industry Exporters' Association, which we established in order to increase our industry's exports and to become more powerful and competitive in global markets, we will form trade delegations to send to the four corners of the world, with support from our government as well. Using our strength in production, with briefcase in hand and innovation in mind, we will tell the entire world about Turkey's potential.

We have set a goal of realizing \$25 billion in exports in the centennial of our Republic. For this reason, each year for us has to be better than the previous. We are shaping all our strategies according to this.

In this respect, we are of the opinion that the year 2013 will be better in every way.



HVAC INDUSTRY

**"USING OUR STRENGTH IN PRODUCTION, WITH BRIEFCASE IN HAND AND INNOVATION IN MIND, WE WILL TELL THE ENTIRE WORLD ABOUT TURKEY'S POTENTIAL."**

**ZEKİ POYRAZ**  
HVAC INDUSTRY, TIM SECTORS COUNCIL

**"IT IS IMPOSSIBLE FOR THE INDUSTRY IN TURKEY TO BE UNAFFECTED BY CONTRACTION IN EUROPE; WHAT'S IMPORTANT IS TO KEEP THIS EFFECTS AT A MINIMAL LEVEL.**

**ÖMER BURHANOĞLU**  
**AUTOMOTIVE INDUSTRY, TIM SECTORS COUNCIL**



**AUTOMOTIVE  
INDUSTRY**



2012 was a period of serious contraction for Europe. We export a significant part of our automotive production—up to 85%. Of this export, 72% is to Europe. It is thus impossible for us to be unaffected. Currently, it looks like we're going to finish 2012 with figures 10% below what was planned. The total market was reduced by 12% in the January–October period of 2012 relative to the corresponding period in 2011, resulting in 621,000 units. In the same period, there was an 8% drop in the automotive market, falling to 423,000 units. Projecting these figures to the year-end, the market in 2012 exhibits a shrinking of 10% relative to 2011. Looking at the situation of the industry in Turkey by the numbers, the drop in demand in domestic and foreign markets affected production, too. Over January–October 2012, total production fell 10% relative to the same period last year, and automobile production fell 11%. In this period, total production fell to 885,000 units and automobile production fell to 479,000 units. The year-end figure is expected to come in at around 1.1 million units. As for 2013, the production forecast is 1.2 million.

It is impossible for the industry in Turkey to be unaffected by the contraction in Europe—what is important is to keep this effect at a minimal level. For this, our government must conduct efforts and arrangements to enliven the domestic market. Otherwise, it will be very difficult to keep the Turkish automobile industry on its feet in relation to the contraction occurring in Europe. The Turkish automotive parts and components industry is able to adapt to such conditions set by its clients—firms in the primary industry,—as quality, price targets, and delivery details through its expansive product portfolio and high capacity and standards by developing rapidly as a result of advances in the primary automotive industry. With its 50 years of experience, accumulation of quality and knowledge, customer satisfaction oriented working approach, codesigner skill, R&D investments, strong quality systems infrastructure, flexible production capability, skilled human resources, and developed IT infrastructure, the Turkish automotive parts and components industry is in an advantageous position in the global markets. To look at the industry's situation in Turkey by figures, the reduction of demand in the domestic and foreign markets reflected upon production as well, with total production falling 10% and automobile production falling 11% in the January–October period relative to the same period in the previous year. In this period, total production receded to 885,000 units, and automobile production fell to 479,000 units. The year-end figure is expected to be at around 1.1 million units. Production of 1.2 million units is predicted for 2013.

The continually growing drop in demand that began in the last months of 2011 for commercial vehicles, and especially for light commercial vehicles subject to the special consumption tax increase, together with the contraction of exports over the first ten months of 2012, continues to affect production negatively.

In terms of new markets, Russia and China are very important countries. The more global players and investments Turkey has, the more significant a factor they will be in closing the current account deficit.

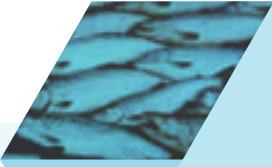
There is a perception that 2013 will progress similarly to 2012. Another estimated 10% contraction could occur in 2013. It looks like this situation in Europe will continue until 2015. Under these conditions, what we must do is to enliven the domestic market as exports fall. The contraction of the automotive industry will affect other industries, too. Evaluating the situation for the medium and long term, we see that net unit production will increase and that 90% of this increase will stem from Asian countries.



**1.2**  
**MILLION**

**VEHICLES TO BE  
MANUFACTURED  
IN 2013**





**FISHERY  
AND ANIMAL  
PRODUCTS  
INDUSTRY**

**"THE INDUSTRY EXPORTS TO 75 COUNTRIES IN THE WORLD, MEANING THE WORLD IS EATING TURKISH FISH WITH GREAT PLEASURE."**

**SİNAN KIZILTAN  
FISHERY AND ANIMAL PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL**

A \$1.43 billion part of Turkey's overall \$134.5 billion export in 2011 was accounted for by seafood and animal products, constituting 1.06%. In 2012, exports added up to \$1.49 billion in an 11-month period. In the total export of \$139 billion, the seafood and animal products industry accounted for a 1.07% share. However, there is a matter that requires attention here. In 2011, the seafood and animal products industry was the industry whose exports increased the most, becoming a star industry with its export increase.

The Turkish seafood industry has been on the attack for the past decade. In fish farming, the world's fastest-growing food industry, Turkey has become a star also. In sea bass and sea bream, Turkey has risen to the position of top producer in Europe.

According to FAO data, fish farming worldwide has been growing at a record speed for the past decade, and an average of 3% growth per year is expected until 2020. We believe our industry will achieve even more than its 2023 targets. As we stride confidently toward our 2023 export target, we as the industry predict that we will fulfill this target at \$1.5 billion.

**1.5  
BILLION DOLLARS**

**2023 EXPORT TARGET**

Having left the 2011–2012 season (November 2011–October 2012) behind, our overall export of olive oil in Turkey totaled 119,409 tons, which brought in \$65 million worth of foreign currency. In the previous season (2010–2011), exports totaled 11,752 tons of olive oil, equivalent to \$49 billion in value. Olive oil was exported from all over Turkey to a total of 94 countries in the 2011–2012 season.

In the 2011–2012 season, Turkey exported a total of 72,013 tons of table olives, earning roughly \$119 million in foreign currency. Of the table olive exports, 12,733 tons were green olives and 59,280 tons were black olives. In the 2010–2011 season, Turkey overall exported 72,261 tons of table olives, bringing in roughly \$126 million of foreign currency. Our olive oil export for the 2012–2013 season is predicted to be in excess of 30,000 tons and our export target is to exceed 75,000 tons.



**OLIVE AND  
OLIVE OIL  
INDUSTRY**

**"OLIVE OIL WAS EXPORTED FROM ALL OVER TURKEY TO A TOTAL OF 94 COUNTRIES IN THE 2011–2012 SEASON."**

**ALİ NEDİM GÜRELİ  
OLIVE AND OLIVE OIL INDUSTRY,  
TIM SECTORS COUNCIL**



**"THE CHEMICALS INDUSTRY HAS COME TO THE POSITION WHERE IT IS THE INDUSTRY THAT CONTRIBUTES THE MOST TO TURKEY'S EXPORTS."**

**MURAT AKYÜZ**  
**CHEMICALS AND CHEMICAL PRODUCTS INDUSTRY,**  
**TIM SECTORS COUNCIL**

2012 was a year in which the uncertainties in the world economy continued. Together with these, the high-risk environment continues as well. Problems in the euro zone and concerns about the US economy are causing estimates of global growth to fall. At the start of 2012, several topics were brought to the agenda suggesting that these factors would affect our exports. However, Turkey's exports were affected very little by this situation. Despite economic uncertainties, the year 2012 was quite productive for our industry. We continued the performance we attained in exports last year in 2012, too. The chemicals industry has come to the position where it is the industry that contributes the most to Turkey's exports. We will reach the \$18 billion export target we set for 2012 through our new market strategy. And when we look at export figures for the past ten years, the industry's progress is clearly visible. Our exports, which were \$2.5 billion in 2001, reached \$16.3 billion in 2011. And for 2012, we believe we will end the year with \$18 billion in exports. This is an important success for us. We have reached our current success through the strategy we followed. And we will continue our efforts as best as we can to maintain the success we have attained.

Together with production quality, the level of competition in our industry has risen, too. Especially with the increase in new investments, we believe Turkey will attract more attention. Our country's geographic position and proximity to energy resources put it at a very advantageous position. Our plastics industry, which accounts for a large part of our chemical exports, is Europe's third-largest processor of plastics. We aim to have reached second place by the end of the year. The Turkish paint and dye industry is the sixth largest in Europe. And in soap, we are among the top eight in the world.

Serious progress has been made in the cosmetics industry too in recent years. In soap and shampoo, our country is heading toward becoming a world center of production. One can speak of significant pushes in makeup, too. All of these developments provide hope for the future of the chemicals industry.

In 2013, too, we aim to contribute positively to Turkey's exports.

We expect it to be a year in which we continue the performance we attained in 2012. The efforts that we, as the association, conduct toward national-level participation in the world's largest expos, foreign trade delegation tours, and product development activities will continue as well. We will reach the \$18 billion export target we set for 2012 through our new market strategy.



**55**  
**BILLION DOLLARS**

2023 EXPORT TARGET



**18**  
**BILLION DOLLARS**

EXPECTED 2012  
EXPORT

The production of the Turkish cement industry in 2012 was, according to data for the first six months, approximately 4.5% lower than before. Total cement consumption in Turkey during 2012 is expected to have been around 58 million tons. There is an expectation of roughly 2% in domestic sales. The shrinkage in exports relative to last year is around 15%. A drop has occurred in domestic sales in nearly all regions of Turkey.

Very minimal rates of increase can be seen in the Aegean and central Anatolian regions. The sharpest drop was in Marmara. Meanwhile, in exports, in eastern Anatolia, our export to Syria and Iraq fell greatly.

The cause for the drop in exports to Syria is obvious to all. The internal turmoil in Syria continues to affect trade very negatively. As for Iraq, the unfair competition we face against neighboring Iran caused our export to Iraq to fall by almost 50%.

What challenges us in the competition is that due to the economic embargo against Iran, the value of that country's currency is 2.5 times cheaper on the black market than official values, giving them a massive advantage. As a result of this, large stocks have started to accumulate in the industry's factories, especially at those in southeast Anatolia.

The economic crisis in Europe reduced annual cement consumption in the area to as low as 50%, causing our export to this market to recede or even halt.

In Iran, to which we exported for years, cement production capacity rose over the past five years from around 30 million tons to 80–85 million tons. With the country's domestic consumption being around 60 million tons, this has made it an exporter. The black-market currency exchange that began especially following the embargoes placed on the country in 2012 and the failure of interbank agreement have caused our presence in our largest export market to fall from more than five million tons to 2.5 million tons. Despite our country's 20–25 million ton cement production capacity surplus, Iran has started exporting to Turkey via Turkey's east. This development is one that could deal great harm to our industry.

In our expectations for 2013, we maintain our expectation that the urban renewal projects begun in the domestic market will bring an increase in consumption. That there are eight million dwellings in Turkey that require renewal increases our expectation. Arrangements to make it easier for foreign investors to invest in Turkey will have a positive contribution. Increasing the use of concrete roads in addition to asphalt on the highways and spreading them as is the case abroad would provide an important contribution, too. We are of the view that infrastructure investments will continue especially in eastern Anatolia.

