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# The Turkish Perspective

MARCH-APRIL 2013 ISSUE 15

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

**EXCLUSIVE INTERVIEW**  
The Minister of Youth and Sports, Suat Kılıç shared his views on Turkey's future in sports.



## TURKEY SPRINTS TOWARD THE GOLD

As it reignites its athletic culture through investments and by hosting world-class sporting events, Turkey now aims for the top as a candidate host for the 2020 Summer Olympics.





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# Editorial



MEHMET BÜYÜKEKŞİ  
PRESIDENT (TIM)

## ISTANBUL SPRINTS TOWARD THE 2020 OLYMPICS

As the world observes Turkey's accomplishments, ambitious undertakings, and continued economic success in awe and surprise, the country is mobilizing to have Istanbul—saddling two continents, a confluence of cultures and a commercial hub as important today as it was centuries ago—host the 32nd Summer Olympic Games in 2020.

**I**STANBUL IS A MEMBER OF a rare breed of metropolises, attracting the attention of the entire world to everything from its rich historical backdrop to its natural beauty, nonpareil geographic position that connects two continents, and vibrant culture.

Istanbul is also the heart of the economy of Turkey, accounting for half of Turkey's foreign trade on its own. With its polyphonic culture and tourism, too, Istanbul is Turkey's greatest, leading city.

We dedicated the cover story of this issue of our magazine to a matter that concerns Istanbul, Turkey, and the entire world: Istanbul's candidacy to host the 2020 Olympics.

Yes, it is true that besides our own beautiful Istanbul, Madrid and Tokyo are also candidates for the 2020 Olympics. We believe that Turkey—meaning Istanbul—will finish this challenging race as the victor. And this is no mere wish; for us, it is a reality: in recent years, Istanbul has been climbing to the top as a rising star of a city, and Turkey has also been shining brightly in the world with the reforms and progress it achieved in every area from democracy to its economy.

The entire world is discussing the accomplishments of Turkey, from its success in exports to its rapid growth, and from its rising employment to its political and economic stability. And one

of the greatest advantages has in these Olympics is its young population. Furthermore, the importance Turkey gives to sports and the great support provided by our Prime Minister and our government to the Olympics bear emphatic mention as well.

Turkey is a country that has passed the trials of many such large sporting events, some of which are listed below:

- 2005 UEFA Champions League Final,**
- 2009 UEFA Cup Final**
- 2010 World Basketball Championships**
- 2012 World Indoor Athletics Championships**

**2012 World Short Course Swimming Championships**  
**2011-2013 WTA Tour Championships**  
**2012 Euroleague Final Four**

As a city that emerged from all of these large events with flying colors, we believe Istanbul has great chances for 2020.

Dear readers: I would also like to briefly mention economic expectations for the year 2013. Although Turkey has been following a successful path in both exports and employment, 2012 was quite a challenging year for the world's economies. A period occurred in which economic stagnancy put several developed countries into dire straits and consumer confidence plummeted. We are receiving positive signals that this pessimistic picture will change at least somewhat in 2013. The IMF and World Trade Organization predict 5% growth in global trade for 2013, while the World Bank predicts 6%. This indicates a general worldwide recovery of sorts.

We are of the opinion that in the year 2013, which will be more hospitable to world trade relative to 2012, Turkey, too, will utilize this positive atmosphere as best as it can.

Once again, I wish for 2013 to be a year in which economic prosperity increases, wars end, and peace prevails worldwide.





More than 32,000 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 75,6 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  
PROMOTION AGENCY



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# First

FOREIGN TRADE, FUEL, AVIATION, SPORTS, BANKS, FINANCE, ENGINEERING, CONSTRUCTION, AUTOMOTIVE...



**Prime Minister**  
Recep Tayyip Erdoğan said, "We want to establish a lasting cooperation with Africa."

## AFRICA: THE NEW ADDRESS FOR EXPORTERS

Turkish exporters have started efforts to cultivate trade with Africa, under the leadership of Prime Minister Recep Tayyip Erdoğan.

**V**ISITING Gabon, Niger, and Senegal, the exporters exchanged bilateral promises to develop and strengthen through agreements cooperation with the region.

### GABON WAS THE FIRST STOP OF THE VISITS

Prime Minister Erdoğan emphatically stated that they are

determined to increase trade volume with Gabon. Erdoğan indicated that they aim to grow the volume of trade with Africa to \$50 billion for the year 2015, adding that trade with Gabon will be brought to new dimensions.

Based on figures for the first 11 months of 2012, Turkey attained a \$41 million trade

volume, said Erdoğan, and he went on to state that this figure is insufficient. By working harder in this new process, said the Prime Minister, they will cultivate cooperation in every area.

**BÜYÜKEKŞİ: "WE'RE PHYSICALLY DISTANT TO AFRICA, BUT OUR HEARTS ARE CLOSE"**  
Meeting with NGO

representatives in Gabon, Turkish Exporters Assembly Chairman Mehmet Büyükekşi pointed out the fact that Gabon is undergoing massive infrastructural development. "The continent of Africa is a territory that is physically distant to us. But our hearts are very close to you. For this reason, Turkey

has been giving great importance to Africa in recent years. We are expending great efforts to both further deepen our friendship with all countries on the African continent and develop our investment and trade relations," he said, and he added that Turkey is open to cooperation with Gabon in all sectors. →

On the second stop of the African tour, Niger, roughly 700 bilateral business meetings were held with representatives from more than 300 Nigerien firms

In the speech he delivered at the Turkey-Niger Business Forum held in Niamey, the capital of Niger, Prime Minister Recep Tayyip Erdoğan said, “We want to establish a lasting cooperation with Africa based not on a unilateral colonialist mentality but on a foundation of mutual benefit of respect, through which both sides will win.” Erdoğan indicated that he has furthering the volume of trade between Turkey and Niger in mind, and he expressed that Turkish firms’ recorded investments in Africa have exceeded \$5.5 billion



in value and that the government would continue to support them, particularly so that SMEs will be able to increase their investments in the country.

#### IN DAKAR, THE LAST STOP ON THE TRIP, A PROMISE TO INCREASE TRADE TO \$250 MILLION

In the speech he delivered at the Turkey-Senegal Business

Forum held in Dakar, the capital of Senegal—the final stop on the trip—Erdoğan said, “Senegal is the first point of Turkey’s reunion with Africa.” The Prime Minister indicated that the two governments’ priority targets are to establish the necessary legislative infrastructure for investors and provide incentives for them to invest and trade.

Turkey established business councils and works with 16 countries on the African continent, said Erdoğan. He noted that the establishment as quickly as possible of a business council between Turkey and Senegal would accelerate economic activities.

Prime Minister Recep Tayyip Erdoğan stated that the Turkish business group’s

investments in health care, tourism, education, the environment, and food were met with gladness in Senegal. He also indicated that the portion allotted to Senegal in the Eximbank credit set aside for the purpose of supporting economic activities in Africa had not yet been used. The use of these resources would also help develop economic relations, he pointed out. “2015 must be our first target, and on that date, let’s go up to 250 million dollars,” said Erdoğan. The necessary legislative arrangements for this would be implemented, he added. For Senegal’s growth, development, and progress into the future in stability and peace, Turkey is ready to contribute in every way, the Prime Minister declared.

## EXPORTS

### SCO A SIGNIFICANT EXPORT MARKET

**E**XPORTS accounted for \$11 billion of Turkey’s total trade in 2012, while imports accounted for \$51 billion. Turkey’s exports to member countries of the Shanghai Cooperation Organization (SCO) constituted 7.5% of its total exports, while imports from SCO countries constituted 21.6% of total imports. Turkey’s trade with the EU, as the latter strug-

gles with economic crisis, is in a decline—in 2010, the EU accounted for 41.7% of Turkey’s foreign trade. This figure has fallen continually since then, down to 40.8% in 2011 and to around 37.7% in 2012. According to data from TurkStat, the SCO has a 16% share in Turkey’s total foreign trade volume, while the EU has a share of around 37%.

## CONSTRUCTION

### Turkish Contractors’ Projects worth \$26 Billion

**T**HE TURKISH Contractors’ Association released a sectorial analysis that addresses the shift of the focus of risk from the financial market to political developments in 2013. The report announced that contractors undertook 433 projects abroad, worth \$26 billion in total, in the year 2012, of which 65% were in Turkmenistan, Iraq, Russia, Iran, and Saudi Arabia.

As of year-end 2012, the number of countries in which the contractors were active had reached 100, with a total of 7,000 projects in these countries, worth the equivalent of \$240 billion. The analysis indicates that the construction sector grew 0.3% in Q2 2012 and 0.4% in Q3, and that the sector’s total 1.5% growth over the first six months of the year fell to 1% after the ninth month.



## INVESTMENT

## EXPECTED FDI AT LEAST \$15 BILLION

The survey was conducted among YASED members. FDI in 2013 is expected to total \$15–20 billion by 49% of the participants, \$20–25 billion by 20%, and under \$15 billion by 27%. The survey suggests that such sectors and industries in Turkey as energy, financial services, health care, automotive and its subsidiary industries, FMCG, agriculture, and IT will draw international investment in the coming term.

## SPORTS

## TURKISH AIRLINES LEADS ON THE SOCCER PITCH

The team that reached a happy ending in the Istanbul U15 League's Group 5 was none other than the Turkish Airlines Sports Club's U15 squad. Waging a fierce battle for the big championship with Istanbul Trabzonspor all season, the red-and-whites defeated Bakırköyspor 5–2 in their last week on the pitch to finish two points ahead of their rival. With 12 wins, one draw, and one defeat, the team scored 47 goals and had 14 scored against it. Their aim now is get through the Istanbul eliminations and go to the Turkish Championship.

## SPORTS

## Fastest In The World



**T**HE WORLD'S risingstar, Turkish Airlines is continuing this year the support it has provided since 2008 to Lena Aylin Erdil, Turkey's wonder-woman windsurfer. Clocking in at 45.74 knots in the Luderitz Speed Challenge held in Namibia from November 5 to December 2, 2012,

Lena Aylin Erdil became the world's second-fastest woman surfer. Congratulating Erdil on her success, Turkish Airlines' Sponsorship Investments and Publications Manager Murat Öz said in his speech that Turkish Airlines will always support progress in Turkish sports.

## AUTOMOTIVE

## Automotive Industry Export Champion for January



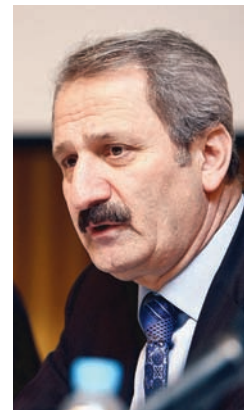
**A**CCORDING TO Turkish Exporters Assembly (TIM) data, Turkey's January exports totaled \$11.25 billion, which corresponds with a 5.6% increase over the same month last year. On a by-industry basis, the industry to

export the most by value was the automotive industry with \$1.49 billion in exports. Ready-to-wear clothing took second place with \$1.41 million and chemical materials third place with \$1.32 million.

## AUTOMOTIVE

## ZAFER ÇAĞLAYAN HINTS AT DOMESTIC AUTOMOBILE

Minister of Economy Zafer Çağlayan expressed intent to encourage the development of a domestically produced automobile. Indicating that their aims are to increase rates of local sourcing in existing investments and to create a Turkish brand, Çağlayan said, "Local sourcing in the automotive industry in Turkey is 56 percent, meaning that while every 56 dollars out of 100 dollars in production stays in Turkey, 44 dollars goes to purchases from abroad. Our aim is to raise this level to around 85 percent. The more we localize our sourcing, the faster we will approach our own brand. The two are a simultaneous process. That is to say, this journey will eventually bring to us a brand of our own."



## FOSSIL FUELS

## SHELL TO TAKE A DIP IN THE BLACK SEA

**T**HE TURKISH Petroleum Corporation and Shell signed a cooperation deal for deep-sea exploration and production of oil and gas in the western Black Sea.

Shell, the fourth company to begin petroleum explorations in the Black Sea after Petrobras, Chevron, and Exxon, will conduct 3D seismic exploration in a 1,500-square-kilometer area in the western Black Sea and drill at least one well.



## AVIATION

## THE WORLD UNDER YOUR WINGS

**W**ITH the world's fifth-largest flight network and flights to more countries than any other airline in the world, Turkish Airlines still continues to add new flight destinations. The airline, which opened 34 new routes in 2012, is planning to add another 33 in 2013. As part of the expansion, thrice-weekly flights to the Gabon capital, Libreville, via the country's large-

est city, Douala, were launched on January 31. A Colombo (Sri Lanka) route was added on February 1, as of which the airline's Starting from this date, the airline's five-times-weekly Istanbul-Maldives flights will be routed Istanbul-Maldives-Colombo. Drawing on strength from its past, Turkish Airlines continues to march straight ahead with confidence in its future success.

## BANKS



## TURKEY ENTERS TOP TEN IN THE GOLD LEAGUE

**T**HE CENTRAL BANK OF Turkey's total foreign currency reserves, including gold, has exhibited an increase over the past decade of 337%, reaching historic record levels with a value of \$123.34 billion. According to information gleaned from Central Bank data, total foreign currency reserves including gold rose from \$28.29 billion on Janu-

ary 3, 2013 to \$123.344 billion in value as of January 25, 2013, corresponding to a 337% increase over a decade. While banks' gold reserves totaled \$1.73 billion on January 3, 2003, they reached the equivalent of \$19.79 billion as of January 25, 2013. Over the past ten-year period, gold reserves grew by a rate of 1.447%, being multiplied by a factor of 15.5.

## BANKS

## TEN TURKISH BANKS AMONG THE WORLD'S 500 MOST VALUABLE BANKS

**T**EN TURKISH brands entered the latest edition of the study "Top 500 Most Valuable Banking Brands," which has been published annually for six years by Brand Finance in cooperation with The Bank-

er. Akbank, with a brand equity of \$2.121 billion, ranked 86th on the worldwide list as Turkey's most valuable banking brand. Ranking first worldwide was US-based Wells Fargo with a \$26 billion brand equity.



## ENGINEERING

EUROPEANS  
DRAWN TO CHANGE

M. Ali Bulut, President of the Demolition Contractors Association of Turkey, announced that a \$10 billion demolition market will emerge with the implementation of Turkey's several new urban renewal projects. Companies from Germany, France, Spain, Italy, and the Netherlands have expressed interest in investing and partnering with Turkish companies. Foreign parties are preparing to enter the market before the second phase in the project, said Bulut. On March 7, the Istanbul Demolition Conference will bring together demolition companies both foreign and local. Fifteen European companies are set to participate in the event so far.

## ECONOMICS

TURKSTAT  
CLARIFIES EFFECT  
OF TOURISM  
INCOME REVISION  
ON CURRENT  
ACCOUNT DEFICIT

Birol Aydemir, the President of TurkStat (the Turkish Statistical Institute), held a press conference in Istanbul at which he spoke about the effect of the revision to tourism income figures on the balance of payments. Aydemir stated that this revision should affect the figures for the current account deficit in 2012 by a net \$2.2 billion initially.

## AVIATION

Turkish Airlines'  
Passenger Volume  
Grows 23% in January

Turkish Airlines, which was named Europe's Best Airline in 2012 by travelers, surpasses its goals once again.



**I**N A PRESS RELEASE by its media relations department, Turkish Airlines announced that its total passenger volume grew 23% in January. According to the release, the airline exceeded its targets last year by carrying more than 39 million passengers and gained

a head start on the year 2013. "The number of passengers carried in January 2013 was 3.2 million, an increase of 23 percent over 2012. On domestic routes, the increase was 9 percent and on international services, 34 percent," stated the release.

## FINANCE

European Investment Bank  
Grants Turkey Credit

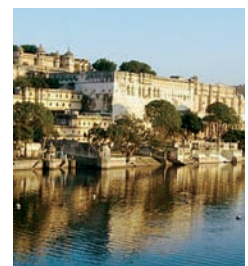
**THE EUROPEAN INVESTMENT BANK** (AIB), the EU's long-term financing institution, granted €2.14 billion in credit to Turkey last year, with an increase of 5%. Turkey became the bank's seventh-largest customer among EU countries and largest customer from outside the EU. Roughly half of the amount granted to Turkey by AIB was earmarked as SME credit to be granted via banks. The grant was also used to provide €175 million to TÜBİTAK, €100 million to Arçelik, and €70 million to Türk Telekom for the purpose of R&D projects.



## INVESTMENT

TURKEY  
AND INDIA  
COLLABORATE  
ON  
INVESTMENT

Minister of Economy Zafer Çağlayan expressed intent to encourage the development of a domestically produced automobile. Indicating that their aims are to increase rates of local sourcing in existing investments and to create a Turkish brand, Çağlayan said, "Local sourcing in the automotive industry in Turkey is 56 percent, meaning that while every 56 dollars out of 100 dollars in production stays in Turkey, 44 dollars goes to purchases from abroad. Our aim is to raise this level to around 85 percent. The more we localize our sourcing, the faster we will approach our own brand. The two are a simultaneous process. That is to say, this journey will eventually bring to us a brand of our own."



# Panorama



BY PROF. NAKIYE BOYACIGILLER, PhD

## *The Need for Managers (and Individuals)* WITH GLOBAL MINDS



**A**S THE DEAN OF ONE OF THE MOST IMPORTANT management schools of Turkey—one that has strong ties to business—I often think about what our school must do in order to help our students to develop the necessary skills to handle issues they will face throughout their careers. I also see that high-level managers are spending much time and effort toward cultivating a workforce for the future. With regard to workforce development, the importance given to business ethics and global context has increased especially in recent years. An important matter here is how management schools and companies will work together to determine the qualities and commitments we expect from the managers and leaders of the future. I call these qualities the “global mind.”

What is a global mind? In the early 2000s, my colleagues and I conducted a study to understand exactly what the global mind was. Informed by the comprehensive results we obtained, we defined the global mind as the ability to think about the world in several different ways, with a sophisticated perspective that embodies a positive approach and cosmopolitanism.

While scientific debates on the conceptualization and measurement of the global mind are ongoing, management schools and the international management community have reached a consensus that the number of people with global minds plays an important role in attaining institutional success. This is because the global mind helps leaders see the world from different perspectives, make effective decisions both locally and globally, and raise the competitiveness of their companies in the global market.

### IS THE GLOBAL MIND IMPORTANT?

Cultural and institutional differences and local contexts continue to be of critical importance today. Meanwhile, the global challenges we face as humankind (global warming, the struggle against poverty, illness, war, and so on, and the organization of our financial system) require an understanding of global citizenship and responsibility, as well as comprehensive solutions. These challenges can only be overcome by managerial teams that possess global perspectives.

The development of a global perspective is of vital importance for Turkey in particular. Turkey is aiming to become one of the world's largest economies in the coming term. But to achieve this, Turkish companies must assume larger roles in the global markets and effectuate a deep transformation from the local to the global. And global minds in managers are the most important element that will trigger and lead this change.

#### HOW CAN WE CULTIVATE GLOBAL MINDS?

Coca-Cola Company CEO Muhtar Kent and Renault-Nissan CEO Carlos Ghosn are typical examples of global leaders. Both of them had various cross-cultural learning experiences as they took great strides toward leadership and embraced opportunities to work in different countries and cultures throughout their careers. So, instead of waiting for global leaders to emerge on their own to save the day, what can we do to increase their numbers?

When managerial candidates are being selected in global companies, it is important to be able to recognize individuals who exhibit the aptitude to develop global minds (meaning they possess sophisticated, cosmopolitan perspectives). Managing complex projects in the past, the ability to separate and combine information, and successes exhibited on the part of these individuals could be considered indicators that they possess the ability to think with sophistication. Cosmopolitanism could be assessed by looking at such factors as being educated in multiple countries, having family ties to different nations, and skill in foreign languages.

International travel, multicultural teamwork, intercultural training, and expatriate assignments are the main methods applied by companies to develop teams of workers who possess global minds. But the management of multicultural teams and expatriate assignments is very difficult, with such undertakings often resulting in disappointment. Broad cultural differences are often blamed for failures, but being unable to adapt to the cultural habits of a certain country is just a small part of the problem. In truth, the lack in individuals of global minds that would allow them to open up to new things is generally the most significant reason.

#### WHAT ARE MANAGEMENT SCHOOLS DOING TO CULTIVATE GLOBAL MINDS IN STUDENTS?

Over the past 20 years, management schools made significant investments to increase students' international experience via exchange programs, international internships, and educational tours. Additionally, increased cultural diversity in many schools helped to establish a multicultural class environment that made it possible to develop global skills. For instance, the Erasmus program, whose stated purpose is to "contribute to the development of a pool of well-qualified, open-minded, and internationally experienced young people as future professionals," enabled two million students in Europe to gain rich educational experiences in different countries since it was founded in 1987. Turkey is exhibiting ever-greater participation in this program. In the 2010–2011

academic year, Turkey ranked sixth in terms of academic student mobility and secured an increase of roughly 15% over the previous year with a mobility of roughly 10,000 people.<sup>1</sup> Despite this, in order to reach the targets set in Bologna for the year 2020, participation from Turkey must increase 22% annually and the number of outbound students must reach the level of 80,000 annually.<sup>2</sup>

#### JOINT GAINS FOR COMPANIES, MANAGEMENT SCHOOLS, AND SOCIETY

There are two important institutions that provide accreditation to management schools: the AACSB and EFMD. These institutions emphasize the appreciation of global perspective and cultural diversity as critical factors of success in management education. Opportunities for multicultural education that people could access without leaving their houses emerged as the outcome of the combination of the economic limitations faced by many schools with the innovative teaching tools brought by developments in communication technology. But

I still do not believe anything could serve as a substitute for international exchange. As management schools push these programs to the forefront on account of their curricula, companies could play an important supportive role. I hope that students being asked in job interviews why they did not participate in international exchange will encourage more of them to participate in these programs. And companies can offer more international internship opportunities to contribute to the cultivation of global minds.

#### CONCLUSION

It is expensive to place employees in other countries as expatriates. On the other hand, compare the cost of sending a twenty-something student abroad for one term or year with that of sending a high-potential employee in his or her thirties abroad. Why wouldn't you hire someone who already possesses one of the most important management skills? Just as how foreign languages are



*Turkish  
companies must  
assume larger  
roles in the global  
markets and  
effectuate a deep  
transformation  
from the local to  
the global.*

best learned at early age, gaining such transformative experiences at an early age ensures that their effects will be deep and lasting. If companies were to show more demand for students with global minds and open more doors for them, students will want to develop these skills even further. In connection to this, we will see management schools investing more to develop these aspects in students. As always, the management community needs both pressure (by rules of accreditation and curricula) and encouragement. The driving force that will facilitate growth in the number of people who possess global minds is our obligation to face the global challenges that stand before us as humanity. I hope we are not too late for this struggle.

