

YOUR COMPLIMENTARY COPY

# The Turkish Perspective

JULY-AUGUST 2013 ISSUE 17

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

**EXCLUSIVE INTERVIEW**  
The Minister of Family and Social Policies expresses her views on society in Turkey.



## IN THE NAME OF **WOMEN'S POWER!**

Women are managing to impress with the value-add they are creating for the economy.

# TiMTV

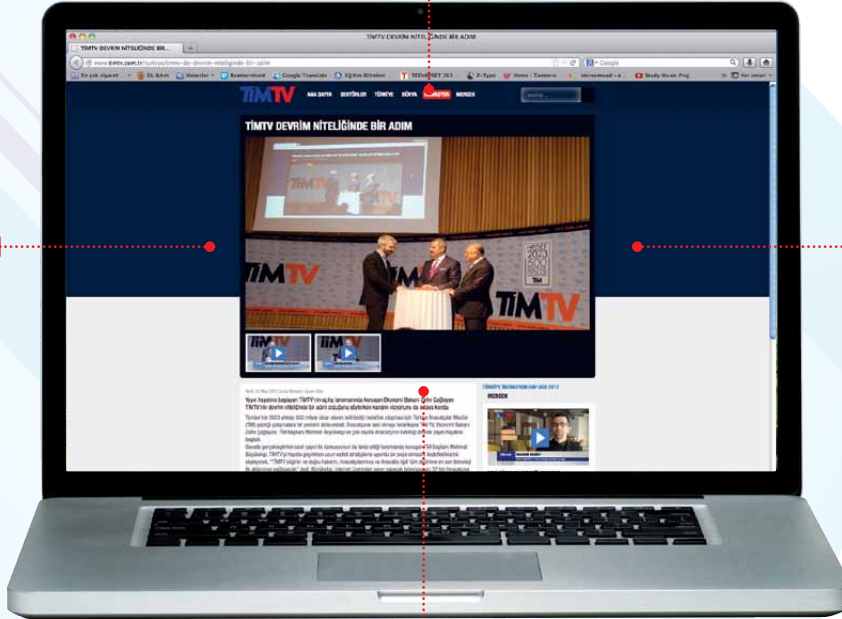
## A REVOLUTIONARY STEP

**TiMTV**, the channel of Turkish Exporters Assembly, is now on air. You can follow the exports agenda from [www.timtv.com.tr](http://www.timtv.com.tr).

Besides all the details about economy, production and exports; you can also follow

- International data and analysis via Reuters
- The agenda of Turkey and the World
- Inspiring success stories, industry and country analysis
  - The opinions of experts
- News about incentives, regulations and fairs
  - The agenda of export associations from **TiMTV**.

**TiMTV** is a part of the great effort of realizing 500 billion dollars worth exports target in 2023 and its door to public.



**TiMTV** provides access to information anytime, anywhere.

**TiMTV** is the common ground of 60 export associates, 26 industries and 57 thousand exporters.

You can also follow **TiMTV** on twitter



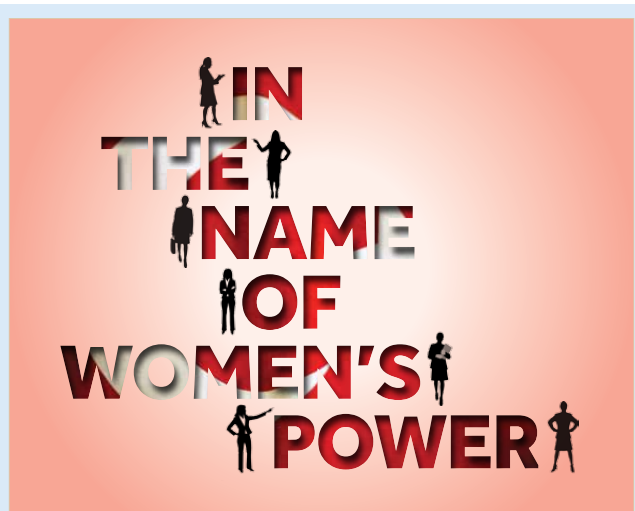
[twitter.com/timtvcomtr](https://twitter.com/timtvcomtr)

# Contents

- 05 | High Spirits at 20th, TIM General Council
- 06 | Aiming for \$277 Billion in 2018
- 07 | One of the World's Largest Airports
- 08 | 2012 Export Champions Revealed
- 09 | TIM TV Goes on the Air
- 10 | Turkish Design Peaks in Europe



10



## 34 COVER

### IN THE NAME OF WOMEN'S POWER!

Increasing their power in every field with each passing day, women now hold much more say in business and politics as well.

## 12 PANORAMA

### TURKEY AS A TOP INVESTMENT DESTINATION: IT IS THE CONNECTIVITY STUPID!

Turkey has been among the top economic performers globally during the last 10 years. That was based on significant reform and reorientation of its economics and politics. The country is endowed abundantly with the standard factors that drive FDI inflows.



14



## 14 BRIEFING

### 24 | SHIP AND YACHT EXPORTS STAY ON ROUTE

The export of ships and yachts, which are among Turkey's most important export products, increased 25% in Q1 2013 relative to the corresponding quarter, reaching \$304 million and getting ever closer to its \$1 billion export target for 2013.

### 17 | PRODUCTION PUSH IN RICE

The success that Turkey has achieved in rice exports over the past six months indicate that there will be significant activity taking place in the industry in the coming term.

### 19 | THE INDUSTRY THAT ATTRACKS FOREIGN INVESTORS THE HVAC INDUSTRY

One of the most important exports of the machinery-manufacturing sector, the HVAC industry is becoming an important player.

### 21 | TURKISH MARBLE AS A GLOBAL BRAND

Among the world's most notable countries in the global mining sector with its wealth of mining reserves, Turkey is gaining momentum especially in its marble exports in parallel with its economic development.

### 23 | AIMING FOR \$3.5 BILLION IN CITRUS EXPORTS

"Citrus exports are to have an important share within the 2023 export targets".

### 25 | JUST ONE WORD FOR EXPORTS: PLASTICS.

Plastics, one of Turkey's leading industries, might be import-heavy in its raw material supply, but its high-value-added exports are impressive.

### 27 | TURKEY: INVESTMENT CENTER FOR GROWTH IN BIOTECHNOLOGY

The Investment Support and Promotion Agency of Turkey (ISPAT) has been closely following international events on biotechnology.

### 29 | "FACILITATING FDI INTO EUROPE AND CENTRAL ASIA"

Operating methods of IPIs, investment facilitation and cooperating on investment promotion topped the event's agenda.

### 33 | THE VALUE OF AIR CARGO TO EXPORTERS

Aerial cargo brings numerous advantages to consumers, producers, and exporters alike. Thanks to air cargo, business operators are able to send their wares all over the world in a rapid and secure fashion.



19



**46 IN DEPTH****IS A FREE-TRADE AGREEMENT ON THE WAY?**

The Transatlantic Trade and Investment Partnership for which talks have begun between the EU and US will significantly influence not only the global economy but also Turkey's future prospects in particular.

**52 IN DEPTH****52 | A NEW TURKEY WORTH \$2 TRILLION IS SCHEDULED TO ARRIVE IN A DECADE**

Turkey is getting ready for the year 2023 with brand-new projects. From parking lots to airports and bridges, cities built from the ground up, harbors, rapid rail transit lines, and city hospitals, a great range of projects will be completed over the next decade to build the new Turkey.

**58 BRAND****58 | WHEN LIGHT DANCES WITH MARBLE**

The functional and aesthetic characteristic of Turkish marble is reflected in a special exhibit at the Milan Design Week held from April 8 to 14 annually, organized by IMIB (Istanbul Mineral Exporters Association).

**61 | THE MODERN FACE OF AGRICULTURE: TÜRK TRAKTÖR**

Türk Traktör, the export leader in the industry which has new investments, aims to respond better to both local and foreign demand.

**63 | AN ENTREPRENEURIAL STORY: LİDYANA**

Hakan Baş, Founding Partner of LiDYANA.com, which stood out from other online enterprises with its e-commerce site where it sold only jewelry and accessories in recent years when online enterprises skyrocketed, wants to open out to Eastern Europe in 2014.

**40 EXCLUSIVE INTERVIEW****"PEOPLE FIRST"**

Minister of Family and Social Policies, Fatma Şahin assessed the ministry's projects and the social policies which will be pursued in the coming period to The Turkish Perspective.



48

**65 | A 40-YEAR SUCCESS STORY A JOURNEY FROM QUAIN T SEFERİHİSAR TO THE WORLD**

Pınar, the Turkish food giant, its ambition to bolster its position of market leadership.

**68 AGENDA**

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

**70 FIGURES**

TURKEY ON ITS WAY TO BECOMING AN ACTIVITY HUB



61

**The Turkish Perspective****MANAGEMENT**

PUBLISHER ON BEHALF OF TURKISH EXPORTERS ASSEMBLY/ CHAIRMAN OF THE TURKISH EXPORTERS ASSEMBLY  
MEHMET BÜYÜKEKŞİ

**MANAGER IN CHARGE**

MUSTAFA MENTE

**PUBLICATION BOARD**

M. İLKER AYCI, BÜLENT AYMEN, İBRAHİM BURKAY, MUSTAFA ÇIKRIKÇIOĞLU PhD, ALİ NEDİM GÜRELİ, AHMET KELEŞ, TEMEL KOTİL PhD, ŞAHİN OKTAY, TAHSİN ÖZTIRYAKI, METİN TABALU

**PUBLICATION MANAGEMENT****PRESIDENT**

SERKAN ÜNAL

**GROUP COORDINATOR**

MEHMET MÜCAHİD DEMİR

**FINANCE COORDINATOR**

SELİM KARA

**EDITORIAL****EDITOR IN CHIEF**

SERDAR TURAN

**EDITORS**

AYNUR ŞENOL ALTUN, CAN GÜRSU, NESRİN KOÇASLAN, HÜLYA KESKİN, ALTAN ORHON, MELEK CEVAHİROĞLU ÖMÜR

**DESIGN****DESIGN DIRECTOR**

ÖZKAN ORAL

**DEPUTY DESIGN DIRECTOR**

AHMET ÇELİK

PINAR GÜVEN

**PHOTO EDITOR**

ŞEREF YILMAZ

**CONTRIBUTORS**

MURAT YÜLEK, DİLEK TAŞ

**PRINTING**

BİLNET MATBAACILIK BİLTÜR  
BAŞIM YAYIN VE HİZMET A.Ş.  
DUĞULU ORGANİZE SANAYİ BÖLGESİ 1. CADDE NO:16,  
ESENKENT - ÜMRANİYE 34476 - İSTANBUL  
TEL: (0216) 444 44 03 • www.bilnet.net.tr

**INFOMAG**  
YAYINCILIK

**CONTACT**

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

Neither text nor photographs from this publication may be reproduced in full or part without acknowledging the source and securing prior permission from the publisher.



# Editorial



MEHMET BÜYÜKEKŞİ  
PRESIDENT (TIM)

## FOCUSING ON \$3 TRILLION TOTAL EXPORTS FOR THE NEXT 10 YEARS

Turkish economy has succeeded in doing more than \$ 1 trillion exports during the last ten years. While celebrating the 20th anniversary of the Turkish Exporters Assembly, we are committed to triple that performance during the next 10-year term.

**A**FTER 14 CONSECUTIVE QUARTERS of growth performance, Turkey's economy grew by 3 percent at the first quarter of this year. The contribution of net exports to this performance was flat compared to past years performance, however we believe with the surge of exports in May with an 8.6% increase compared to last year there will be positive contribution in the second half of the year.

Our exports are rising in 2013 despite slowdown in world trade and slow down at imports of all developed countries. Thanks to our efforts for penetrations into new markets, Turkey's exports increased by 4.4 per cent in the first 5 months of 2013 and rose to a scale of \$ 62.3 billion.

This year, as the Turkish Exporters Assembly, we are celebrating our 20th anniversary. Since being founded in 1993, TIM has gone through a very ambitious and exciting journey through world trade. Turkey's exports which were 15.3 billion dollars in 1993 surged to \$ 152.5 billion in 2012. The \$ 45 billion foreign trade volume in 1993 reached to 390 billion dollars by the end of 2012.

In the last 10 years, Turkish exporters not only sold goods to the world's 242 countries and custom points, but also

they brought Turkey \$1 trillion export income. Turkish economy has now shifted to another echelon, by earning more than 1 trillion dollars in the last ten years and with ambitious projection of three trillions of dollars for the next 10 years. Our 2023 annual exports target is set as \$ 500 billion already, and we are focused on that.

In order to achieve the next 10 years targets, we assigned micro targets as well as the macro targets. We are now focusing on the companies, which are real actors of the realizing the 2023 foreign trade targets. We set up TIM training academy which will train our companies in order to prepare strategic plans of investment, production, exports and marketing for 2023 targets. While working with the Emeritus Professor Robert Kaplan on Balanced Scorecard methodology, we have accomplished our role as a non-governmental organization by setting the 2023 target for the economy. Government has also accomplished their role by taking this plan and announcing it as a state plan. Now it is the turn for the entrepreneurs and private institutions, to plan and execute their 2023 growth strategies.

We give great importance to our young people who will help Turkey

increasing its competitiveness. We are also trying to increase the cooperation and coordination between universities and the industry at all aspects. We as the Turkish Exporters are providing outmost support for any of those events. More to come, we will execute firmer projects to enhance this cooperation.

We will continue to work without giving breaks, in order to take Turkey's foreign trade to the utmost level by investing in high-technology, increasing university-industry co-operation, focusing more on innovation, R&D, design and branding.

The macroeconomic conditions for the World may seem to be more turbulent and tough for the remaining half of the year after the declaration of the end of stimulus package by FED, and the continuing slowdown in Chinese economy. Turkey as an emerging economy is well-prepared for those tough conditions and will deliver a better performance after the second half.

New system of incentives and long-term export strategy is also providing strong support for growth, to protect Economy against external shocks. We have celebrated the first anniversary of the new incentives at June 20, at Diyarbakir. The Turkish Economy has realized a real boom for investments during the last 1 year term. Together with the resolution process, we expect a much more suitable investment climate at Turkey.

Turkey is strengthening its investment-friendly position further day by day. Turkey will continue to be separated positively from other emerging markets which its grade is risen investment level. We believe in Turkey's potential.

Another important development is the founding of TIMTV, which will broadcast all kinds of exports and exports related issues. TIMTV has gone on air as of May 30, and can be visited via website [www.timtv.com.tr](http://www.timtv.com.tr).