In 2013, countries in western Africa will continue to be our important export markets. Turkey, which in 2010 was the world's top exporter with 20 million tons exported, will only have been able to export 12 million tons in 2012. Our expectation for 2013 is at the same level.

**7.3**  
BILLION DOLLARS

2023 EXPORT TARGET



CEMENT AND  
SOIL PRODUCTS  
INDUSTRY



**"IN 2013, COUNTRIES IN WESTERN AFRICA WILL CONTINUE TO BE OUR IMPORTANT EXPORT MARKETS."**

**İ. ALİ ÖZİNÖNÜ**  
CEMENT AND SOIL PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL



**"OVER THE FIRST 11 MONTHS OF 2012, OUR EXPORT INCREASED 6 PERCENT BY QUANTITY TO 1,025 TONS AND 7 PERCENT BY VALUE TO \$1.162 MILLION."**

**RIZA SEYYAR**  
FRUIT AND VEGETABLE PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL



FRUIT AND  
VEGETABLE  
PRODUCTS  
INDUSTRY

Our country is one of the world's most important countries on the basis of both the diversity of products cultivated and the quality of the products obtained. The share we take from the fruit-and-vegetable industry in the world market is around 1.3% currently. Furthermore, day-by-day improvement in logistical means is making distant markets closer. It has thus become a necessity to seek new markets beyond existing markets to create a new customer base. Looking at the exports of the fruit and vegetable products industry over the first 11 months of 2012, one sees that our export increased 6% by quantity over last year to 1,025 tons and 7% by value to \$1.162 million. In this period, the industry exported to a total of 164 countries—a figure considerably above the average per industry in Turkey. The highest export of products was, as last year, to Germany, followed by Iraq. Considering that the trade of goods has exhibited change in parallel with production, which fruits and vegetables account for the bulk of, we could say that the fruit and vegetable yield in 2013 will be a determining factor.



4

BILLION DOLLARS  
2023 EXPORT TARGET

75%

TURKEY'S SHARE IN WORLD  
HAZELNUT PRODUCTION

Turkey's hazelnut export for 2012 is expected to have contributed around \$1.8 billion to our economy. Considering that this figure was \$1.76 billion last year, there has been an increase of around 2.27% in our exports.

Also of note for our industry is that our exports, which in 2011 were 243,000 tons of decorticated nuts, rose by approximately 17,000 tons to reach a projected 260,000 tons.

The fact that there is an increase by both value and quantity constitutes the foundation for the most satisfying picture we could expect.

Suiting its position as the world leader, our country's hazelnut industry possesses facilities that are equipped with what is indubitably the latest of technology. It is for this reason that the Turkish hazelnut industry has exhibited the success of escaping the restrictions of being an industry that sold only to importers, as was the case many years ago. And now, with its hazelnuts as ingredients in the famous brands of global chocolate and confectionery giants, it has attained the skill and capacity to production them according to the specifications demanded by these companies deliver them directly to their sites of production..

Turkey, one of the few countries in the world that possess a suitable climate for hazelnut production, accounts for 75% of total worldwide production and 70–75% of exports.



HAZELNUT  
AND HAZELNUT  
PRODUCTS  
INDUSTRY

**"TURKEY ACCOUNTS FOR 75% OF TOTAL WORLDWIDE HAZELNUT PRODUCTION AND 70–75% OF EXPORTS."**

**DURSUN OĞUZ GÜRSOY**  
HAZELNUT AND HAZELNUT PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL



2

BILLION DOLLARS

TARGET FOR EXPORTS  
IN 2016

2012 was a year in which a move for a “coordinated breakthrough” in the defense, aviation, and security industry began. This is an advent of sorts. As of 2012, together with the support of our state/government, our targets have been made very clear. The matters critical for our industry are R&D-based production, a high level of coordination among actors, support to SMEs, inventory-based efforts, the development of financing and credit models, and exports.

As a country, we aim to be one of the top six exporters of systems and platforms within 10–11 years. But we must increase our export significantly every year.

The industry’s exports between 2008 and 2010 hovered around \$600 million. After 2011, in which the industry’s exports totaled around \$800 million, in 2012 we experienced the largest increase—over the first 11 months of 2012, our export increased 49% over the same period last year to the level of \$1.1 billion. As of the end of December, this figure has almost reached \$1.2 billion.

For a country to have sway in the world, it must have sway in two critical industries, or at least be competent in them: the defense industry and energy. The defense and aviation industry is ahead of other industries in the rate of export increases.

The top five worldwide exporters in the field of defense are the US, Russia, Germany, France, and England. These countries account for 76% of total exports, while another group—including Turkey—of roughly 200 countries struggles over the remaining 24%.

The SSI Board of Directors set the defense and aviation industry’s 2013 export target as \$1.5 billion and the expected rate of increase as 25%. But in actual fact, with regard to the 2023 vision, our first important intermediate milestone beyond 2013 will be 2016. The target set for us for 2016 in the Undersecretariat for Defence Industries’ 2012–2016 Strategic Plan is \$4 billion in revenue and \$2 billion in exports. We will work actively to achieve the targets in 2013 and the years to follow.

DEFENSE AND  
AEROSPACE  
INDUSTRY

**“FOR US TO ENTER THE RANKS OF THE TOP-SIX EXPORTING COUNTRIES BY A TIME THAT’S NOT SO FAR AWAY IS DEPENDENT ON US WORKING VERY HARD.”**

**LATİF ARAL ALİŞ**  
DEFENSE AND AEROSPACE INDUSTRY,  
TIM SECTORS COUNCIL



**“TURKEY HOLDS A SHARE OF ABOUT 14% IN THE INTERNATIONAL TRADE OF DRIED FRUITS AND NUTS, EXCLUDING HAZELNUTS.”**

**ELIYA ALHARAL**  
**DRIED FRUIT AND PRODUCTS INDUSTRY COUNCIL,**  
**TIM SECTORS COUNCIL**

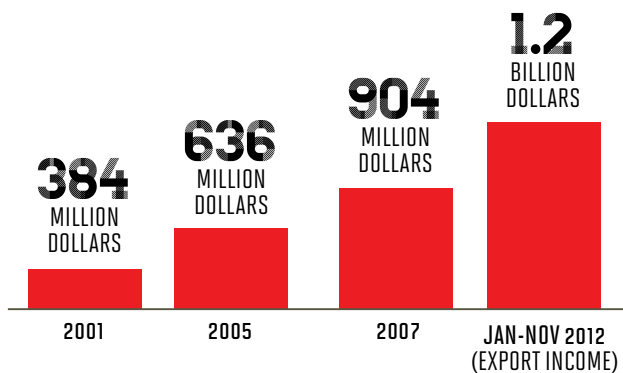
In terms of dried fruits and their products, 2012 could be regarded as an intense and fruitful year. While our total export income more or less remained at the same level as last year, our export increased by 7.8% by amount.

We estimate that our exports will have reached \$1.4 billion as of the year-end of 2012.

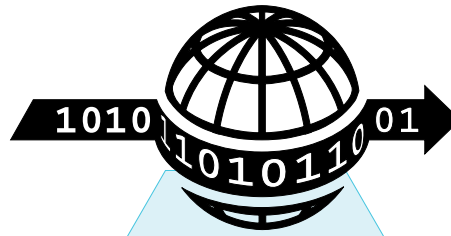
Over the first 11-month period of 2012, the number of companies exporting dried fruit and products rose from 815 to 903. Although not all of these companies run actual establishments, instead being intermediary exporters, this indicates the increase in the number of companies operating in the industry. A large proportion of our companies operating in the dried fruit industry possess superior technological and hygienic infrastructure compared to our rivals in other countries.

It is estimated that the international trade volume of dried and shelled fruits in the world is roughly \$10 billion annually. Foremost among the dried and shelled fruits subject to international trade are almonds, walnuts, dates, seedless raisins, pistachios, hazelnuts, apricots, cashews, peanuts, pine nuts, figs, brazil nuts, macadamia nuts, pecans, and dried tropical fruits. Our country possesses a share of about 14% in the international trade of dried fruits and nuts, excluding hazelnuts. Our country ranks first in the international trade of raisins, dried apricots, and dried figs. Though they are able to be produced in our country and are at certain levels already, it is possible to increase the export of such products as walnuts, almonds, pistachios, dried prunes and apples, pine nuts, and pistachios by producing in larger amounts and on larger areas.

Unless extraordinary developments occur in the global economy and in production in 2013, we predict that our dried fruit export will reach the level of \$1.55 billion.







# 34%

GLOBAL INDUSTRY  
GROWTH IN 2012

Our country has become a significant center of attraction not only for our locally backed producers but also for producers with foreign backing. Many companies active in the industry have completed their IPOs, which are thought to contribute significantly to sustainable institutionalization. Each passing day, Turkey is increasing its production capacity and quality in the industry. Our industry accounted for roughly 8% of the country's exports over the past five years. In the next five years, we aim to raise this to over 10%. It is thought that the electrical equipment and electronics industry will, with \$45 billion in exports, account for a significant part of Turkey's \$500 billion export target for 2023.

Worldwide exports of electrical and electronic equipment increased by 34% after the global crisis, reaching \$3.65 trillion. The increase is expected to continue in 2013, too. It is predicted that the market will grow to a size of \$7 trillion. In consideration of data for the first ten months of the year, paralleling increased activity in the market, Turkey's exports in the industry are expected to total over \$12 billion in 2012. In 2013, this figure is expected to reach \$13.4 billion. In all of these industries, there are many Turkish companies that have exhibited success via their trained staff and high-tech equipment. The marketplace potential of our industry's products grows and diversifies each passing day. Currently, the industry is exporting to many countries around the world, and it is expected that its exports, which receive demand especially from European, North African, and Central Asian countries, will continue to become more widespread in the world market in the years ahead.

# 13.4

BILLION DOLLARS

2023 EXPORT TARGET

**"OUR INDUSTRY HAS ACCOUNTED FOR  
ROUGHLY 8 PERCENT OF THE COUNTRY'S  
EXPORTS OVER THE PAST FIVE YEARS."**

**GÜVEN UÇKAN**  
ELECTRICAL, ELECTRONIC, MACHINERY, AND  
INFORMATION TECHNOLOGIES INDUSTRY,  
TIM SECTORS COUNCIL

**ELECTRICAL,  
ELECTRONICS,  
MACHINERY, AND  
INFORMATION  
TECHNOLOGIES  
INDUSTRY**

**"WE ARE REACHING A GOOD PLACE IN THE GLOBAL MARKETS IN TERMS OF QUALITY AND RECOGNITION."**

**TAHSİN ÖZTİRYAKI**  
**FERROUS AND NONFERROUS METALS INDUSTRY,**  
**TİM SECTORS COUNCIL**

2012 was a year in which difficulties originating especially from developed countries continued. Despite the uncertainties and risks, there was not a constriction in the ferrous and nonferrous metals industry nor in our economy in general. Turkish industrialists and exporters will emerge more powerful, more flexible, and more competitive from this difficult period.

To mention the export of the ferrous and nonferrous metals industry, on a quantitative basis it is clear that we, as an industry, won't be able to achieve the increase in export value that we desired, and that our exports won't exhibit much of a change compared to last year, coming in at \$6.5 billion this year in US dollars. But when we take a closer look at the picture and examine it in greater detail, it is possible to see the positive aspects, too.