<sup>1</sup> Ülgiir, İlyas. (2012). *Erasmus İstatistikleri ve Genel Değerlendirme*. Center for European Union Education and Youth Programmes: <http://www.ua.gov.tr/docs/erasmus-/erasmus-%C4%B1statistikleri-ve-genel-degerlendirme.pdf>  
<sup>2</sup> Ülgiir, İlyas. (2011). *Erasmus Hareketlilik Faaliyet Genel Değerlendirme*. Center for European Union Education and Youth Programmes: <http://www.ua.gov.tr/docs/erasmus-/2009-2010-genel-degerlendirme.pdf>



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**Editors:** Can Gürsu

# Briefing

HEALTH, INVESTMENT, FURNITURE, AUTOMOTIVE, POULTRY FARMING, AVIATION, INT'L AFFAIRS...



## HEALTH

### Medical Industry Draws

# TOURISTS TO TURKEY

Medical tourism, lately one of Turkey's rising stars in the export of services, could be one of the country's greatest playing cards in reaching its 2023 targets.

BY NESRİN KOÇASLAN BY CEVAHİR BUĞU

**T**URKEY has yet another playing card to help it grow and reach its targets for 2023. Medical tourism, which exhibited significant development in recent years, is an important matter on the government's economic agenda. In turn, the private sector is showing greater interest in international

patients, establishing offices abroad, employing personnel specializing in this area. Turkey's health care sector is thus growing in a "win-win" fashion.

#### TURKEY'S SHARE IN MEDICAL TOURISM INCREASES

With the "Transformation in Health" policies that were

introduced in 2002 and the growth of the industry in recent years through investments and reforms, there is a visible increase in the industry's contribution to exports. According to data from the Ministry of Health's Medical Tourism Unit, medical tourism accounts for \$1 billion of total exports.

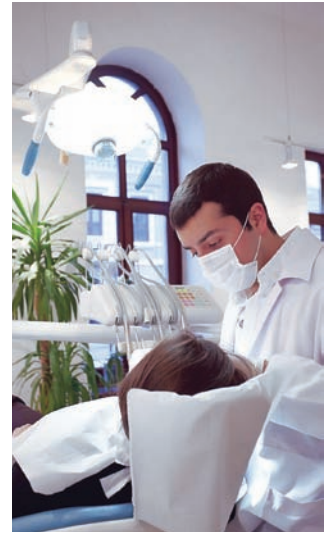
With this share, the industry is important to the \$500 billion export target for the year 2023 as well. The export of services, which includes medical tourism, is expected to account for \$150 billion of the total target, and medical tourism is expected to contribute \$20 billion to this figure.

The development of Turkey's health care sector and growing investments have had a positive effect on the medical tourism industry.

**FREE ZONE PREPARATIONS**

Turkey has taken important steps to advance medical tourism. “Foreigners who receive health care will speak of how advanced Turkey is in health when they return to their countries, contributing to Turkey’s image in social and political terms,” says Dr. Dursun Aydın, President of the Ministry of Health’s Medical Tourism Unit.

In his speeches, he often emphasizes how important free medical zones are to the industry. “We must offer this system to the world with a unique conceptualization. Investors will be given tax-related advantages and bureaucratic services will be expedited. To encourage Turkish physicians who have served abroad for long years to come to free medical zones in Turkey, we plan to exempt them from compulsory service,” says Aydın, underlining the importance Turkey is giving to medical tourism. According to the Medical Tourism Unit’s plans, 85% of the free medical zones to be established will be set aside for the care of international patients, with the remaining 15% being designated for local use.



*Medical tourism, which exhibited significant development in recent years, is an important matter on the government’s economic agenda.*

**PATIENTS FLOCK TO TURKEY**

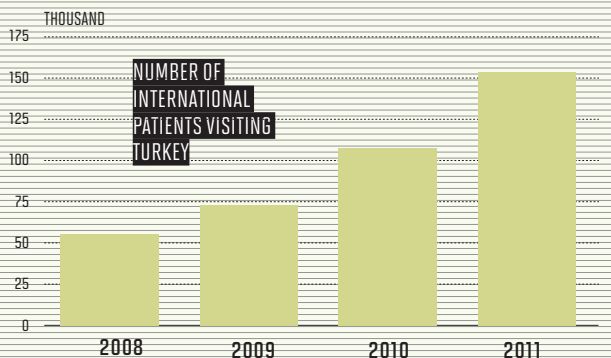
The effects of the tangible steps taken by Turkey in the field of medical tourism can be observed statistically. While the number of patients coming to Turkey in 2008 was 56,276, this figure rose to 156,000 in 2011, corresponding to an average increase of 150%. Ceylan Pirinçioğlu, Chairman and CEO of VIP Tourism, affirms these figures. He states that in the past, patients would travel from Turkey to Europe due to inadequacies in health care services in the country. As he points out, this situation has changed in recent years. The development of Turkey’s health care sector and growing investments have had a positive effect on the medical tourism industry, said Pirinçioğlu. Growth in this field will provide a positive contribution to tourism overall as well, he added.

**STAR BRANCHES**

International patients are choosing medical institutions in Turkey for almost every matter. Certain branches in the sector shine particularly brightly and attract the most patients; namely ophthalmol-

**INCOMING INTERNATIONAL PATIENTS**

International patients are choosing medical institutions in Turkey for almost every matter



Data: Medical Tourism Unit

**1**  
**MILLION**

Medical tourist target for 2023

**\$20**  
**BILLION**

Medical tourism revenue target for 2023

**500**  
**THOUSAND**

International patient target for 2015

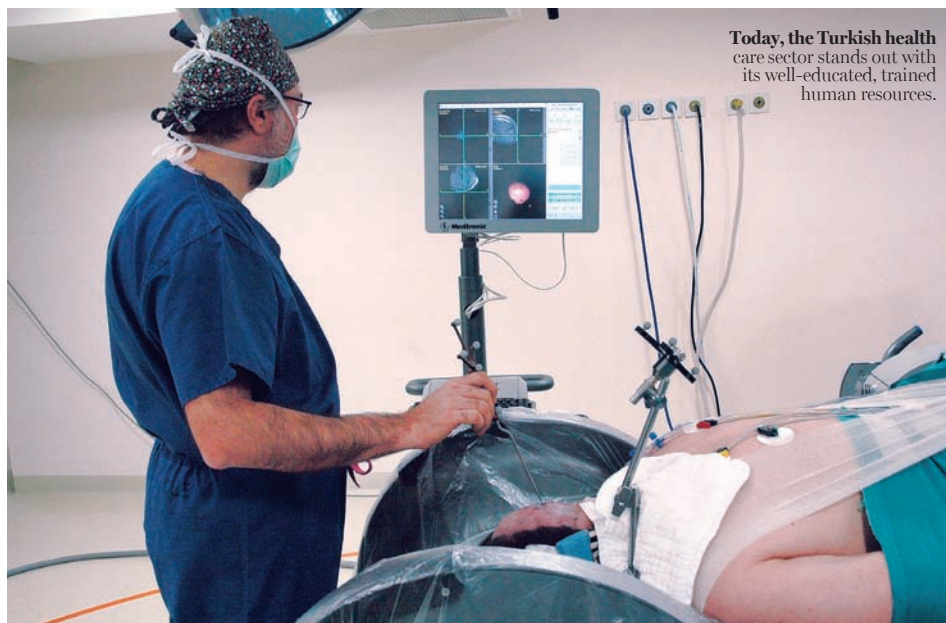
**\$7**  
**BILLION**

Medical tourism revenue target for 2015

Data: Medical Tourism Unit



ogy, dentistry, orthopedics, cardiology, oncology, plastic surgery, and neurosurgery. Most patients come from Germany, the Netherlands, France, the Turkic republics, Austria, and Middle Eastern countries. Of the patients who come from abroad, 92% opt for private hospitals and 8% choose public hospitals. Dr. Melike Kūlahçı, General Manager of Transmed Klinik, which is active especially in the fields of plastic surgery and hair transplantation, says they have secured a 50% increase in the number of international patients over the past five years. Klinik 32 General Manager Ilgaz Ŗzer says the number of incoming international patients corresponds with the strengthening of Turkey's economy and its increasing recognition abroad every year, and he adds that Turkish Airlines' successful strategy and the expansion of its flight network to more countries has helped the industry to become a powerful player internationally. Small formations that large clinics and private hospitals used to assemble themselves have been replaced by a large organization that includes tourism agencies and is supported by state incentives, says Ilgaz, and he emphasizes that medical tourism has gone beyond being a subsegment of general tourism and grown into a genuine industry of its own. Istanbul Cerrahi Hospital Chairman Melih Us notes that two million operations were conducted in Turkey a decade ago and that this figure has reached nine million today. With its acquired experience, Turkey has become a country of choice for international patients, says Us, and he adds that Turkey



Today, the Turkish health care sector stands out with its well-educated, trained human resources.



**ILGAZ ŖZER**

General Manager, Klinik 32

The number of patients coming in from abroad is increasing every year in proportion to the strengthening of Turkey's economy and growing recognition abroad. Thanks especially to Turkish Airlines' successful strategy and the expansion of its flight network to more countries, this market — virtually untouched five years ago — has become a large industry with many players. Small organizations that large clinics and private hospitals used to attempt by their own means in the past have now become a large organization that includes tourism agencies and is supported by state incentives. Medical tourism has gone beyond being a subsegment of general tourism and grown into a genuine industry of its own. While we are very selective and bound by capacity, we welcome 50–60 international patients per year on average.



**DR. MELIKE KŪLAHÇI**

General Manager, Transmed Clinic

With advertising and marketing incentives, the state has recently started providing conveniences to institutions that want to branch out abroad. These must increase, and the application stages must be relaxed as well. Furthermore, especially in the field of hair transplantation, there are more than two hundred establishments that can be characterized as clandestine. These kinds of operations, which should normally be performed by plastic surgeons, are being done by unauthorized individuals. Carried out in unhealthy environments, these operations can lead to various complications for the patient. And, of course, the patient might not be able to obtain the desired aesthetic result. Negative feedback that these kinds of establishments might generate could affect medical tourism negatively, causing new patients to prefer other countries. Therefore, the state must audit more frequently to play a more active role in halting the activities of such places.

stands out not only for its medical success but also for the additional services it offers to patients.

#### MEDICAL TOURISM TO CONTINUE GROWING

Today, the Turkish health care sector stands out with its well-educated, trained human resources. The fact that private hospitals and the state are attaching so much importance to medical tourism is influential in the industry's rapid growth. While recent actions by the Ministry of Health may have delighted the private hospital industry, Turkey still has much to accomplish in this area. International investors who recognized this potential in Turkey have already started partnerships with private hospitals in the country. So long as people continue to be ever-more interested in their health, Turkish health care services remain internationally competitive, and the cost differential remains as a key factor, medical tourism in Turkey will continue to grow at ever-greater speed.





**Mr. Aycı said:**  
 “Our election to the Vice Presidency of WAIPA coincides with ISPAT’s increased efforts to promote Turkey’s investment environment.”

## INVESTMENT

# ISPAT AT FULL GEAR

## Turkey at the Helm of the World Association of Investment Promotion Agencies

Obtaining two-thirds of the votes of the 122 countries that came together in Geneva for their annual meeting, the Investment Support and Promotion Agency of Turkey (ISPAT) was elected to the Vice Presidency of the World Association of Investment Promotion Agencies (WAIPA) for the years 2013–2015.

### NUMBER 2 IN THE GLOBAL FDI SCENE: ISPAT IS ELECTED TO VICE PRESIDENCY OF WAIPA

In the elections held on February 12, 2013, ISPAT obtained 65% of the votes in the General Assembly of WAIPA, thus making ISPAT President Mr. M. İlker Aycı the second-in-command of WAIPA.

Established in 1995, WAIPA is a nongovernmental organization based in Geneva, Switzerland. In 2008, the association had 228 member agencies from 156 countries, whereas now it has 249 member agencies from 157 countries. WAIPA is recognized as the largest global forum for investment promotion agencies (IPAs), with a primary

objective to improve cooperation among IPAs on a regional and global basis, as well as to facilitate the exchange of experiences in attracting FDI.

In the elections, as Turkey replaced Spain, the presidency was transferred from Brazil to Hong Kong. Both newly elected agencies will be leading the way to promote and develop understanding and cooperation

between IPAs, strengthen the system of gathering information and exchanging networks, help member IPAs gain access to technical assistance and training through referrals to relevant international or multilateral agencies, and assist IPAs in advising their respective governments on the formulation of appropriate investment promotion policies and strategies.



Upon his election to the Vice Presidency of the WAIPA, Mr. İlker Ayıcı said: “Our election to the Vice Presidency of WAIPA coincides with ISPAT’s increased efforts to promote Turkey’s investment environment and to develop sector-, country-, and even product-specific strategies to attract international investors. Complemented by Turkey’s rise as an economic and political powerhouse in the global arena, this success will strengthen our resolve to better present our country to international investors.” ISPAT’s growing popularity among international business authorities is a clear indicator of its high-quality services offered to the investors.

#### VICE PRESIDENCY AT A YOUNG AGE

Despite being a young institution, ISPAT’s performance in promoting Turkey and facilitating investment has been remarkable. While initially ranking ISPAT as the 15th best-performing investment promotion agency among 181 national IPAs in the world in 2009 (only three years after its establishment), the World Bank’s Foreign Investment

*Upon his election to the Vice Presidency of the WAIPA, Mr. İlker Ayıcı said, “Our election to the Vice Presidency of WAIPA coincides with ISPAT’s increased efforts to promote Turkey’s investment environment and to develop sector-, country-, and even product-specific strategies to attract international investors”*

Advisory Services’ survey, the “Global Investment Promotion Benchmarking” report, ranked ISPAT 13th among 189 national IPAs in 2012, and the ISPAT website ([www.invest.gov.tr](http://www.invest.gov.tr)) was ranked as seventh best in the same year.

#### WAIPA: THE LARGEST GLOBAL PLATFORM FOR INVESTMENT PROMOTION AGENCIES

WAIPA has been an excellent platform for IPAs to exchange and share experience. Through its wide range of activities, WAIPA offers IPAs the opportunity to network and exchange best practices in investment promotion. WAIPA has always dedicated—and continues to dedicate—time and effort toward building the human resources capacity of its member agencies. Membership is open to all entities,

the primary function of which is “to promote any country, political subdivision of a country or other uncontested territory, as a destination for, or source of, investments.” WAIPA aims to improve cooperation among IPAs on regional and global levels and to facilitate the experience transfer on drawing investment. In this regard, ISPAT will both benefit from and contribute to WAIPA’s activities.

Led by ISPAT, Turkey is also represented within WAIPA by regional development agencies, namely, the İzmir Development Agency (IZKA), the Middle Black Sea Development Agency (OKA), the Mevlana Development Agency (MEVKA), and the West Mediterranean Development Agency (BAKA). They closely worked with

ISPAT for the election of the Vice Presidency. ISPAT attaches great importance to cooperate with the regional development agencies in Turkey. Mobilizing their local resources, the regional development agencies in Turkey are a great asset for ISPAT.

#### TURKEY AS A FOCUS COUNTRY ON THE GLOBAL STAGE

ISPAT’s efforts to promote Turkey since its establishment in 2006 have not gone unnoticed by the international business community. Turkey’s FDI has witnessed—in a very short period of time—the direct effects of deep structural reforms. Successful economic performance is also encouraging experts and international institutions to make confident projections about the future of the Turkish economy. For example, according to the OECD, Turkey is expected to be the fastest-growing economy among the OECD’s members from 2011 to 2017, with an annual average growth rate of 6.7%.

As a result of the ever-increasing awareness about Turkey’s economic success



over the past decade, Turkey has been the focus country of many international debates, summits, and conferences. Most recently, Turkey was the focus country of the Global Partnership Summit for Enduring Growth, which was organized by the Indian authorities and the Confederation of Indian Industry and held in India in late January 2013. The names from ISPAT Team who attended the summit are; President; Mr. İlker Aycı, Vice President; Mr. Arda Ermut, Country Advisors; Mr. Sanjeev Kathpalia and Ms. Fariha Ansari and Project Directors Mr. Bekir Polat and Mr. Ahmet Burak Dağlıoğlu. The summit brought together over 1,000 businesspeople, experts, and investors, as well as government officials from 45 countries. The timing, location, and selection of Turkey as the focus country were not a coincidence.

Among the participants were also **Mr. İlker Aycı, President of ISPAT; Mr. Burak Akçapar, Turkey's Ambassador to India; and Prof. Osman Cevdet Akçay, PhD, Chief Economist for Yapı Kredi Bank, one of the leading banks in Turkey.** Ambassador Akçapar honored the opening of the "Turkey: Exclusive Focus Country" session and highlighted the importance of cultural, economic, and political relations between Turkey and India. Prof. Cevdet Akçay, PhD also delivered a presentation in the plenary session of "Rebuilding Global Economic Governance: Role of G-20."

At a time of global economic crises, emerging economies like Turkey and India have been gaining more economic significance in the world. Indian entrepreneurs have recently emerged as a



**"Prof. Cevdet Akçay, PhD, Chief Economist for Yapı Kredi Bank, one of the leading banks in Turkey, delivered a presentation in the plenary session of "Rebuilding Global Economic Governance: Role of G-20"**

Turkey has become the bridge not only to Europe but also to Central Asia, the Middle East, and North Africa, attracting increasing interest from global investors." Mr. Aycı highlighted the growing importance of Turkey in forging global partnerships through its increasingly active role as a global manufacturing hub and an important link in the global value chain of dynamic businesses across sectors. Mr. Bahadır Kaleağası, the International Coordinator of the Turkish Industry and Business Association, also gave a speech at the summit. Mr. Kaleağası said Turkey, with its unique location at the crossroads of Europe and Asia, offers distinctive advantages for integration through the global value chain. Citing the example of Turkey's Customs Union agreement with the EU, he said that it not only helped Turkey diversify its exports basket, but also enabled it to trigger partnerships in the current global context.

dynamic force on the global stage. Major Indian companies are becoming multinational in outlook, seeking opportunities in other markets and driving up the proportion of their turnover from overseas. Bolstered by new economic agreements with regions and countries, Indian enterprises are looking into ways to expand their growth, thus creating jobs and livelihood opportunities across the globe. Turkey has been a major destination for

Indian companies seeking new markets and opportunities worldwide. Turkey offers global investors, including Indian investors, great opportunities across a variety of industries, such as automotive, ICT, energy, iron & steel, agriculture, chemicals, and petrochemicals. Turkey is also an excellent platform for Indian companies to access rich markets in Europe, the Middle East, and Africa.

Speaking at the event, President Aycı said, "Today,

*Turkey was the focus country of the Global Partnership Summit for Enduring Growth, which was organized by the Indian authorities and the Confederation of Indian Industry and held in India in late January 2013.*







With high-quality materials and innovative approaches to design, Turkish furniture makers are preparing to stand up to China, the world's largest producer of furniture, in the latter's home court.

## FURNITURE

# TURKISH FURNITURE MAKERS STAND UP TO FACE CHINA

The furniture industry, a driving force of Turkey's economy, continued to develop as a critical component of Turkey's exports with the positive performance it exhibited in 2012.

BY NESRİN KOÇASLAN

**I**NDUSTRIALIZED AS of the 1970s and having moved toward branding in the 2000s, the Turkish furniture industry is growing rapidly, especially in exports. Turkish furniture makers, which were focused on the countries of the Middle East and Africa until recently, have set their sights on a new market—a very ambitious one, at that. In 2012, Turkish furniture makers launched efforts to focus on Central and East Asia. What makes this so

*Increased purchasing power in China has been pushing up the value of high-quality, well-designed Turkish furniture in that country as of late.*

ambitious is China's marked strength in global furniture production and exports. But with high-quality materials and innovative approaches to design, Turkish furniture makers are preparing to stand up to China, which has been the largest producer in the world for the past five years.

### THE LATEST SITUATION IN THE TURKISH FURNITURE INDUSTRY

Over the last 20 years, the number of furniture businesses in Turkey—whether

small, medium, or large—grew enormously. According to the Ministry of Science, Industry, and Technology's "Furniture Industry Report," there were 61,728 such establishments (including retail stores) in 2012, providing employment to more than 258,000 people. In recent years, great leaps have been taken in the industry concerning branding. Thanks to the "brand boom," the industry's contribution to the Turkish economy via exports grew significantly. MASKO Chairman Hasan Karıcı said: "Looking at the furniture industry worldwide, we see that Germany sells furniture for 12.5 dollars per kilogram. We sell higher-quality products for 3.84 dollars per kilogram. In furniture and accessories, these figures are 2.92 dollars for Turkey and around 5 dollars for Germany. Poland sells its products for 5 dollars, while Italy—the first country to come to mind on mention of furniture—sells for around

12 dollars. The difference is too high. For this reason, if we could increase the brand equity of our already high-quality products and raise per-kilogram prices, we could obtain significant increases in export figures by the end of the year.”

#### MAKING INROADS IN ASIA

In 2012, Turkey's furniture industry exported a total \$1.7 billion worth of furniture to 173 countries. In 2023, it is expected to raise this figure to over \$7 billion. Abdullah Tever, Chairman of the Istanbul Wood and Forestry Products Exporters Association, says global demand for Turkish furniture on the rise. Should Turkey achieve its targets, he says, it will be able to take a 2% share of the world market. To achieve this, Turkey must be active not only in Central and East Asia but also in African countries, says Tever: “With a 45 percent share, European countries rank first in the furniture exports of Turkish firms. The countries of the Middle East, Asia, and Africa are also among the export areas. The industry's export is growing 18 to 20 percent every year. This year, we aim to surpass two billion dollars in exports.”

Hasan Karci points out that while 25% of the world furniture market is dominated by China, Turkish furniture is far superior in terms of quality and workmanship. “There is no standard for the quality of furniture produced in China. The products exhibit constant variances. Furthermore, their prices are no longer so modest compared to previous years. The Turkish furniture industry, on the other hand, has attained a standard of quality. We don't see China as a rival to us.”



#### ACTIVITY IN AFRICA MUST GO ON

Although there has been a noticeable increase in exports to China, Turkish furniture makers' relations with the African market, which they have shown special attention toward in recent years, continue to be of key importance to Turkey's export strategy as a way of maintaining and fostering the growth of existing markets.

Ahmet Güleç, Chairman of MOSDER, said the following in relation to the above: “Since we started

entering the African market, we have been establishing trade relations with various countries. Most recently, the delegation sent to Angola showed that the steps we have taken toward creating a distinct style of Turkish furniture have yielded successful results. As the outcome of the meetings we held, we expect our export volume of one million dollars to rise to five million dollars. Our efforts for promotion and cooperation in territories both near and far will continue at full speed. For Turkey, a furniture-producing country, competition on the bases of quality, price, technology, and design with countries that are themselves global brands in furniture is heating up by the day. With their ongoing efforts to handle this, Turkish furniture makers are reaping the reward of their labor in the form of rising export figures.”