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 and the fastest growing economy in Europe with an average annual real GDP growth rate of 5% over the past decade (2002-2012)
- 16<sup>th</sup> largest economy in the world with over \$1 trillion GDP at PPP (IMF 2012)
- A population of 76 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



YOUR ONE-STOP-SHOP  
IN TURKEY

[invest.gov.tr](http://invest.gov.tr)

**Content:** Aiming for \$277 Billion in 2018 **P6** One of the World's Largest Airports **P7** Budget Posts TRY 4.56 Billion Surplus **P6** 2012 Export Champion Revealed **P8** TIM TV Goes on the Air **P9** New Bosphorus Bridge to be Completed in Three Years **P9** Turkish Design Peaks in Europe **P10** **Editor:** Can Gürsu

# First

EXPORTS, AVIATION, ECONOMY, CONSTRUCTION, AUTOMOTIVE, DEVELOPMENT



**Turkish exporters** reached 1 trillion dollars worth exports to 242 countries and custom regions in 10 years between 2002-2012

## HIGH SPIRITS AT 20TH TIM GENERAL COUNCIL

The 20th Ordinary General Council of the Turkish Exporters assembly was held at Istanbul Cevahir Hotel with Prime Minister Recep Tayyip Erdoğan in attendance along with Minister of Economy Zafer Çağlayan, as well as numerous other ministers, bureaucrats, NGO leaders, and executives.

### PRIME MINISTER

Recep Tayyip Erdoğan, Minister of Economy Zafer Çağlayan, and other ministers presented awards to the top ten companies by export performance in 2012 and to the three companies in each of 26 industries that conducted the most exports.

TIM Chairman Mehmet Büyükekşi stated in his speech that Turkey's export-

ers sold goods to 242 countries and customs zones around the world from 2002 to 2012, accruing \$1 trillion in total export value over the past decade. Over this decade, the value of exports added up to \$109 billion to Germany, \$69 billion to the UK, \$45 billion to Iraq, and \$40 billion to Russia, declared the chairman, after which he announced that Turkey's exporters are

aiming to draw \$3 trillion in foreign currency over the next decade.

Büyükekşi said that the Republic of Turkey has massive targets for 2023, the centennial of its foundation. He stated that by that year, Turkey plans to have raised its export to \$500 billion in value, its GNI to \$2 billion, its per-capita income to \$25,000, its per-capita export to \$6,250, the number of provinces

whose exports add up to more than \$1 billion (currently 17) to 25, and the number of companies whose exports add up to more than \$1 billion to 50. Also among the aims for 2023 is to create ten global brands over the next ten years, he stated.

Announcing that the association sent 13 industry trade delegations to 13 countries in America, Asia, and

Europe with the intent of both gaining access to new markets and to bolster Turkey's position in existing markets, Büyükekşi added that even as Europe—Turkey's main market—struggles with major troubles and accounts for a lower share of exports these days, Turkish exporters' proactive strategies allowed them to shake off the European crisis with minimal damage done.



## DEVELOPMENT

# Aiming for \$277 Billion in 2018



**A**CCORDING TO the state's 10th Development Plan, exports are to increase to \$277 billion and imports to \$404 billion by the end of 2018. The document addresses the years 2014–2018. It is stated in the document that the annual rate of exports to GDP in the 2007–2012 period was 17.2% on average. Over the same period, the annual average increase in exports was 11.5% nominally and 6.8% in real terms. The especially powerful hold of the global crisis over EU economies, the rising tendency of the real exchange rate, and the rising tendency measured in unit price indexes (except in 2009) influenced the competitive ability of exports negatively. Ex-

## \$277

**BILION**  
EXPORTS ARE TO  
INCREASE BY THE END  
OF 2018

port prices exhibited fluctuations in this period and increased by an average of 4% annually. Despite the nominal increase in Turkey's export to the EU, the rapid growth in exports to other countries reduced the EU's share within total exports. Upon entering new export markets, the share held by non-EU markets in total exports rose to 59.7% in 2012. In 2007–2012, the ratio of imports to GDP was 27.1% on average annually. Over the same period, the average annual increase in exports was 11% nominally and 5.4% in real terms. The 10th Development Plan anticipates an increase to \$277.2 billion in exports and \$404.3 billion in imports by 2018.

## TREASURY

# BUDGET POSTS TRY 4.56 BILLION SURPLUS

Turkey's budget posted a surplus of TRY 4.56 billion in May. The primary surplus was reported as TRY 8.1 billion.

**M**INISTER OF Finance Mehmet Şimşek issued a written statement on the budget figures. In this statement, Şimşek wrote, "The budget ran a TRY 4.3 billion surplus in January–May 2013. By comparison, over the first five months of last year, it had a TRY 432 million deficit. The occurrences over the first five months of the year show that the budget is exhibiting a smooth performance this year and that we will achieve our year-end targets with ease. This

performance has been influenced by a favorable situation in budget revenues and the reduction in the amount of resources allocated to interest payments. In January–May 2013, budget revenues amounted to TRY 22.2 billion, increasing by 16.1 percent, while interest expenditures decreased 10.7% to TRY 2.6 billion in the same period. This picture shows the importance of maintaining fiscal discipline and just how apt the measures we took last year were."



## AUTOMOTIVE

180,000  
COROLLAS IN  
TURKEY

Toyota Turkey—a subsidiary of Japan-based automaker Toyota Motors—plans to increase production of the new Corolla model aimed at the sedan export market with a €150 million investment. Toyota Automotive Industry Turkey CEO Orhan Özer remarked that the new Corollas will be rolling off the conveyor belts thanks to a €150 million investment, 900 additional hires, and a total staff of 3,300.

## AVIATION

18 MILLION  
PASSENGERS  
IN FIVE  
MONTHS

Turkish Airlines has been carrying even more passengers as of late. Passenger numbers rose from January to May by 26% to reach 18 million. According to the company's release to the Public Disclosure Platform, passenger occupancy rates increased by 4.1% to 78.5% over this period. The increase in passengers occurred at a rate of 21% on domestic routes and 30% on international routes.

## AVIATION

One of the World's  
Largest Airports

Istanbul's third airport, which will become one of the largest airports in the world will open in 2012.



**T**HE CONTRACT FOR Istanbul's third airport, which will be one of the world's largest airports when it is built, was signed on May 20. The state's bid for the airport took place on May 3. The Limak İnşaat /Kolin İnşaat /Cengiz İnşaat /Mapa İnşaat/Kalyon İnşaat Joint Enterprise Group offered the highest bid for the 25-year lease term of the airport—€22.15 million

plus VAT. When the airport is completed, it will have an annual passenger capacity of 150 million and roughly 1.5 million square meters of indoor space, which would make it one of the world's major airports in terms of passenger capacity. The estimated total cost of the project is around €10.25 billion. The new airport is planned for completion by the end of 2018.

## AUTOMOTIVE

Automotive Continues  
to Grow

**T**HE CUMULATIVE Turkish automotive and light commercial vehicle market grew by 14.13% over the first five months of the year to a figure of 307,647 vehicles, according to data provided in the Automobile Distributors'

Association's May report. In 2012, this figure was 269,565. In May 2013, the market reached 81,468, with a comparative increase of 14.97% compared to auto and light commercial vehicle sales in May 2012, which numbered 70,863.

## CUSTOMS

E-VISA ERA  
BEGINS

**T**URKISH Airlines and the country's Foreign Ministry have signed a protocol governing the issuing of electronic visas. The agreement was signed by Deputy Foreign Minister Naci Koru and Turkish Airlines' Board Chairman Hamdi Topçu. Under the agreement, foreign nationals who are eligible to purchase a visa at border crossings will now be able to purchase an e-Visa over the internet.

## EXPORT

EXPORTS  
RISE 8.6%  
IN MAY

Turkish Exporters Assembly Chairman Mehmet Büyükekşi declared that Turkey's export in May was 8.6% higher than what it was last May, coming in at \$12.72 billion. Büyükekşi said exports rose 4.4% over the first five months of the year to reach \$62.27 billion and that the total export over the past 12 months increased by 9.5% to \$153.67 billion.





## EXPORT

## 2012 EXPORT CHAMPIONS REVEALED

TIM announced the top 1,000 exporter companies. The champions are striding confidently toward reaching their 2023 targets.

**T**HE TURKISH Exporters Assembly announced to the public its performance analyses of the top 1,000 exporter companies in 2012. Tüpraş was 2012's champion with an export of \$5.42 billion. Ford ranked second with \$3.2 billion, and Renault was third with \$3.15 billion. TIM Chairman Mehmet Büyükekşi said, "The export of the top 1,000

companies increased by 1 percent over last year. We also see an increase in the export of the companies that fall outside the top one thousand." He added, "The top 500 exporter companies account for 49.4 percent of Turkey's total export of 152.5 billion. The next 500 companies account for 8.5 percent and other companies account for a share of 42.1 percent."



## \$22 BILLION NUCLEAR POWER PLANT IN SINOP

A protocol has been signed concerning the establishment of a \$22 billion nuclear power plant that is planned to go online in Sinop Province in 2023.

The construction of the power plant will provide employment to

roughly 10,000 people. Once it goes online, it will employ a total staff of 2,000, including 450 engineers. Turkish firms are to be involved in a \$7–8 billion section of the project. The plant will have four reactors with a total



## EXPORT

## \$75 BILLION AUTO EXPORTS

Turkey's undefeated export champion, automotive once again boosts the economy with its exports.

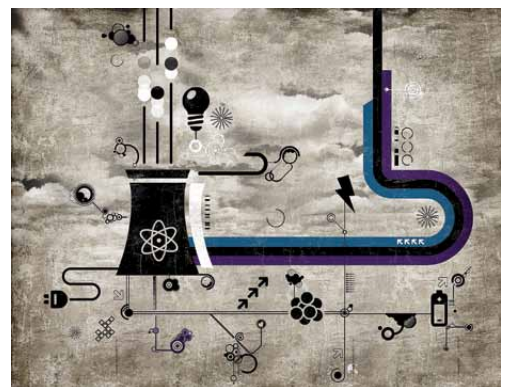
**T**urkey's automotive and automotive parts and components industry has been the country's top exporter for a long time. With total trade surpluses of \$12 billion over the past seven years, it continues to maintain its championship title. The Turkish auto industry's exports added

up to \$19.67 billion in 2012; in 2013, the plan is to exceed \$20 billion. The target for 2023, the centennial of the Republic of Turkey, is for the local industry to become one that has an export of \$75 billion and is able to export three million out of the four million cars it is to produce annually.

## EXPORT

## \$22 BILLION STEEL EXPORTS ON THE RISE

**D**espite reduced prices relative to last year, the steel industry secured \$6.36 billion in exports over the first five months of the year. Countries in the Middle East, North Africa, and in the European Union ranked as the leading recipients of steel exports. Steel product exports also flourished, reaching 8.53 million tons in this period, corresponding to a 4.25% increase over the same period in 2012. Steel exports accounted for more than 10% of Turkey's total exports during this time.





## CONSTRUCTION

## TURKISH FIRM TO BUILD TOLL HIGHWAY IN RUSSIA

Work on the Western High-Speed Diameter Highway, a joint venture being built by İbrahim Çeçen Holding (İC) İçtaş and Astaldi of Italy, continues at full throttle. Russian, Turkish, and Italian workers are united in their labor for the \$2.2 billion project, which was tendered with the build-operate-transfer model and is slated for completion in 2016. Eight kilometers of the highway will pass under water and three kilometers will run over land, with moving bridges and cut-and-cover tunnels connecting its various segments.

## ECONOMY

## TURKEY'S FOREIGN HOLDINGS INCREASE

Turkey's holdings abroad reached a value of \$226.5 billion and its obligations were reported as \$677.3 billion, according to the Central Bank's release on Turkey's international investment position at the end of April 2013. The report states that the aforementioned figures increased by 6.5% and 7.3% respectively over 2012.

## EXPORT

## TIM TV Goes on the Air

The Turkish Exporters Assembly is realizing yet another of its comprehensive efforts to reach its 2023 target—TIMTV, the Turkish Exporters Assembly's Online Television Channel, is now on the air.



**A** NEW VENTURE TO HELP achieve the \$500 billion export target for 2023 has been launched—the Turkish Exporters Assembly Television Channel. Accessible at [www.timtv.com.tr](http://www.timtv.com.tr), TIM TV is being deployed as a part of a large effort to achieve the export target, with the intention of serving

as the project's open line to the world. With the interactivity provided by IPTV, its content can be accessed on demand, unlike traditional television. All sorts of topics and questions that concern exports, exporters and investors will be examined in-depth with a wide range of viewpoints on TIMTV.



## EDUCATION

## SIGNATURES PLACED TO RAISE THE FUTURE'S LEADERS OF INNOVATION

The Turkish Exporters Assembly, Ministry of Economy, National Ministry of Education, and Young Guru Academy signed off on an important joint project to raise the leaders of innovation in the future. As per the protocol the four parties signed in Ankara, innovation classrooms will be opened in 50 disadvantaged elementary schools to raise 1,200 innovation leaders.

## CONSTRUCTION

## New Bosphorus Bridge to be Completed in Three Years

The consortium led by İçtaş İnşaat plans to finalize the construction of the third bridge of Istanbul in 2016.

**B**IDDING FOR THE Northern Marmara Highway Project Odayeri-Paşaköy Segment, which includes the construction of the third bridge that will run across Istanbul's Bosphorus, has been finalized. The

İçtaş İnşaat Sanayi Ticaret/Astaldi Joint Venture Group, promising the fastest building and operating time with a proposal of ten years, two months, and 20 days, won the build-operate-transfer bid. Speaking on the subject,

Minister of Transportation, Maritime Affairs, and Communication Binali Yıldırım stated that the predicted cost of the investment for the bridge is around \$2.5 billion and that they plan to open it for service in 2016.

## DESIGN

# TURKISH DESIGN PEAKS IN EUROPE

As Turkey seized first place with the points it collected from the awards it received at the world-famous A'Design Award competition held annually in Italy, Turkish design guru Hakan Gürsu held on to his number-one spot this year, too.

**H**eld in Como, Italy, the celebrated event welcomed designers, design firms, and journalists from around the world. The awards at the event are granted in a vast range of fields, from packaging to furniture, yachts, and cars. Over the past three years, Turkish designers won 87 awards, making them second after the US. The US ranks first with 92 awards. Following Turkey as third is Hong Kong, after which Italy and the UK are fourth and fifth respectively.

The designs are given awards in five grades that range from iron to platinum. Platinum, the highest distinction, brings six points to the designer who won it and to his or her country, whereas iron awards bring two points.

Numerous Turkish designers and companies were deemed worthy of award at the event. Among these were Vestel Id Team, Valfsel Design Team, Bien Seramik, Kale, Polimeks, Tariş, and other well-established Turkish companies. As individuals, award winners included such

world-famous Turkish designers as Hakan Gürsu, Ayhan Güneri, and Yasemin Ulukan.