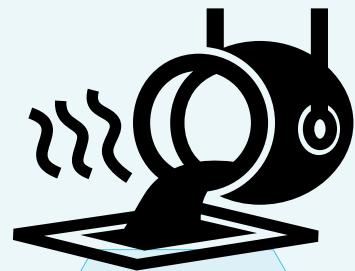
As you know, we as the metal industry import a great deal of our raw material, and the prices of these metals are determined on the international markets. In recent years, metals have turned into speculative instruments, with large fluctuations occurring in prices. For example, through January–November 2012, compared to the same period last year, stainless steel lost 19% of its value, copper 12%, and aluminum 18%. At a time when metal prices have exhibited such dramatic drops, we could regard the fact that our sales have not fallen in value and that our export exhibited a 12% increase by amount as a success.

By putting technology and innovation to use in our industry, we can bump up our exports and global market share. For this purpose, as the Istanbul Ferrous and Nonferrous Metals Exporters' Association (İDDMİB), we conducted the first R&D project marketplace event in our country, fulfilling our promise to support R&D. İDDMİB Metallic Ideas. In order to go even further and to achieve our industry's \$25 billion target for 2023, we must create innovative products and new materials that add value.

2013 growth estimates for Turkey, whether by such sources as the OECD or the government, hover around 4%. As of October 2012, in the scope of the Medium-Term Plan, it is envisioned that exports will increase by approximately 5% in 2013, rising from \$150 billion to \$158 billion. Considering that an increase of around 11–12% is required in order to reach the \$500 billion target for 2023, you can see that \$158 billion is a conservative estimate. In this regard, considering that reductions in metal prices could continue, it seems sensible to be cautious in my expectations for the metals industry in 2013, but I maintain my optimism—I believe the industry will exhibit a moderate increase in exports in the year ahead and that we will attain an export figure of around \$7 billion.

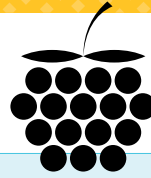


**FERROUS AND  
NONFERROUS  
METALS  
INDUSTRY**



**25**  
**BILLION DOLLARS**

**TARGET FOR EXPORTS**



1.5

BILLION TONS

GLOBAL FRUIT AND VEGETABLE PRODUCTION

Climate conditions are the most important factor for yields and quality in fresh fruits and vegetables. Poor conditions early in the year had a negative effect, especially on the citrus yield, affecting both our production and export. But with the decisions taken for the structural transformation of the production infrastructure over the past decade, we are able to practice fast, high-quality, world-class production. When we examine the industry in terms of packaging and cold storage, we see that modern packaging facilities have multiplied quickly and that we are able to practice packaging and cold storage in a manner that surpasses EU standards. In short, we could say that our industry is at the level where it is competitive with every country.

We are hopeful of the year 2013 for our dynamic industry, which continues its progress despite the global crisis. With the eventual targets of 2023 in mind, we are continuing our efforts to have 2013 be a successful year and to increase our industry's exports in our current and target markets. The most tangible indicator that Turkey has become an active and significant actor in the world market is that at the 12th International Citrus Congress, held November 18-24, 2012, it was declared that the 2020 Citrus Congress is to be held in Mersin, Turkey. Through this event, countries, institutions, establishments, and individuals with an interest in fresh fruit and vegetables will have the chance to become more familiar with our country and our industry.



10

BILLION DOLLARS

2023 EXPORT TARGET

2.9

MILLION TONS

PRODUCT EXPORTED



48

MILLION TONS

APPROX. 48 MILLION TONS TURKEY'S PRODUCTION



FRESH FRUIT AND VEGETABLES INDUSTRY

"WE ARE ABLE TO PRACTICE FAST, HIGH-QUALITY, WORLD-CLASS PRODUCTION."

KEMAL KAÇMAZ  
FRESH FRUITS AND VEGETABLES INDUSTRY,  
TIM SECTORS COUNCIL



**"THE TURKISH CARPET HAS HAD WORLDWIDE BRAND RECOGNITION SINCE ANCIENT TIMES."**

**İBRAHİM YILMAZ**  
**CARPET INDUSTRY, TIM SECTORS COUNCIL**

The carpet industry's exports in rose 26.8% by value in 2011 to \$1.6 billion. Over January–November 2012, despite the effects of the global crisis and the constricting markets, our carpet export continued to grow, increasing by 24.6% to a value of \$1.8 billion dollars. Turkey's total exports rose by 13.6% in that period. Our carpet exports' share in our country's total exports increased (to 1.3%), giving us more hope for the future. By the end of 2012, we expect our carpet exports to have exceeded \$2 billion. As of the first 11 months of 2012, machine-made carpets accounted for 90% of our carpet exports, while our handmade carpets had a share of around 10%. Iraq, the US, Libya, and Germany were our top export customers, with Libya and Egypt particularly influencing our industry's performance with increases of more than 400%. According to data from 2011, Turkey is the world's third-biggest exporter of carpets with a share of 11%. We expect \$2.2–2.3 billion from exports in 2013. Our export target for 2023 is \$5.5 billion.



**5.5**  
**BILLION DOLLARS**

2023 EXPORT TARGET

**5.2**  
**BILLION DOLLARS**

2023 EXPORT TARGET

There is a strong tradition of leatherworking in our country, rooted in history. Based upon this tradition, Turkey is today one of the world's biggest contenders in the production of quality leather. The year 2012 was one in which the Turkish leather products industry proved that it has risen to an important position in the world in design and promotion just as much as it has know-how and production capability. Qualitywise, the Turkish leather industry ranks among the highest both in Europe and worldwide, and it is continually gaining in popularity through its high quality and good price balance. While accounting for close to 1% of the world market with its nearly \$1.5 billion export of leather and leather products, Turkey ranks near the top worldwide in such product subcategories as leather and fur clothing. In 2012, growth in the industry's exports was especially influenced by such countries as Ukraine, Kyrgyzstan, Azerbaijan, and most of all Russia in the CIS; Middle Eastern countries including Saudi Arabia, the UAE, and Iraq; and African countries including Libya, Tunisia, and Algeria.

While difficulties in the EU economy could affect exports to that market negatively, we still expect 2013 to be a positive year for our industry as we move toward market diversification by focusing on the Middle Eastern, African, Asian, and American markets.



**"TURKEY RANKS NEAR THE TOP WORLDWIDE IN SUCH SUBCATEGORIES AS LEATHER AND FUR CLOTHING."**

**LEMİ TOLUNAY**  
**LEATHER AND LEATHER PRODUCTS INDUSTRY,**  
**TIM SECTORS COUNCIL**



**13.7**  
BILLION DOLLARS

EXPORT TARGET



**5.3**  
BILLION DOLLARS

IN EXPORTS, JAN-NOV 2012

In the first half of the year, domestic and international sales flagged due to a litany of reasons. Showing a recovery in the second half of the year, the industry increased its export to Iraq the most, by 34.25%.

In pulses, Turkey's biggest buyers are first and foremost countries in the Middle East, followed by North Africa and the Near East. The countries to which the most exports are made are, in order, India, Pakistan, Iraq, Germany, Syria, Libya, Saudi Arabia, Algeria, the United States, the Netherlands, Israel, and Romania. We increased our January-November 2011 export of \$4.8 million by 9.99% to \$5.3 million over the same time frame in 2012. As the world struggles with drought on one hand, it is also dealing with the damages caused by ill-timed, long rainfall on the other. Meanwhile, the harsh winter in Turkey caused losses of 10–15% in certain regions—Central Anatolia most of all—and products. Despite this, Turkey ranks second in pulse exports (after Canada) and third in production (after India and Canada). The planting of red lentils—the top export product—needs to be supported in the pulses category. The reduction in the planted area of red lentil crops could make Turkey an importer of this product in five to ten years. In cereals, 15–20% of production is exported, while this figure is around 50–60% for pulses. Additionally, pulses have the property of enriching the soil. For this reason, the planting of pulses should be supported.



CEREALS, PULSES,  
OIL SEEDS, AND  
PRODUCTS  
INDUSTRY



**“WE INCREASED OUR JANUARY-NOVEMBER 2011 EXPORT OF \$4.8 MILLION BY 9.99 PERCENT TO \$5.3 MILLION OVER THE SAME TIME FRAME IN 2012”**

**MAHMUT ARSLAN**  
CEREALS, PULSES, OIL SEEDS, AND PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL



SHIP AND  
YACHT  
INDUSTRY

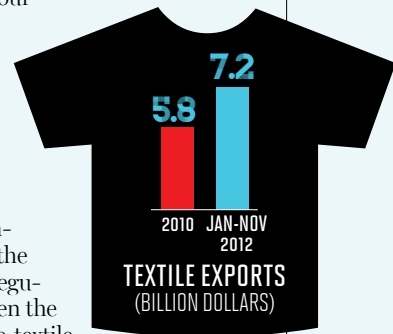
**"WE ARE TRYING TO PRESERVE AND IMPROVE OUR PRESENCE IN THE MARKET BY TRYING TO OFFER PRODUCTS THAT ARE CONSIDERED BASED ON THEIR QUALITY, NOT COST."**

**BAŞARAN BAYRAK**  
**SHIP AND YACHT INDUSTRY, TIM SECTORS COUNCIL**

We can't say that the year 2012 has been a productive one for the ship and yacht industry. A 35% drop relative to 2011 has been observed in the industry. This situation is caused by the continued world oversupply of ships and, in connection to this, the lack of orders for new ships. The ship and yacht industry develops in connection to economic activities in the world. As other large shipbuilding countries are providing great support to their industries in order to maintain their own positions, ship orders are, because of the continued uncertainty of the crisis in Europe and the limited demand associated with this, shifting heavily to these countries. Despite all the difficulties being experienced, the ship and yacht industry continues to pursue new customers and new markets. As an industry, we are trying to preserve and improve our presence in the market by trying to offer products that are considered based on their quality, not cost, by developing a manufacturing policy in accordance with customer demand. We believe that the year 2013 will be one of progress for our industry.

This year was one in which we really felt the effects of the stagnation and economic uncertainties in Europe, our main market. Manifested as constricted or delayed demand, the situation seems to have caused export figures to remain at last year's levels. As the Turkish textile industry, we're not satisfied with the \$8 billion level at which our exports remained. However, it is a positive thing to see that high-value-added products have been accounting for a larger share in the distribution of export categories. Especially after measures to regulate imports were implemented in Turkey this year, we have seen the uptick in activity we expected in the domestic market. The textile and apparel industries are sister industries that need to be considered together. Considering the performance of the two jointly, these industries are collectively Turkey's top export industry.

Looking at our industry's position in the global market, we are among the top five producers in Europe and the top ten in the world in terms of installed capacity. We are the world's most efficient supplier in terms of balancing speed, quality, service, and price. With a structure organized in a way that can produce both high volumes of output and brands, the Turkish textile industry is one of the few industries that can export to both China and Italy. Our industry's fashion- and brand-oriented growth strategy is continuing uninterrupted in 2013. The Turkish textile industry is one that has the potential to grow by more than 10%. The psychological threshold for us now is a \$10 billion annual export performance.



TEXTILE AND  
RAW MATERIALS  
INDUSTRY

**"WE ARE AMONG THE TOP FIVE PRODUCERS IN EUROPE AND THE TOP TEN IN THE WORLD IN TERMS OF INSTALLED CAPACITY."**

**İSMAİL GÜLLE**  
**TEXTILES AND TEXTILE RAW MATERIALS INDUSTRY,  
TIM SECTORS COUNCIL**



We could say that 2012 was generally positive in terms of the Turkish steel industry, as the figures clearly indicate. We aim to have reached 36 million tons in our production by the end of the year to be one of the two countries out of the biggest steel producers that increased their production the most. Besides our increasing production volume, we have also calculated that our exports will have reached 20 million tons, worth roughly \$16 billion, by the end of the year, thereby exhibiting a 10.2% increase by amount and 4.2% increase by value over last year.