**DAVUT DOĞAN**

Chairman, Doğtaş

The furniture industry's trade volume is growing every day. However, net profitability in developed countries is somewhat ahead of us. Unfair competition in the furniture industry in our country is as influential on this as is the lower level of competition in developed countries. While Turkey occupies a very important position in manufacturing, sufficient investment in R&D and design is not being made in our industry, and deficiencies in subcontract manufacturing, production technologies, international standards, and quality continue. To increase our industry's profitability, unfair competition must be eliminated or reduced.



**HASAN KARCI**

Chairman, MASKO

China had a competitive advantage for many years through cheap labor. But most of the products they produce are poor in terms of quality. We also know that the furniture they export generally consists of hardwood, metal, and then rattan, bamboo, and plastic dining room sets. In parallel with economic growth in China, its middle class is growing richer, too. This now-richer segment prefers furniture that stands out for design and innovative characteristics, and Turkish furniture is of a nature that can satisfy this need with ease. I think our companies will understand the importance of this potential even better and focus on this market in the period ahead.



**AHMET GÜLEÇ**

Chairman, MODSER

Since we started entering the African market, we have been establishing trade relations with various countries. Most recently, the delegation sent to Angola showed that the steps we have taken toward creating a distinct style of Turkish furniture have yielded successful results. As the outcome of the meetings we held, we expect our export volume of one million dollars to rise to five million dollars. Our efforts for promotion and cooperation in territories both near and far will continue at full speed.



## AUTOMOTIVE

# TURKEY REWRITING THE RULES OF THE AUTO GAME

With a total export of \$19 billion in 2012, the constantly growing Turkish automotive industry is climbing up in worldwide rankings thanks to its skillful manoeuvres in the global marketplace.

BY CAN GÜRSU

**A**CQUISITIONS OF foreign companies by Turkish companies have gained great momentum over the past five years. The world's leading auto companies choose to invest in Turkey on account of its parts and components industry, a source of continual growth. Always of great importance to Turkey, the automotive industry is exhibiting sustained progress. Ömer Burhanoğlu, Automotive Industry Chairman for the Turkish Exporters' Assembly, says the automotive industry in Turkey is a

locomotive industry—as is the case for other countries around the world—that drives the development of the country, its industrial transformation, the development of its approach to quality, the spread of R&D consciousness, and the provision of quality employment. “Turkey is the seventeenth-largest economy and also the seventeenth-largest country for automotive,” he states.

Automotive Industry Exporters' Association Chairman Orhan Sabuncu, emphasizing the sheer size

of the automotive industry, points to its total export of \$20.4 billion in 2011 and its status as the country's top export industry for seven consecutive years. “This success once again exhibits our export potential for all to see. The fact that our industry maintained its leadership in exports despite the recession in EU countries was a source of morale and motivation for the entire sector. Our aim for 2013 is to win our eighth consecutive title with an export figure of 20 billion

dollars,” he said. Ali İhsan Yeşilova, the chairman of Yeşilova Holding, which sells aluminum profiles to the industry, notes that the ability to adapt quickly to changing circumstances is of great importance for obtaining new markets. He confidently expresses his belief that the industry's export leadership will continue at full throttle. These accomplishments aside, another delightful development is the growth the rate of local sourcing in automotive exports. Ömer





Burhanoğlu says, “The imports map we are working on jointly with the Ministry of Economy shows the rate of local sourcing in automotive as 56 percent in the parent industry and 65 percent in the subsidiary industry.”

The global balance of players in the automotive industry worldwide is shifting. The effects of the period in which the economic crisis had Europe and America in its grip persist. The chairman of Yeşilova Holding states that there will be deep-rooted changes in the automotive industry in connection to this: “I think the rules of the game will be rewritten and that certain actors’ positions in the rankings will change—or even disappear.”

R&D efforts play an important role in the growth of the industry’s trade volume. The constantly evolving nature of industry necessitates R&D support by



default. “You must create resources for these issues,” says Yeşilova, and he indicates that sustained profitability and innovation are how to accomplish this. Companies that are capable of these move on to success in the global arena. Besides R&D

and keeping up with innovation, the development of new concepts, rigorous observation of consumer trends, and knowledge of the requirements and expectations of each segment were key to the industry’s seventh consecutive win. The outcomes of

**Turkey’s automotive industry,** which has always been crucial for the country, is growing every day.

the above can be observed in consumption, says Yeşilova.

The automotive industry’s projected contribution to Turkey’s vision of a \$500 billion export in 2023 is \$75 billion. From a macroscopic view, the manufacturing base, investment climate, infrastructure, skilled workforce, and subsidiary industry in Turkey present a hospitable environment, indicates Ömer Burhanoğlu. According to him, in order for Turkey to increase its production capacity, it must develop new models and shift its Asian investments in this direction. “If the rise of the subsidiary industry’s exports, which account for a 45 percent of our total exports, continues to support growth, we will approach our expectations,” says Burhanoğlu.



**ORHAN SABUNCU**

Chairman, Automotive Industry Exporters’ Association

The ability to produce high value-added vehicles, parts, and components is indispensable for our 2023 targets. We must not forget that reaching the 2023 targets is impossible with our present production capacity, and we must invest in R&D and innovation, and improve our design abilities. In order to draw new investments to our country, the heavy tax burden especially on passenger cars must be relieved and measures should be taken to enliven the domestic market. A competitive exchange rate policy is indispensable for our export targets. Positive or negative developments in the EU market, which is our foremost market, will directly affect our export targets, too.



**ALİ İHSAN YEŞİLOVA**

Chairman, Yeşilova Holding

The automotive industry is foremost among the locomotive industries for a country to become developed. Indirectly, our industry is a large buyer for many industries from machinery to chemicals and from textiles to mining, and it performs a duty that forces these industries toward progress. The fact that our largest market from the perspective of the automotive industry is Europe and that the automotive market in Europe has shrunk six years in a row is forcing us to enter new markets. I believe this effect will bolster the Turkish automotive industry’s position in the years ahead and that we will continue to lead in exports for many long years as we maintain its competitive character without compromising on quality.



**ŞAHAP AKTAŞ**

Chairman, Aktaş Holding

The automotive industry is one of Turkey’s most important industries. Especially considering that the 2023 export target is \$500 billion, the success of the automotive industry, together with its subsidiary industry, will contribute greatly to Turkey’s success. Despite the crisis environment in the EU, the industry in Turkey won the export championship for the seventh time. The successful performance of Turkish exporters helped spare our country somewhat from the effects of the stagnation under way in the countries of the EU. Our exporters learned to make use of alternative markets in this period of stagnation. I believe we have escaped the negative effects of the crisis with the discovery of different markets.



**ÖMER BURHANOĞLU**

Automotive Industry Chairman, Board Member Turkish Exporters Assembly

The automotive industry in Turkey is a locomotive industry—as it is worldwide—that drives the development of the country, its industrial transformation, the development of its approach to quality, the spread of R&D awareness, and the provision of quality employment. The ranking of the world league in automotive is also a ranking of economies. Turkey is the 17th-largest economy and also the 17th-largest country for automotive. If we want to enter the ranks of the ten largest economies by 2023, we must join forces to put our automotive industry into the top ten as well.

## POULTRY FARMING

# TURKEY CLIMBS TO THE TOP IN EGG EXPORTS

The Turkish egg industry's export figures cause it to raise the bar with the addition of new markets every year. As it climbs upward in the ranks of worldwide egg production and exports, Turkey shows improved dynamics in this area over past years.

BY GİZEM GÜZEY



**W**ITH THE associations created by groups of egg producers all over Turkey and the international egg commission of which the country is a member, Turkey is closely following developments that pertain to achieving the envisioned target for egg exports. Ranking as the tenth-largest exporter worldwide with 15.5 billion eggs produced, Turkey is growing despite higher costs and a more challenging competitive environment by increasing its export figures and gaining new markets. Over the first six months of 2012, the Turkish egg industry's export totaled \$91.58 billion, corresponding to a 65% increase over the previous year. Most of Turkey's egg exports are bound to Iraq and Azerbaijan. Last year, Turkey broke an export record, with four billion eggs—worth \$351 million—being exported to 21 countries. With ongoing projects to expand its export markets in 2013, Turkey is climbing toward the top in egg exports.

In their discussions of industry targets for 2013, egg exporters expressed an expectation of support to eliminate inadequacies and resolve certain issues.

Egg giant Keskinoglu states that while Turkey is successful in egg exports, investment in product diversity has been sorely inadequate.

***Egg exporters are expecting support to reach their 2013 targets and to resolve industry issues.***



For instance, in the market for pasteurized eggs, which are used heavily in industry, Turkey holds a share of only around 2%. Turkey only possesses a share of around 2% in pasteurized egg production at the moment. This figure is 35% for European countries and 40% for the US, and according to this need in the market, said Keskinoğlu, it is aiming to increase its market share to around 30% by meeting this demand through a set of pasteurized egg products; namely yolks, whites, and whole eggs.

Keskinoğlu began studies concerning animal welfare and natural production in 2008. It is able to cater to the natural behavioral characteristics of its existing chickens and has started to place them in spacious new cages with roosts, nesting boxes, and scratching areas, said the company. These giant 1,750-square-meter cages allow chickens to roam freely, with this change in production in turn leading to more flavorful eggs. With the coming into force of national regulations on animal welfare, Keskinoğlu decided to accelerate its investments in free-roam cages, which it began with TRY 10 million in 2008. By 2015, said the company, it will have completed a total additional investment of TRY 25 million, transforming all cages to the free-roam variety that maximizes the level of animal welfare, and raise its egg production capacity by 15%. In 2012, Keskinoğlu started exporting eggs bound for industrial use to Greece. The company's expectation is that Turkish producers will be able to launch exports of both industrial-purpose and consumer-bound eggs to more EU countries in 2013. Not only will this contribute to the national economy but



***Turkey's egg industry has annual revenues of roughly TRY 3 billion. Directly and indirectly, it employs around 100,000. Furthermore, by virtue of eggs being significant sources of animal protein, it provides a nourishing contribution to the Turkish diet.***



**KESKIN KESKINOĞLU**

Board Member and Marketing Group Chairman, Keskinoğlu Group

As Keskinoğlu, we multiplied our export tenfold in the last five years. We export to 75 countries, including Azerbaijan, Albania, Bosnia and Herzegovina, the United Arab Emirates, Bahrain, Denmark, Guinea, Georgia, Hong Kong, Iraq, Israel, Sweden, Cyprus, Kuwait, Malaysia, Kosovo, Saudi Arabia, Uzbekistan, Tajikistan, Greece, and Yemen.



**DERYA PALA**

Chair, Turkish Egg Producers Association (YUM-BİR)

In recent years, the Turkish egg industry has been standing out in the world with the progress it has exhibited, and it maintains its position in world egg production. With 1,100 commercial establishments, 3,000 cages, production in excess of 15 billion, and export figures that reached \$351 million as of 2012, our industry is trending toward constant growth.

it will also create increased awareness of Turkish companies for quality production in these countries, said Keskinoğlu, and it added that it expects support regarding this matter.

Derya Pala, Chair of the Turkish Egg Producers Association (YUM-BİR), said egg production in Turkey is increasing annually, based on domestic consumption and exports. However, producers are forced to pay for the profit of the intermediary parties to consumers while selling eggs for low cost, and these contradictions must be eliminated for the future of the egg industry, she emphasized. In 2013, producers will have to set aside considerable time for registration/approval, cage improvement, and the preparation of health plans, and another issue that could await small producers especially is the marketing of eggs, she indicated. Producers that rapidly adapt to regulations and solve the marketing issue will be in a better position in the market in this new period, she stated, adding that market demand would shape production. While most producers in 2013 will continue the traditional method of production, some may focus on producing eggs with value-added characteristics (with Omega-3 acids, selenium, or low cholesterol, for example) or organic eggs, stated Pala. Egg producers cannot be expected to solve such massive problems as costs, regulation compliance, and marketing alone, she expressed. Unity within the industry must be strengthened with commercial entities—the only way for inputs to be obtained for lower costs, the product to be sold for the price it deserves, and for production to remain sustainable, she said.





**PhillipCapital Menkul Değerler AŞ** Deputy General Manager Ozan Savaşkan, telling of the Asian financial institution's purchase of Hak Menkul Kıymetler, highlights Turkey's significant role in PhillipCapital's growth strategy.

a worldwide brand. Progressing confidently toward obtaining the title of a "leading global financial institution," one that is held by very few in Asia, PhillipCapital has determined that Turkey is of considerable significance in attaining this goal. The Asian financial institution views Turkey as a root system for its growth.

#### FINDING THE RIGHT ACQUISITION

PhillipCapital Menkul Değerler AŞ Deputy General Manager Ozan Savaşkan, telling of the Asian financial institution's purchase of Hak Menkul Kıymetler, emphasizes Turkey's importance in PhillipCapital's growth strategy. Savaşkan said the Asian company's initial aim in Turkey was to acquire a bank; however, he notes, the need for an intermediary institution with respect to their planned business outweighed this goal. Hak Menkul Kıymetler satisfied the financial institution's need for an intermediary institution thanks to its successful activities in the stock market, fixed-income securities, and derivatives, says Savaşkan. He summarizes the acquisition process as follows: "In that period, Hak Menkul Kıymetler had shares in Takas Bank, too. Furthermore, PhillipCapital wanted to begin reaching its goal in the Turkish market through foreign exchange operations. And this was among Hak Menkul Kıymetler's activities. The Takas Bank shares, too, were suitable for PhillipCapital. Following meetings, with all these characteristics

## FINANCE

# THE ASIAN FINANCE GIANT'S PLANS FOR TURKEY

Becoming the first East Asian investor in the Turkish financial sector with its acquisition of Hak Menkul Kıymetler, PhillipCapital sees Turkey as a gateway leading to Eastern Europe, the Middle East, and the Turkic republics.

BY HÜLYA KESKİN BY ABULKADİR DEMİR

**FOUNDED IN 1975**, PhillipCapital ranks among the leading Asian finance companies that offer information technology and distribution channel services. Established with \$2 million in capital for the sole purpose of stock brokerage in Singapore, the company attained many successes in its path of growth using information technologies and distribution channels. Active in the foreign exchange market since the '90s, PhillipCapital further enriched its experience when, in 1998, it became the first firm to establish a processing center in Singapore for local electronics suppliers.

Growing steadily, PhillipCapital ventured into a variety of sectors, including insurance, leasing, and real estate. Having expanded its presence from 19 local units at the start to 190, PhillipCapital is the company that holds the highest number of local units in Singapore. The company, which has crowned its growth with various awards for its success, stands out as a financial institution that is active not only in foreign exchange but also in the stock exchange, futures, and fixed-income securities.

**FUNDS TOTALING NEARLY \$20 BILLION**  
With more than \$1.3 billion

in equity capital, PhillipCapital employs more than 3,500 in Europe and Asia, and it manages funds worldwide that total nearly \$20 billion. Active in the US, Australia, China, Dubai, Indonesia, France, India, Hong Kong, United Kingdom, Japan, Cambodia, Malaysia, Singapore, Sri Lanka, and Thailand, among other locations, PhillipCapital chose Turkey as the 15th country for its investments. On March 9, 2012, it bought Hak Menkul Kıymetler, entering the Turkish capital markets. Starting from its headquarters in Asia, the company aims to become

in mind, the sale took place. Certain developments occurred after the acquisition of Hak Menkul Kıymetler, too. Before the acquisition, the number of employees at Hak Menkul Kıymetler had been reduced to 16 for the purpose of shrinking and eventual sale. Once again, with new hires, efforts to build up new departments were begun. The number of employees rose to 30. Hak Menkul Kıymetler was already a bond broker with stocks and on Turk-Dex, the Turkish Derivatives Exchange. Activities were launched following the acquisition to continue and grow this business, too. Meanwhile, the restructuring process is still under way.”

#### OTHER ACQUISITIONS IN TURKEY A POSSIBILITY

Savaşkan says the funds managed by PhillipCapital worldwide total roughly \$20 billion. “For this reason, their investments are constantly under way. As you might know, PhillipCapital had an acquisition in India, too, after Turkey. It has a strategy of constant growth. While nothing is certain yet, there are some investment opportunities in the real estate field and in finance-related industries that are being assessed. For this reason, we think Hak Menkul Kıymetler will not be the only acquisition in Turkey,” he says, revealing some details about the financial institution’s rapid growth strategy.

#### THE IMPORTANCE OF TURKEY’S STRATEGIC POSITION

Listing the reasons why the Asian financial institution entered the Turkish markets, Savaşkan highlights the significance of Turkey’s young, dynamic population and geopolitical position in PhillipCapital’s decision. Turkey’s

position in PhillipCapital’s international acquisition and growth strategies is, according to Savaşkan, as follows: “PhillipCapital is truly a very important financial institution in Asia. It is present in many such locations as Japan, India, and Dubai. It is active in the UK with two banks. Considering all of these, investment in this region seems quite logical, because they see Turkey as a center. Europe is in great difficulty at the moment due to the crisis. And Turkey is an important hub in terms of accessing the Middle East, Eastern Europe, and the Turkish republics. For that reason, they decided to choose Turkey. In brief, there are two important factors in their selection. The first is that they believe in Turkey’s potential and regard it as likely to progress; the second is that the location of our country occupies a very special place vis-à-vis their growth targets.” Savaşkan adds that PhillipCapital is, beyond being just a financial institution, known as an IT institution that offers IT and financial services.

#### ASIANS INTERESTED IN TURKEY’S FINANCE SECTOR

The way foreign investors perceive Turkey’s markets has changed since PhillipCapital’s entry into the country, points out Savaşkan. “As a country, we always turned to face Europe, turning our backs to Asia somewhat. Likewise, due to the mutual (non)interaction, Asia did not know us very well. For that reason, explaining Turkey to them is of great benefit, and they really become surprised. What first draws their attention is the fact that the population in Turkey is so young—there is an age problem in such countries as Japan, and there are certain

difficulties concerning the future due to the fact that the population consists heavily of elderly people. Turkey’s growth figures also draw their interest. Reactions are very positive. In particular, there are many from Japan who want to invest in fixed-income securities with the interest rates we have here. Other than this, there are some in Singapore who want to invest in the foreign currency exchange market as well,” he explains.

#### HOPEFUL OF 2013

The crisis in Europe influenced the financial markets significantly, states Savaşkan. He is hopeful for 2013, indicating that he believes that the pessimistic air in Europe and the drop in morale after the announcement of the latest figures would improve. “In the general sense, of course, the difficulties are not over. Spain’s situation is quite bad, and there are problems in France as well. Germany is in a relatively better condition. Growth figures and great movements as there were in the past will

not happen worldwide for another 10–15 years. But I think we have seen the bottom and that it will recover from now on. And from Turkey’s perspective, we were not even that affected by the crisis; we got over it with relatively less damage. But the crisis in other countries affected our growth as well, although I believe 2013 will be positive. I hope Turkey will reach investment-worthy status as a country with a score increase. The crisis in Europe is affecting international economic relations as well. Turkey’s export figures are falling too. But still, 2013 will be a more moderate year,” says Savaşkan.

#### ISTANBUL AS A FINANCIAL CENTER

Savaşkan also discussed attempts toward transforming Istanbul into a financial center. Singapore, one of the world’s most important financial centers, has a population of five million and per-capita national income reaches \$56,000, he states, and he emphasizes that all these advantages are solely the outcomes of being a financial center. “Wanting to be a financial center and the steps taken toward this are very important,” said Savaşkan, and he added, “If the resolve for this is there, the target is definitely within reach. But there is much distance to be covered. Certain infrastructural work and legislative arrangements must be done, and issues in transportation must be eliminated. The level of prosperity must be raised and the structure of society must be developed. When all of these are carried out at once, (the city) could reach its target of becoming a financial center,” pointing out what needs to be done to make Istanbul a financial center.

**\$15–20**  
Billion in FDI

*Savaşkan believes Turkey will attract \$15–20 billion in foreign direct investment in 2013, and perhaps even more. However, he notes, “Developments in Europe are very important, of course. The situation in investors’ countries must recover”*

## AVIATION

# Turkish Airlines Aims for World Leadership

Turkish Airlines is planning to expand its flight network to 110 destinations in 2013.

BY HÜLYA KESKİN

**I**T IS ESTIMATED that the world's aviation industry lost approximately \$5 billion in 2008 and 2009 due to the global economic crisis. Many airline companies, which are trying to increase their competitive ability by cutting costs, are in search of partnerships. The industry is going through a time of transformation—it seems that mergers and buyouts will be par for course for the next few years.

A top contributor to Turkey's success in recent years, Turkish Airlines has set for itself the goal of world leadership. Expanding its flight network each passing day and holding the title for airline that flies to the most countries, Turkish Airlines plans to increase its number of destinations to 110. The airline also plans to add 50 new routes with a vision to fly everywhere in Europe.

Standing out with its investments in the past ten years and garnering praise with the growth figures it is

obtaining, Turkish Airlines is pushing toward leadership beyond its place among European airlines, trusting in its quality of service. Turkish Airlines, a sponsor to the world's largest sports clubs, whose commercials feature such stars as Lionel Messi and Kobe Bryant, successfully caters to people from all countries with its advertising strategy.



*Turkish Airlines aims to reach revenues of \$9.7 billion in 2013.*

## AFRICA: THE MOST IMPORTANT MARKET

Reaching a total of 218 destinations in 2012, 36 domestic and 182 abroad, Turkish Airlines will further expand its flight network this year. Turkish Airlines, which ranks fifth worldwide in number of cities flown to, plans to increase its number of destinations to more than 250. For Turkish Airlines, which is preparing to add destinations in America and Asia, Africa ranks as the market of foremost importance. Currently competing with Air France in Africa, Turkish Airlines plans to step up from second place in the continent to first place.

## NEW COUNTRIES ADDED TO FLIGHT NETWORK

Turkish Airlines currently flies to 96 countries. In 2013, the airline plans to increase this figure to 110. With the additions of Luxembourg, Estonia (Tallinn), Lithuania (Vilnius), and Malta, the company's goal of flying to every country in Europe will be realized. Turk-

ish Airlines also plans to grow in Asia, with its first stop on this path being the Philippines (Manila). It was also decided that flights to Kuala Lumpur, the capital of Malaysia, are to be resumed after a hiatus. The planned addition of new destinations in Eritrea (Asmara), Gabon (Libreville), Sri Lanka (Colombo), Venezuela (Caracas), Cuban (Havana), the Philippines (Manila), Mexico (Mexico City), Burkina Faso (Ouagadougou), and Colombia (Bogota) will bring the total figure to 110. Furthermore, new routes are planned for certain countries that Turkish Airlines already flies to. The company's board of directors







**While Turkish Airlines** prepares to increase its number of destinations in America and Asia, Africa ranks foremost among its most important markets.

**110**

IN LINE WITH TURKISH AIRLINES' 2013 TARGETS, THE NUMBER OF DESTINATION COUNTRIES IS EXPECTED TO REACH 110

**250**

THE TOTAL NUMBER OF DESTINATIONS IS EXPECTED TO SURPASS 250

**46  
MILLION**

TURKISH AIRLINES AIMS TO CARRY A TOTAL OF 46 MILLION PASSENGERS THIS YEAR

also views as a certainty the launch of scheduled passenger flights to Bogota, the Colombian capital; Akabe, Jordan; and Bamako, the capital of Mali, depending on aircraft availability and permits.