Designnobis CEO Hakan Gürsu, who came first last year, held on to his championship title in this year's event as well. With the 134 points he accumulated through 33 awards, he won more points than the total points earned by such countries as China, Brazil, Germany, and South Korea.

## DESIGNER RANKINGS

**1**  
**HAKAN GÜRSU OF DESIGNNOBIS**  
**134** POINTS, WITH  
**33** AWARDED  
 DESIGNS &  
**6** RUNNER-UP  
 WORKS

**2**  
**ATSUMI TAMURA OF GOOD MORNING INC.**  
**78** POINTS, WITH  
**15** AWARDED  
 DESIGNS

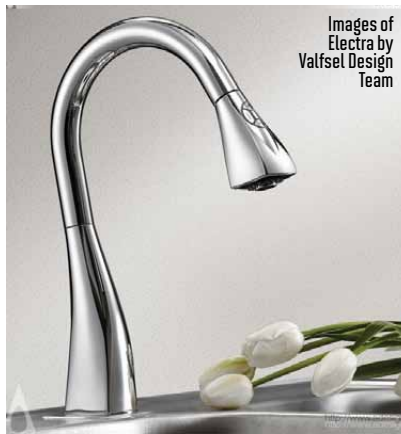
**3**  
**KRIS LIN OF KL\_IAD@VIP163.COM**  
**60** POINTS, WITH  
**13** AWARDED DESIGNS



Phaeton Electric Vehicle by Hakan Gürsu For Designnobis



Elhamra Ceramic Tile by Bien Seramik



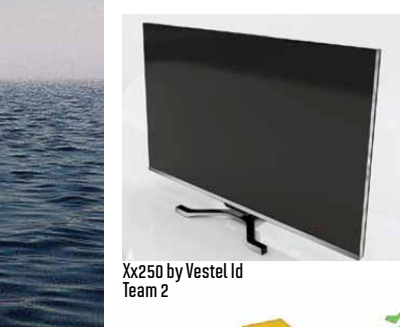
Images of Electra by Valfsel Design Team



Images of White House by K.i.d (Kale Design & Innovation)



Segmentation Showroom, Retail by Ayhan Guneri

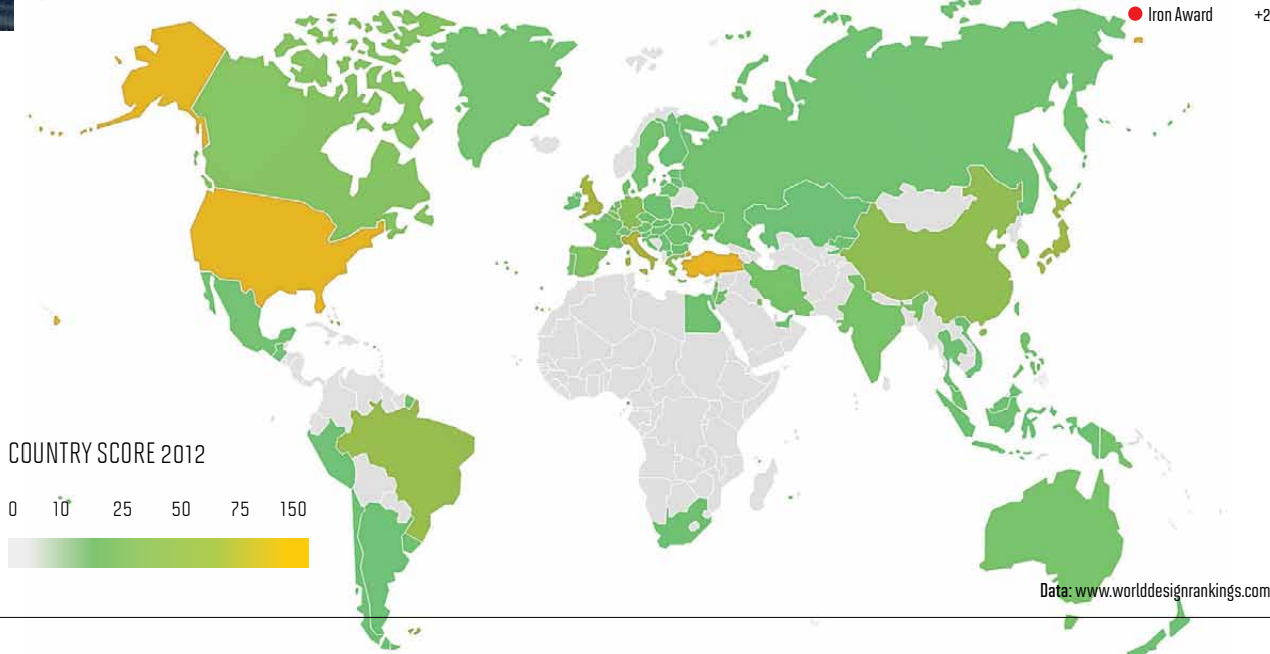


Xx250 by Vestel Id Team 2

## COUNTRY DESIGN RANKINGS : TURKEY : YEARS 2010 - 2013

RANK	COUNTRY	AWARDS	SCORE	●	●	●	●	●	AVERAGE
1	TURKEY	87	344	8	26	21	18	14	3.95
2	USA	92	337	7	22	19	21	23	3.66
3	HONG KONG	61	242	7	18	16	6	14	3.97
4	ITALY	55	209	9	14	8	5	19	3.80
5	GREAT BRITAIN	46	182	6	11	14	5	10	3.96
6	JAPAN	32	150	10	10	7	2	3	4.69
7	BRAZIL	32	129	4	8	11	3	6	4.03
8	CHINA	27	110	4	8	5	6	4	4.07
9	GERMANY	25	88	1	5	7	5	7	3.52
10	GREECE	23	87	2	4	9	3	5	3.78

- Platinum Award +6
- Golden Award +5
- Silver Award +4
- Bronze Award +3
- Iron Award +2

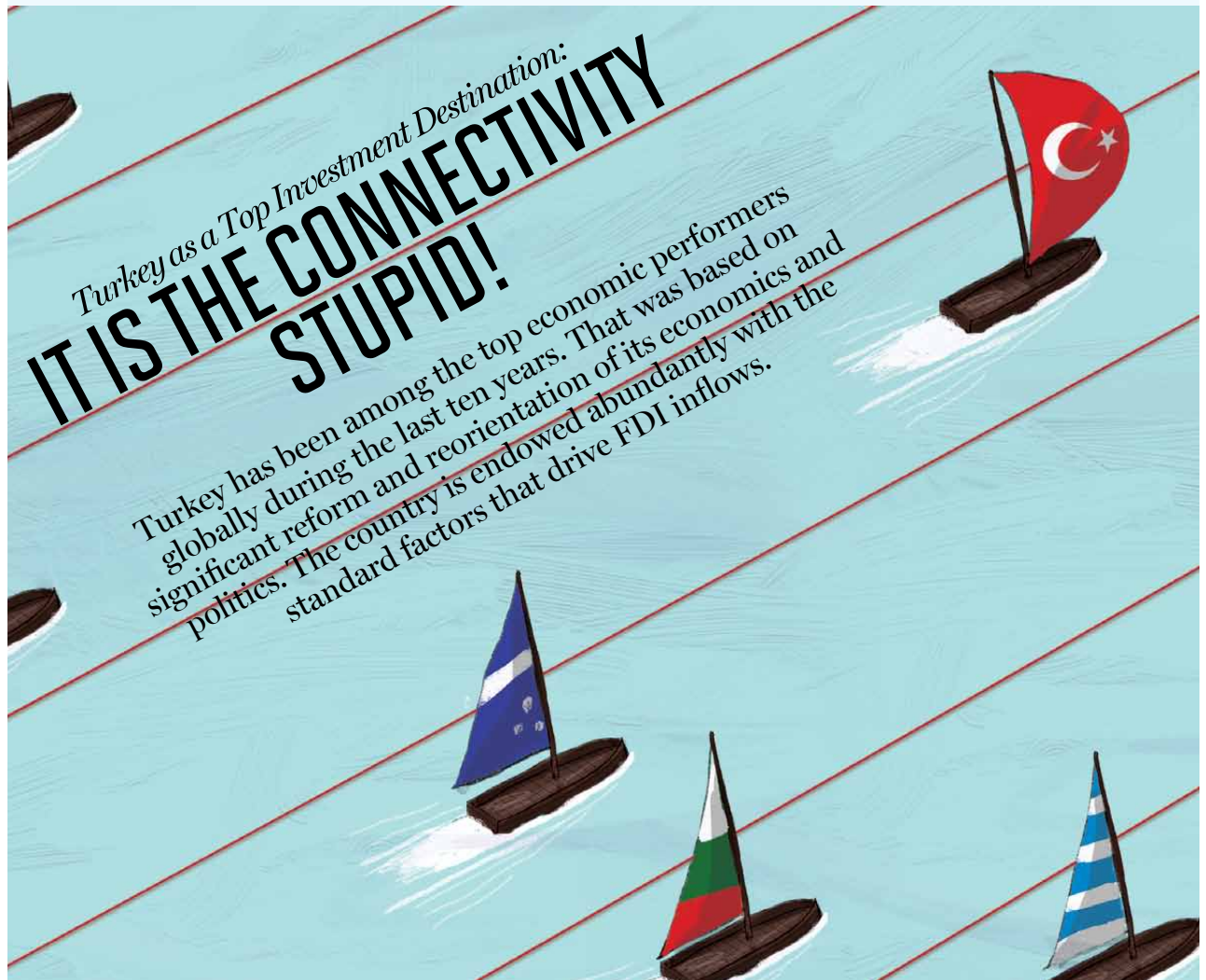




# Panorama



BY MURAT YÖLEK



**T**HE ISLAMIC DEVELOPMENT BANK, a multilateral development finance institution (DFI), has recently updated its strategic framework; Now, IDB's overarching strategic theme is "connectivity." In the IDB strategy lexicon, connectivity refers to a broad concept relating to connections between economic and social actors within a country and among countries. Further, connectivity covers physical aspects as well as "soft links." The physical aspects of connectivity involve infrastructure and superstructure such as transportation links, educational facilities, energy facilities, or schools. Soft links, on the other hand, cover a spectrum that more directly involves human capital issues. Connectivity, after all, concerns humans.

Connectivity is not only the next buzzword of the development world. It is likely to become a key differentiation factor among countries in becoming an investment destination.

## THE GLOBAL TERRAIN: WHAT IS HAPPENING IN FDI?

Recent years have seen two important changes in the global FDI terrain. Firstly, the global financial crises caused the FDI inflows to collapse in 2009, followed by a gradual recovery. In 2009, FDI inflows fell by almost 40% to \$1.2 trillion according to UNCTAD. By 2011, the latest year with FDI statistics available, annual inflows were still 20% below the precrisis peak in 2008.

The second change in the terrain relates to the share of developing countries in total inflows. From a share of less than 30% in 2007, developing countries' share in total reached 45% by 2011. This trend is likely to have continued in 2012.

The clear winners in this change in terrain are developing countries in Asia (of which China is by far the top investment destination) and those in Latin America, though to a lesser extent. China now (2011 figures again) receives 8% of the world's total

FDI from 4% in 2007. Developing countries in Asia (excluding China) received 20% of total FDI in 2011—significantly up from 13% in 2007. Latin America meanwhile increased its share from 9% to 14%. Africa and transition countries in Europe seem to stagnate in terms of share in total FDI inflows.

**TURKEY: A STAR INVESTMENT DESTINATION UNDER STANDARD FACTORS**

Turkey attracts significant amount of FDI. Clearly, after a gigantesque jump in FDI in early 2000s, the inflows stagnated after the mid-2000s. This is partly due to the slump in global FDI as discussed above. But Turkey's potential to attract FDI is much higher than the current levels.

Turkey is endowed quite richly in terms of standard factors that drive inward international direct investment. The country has a large domestic market and is conveniently located at the center of major regions of consumer demand; namely Europe, the Middle East and Russia. It has abundant, young and educated human resources. The international investment regime in Turkey is one of the most liberal in the world. It has a large and growing airport network and Istanbul is a now a major international aviation hub. Rail and sea connections are strong. Taxes are relatively attractive and tax regime is getting further simplified.

These factors have led to a major rise in international investments in the country once political and economic confidence was restored in the early 2000s. From less than \$1 billion per annum prior to 2002, annual FDI has increased to \$19 billion in 2007.

**IT'S THE CONNECTIVITY STUPID!**

As underlined above, those levels are probably way lower than

Turkey's potential FDI inflows. The well-deserved but belated rises in ratings to investment-grade and sustained macroeconomic stability are likely to drive the FDI inflows in the medium run. The peaceful resolution of terrorist activity will have significant implications for not only southeast Turkey but also the entire country, and among the things it will influence will be prospects for FDI.

Istanbul is a natural business center for many US and Western European businesses to manage their regional operations in much of the old world. That old world enjoys wealth, land, and a large young population. Turkey's industrially developed towns, extending from the Bursa-İzmit automotive and machinery belt to Gaziantep, enjoy strong physical and human infrastructure. Turkey's universities are increasing their scientific prowess at a global level and cooperation with industry is intensifying.

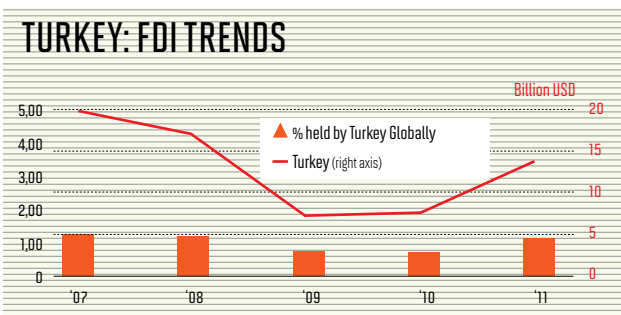
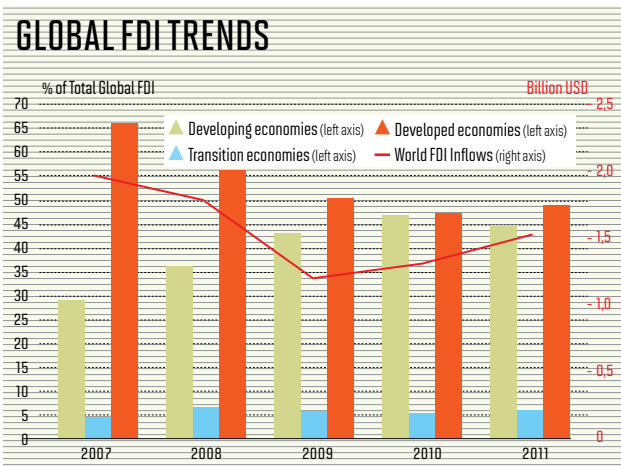
However, a more important attractiveness that Turkey enjoys is still out there to be discovered by the investors: Turkey's connectivity. Turkey enjoys a high level of soft connectivity with many countries and communities in tandem with its hard connectivity identified above. Those soft links include its historical, ethnical, cultural, and language linkages to a wide geography. Turkey is located at the center of the Balkans, Caucasus, and Middle East. The problems of this "core" stems from the unique importance of these regions. The immediate secondary belt around this core extends from Western Europe to Central Asia. Turkey has a "soft" linkage potential spreading on the core and the belt; from Afghanistan to Siberia; from India to Hungary; and from Egypt to France. Turkey has ethnic, religious, cultural, and language relationships to many countries in the core and the surrounding belt.