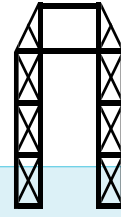
In the rest of the world, the current situation is rather bleak. The crisis in Europe continues to mount and expectations for the future are far from optimistic. With the seriously constrained demand, another factory is shutting down every day.

We predict that domestic steel consumption will have reached 27 million tons by the end of the year. We additionally provide steel products as main inputs to several industries in the domestic market and export a good deal of steel also in the form of these products.

The industry is cutting down on its imports each passing day by improving its production capacity and expanding its product range, thereby contributing to closing Turkey's current account deficit.

Globally, we were the world's eighth-biggest exporter in 2011, with an export of 18.1 million tons. We expect to have maintained this rank in 2012. In terms of production, we aim to have risen two ranks by the end of this year, finishing as eighth-largest producer in the world. Although our expectations for 2013 are not very positive, we are of the opinion that it will be a better year than this one.

Growth rates in developed countries are expected to remain at low levels, as they did last year. On the other hand, growth expectations for developing countries appear optimistic. We think investments will further increase once the present political crises in the Middle East and Africa region are overcome, thereby elevating demand for steel. Likewise, countries in Central and South America are emerging as new markets to which our exports are growing constantly. In line with these expectations, we as the steel industry are aiming for 22.5 million tons exported and \$18.5 billion in export income for the year ahead.



**25**  
BILLION DOLLARS

2023 EXPORT TARGET

**22.5**  
MILLION TONS

2013 EXPORT TARGET



STEEL  
INDUSTRY



**"GLOBALLY, WE WERE THE WORLD'S EIGHTH-BIGGEST EXPORTER IN 2011, WITH AN EXPORT OF 18.1 MILLION TONS. WE EXPECT TO HAVE MAINTAINED THIS RANK IN 2012."**

**MUSTAFA ÇIKRIKÇIOĞLU**  
STEEL INDUSTRY,  
TIM SECTORS COUNCIL



ORNAMENTAL  
PLANTS  
INDUSTRY

**"IN 2013, WE ARE TARGETING \$100 MILLION IN EXPORTS WITH A PROJECTED INCREASE OF 20 PERCENT."**

**OSMAN BAĞDATLIOĞLU**  
ORNAMENTAL PLANTS INDUSTRY,  
TIM SECTORS COUNCIL

2012 was a very lively year for our industry. The ornamental plants industry in Turkey is now one that is developing rapidly in terms of both production and exports. The entire world is aware of this activity and the rapid development potential in Turkey. The production and export of live plants and outdoor plants especially are rapidly gaining importance.

An increase of 8% was seen in our export of cut flowers in 2012. In outdoor plants, our exports fell due to the reduction in government contracts and the construction business in Iraq and Turkmenistan, which are significant markets for us.

Our export markets continued to expand in 2012, too. Exports were conducted to more than 50 countries in total, with the Netherlands, the UK, Germany, Iraq, Turkmenistan, and Azerbaijan being our most important markets. Our industry's export target for 2023 is \$500 million, which would raise our global share in this industry to 2%. In 2013, we are targeting \$100 million in exports with a projected increase of 20%.



**20%**

ESTIMATED IN 2012 GROWTH  
TARGET

2012 has been a year of rebuilding and rejuvenation in the industry.

Purchases of the 2012 product are continuing. Total tobacco production is expected to increase by roughly 35%, resulting in 59,000 tons. Tobacco production in Turkey is entirely based on contract production. Contracted companies are conducting serious efforts concerning production yield. The purpose of these efforts is to make tobacco production more fruitful and profitable for the producer.

Best agricultural practices as practiced worldwide are being emphasized. These practices will start from the tobacco seed and continue to the nursery, planting, field, and harvest stages. The aim in this completely contract-based production and in our industry, which receives no kind of incentives, is to balance supply and demand well.

As we progress toward this goal, we as the industry provide all the support to our producers. We expect our industry's total export figures to increase by value and quantity by 30%. Turkey maintains leadership in the production of aromatic oriental tobacco. Our country accounts for 30% of the total production of oriental tobacco in the world. We predict that we will maintain this position.

We expect 2013 to be a year in which agricultural innovation, research, and revenue growth in our industry will continue.



TOBACCO  
INDUSTRY

**"WE EXPECT 2013 TO BE A YEAR IN WHICH AGRICULTURAL INNOVATION, RESEARCH, AND REVENUE GROWTH IN OUR INDUSTRY WILL CONTINUE."**

**NOYAN KAZIM GÜREL**  
TOBACCO AND TOBACCO PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL

Focusing on its export target for 2023, Turkey is conducting its efforts in that direction. And for Turkey to attain its \$500 billion target is dependent on technology-producing industries, such as the machinery industry. Therefore, improving Turkey's machinery exports worldwide is directly connected to Turkey's economy becoming one that is more enterprising and innovative, based on high-value-added production. In order to achieve the 2023 target, there must be an increase in machinery exports of 22% annually. The machinery industry's export figure as of year-end 2012 will be \$15 billion. However, while this year's target may have been achieved, unless a 22% increase occurs in exports every year, the 2023 target will be harder to achieve. Around the world, the machinery industry is the locomotive industry of developed countries. Upon inspecting statistics from the Turkish Patent Institute, it can be seen that out of the 37,138 patent applications from the manufacturing sector, the machinery industry accounts for the largest share with 27%. This is gladdening with regard to the industry but it isn't enough. For this reason, everyone must do their duty for the industry to further develop in the areas of R&D, technology, and branding. There are half as many companies in our country as there are in 15 EU countries; this data shows that the machinery industry has reached a certain point. However, the share held in this number by trustworthy importers who engage in quality and high-value-added production, review their business process, and invest in R&D must increase. For this reason, it is just as important for the industry to not only grow quantitatively but also to continue its development qualitatively. In the field of machined manufacturing, exports have begun of pentaxial CNC processing equipment to the heart of technology in the European Union, bound for the manufacture of sensitive parts for the aviation industry. In summary, an awareness of "quality Turkish machinery" has started to form in the whole world. Although I can't say anything for certain about the size in 2013 of the economic crisis occurring worldwide, I think Turkey holds great opportunities. As the machinery industry, our 2013 export target is to surpass \$18 billion.



# 100

**BILLION DOLLARS**

2023 EXPORT TARGET



**MACHINERY  
AND MACHINERY  
ACCESSORIES  
INDUSTRY**



**"THE TURKISH MACHINERY INDUSTRY HAS PROVEN THAT IT CAN MANUFACTURE AT LEVELS THAT CAUSE FACTORIES IN RIVAL COUNTRIES TO CLOSE."**

**ADNAN DALGAKIRAN  
MACHINERY AND MACHINERY ACCESSORIES  
INDUSTRY, TIM SECTORS COUNCIL**



**"WE PREDICT THAT THE INDUSTRY WILL CONTRIBUTE AROUND \$90-100 BILLION TO THE 2023 EXPORT TARGET."**

**AHMET KELEŞ**  
**MINING AND MINERALS INDUSTRY,**  
**TİM SEKTÖRÜ KURULUŞU**

In 2012, we were unable to achieve the 12% export increase we had set for the mining industry's exports. Although our export of natural stone increased by a rate of around 15%, due to changes and breaks in demand for metals, we expect the mining industry's exports to have reached slightly more than \$4.1 billion, increasing by 7%. In our export of natural stone, there has been a greater increase in comparison to the mining industry. We predict that with a 15% increase over last year, the natural stone industry will finish 2012 with an export of around \$1.9 billion.

The mining industry is of key importance to Turkey's economy. Besides the fact that mining products are used as finished products, the industry also supplies raw materials or intermediary goods to almost every other industry. When considering the export of other industries in which mining products are used as primary raw inputs, we predict that the industry will contribute around \$90-100 billion to the 2023 export target. This, in turn, shows how important the mining industry is to the economy of Turkey and in the context of achieving the 2023 export targets.

According to MTA data, our country, which ranks 28th out of 132 countries in the world by total mining production value, ranks tenth by diversity of minerals and metals. In terms of exports, our country ranked 18th according to 2011 data in world mining exports, with Australia, Brazil, Chile, South Africa, and Peru ranking the highest.

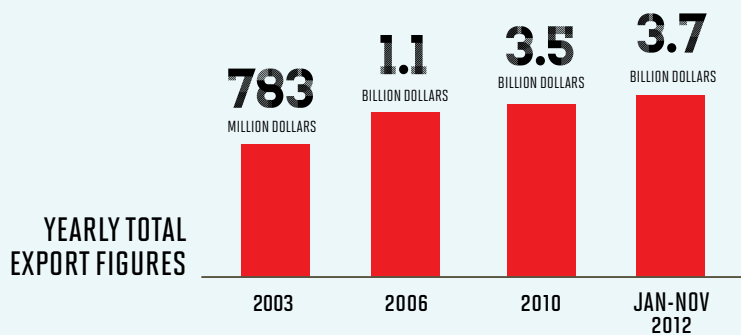
In natural stone exports, on the other hand, which account for 46% of our total mining exports, Turkey ranks third, after China and Italy. Because our country's granite deposits and varieties are limited and because nearly all of our export consists of marble/travertine products, we rank third place in the total export of natural stone. Excluding granite from exports and considering only our marble/travertine exports, though, we see that our country ranks first in world marble/travertine exports.

We believe the mining industry will continue to grow in 2013 together with exports. We predict our industry to increase its exports in 2013 by 15-16%.

**MINING AND MINERALS INDUSTRY**

**12%**

**ESTIMATED 2012 GROWTH IN MINING INDUSTRY EXPORTS**





**"REGARDING THE INDUSTRY'S SITUATION WORLDWIDE, WE HAVE BUILT A NAME FOR OURSELVES IN GOLD JEWELRY."**

**AYHAN GÜNER**  
**PRECIOUS METALS AND JEWELRY INDUSTRY,**  
**TIM SECTORS COUNCIL**

2012 was a successful year for our exports. Both processed gold and jewels—and as an extra, bullion—went into play. Compared to other industries, we are one of the unions to have increased its exports the most.

We hear from companies in the industry that the situation in Turkey is 25–30% behind that of last year. After the sixth month, the domestic market experienced a lull, and this still continues.

Regarding the industry's situation worldwide, we have built a name for ourselves in gold jewelry but are very much behind in diamond jewelry. If we were to join the two and put the diamond exchange into operation together with changes in legislation, we would arrive at very important places in the world.

I believe that Turkey, a rival to Belgium and Israel, selling jewelry to the entire world and possessing the highest stock of jewelry mountings in the world, and as the largest production center of Europe and the near Middle East through the presence in the country of HRD and GIA, globally recognized companies that have offices in Istanbul and give certificates to jewelry, will transform these qualities into money.



**12**

**BILLION DOLLARS**

**2023 EXPORT TARGET**

During an era in which competitiveness has gained great importance in the world, we, as the Turkish apparel industry, have managed to reach our export targets thanks to our capacity, know-how, flexibility, and hard work. Based on weight, the Turkish apparel industry's product is Turkey's most valuable export good after jewelry.

We are a high-value-added industry that posted a \$13 billion total foreign trade surplus and imported \$3 billion worth of materials.

The "Made in Turkey" label's distinctness and the recognition of and preference for Turkish-made products in several countries have gained great momentum over the past several years. 2013 will be a year in which the branding process will gradually yield its results, with Turkish apparel brands standing tall in the global market and progressing rapidly toward their 2023 targets as they gain clout through their own brands.