#### TARGETED REVENUES: \$9.7 BILLION

Turkish Airlines aims to carry 46 million passengers in 2013 and take \$9.7 billion in revenues. Of these 46 million passengers, 17.7 are expected to be flying domestically and 27.3 are expected to be international passengers. Calculations show that the seat occupancy rate will rise to 78.8% and that a total of 3.99 million liters of fuel—costing \$3.7 billion—will be consumed.

#### MASSIVE TRAINING BUDGET

Turkish Airlines invested \$50 billion in its training center over the past three years. Its pilots are being given “type training,” and the airline has ordered three simulator machines in addition to the six it already possesses. The training center entered service 18 years ago with just one simulator. Today, it stands out as a facility that boasts 14 training aircraft, six simulators, and all necessary equipment and tools for flight training. A total of 157 pilot candidates graduated from its Flight Training Academy last year. The company has announced an order

of 12 additional training aircrafts.

#### SIMULATORS TO ARRIVE AT END OF YEAR

Turkish Airlines' Flight Training Center currently has six simulators—two for the Boeing 737-800, two for the Airbus A320, one for the Boeing 777, and one for the A330/340. Together with the aircraft that will be delivered at the end of this year, the airline will also be adding one more simulator each for the 777 and A330 to its range. Later on, announced Turkish Airlines, one more A320 simulator will be purchased. With all of these investments, Turkish Airlines aims to end the year 2013

with a fleet of 217 aircraft at minimum.

#### BRAND RECOGNITION

Turkish Airlines is continuing intensive efforts to cultivate recognition of its brand. To this end, the airline has captured traveler attention with a globe encircled by model planes that it erected in London Heathrow Airport. Installed in the renewed Heathrow Airport's ICON SITE area, the 6.5-meter-diameter Turkish Airlines Globe highlights the airline's more than 200 destinations and the fact that it is one of the world's most distinguished airlines. It is made of 7.5 tons of steel, 300 tons of soil, and 150 tons of concrete.



## INTERNATIONAL AFFAIRS

## *New Markets Critical for 2023 Goals*

For exporters to achieve the \$500 billion export target for 2023, they must attain sustainable growth in new markets spanning from Africa to Central Asia and North America.

BY MERVE KARA

**TURKEY EXCEEDED ITS** 2012 target of \$150 billion in exports, with the year-end figure coming in as \$152 billion. The most important factor that enabled Turkey to accomplish this despite the ongoing crisis was its exporters entering new markets. Exports to the EU, Turkey's biggest market, fell by 7% last year. By contrast, exports over the first 11 months of the year increased by 14% to the Middle East, 14% to the Com-

monwealth of Independent States, 29% to Africa, and 26% to North America. If Turkey had not focused on new markets, difficulties in the EU—its largest market—would have gravely affected its exports.

Turkey's strategic focus on new markets continued full-throttle in 2013. A short while ago, after Prime Minister Recep Tayyip Erdoğan announced Turkey's desire to join the Shanghai Cooperation Organization

(SCO, previously known as the "Shanghai Five"), said organization came to occupy a significant place on the Turkish and world agendas. Regarded as a security organization to counter NATO until now, SCO's recent activity as an economic cooperation platform could allow Turkey to grow its operations in the region. SCO has as its members China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan;

collectively, these countries possess roughly 25% of the world's oil reserves and 45% of its natural gas reserves. According to 2011 data from the World Bank, the national incomes of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan total around \$9.6 trillion. Were Turkey to become a full member of the SCO, of which it became a dialogue partner last June, it could be the third-largest power after China, whose national income in 2011 was roughly \$7.3 trillion, and Russia, which had \$1.85 trillion. This step by Turkey is critical for growing closer to the world's new centers of commercial gravity, most of all China—Rona Yırcalı, Chair of the Foreign Economic Relations Board (DEİK), said in an interview conducted by Anadolu Agency, "As the axis of the global economy shifts



from west to east, I think it would be useful for Turkey to become a member of a union that includes two large economic powers like China and Russia.”

The countries of the SCO do not constitute the only region on Turkey’s radar—African countries, with which Turkey recently cultivated relations, are among the government’s priorities as well. With Prime Minister Recep Tayyip Erdoğan’s early-2013 visit to Africa with a delegation of around 300 businesspersons and bureaucrats, which included Gabon, Nigeria, and Senegal in its itinerary, all eyes were drawn to this continent. The Prime Minister’s African visit not only yielded results in the form of cooperation and partnerships, but it also gave the message that Turkey’s African overture, which picked up speed with the strategic partnership Turkey established with the African Union in 2008, is continuing uninterrupted. When Turkey started seeking alternative markets as soon as signals of shrinking in Europe—its primary export market—emerged, Africa was one of the locations to command focus. Turkey entered the continent right on time and gave momentum to its commercial relationships. According to data from the Turkish Exporters Assembly, exports to the continent in February 2012 exhibited a 24.2% increase over that of February 2011, coming in at \$10.164 million. That exports to Northern Africa exhibited a 24% increase despite the chaotic environment in Egypt, Libya, Oman, and Tunisia showed that local producers’ interest in the region continued despite all the negative occurrences. European companies’ high

engineering and labor costs still give Turkish companies significant competitive advantages. Additionally, Turkish suppliers are able to sell goods and equipment for generally lower prices in comparison to their rivals. The Prime Minister’s latest visit shows that Turkey wants to stand out in the continent through its advantages over the competition. Another indicator of increased interest in Turkey toward the region is Turkish Airlines’ growing number of flights and destinations. With flights to 24 cities in 20 African countries, Turkish Airlines added 14 new destinations in Africa to its flight network over the past three years. Flying with a 74% occupancy rate to Africa, Turkish Airlines ranks second after Air France, which conducts the most flights to the continent.

The Ministry of Economy, too, is showing determination to expand in new markets through the incentive programs it is running. Under Zafer Çağlayan’s administration, the Ministry of Economy rolled up its sleeves last year to establish more commercial consultancies and attaches’ offices, which serve exporters as gateways to new markets.



Adding new centers to its corpus in Turkey’s governmental extensions abroad, the ministry launched efforts to open trade attachés’ offices in 23 countries. A significant number of these offices, which will play a determining role in the path of Turkish exports in the coming term, were to be located in Africa. The outcome of these efforts is that trade attachés’ offices were established in ten African countries—Mali, the Democratic Republic of Congo, Angola, South Sudan, Uganda, Zambia, Mozambique, Mauritania, Madagascar, and Cameroon—as well as Colombia, Cuba, and Boston in the US.

The office established in Cuba represents an important stage in the overture toward Latin American markets, which picked up speed in 2006. Last year’s launch of Turkish Airlines’

*Recep Tayyip Erdoğan’s visit to Africa with a delegation of around 300 businesspersons and bureaucrats drew all eyes to the continent.*

direct flights to Cuba, which made the news in Turkey last year when €25 million of export credit was provided to it via Türk Eximbank, shows it is becoming a more useful market for Turkish exporters. The Foreign Economic Relations Board’s agencies in such strategic South American regions as Venezuela and Colombia entered operations last year also.

Efforts to develop economic relationships with Latin America started yielding results within a short time. The volume of Turkey’s trade with the region more than tripled from 2006—when it was \$2.5 billion—to 2011, reaching \$8 billion. Visa-related conveniences and free trade agreements had a great influence on this. For instance, the lifting of visas with Colombia and the free trade agreements resulted in a noticeable increase in the volume of trade with the region, which rose from \$271 million in 2010 to \$720 million in 2011. Another strategic hub is Mexico, which Zafer Çağlayan described as an “important bridge between North and South America.” Exports to Mexico increased 46.5% over the first eight months of 2012 relative to the same time frame in the previous year.

New markets are of considerable importance for Turkish exporters, whose reach spans the entire world from Latin America to Africa and the Asia-Pacific region, toward realizing their target for 2023. In addition to this, however, growth must continue in existing markets, said TIM Chairman Mehmet Büyükekçi, and he emphatically added that they are determined to reach this target.







# TURKEY SPRINTS TOWARD THE GOLD

Having hosted a great number of incredibly successful sporting events, Turkey now aims for the very top with its candidacy as a host for the 2020 Summer Olympics. Investing heavily in sports, Turkey is reigniting its athletic culture.

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BY CAN GÜRSU

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**W**restling, the Olympic branch Turkey traditionally won the most medals in, will not be part of the 2020 Summer Olympics. Turkey has won a total of 87 medals in the history of the Olympics, and 58 of these—28 gold and 16 silver—were in wrestling. Although the removal of wrestling may appear to pose a handicap to Turkey with regard to medals, the country—a candidate host for the 2020 Olympics with Istanbul—is preparing for future successes with investments in new facilities and the advantage of its young population.



**D**etermined to make Turkey a “country of sports,” the Ministry of Youth and Sports is accelerating its nationwide investments to prepare the youth for a strong tomorrow, in line with its aims for 2023, the centennial of the Republic of Turkey. The greatest evidence for this is how the budget for youth and sports was multiplied by a factor of more than 15 over just ten years—in 2002, just TRY 63 million was set aside for investments in this area; in 2012, this figure rose to TRY 967 million. As the world population ages, Turkey is focusing on raising its young population as best as possible.

One way Turkey has been trying to cultivate interest in sports is by hosting large-scale international sporting events. The World Basketball Championship, World Wrestling Championship World Women’s Tennis Tournament, 23rd World Universiade Summer and Winter Games, 2010 World Rally Championship, and World Indoor Championships in Athletics were just a few of these. Turkey contributes value to the events it hosts. It broke the 12-year spectator record of the

World Women’s Tennis Championship in 2011 by drawing twelve thousand spectators (on average) to the courts every day, with a total of 70,824 spectators showing up over the course of the event—further evidence of Turkey’s interest in sports. Both spectators and athletes exhibit strong participation in events held in Turkey, due partly to the country’s strategic location. In 2012, the World Indoor Championships in Athletics welcomed 683 athletes from 172 countries. Successfully hosting such events requires a considerable amount of hard work.



*Istanbul, which has proven itself by hosting countless international events previously, is already prepared for the very biggest of events.*

With stadiums built in 24 provinces, sport is being brought to every province in Turkey, and project designs are under way for provinces that lack facilities.

Local administrations deeply involved in these processes. The stadiums in Bur-



#### **A GIANT LEAP: 405 SPORTS FACILITIES**

Dozens of modern sports facilities meeting international criteria are being established in service of Turkish sport. Turkey built 152 new sports facilities from 2003 to 2012, and by performing maintenance, repairs, and renewal on 96 of its existing facilities, it took charge of its older holdings. Having initiated the construction of 405 facilities in 2012, Turkey aims to further increase these numbers in the years ahead.

sa, Çorum, Konya, Akhisar, and Turgulu are being built in partnership between the Ministry of Youth and Sports and their respective municipalities. Besides stadiums, 28 provinces gained olympic- and semiolympic-sized indoor swimming pools over the past decade. Within the scope of the Ministry of Youth and Sports’ plan for 2023, the aim is for every province in the country to have an indoor swimming pool. The construction of 42 more swimming pools is planned to this end. Additionally, with gymnasiums to be built in 99 districts and 28 province centers, the Ministry is aiming to ensure that every province in Turkey has a gymnasium. Last year, 125 synthetic-surface soccer fields were built as well, and a further 125 will be opened for the use of Turkish soccer players in 2013. Tomorrow’s Turkey is being elevated to new heights today through such investments.





With stadiums built in 24 provinces, sports are being brought to every province in Turkey.

**NACI ARKAN: BY HAVING HELD VERY LARGE EVENTS IN THE PAST, ISTANBUL HAS SHOWN THE WORLD ITS CONVICTION THAT IT CAN HOST THE OLYMPICS.**

I believe Turkey is the country that has the best chances at the moment for the 2020 Olympics, for which Madrid, Tokyo, and Istanbul are official candidates. Furthermore, by having held very large events in the past such as the 2005 UEFA Champions' League Finals, the 2009 UEFA Cup Finals, the 2010 World Basketball Championships, the 2012 World Indoor Championship in Athletics, the 2012 World Short-Course Swimming Championships, the 2011-2013 WTA Tour Championships, and the 2012 Euroleague Final Four, Istanbul has shown the world its conviction that it can host the Olympics. It is for this reason that Istanbul, a city that emerged from all of these large events with success, has good chances for 2020. That our Prime Minister stated that the government would deploy all kinds of means and even act as the guarantor for every facility to be built is an indicator of how deeply we desire the Olympics to be brought to Istanbul. Istanbul is a city where one can go from one continent to another on one or two minutes and which enchants those who see it in the peerless view of the Bosphorus. Istanbul is ready for these Olympics. Whether in terms of facilities, actions to be taken, or the government, we are in a state of all-out mobilization.



**NACI ARKAN**

Chairman, Turkish Sports Writers' Association

Sport is a significant power that draws society closer together. Turkey aims to spread sport to every area possible in order to make it a part of daily life. Investments to facilitate both healthy living and societal motivation are set to multiply until the year 2023. Olympic training centers are being established in ten provinces that will host international events, with these provinces being turned into "Olympic towns," as one of the Ministry of Youth and Sport's most important projects. Set to house training areas for every branch of sports, these towns will bolster Turkey's standing in its bids to participate in international competitions in various branches.

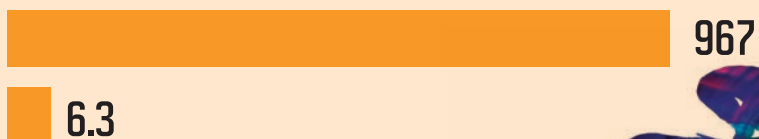
Besides its facility investments, Turkey is speeding up its infrastructural and training efforts as well. After meeting with many famous technical directors and panels, Turkey invited Michael Phelps's trainer, Bob Bowman, to the country.

Bob Bowman, who met with Minister of Youth and Sports Suat Kılıç, will help Turkey assemble a technical panel in the field of swimming and contribute to cooperative efforts. Turkey, which has accelerated its infrastructural efforts starting from the young age groups, has achieved a significant rise in its number of certified athletes.

**BUDGET GROWTH**

The budget for youth and sports was multiplied by a factor of more than 15 over just ten years.

MILLION TRY







**METİN ŞAHİN: TURKEY BEING GIVEN THE OLYMPICS WOULD SUPPORT THE PRESENCE AND DEVELOPMENT OF THE OLYMPIC SPIRIT.**

Turkey exhibited its highest participation in its history at the 2012 London Olympics. By winning one gold and one silver medal in the field of taekwondo, leading the country to rank in the higher levels, we honored the Turkish nation. I would like to indicate my pride and happiness as the president of one of the federations that took some of the most medals back from the 2012 Olympic Games with two medals. As the taekwondo "family," we plan to continue and increase our success at the 2016 Rio Olympics. Over the past ten decade, there has been a visible increase in the number of facilities and large-scale mobilization, and support for the participation of youth in sports has stood out as well. These efforts must also be taken as an indicator that our state is contributing greatly to sports.

Together with its bid to become an Olympic candidate, Turkey has increased its experience with the large, successful events it held over the past ten years, with the 2005 Universiade Summer Games, the 2011 Universiade Winter Games, the European Youth Games, and the Mediterranean Games to be held in 2013 being positive references for receiving the Olympics. Turkey being given the Olympics would support the presence and development of the Olympic spirit in Turkey and, by injecting awareness of sports into our youth and children, have positive effects on their development and consciousness. As a result, I am of the thought that all the facilities being made and the attempts to host the Olympics will have significant contributions to Turkey from a sports perspective and reflect upon the development and future of Turkish youth positively.



**ASSOC. PROF. METİN ŞAHİN, PHD**

President, Turkey Taekwondo Federation;  
Board Member, WTU, ETU, BTU



**TURKISH SPORT RISES WITH ACCOMPLISHMENTS**

With the increase in the number of events being held in Turkey and the completion of new facilities, national interest in sports is rising. Turkey had 278,000 certified athletes in 2002. In just a decade, this figure was raised to 3.72 million. A similar increase can be observed in the number of sports clubs—only 6,000 in 2002, they increased to 11,694 in 2012. These quantitative successes are yielding results for Turkey in international events. Turkey took home ten medals from the 2012 London Paralympic Games, the most it has ever won in these games. Playing a large role in this accomplishment was the increase in the number of Paralympic athletes from 2,763 in 2002 to 27,364. This trend of growth brings with it well-deserved successes.

Turkey broke its own 88-year record in Olympic participation at the 2012 London Olympics. The country participated in the Olympic branches with 144 athletes and 69 in the Paralympic branches, totaling 183. Turkey's successes multiplied correspondingly—while Turkish athletes won a total of

**59**

Sydney 2000  
15 female/44 male



**66**

Athens 2004  
21 female/45 male



**250**

Total number of soccer fields; 125 were completed in 2012, and 125 more will be completed in 2013.

PHOTOGRAPH BY AA







*Suat Kılıç, the Minister of Youth and Sports: “Investments in Istanbul of the kind that a country that wins the Olympic bid would make have long been completed”.*



**HASAN ARAT: THIS TIME WE ARE TAKING UP OLYMPIC CANDIDACY AS A NATIONAL CAMPAIGN.**

By presenting our Candidacy File to the International Olympic Committee (IOC) in Lausanne on January 7, we left behind yet another important milestone and focused on the next step: the IOC Evaluation Commission's visit to Istanbul in March. The real challenge we will face here will be to promote this extraordinary city as it deserves to be in just four days. We are working with heart and soul to win the 2020 Summer Olympic and Paralympic Games for Istanbul. With the Ministry, National Olympic Committee of Turkey, candidacy committee, sponsors, and other stakeholders, we make up a large family. By contrast to our previous experiences, this time we are taking up Olympic candidacy as a national campaign. We see everyone—our Prime Minister, Recep Tayyip Erdoğan, who placed the first signature—deploying all their means for Istanbul. We will do whatever it takes to make Istanbul an Olympic city and spread the Olympic spirit, philosophy, and values all over the region, most of all in Turkey. The most influential criterion on the International Olympic Committee's decision is how much a country wants to have the games. Here, it is very important that all involved exhibit a determined stance. Showing this decisiveness is not possible with just the guarantees provided by the public and high public support—the promises offered by sponsorship, one of the most important institutions of our time, are a determining element as well. The unconditional support provided just in the candidacy stage by these seven most respectable institutions, which rank at the top of our country's advertisers, are undoubtedly the largest sign of our national private sector's resolve regarding this subject.

**ÖZKAN MUTLUGÜL: THROUGH TURKEY, SPORT ACTIVITIES IN COUNTRIES LOCATED IN THE MIDDLE EAST, CENTRAL ASIA, AND NORTHERN EUROPE REGIONS.**

I believe a decision favoring Turkey will be coming from the International Olympic Committee (IOC). The investments made in sports in Turkey over the past seven-eight years, Turkey's location, and the characteristics it possesses will influence this decision in a positive direction for us. The situations of the rival countries also increase Turkey's chances. The IOC acts with the aim of cultivating sports in the world and spreading it to the masses, and through Turkey, it is increasing sport activities in countries located in the Middle East, Central Asia, and Northern Europe regions. There are significant investments being realized in Turkey concerning the Olympics, and I think a decision will be made with these developments in mind. In this respect, I regard Turkey's chances as being quite high. In a global comparison of countries, Turkey ranks toward the top. The state set aside a significant budget for the Olympics, and I find the efforts so far to be quite successful. I can say that our country will be successful in the Olympics with these professionally run efforts and investments. We, as the TVF, have made a lesson of Olympics experiences. We are aiming for medals in the coming term. We want to utilize the four years ahead of us very well and win medals.



**ÖZKAN MUTLUGÜL**  
President, Turkish Volleyball Federation (TVF)



**HASAN ARAT**  
Chairman, Istanbul 2020 Candidacy Committee

68

Beijing 2008  
20 female/48 male



114

London 2012  
66 female/48 male



**NUMBER OF PARALYMPIC ATHLETES**

1992 Barcelona	1
2000 Sydney	1
2004 Athens	1
2008 Beijing	16
2012 London	69



277 medals at world and European championships in 2002, it succeeded in raising this figure to 574 in 2012. Turkey is exhibiting exemplary success for the world especially with the increase in its female athletes, and it aims to raise this bar further in the years ahead. Having given greater importance to sports and its athletes since the early 2000s, Turkey, after the many events it has hosted successfully, is preparing for the biggest event of all.

#### THE ROAD TO 2020

Turkey is now a candidate for hosting the 2020 Summer Olympic and Paralympic Games with Istanbul, which is one of the three cities—the others being Tokyo and Madrid—to pass the first round of eliminations. In June, Turkey will show what it could do at the Olympics at the Mediterranean Games, which it will be hosting for the second time. For a ten-day period, the province of Mersin will be Turkey's showcase. The Mediterranean Games can be characterized as semi-Olympic in nature: with 4,500 athletes from 24 countries set to compete in 32 branches, it could be considered as rehearsal for the Olympics. A budget of \$400 million was set aside for Mersin, which was transformed over 18 months into a "sports city." The stadiums, tennis compounds, and gymnasiums will continue to serve the youth of Turkey after the games. There is no talk in Turkey of disassembling the facilities built for the

Olympics to try to sell them to other countries.

All of the projects to be conducted in Istanbul, as the city prepares for 2020, will be opened to serve the interests of Turkey and to host many international events. Only the stadium to be built before Istanbul's historic Haydarpaşa Train Station, where the openings would be held, would later be transported to another province to serve there. Suat Kılıç, the Minister of Youth and Sports, says, "Investments in Istanbul of the kind that a country that wins the Olympic bid would make have long been completed," highlighting the importance given to sports. One could say with ease that Istanbul, which has proven itself by hosting countless international events previously, is already prepared for the very biggest of events.

*Olympic training centers are being established in ten provinces that will host international events, with these provinces being turned into "Olympic towns".*



#### CERTIFIED ATHLETES

3.72 million

2012

278,000

2002

#### UĞUR ERDENER: TURKEY'S NATIONAL SPORTS PLAN CREATED A BOOM FOR THE SPORTS INDUSTRY.

It is for the first time ever—relative to previous attempts—that Istanbul has such a high chance to host the Olympic Games. We have strong arguments. Istanbul's strengths are our young population, the heritage the Olympic Games would leave in the city, the importance given to sports by the country, and the support of our Prime Minister. Following four previous experiences, I can say Istanbul, which is regarded as appreciating in value with the country's developing economy, speed of growth, and the increase in national income, is quite lucky this time. In every quarter over the past eight years, TOKİ has built 15,000 new homes, the equivalent of one Olympic village. On average, \$1.2 billion has been spent annually since 2005 on efforts to improve transportation in Istanbul and on the most important infrastructural efforts. All of the efforts characterized as the city's most important infrastructure projects—including the new, extended metro and railway lines, Bosphorus crossings, and the world's largest airport project—are slated for completion before 2018. Thanks to these broad-scale investments, the average commute athletes will have between the Olympic village and the sports facilities will take just 16 minutes. Turkey's National Sports Plan created a similar boom for the sports industry, too. On a national scale, \$1.77 billion in investments will be made by 2014 for 415 sports facilities and 24 new stadiums.