Turkey is now strengthening those soft linkages. It is not only the governmental effort whereby the prime minister and ministers have been busy visiting the countries in the belt and signing trade agreements. Now, Turkish tourists are visiting those countries in masses; Turkish businessmen are investing in Eastern Europe, North Africa, Russia, the Middle East, and Central Asia. Turkish universities hosts international students from some 100 countries around the world. All that is more or less a natural process of reestablishing broken links; and we know that it is this process leads even to the "neo-Ottomanism" allegations of some circles.

These linkages and channels, Turkey's connectivity, make Turkey a unique investment destination when coupled with its standard attractiveness factors.

**AND THE WEAKNESSES**

That is not to say that Turkey does not have weaknesses. Turkey's target of becoming one of the largest ten economies of the world in 2023 requires it to be among the ten best countries in terms of running and managing a business environment, innovation capacity, and design talent. Each of those requires a significant work agenda. Red tape will need to be further reduced to minimal levels. While almost every week some new university is being added to the list of around 200, closer cooperation with industry is warranted. Finally, Turkey needs to create more high-value brand names and high-tech companies to increase the value-added in its production and exports.

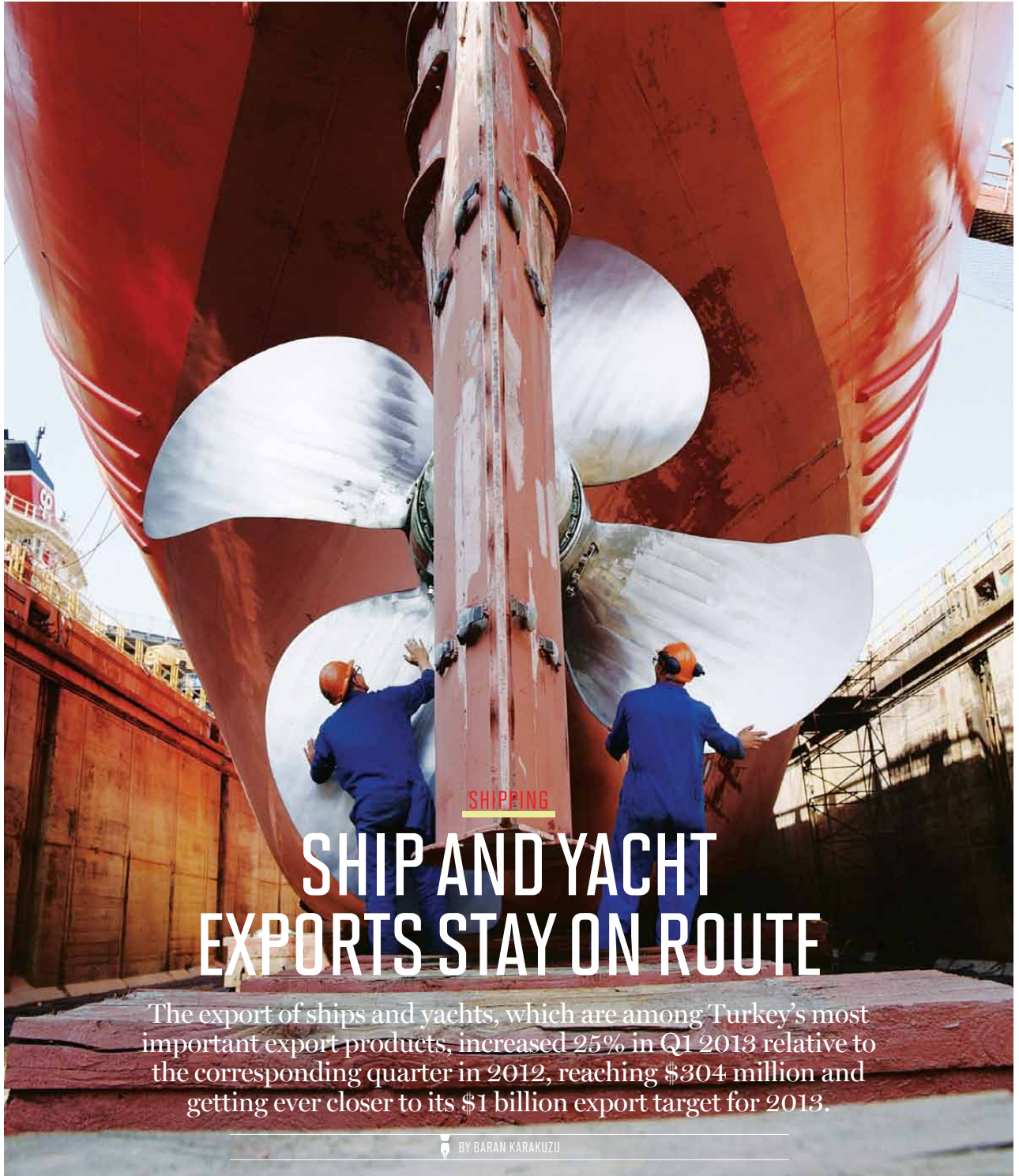




**Content:** Production Push in Rice **P17** The Industry That Attracts Foreign Investors HVAC **P19** Turkish Marble as a Global Brand **P21** Aiming For \$3.5 Billion in Citrus Exports **P23** Just One Word for Exports: Plastics **P25** Turkey: An Investment Center for Growth in Biotechnology **P27** "Facilitating FDI into Europe and Central Asia" **P29** Turkey Attracts High-Quality Investments **P31** The Value of Air Cargo to Exporters **P32** **Editors:** Can Gürsu

# Briefing

SHIPPING, HVAC, NATURAL STONE, CITRUS, PLASTICS, INVESTMENT, AVIATION...



SHIPPING

## SHIP AND YACHT EXPORTS STAY ON ROUTE

The export of ships and yachts, which are among Turkey's most important export products, increased 25% in Q1 2013 relative to the corresponding quarter in 2012, reaching \$304 million and getting ever closer to its \$1 billion export target for 2013.

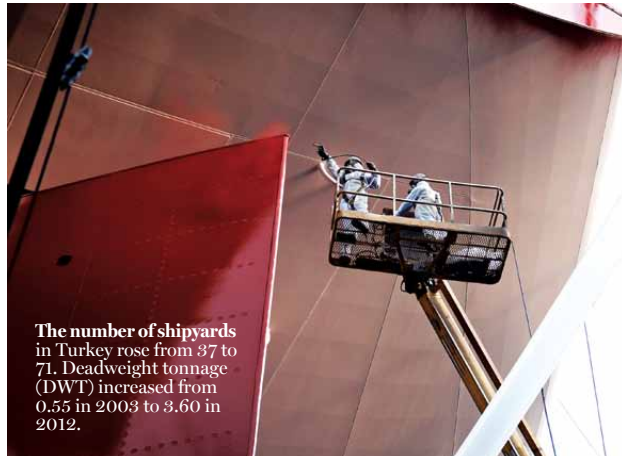
BY BARAN KARAKUZU



**O**NE OF THE industries affected the most by the global economic crisis, the ship and yacht industry is quickly recovering. Though it is at a standstill in the rest of the world, in Turkey it is exhibiting a resilient stance. Shaken by the global tumult, the industry is making its way through the waves with the repair and maintenance field propelling it. Searching for new opportunities in light of the crisis, Turkish shipyards continue to draw great interest worldwide despite the situation. Turkish dockyards involved in made-to-order manufacturing are attracting customers, too. With the admirable performance it has exhibited in this situation, Turkey is increasing its global brand equity in this field each passing year.

The export of the ship and yacht industry does not change seasonally in comparison to other industries. In particular, the widespread practice of made-to-order vessels on the production side of the makes fluctuations throughout the year quite possible. Turkey is currently seeking alternative markets to those in crisis-stricken Europe. Başaran Bayrak, Chairman of the Ship and Yacht Exporters' Association of Turkey, says the country needs to diversify its markets, especially via trade efforts targeted at African and Middle Eastern countries, and that together with the trade delegations being sent as of late, promoting Turkish shipyards will contribute positively to exports, too. That orders are coming to Turkey, which is seeking alternative markets, from non-European countries shows that market diversity has been accomplished to a certain extent.

Akasia Yachting General Manager Adam Temiz says,



**The number of shipyards** in Turkey rose from 37 to 71. Deadweight tonnage (DWT) increased from 0.55 in 2003 to 3.60 in 2012.

"Our Turkish schooners are receiving demand for sales all over the world. He adds, "We export schooners to many countries, including Croatia, France, Thailand, Australia, the Scandinavian countries, Lebanon, the US, and Ecuador." Turkey's steady, reformist policies, together with the trustworthy picture it has painted in a crisis environment, add to production capacity every day.



#### **BAŞARAN BAYRAK**

Chairman, Ship and Yacht Exporters' Association; General Manager, ÇEKSAN

Compared to East Asia, the Turkish ship and yacht industry is at a great advantage in terms of distance. Furthermore, the option for custom production, the possibility to make changes requested during production (if possible), and a superior approach to quality, as well as the habit of using products of European origin, are among our industry's advantages. We want to diversify our ship and yacht export markets. In this respect, we are conducting promotional efforts by sending delegations targeting especially the North African, Middle Eastern, and Arab countries, as well as to Russia and to other countries in Africa.

The General Directorate of Shipyards and Coastal Structures reports that the number of shipyards in Turkey rose from 37 to 71 in 2012, and that deadweight tonnage (DWT) was increased from 0.55 in 2003 to 3.60 in 2012. Turkey's 71 shipyards include 27 in Istanbul, 21 in İzmir, and 21 in Yalova. The country's backlog of ship orders puts it among the top five with 83 orders. To satisfy the

## PRODUCTION AND EXPORTS RISE

Turkey's backlog of ship orders puts it among the top five with 83 orders.





The number of shipyards rose from 37 in 2003 to 71 in 2012, while production capacity increased from 0.55 DWT to 3.60 DWT in the same period.



### **BIROL ÜNER**

**General Manager, GEMAK**

Compared to the total number of ships in all countries with shores on the Mediterranean and Black Sea, which we consider direct rivals in this industry, Turkey's 27% market share of 2008 rose to around 52% in 2012. In other words, more than half of ships that enter the Mediterranean for maintenance and repairs are repaired at our shipyards in Turkey.

Currently, our country possesses a skilled workforce and considerable competitive ability thanks to its proximity to customers in Europe for low-volume production of ships that have specific needs, use little steel but lots of equipment, and have high-end features. In the ship repair and maintenance industry, meanwhile, we could assume that the aging ships constructed from 2008 to 2012 by around 2023 will stimulate the industry.

*It is generally accepted as worldwide truth that four to seven additional workers are employed in connection to one worker at a shipyard.*

under the main categories of production, maintenance, the auxiliary industries, provides employment to roughly 150,000 people. With the strategic plans that are to be created, it is expected that the industry's contribution to the national as an export value and as an employer will increase quickly.

By virtue of its location, Turkey wonderfully positioned to become a manufacturing hub, too. Through the shipyards' connections to the sea, the ease of finding work-

ers, the need for employment in the country, proximity to main channels of maritime trade, the advanced state of maritime commerce, the advanced state of the auxiliary industries, a strong industrial organizational structure, the means to obtain raw materials easily, the know-how acquired in technology, and advantageous financing options, the shipbuilding industry could find opportunities to develop if the political will for it exists.

Regional incentives by the state is also a topic worth

mentioning. As a peninsula, Turkey possesses an ideal geography for the establishment of many shipyards. Additionally, in order to ensure industrial progress, the state should offer its support to the Turkish shipbuilding industry, as other governments worldwide do. Furthermore, as the shipbuilding industry accounts for manufacturing in the security and defense fields, it is important in that local manufacturing of such critical products is highly significant.



**Turkey's rice exports** seriously took off over the last six years.



## AGRICULTURE

# PRODUCTION PUSH IN RICE

The rice industry has launched a major campaign with the progress it made in production over the past decade. From 216,000 tons in 2002, rice production rose by 144% last year to 528,000 tons. The targeted figure for 2013 is 540,000 tons. The success that Turkey has achieved in rice exports over the past six months indicate that there will be significant activity taking place in the industry in the coming term.

BY HÜLYA KESKİN

**T**HE IMPORTANCE TO human health of rice, a staple good, cannot go ignored. Three-fourths of the world's population dines on rice. This valuable product is planted in Turkey as per the Paddy Plantation Law no. 3039, issued in 1936. This law stipulates the handling of production in the provinces and districts by Paddy Commissions with the purpose of controlling malaria and irrigation water. Though paddy farming is practiced in much greater concentration in many other countries around the world, the lack of such a law is interesting.

### A 144% INCREASE IN PRODUCTION

Comparing the years 2002 and 2012, a 100% increase in planted paddy area, 144% in production, and 23% in new varieties and certified seed usage in the output index took place in the interim. While the planted areas totaled 995 square kilometers in 1008, this figure rose to 1,197.24 square kilometers in 2012.

In terms of global paddy production, the countries of East Asia occupy a dominant position. As of 2012, China ranked first in production with 143 million tons produced, followed by India with 104 million tons, Indonesia with

37.5 million tons, and Bangladesh with 34 million tons. More than half of world paddy production is done by China or India. In Turkey, rice consumption is roughly 600,000 tons per year.

### MINISTRY SUPPORT

The Ministry of Food, Agriculture, and Livestock provides support in the form of fuel and fertilizer, soil analyses, certified seeds, organic agriculture, and premiums in order to increase paddy production together with recorded, observable production. Additionally, the ministry provides grants of 50% in return for projects in the form of rural investments regarding R&D support, product processing, assessment, packaging, and storage.

### REIS FOOD: PRODUCTION COULD SATISFY DEMAND

Reis Food, one of the industry's important actors, highlights strategies that ought to be followed in rice production. Reis Food Board Chairman Mehmet Reis stresses a number of points regarding not only paddy production and rice consumption but also developments occurring in the industry. Explaining that the roughly 530,000 tons of the 600,000 tons of rice that would have been consumed in 2012 was produced, Reis says that existing rice stocks are sufficient until the new harvest and that should the climate be amenable, production could satisfy consumption in the 2013–2014 season.