**"IT IS IN OUR INDUSTRY THAT TURKEY HAS THE MOST GLOBAL SWAY."**

**AHMET AKBALIK**  
**READY-TO-WEAR AND APPAREL INDUSTRY,**  
**TIM SECTORS COUNCIL**

**"THE FLEXIBLE NATURE OF OUR COMPANIES CREATES SUCH ADVANTAGES AS RAPID PRODUCTION AND RAPID DELIVERY."**

**NURETTİN TARAKÇIOĞLU  
WOOD AND FORESTRY PRODUCTS INDUSTRY,  
TIM SECTORS COUNCIL**



**WOOD AND  
FORESTRY  
PRODUCTS  
INDUSTRY**



For us, 2012 was a year in which we increased our exports despite the global crisis and especially the problems that occurred with our neighbors. Thanks to our exporters' flexibility in adapting to the markets and entrepreneurial spirit, we had the chance to close the gap in the market.

To provide an assessment our union based on four different branches of business, furniture is currently an industry that isn't yet exporting as much as it potentially could but is continually growing by overcoming problems every year.

It is an industry that achieves quality thanks to its modern infrastructure but lacks in design and brands.

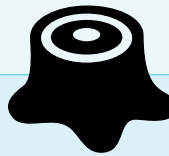
Paper, on the other hand, is an industry that unfortunately cannot always be competitive with world prices but can compete with world giants thanks to its dynamism.

Packaging, too, possesses the technological infrastructure to compete with the world, but it is unable to attain its targeted exports due to energy and labor costs. However, with the services it provides to exporters, it still occupies an important place in our country's exports.

And in non-wood products, while we are a world leader in certain products, in many others we are unfortunately unable to attain the momentum we want and present these products, which are part of our country's natural wealth, as a boon to exports.

While we are among the world's top 15 countries in furniture exports, our country ranks lower in packaging, paper, and non-wood products.

While 2013 looks like it will be a bit tougher, countries and industries that make good use of opportunities will be able to create chances for themselves. We must make up for the sales we lost from the European market by focusing on countries where incomes are rising and investment is heavy, such as Azerbaijan and Kazakhstan, and on markets in Africa that likewise present such opportunities. Additionally, the flexible nature of our companies creates such advantages as rapid production and rapid delivery, and these advantages are effective in constricting markets.

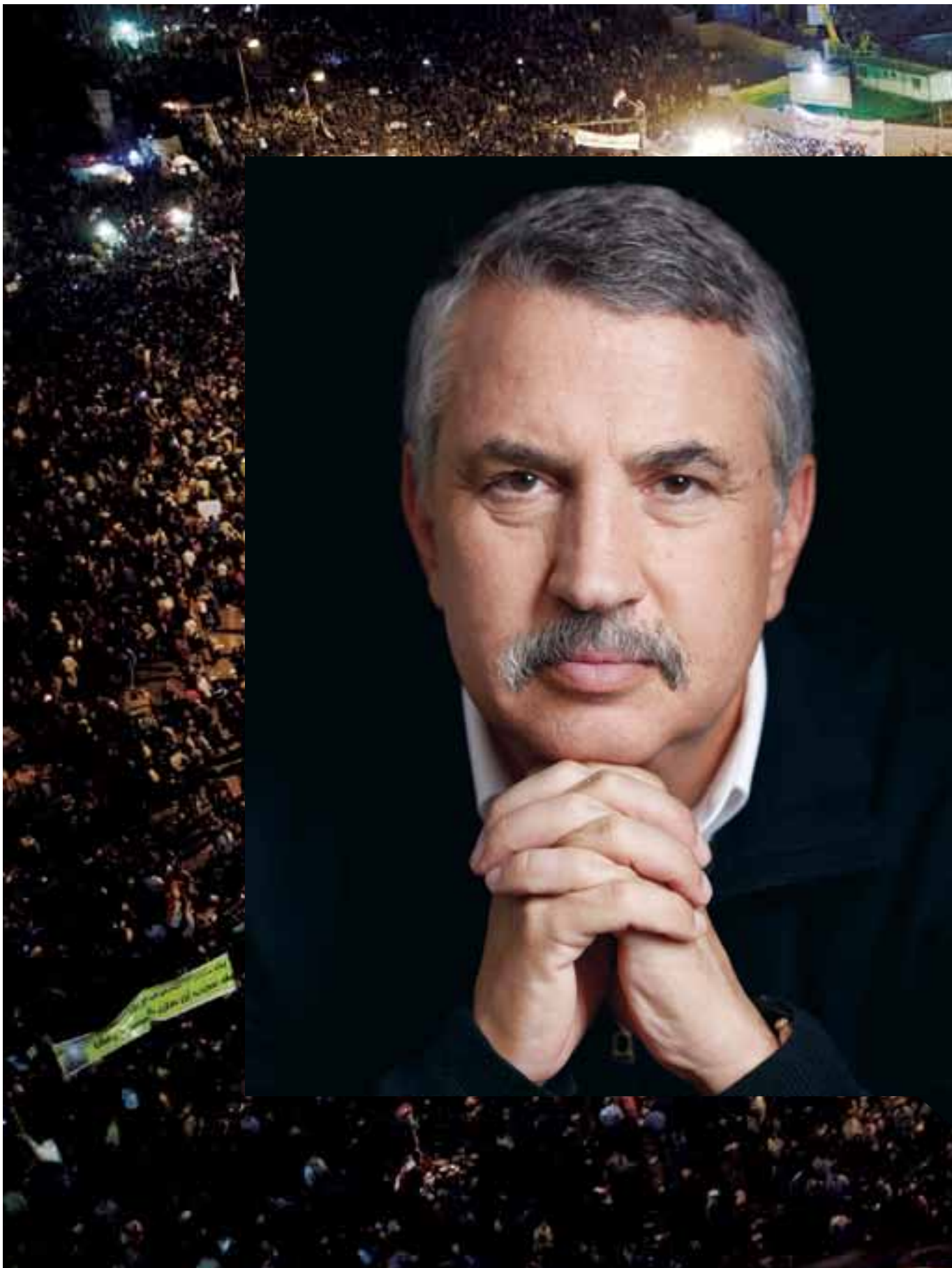


**16**

**BILLION DOLLARS**

**2023 TARGET OF EXPORT**







# “THE WORLD IS SO MUCH FLATTER”

BY CAN GÜRSU

BY İBRAHİM GÖK

**O**nce an active journalist in the Middle East during the most conflict-ridden years of the region and a witness to countless events, Thomas Friedman believes the world is a “flatter” place today due to its interconnected nature. Holding countless awards, including three Pulitzers, the New York Times columnist is an active commenter on regional politics in the Middle East, such as the state of Arab-Israeli relations. He shared with us his views on current global economic and political events and regional affairs.





The award-winning journalist is one of the most influential writers on the topic of the Middle East.

**In “That Used to Be Us,” the book you cowrote with Michael Mandelbaum, you said the crisis that began in Africa was not just the Americans’ problem and that if Americans were to fail at the task of national renewal, then the world would become a poorer, more dangerous place. Do you think America could fail at national renewal?**

I don’t think we will. I think we’ll do the right things in the end. But, as Churchill once said, we may only do the right things after we do all the wrong things. I think that in the end we will do all the right things; I have a lot of confidence in that.

**Why should American prosperity be so important for the world? China is rising, and developing countries are growing stably. Why shouldn’t the US maintain its presence back in the world it invented?**

I think you have to remember that we are still the world’s biggest economy; and as the world’s biggest economy, you wouldn’t want to see America go into economic decline any more than you would want China, the European Union, Japan, or Brazil to. At this time of a growing world population with so many people



aspiring to be in the middle classes, we need all the engines of the global economy to be running at maximum capacity.

**You released “The World Is Flat” in 2005. A massive crisis emerged a few years later. Are you still of the idea that “the world is flat?”**

I have to confess that I got it wrong. The world is so much flatter than I thought. Not only do I think it’s flat, I also think it’s actually much flatter than I thought.

**Do you think China is becoming a real problem for the US?**

No... China and the United States are Siamese twins. We are completely connected now economically. China cannot thrive unless America thrives; America cannot thrive unless

China thrives. We both need each other to such a degree that the historian Niall Ferguson refers to “Chinamerica” as if we’re almost one country—and economically speaking, that is not an exaggeration.

**Could America really fall off the fiscal cliff?**

I think it’s a real possibility. I hope it doesn’t happen; I think the president wants to avoid it and I think the Republicans want to avoid it too. But there’s no guarantee that at least for a while we won’t go over the cliff. I hope it won’t happen.

**Do you think the global financial crisis might end soon?**

This is not your normal cyclical business crisis; this is a credit crisis, and we know from history that credit

crises of this magnitude can take years to dig out from under. It can take a decade as households, companies, and governments restore their balance sheets. This is going to take a while; I don’t think it’s going to be a quick turnaround. But we’ve been at it since 2008, so hopefully by now we’re more than halfway done. If we get some basic fiscal understanding in America, hopefully we can climb out of this.

**You mentioned that because Obama has his hands very full at the moment, he won’t be focusing on the Middle East so much. Meanwhile, Turkey is becoming a leader in the region and the Patriot missiles are on their way. What do you think about the latest situation?**

I don’t think it’s at all a bad thing for Turkey to be involved. The US and Turkey agree on a lot of things; we have a lot of shared interests: we both certainly want to stabilize Syria under a new, more democratic government, and to the extent that Turkey is able to take the lead on these things that are happening on Turkey’s border, Turkey has an interest. I think it’s a good thing for America; I think we have a lot of shared interests. We don’t agree on everything but I think we agree on a lot of things.

**Do you think Syria is in danger of falling apart?**

I fear that—I think there is a danger. Syria is like the keystone that holds the whole arch that is the Middle East together. If you pull that keystone out and it crumbles, it can affect everything, especially if it crumbles along sectarian lines and pushes each group to go into its own corner. That could be very dangerous not just for Syria



but also for the whole region.

**So can we say that the Arab Spring and Arab conflict have gone out of control?**

I don't think this is just about that; I think this is about a lot of things coming together. I think what we call the Arab Awakening (I think that's a better term) is something that is going to play out over the next half century. I don't think it's this week, next week, or this month—I wouldn't judge it now as a success or failure; I think we have to let it play out.

**Labor in China is becoming more expensive. Mexico is becoming a new hot spot for manufacturing. Do you think America's foreign policy is shifting to a specific zone?**

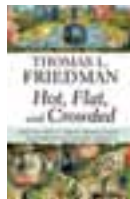
No, I think they're all important; we've got to keep them all in balance. Mexico is making something of a comeback—it's great to see—because of labor costs and transportation costs, and China will have to find its own way. Part of that way will be serving its domestic market a lot more, I think. It has a rising middle class and 1.3 billion people, so I think serving its domestic market more is inevitable as the United States grows more slowly.

**The Chinese government released a report in which it said that more than one hundred million farmers would move to cities by 2020. Can China's cities cope with such a buildup?**

Well, they can; and that movement of 300 million people from the countryside to Chinese urban areas—that's like everyone in America. How that's done and whether that's done in an environmentally safe and sound way is very important to the whole world because it's a huge migration. And so we should wish China well on that because how that's done will affect everything from the air we breathe to the water we drink.

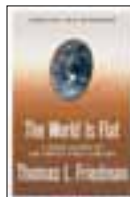
**BOOKS**

**"That Used to Be Us" by Thomas Friedman and Michael Mandelbaum examines four major challenges that face the US today—globalization, the digital revolution, chronic deficits, and energy use—and proposes ideas on how to handle these. Some of Friedman's other works are listed below.**



**HOT, FLAT, AND CROWDED 2.0:**  
*Why We Need a Green Revolution—and How It Can Renew America*  
Picador. November 2009 (1<sup>st</sup> ed. 2008).