PROF. UĞUR ERDENER, PHD

Chairman, National Olympic Committee of Turkey (TMOK); Chairman, World Archery Federation; Member, International Olympic Committee (IOC)



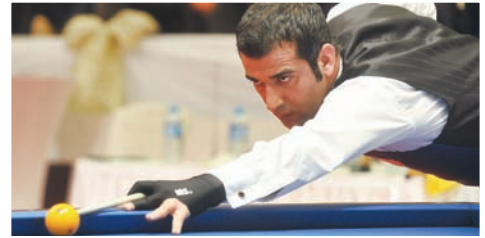
**WTA**  
CHAMPIONSHIP  
(ISTANBUL)



**WORLD**  
**UNIVERSIADE**  
**WINTER**  
**GAMES**  
(ERZURUM)



**THREE-CUSHION**  
**BILLIARDS**  
**CHAMPIONSHIP**  
(ANTALYA)



**UNIVERSIADE**  
**SUMMER**  
**GAMES**  
(IZMIR)



**FIBA WORLD**  
**CHAMPIONSHIP**  
(ISTANBUL)

**WRC**  
(ISTANBUL)



**48TH**  
**PRESIDENTIAL**  
**CYCLING TOUR**  
(ISTANBUL & ALANYA)



**EUROPEAN**  
**ROAD BIKE**  
**CHAMPIONSHIPS**  
(ANKARA)



**WORLD**  
**WEIGHTLIFTING**  
**CHAMPIONSHIP**  
(ANTALYA)

**IAAF WORLD**  
**INDOOR**  
**CHAMPIONSHIPS**  
(ISTANBUL)



**EYOF**  
(TRABZON)



**EUROPEAN JUDO**  
**CHAMPIONSHIP**  
(ISTANBUL)



**FORMULA 1**  
(ISTANBUL)









# TURKEY GETS ACTIVE

From tennis to skiing, swimming, and golf, Turkey is hosting numerous sports tournaments on an international scale. With investments and its young population, Turkey is preparing for a strong future in sports. The architect of Turkey's play in sports, Suat Kılıç, Minister of Youth and Sports, provided his views on Turkey's active future to The Turkish Perspective.



**I**STANBUL, TOGETHER with Tokyo and Madrid, is one of the three candidate cities for the 2020 Summer Olympics. The city is prepared to exploit all its advantages to host an Olympics that would be held in Asia and Europe simultaneously. In recent years, Turkey, which is regarded as being successful in international sporting events, aced such competitions watched with great interest worldwide as the WTA Championship Istanbul, the Turkish Airlines World Finals Golf Tournament in Antalya, the UEFA Cup Final in Istanbul, and the Erzurum Winter Olympiade. With its role as a regional leader and a city that spans two continents, Istanbul, Turkey is planning to host yet another unique event and prepare its young population for an active future. Guiding Turkey's vision and investments in sports is Suat Kılıç, Minister of Youth and Sports.

**Turkey will host the Mediterranean Games in Mersin this summer, with the participation of many countries. How did Turkey prepare for this important event?**

Only a short time remains before the Mediterranean Games. This will be a very great launch opportunity for us. Mersin will be the world's showcase for ten days from June 20 to 30. With 24 countries, 32 branches, and 4,500 athletes, it will be the most concentrated center of athletic activity after the Olympics. Our slogan for Mersin is "Three continents, one spirit." It is an event in which 24 countries from Asia, Europe, and Africa

that have shores on the Mediterranean will participate. While it is known as the Mediterranean Games, it is semi-Olympic in nature based on the numbers of countries, branches, and athletes. We therefore take it as a rehearsal for the Olympics. Mersin will be one of the most magnificent games in the history of the Mediterranean Games. Its competitions will be held not in old facilities but in halls and stadiums that are almost entirely newly built. From this perspective, it is quite an important event as a whole in terms of how it reflects Turkey's organizational and structural abilities. The games will end on June 30, and on September 7, 2013, a vote will be held for the three candidate cities [for the Summer Olympics]. In this respect, Turkey will have a great promotional opportunity two months before this takes place. It will be aired

on many televisions and reach more than a billion viewers. The broadcasting organization will be the Turkish Radio and Television Corporation (TRT), and the event will be aired on many world channels simultaneously. I believe we will make good use of this opportunity before the vote on September 7.

To speak of the size of the budget, the cost of the investments in Mersin and the event is around \$300–400 million. We are striving to be as thrifty as possible. And in terms of thriftiness, we place importance on the necessary partnerships among institutions. As I indicated before, the

Mersin games will be semi-Olympic in terms of the number of participating countries, branches, and athletes—there were 10,400 athletes in London, and there will be 4,500 in Mersin.



**"REGARDING THE SIZE OF THE BUDGET THE COST OF THE INVESTMENTS IN MERSIN AND THE EVENT IS AROUND \$300–400 MILLION."**



**Turkey's participation in the London Summer Olympics was broad. Ahead of us is the 2016 Rio Olympics—how is Turkey preparing for it? What do you expect Turkey to achieve in 2016?**

I can say already that Turkey will show greater participation in the 2016 Rio Olympics than it did in London. London was a very important foundation for us. It allowed us to see our deficiencies in various branches. The vast majority of the Olympic medals won by Turkey in recent times were in wrestling and weightlifting. The situation changed in London—although a single medal was won in wrestling, branches where we were previously unable to win medals (or won few medals), such as athletics and taekwondo, started to gain prominence. With regard to the Olympics, the importance of athletics is obvious to all. We are striving to further develop these fields for both 2016 and 2020.

We are also placing emphasis in the coming period on branches where we never even came close to winning medals





**Guiding Turkey's vision** and investments in sports is Suat Kılıç, Minister of Youth and Sports.

before. After half a century, our volleyball and basketball teams were once again able to participate in the Olympics in London. Additionally, our Paralympic teams participated in and won medals at the Paralympic Games in London for the first time in history. I can already say with ease that our group of athletes will be more numerous in Rio. And the number of medals will be such that it won't even be comparable with London. It's always good to be ambitious. Toward this goal, we are establishing athlete training centers for the Olympics in ten provinces. I put forth this ambition with the preparations we will do in mind also. We are working with various federations to bring over the world's best coaches. We have efforts to increase the coverage of athlete scouting in Turkey, and we have efforts to discover undiscovered talents immediately and train them in the interim. So many efforts are sure to yield results.

**A great number of projects and facilities are being constructed in**

**Turkey. When are they slated for completion? How will they positively influence the Olympics process? What is the size of the budget?**

We were building 405 sports facilities in 2011 and 2012. In 2013, we added 288 further new facilities. Twenty-five separate stadiums will also be added to this figure. Nationwide, we are under way with the construction of 718 sports facilities. We plan to open 150 of these for service this year. The construction of the facilities is not clustered in certain provinces—we are distributing these facilities all over Turkey in our plan of action. We will not have any province without a semiolympic- or olympic-size swimming pool and indoor pool. Regionally, we are constructing athletics fields and stadiums in Turkey. We are building gymnasiums in provinces that possess the infrastructure for gymnastics, such as Bolu and İzmir. In Mersin, we are building the sole shooting facility in Turkey, which will also be one of the world's few such facilities. All of these will be

used to prepare national athletes both for European and world championships and for the Olympics, whether by clubs or by federations. And with confidence in our investments, we will have more groups to send in 2016, and we can say with ease that we will take more medals.

**Turkey has been a candidate for the Olympic Games before, but it was unable to make it through the candidacy process successfully. In this candidacy process, however, it stands out as a favorite. What differences were there in how Istanbul was readied for candidacy for the year 2020?**

The 120-person task force—half of whom are foreign and the other half of which consists of local actors—that is preparing Turkey's candidacy file has been conducting an intense, careful, and ardent effort in Istanbul for roughly a year and a half, under the coordination of our Ministry. The country comes prepared this time. Turkey was a candidate four times before, but it unfortunately lost in the pre-eliminations. It was unable to receive the necessary governmental support in its previous candidacies, and when political support could not take form as expected, the Olympic community could not be sufficiently motivated for candidacy efforts. This time, we took the first step in the correct fashion. Our Prime Minister, HE Recep Tayyip Erdoğan, placed his signature on our application for candidacy in August 2011. The facts that the Prime Minister placed the first signature and has been providing concentrated support during the process, and that candidate city efforts are being conducted on a coordinated and broad foundation under the coordination of our Ministry and the Organizing Committee (over which I preside), are our advantages.

**How is Istanbul preparing for 2020? Besides sports facilities, what kinds of investments are you planning to make in the city?**

With a focus on the Olympics, we included the construction of a third





In 2012, the Ministry of Youth and Sports completed construction on and delivered the of numerous sport facilities.



Turkish Paralympic teams participated in and won medals at the Paralympic Games in London for the first time in history.



Turkey is preparing for the 2020 Olympics with full support from both the private and public sectors.



More than 4,500 young athletes will participate in the Mediterranean Games this June.



The Erzurum ski run built for the Universiade 2011 is the focal point of one of the world's most exceptional skiing centers.

airport in Istanbul in the investment program, and the tender for it will be conducted soon. Later on, we will also include in this project a detour that will bypass traffic and traffic lights between the third airport, which will have a capacity of 150 million passengers per annum, and Istanbul's Olympic Village. Additionally, the third bridge and Marmaray project [an undersea subway tunnel across the Bosphorus] to also be constructed in Istanbul will provide a great advantage for the Olympics. The Ministry of Health

**WE WERE BUILDING 405 SPORTS FACILITIES IN 2011 AND 2012. IN 2013 WE ADDED 288 FURTHER NEW FACILITIES.**

is initiating the process of building a 3,000-bed city hospital adjoining the Olympic Village, thereby adding integrated health care facilities to the Olympic Village. As the Ministry of Youth and Sports, we are starting construction in 2013 on a 5,000-bed set of student dorms—constituting the first phase of the premises—in the Olympic Village. Even as the city's status as just a candidate continues, we are beginning the construction processes that need to be done in a city that wins the bid for the Olympics.

**During the Olympics bidding process, you received support from the private sector and from economic actors. How many large corporations are supporting your efforts at the moment? Are you thinking of expanding this effort in the coming term?**

What is important in this process isn't the money collected; it is the energy we collect. There was a sense of loneliness in the process until large capital groups voluntarily provided us with contributions. There was a feeling of loneliness among five such actors as the Government of Turkey, the Ministry of Youth and Sports, the National Olympic Committee of Turkey, the National Paralympic Committee of Turkey, and the Istanbul Metropolitan Municipality. When the private sector and capital groups said, "We're in," and became part of this, the sense of loneliness disappeared. The support provided by such leading private-sector companies as Doğu Holding, Sabancı Holding, Koç Holding, Turcell, Ülker, and Digiturk is truly quite important to us. I would once again like to highlight that what is important here is not the economic aspect—the state could definitely find the financing for these investments in some way or another, but it is of great significance that they are putting their names down for the Olympics in a way that says they are part of it both materially and with their energy.

**What advantages does Istanbul hold over cities that have hosted the Olympics before? Could you discuss the significance of the Olympics taking place in Istanbul?**

Istanbul is the only city that promises an Olympics on two continents, such that we plan to perform its opening ceremony on the continent of Asia. We have the only city where fireworks can be seen from Europe as the opening ceremony takes place in Haydarpaşa Harbor in Asia, where the Maiden's Tower can be seen in the strait between Asia and Europe, and where the silhouette of the historic city across can appear on screens around the world. There is an Istanbul that is the cradle of civilizations, the cradle of different faith cultures; an Istanbul that has a past of thousands of years; an Istanbul that is able to keep the epipha-

nies and houses of worship of different faiths together in peace and fraternity; and an Istanbul that can, in this sense, contribute the very best to the alliance of civilizations and embody the promise for the future of the Olympic spirit's peace-minded message of fraternity. Our biggest card to play, really, is that Istanbul is a Turkish city, that it is located in Turkey, and that it is our candidate.

**Spain has previous Olympic experience, as you well know. What advantages does Istanbul hold against its rivals, Madrid and Tokyo?**

There were six candidate cities at the start. In this process, we have never badmouthed the other precandidate cities. We never mentioned their deficiencies. There has been no room in our discourse for a stratagem of making Istanbul look better by badmouthing Madrid or Tokyo. Istanbul has so many pluses that to leave them aside and conduct propaganda based on the rivals' deficiencies just isn't our business. And we will continue to act this way later on, too.

We have focused on Istanbul's pluses; these are pluses that are enough to keep Istanbul a few steps above. We have a

**NATIONWIDE WE ARE UNDER WAY WITH THE CONSTRUCTION OF 718 SPORTS FACILITIES.**



young population; this young population will supply the source of young athletes that a host country needs to put forth. A city that will host the Olympics must be able to deploy hundreds of thousands of volunteers. Turkey is a dynamic country that possesses the power to deploy these volunteers. The Olympics is an event with a high cost sheet. Therefore, the economy of a country that will host the Olympics must have attained stability, and its sources of financing must be rock solid. Turkey is a country that can commit to these.

**With regard to the matters of ensuring safety criteria in transportation and the traffic problem, the provision of health-related necessities, and exhibiting the experience in construction as promised in the candidacy booklet, Istanbul is a city that can offer guarantees that no other place would be able to. I don't know—is there any other city in the world that can provide so many advantages, so many pluses, and so many opportunities?**

**Turkey has hosted and is hosting many, many successful non-Olympic events. What projects do you plan to apply for as a candidate or undertake in the coming term?**

Besides the European Football Championships and the Olympics, there is no international event that Turkey has not hosted. There was a promise to Turkey concerning the European Football Championships for 2016, but the collocutors involved were unfortunately unable to fulfill it. Turkey has one target now—the Olympics. In the 2020 Summer Olympic and Paralympic Games, we aim to unify Turkey with Europe, and Asia, and the Middle East, and Africa in Istanbul. Our region needs the Olympic spirit, the Olympic philosophy, and the values and principles represented by the Olympics. It needs it in the name of peace—in the name of civilization. We promise to conduct one of history's most magnificent Olympics and an Olympics that will have the broadest participation ever. We invite the Olympics to broadcast its message over a broader territory that it has so far been unable to have its voice be heard clearly and to bear its values. We are of the opinion that this invitation will receive a response.







# MASTER OF THE SEAS

Following on the heels of its acquisition of marinas in Croatia, D-Marin, Doğuş Group's marina-industry brand, has partnered with the largest marina chain in Greece. Having doubled its capacity in a short time, D-Marin today possesses the largest international marina chain of the Eastern Mediterranean Basin and Adriatic Sea.

BY CAN GÜRSU

**D OĞUŞ GROUP HAS BEEN** standing out in recent years especially with its acquisitions in the restaurant industry. A similar picture has materialized in the marina industry, which it entered in 2003 with the brand D-Marin. Having bought numerous marinas in Greece and Croatia within a year and partnering with renowned companies in the field, D-Marin doubled its yacht docking capacity within a very short time. D-Marin now flies the Turkish flag in the Eastern Mediterranean and Adriatic with pride. Hüsnü Akhan, the CEO of Doğuş Group, shared D-Marin's plans and strategies for the future with *The Turkish Perspective*.

**What is your assessment of the current state of the marina industry in Turkey, which is located at the edge of the Mediterranean Basin and possesses incredible natural wealth? What do you see in the cards for Turkey in the fields of yachting and marinas, where it has so far not received the attention it deserves despite the beautiful coasts it possesses?**

The activities of yachting and marina management, which are in a close relationship with the tourism, seafaring, and transport industries, are a field of interest for all coastal countries. The fundamental reason for this is the economic

gains they provide to several areas. Compared to other Mediterranean countries, where sufficient support and importance is given to seafaring-related areas in our country, which is surrounded on three sides by the sea, it would then have the chance to become the number-one yachting area in the world marine tourism industry. Looking at the value our country possesses and quantitative data on our yachts and marinas, we could say that the Turkish marine tourism industry will develop much more in the years ahead.

**The yacht-building industry, having been dealt a blow by the financial crisis felt especially in Europe, is shifting from Italy toward Turkey. How will this situation affect the marina industry in Turkey? Do you think Turkey has the infrastructure to handle the rapidly rising demand?**

A significant worldwide increase in interest toward the seafaring and yachting industries is at hand today. Economic and social developments in our time have offered wider masses the means to travel. Meanwhile, increased vacation times and higher levels of prosperity cause interest in yachting to multiply and, in connection to this, demand for marinas to increase. Each passing day, yacht owners have started spending less time at their own docking harbors, and this situ-

ation has brought with it a search for marinas that are able to satisfy the needs of traveling yachters.

Today, looking at docking capacity in Europe, Italy still ranks first, together with France and Spain. In the recent term, besides Turkey, such Mediterranean countries as Tunisia, Egypt, Morocco, and Lebanon have emphasized marina investments and begun capacity increases as well. Montenegro, which has a coast on the Adriatic Sea, can also be counted as one of the countries where marina investments have exhibited increases in the recent term.

The Mediterranean area, which includes our country, possesses great potential in terms of yacht tourism by virtue of its geographic position. However, the sustainability of the progress of the marina industry in our country requires long-term, strong investments. Our country needs to establish facilities that conform to international standards and reach a capacity that would enable it to take a larger slice of the pie within a short time.

In regard to this, as D-Marin Marinas Group, we want to utilize the existing demand in the region as best as possible, increasing our marina capacity so as to serve a wider segment. We, as D-Marin Marinas Group, strive to conform to a framework based on international quality standards, and we are expending the necessary effort to ensure sustained business. All marinas within our group possess qualities that will make the regions in which they are located more alluring to tourists local and foreign.



With latest investments, D-Marin has become the largest marina chain of the Eastern Mediterranean Basin and Adriatic Sea.

The fact that the areas where our marinas are located have been home to many different touristic investments over time is the most important indicator of this. In the coming days, with new investments whether domestically or abroad, we aim to carry D-Marin Marinas Group to a point where it could serve as an example globally by showing the high standard we have achieved in the marina industry.

**Could we say that Doğuş Group, which sped up its investments abroad with those it made in Croatia and Greece, turned the crisis into an opportunity? What other countries are you considering for investment in the coming term?**

Operationally, we took our first step into the marina industry with D-Marin Turgutreis (in Muğla Province) in 2003. In 2009, after D-Marin Didim (Aydın) went into service, we quickly increased our investments in the marina industry in line with our aim to become a regional power in this field,

taking over the management of Mandalina Marina in Sibenik, Croatia following our partnership agreement in 2009 with Nautical Center Prgin (NCP). Since we became the main shareholder of the marina in September 2011, with a 76% majority stake, the marina has operations under the name D-Marin Mandalina. And in the final quarter of 2010, we took over Port Göcek (Muğla), adding it to D-Marin Marinas Group with the name D-Marin Göcek.

In 2012, we continued our investments in Croatia with D-Marin Dalmacija and Borik. We bought the remaining shares of D-Marin Mandalina as well, becoming the full owner of the three marinas in Croatia. In December 2012, we bought 6.92% of Adriatic Croatia International Group (ACI), becoming a shareholder in the Mediterranean's largest marina chain. With this investment, our total docking capacity in Croatia—excluding ACI's capacity—reached 2,397. Also in December 2012, we signed a 50-50%

partnership agreement with Latsis Group—one of Greece's leading groups—for Flivos Marina, our first marina investment in Greece. Most recently, by signing a 51% partnership agreement with Kiriacoulis Group for MedMarinas SA, Greece's largest marina chain, we increased our total yacht capacity in the three countries where we have invested in marinas to 8,461, with the addition to our portfolio of the marinas of Gouvia, Lefkas, and Zea.

The Mediterranean area, which includes our country, possesses great potential in terms of yacht tourism by virtue of its geographic position. Our aim is to create a network that will span Greece, Albania, Montenegro, and Croatia, starting from the Aegean. In relation to this, we are interested in investment opportunities in the main countries that shape yacht traffic in the Eastern Mediterranean; so far, we have focused on Greece and Croatia especially, as we could say that Greece and Croatia are



important markets in the marina field. With D-Marın Marinas Group, in order to turn existing demand in the Mediterranean region to productive potential, we are evaluating investment opportunities especially in these two countries.

**Are you considering continuing to build marinas in Turkey following D-Marın Dalaman, or will you focus your investments abroad? Are you considering acquisitions or partnerships in Turkey?**

Our permit process for D-Marın Dalaman, which is the closest marina in Turkey to an airport by virtue of its location, is ongoing. After this process, we plan to start the marina construction in 2013. When D-Marın Dalaman is completed, it will be one of Turkey's largest marinas, with a capacity of roughly 1,000 yachts.

With our latest investments, we have become the largest marina chain of the Eastern Mediterranean Basin and Adriatic Sea. As D-Marın Marinas Group, we aim to show the standards and quality of D-Marın to the world and spread it to a more expansive area in the Mediterranean as an exemplary brand. For this reason, we are interested in new investment opportunities domestically as we are abroad, too.

**Are the necessary importance and support being given today to marina investments in Turkey, which started in the '80s through the public sector? What is needed for the development of the marina industry?**

The cruises that started in the 1970s under the name of "Blue Voyages" developed rapidly between 1983 and

1992 in the international competitive environment created by the Tourism Incentive Act that came into force in 1983, which led to the formation of the marine tourism industry in Turkey. Later, marinas—considered infrastructure for yacht tourism—were included in the Second Five-Year Development Plan due to their importance to the industry. This was followed by developments in world and Mediterranean tourism that led to the formation of a significant potential for demand in Turkish marine tourism. We, as Doğuş Group, started to direct our attention to this industry starting in 1990, in line with the demand we predicted.

Marinas are the heart of marine tourism; they are facilities that symbolize civilization on the shores. With its success in the yacht construction and maintenance industries, the professional service approach at its marinas, and the diversity and quality of its services, Turkey has proven that it is worthy of its ambition in the Mediterranean. This has put our country's shores on the itineraries of yachters, revealing a need to add more docking capacity and marinas that provide quality service. We believe that public organization and bu-

*"Looking at the value our country possesses and quantitative data on our yachts and marinas, we could say that the Turkish marine tourism industry will develop much more in the years ahead."*

reaucratic matters must be improved for marina investments in Turkey to develop. Though the shores of our country are very suitable for yachting and marina investments, due to such reasons as the unclear distribution of authority among the ministries and the inadequacy of regulatory arrangements regarding these matters today, problems can emerge in investment and operation. A marina investor must obtain permission from at least 12 official institutions to complete a marina project and open it to service. The bureaucratic and financial responsibilities one must tackle before even launching the investment prolong the process excessively.