### "PRODUCERS NEED SUPPORT"

Mehmet Reis notes that once the Hamzadere and Çakmaklı dams in Thrace are completed, production is reinitiated in areas where paddy farming was previously practiced, and infrastructural problems in irrigation are solved, Turkey can produce enough rice for



*With its paddy yields in 2011, Turkey ranked third after Egypt and Australia.*



itself and increase export rates, too. According to Reis, who addressed the structural problems of the agricultural industry as well, Turkey, which has extremely fertile and productive lands, needs to exploit this opportunity well. And in this respect, producers need support for agricultural practices and agricultural policy should be shaped accordingly.

### RELIANCE ON IMPORTS CONTINUALLY FALLING

Sezon Food, another leading name in the market, is of the view that there has been a significant increase in paddy production in Turkey over the past decade. Sezon Rice Board Chairman Mehmet Erdoğan therefore follows developments in the industry closely. Stating that Turkey has managed to more than double its paddy production since the 2000s, Erdoğan notes that the dependence on imports has fallen continually in recent years.

“Turkey’s rice exports are mostly to Middle Eastern and Balkan countries and to the Turkic Republics,” declared Erdoğan. While debates on GMOs affect both producers and consumers negatively, the Ministry of Food, Agriculture, and Livestock’s announcements have eliminated this discontent, says Erdoğan. He continues, “The production of GMO rice at a level that would be subject to global trade has not yet occurred. I believe the industry will pull itself together in the second half of the year,” signaling a recovery in the industry in the coming term.

### “THE AIM IS TO BE THE REGIONAL LEADER IN 2023 AND IN EXPORTS”

The associations are another party to the developments occurring in the industry. According to Turgay Yetiş, Chairman of the Rice Millers’ Association, one of the industry’s most important issues is

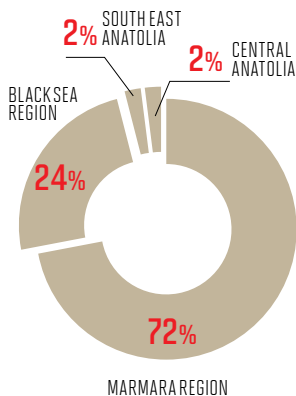


the VAT rate. While the VAT on paddy rice is 1% and 8% on regular rice, this percentage jumps to 18% in hulls from paddies. This practice unfortunately fuels a shadow economy. To overcome this situation, the rate should be left at 8% for the end consumer, says Yetiş. “Those who sell to consumers will add VAT to their prices and pay what they collect as VAT. In this case, the treasury will be able to do exactly what it’s meant to do and the shadow economy will be eliminated. The same used to be true for cracked wheat and it was fixed. The aim is to be the regional leader in 2023 and in exports. It is necessary to cut costs and provide a little more support,” he says, suggesting solutions to the problems being experienced.

### “A SIGNIFICANT PUSH IS TAKING PLACE”

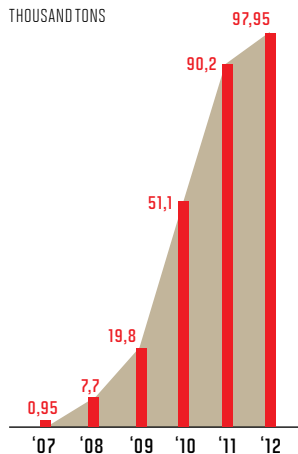
Meanwhile, Zekeriya Mete, Chairman of the Cereals, Pulses, Oil Seeds, and Products Exporters’ Association of Istanbul, states that imports in rice are falling constantly. Explaining that the rice industry has become one of the industries in which the import ratio is lowest, Mete says, “There is a significant push in the rice industry. Rice is sometimes imported due to certain issues occurring in the domestic market, but there is a notable reduction in this ratio. With all of these, however, the real problem is that agriculture in Turkey is costly, as labor is very costly. That’s the main problem of our agricultural industry. Additionally, accusations were made that GMO material was discovered in the rice industry’s products. It was later revealed that these claims were untrue. Our real struggle starts now,” he says, providing clarity to the kind of debates that have only sprung up recently.

### RICE PRODUCTION REGIONS



### RICE EXPORTS

THOUSAND TONS



**PROVINCES:** By provinces, Edirne accounts for 42% of the production volume, followed by Samsun with 13%, Balıkesir with 12%, Çanakkale with 9%, Çorum with 6%, and Çankırı with 2%. The remaining 16% is accounted for by other provinces, including Kırklareli, Tekirdağ, Sinop, Diyarbakır, Şanlıurfa, Mersin, and Adana.

Data: Ministry of Food, Agriculture, and Livestock & Association of Rice Millers

The HVAC industry's export volume has grown roughly sevenfold from 2000 up to today.



## HVAC

### *The Industry That Attracts Foreign Investors*

# HVAC

One of the most important exports of the machinery-manufacturing sector, the HVAC industry is becoming an important player in the domestic and international market alike.

BY GÜZİN GÜZEY

**A**NALYSES OF THE heating, ventilation, and air conditioning (HVAC) industry confirm that it is of undeniable importance to both meeting domestic demand and to increasing export volume. While the current account deficit in the heating industry that was shut after 2006 went positive for the first time in 2009, and though it is significantly affected by the global crisis, the heating industry continued to post surpluses in 2010. The

cooling systems and personnel industry quickly recovered its exports after the crisis and succeeded in raising them to the level of \$1 billion again in 2010. Upon inspecting import/export balances in the HVAC industry, one sees that producers that are able to exploit economies of scale, such as China and South Korea, have obtained significant market share in Turkey. The HVAC industry is expected to reach a demand volume of \$88 billion in 2014, and Turkey is giving

signals that it will increase its share, too.

#### THE HVAC INDUSTRY IS OPEN TO GROWTH AND DEVELOPMENT

Zeki Poyraz, Chairman of the HVAC Industry Exporters' Association, says, "The industry increases international exports to foreign markets on one hand as it has become a keystone in the development of the Turkish economy and the rise of the Turkish market." There are 14,000 active exporters in the industry today, adds Poyraz. In 2011, they had an astonishing 30% growth rate over the previous year, with exports rising to \$4.5 billion, he stresses. HAV Industry Exporters' Association Vice Chairman Mehmet H. Şanal says, "The HVAC industry's export volume has grown roughly sevenfold from 2000 up to today. Our domestic market, meanwhile,



*The export of the HVAC industry is expected to grow 6.5-fold over the next decade, reaching a level of \$25 billion.*



has grown by roughly five-fold. Our industry's growth in the market will continue in the short and medium term, too." As the national level of income increases, people's needs for comfort will likewise increase, notes Şanal, and he emphasizes that the industry is open to developing and growing for this reason. AFS Piping Industry Co. General Coordinator Zahid Poyraz states, "Increased living standards, the climate conditions, and the level to which technology has advanced are triggering our industry's development toward a positive direction. Our products have now become necessary in all four seasons of the year. That we spend so much time indoors has put the focus on the importance of indoor air quality. Today, the industry has to design and release to the market smart products that don't harm people or the environment, consume low levels of energy, and are thrifty."




#### THE WORLD'S LEADING COMPANIES CONSIDER TURKEY A PRODUCTION HUB

The HVAC industry faces heavy interest from foreign investors. Numerous global brands are practicing production and technology transfers in our country. Zeki Poyraz says, "Turkey has become the production center for Europe and Africa in the industry. Now, Turkey is the home of the production of panel radiators, cauldrons, air processing units, cooling cabins, freezers, pumps, and air channels.



The Turkish HVAC industry allures foreign capital with the advantages it holds and the world's leading companies consider Turkey a production hub." Mehmet Şanal, his vice president, says, "All our domestic market and export data for the first quarter of 2013 exhibit a tendency toward y. In the first four months of

2013, our HVAC export figure increased by 6.8 percent over the previous year. The HVAC Exporters' Association we established in late 2011 contributed significantly to the development of joint foreign trade planning and strategy in the industry, organization, and the development of industry solidarity." He adds, "In recent years, foreign investors have come to our industry to make significant investments and purchases. The world's big players are keeping a close eye on our industry." Zahid Poyraz, meanwhile, says, "I see the members of our industry are eager to develop in every field. We are working toward more production, more exports, more sales, better service, and better technology. The industry has a \$5 billion export target for 2013, and I believe we can achieve this target very easily," and notes that the industry will come to occupy a much more distinguished position as it works toward achieving the targets for the year 2023.

		
<b>ZEKİ POYRAZ</b> Chairman, HVAC Industry Exporters' Association	<b>MEHMET H. ŞANAL</b> Vice Chairman, HVAC Industry Exporters' Association	<b>ZAHİD POYRAZ</b> General Coordinator, AFS Piping Industry Co.
"To facilitate the permanence of the industry, we will continue our efforts to increase workforce quality, develop brand names, conduct R&D, create and develop products, innovate in design, produce auxiliary products, use natural resources, follow correct methodologies in purchases and operations in fitting with the concept of "sound design, sound product, and sound unity," and to expand toward international markets and use our industry's fairs in an effective manner."	"In order to reach our \$25 billion export target for 2023, we assembled with all industry representatives and numerous university instructors working in the HVAC field to develop industry-university cooperation in our industry, toward which we have made considerable gains. Additionally, in order to ensure organized participation in industry fairs, we conduct promotional advertising campaigns and national participation rallies."	"For our industry to be more effective and powerful in the markets abroad, our exporters have to work more, establish a strong base for exports, be active in fairs abroad, and put on a good show in promotion. Our industry gained its exporters' association last year. I believe the association will have an indispensable contribution to the industry's exports."





## NATURAL STONE

# TURKISH MARBLE AS A GLOBAL BRAND

One of the world's most notable countries in the global mining sector with its wealth of mining reserves, Turkey is gaining momentum especially in its marble exports in parallel with its economic development.

BY MELEK CEVAHIROĞLU ÖMÜR

**S**INCE THE START of civilization, humans have been using products made from natural stone. Marble is one of the choicest of these natural materials. Marble is also known to be one of the oldest materials used for decorative purposes. Turkey, located on the Alpine belt, which is home to the world's richest formations of natural stone, holds

a diverse and vast reserve of natural stone and marble. Turkey therefore has a large market potential in terms of color and pattern quality, too, with marble reserves in more than 80 varieties.

Marble can be classified by formation, namely in terms of true marble, crystallized limestone deposits, travertine and onyxes, marble of magmatic

*The industry's export for the first four months of 2013 reached a value of \$602 million, representing a 24% increase over the same period last year.*

origin, and volcanic tuff. Studies in Turkey have revealed the existence of marble varieties in up to 650 colors and textures. Current data indicates that there is 3.8 billion meters cubed of workable marble, 2.7 billion meters cubed of workable travertine, and 995 million meters cubed of workable granite reserves in Turkey, adding up to a total natural stone reserve of 7.495 billion meters cubed. According to this data, roughly 40% of the world's natural stone reserves are located in Turkey.

### MARBLE EXPORTS ON THE RISE

An amendment to the Mining Law in 1985 put the natural stone industry under legal oversight, setting off an advent in the industry. Since this date, the constantly growing mining sector achieved its distinguished position in its export figures today, thereby solidifying the place of the natural stone industry—the mining sector's leading source of export and employment—in the economy. Especially as classical marble production methods are being abandoned in the transition to modern production techniques, the number of facilities whose marble processing capacities are constantly growing and which produce export-ready products is constantly rising. Furthermore, exported in the form of blocks for many long years, marble is increasingly being exported in the form of finished products.

The industry's export potential is developing rapidly in parallel with the growth in investment. The export of

processed marble in particular is increasing constantly. Marble is exported in block or cut and polished form. The products with the highest value-add in natural stone exports are processed marble and processed travertine. The industry's export potential rose 154% from 2.6 million tons to 6.6 million tons from 2004 to 2010; also in this time frame, export revenues rose 152% from \$621 million to \$1.568 billion. Processed goods accounted for 53% of the export of natural stones in 2010.

### THE BALANCE SHEET OF TEN YEARS

The developments that have taken place since 2002 clearly show the progress that the marble industry has achieved. Compared to mining sector exports worth roughly \$700 million in 2002, marble and natural stone exports increased 4.37-fold over 2002 by year-end 2011 to reach a value of \$1.67 billion. As of September 2012, total mining exports had reached \$3.01 billion, with natural stone accounting for the largest amount with a 45.11% share equivalent to \$1.38



billion. Among the leading export markets worldwide for processed marble and natural stone are the US, Russia, Europe, Brazil, and the Middle East.

Among the strengths of the natural stone industry in Turkey are the volume of its reserves; the diversity in variety, color, and patterns; increased global demand for Turkish marble; advances in marble production machinery and technology; and a strong organizational structure. Furthermore, the activities of the exporters' associations and NGO hosting a convention that ranks as one of the world's most important in the field, and competitiveness are considered as progress in marketing strategy. Furthermore, the fact that the private sector accounts for all natural stone production and exports has enabled a golden age of natural stone mining thanks to the stable increase in our country's rate of development over the past five years.

As of 2013, there are roughly 3,250 mining and natural stone companies—large and small—that conduct exports as members of the Istanbul Mineral Exporters' Association (İMİB), most of which are producers. The share of the mining sector within the GDP ranges from 1.5% to 2%. The total size of the sector hovers around \$25–30 million. International fairs and conventions are held in Turkey to promote the country's mining export products to the world markets. Recently, after the Marble Fair held in İzmir March 27–30, under the leadership of İMİB, six designers and architects involved in various disciplines exhibited works showcasing Turkish marble at Milan Design Week held April 8–14,

### NATURAL STONE AND MINING EXPORTS

2011-2012

**\$3.87**  
BILLION

2012-2013

**\$4.60**  
BILLION

### PROCESSED MARBLE EXPORTS

JANUARY, 2012

**\$147.1**  
MILLION

JANUARY, 2013

**\$168.7**  
MILLION



**MEHMET ÖZER**

Chairman, Istanbul Mineral Exporters' Association (İMİB)

China's position as our industry's leading export market is, for now, a positive situation that benefits our industry representatives. For the continued benefit of our industry representatives, however, we must discover new markets before losing our hold over China, the world's largest buyer of natural stone. And to discover new markets, conducting market research is of great importance. It is also necessary to produce solutions to suit each market specifically. Every market has its own dynamics and organization; for this reason, we must learn these dynamics and start investing now. In the natural stone industry, for instance, China buys block-form products but not processed marble, and you cannot sell block-form marble to the US. It is for this reason that launching R&D and technology investments now is of great importance. To stress the same point once again, design and innovation will be of vital importance to the natural stone industry in the years ahead. Design and innovation make it possible to produce and sell products with higher value-added. Our joint ventures with our Minister of Economy yielded the result of increasing India's 300,000-ton natural stone import quota in 2012 to 500,000 tons first and then to 600,000 tons.