**THE WORLD IS FLAT, 3.0**  
*A Brief History of the Twenty-First Century*  
Picador. July 2007 (1<sup>st</sup> ed. 2005).



**LONGITUDES AND ATTITUDES**  
*Exploring the World after September 11*  
Farrar, Straus & Giroux. September 2002.

**THE LEXUS AND THE OLIVE TREE**  
Farrar, Straus & Giroux. April 1999.



**FROM BEIRUT TO JERUSALEM**  
Farrar, Straus & Giroux. June 1989.



**BIOGRAPHY**



**Born in 1953,**

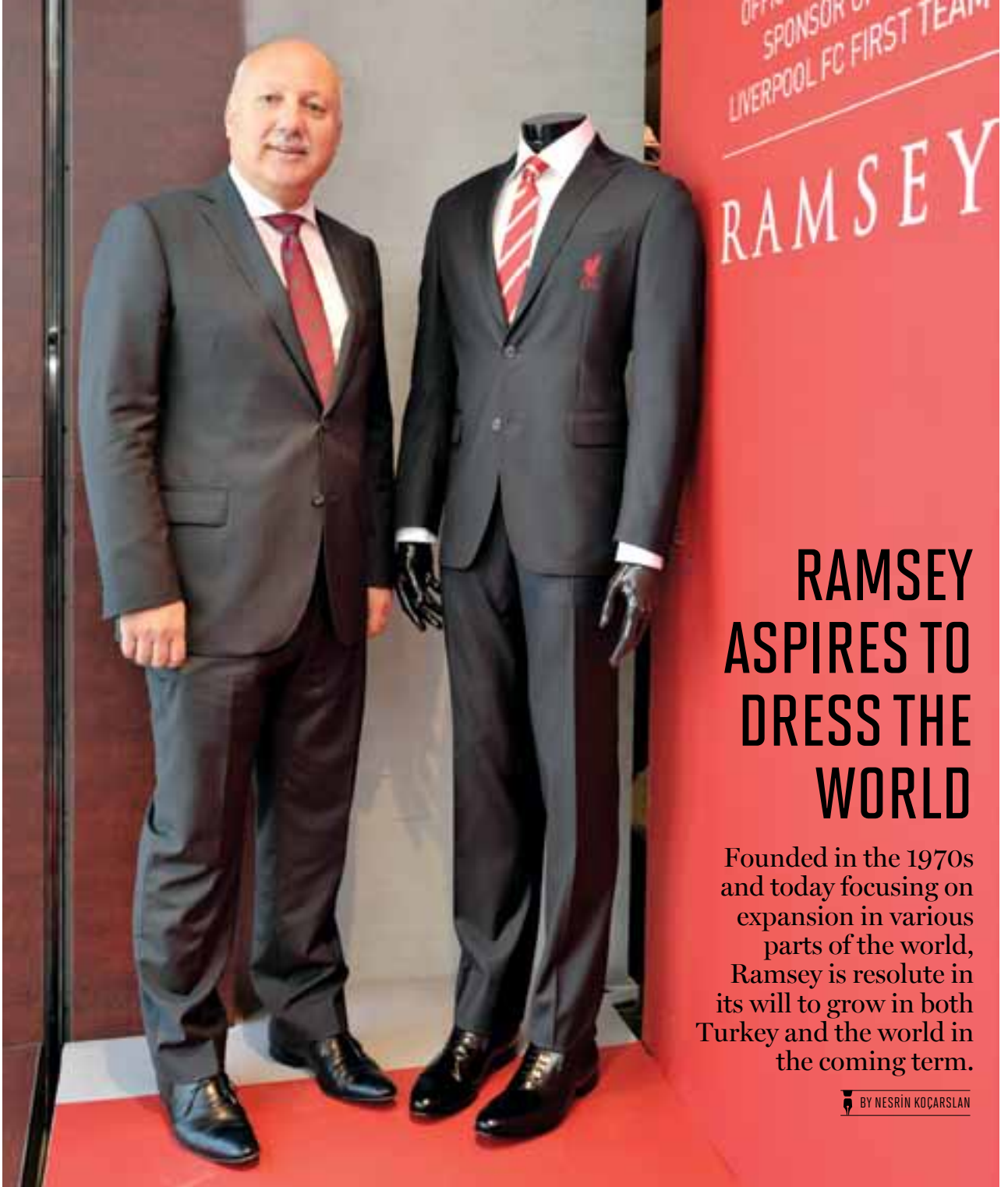
Thomas Friedman entered the profession of journalism at an early age. He has won numerous awards in the field, including three Pulitzers. The journalist went to Beirut in 1979 when he started working for UPI, and later he covered the 1982 Israeli invasion of Lebanon and the massacres of Sabra and Shatila. He won his first Pulitzer Prize for International Reporting for his work there. Friedman also holds a George Polk Award for Foreign Reporting.

**In 1989,** Friedman published "From Beirut to Jerusalem," a book in which he compiled his experiences in the region. The book won for him the US National Book Award for Nonfiction.

**In February 2002,** Friedman met Crown Prince Abdullah of Saudi Arabia and personally encouraged him to carry out his comprehensive attempt to end the Arab-Israeli conflict by normalizing Arab relations with Israel, in exchange for the return of refugees alongside an end to the Israel territorial occupations. Friedman received the 2004 Overseas Press Club Award for lifetime achievement. He was also named to the Order of the British Empire by Queen Elizabeth II.

# Brands

APPAREL, ELECTRONICS, POULTRY & AGRICULTURE, FOOD...



## RAMSEY ASPIRES TO DRESS THE WORLD

Founded in the 1970s and today focusing on expansion in various parts of the world, Ramsey is resolute in its will to grow in both Turkey and the world in the coming term.

BY NESRİN KOÇARSLAN

**R**AMSEY IS AMONG the important Turkish brands that have proven themselves abroad, too—the most notable evidence of this is its sponsorship of legendary English soccer team Liverpool FC. Ramsey, which has access to 155 sales locations in 19 countries, stands out for its innovative designs. Hüseyin Doğan, Chairman of Ramsey's Executive Committee, says they plan to reach 250 stores domestically and abroad within five years as they stride confidently toward creating a global brand.

**What can you say about Ramsey's founding and its journey since then?**

Since being founded in the 1970s, Ramsey is now one of the pioneering brands in men's fashion, with 155 sales locations in 19 countries, including the UK with London, one of Europe's fashion capitals. So far, we have always aimed to develop collections and products that make customers stand out and give them value. We accomplished a first with the "Zero Weight" production technology we developed after two years of R&D, which reduces weight by up to 50%. Thanks to Zero Weight technology, which unites the properties of lightness, fit appearance, stylishness, and dynamism in the same product, we were able to create collections in which we could reduce the roughly 1.5 kg weight of a standard suit to 750 grams. With concepts ranging from Zero Weight above all to the easy-iron shirts and "thin&taller" concept that makes men appear taller, fitter, and thinner, we are constantly developing our innovative stance.

**What are Ramsey's essential qualities?**

We summarize the brand

values of Ramsey—a leading brand in men's fashion with its design-focused stance, innovativeness, and quality—as follows: "Charismatic, quality, valuable, innovative, honest, principled, meticulous, respectful, consistent, realistic, accessible, and believable." Ramsey's indispensable promise to its customers is to be "a brand that thinks about its customers." We are always in efforts to find how to make men feel good and special and how to make them stand out. We base all our collections and retail concepts upon this—upon giving value to the customer, that is.

**What constitutes your growth strategy in Turkey?**

As Ramsey, we prefer cautious growth in a manner by which our brand can be represented as best as possible



*"Since our sponsorship agreement with Liverpool FC was announced, we received franchising proposals from several countries."*



both in Turkey and abroad, by which our brand identity can be communicated correctly, in the right locations, and with the right assortment of products in order to obtain maximum customer satisfaction. Ramsey has 61 stores in Turkey, 30 of which are concept stores and 31 of which are group stores. In 2013, too, we will appear in new locations where Ramsey can be represented well. We will have openings of new stores in Istanbul, Ankara, and Anatolia.

**Are there new markets abroad that attract your attention? Which markets do you plan to enter in 2013 and why?**

Our target markets are countries within a flight time of two to two-and-a-half hours to Turkey that have suitably sized populations and economies, modern retail infrastructures, and stability.

**What sort of initiatives will you have abroad?**

Ramsey sets its targets abroad in line with its plans to become a global brand and conducts its buildup accordingly. Ramsey has now reached 155 sales locations in 19 countries. Russia is our second-largest base. Besides Russia, the Turkic repub-



**RAMSEY'S GROWTH PLANS**

**250**

PLANNED STORES WITHIN FIVE YEARS

**19**

COUNTRIES IN WHICH RAMSEY IS ACTIVE

**155**

SALES LOCATIONS WHERE RAMSEY IS PRESENT



*Both Ramsey and the retail branch of Gürmen Grup, of which Ramsey is a subsidiary, achieved their 2012 targets.*



lies are another important market for us, where we have 14 sales locations in such countries as Azerbaijan and Kazakhstan, as well as Georgia.

As we build up in Russia, the Turkic republics, North Africa, and the Middle East, we plan to reach 250 stores domestically and abroad. Our aim is to ensure awareness of our brand in the entire world—above all in our target markets and countries that are within a two to two-and-a-half hour flight to Turkey— and to become a global brand. And in order to reach this target, we are constantly trying to take steps that will develop our brand perception. We actually see this as adding bricks to a structure of sorts. And in light of this target and objective, we are putting emphasis on bringing to life projects that will further strengthen and elevate the perception of our brand in international markets. Our long-term target, on the other hand, is for Ramsey to become the trendsetter in men's fashion.

|||||

***"We prefer cautious growth in a manner by which our brand can be represented as best as possible both in Turkey and abroad, by which our brand identity can be communicated correctly, in the right locations, and with the right assortment of products."***

**You had said that your revenue target for 2012 was TRY 210 million. Did you reach your targets?**

Both Ramsey and the retail branch of Gürmen Grup, of which Ramsey is a subsidiary, achieved their 2012 targets. In 2013, too, we plan to reach our targets with similar growth.

**One of your priority markets is Russia. How is business over there?**

Russia is a market that we give high importance to and which we have positioned as our second-largest base after Turkey.



In order to grow in Russia, our priority is to expand in main cities where the country's population is concentrated, such as Moscow and St. Petersburg, where income levels are high and other brands in world fashion maintain a heavy presence, and after that to expand to the rest of the country's territory. With its particular dynamics, Russia is a market that requires special attention. For example, it has a vast range of differences compared to Turkey, from the body types of customers to the country's climate conditions.

## LIVERPOOL FC SPONSORSHIP UNLOCKS GLOBAL MARKETS

The sponsorship contract we signed with Liverpool FC was a significant step for Ramsey toward its goal of becoming a global brand. With this sponsorship, we made a great leap in the name of increasing awareness of our brand abroad. Besides increasing Ramsey's brand recognition, it also made a large contribution to our goals of rapid growth and retailization, especially in Russia and nearby territories. For example, since our sponsorship agreement was announced, we received franchising proposals from several countries—from Canada to Belgium, from France to the United Arab Emirates, and from Nigeria to Indonesia. Close to 50 franchising proposals from ten countries were received over approximately six months. These proposals were an important development in the name of Ramsey's buildup abroad and enlarging its targets. We have now started meetings in order to expand in new markets with partnerships out of these proposals that can correctly reflect our brand identity.