By utilizing the success we have attained in yachting and marina management well, if we can create new fields of investment that are freed of bureaucratic difficulties, we can provide momentum to investments in our country and enable sustainable development in this area.

**It is said that the standard of service offered at marinas in Turkey is higher than that offered by marinas abroad. As a company that**

**owns marinas both domestically and abroad, what are your thoughts on this matter?**

We can say with ease that D-Marın Marinas Group, as a world brand, has earned its position in Europe. Our most important business principle is quality of service, which is the keystone of a marina—all other offerings can only be parts of service. Yachts coming from different socioeconomic circles of various countries and regions wish to have their general expectations and the services they desire fulfilled at all ,aromas; here, our job is to offer them quality service that satisfies their expectations. All of Doğuş Group's facilities are capable of providing yacht docking, on-land services, and social means at the level of international standards.







# “THE NEXT GAME CHANGER MAY BE ENERGY STORAGE TECHNOLOGY”

**Carl D. Hughes has been the Global Industry Leader for Energy and Resources at Deloitte Touche Tohmatsu Limited (DTTL) since 2011. After leading Deloitte UK’s Energy and Resources practice for ten years, Mr. Hughes now works with established and emerging companies delivering market-leading projects, across all of Deloitte’s services including auditing, tax work, finance, risk management, and consulting.**

BY MERVE KARA

**T**HE GLOBAL ENERGY industry’s outlook has been going through a rapid transformation for over a decade. According to the 2013 World Energy Issues Monitor, continued uncertainty in the future direction of climate frameworks, political instability in the Middle East and North Africa (MENA) region, energy price volatility, and the global economic recession are what energy leaders consider as the top “insomnia-inducing” issues driving the world energy agenda this year. Mr Hughes provided his assessment of recent developments in Turkey and upcoming global challenges for The Turkish Perspective.

## **How are climate change concerns altering the landscape of global energy industry today?**

Perhaps one of the most pressing challenges that the energy industry is facing is climate change. Climate change is a key factor in energy investment decisions.

Given the continued media attention and global focus, climate change and sustainability will remain of significant importance for the foreseeable future. This has given rise to an increased focus on renewable energy, clean technologies in fossil fuels, carbon capture and storage, and the political and environmental desire to increase investment in renewable energy. Thus, the investment landscape is shifting and some of the money set aside for investment in fossil-fuel-based technologies has been directed toward renewable energy investments. This is evidenced in the 2011 figures: \$233 billion was invested in renewables, while investment in fossil fuel technologies totaled \$219 billion. Thirty-four percent of the additional capacity and 30% of the additional generation originated from renewables. This shows that investors are concerned about climate change, see opportunities in renewables, and are reshaping the generation mix accordingly.

### How did the global tendency toward investment in renewable resources change in the last decade?

Climate change concerns have affected power generation since Kyoto. The summits of Bali, Copenhagen, Cancun, and lastly Rio have drawn the public's attention to climate change concerns. For the last decade and maybe longer, this public attention has resulted in massive investment in renewable energy: the investment level rose from \$33 billion in 2004 to \$211 billion in 2010. Installed capacity rose from nearly marginal levels to 8% of total capacity and 5% of generated electricity. Of course, this remarkable investment has been supported by considerable public sector involvement and renewable energy policies and incentives, especially as new renewable technologies need support to survive commercially in the early stages of investment. As of 2011, 119 countries have renewable energy policies that include several forms of incentives. There has been a boom in solar generation in some European countries such as Germany, the Czech Republic, and Spain, rising from nearly zero to several gigawatts in the course of a few years, such that the governments decided to cut or lower the incentives. Although there are ongoing debates about the level of incentives, governments that support development of renewables typically create a considerable renewable capacity.

### To what extent are the current global financial crisis and sovereign debt crisis in Europe affecting this investment tendency at public and private levels in Turkey?

Let's firstly look at the Turkish economy to see the impact of the crisis. Debt markets remain very challenging and this is borne out by the current low levels of lending in greenfield power projects as well as energy privatizations versus recent years. Many privatizations in the energy industry including regional electricity distribution and Başkent Natural Gas Distribution Inc. have been canceled due to financing challenges. Moreover, terms have changed and banks are more conservative now: lenders ask for more sponsor support: the margins have been increased; and the terms have



**“LOCAL BANKS HAVE HEALTHY FINANCIALS AND CONTINUE TO SUPPORT THE TURKISH ENERGY INDUSTRY IN ADDITION TO MULTINATIONAL FINANCIAL INSTITUTIONS. HOWEVER, MORE CONTRIBUTION FROM THE GLOBAL BANKS IS NEEDED.”**

been shortened etc. However, transactions continue to be completed. Local banks have healthy financials and continue to support the Turkish energy industry in addition to multinational financial institutions. However, more contribution from the global banks is needed. Globally, I can say that CFOs see the unpredictable economic and financial environment as the single largest factor constraining investment. Corporates are reacting to the fog of economic uncertainty by adopting more defensive strategies than at any time in the last two years.

### Are other emerging countries—such as China, a leading investor in renewable resources—being influenced by the crisis?

In fact, all investors are feeling the pressure of the crisis, in emerging countries as well. However, there are some interesting figures regarding China and emerging coun-

tries showing that the renewable energy sector is less affected than others. While many countries experienced negative or marginal growth around the world, the renewable energy industry grew by around 17% in 2011. This is quite remarkable.

In the previous question, we mentioned over \$200 billion of investment in renewables. Developing countries made up 35% of this total investment, and China alone made over \$50 billion of the investment. Fifty percent of all transactions occurred in developing world. We attribute these high figures especially to considerable government support both financially and politically. Further, China and India enjoy low cost generation and are now massive exporters of solar and wind equipment. These massive production and reduced technology costs caused photovoltaic module prices to fall by close to 50% and onshore wind turbine prices by around 10%, bringing them closer to being competitive with fossil fuels. There are also certain funds that are available for emerging countries, to be utilized in renewable energy investments, which enable a certain degree of investment. But again, the project must show it has the potential to create cash and that it is efficient in market terms. Some of the developing countries, including China, have also benefited from the Clean Development Mechanism projects.

**Turkey kicked off its nuclear power plant projects in recent years with the expectation to improve its foreign**





**+250**  
MILLION TONS

This is how much municipal solid waste the US generates every year.

Data: US Environmental Protection Agency

### trade balance. How do you see Turkey's efforts in this regard?

Turkey has concerns over security of supply, as the energy sector is highly dependent on imported fossil fuels, especially natural gas. This naturally encourages a focus on exploiting local resources. It is a rather controversial issue as to whether nuclear technology can be regarded as a local resource given the high amount of imported technology, equipment and material that is required. Further, it brings other complexities in terms of risk management, public opposition, financial concerns, disposal of nuclear waste and plant decommissioning in the longer-term. However, the inclusion of nuclear power is a way of diversifying the generation mix, and it will definitely decrease the level of imported natural gas. Whilst nuclear power is a controversial issue all over the world, especially after Fukushima, decisions on whether to build nuclear power plants or not have to be made after careful thought and analysis, with the related governance structures being clearly and transparently established.

### Do you think Turkey could be an energy hub geographically surrounded by oil- and gas-rich countries??

Considering that the richest resources of oil and natural gas are located in the nearby geography of Turkey, it can be argued that Turkey is in the best position to become an energy hub in the region. Potential natural gas resources in the countries with which Turkey shares its borders, amounting to some 80,000 bcm, will in part be needed to meet European demand for many decades to come. In the meantime, trans-Turkey routes are the most favorable for pipeline transmission of natural gas from Caspian and Middle East countries to the European Union. Also, the EU is trying to reduce dependency on Russian gas, thus strengthening the potential role for Turkey as a hub between the Caspian and Middle Eastern gas producers and European customers. However, becoming an energy hub cannot be realized without strong political will and a structured plan. Turkey has already achieved considerable progress in terms of developing its regulatory framework,

yet there is still room for development in terms of regulatory revisions to pave the way for the necessary investments to take this step.

### Production of shale gas, a type of natural gas, has been soaring in the United States. What is your opinion about the impact of this new underground resource on global energy politics?

The advent of shale gas production at scale in the United States, and the consequent shift in US energy supply toward energy independence, are likely to change the dynamics of global gas markets fundamentally. This market impact will be further increased if unconventional gas deposits in central and Eastern Europe, China, and Australia are also brought to commercial production. I believe that the implications of these changes are sustained lower gas prices in the US, with gas projects in Russia and Africa, previously focused on LNG supply into the eastern seaboard of the US, needing to find a new market in Europe or Asia.

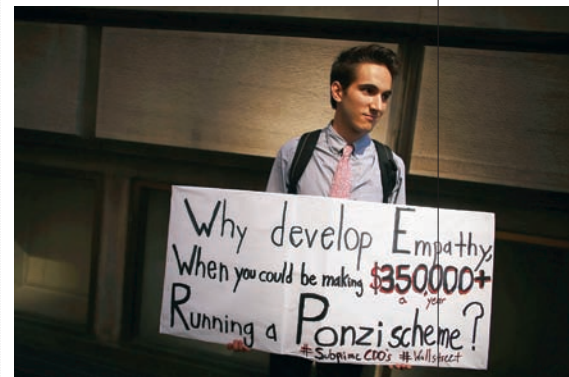
**"WHILE MANY COUNTRIES EXPERIENCED NEGATIVE OR MARGINAL GROWTH AROUND THE WORLD, THE RENEWABLE ENERGY INDUSTRY GREW BY AROUND 17% IN 2011, A REMARKABLE ACHIEVEMENT."**

### How do you see the future of the energy industry over the next ten years?

This is a very broad question—there are many issues to consider, but I'll try to mention a few of the most critical ones. The future of energy industry will be shaped by several factors with technology at the forefront. Everybody felt the transformative power of technology when the US, which was importing large volumes of natural gas, started to utilize unconventional ways of extracting natural gas and, as a result, became nearly self-sufficient with over a hundred years of reserves. The next game changer may be energy storage technology. This would bring forth a new world, especially for electricity generation and renewables.

Energy management, covering energy efficiency and demand management issues is increasingly a hot topic. Sustainability, security of supply and safety remain key energy considerations for most countries. All in all, technology will make more and more energy resources available to a greater number of people than ever before.

*\*Source for quantitative data: UNEP report and Jane Allen's presentation on questions related to renewables.*





*Turkish Food Chains*

**GO WORLDWIDE WITH  
FRANCHISING**





The dozens of Turkish food chains that have grown through franchising have set their eyes abroad. Having established franchises in the surrounding region, these companies now have the Middle East, Europe, and America in their sights.

**T**HE FRANCHISE SYSTEM, which emerged in the US, is becoming more and more popular for brands in Turkey for the advantages it brings. The growth attained by companies using the franchise system is attracting more investors by the day,

causing franchising to grow exponentially.

As Turkey becomes a center of attraction for international brands with its increasing allure, Turkish brands have set their sights on the rest of the world. Brands that became franchised in mushroom-

ing shopping centers first in Istanbul and then in Anatolia are no longer contained by the country's borders: they now seek opportunities in the markets abroad. These brands initially opened branches by franchising in nearby countries and the Turkic nations of

Central Asia, but there is more to come. Food brands account for a significant number of these, and this means alluring business opportunities in the food industry for investors both local and foreign.

# 1,876

Number of chains in Turkey

# 24%

Proportion of foreign brands

# 74%

Proportion of Turkish brands

# 50,000

Number of branches connected to chains

## KOMAGENE AND DÖNERGENE

*Komagene, one of Turkey's leading vegetarian çığ köfte—patties made of bulgur with a mixture of spices, herbs, and other ingredients—chains, was one of the first brands in Turkey to present an opportunity to investors via franchising. Launching in 2003, Komagene grew to more than 100 branches by 2008. The company is aiming to increase its influence in both the domestic and international markets with its new döner kebab brand, Dönergene.*



**Çetin Tekdemir—General Manager, Komagene Çığ Köfte**

*Used by many companies, the franchise system is one that has been especially successful in the West. This system makes rapid growth possible. When it is set up and managed correctly, it brings success. Individually owned and small businesses are affected negatively by global movements, trends, and difficulties with communication and accessibility. For businesses to hold competitive power against large corporations and continue to maintain owner-*

*ship, they must enter a franchise system. The benefit of the franchise system to small-scale investors will be understood more clearly in the coming term. Presenting turnkey brand power, accessibility, and awareness; the strength of chain stores; and tried-and-true business models, the franchise system is sure to grow more quickly in the coming term.*

*As Komagene, we currently serve out of 390 branches, 385 of which are in Turkey and five of which are abroad. In our sights are Europe, the*

*Turkic republics, and countries with well-established spice customs and habits of consuming spicy foods, such as India and Pakistan. And with our new brand, Dönergene, the entire world is our target market.*

*When granting a franchise, we take care to see that the potential investor believes in this business, loves the business, has the means to invest, and follows franchise rules. Until the end of the first year in which the franchise is granted, we do not take trademark fees from the investor.*







**Mustafa Aydın, PhD,**  
Chairman of the Turkish Franchising Association

*We asked Mustafa Aydın, PhD, Chairman of the Turkish Franchising Association, about the franchising industry, which is growing in parallel with the growth of the services sector worldwide, and the position of Turkish food brands within the industry.*

**What is the secret to success in franchising?**  
Brands that grant franchises must first cement their concepts properly and develop their brands according to the desires and needs of their customers. For the franchise system to be successful, it is also necessary to keep quality standards high and use

*the operations/control mechanism very effectively. The most important factor in the development of franchise chains is management. A poorly managed chain cannot grow or turn into a brand; in fact, as its rivals grow, it will shrink. A well-managed chain will become a brand even when starting from scratch. Shopping center space for brands is one of the most important factors in the development of franchise chains as well. Errors and neglect committed constantly by independent retailers are another important factor in why consumers prefer franchise chains and in how they develop. A factor that can cause franchise chains to fall behind in certain industries, on the other hand, is the emergence of giant chains that open their own branches. These do not emerge in service-intensive industries; but in segments where the product and price are at the forefront, because they are able to operate on low profit margins, neither independent stores nor franchise chains can stand up against them.*

**In terms of the number of franchise chains, how do you regard Turkey's position in the world?**

*The Turkish market and economy constitute an important location with their stability, young population, and position as a gateway to the Middle Eastern and Asian markets. All countries and brands from America to Canada and from Spain to India are planning to enter our country's market.*

**How is interest in Turkish food brands that grant franchises abroad? Is it mostly local investors who buy franchises or are they foreign?**

*Interest in our brands abroad is increasing each passing day. As UFRAD, we have always encouraged and supported our brands in branching out abroad. There is interest from investors local and foreign alike. At first, local investors were more interested; now, however, foreign investors are also buying franchises, believing in the strength and quality of Turkish brands.*

**Could you discuss the curriculum of the Franchise Academy run by UFRAD?**

**How did the need to establish such an academy in this field arise?**

*As UFRAD, in order to ensure that franchise-granting chains provide lasting benefit to our country's economy, we see it as necessary for them to set up their franchising systems in full and correctly operate these. For this reason, we support them with our training and check up on them via system evaluations. With UFRAD Franchise Academy, a joint effort at Istanbul Aydın University with the consultancy of Franchise&more, we provide fundamental training to entrepreneurs who will establish a franchise system, the managers who will implement the system, and the people who will sell the product.*

## TURKISH FOOD BRANDS EXPANDING ABROAD VIA FRANCHISING



- Sampi Gıda took its first step abroad into Germany. The company opened its first branch under Sampi GmbH, its business entity in Germany, in the city of Düsseldorf, and its second in Cologne. Sampi aims to grow to 100 branches in Europe within five years, starting in France, the Netherlands, and Belgium.



- In 2011, Baydöner opened its first branch in Erbil, the rapidly developing city in Northern Iraq. Expanding its franchise in the Middle East and Europe is foremost among the company's goals.



- Another food brand that opened a branch

in Iraq is Pizza Pizza. On the heels of the opening of its branch in Azerbaijan, the company has now set its eyes on the Iranian market.

- Park Kumpir, which opened its first branch in Switzerland, intends to bring the tasty kumpir—a popular street food consisting of baked potato with



assorted toppings—to Spain.

- Simit Sarayı is determined to feed Turkish simit—a superficially bagel-like sesame roll—to the world. Simit Sarayı ("Palace of Simit" in Turkish), which introduced a fresh approach to the doughy snack that is traditionally sold on the streets, aims to become the world's

most chain by number of locations by the year 2020. The company's yearly revenue target is TRY 5 billion. Besides America and the Middle East, it is planning to open branches in China, India, and Pakistan as well. The brand's goals are not limited to opening branches, either—Simit Sarayı will establish seven production facilities in the US, China, and India.

## SİMİT SARAYI

*Simit Sarayı is continuing to expand not only in every city in Turkey, but also all around the world. The company always makes sure to conduct the opening of the first location in a country by itself. With its export-based strategy for growth, it is aiming to establish manufacturing hubs around the world.*



**Caner Yazar**  
*Simit Sarayı Franchise Direktörü*

*By attaining a figure of 280 stores at minimum by the end of 2013, we aim to surpass in 2016 the 550-store target we set for that year. We receive 450–500 franchise applications on average every month, and more than*

*half of these requests come from abroad. From these applications, which come from every part of the world, more or less, we are in close contact as of 2013 with Benelux countries and Germany in particular, as well as investors in the USA, Australia, UAE, Qatar, Saudi Arabia, and Kuwait. Especially abroad, we are conducting our efforts regarding this matter under two main headings. As we conduct this effort, we aim firstly to possess sufficient information on consumer preferences and prices. Under the second heading, the investor's background, operational capacity, and financial situation come into the fore as a determining factor for us. Abroad, we take 6% of monthly revenue for trademark fees, and 3%—also of monthly revenue—domestically. In the process of globalization, change*

*is under way in the food and beverage industry, as is the case in every part of life. Companies with a high degree of mobility are moving toward the franchise system in order to adapt to this change. We think it will be better for companies to progress while also maintaining their local values in the human and cultural sense. As Simit Sarayı, investors are watching us with rapt attention due especially to the growth and development we realized over the past few years. As we are one of the brands that use the franchise system most effectively in the world, we stand out more than other brands do. The way to success in the franchising system goes through happy franchisees that adopt the brand's standards and values in their work and thereby attain profitability.*





## WHY FRANCHISING?

The franchising system minimizes the time, energy, and—to a significant degree—the money one would spend upon deciding to establish a business. As the brand has already gained recognition and acceptance, entrepreneurs are able to market their services eas-

ily. This security and trust provided to the entrepreneur brings high motivation with it. Entrepreneurs are able to exchange ideas with other investors in the franchise with ease and learn of global developments quickly. Additionally, as one deals with professionals the whole time,

potential friction and problems are minimized as well. If you are interested in companies that offer franchising abroad, it bears mentioning that they generally do this by granting a master franchise for an entire country to a single investor. In other words, a franchisor

grants a specific individual or company in a country or region the authority to grant further franchises in its name instead of doing so on its own. The contracts in which this authority is specified, the master license, may grant this authority for more than one country.

## KITCHENETTE

*Kitchenette—the flagship brand of Istanbul Doors Group, a local giant in the dining, nightlife, and entertainment business with more than 20 brands under its umbrella—offers entrepreneurs the opportunity to establish their own businesses via franchising.*



**Osman Cenk Akın—CEO,  
Istanbul Doors Group**

*Kitchenette, the locomotive brand of Istanbul Doors Group, currently has one branch in Baku and two in Moscow. In both locations, it has been met with great interest from day one. The success of the first branch in Moscow facilitated the launch of a second branch within a short time. And in Baku, our efforts to open a second branch are ongoing. Additionally, in a very short time, our St. Petersburg, Russia branch will enter service. After that, we plan to open our London branch. The success of our existing restaurants abroad further rallied us with respect to our plans for abroad.*

*Kitchenette will continue to grow domestically and abroad. Now, with*

*the second branch that opened in Moscow, our total number of restaurants has reached 24. In the years ahead, we predict that this number will multiply, especially with branches to be opened abroad. With franchises, we aim to reach 60 restaurants within five years.*

*When it comes to the Kitchenette branches we open abroad, we opt to work with local partners who know the region in question and its conditions. As Doors Group, the foremost concern we have when granting franchises is that our business partner will represent our brand as best as possible, not compromising on the brand perception, quality of service, and all other principles so as to ensure the continu-*

*ity of the business. As for the technical terms, those are discussed and decided upon once all other terms have been approved.*

*We believe the franchise method possesses significant potential. The demand we have seen for branches of Kitchenette abroad prove this, anyway. Our top priority is Baku and Moscow, where our concept has gained acceptance. Furthermore, London, as a city where we already have restaurants, is a location where we are strong. We aim to grow in the UK, foremost in London. There is significant demand for Kitchenette from many other different places in the world; we are evaluating all of them, our target regions most of all.*



# Brands

TEXTILES, CLEANING PRODUCTS, COPPER WIRE, COFFEE...



Sarar holds four textile companies in the US, Germany, Israel, and China.

## Sarar Gets READY TO SURPRISE

Founded in 1944, Sarar was passed down from grandfather to grandson. Now representing the third generation in the company's administration, CEO Emre Sarar spoke about this nearly century-long journey and its milestones.

BY AYNUR ŞENOL ALTUN

**T**HE JOURNEY BEGUN by family patriarch Abdurrahman Sarar in a 12-square-meter tailor's shop led to the establishment of what is today a textile giant. Born on April 19, 1944, Sarar Group is active in a wide range of industries, from apparel production to big-box retail, home textiles, automotive trade, insurance, and IT. Among the members of this group are Sarar Men's, Sarar Women's, Sartoria, Interview,

CCS Sarar, and the home textile brand Sarev. At present, Sarar provides employment to nearly 5,000 people.

**BRANCHING OUT TO THE WORLD** For Sarar, which accelerated its growth in recent years, the 2000s began with a flurry of activity. In 2000, Sarar established the company Sarar Europe GmbH, which conducts its European operations and aims to develop the brand, as well as sales and



marketing, in EU countries. In 2001, with similar goals, the group established Sarar USA to conduct and manage its US operations. In China, the group is active via Sarar Trading Co.

Aiming to increase Turkey's recognition in the world market for home textiles and to gain even more power in the field, Sarar established a new brand to this end, Sarev. In October of 2005, the Sarar Home Textile Factory was established and put into operation in the Turkish province of Eskişehir.

With so many brands under one umbrella, the principles of branding are of great importance. According to Sarar CEO Emre Sarar, a brand must globalize to truly become a brand. "Since we entered the process of becoming a brand, awareness of our brands increased even more," says Sarar, and he continues, "We are growing more by the day."