**İBRAHİM KELEŞ**

Anadolu Marble

With total reserves of 5.2 billion meters cubed (13.9 billion tons), Turkey holds roughly 40% of the world's marble potential. However, only 1% of this potential is usable. Our marble production started increasing rapidly especially after the 1980s. And we, as Anadolu Marble, have found a spot for ourselves in these percentages in line with what is needed [by the market]. Worldwide, technology and quality are advancing quickly. If you want to find a place for yourself, you must constantly follow these innovations and apply them as much as is possible. This is the only way you can achieve quality. The fact that the worldwide crisis of recent years affected Turkey minimally enlivened the domestic market. Turkey has a giant reserve in marble. The more good companies there are in our country, the more the competition will increase; and this will reflect upon the industry positively. Anadolu Marble has been in the marble industry since 1983. We founded the first marble factory on the Anatolian side of Istanbul. The older you are in the industry, the greater the responsibility you have. Acting with these considerations in mind, Anadolu Marble shut the books on 2012 with TRY 3.61 billion in revenues and \$202,000 in export volume.



**RÜSTEM ÇETINKAYA**

Temmer Marble

Temmer Marble, which exports to roughly forty countries around the world, aims for TRY 60 million in revenues in 2013 with its five quarries located in various provinces across the country. With exports accounting for 80% of its revenues, our country ranks among the world's most sought-after marble companies. China receives 30–35% of our export, and in recent years, we have been cultivating our relationships with Eastern countries particularly. I believe the marble industry, Turkey's brightly shining star, will provide great contributions to the country's economy. We export to new countries every year. Due to the crisis ongoing in European countries, our export to the Middle East, India, and East Asia is especially increasing. Foreigners love marble very much and demand it. As it is a value-added feature that increases a home's prestige, marble has become a symbol of wealth, and today it can be installed at relatively more economical prices compared to the past. The use of marble in Turkey increased continually over the past five years. While the marble we sold to the domestic market was worth roughly TRY 2–3 billion, this has reached TRY 10 billion today. I believe this figure will increase by 50% in the years ahead. And this makes us—and the industry—quite glad.



synthesizing Anatolian culture, history, and myths with contemporary designs. Later, from June 5 to 8, Istanbul hosted the 10th International Marble, natural Stone Products, and technology Fair, which welcomed 900 participants. As places to monitor the pulse of the marble industry, such events appear to be the way to bring Turkish marble the recognition it deserves.

The progressive depletion of natural stone reserves in European countries and lowered production, along with the interest shown by international companies and large corporations in natural stone mining, the possibility of discovering new, rich reserves in our country by virtue of its geological makeup, the increasing trend in demand for natural stone products worldwide, and the increased presence of second- and third-generation representatives in industry management are seen as boons for the marble industry.

İMİB, aiming to increase marble exports to \$15 billion as per its 2023 targets and to raise the mining industry's share in Turkey's total export to around 1.7%, continues to generate projects that will guide the industry's development to this end. The industry's export for the first four months of 2013 has reached a value of \$602 million, representing a 24% increase over the same period last year. The top five recipients of the industry's exports in this term were China, the US, Iraq, Saudi Arabia, and France, respectively.

A 10% growth target was set for the natural stone industry at the start of 2013. The success obtained in the first four months of the year show that the industry could surpass this figure considerably.



## CITRUS

# AIMING FOR \$3.5 BILLION IN CITRUS EXPORTS

“Citrus exports are to have an important share within the 2023 export targets.”

BY GİZEM GÜZEY

**T**URKEY OCCUPIES AN important position in citrus production and exports among citrus-producing countries in the Mediterranean Basin. The Mediterranean and Aegean regions rank as prime spots for citrus production due to the suitability of the climate. With the implementation of structural decisions and their coming into effect, the citrus industry in Turkey has exhibited significant progress over time. Exhibiting a continued level of notable progress in its exports performance, the citrus industry is expanding its targets. Turkey, located at the northernmost point of the world's citrus production area, plays a key role in the industry



*The International Citrus Congress is being held in Turkey in 2020.*

with a citrus export of 1.287 million tons. The majority of Turkey's citrus exports go to such countries to the north as Russia, the Ukraine, and Romania. The top recipients of lemon exports in 2013 (over the first four months) were, respectively, Russia, Saudi Arabia, the Ukraine, Iraq, and Romania; meanwhile, over the same period, the countries that received the most tangerine exports were Russia, Iraq, the Ukraine, Saudi Arabia, and the Netherlands, respectively. Iraq, Russia, the Ukraine, Georgia, and Azerbaijan-Nakhichevan dominated orange exports over the same period. In grapefruit, Russia, the Ukraine, Germany,



Poland, and Romania received the most exports. With \$132 million obtained in exports in 2012, the citrus industry held the Turkish record that year. Kemal Kaçmaz, Industry Council Chairman of the Fresh Fruit and Vegetable Exporters' Association of Turkey, stresses that there are expectations that 2013 will be more positive in terms of fresh fruit and vegetable exports compared to the previous year. Noting that the export figures recorded for the first four months of 2013 clearly demonstrate that these expectations can be made a reality, Kaçmaz said, "According to export figures as of the end of April 2013, an increase of 7 percent by volume and 2 percent by value was seen over the previous term, and these figures will rise in the months ahead. We have high expectations that the citrus crop, an important component of the fresh fruit and vegetable industry, will be much better in the 2013-2014 season compared to the previous season." The 7% growth in volume and 2% growth in value obtained in fresh fruits, vegetables, and citrus in Q1 2013 and its taking first place by value with a figure of \$349 million paint a positive picture for the industry's future targets.

#### CITRUS PROMOTION GROUP RESOLVED TO INCREASE EXPORTS

Aiming to complete the citrus industry's branding process both domestically and internationally, the Citrus Promotion Group (CPG) is continuing its efforts to increase exports. Kemal Kaçmaz, Industry Council Chairman of the Fresh Fruit and Vegetable Exporters' Association of Turkey states that the citrus production inventory efforts being carried out by the International Citrus Congress (ICC) and the CPG's efforts to increase market

share in existing citrus export markets and the promotional activities it is carrying out to bring Turkish citrus to target markets are contributing very significantly to progress in citrus exports. That citrus exports accounts for roughly 40% of total fresh fruit and vegetable exports shows how essential citrus are to the industry as a whole, says Kaçmaz, and he states that the most important matter to keep in mind regarding citrus exports is the net foreign currency inflow it provides to the country. For this reason, stressed Kaçmaz, the CPG's efforts to prolong the citrus season and increase product diversity with the new cultivars and activities to adapt the cultivars to the region, along with other such activities, at Çukurova University, the Alatata Garden Culture Research Station, and the Western Mediterranean Agricultural Research Institute must be heightened. He also emphasized that the ICC's nationwide inventory effort must

be completed as fast as possible to increase exports and that it is of great importance to production and export planning. Noting that the production of easily peelable citrus (such as tangerines) is rising continually in rival citrus-producing countries, Kaçmaz said, "The citrus industry of Turkey, too, should increase its efforts to quickly produce new varieties to suit market demands. R&D activities must be conducted in these areas.

In addition, the International Citrus Council's and the pro-

*"7% growth in volume and 2% growth in value were obtained in fresh fruits, vegetables, and citrus in Q1 2013"*



ducer associations' financial structures should be strengthened and an information network for producers should be established. The efforts carried out by the research institutes and universities should be announced more effectively to stakeholders in the industry. The subject of branding, too, is of extremely high importance to increasing citrus exports. Efforts to address this must be accelerated and new activities must be launched." With all these measures to be taken and ongoing efforts, the industry will thus be able to exhibit progress in reaching its collective target.

#### 2020 WORLD CITRUS CONGRESS IN MERSIN

The International Citrus Congress is being held in Turkey in 2020. The congress to be held in Mersin, Turkey, which provides for 3.5 million tons of the total global citrus production of 124 tons, is expected to add great momentum to the industry.



**KEMAL KAÇMAZ**

Industry Council Chairman of the Fresh Fruit and Vegetable Exporters' Association of Turkey

The International Citrus Congress, held quadriennially worldwide, will take place in Mersin in 2020. That this congress is to be held in our country shows that our country is a significant actor in the citrus industry. Turkey will increase its citrus production and export every year, expand its market share in its existing markets, and enter new markets. Therefore, we have no doubt that we will reach our 2023 export targets and realize \$3.5 billion in citrus exports.

## PLASTICS

# JUST ONE WORD FOR EXPORTS: PLASTICS

Plastics, one of Turkey's leading industries, might be import-heavy in its raw material supply, but its high-value-added exports are impressive.

BY NESRİN KOÇASLAN

**A**N INPUT TO MANY industries, the plastics industry supplies materials for use in areas ranging from automotive to health care, construction, and packaging. In this regard, plastics is of considerable importance to the economy of Turkey and it exhibits above average growth in this economy. Europe is the largest export customer for the industry, which left Italy behind in Q1 2013 with 2.2 million tons of production, rising to second place in Europe—just behind Germany.

The largest input to the industry, which is heavily dependent on imports especially in raw material supply, is provided by Petkim, which speedily expanded its production capacity after being privatized in 2008 and plans to further this capacity with new investments in the coming term. Investments in the soon-to-be built STAR refinery and the Petrochemical Industrial Park on Petkim Peninsula are expected to reduce the industry's imports significantly and to contain the value-add it will create for Turkey within national borders. As highlighted in one of İKMİB Chairman Murat Akyüz's statements, the industry relies on imports for its raw materials to a high degree—up to 87%. Despite this, the industry is achiev-



ing record export figures. With \$2.07 billion in exports over the first five months of the year, the industry ranked second of all industries, and predictions for June are expected to yield a figure of \$2.5 billion.

Noting that the new investments to be made in Turkey will enliven the industry, Akyüz states that the industry

*After finishing the year 2012 with 9.5% growth, the plastics sector attained a production figure of 2.2 millions over just the first three months on 2013.*

is expected to grow even more not only through these investments but also as manufacturing incentives are brought into effect.

Another figure who discussed the plastics industry's importance for Turkey is Mehmet Uysal, Chairman of PAGEV. More than 6,000 companies—95% of which are SMEs—operate in this field in Turkey, says Uysal, according to whom the industry's employment volume is over 300,000. Uysal said the plastics industry experienced significant increases in both exports and imports in 2012 with growth rates of 9.5%. The first three months of the year saw 2.2 million tons in production, a figure 13% higher than that for Q1 2012, he pointed out.

In light of these developments, the industry's growth rate for 2013 is predicted to be 8%, and year-end production volume is expected to approach 9 million tons.

## SMES DRIVE INDUSTRY GROWTH

SMEs account for an extremely significant portion of companies in the plastics industry. These companies exhibit decent performance in both production and exports, said Uysal. With the accomplishment of having risen to second place in Europe, Uysal says they now aim to achieve European leadership in 2016. The industry is mostly made up of little-known companies, remarks Uysal. As high-rate exporters, these companies are the unsung heroes of the industry.

Şenyayla Plastik, which exports to 60 countries, is one of Turkey's leading export companies. Ali Yayla, the company's CEO, says Şenyayla Plastik produced plastic housewares and packaging materials. The company exports 70% of its





The Turkish plastics industry refined its processing and supply-chain management through years of expertise.

production, highlights Yayla, whose assessment of the industry is as follows: “With the know-how acquired over many years, the Turkish plastics industry is exhibiting major progress in machinery, molds, and high-quality plastic product processing and in being a supplier to world markets. In fact, it ranks as one of the world’s most distinguished countries in plastics processing. As the industry is export-focused, the foreign currency required to obtain raw materials is covered by the value-add it creates. For this reason, I think it would be better for the industry to be regarded as an exporting industry, not just an industry that is import dependent.”

#### FULL SUPPORT TO THE INDUSTRY

Highlighting the successful performance exhibited by the industry’s companies, İKMİB Chairman Murat Akyüz ascribes this to the companies’ close monitoring of world developments and technological progress. İKMİB follows the companies’ dedicated efforts closely, says Akyüz. With the aim of increasing plastics exports, İKMİB organizes na-

tional participation groups to arrange attendance for the world’s largest plastics trade shows. “In January, we were at the Arabplast Trade Show in Dubai. In May, we attended Chinaplas in China

and the Feiplastic Trade Fair in Brazil. And in October, we—with our plastics companies—will be at the K Trade Fair in Germany to represent our country once again.”



**MURAT AKYÜZ**

Chairman, İKMİB

In the first five months of the year, plastics and plastic goods ranked second with 2.07 billion dollars in exports. Once the data for June is available, we expect this figure will approach 2.5 billion. Our year-end target for 2013 is 5.5 billion. We, as İKMİB, are relentless in our efforts to achieve these targets. We are organizing national participation groups for the world’s largest plastics fairs in order to increase our plastics exports. “In January, we were at the Arabplast Trade Show in Dubai. In May, we attended Chinaplas in China and the Feiplastic Trade Fair in Brazil. And in October, we—with our plastics companies—will be at the K Trade Fair in Germany to represent our country once again.



**MEHMET UYSAL**

Chairman, PAGEV

The plastics industry is an exceptional one that provides final and intermediate goods to many industries and possesses a constantly changing, dynamic structure. Exploiting this unique situation as best as possible, our companies have focused on improving infrastructure and searching for new markets, especially in recent years, in order to compete with its worldwide rivals. To reassess the situation in quantitative terms, our export for the first five months (of 2013) reached \$2.07 billion. Next to our direct exports, I can also make the claim that the indirect exports we made by way of such industries as packaging, construction, automotive, and household appliances exceeded \$4 billion.



**HÜSEYİN SEMERCI**

Chairman, PAGDER

Turkey is 80% dependent on imports in crude oil. Still, many countries that don’t produce crude oil were able to become the world’s biggest plastic raw material producers and exporters with petrochemical investments. Seen in these terms, Turkey’s proximity to oil-producing countries, its geopolitical situation, its well-trained workforce, and its entrepreneurially minded industrialist clearly shows it has superior competitive qualities.

#### RECORD GROWTH IN EXPORTS

**\$2.71**  
BILLION

EXPORT FIGURES FOR FIRST FIVE  
MONTHS OF 2013

**300,000**

JOBBS CREATED BY THE INDUSTRY

**9.5%**

INDUSTRY’S GROWTH RATE IN  
2012

**8%**

INDUSTRY’S PROJECTED GROWTH  
RATE FOR 2013

**2.2**

MILLION TONS

PRODUCTION OVER FIRST FIVE  
MONTHS OF 2013

**9**

MILLION TONS

PROJECTED TOTAL PRODUCTION  
BY YEAR-END 2013



At the Bio International Convention 2013, the Turkey Booth was opened by Dr. Mehmet Müezzinoğlu, accompanied by Mr. İlker Ayçi, President of ISPAT and organization officials from Turkey.