# LOW VOLTAGE, HIGH AMBITIONS: VIKO

Viko, Turkey's market leader in the field of low-voltage electronics, exports 40% of its sales to 70 countries.

BY AYNUR ŞENOL



**“We predict that the spending to be done on our R&D center will rise to a total of 4 percent by 2020 and exceed TRY 100 million.”**

**B**UGHT IN 1980 BY Cahit Durmaz and Ali Dağbaşı, Viko today presents as a success story. Turkey's largest establishment in the industry and the market leader, Viko aims to become one of the top ten companies in the world in the low-voltage equipment industry by 2020. Nusret Kayhan Apaydın, General Manager of Viko, says the company is a brand name not only in Turkey but also in many other countries in the switchgear industry. “In order to make our brand stronger and more valuable, and in order to represent our country in the world markets with pride, we will continue to design, produce, and work as required by our vision,” he says. Viko conducts marketing activities to elevate brand recognition and perception in countries that possess significant market share. According to a market study by GfK, Viko is both the first brand to

***Viko's vision is to become one of the world's top-ten companies in the low-voltage equipment industry by 2020.***

come to mind and the most beloved brand of B2B or B2C customers in the switch and socket industry in Russia and Ukraine.

Viko regards its export markets as four main regions—Russia, Ukraine, Europe, and AMEA (Asia, Africa, and the Middle East). The company is a significant player in several countries.

Through its sales offices in Russia and Ukraine, it manages sales and distribution channels on location. The company compensated for the constriction in the European markets by focusing on the AMEA countries, said Apaydın, who predicts they will have ended 2012 with more than \$60 million in exports. He indicates that Viko maintains its market leadership in such countries as Ukraine, Kazakhstan, Uzbekistan, Georgia, Kosovo, and Angola. In the EU, Viko-branded products appear in the markets of several such countries as Germany, the Netherlands, Belgium, France, Spain, Sweden, and Poland.

## 2012: A YEAR OF INVESTMENT

Viko's investments in 2012 were mostly investments in the R&D processes of new product series and toward production, says Apaydın. Capacity expansion and re-

newal investments continue, he adds. All these investments add up to around TRY 15 million. As a result of evaluations done by the Ministry of Science, Industry, and Technology as per the law no. 5746, Viko gained the privilege of becoming an officially recognized R&D center in 2012. For Viko, says Apaydın, R&D and technology investments are indispensable.

“In order for our country to reach the vision it put forth, it must produce more than it consumes and sell this to foreign markets,” says Apaydın, and he adds that the most effective way to compete in the markets abroad is to create successful designs that incorporate innovation. Viko has focused on R&D and design efforts since the day it was founded, says Apaydın, according to whom the company set 2.3% of its 2012 budget aside for R&D, for which it employs a staff of 56 engineers and designers. He continued, “We predict that the spending to be done on our R&D center will rise to a total of 4 percent by 2020 and exceed TRY 100 million.”

“We are constantly updating our strategic plans and

running numerous projects with our R&D center in order to reach our vision and growth targets,” says Apaydin, and he adds, “Most of these projects—some of which are run in cooperation with TÜBİTAK, TEYDEP, and universities—are focused on the areas of smart and ‘green’ building automation systems, wireless switching technologies, remote reading systems, AG switch technologies, and next-generation switchgears.”

Apaydin summarizes the company’s activities in 2012 as follows: “In every segment from standard to luxury, we further diversified our portfolio in 2012 with new product series. The design of products with electronic functions, which were requested

est local player, with the Thea IQ brand.”

In 2012, the company received 14 awards in several branches, from innovative and technological products to awards for design, efficiency, social responsibility, employee management performance, and motivation.

“No success is a coincidence and awards are like the reverse of a medallion that hides behind it a systematic effort,” says Apaydin. In 1997, the company implemented total quality management, and in 1998 they received ISO 9001 certification, he said. In 2008, Viko became the first brand in its industry to become part of the Turquality brand support project. Later, in 2009, Viko was given “recognized brand”



**NUSRET KAYHAN APAYDIN**

General Manager of Viko

“One of our most important projects in 2012 was to develop our automatic counter-reading system solution, tackling Turkey’s biggest project in this field yet. Thanks to this project, data from 20,000 electronic counters, GPRS modems, and special software systems in the Firat and Çoruh regions, and 4,500 in the Thrace region, can be read remotely.”



especially in the European markets, was completed, and they were launched during the year. We have a 20 percent share in electricity counters and a 10 percent share in AG switch products, and our appetite to grow in these areas continues. Smart building automation systems are, for Turkey, quite a new and developing field just now. Viko is constantly expanding its product portfolio in this field, too, by increasing its R&D investments, as the large-

status by the Turkish Patent Institute.

#### **ONE OF THE WORLD’S BEST FACILITIES**

Viko operates a facility in Sancaktepe, Istanbul, where it has a total of 60,000 square meters of indoor space. This industrial facility is considered one of the world’s most modern and largest facilities in the electrical switch and socket industry. With a 100-million-unit annual switch and socket production capacity, it is

among the world’s largest facilities that manufacture under one roof. The company employs 750 people here, and with the added consideration of subcontractors that engage in production on behalf of the brand, the total direct contribution to employment is up to 2,000 jobs.

Using specially designed, patented plastic injection machinery at its facilities, Viko is able to achieve a savings of roughly 50% in electricity consumption based on the mold in use.

The facility’s glass-and-steel building satisfies the criteria of green architectural design with its incorporation of temperature control, effective use of daylight, a ventilation system, a water usage controller, and the design of its green spaces and landscaping. Through the building automation system, the heating, cooling, and ventilation systems can be controlled online, by way of which the systems’ periods and durations of operation can be set to keep energy consumption in check. Additionally, system consumption is closely observed via energy analyzers placed at 123 locations. Efficiency-increasing projects are developed to reduce greenhouse gas emissions.

Viko grew at a record 96% cumulatively in two years from 2008 to 2009, after the outbreak of the global economic crisis, thanks to its strategies for expansion and growth in the industry. The company is following its vision, with its 2012 targets being 100% in compliance with it. With the capacity of its facilities, R&D strength, and success in exports behind it, the company closely follows investment opportunities that could arise in the markets where it is present.

***With the Thea IQ brand, Viko is the biggest local player in the field of smart building operation systems.***





## Half a Century of Success: KESKİNOĞLU

Founded in 1963, Keskinoğlu is one of the first brands to come to mind in the Turkish poultry industry. This year, it will be celebrating its 50th anniversary.

With ongoing efforts to raise consumer awareness during and after the bird flu era, the brand gives special importance to facility visits. Every stage of production is conducted in a transparent manner.

BY DERYA ENGİN KUTLU

**KESKİNOĞLU'S HISTORY** dates back to circa 1919. The story starts as the patriarch of the family, İsmail Bey, emigrated from Greece to Adapazarı. Equipped with deep knowledge of livestock and tobacco, İsmail Bey settled down in Manisa Province's district of Akhisar. While business was going well, things went awry due to an outbreak of "blue mold," leaving İsmail Bey bankrupt. After this bankruptcy, he moved first to Kars and then to Adana. There he met the owner of a machine he had carried in his horse cart years ago in Akhisar: Hacı Ömer Sabancı, the founder of Sabancı Holding. İsmail Keskin's horse had died after this task. Learning of this, Hacı Ömer Sabancı offered İsmail Bey a 50% stake in his shop. However, İsmail Bey left Adana that day and did not leave an address. He settled in İskenderun

and started to manufacture Akhisar-style horse carts in a church. Some time later, a chest was delivered to the city, addressed to İsmail Bey. Inside were tools used to make horse carts and a letter from Hacı Ömer Sabancı. The letter read, "Let this be your initial capital." İsmail Bey used this capital to put his business into order, resulting in a profit. He returned to Akhisar with a rip-saw he bought and started to cut timber, which earned him a decent amount of money. Some time later, a hatcher was delivered to the Manisa Province Directorate of Agriculture, but the machine couldn't be made to work. İsmail Bey examined the machine and made a larger version. It became profitable within a short while. Upon this, he began to manufacture chicken coops, first out of wood and then of metal. This enterprise opened the door



*"The company generates 75% of the electricity it uses, which is also used to heat the facilities."*

to several other industries, too, and after this journey of more than 40 years, the Keskinoğlu brand emerged in 1963. In other words, what brought Keskinoğlu to where it is today was İsmail Bey's determined, innovative, and brave attitude.

### A TURNING POINT: 1963

Officially founded in 1963, Keskinoğlu took on as one of its first enterprises the breeding and sale of brood stock chicks brought from Germany. Later, it established feed and egg carton factories. A slaughterhouse was opened to slaughter egg-laying chickens when their productive years came to an end. Regional offices were established all over Turkey. Meatball and nugget production was begun at an advanced processing facility Keskinoğlu established. Over time, olive oil production and logistics became new branches

of business for Keskinoglu.

Today, Keskinoglu ranks as the industry leader in the export of poultry meat. The company's exports in 2011 totaled \$76 million. In 2012, the company raced toward a target of \$100 million. Keskin Keskinoglu, the company's CEO, says TRY 70 million was invested in 2012. All investments will become operational at full capacity in 2013, he says, and through this the company will reach its revenue target of TRY 1 billion. The company's exports in 2012 totaled roughly \$100 million; for 2013, the target is \$130 million. The focus for its exports in 2013 will be the Middle East, Africa, and the countries of the former Soviet Union.

Keskinoglu, the first company to bring poultry meat to Singapore, accounts for 25% of Iraq's imports of poultry meat and 67% of its imports of sausages and cold cuts from Turkey. When the company entered the business of processed products, consumption was low, points out Keskinoglu. Back then, sales were around 400–500 kg daily, while daily production today is around 150 tons. Keskinoglu is also one of the two poultry brands exported to Azerbaijan, and it also accounts for 90% of Turkey's poultry meat exports to the Balkans. Saudi Arabia, too, has been a recipient of its exports for five years. The brand occupies a significant position in the Malaysian market as well. Keskinoglu says they are a brand that realizes firsts—“In 1999, we were the first to export poultry meat to the European Union. This year, we again were the first to export eggs to the European Union.

Before the bird flu crisis, which dealt a massive blow to the poultry industry, Keskinoglu had instituted the inscription of traceable



#### KESKINOĞLU SPRINTS TOWARD ITS TRY 1 BILLION TARGET



serial numbers on eggs. The company's website allows one to query the 11-digit number on chicken labels, too, revealing several such bits of information as the time the chicken was raised and by which state veterinarian it was inspected. On the first day this system was made available, the site received 500,000 visitors, says Keskinoglu. He ascribes this heavy interest to a longing for poultry meat during the bird flu era.

#### FOUR MILLION EGGS A DAY

Keskinoglu produces four million eggs daily. Its market share in retail is 68%. Additionally, Keskinoglu is also responsible for 33% of the supply of egg-laying breeder chicks. The company also produces 400 million units of egg cartons yearly, and it has a market share of 40% in this field.

#### ON THE WAY TO BECOMING A GLOBAL BRAND IN OLIVE OIL

Keskinoglu entered the olive oil industry in 2005 with the Ravika label. İsmail Bey, the family patriarch, contributed significantly to this branch of business, too. Keskin Keskinoglu explains, “My grandfather planted olive trees between every henhouse. Those olive trees grew and opened the doors to a new in-

“As Keskinoglu, our strategy is to analyze every market we enter very well and be lasting.”

dustry for us.” Ravika now has a 9% market share in olive oil and it is exported to 75 countries. Ravika alone accounted for 18% of ready-packaged olive oil. With an 18.3% share in the Ukrainian market, it is the market leader there, and it is also the market leader in Singapore.