#### 49 COUNTRIES, 5 CONTINENTS

Sarar, whose retail expansion efforts in Europe and America are ongoing, is active in 49 countries on five continents at present. Sarar aims to further increase this figure in 2013. Having raised its number of stores in the US to 12 with locations opened in 2012 and early in 2013, Sarar meanwhile continued to grow in Europe and Middle East, too. The company opened a store on Königsallee, the boulevard regarded as the heart of fashion in Germany; and in the Middle East, it established a partnership with world-famous franchise firm Alshaya, says Emre Sarar. As a result of said partnership, a new store was opened at the Avenue Mall in Kuwait. With Alshaya, Sarar aims to increase its number of retail

***Emre Sarar, CEO:***  
***"The textile industry in Turkey will always maintain its importance and value".***



locations in Central Europe and the Middle East to 100 by 2023.

Sarar holds four textile companies in the US, Germany, Israel, and China. It is present in 13 EU metropolises, five US states, and in Tel Aviv with its retail Sarar concept stores. Sarar also has distributorships and franchisees in Russia, India, Iran, Azerbaijan, Turkmenistan, Kazakhstan, Lebanon, Dubai, and Egypt.



#### EMRE SARAR

CEO, Sarar Group

"There exist both advantages and disadvantages to entering a new market. It takes time to become acquainted with and understand the market; products, fabrics, and patterns that fit the market have to be created. But we could say that producing designs that suit every body type and taste is foremost out of what makes Sarar 'Sarar.'"

Emre Sarar says Sarar is one of the world's leading companies in terms of ready-to-wear production capacity. The company's total exports can be broken down by country into Germany with 49%, the UK and Egypt with 8% each, the US with 4%, and Russia with 3%, with the remaining 28% going to other countries. Sarar's top export products are suits, shirts, and coats/overcoats.

Sarar's largest foreign markets are Europe, the US, Russia, and the United Arab Emirates. However, the brand is continuing research to branch out to new markets as well.

#### "IT TAKES TIME TO BECOME ACQUAINTED WITH THE MARKET"

According to Emre Sarar, there exist both advantages and disadvantages to entering a new market. He summarizes these as follows: "It takes time to become acquainted with and understand the market; products, fabrics, and patterns that fit the market have to be created. But we could say that producing designs that suit every body type and taste is foremost out of what makes Sarar 'Sarar.'"

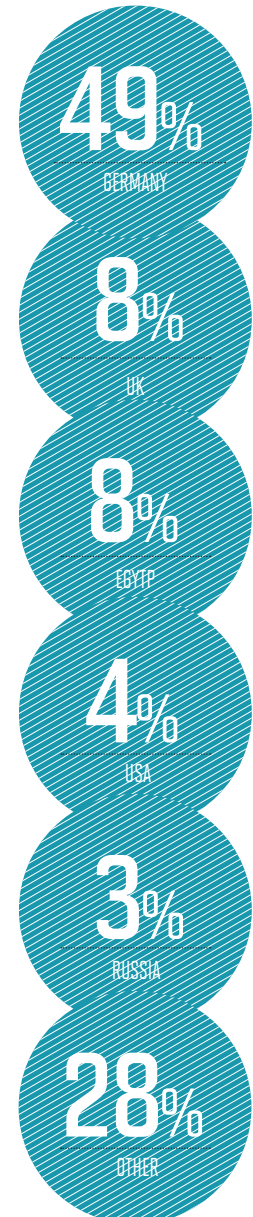
Sarar stands out in its industry with both its designs and the quality of its fabrics and workmanship. To determine these standards, Sarar's design team follows industry developments and trends closely. Based on trend analyses, themes for collections are set to match the brand's positioning and target audience. Once the theme is established, the materials are chosen and the products are created.

Emre Sarar says the greatest quality of Sarar products is that products can be found to suit every body type. He continues, "Because we are



## HALF OF EXPORTS GERMANY-BOUND

Sarar exports to 49 countries. The company's export figures can be broken down as follows:



present not only in the Turkish market but also in many markets abroad, we develop and diversify our products according to the changing needs of the market of every country.”

The company has no qualms about the future of the domestic market in Turkey, said the CEO, who



*With Alshaya, Sarar aims to increase its number of retail locations in Central Europe and the Middle East to 100 by 2023.*



believes that the textile industry in Turkey will always maintain its importance and value.

In 2013, Sarar aims to renew its existing stores, open new stores, and continue to conduct plans to grant new distributorships, says the company CEO. “By performing the right cost calculations in the right locations, we are turning toward profitable investments, thereby taking cautious steps in our domestic-market investments.” He adds that additional budgets have been set aside for R&D investments and that innovation has been given priority.

Sarar’s creations for men and women are well established. With its Interview brand, it is aiming for the youth. This raises the question of whether Sarar will introduce new things to cater to this target audience. Although Emre Sarar provides no hints on the matter, it seems likely that 2013 could yield surprises.



## THE UNSTOPPABLE RISE OF PAREX

Founded two years ago as a marketing company, Parex is continuing to grow rapidly following its partnership with Digicom. As the company’s market share grows constantly every month, it stands head-to-head with global players on supermarket shelves.

BY NESRİN KOÇARSLAN

**A**FTER WORKING FOR Unilever and Doğuş Group for a long period, Ferhat Sucu, the founder of Provel, realized one day that he just wanted to quit his job. Neither a plan to form a new business nor one to transfer to another company were in his mind—all he wanted was some time to rest his head. But he was also cognizant of the fact that his years of experience would open new doors for him. With everyone he knew advising him to set up his own business, he was unable to ignore

them—he thought for a few weeks, analyzed his target industry for a month, and after concluding that it could work out, he rolled up his sleeves for the task. He informed his social and professional circle, and he assembled his “dream team” of people he wanted to work with. He didn’t leave the office for three months. “Everything was planned, but because I did not know what would happen in the end, the days were very hard and tiring—until I held the first packaged product in my hand.



Parex General Manager Ferhat Sucu aims have sales in 30 countries by the end of 2013



*“To grow and become an important brand in the world, we first need to be a strong brand in Turkey. For this reason, we first aimed to become stronger in Turkey.”*

I don't remember ever being that happy in my life," says Sucu of those days. Everything afterward appeared to come naturally. What Sucu said allured Digicom CEO Sabri Yiğit, too. Although Parex had no partnership in its short-term plan, it entered one with Digicom. The business plan that designated the company as only a marketing company had its goals altered and expanded with this partnership. As a result, it was decided that the targets Sucu aimed to achieve within five years would be achieved within two years.

**GROWTH VIA PARTNERSHIP**

Roughly two years have now passed since the partnership began. We asked Sucu to explain in summary what took place over these two years, to which he replied, "When we decided on the partnership, we planned for a factory and to reduce our time frame for what we would accomplish in five years to a shorter period, two years. Standing where we are today, we have accom-

plished all of these things." In the two years that Sucu explained so clearly and succinctly, the company took several significant steps in its market. The aforementioned factory was built on land that they owned and it operates today at full capacity. Parex started on its journey with 81 products; today, it continues with more than 200 innovative products in its portfolio. In an industry that is quite open to competition, an industry where both powerful global giants and generic brands weigh heavily, it managed to attain a 16% market share in just two years. More importantly, it is rapidly increasing its activity in the international market—exporting to 15 countries at present, the company plans to export to 30 countries by the end of 2013 and 50 by 2015.

**EXPORT STRATEGY**

Parex General Manager Ferhat Sucu thus plans to go beyond the markets in which they are active at present. The European and African markets are

**PAREX SETS ITS SIGHTS BEYOND TURKEY'S BORDERS**

As it aims to become a global brand, in Parex's sights for 2015 are plans for new countries.



on their radar as well, he states emphatically. About Parex's international strategy, Sucu says the follows: "We don't want to enter new countries just to sell products. By working with the right business partners, we entrust our brand to our business partner in a certain location. Its distribution capabilities, infrastructure, financial stability, and relationship with retailers there are highly important to us." Sucu is therefore quite particular when choosing a country to enter. It is of strategic importance that the retailers with which they work trust them, too, he says. Also important for their business partners are the company's rapid growth in the Turkish market, its broad distribution network, and its rapid spread, notes Sucu, emphasizing that the company highly values the Turkish market and growing in it. Though Parex may be exporting to 15 countries currently, the domestic market still accounts for 95% of its revenues. Sucu aims to increase the share of exports in revenues to 15% this year. In time, exports and domestic sales will be at roughly equivalent levels, he states.

**"WE WANT TO BE A GLOBAL BRAND"**

Sucu emphasizes that Parex's success lies in what they imagined for it. Parex is the only brand that is active in the cleaning aids, garbage bags, and kitchen aids categories at once, he says. The company has specialized in each one of these categories, says Sucu, and he adds that the company's efforts both in R&D and to follow and develop world trends are very successful. Parex, which aims to become a global brand, has growth in its home country first as its priority goal. Sucu believes the first step to Parex

becoming a global brand will be to become strong in Turkey, because "...in the countries to which we export, the buyers are generally large distributors. That is to say, they are that country's strong players, and before they start working with you, they look at how much you have invested in this business in your own country, and at how successful you have been in your country. For this reason, in order to be successful in exports, you must first be successful in your own country, in any case," he explains, highlighting the importance they give to the Turkish market.

### CHALLENGING GLOBAL PLAYERS

Sucu notes that Parex is the only brand to increase its market share constantly every month. His achievements with the Parex crew add up to a rare breed of success story—the reason for this is hidden in the dynamics of the FMCG market in Turkey. Besides the fact that the market contains considerably powerful players both domestically and globally, the no-name brands possess a deadly weapon in price competition. Adding to these the fact that consumer habits have not yet become clearly established in Turkey, it seems almost impossible to grow in the market here. But with sound knowledge on how to best exploit the

*"We set out to expand the market. Today, we are both expanding the market and taking a share from it."*

dynamics of the market thanks to his past business experience, Sucu managed to bring Parex to where it is today thanks to the brand perception they were able to have the consumer accept. Sucu says they grew both the market and their own market share. "Actually, we set out to grow the market, because to gain a share in the existing market means competing to an abnormal degree with somebody, losing money, and taking a slice from their pie. Growing the market, however, brings with it a contribution to the market by taking shares from both the growing market and from rivals," says Sucu, explaining the strategy behind their growth.

Founded two years ago by Ferhat Sucu based on a dream, today, Parex has 17,000 retailers in 81 provinces in Turkey and exports to 15 countries. For Sucu, who accomplished in just two years much that many entrepreneurs could not even imagine, the dream of "becoming a global brand" seems likely to turn into reality.

**Parex reaches** its customers through 17,000 retailers today in 81 provinces.

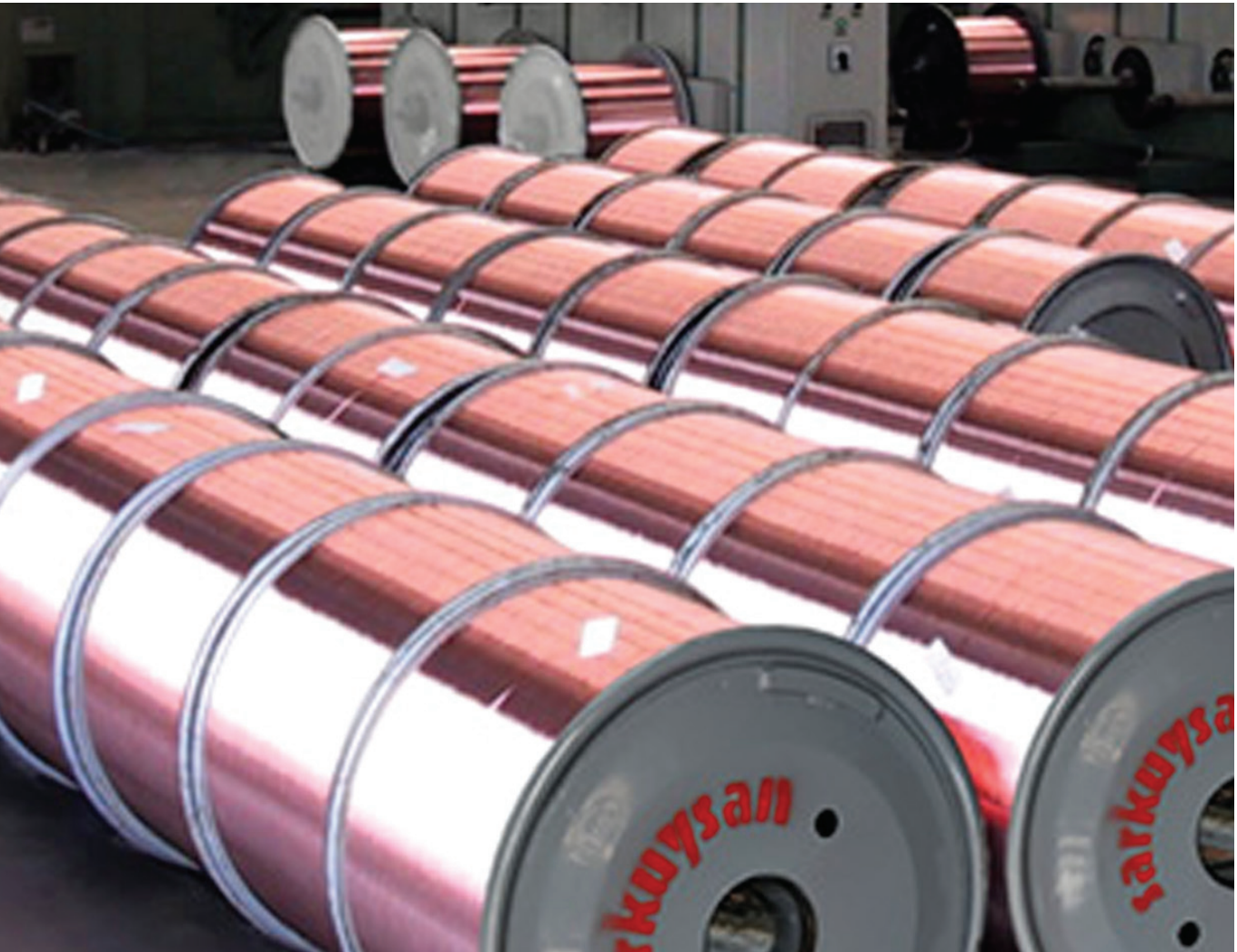


**S**ARKUYSAN WAS founded in 1972 by gold dealers and jewelers in the Grand Bazaar, which is one of the most important centers of Turkish commerce and especially of Istanbul. Its name is derived from the first few letters of the names of the professions of its founders.

Sarkuysan operates as a group of companies; namely Sarmankina, which is active in the fields of spare-parts manufacturing for machinery and environmental protection technologies; Demisaş, which produces pig and nodular cast iron for the automotive and machinery

manufacturing industries; Bemka and Bektaş, which produce enameled wire; and Sarda, a marketing and sales company. In Italy and the US, Sark-USA serves to market the export products of Sarkuysan, which is a heavy exporter. In late 2009, Sark-Wire, a manufacturing company, became operational in Albany, NY. With all these investments and its production capabilities in the US, Sarkuysan became a pioneering Turkish company. Back in Turkey, Sarkuysan produces export-bound high value-added products at its facilities in the Aegean Free Zone in Turkey.





## PRESENT IN EVERY ASPECT OF INDUSTRY

Producing electrolytic copper products, which are basic infrastructural and investment goods that serve as inputs to fundamental industries, Sarkuysan satisfies an important demand. Sarkuysan's wares are standard inputs to the cable, electrotechnical, electronics, engine, communication, electricity generation and transmission, solar power, home appliances, measuring devices, defense, automotive, chemical, construction, HVAC, and plumbing industries. The group exports to around 50 countries located on five continents. Espe-

cially due to the crisis that erupted in the euro zone a few years ago, it is striving to compensate for export losses in this region by entering the markets of developing countries. Sarkuysan's 2012 exports totaled roughly \$474 million. In 2013, it aims to increase production and sales by around 10%.

Sarkuysan is a publicly traded company. Sarkuysan General Manager Hayrettin Çaycı, expressing his views on this matter, said Sarkuysan was the first successful corporation to be entirely publicly traded and ruled by a multiple-partner, professional management team, granting it a spe-



*Sarkuysan manufactures parts of the machinery and facilities it uses on license or with its own know-how.*

cial place in the history of industrialization in Turkey. All of Sarkuysan's shares are publicly traded, and it is estimated that there are some 4,000–5,000 shareholders. Sarkuysan, which has distributed dividends to its shareholders almost every year since it entered operations, exhibits a steady, rising performance.

## FORTY YEARS OF EXPERIENCE

According to Hayrettin Çaycı, the key characteristics of the industry are the fact that the vast majority of raw copper—the basic material for the electrolytic copper industry—is imported, the price of copper

(as a strategic metal) being set on international metal exchanges, and the necessity to use external sources in purchases due to its high price. For this reason, managing this industry requires personnel with great experience, knowledge, and skills. With forty years of experience and know-how in this field, Sarkuysan is steady and successful in its operations.

Çaycı explains Sarkuysan's primary aims as follows: "To maintain our position as the industry leader, increase the recognition we have in world markets, engage in production abroad when necessary (as we do in the USA), and expand our product range with an emphasis on high value-added wares."

### THREE DIFFERENT CASTING TECHNOLOGIES

Sarkuysan engages in production in indoor space totaling more than 77,000 square meters, located on 180,000 square meters of land it owns in Gebze and Darıca, Kocaeli. Their initial production capacity of 10,000 tons per annum has risen to a world-class 220,000 tons today, says Çaycı. The company uses the latest technologies in production, he adds, and he emphasizes that Sarkuysan is the only company in the world to have three different continuous-casting technologies under one roof.

Sarkuysan's R&D department, which is in intensive efforts to develop and improve its technologies, contributes to the company's international competitiveness through patents and industrial applications. Manufacturing parts of the machinery and facilities it uses on license or with its own know-how,



*All of Sarkuysan's shares are publicly traded. It is estimated that it has some 4,000-5,000 shareholders.*

the company also generates a significant portion of the electricity and steam it consumes at its cogeneration facility.

The company conducts all its activities in accordance with the ISO-EN 9001 and ISO/TS 16949 quality management systems. Additionally, it documents its care for the environment through the ISO 14001



**HAYRETTİN ÇAYCI**

General Manager, Sarkuysan

Sarkuysan wire is used in an estimated half of passenger and commercial vehicles produced in Europe. Since 1980, wire made from oxygen-free copper and nickel-plated copper wire have been supplied to NASA—the US Aeronautics and Space Administration—and, in recent years, to the suppliers of the aircraft industries.

environmental management system, and the importance it gives to health and safety in the workplace with the OHSAS 18001 occupational health and safety management system.

Sarkuysan also has physics and chemistry labs fitted with cutting-edge equipment. These labs hold TSE (Turkish Standards Institute) Contract Laboratory Certification, which signifies the technical proficiency and authority to conduct experiments on behalf of the TSE.

Having started in the Grand Bazaar, the heart of trade in Istanbul since the Ottoman era, Sarkuysan's journey now leads it to the rest of the world. In the past three years, Sarkuysan has continually increased its production and sales. The company supplies wares to Europe's auto giants and to NASA. Sarkuysan, which became an important economic power with its thousands of partners, appears poised to expand thanks to the market research and R&D efforts it is conducting.

### FIGURES

Sarkuysan has been increasing its production and sales continually over the past three years.

Year	Production (tons)	Revenue (million TRY)
2010	145,725	1.51 million
2011	151,425	2.18 million
2012	157,763	2.27 million





The precondition to success abroad is to differentiate the brand in a way that reflects its essence.

## THE 40-YEAR STORY OF A CUP OF COFFEE: KAHVE DÜNYASI

After opening its first branch in London, Kahve Dünyası started seeking new markets. Today, it is planning to open branches in New York, Boston, Vienna, the Gulf countries, and the Turkic republics.

**T**he coffee chain Kahve Dünyası entered may have entered consumer consciousness relatively recently, but its history actually dates back to the 1970s. After being present in the market as a producer for roughly 40 years, under the name Kahve Dünyası (“Coffee World”), it started to grow rapidly after opening its first branch in 2004. Bringing a fresh take on

coffee culture for the past five years, the brand is carrying its flavor to the rest of the world with the cafés it is opening abroad. After opening its first branch in London, Kahve Dünyası started seeking new markets. Today, it is planning to open branches in New York, Boston, Vienna, the Gulf countries, and the Turkic republics.

### A UNIQUE COFFEE RETAIL EXPERIENCE

Entering the industry with the importation of coffee seeds roughly 40 years ago, Kahve Dünyası—then Altınkılıç—later became an important producer with the foundation of the Altınkılıç Coffee Factory and Altınmarka Cocoa and Industrial Chocolate Factories. After opening its first retail branch in 2004, Kahve Dünyası drew the attention of customers with its unique concept. Eda Terçin, Marketing Manager for Kahve Dünyası, ascribes the quick development of appreciation for the brand to its customer-focused approach, genial personnel who reflect Turkish hospitality, table service, and especially to the culture of complimentary treats unique to Turkey. She adds, “Thanks to this, the brand became one that people learned about from word of mouth.”

### COMPETING WITH GLOBAL BRANDS

Kahve Dünyası’s ambitious entry into a market dominated by global players caused quite a stir. With its complimentary treats, widespread and accessible cafés, and a concept that reflects Turkish culture, it was quickly adopted by customers. According to Eda



100

NUMBER OF STORES KAHVE DÜNYASI PLANS TO REACH IN 2013

12

NUMBER OF SUBWAY KIOSKS

13

NUMBER OF CORNER KIOSKS AT SUPERMARKET CHAINS

Terçin, the spread of Kahve Dünyası brought with it an increase in coffee consumption habits in Turkey, and people started choosing such venues to spend time and socialize outside of the home more frequently. In fact, a significant base of customers who sampled several varieties of coffee at Kahve Dünyası and went on to become repeat consumers emerged.



*Among Kahve Dünyası’s 2013 strategies is growth by opening stores in provinces where it did not have stores before.*

### CONTINUED GROWTH

Focused on growth since 2004, Kahve Dünyası aims to have reached close to 100 sales locations as of February 2013. Of these, 12 are kiosks at subway stations, 13 are corners in supermarkets, and others are branches, says Terçin. Among Kahve Dünyası’s 2013 strategies, she adds, is growing by opening stores in provinces where it did not have stores before.

The company opens its own stores and manages these from its headquarters, says Terçin, and she confirms that their strategy will continue as such in the coming term. “In order to offer a standard quality of products and services in all our stores, we prefer to open and manage our stores ourselves.”

### ACTIVITIES ABROAD PERK UP

Besides being the first Turkish coffee chain to





**The spread of Kahve Dünyası** brought with it an increase in coffee consumption habits in Turkey.



become a brand and chain, it also stands out as the first Turkish coffee brand to go international. Outside of Turkey, it currently has one store in London, says Terçin. “Our store is on Piccadilly, where tourists who come to London from all over the world stop by the most. For this reason, it is visited frequently by both the English and tourists. Thanks to this, we have the opportunity to have visitors who come from various parts of the world sample our products and to get their feedback.”