## INVESTMENT

# TURKEY: INVESTMENT CENTER FOR GROWTH IN BIOTECHNOLOGY

The Investment Support and Promotion Agency of Turkey (ISPAT) has been closely following international events on biotechnology. ISPAT has recently organized participation into an important global event, “BIO International Convention 2013” held in the USA.

Turkish pharmacology industry came together at the “Bio Convention 2013”, the world’s largest pharmaceutical and biotechnology fair, which took place in Chicago, USA in April 2013. The Turkish delegation was organized by ISPAT and headed by the Minister of Health of Turkey, H.E. **Dr. Mehmet Müezzinoğlu**.

Besides ISPAT and Ministry of Health; the Turkish Delegation comprised repre-

sentatives from Ministry of Science, Industry and Technology, Ministry of Food, Agriculture and Livestock, Ministry of Economy, Social Security Institution, The Scientific and Technological Research Council of Turkey (TÜBİTAK) and Undersecretariat of Treasury. Sector representatives, the Association of Research-based Pharmaceutical Companies (AİFD), the Center for Basic Drug Research (İTAM)

and the Pharmaceutical Manufacturers Association of Turkey (İEİS), were also present at the event. On the other hand, as for the Turkish pharmaceutical companies, Abdi İbrahim, BioIstanbul, Bionkit Bionano Technologies, Deva, Dr. Zeydanlı Life Sciences, İlko Medicine, Islab, Koçak Farma, Mene Research, Nobel İlaç, Sentegen Biotech and Sisoft participated in the convention.

At the Bio International Convention 2013, the Turkey Booth was opened by Dr. Mehmet Müezzinoğlu, accompanied by **Mr. İlker Ayçi**, **President** of ISPAT and other representatives from Turkey. Turkey has attended the fair for the second time, since the fair’s establishment in 1993. It was again ISPAT which organized the participation for the Turkish delegation. Over 15,000 companies and country representatives all over the

world came together at the Bio International Convention 2013 in order to share the developments in the field of biotechnology and take the first steps for significant partnerships.

#### BIOTECHNOLOGY IS ON THE RADAR OF TURKEY

Dr. Mehmet Müezzinoğlu delivered a speech in the opening and said: **“Despite the economic crisis, Turkey has succeeded to reach a growth rate of 5 per cent in the last ten years and the steps taken in the health sector have a significant role in this growth. The number of companies in the sector that are engaged in biotechnology and R&D activities is around 18. R&D expenses compared to the revenue of the company rank at the highest level in pharmaceutical and biotechnology sectors. In other words, this sector invests the most in R&D. In that respect, the investments of pharmaceutical companies draw attention of other countries. This is an important opportunity for Turkey, as well. Biotechnology is on the radar of Turkey. In this context, it is needed to have strategic products guaranteed by public procurement and strategic mergers. I believe that medical device technology will be crucial for the next decade. 2013 will be a significant year.”** Minister Müezzinoğlu underlined the importance of biotechnology which is considered a strategic investment field as part of the national health strategy for Turkey. Highlighting that 134 out of 300 pharmaceutical companies operating in Turkey are multinationals, **Mr. İlker Ayçi** stated that Turkey ranks as the 14th in global pharmaceutical market and 6th in Europe.



*“I believe that medical device technology will be crucial for the next decade. 2013 will be a significant year.”* **Minister Müezzinoğlu underlined the importance of biotechnology which is considered a strategic investment field as part of the national health strategy for Turkey.**

#### R&D EXPENDITURES IN THE PHARMACEUTICAL SECTOR IN TURKEY TO DOUBLE UP IN THE NEXT 5 YEARS

Mr. Ayçi went on to say: **“Despite the robust growth figures in recent years, Turkey has not yet reached the level it deserves as regards the pharmaceuticals market. While the total R&D expenses correspond to around 1% of GDP at the moment, it is planned increase this rate to 3% in line with the country’s 2023 targets. And within the scope of this plan, it is aimed to double R&D expenses in the pharmaceuticals sector in the next 5 years, which is currently USD 60 million. Considering the challenge in reaching these targets, we believe that it is a very important step to take part in the world’s largest biotechnology fair, which we used to attend only as a visitor country up until 2011. Beginning from last year, represented by key institutions from public and private sectors, Turkey has been actively participating in Bio International with**

#### a country booth, hosting events that present the Turkish biotechnology and pharmaceutical industry to potential investors”

During the BIO International Convention 2013, ISPAT organized a discussion panel, **“Turkey: Investment Center for Growth in Biotechnology”**, for promoting investment opportunities in the Turkish biotechnology and pharmaceutical industry. Speaking of the panel, Mr. Ayçi said that participants were paying high attention to Turkey.

During the panel, Mr. Süfyan Emiroğlu, Director General of Industry from the Ministry of Science, Industry and Technology shared details on the “Turkey’s Pharmaceutical Industry Strategy Paper Action Plan,” whose drafting work is in the final phase. Dr. Hakkı Gürsöz, Vice-President of Economic Research from the Turkish Medicines and Medical Devices Agency of the Ministry of Health also made a presentation during the panel.



## INVESTMENT

*Istanbul hosts another important international event*

## “FACILITATING FDI INTO EUROPE AND CENTRAL ASIA”

Operating methods of IPIs, investment facilitation and cooperating on investment promotion topped the event’s agenda.

### ISTANBUL HOSTS ANOTHER IMPORTANT INTERNATIONAL EVENT: “FACILITATING FDI INTO EUROPE AND CENTRAL ASIA”

The conference, “**Facilitating FDI into Europe and Central Asia**”, co-organized by the Investment Support and Promotion Agency of Turkey (ISPAT) and the Investment Climate Department of the World Bank Group, was held in Istanbul on 2-3 May 2013. The conference gathered World Bank representatives and the heads of the investments agencies from over 45 countries. The conference led high-level discussions on the role of good investment facilitation in attracting

new investments and related policy issues. Experts on various panels discussed good practices from investment promotion intermediaries (IPIs) within the Europe and Central Asia (ECA) region and worldwide and examined strategies that ECA countries can adopt to better position themselves to win foreign direct investment (FDI).

Up to 80 percent of the world’s national IPIs ignore investor inquiries, even in national priority sectors—this is the major finding of the World Bank Group’s Global Investment Promotion Best Practices (GIPB) 2012 survey. At a time of global economic

*The conference, “Facilitating FDI into Europe and Central Asia”, which was held in Istanbul on 2-3 May 2013, gathered World Bank representatives and the heads of the investments agencies from over 45 countries.*

stress, most countries are not in a position to turn away potential investments—they certainly cannot afford to do so. So why does this happen, and how can we ensure IPIs make the most of opportunities for FDI? The World Bank Group discussed this critical topic at this two-day conference for IPI CEO’s and senior managers.

### İLKER AYCI: “GLOBAL PARTNERSHIPS BASED ON THE FOUNDATIONS OF THE WORLD ECONOMY ARE VITAL FOR FUTURE DEVELOPMENT”

In the opening speech of the conference, **Mr. İlker Ayçi**, the President of ISPAT, pointed out the vital importance of the global partnerships based on the foundations of the world economy for future development and added: “**In recent months, numerous developed and developing countries experienced the economic effects of the crisis tethering the growth. Perhaps now, the course of the international direct investments is more important than ever. We are glad to host the official investment agencies of 45 countries to-**







gether with the World Bank Group Investment Climate Department. The aim of the conference is to conduct brainstorming sessions in order to create a synergy among ourselves, find common ground and restructure our strategies in such a conjuncture, especially in our region.”

Ayçi also stressed the increasing importance of the developing countries in the world economy. He said that developing economies comprised one third of the global economy 20 years ago but today they account for nearly half of the global economy. Ayçi continued his speech with important deliberations and observations: “Today, developing economies contribute to more than 80 per cent of the world GDP growth. While the ongoing transformation in the world leads to a greater pressure on the structure of the global economy, it also paves the way for new opportunities. In this atmosphere, global FDI flow is rerouting its course. After

the global financial crisis in 2009, for the first time since 2010, we observe that more than 50% of the global FDI channeled into developing economies. On the other hand, we see that emerging economies, such as in China, Brazil, Russia and India, are increasingly seen as new sources of FDI.”



will very soon become one of the crucial junction and distribution points of world’s energy markets in terms of logistics, production and investment. At this point where we have arrived through our high performance over the last 10 years, we are resolutely pursuing the EU accession process. In addition to its political and the economic aspects, in my opinion EU is also a peace project. Currently, it is a continental peace project and when it incorporates Turkey, it will become a global peace project.”

THE EYE OF THE WORLD IS ON BOTH THE FOREIGN DIRECT INVESTMENTS AND ON ISTANBUL

Ms. Cecilia Sager, Head of the World Bank Group Investment Climate Department, stated in her speech that 65% of the companies that took part in the last international study they conducted had consulted the official investment agencies of their country in the course of their investment decisions. Underlining that in today’s conditions no country has the luxury of not promoting itself and its investment climate to the potential investor, Sager added, “This is why we decided to hold this conference particularly in Istanbul, a city we regard as the cross-roads of Europe and Central Asia. The eye of the world is on both the foreign direct investments and the city.”

Mr. İlker Ayçi, the President of ISPAT, said: “We are glad to host the official investment agencies of 45 countries together with the World Bank Group Investment Climate Department. The aim of the conference is to conduct brainstorming sessions in order to create a synergy among ourselves, find common ground and restructure our strategies in such a conjuncture, especially in our region.”

The keynote speaker, Minister Bağış, addressed the World Bank and IPI representatives and said: “These are exciting days and times for Turkey. For instance, the city of Istanbul where we came together has been the center of peace for centuries and it is still a strategic location.

ISTANBUL WILL VERY SOON BECOME ONE OF THE CRUCIAL JUNCTION AND DISTRIBUTION POINTS OF WORLD’S ENERGY MARKETS IN TERMS OF LOGISTICS, PRODUCTION AND INVESTMENT Organizing this event in Istanbul indicates the city’s central role in international economic and business affairs. The keynote speaker of the conference, Mr. Egemen Bağış, Turkey’s EU Minister and Chief Negotiator, addressed the World Bank and IPI representatives and said: “These are exciting days and times for Turkey. For instance, the city of Istanbul where we came together has been the center of peace for centuries and it is still a strategic location. We are also in a neighboring location to 75% of the world’s major energy markets. Istanbul

## INVESTMENT

# TURKEY ATTRACTS HIGH-QUALITY INVESTMENTS

US-based DuPont launches an innovation center in Istanbul for product and services development.



## R&D AND INNOVATION ARE MUSTS TO TRANSFORM THE ECONOMY

Research and development (R&D) as well as innovation are imperative to competitiveness of a country. Committed to making Turkey one of the most competitive countries in the world, the government of Turkey has taken certain measures to support R&D and innovation activities. To this end, it introduced a new law in late 2008, exclusively providing support and incentives to R&D and innovation investments. Since then, around 150 R&D centers have been established in Turkey, employing 15,000 R&D personnel. The government has also set specific targets in this area to achieve by the year 2023, the centennial celebration of the foundation of the Republic of Turkey. One of these targets is to increase gross R&D spending to 3 per cent of GDP, which stands at 0.9 per cent as of today.

Another important incentive is Turkey's robust economic growth which is also accelerating

R&D and innovation investments. A recent announcement in this area came from DuPont, which has been bringing world-class science and engineering to the global marketplace in the form of innovative products, materials, and services since 1802. The company opened its 11th innovation center in Turkey in April 2013. As DuPont responds to some of the biggest challenges facing an increasingly crowded planet with an annual global R&D investment of \$2.1 billion, the latest Innovation Center in Turkey will focus on science-powered innovation related to the food, construction, automotive and energy industries. It also will provide a unique environment for collaboration with customers, government, academia and business partners in Turkey.

The goal of the new Innovation Center is to leverage the power of DuPont's global science capabilities and give Turkish customers and partners access to DuPont's 10,000 scientists and

engineers around the world via interactive on-site and remote video conferencing.

**İLKER AYCI: "NOW, THE CHALLENGE FOR TURKEY IS TO INCREASE THE LEVEL OF OUTPUT FROM SCIENCE AND TECHNOLOGY AND TRANSFORM THESE RESULTS INTO INNOVATION AND VIABLE BUSINESS OPPORTUNITIES FOR THE BENEFIT OF THE SOCIETY AND ECONOMY."**

**"Turkey is transforming.."** said İlker Ayçi, the President of ISPAT. **"The major part of this transformation will be realized through innovation. Now, the challenge for Turkey is to increase the level of output from science and technology and transform these results into innovation and viable business opportunities for the benefit of the society and economy. In this respect, innovation policies need to focus on developing human capital in science, technology and innovation, facilitating knowledge creation and diffusion, and increasing the number of innovative**

**high-growth enterprises which generate new jobs. This is why the opening of the 11th DuPont Innovation Center in Turkey is of great importance to our country."**

**"As the global population steadily increases and generates greater need for food, energy and protection solutions, meeting these needs will require both science and collaboration,"** said Thomas G. Powell, the President of DuPont Protection Technologies at the center's opening event. **"The DuPont approach is to be a global collaborative partner offering innovative solutions to meet the needs of the growing population. Science and collaboration are the driving forces behind establishing innovation centers in key, high-growth markets like Turkey."**

**"The pace of research and development in emerging markets is rapidly accelerating,"** said Simone Arizzi, Director of DuPont Science & Technology, EMEA. **"Connecting our customers in Turkey with the thousands of DuPont scientists and engineers around the world will help redefine existing products, open new market segments and increase our rate of innovation."**

The DuPont Turkey Innovation Center has distinct areas for collaboration and innovation. The innovation space illustrates the latest of the company's technology offerings, applications and industry trends. The collaboration space is designed for holding meetings between company clients and partners around the globe.

**"Today, Turkey is one of the world's fastest growing markets and the country itself is a powerful hub of innovation,"** said Halide Aydınlık, DuPont Turkey Country Manager. **"We believe that this Innovation Center will serve as a catalyst for growth in Turkey, unlocking the problem-solving power of private-public partnerships which in turn will lead to innovative solutions for our domestic customers."**

## AVIATION

# The Value of Air Cargo to Exporters

Aerial cargo brings numerous advantages to consumers, producers, and exporters alike. Thanks to air cargo, business operators are able to send their wares all over the world quickly and safely.