#### SUPPORTING AGRICULTURE THROUGH FERTILIZER PRODUCTION

Through its Organika brand, Keskinoglu produces 60,000 tons of natural chicken fertilizer annually. “We brought chicken fertilizer as a boon for Turkish agriculture. We increased the total water-holding capacity of soil in Turkey. We proved a productivity increase of 20–30% in corn,” says Keskin Keskinoglu.

#### FACILITY INVESTMENTS CONTINUE

Having opened its pasteurized egg, meat storage depot, and shock treatment facility, Keskinoglu is able to perform shock treatment in 5.5 hours thanks to the technology installed at the facility. As the product is treated early, it maintains its first-day freshness. The company also has an egg-cracking facility that can process one million eggs per day, serving the needs of Turkey's cookie producers and bakeries.

#### A NEW INITIATIVE THROUGH THE TAVVUK BRAND

The Tavvuk restaurants, of which there are four in Istanbul and one in Manisa, aim to increase their presence in shopping centers and to grow via franchising. A healthy menu that suits the Turkish palate was created for the restaurants, says Keskinoglu, and he adds that the same level of care is given to service.





## TAT: THE GLOBAL TASTE OF TURKEY

Always keeping up with innovations in the tomato products industry and constantly expanding its production capacity, Tat Konserve is an important player not only in Turkey but also abroad.

BY DERYA ENGIN KUTLU

**F**OUNDED IN BURSA IN 1967, Tat Konserve has been producing pepper/tomato pastes, ketchup, mayonnaise, tomato products, and canned vegetables at various locations in Turkey for years. In 1989, the company introduced chopped tomato production technology to Turkey. Later, it started producing chopped tomatoes and peeled tomatoes. In 1997 and 1998, Tat used the latest in technology to set up jar, ketchup, and mayonnaise filling lines. In 2003, Tat put into action the “Magnum” chopped tomato production line, a soldered lid technology that reduces the possibility of air exposure to aseptic tomatoes to a billion in one, which is found in America at



*“We are ending 2012 with roughly 15 percent growth. The number of new products we released over the year, nearly 100, played a large part in this growth. These products became our innovative, changing face.”*

a number of select operations and in Europe only at Tat Konserve in Turkey.

Always keeping up with innovations in the canning industry and constantly expanding its production capacity, Tat Konserve made a name for itself abroad just as it did in Turkey. For years, Tat has been one of the world’s most important players in the export of aseptic tomato paste, which is used as an industrial input product. The company ascribes this success to experience, quality in production, and customer loyalty.

**“WE ARE A WORLD PLAYER IN ASEPTIC TOMATO PASTE EXPORTS”**  
Arzu Aslan Kesimer, General Manager of Tat Konserve,

**Tat Konserve is a company** that has aimed to achieve the first and the best in canned and preserved foods for more than 40 years.

explains the Tat brand’s international road map and the factors that led the brand to success as follows: “In our operations abroad, in addition to our export of aseptic tomato paste, we have always aimed to increase our market share with our own brands by bolstering our retail product portfolio.” Kesimer adds that the products must be positioned very carefully with regard to branding, from factory to retail shelves.

Tat keeps a close eye on its product sold abroad, noting the kinds of locations they are sold, in which category and where they are presented, how they are priced, and what kinds of promotions are applied to them, says Kesimer: “You must be sure that your products are presented to consumers in the correct storage conditions and at the correct standards of quality. And this makes it necessary to work together as partners with distributors that possess certain competencies in the foreign territories you go to.”

As Tat targets its strategy to control every step from production to sales, it acts with the importance of keeping its retail product portfolio, the brand, and the stages undergone by its products in the supply chain under control. And for this, they firstly value distribution networks that bear certain standards of quality. Second are advertising and promotional activities targeted to consumers. “Firstly in nearby markets we have found it suitable to focus on, ethnic consumer segments continue to be a significant driving force that support our branding process. Especially



in the European ethnic market, we prioritized introducing our brand to consumers by conducting below-the-line and above-the-line consumer communications this year," she says about Tat's projects abroad.

The areas where Tat, which is a player abroad with its products in several countries, has the highest volume of business are Japan and Russia. They conduct high volumes of aseptic tomato paste trade with these regions. "As a result of our new strategy, we started to compete in new markets in recent years with our brands and retail products," says Kesimer, hinting at much loftier goals. Detailing Tat's portfolio of products available abroad, she says, "Canned items, ketchup, mayonnaise, and our pasta products appear on shelves especially in the markets of Europe, the Middle East, and Africa."

#### ONE MUST KNOW THE NECESSITIES OF THE MARKETS ABROAD

Taking part in the European market requires important necessities, according to Kesimer. Her description of the territory is as follows: "Commerce in the European market is consolidated to a certain few establishments. These establishments either are in the class of discount stores or are in search of unbranded private-label



products to sell at their stores. Therefore, in the European markets, you can suffer difficulties in emphasizing your brands, dealing with high listing costs, or attaining a financial state in which you can supply unbranded private-label products. Additionally, not knowing whether or not contracts for unbranded private-label products will be lasting and allocating a certain amount of production capacity for these contracts can contain risks, naturally." The situation Tat faces in the African and Middle Eastern markets has to do with sound management of commercial and consumer expectations of quality, by Kesimer's assessment. She adds, "There are significant

gaps in product diversity in these markets. Short-term commercial players from all over the world that recognized these gaps exported low-standard goods with no mind for standards of quality, unfortunately introducing consumers to these products. When you enter such countries with care for your established quality, you can suffer in the competition due to your prices—the cost of the standards you hold."

#### TAT'S INNOVATIVE SOLUTIONS FOR FOOD PRICE INCREASES

Over the past five years, the global food price index rose by 130%. With the droughts that occurred in this period, the cost of agricultural produce, and thereby food, increased greatly. Kesimer

*"The Tat brand's 2012 export success was the Pastavilla brand. We achieved more than 25 percent growth with this brand. We sent Pastavilla products to many countries, such as Japan, Haiti, and South Africa."*

says this has affected Tat Konserve, as a company that processes and markets agricultural produce that grows in Turkey. "Firstly, the prices of several agricultural products have been increasing. And because we, as Tat Konserve, mostly use these products as raw inputs, our costs increase as well. For us, our priority topic concerning this matter is innovation—in innovation in every sense, at that. First are innovations that will make more efficient use of the raw inputs in our production process. Such developments minimize the negative effects of rising agricultural product prices for us. Another are innovations applied to the product that comes in contact with the consumer, innovations that increase the product's value in the eye of the consumer. Products suited to consumers' lives and changing lifestyles, and value-added products, are very important to minimize the effect of rising raw input costs." Tat Konserve is a company that has aimed to achieve the first and the best in canned and preserved foods for more than 40 years. As its brand progresses abroad, it makes no concessions of the approach to quality set 40 years ago by its founder, Vehbi Koç.

#### TAT BY THE NUMBERS



**68%**

Tat is the leader in the Turkish market with a 68% revenue share in tomato-based products and 30% in the tomato/pepper paste market."



**750**  
MILLION (TRY)

Its revenues exceeded TRY 750 million in 2011.

**40** COUNTRIES

Tat exports its products to 40 countries.

**20%**

Tat is Turkey's largest processor of tomatoes. Tat accounts for 20% of industrial tomato processing in Turkey.

# Agenda

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



## *Dosso Dossi Fashion Show*

Dosso Dossi Fashion Show, which will for the 15th time present next season's products from all over the world to buyers, will give Turkish textile vendors an opportunity to see thousands of kinds of products at once and do shopping while on holiday. Companies from many countries around the world will participate in the event, where 150 textile companies will meet 5,000 textile buyers. There will be 45 catwalk shows at the

**JANUARY 8-14**  
Antalya Expo Center

event—400 models were hired for this purpose. Buyers will find the products they want in ready-to-buy form. As they do their bulk purchases, they will also be enjoying vacation with their families. Dosso Dossi Fashion Show buys products from the manufacturing firm in the case of confirmed sales, delivering the product to the buyer with its own guarantee.

# JANUARY

**JANUARY 9–12**

**Agro Eurasia  
Tüyap İstanbul**

Gaining in value and having completed the requirements of restructuring and modernization within the scope of EU integration, the Turkish agriculture industry will meet for the seventh time with the same purpose at the Tüyap Fair, Convention, and Congress Center. Participating in the event are the agriculture industry's leading institutions and companies.



**JANUARY 10–13**

**Health Expo  
CNR Expo İstanbul**

Özhan Carda, Corporate Communications Director and Board Member of CNR Holding, said, "A delegation from the Libyan Ministry of Health will take part in meetings at Istanbul Health Expo with the purpose of sending patients to hospitals on our country and conducting medical purchases." The Turkish medical industry, which aims to increase its competitive power in the world's markets, drew the attention of Libya as the conflict-stricken country plans to carry out the repairs of the hospitals damaged during the civil war. The Ministry of Libya will visit the Istanbul Health Expo with a high delegation committee. The Iraqi government, with plans to invest \$30 billion in health care, also stated its plans to participate in the fair, showing that the Istanbul Health Expo/Medical Products, Hospital Equipment, Health Care Informatics and Technologies, Laboratory Systems, Home Care Products, and Medical Tourism Exhibition is set to satisfy the industry's expectations.



**JANUARY 29–FEBRUARY 2**

**Officexpo  
CNR Expo İstanbul**

Officexpo will assemble under one roof all parties in the office furniture industry from designer to producer. On display at the Officexpo Fair will be modern designs. The fair is being held on an area of 20,000 square meters. Nearly 100 companies are expected to participate in the fair, including such industry leaders as Ersu, Goldsit, Madeş, Rapido, Panelkon, and Özlem Çelik. The fair will be a show of strength for the Turkish office furniture industry. Many professionals from such countries as Russia, Iran, Iraq, Kazakhstan, Saudi Arabia, Germany, the Netherlands, France, Belgium, and London are expected to visit.

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**FEBRUARY 15–24**

**CNR Eurasia Boat Show  
CNR EXPO İstanbul**

The world's second-largest boat and yacht show held on land, the CNR Eurasia Boat Show, International Sea & Marine Vehicles, Equipment, and Accessories Fair welcomes yacht and boat enthusiasts. Every year, passionate mariners and the industry show great interest in the CNR Eurasia Boat Show, which is aimed to increase the Turkish boat and yacht industry's pull in the world. Over 1,000 brands will be participating in this year's fair, which will be held over an 85,000-square-meter area. All boats exhibited at the Boat Show end up sold, generating around \$1 billion in business volume for the industry. Various seminars concerning the industry will also be held at the fair, which will welcome many professionals from Italy, the Netherlands, the UK, and France.



**FEBRUARY 20–24**

**MODEKS**

**Tüyap Bursa**

Modeks is the largest furniture exhibition in Anatolia, being held on a 45,000-square-meter area consisting of six halls in Bursa, the city of fairs, in association with Media Anemon. The event will bring together leading furniture manufacturing companies and professional visitors under the same roof. Companies from İnegöl Province, one of Turkey's most important centers of furniture manufacturing, will appear in great numbers at this grand gathering, which will contribute to the regional and national economy and allow participating companies to reach new markets both domestic and abroad, enabling visitors to find all the products they seek in one place thanks to its broad concept.



# FEBRUARY



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