The company sees great potential in London, according to Terçin, who says they plan to expand with more stores in London in the coming term. Also in the coming term, they want to take steps toward opening stores abroad in further locations, says Terçin: “Our aim is to take serious steps toward becoming a world

## THE JOURNEY OF KAHVE DÜNYASI'S PRODUCTS

“We have four main product groups as Kahve Dünyası: coffee, chocolate, ice cream, and bakery products. We produce the products in all of these groups at our own factories; we prepare them using the finest of raw materials and deliver it to the customer at their freshest, never compromising on product quality. We have very strong R&D teams at our factories; they follow all the fairs, developments, and new product trends in the world. We are able to adapt these to suit the Turkish palate, allowing us to present new flavors to our customers constantly.”

*Besides being the first Turkish coffee chain to become a brand and chain, Kahve Dünyası also stands out as the first Turkish coffee brand to go international.*

brand by rapidly opening stores abroad, as we did in Turkey. We were taken into the Turquality program this year; with the support we get from it, our foreign operations will pick up speed.” With this decision, Kahve Dünyası will first grow in the UK and then open new stores in such global metropolises as New York, Boston, and Vienna. Terçin

says they will also add the Gulf countries and Turkish republics to this list, as they show special interest toward Kahve Dünyası's product range and concept.

### AMID GLOBAL PLAYERS

The absolute precondition to success abroad is to differentiate the brand in a way that reflects its essence, states Terçin. Kahve Dünyası's culture of complimentary treats, its hospitable approach, and its unique products are world class, she says. The London store offered all guests who revisited it one-and-a-half months later Turkish coffee and Turkish delight, which they were very pleased by, turning them into repeat customers of the chain, she said.

# Agenda

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



## *Texbridge Istanbul Textile and Accessories Fair*



**MARCH 13–15**  
CNR EXPO Istanbul

Among the companies registered to participate in Texbridge Istanbul from abroad are Lenzing AG, A-H Floros Co., US Denim Mills, Raccagni Group SRL, Bottonificio Bap, Picchi SPA, Texapel SPA, Northern Linen, and Gafforelli SRL. A unique setup through which the participating companies' products will be displayed is being installed at the fair in the "Trend Area" for visitors to see.

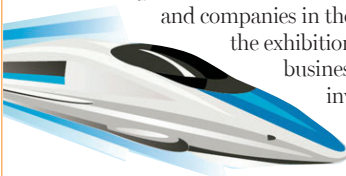


# MARCH

## MARCH 7-9

### Eurasia Rail: Rolling Stock, Infrastructure, and Logistics Exhibition Istanbul Expo Center

The third Eurasia Rail Exhibition will cover the effects of reorganization in the Turkish railroad system upon the industry and transportation in general, rapid cargo transport via railway, transportation in Istanbul and rail transport after the completion of the Marmaray submarine railway tunnel across the Bosphorus, and developments in vehicle technologies. Eurasia Rail aims to bring all institutions and companies in the industry together at the exhibition, where it will offer new business development and investment opportunities to participants.



## MARCH 7-9

### Sirha Istanbul 2013 Istanbul Congress Center

Sirha is aimed to fulfill in one unique place all the needs for the hotel, restaurant, and catering industries in Turkey and the countries that surround it. Its purpose is to enable visitors to discover new products, equipment, and services in the industry, both domestic and from abroad, and more importantly to give them the opportunity to experience new technologies in practice and take inspiration from internationally renowned chefs. The event aims to satisfy the expectations of all actors in the professional field in Turkey. The fair awaits participants to discover the innovations on offer in the industry, network and exchange ideas with industry professionals, learn about the latest global trends in restaurant and hotel management to develop new projects, and trade views with the world's greatest chefs.

## MARCH 13-15

### Exposhipping—EUROPORT ISTANBUL 12th International Maritime Exhibition Istanbul Expo Center

Europort Istanbul is again hosting the Mare Forum Conference, which will take place on the second day of the exhibition. Leading maritime industry actors will come together discussing Turkey's place in the seafaring world and what advantages and privileges cooperation with Turkey could bring to global companies.



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## APRIL 11-14

### Automechanika Istanbul TÜYAP Fair and Congress Center

Automechanika Istanbul is among Europe's leading auto OEM and after-sales events. Besides bringing together all auto manufacturing and maintenance professionals in the region, it also offers SMEs the opportunity to enter the market. This year, more than 1,000 automotive companies from Turkey, Europe, and surrounding countries will exhibit their products and services over a usable area of 25,000 square meters.



## APRIL 13-15

### ArkiPARC Real Estate Fair Haliç Congress Center

The direction to be taken by the real estate sector, one of the economy's locomotive sectors, is of critical importance to Turkey's vision for the future. As cities continue to develop, the need for infrastructure and transportation investments, new residential areas, and facilities for health care and education is increasing. ArkiPARC 2013 will bring to the agenda the progress of the real estate sector and the role of the public sector in spearheading advances in real estate for Turkey in the year 2023.

## APRIL 17-18

### Local Chains Meet 2013 Conference & Fair Haliç Congress Center

The fifth edition of "Yerel Zincirler Buluşuyor" (Local Chains Meet), which aims to strengthen channels of cooperation by bringing together suppliers of products and services to organized food retail with local grocery chains, will once again exhibit the difference it brings to fair and congress management as a visual spectacle in which Turkey's leading brands will appear with modern stands and take to the stage with special shows. Within the scope of the fair, exhibitions will take place in all the foyers of the Haliç Congress Center, while the open exhibition area will be used as a space for activities in a manner that suits the event's prestigious nature.

## APRIL 24-26

### ICCI—19th International Energy & Environment Fair and Conference Istanbul Expo Center

Held in Turkey regularly since 1994, ICCI is the country's most sustainable, environmentally sensitive, carbon-neutral fair and conference in the country, featuring record participation of more than 300 companies. The conference is also the only international platform where bilateral business meetings and fair activities are run simultaneously. ICCI invites all professionals in the field to this meeting place where the sector's leading suppliers are able to present the technologies they develop to the energy sector and to industry.



# APRIL

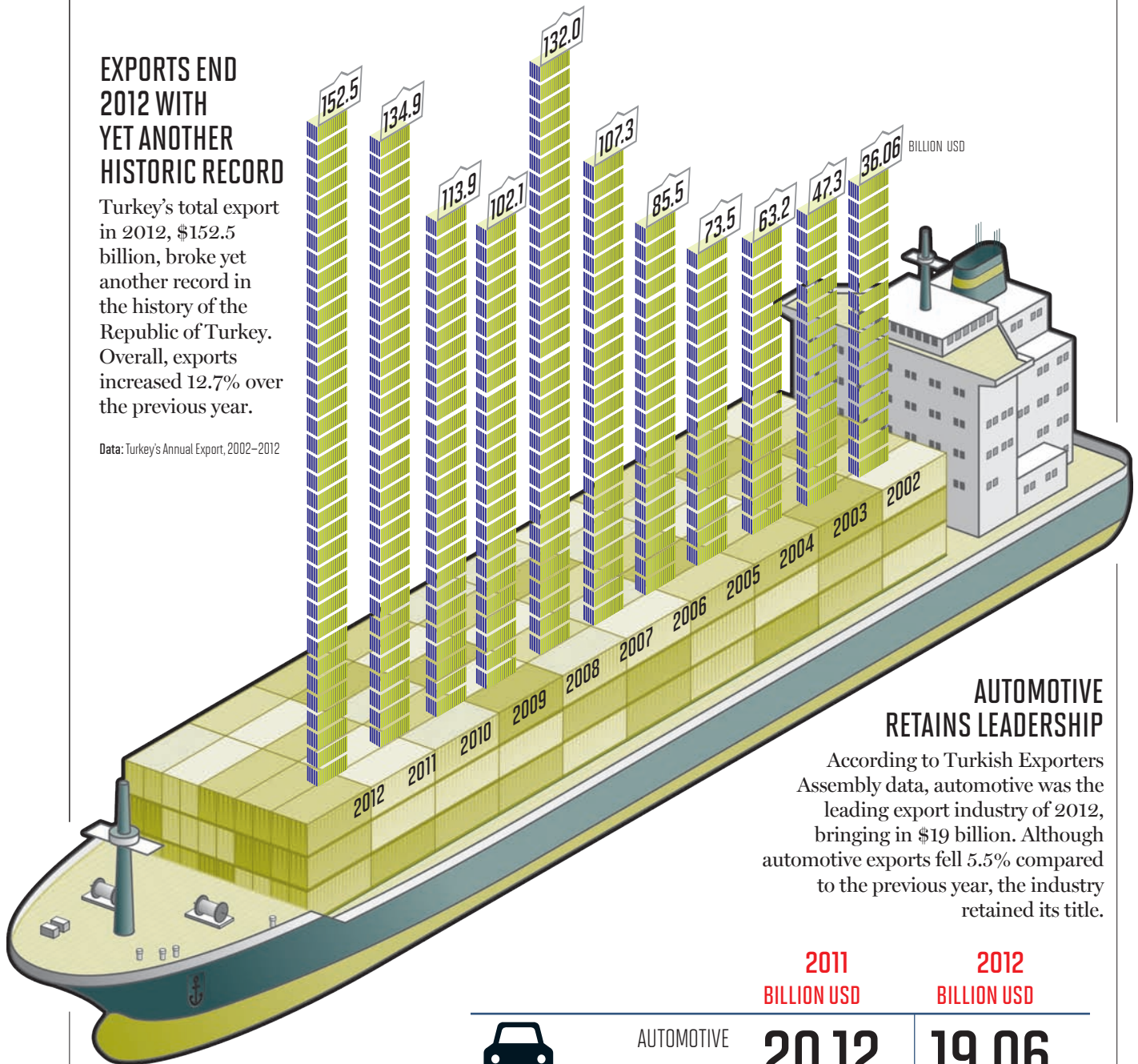
# Figures

## EXPORTS

### EXPORTS END 2012 WITH YET ANOTHER HISTORIC RECORD



Turkey's total export in 2012, \$152.5 billion, broke yet another record in the history of the Republic of Turkey. Overall, exports increased 12.7% over the previous year.

Data: Turkey's Annual Export, 2002–2012



### AUTOMOTIVE RETAINS LEADERSHIP

According to Turkish Exporters Assembly data, automotive was the leading export industry of 2012, bringing in \$19 billion. Although automotive exports fell 5.5% compared to the previous year, the industry retained its title.

	2011 BILLION USD	2012 BILLION USD
 AUTOMOTIVE	20.12	19.06
 CHEMICALS & CHEMICAL PRODUCTS	15.76	17.56
 READY-TO-WEAR AND APPAREL	16.15	16.09





**75,627,384\*** Turkey's population  
\* December 31, 2012

The working-age population (aged 15–64) in Turkey grew by 0.2% over 2011 (from 67.4%) to reach 67.6% (≈51 million).



The percentage of the population aged 0–14 fell to 24.9% (≈18.9 million), while the 65-and-up population grew to 7.5% (≈5.69 million).

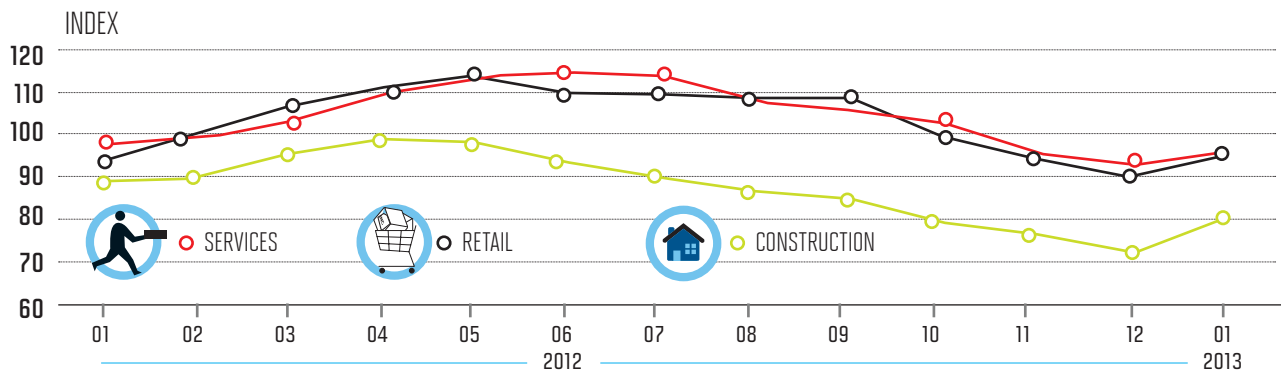


The working-age population grew 1.5% over the previous year **1,5%**

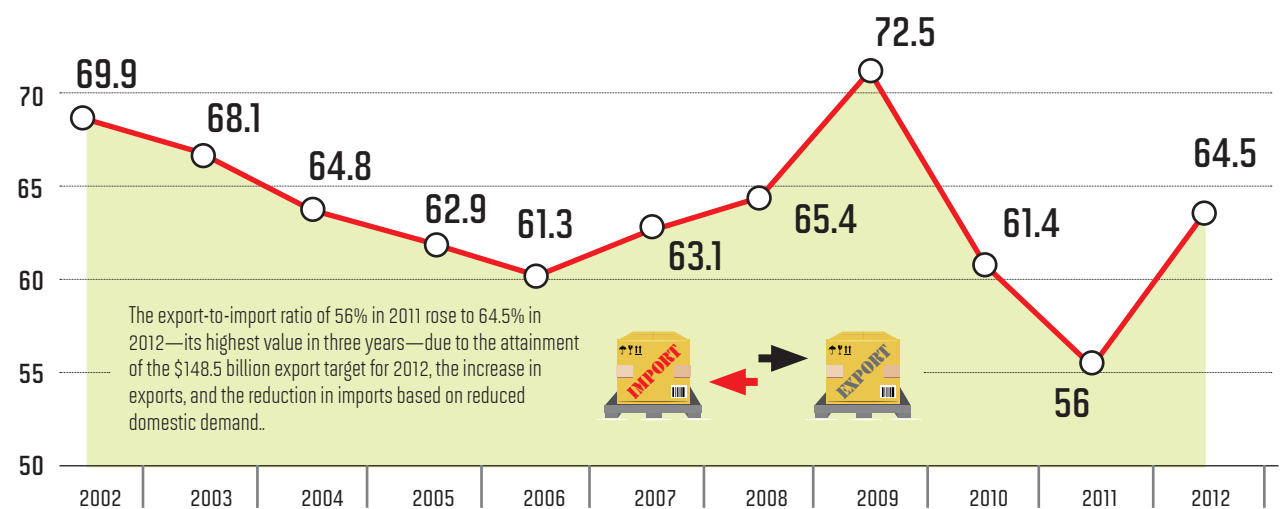
**903,115** The population living in Turkey increased by roughly 903,115 in 2012 over the previous year.

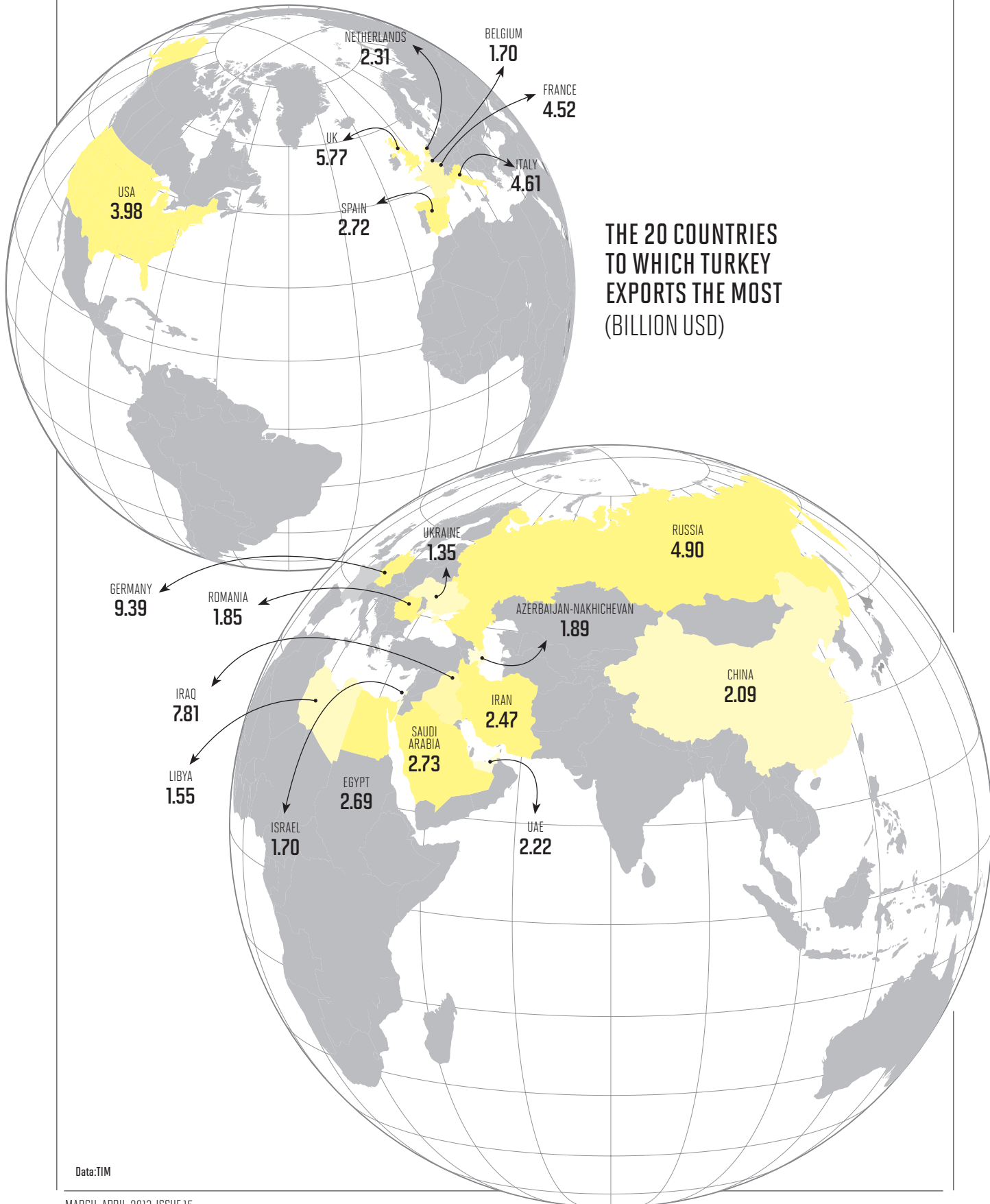
### INCREASED CONFIDENCE IN THE SERVICES, RETAIL, AND CONSTRUCTION SECTORS

The services sector trust index rose from 92.9 points in the previous month to 94.9. Likewise, the confidence index for retail increased from 89.5 to 95, and for construction from 71.8 to 80.6.



### EXPORT-TO-IMPORT RATIO BY YEAR (%)





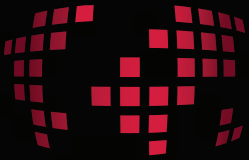
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# THE 2<sup>ND</sup> HUB OF EUROPE'S BEST AIRLINE IS NOW ISTANBUL SABİHA GÖKÇEN AIRPORT.

London - Kiev - Amsterdam - Paris - Vienna - Milan - Kuwait - Baku  
Tbilisi - Ercan - Izmir - Ankara - Dalaman - Antalya





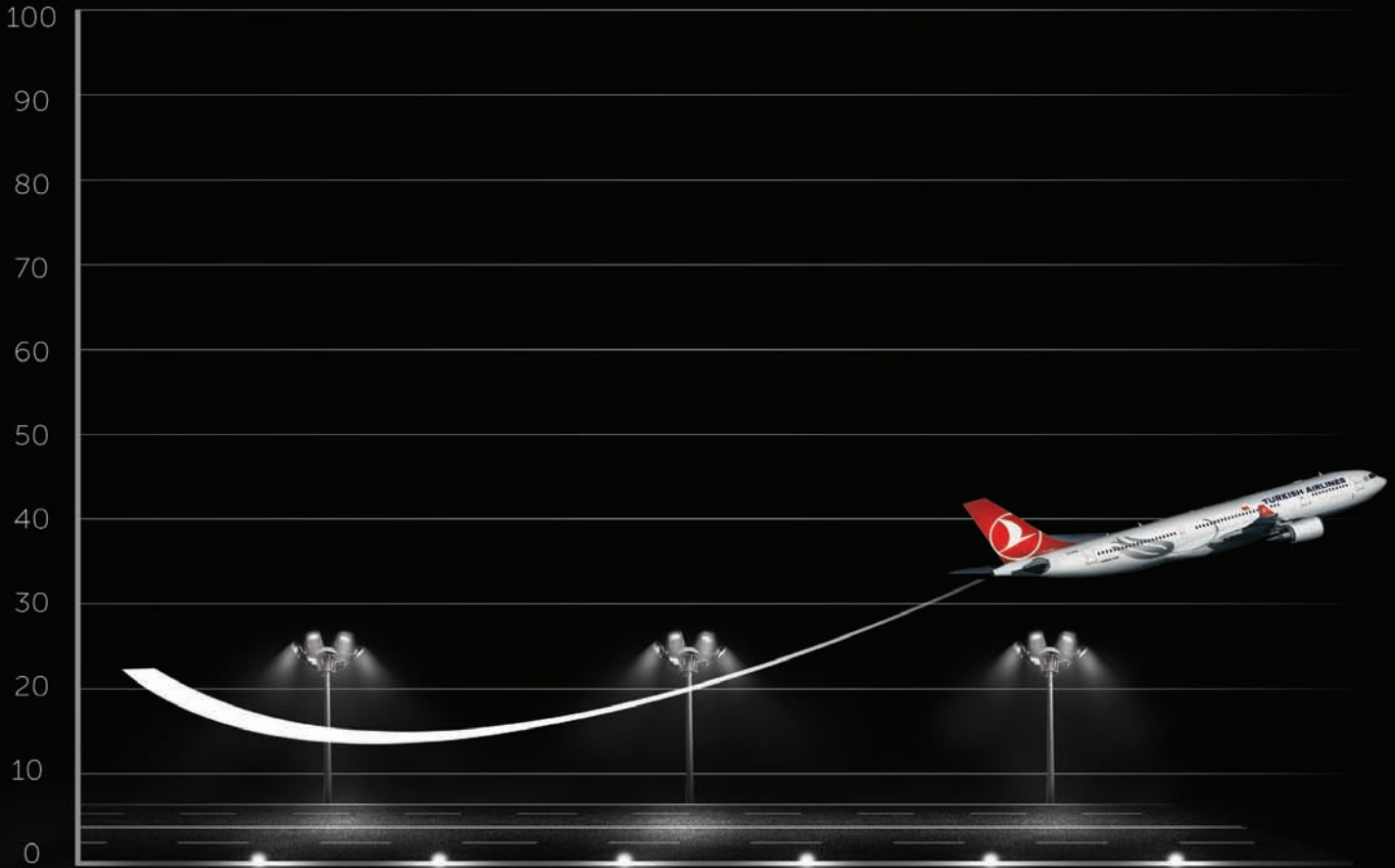
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