BY HALİT ANLATAN - VICE PRESIDENT FOR MARKETING

**I**N THIS PERIOD of sustained reductions in business volume or stagnation in the global air cargo market, Turkish Airlines Cargo continued its rapid growth. Worldwide, air cargo business volume fell roughly 1% in the years 2011 and 2013. Projections for 2013 estimate that the global market will continue to shrink or, at the very best, remain stable without exhibiting any growth over the previous year. With this, despite such a negative outlook for the world air cargo market business volume, Turkish Airlines cargo is quickly advancing toward its target of growing by 20% in 2013 based on tonnage carried.

Turkish Airlines is undergoing a period of notable progress. Over the past eight years, the company tripled the size of its fleet, its service capacity, and the number of destinations it serves. Today, Turkish Airlines Cargo has a fleet of more than 217 aircraft—nine of which are cargo planes—that fly to more than 230 locations worldwide. The company runs direct flights to more countries than all other airlines in the world.

Aware of its responsibility toward Turkey's \$500 billion export target for 2023, Turkish Airlines Cargo continues its efforts to discover more ways to offer exporters advantages directly in an innovative fashion and as a whole



team. For this purpose, it attends as a guest the export encouragement meetings of our exporters' associations across the nation, and the momentum and contributions provided to exports by air cargo, the conveniences it affords the exporter on a product basis, and the possibility to expand their business volume, they have a 14% share carried by air cargo. Yet worldwide, this figure rises to up to 35%. Therefore, market penetration could be achieved in a faster, stronger way in the markets where the wares are bought by carrying out enough of the transportation to fill that gap via air cargo.

In addition to the growth of its cargo network capacity, Turkish Airlines is signifi-





cantly revising its infra-structural and procedural processes. To the end of supporting the capacity increase in the air with increased capacity on the ground, the net storage capacity of the cargo center that currently serves in an area of 20,000 square meters has been increased by 37% thanks to the renovations performed. In the second half of 2013, an additional 10,000 square meters of space (currently under construction) will be added to the cargo center's service capacity. Additionally, in the second half of this year, construction on a new, 45,000-square-meter cargo center for Turkish Airlines Cargo will commence. In this process, we will ceaselessly



continue to offer our long-standing offer of three days of free-of-charge warehousing to our exporters.

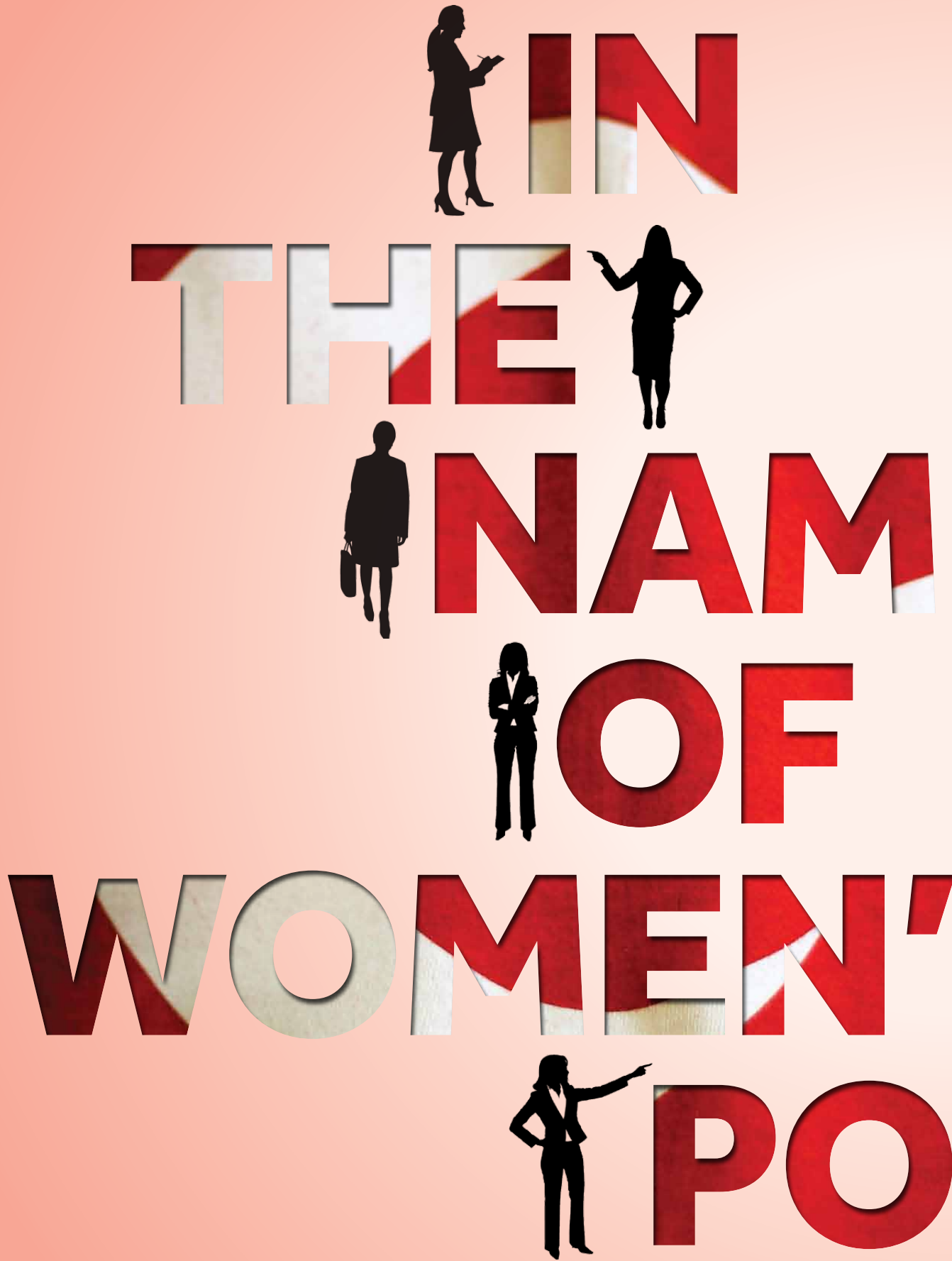
Considering the markets that have been emerging in the recent term, in order for our products to be present

in higher concentration in foreign markets, unit price is gaining as much importance as delivery speed. From this perspective, Turkish Airlines Cargo is generally able to offer freight fees that can support our exporters in the countries

*Turkish Airlines Cargo is quickly advancing toward its target of growing by 20% in 2013 based on tonnage carried.*

of Africa and Southeast Asia, in addition to the single-rate pricing for all of Turkey, and it is able to bump up its international competitive position by a few steps. Additionally, relatively advantageous freight fees can occasionally be offered for the Western and Northern European countries that attract the bulk of our exports, depending on other modes of transport.

IN  
THE  
NAME  
OF  
WOMEN'  
POWER

The image features a large, stylized title 'IN THE NAME OF WOMEN' POWER' set against a light pink background. The letters are cut out, revealing a white and red striped pattern. Silhouettes of women in various business poses are integrated with the text: a woman in a suit holding a clipboard stands behind the 'IN'; a woman in a dress pointing stands behind the 'THE'; a woman in a suit carrying a briefcase stands behind the 'NAME'; a woman in a suit with arms crossed stands behind the 'OF'; and a woman in a suit pointing stands behind the 'POWER'.

**E** Increasing their power in every field with each passing day, women now hold much more say in business and politics as well.

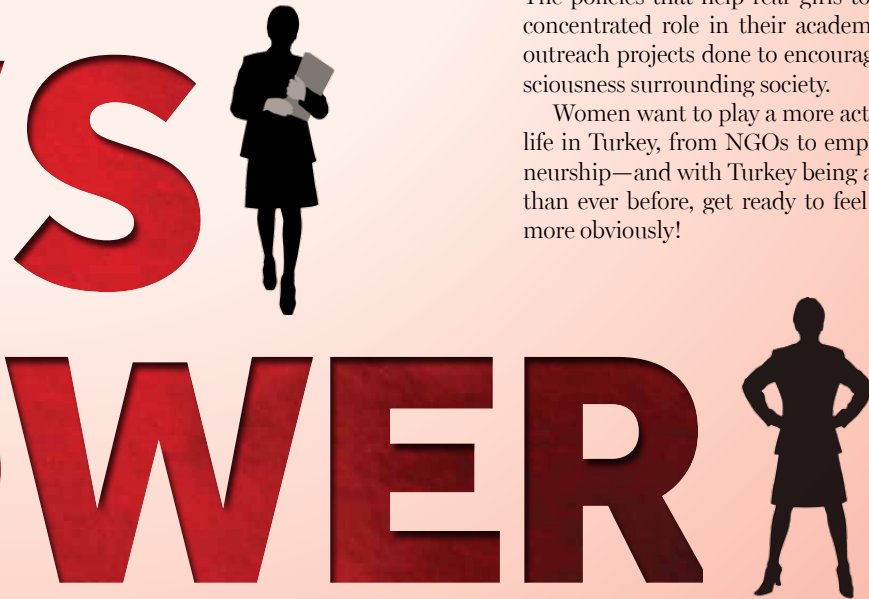
---

BY NESRİN KOÇARSLAN

---

**A**cquiring ever-more-important roles on the stage that we call “life,” in connection to the economic and social progress made on this scene, women are also managing to impress with the value-add they are creating for the economy. They establish companies that trust in the future and manage big-budget companies. The policies that help rear girls today could play a more concentrated role in their academic lives through social outreach projects done to encourage the growth of a consciousness surrounding society.

Women want to play a more active role in every part of life in Turkey, from NGOs to employment and entrepreneurship—and with Turkey being a country more positive than ever before, get ready to feel women’s power much more obviously!







**L** **LEADING WOMEN IN BUSINESS** Although Turkey's rate of women employed in the workforce is quite low compared to OECD and EU averages, the opposite of this is seen in the number of

female executives and managers. According to a 2012 study of female executives by Grant Thompson, the proportion of executives in Turkey made a leap of 6% over the previous year for a total of 31%, therefore leaving behind the global average, 21%; Brazil, Russia, India, and China (BRIC) with 24%; the EU with 24%; Latin America with 22%; the G-7 with 18%; and North America with 18%.

ING Bank General Manager Pinar Abay accepts this situation as a reflection of the economic, social, and cultural changes. She says this development, a source of pride as it is, must be scrutinized carefully, and she adds, "Women today aren't as scared as they used to be of diving into the competitive frying pan of the business world; they are more motivated and

more confident. They are equipped with the knowledge and skills needed by the ever-thickening competitive environment in Turkey. I believe telling the constantly accumulating success stories both in Turkey and internationally, recognizing them for these, and shining a spotlight on these is encouraging and will result in more

role models," pointing out the responsibility that leading women who are prominent in business have toward other women as role models.

Kagider Chair Gülden Türktan, too, highlights the commendable performance delivered by Turkey especially in employment on the CEO level. But in order for this situation to clearly review itself in a positive way, she says, exhibiting a similar picture in female employment.

Another topic of note in Grant Thorn-

ton's study is that women in Turkey are employed in the highest concentrations in the fields of finance department management, sales, human resources, and marketing management positions. According to companies from Turkey that participated in the study, women serve

*In Turkey women often play an effective role in the fields of finance management, sales, human resources and marketing management.*



with such titles as VP or director of the finance department, where the ratio is highest at 34%. These positions are followed by sales department management at 21%, human resources management with 14%, and marketing department management at 14%. The number who serve as CEOs of their institutions is, however, at a low rate—95—for now.

### **LEADING LADIES WHO FOUNDED THEIR OWN BUSINESSES**

2012 data for Turkey shows that of the 1.42 million enterprises that existed in the country, more than 90,000 were held by women. It follows from this that the percentage of female entrepreneurs is around 6.5%. TurkStat data released later on, in May 2013, showed that the ratio of women working in their own businesses was 7%. The progress made is good, but there is still a ways to go in the field.



The history of female entrepreneurship in Turkey could be said to date back to the post-1980 era. A period in which the private sector started growing very quickly, those years also showed a gradual increase in contributions to the Turkish economy by female entrepreneurs.

When it comes to the point of supporting female entrepreneurship specifically, Pinar Abay says it is important that females have access to entrepreneurial capital and mentoring systems that would be established. Credit guarantee funds and KOSGEB's support to entrepreneurs are alike in that their support provides great contributions to ecosystem, stressed Abay, but she declared that capital doesn't mean everything, as she continued, "Especially as they are creating their business plans and identifying business strategies that will survive the market, female entrepreneurs need mentors. If these women,

many of who are of limited means, will establish businesses here for the first time, I believe we must diversify the support mechanisms here."

Meanwhile, declaring that the numbers released are not looking that well at all, Gündüz Fur Vice-Chair Ruken Mızraklı points out that KAGİDER—of which she is a founding member—has significant projects to achieve progress in this area. Adding that K is among the companies that adopted the "Equal Opportunity Platform" in cooperation with the World Bank, along other such companies that are part of this program, including those of Eczacıbaşı, Borusan, and Suteks, she stresses the point to which gender neutrality is practiced in hiring and wage setting, underlining how these companies support the platform. She adds emphatically, "As such practices pick up speed, we can achieve much higher participation rates together."

## THE POWER OF WOMAN LEADERS

According to Grant Thornton's "Female Managers Research" in 2012, the ratio of female managers in Turkey increased by 6 percent over the last year and reached to 31 percent.

**31%**

WOMEN POSITIONED AS AN EXECUTIVE IN TURKEY

**26%**

WOMEN POSITIONED AS AN EXECUTIVE IN BRAZIL

**24%**

WOMEN POSITIONED AS AN EXECUTIVE IN EU MEMBERS

**22%**

WOMEN POSITIONED AS AN EXECUTIVE IN LATIN AMERICA

**21%**

AVERAGE SHARE OF WOMEN IN EXECUTIVE POSITIONS GLOBALLY

## MORE WOMEN PARTICIPATE IN WORK FORCE

According to TEPAV, the ratio of housewives among the women not participating into workforce has fallen by 2.2 points over the last year and regressed to 41.4 percent.

**3.2**  
MILLION

NUMBER OF WOMEN WORKING IN NON AGRICULTURAL INDUSTRIES IN 2008

**4.8**  
MILLION

NUMBER OF WOMEN WORKING IN NON AGRICULTURAL INDUSTRIES IN 2013

**50%**

INCREASE IN THE NUMBER OF WORKING WOMEN

**7%**

SELF EMPLOYING WOMEN BY MAY 2013

**41.4%**

SHARE OF HOUSEWIVES AMONG THE WOMEN NOT PARTICIPATING INTO WORKFORCE

Sefes Company Partner Şafak Çivici believes that entrepreneurship should enter curriculums as a required one, instead of being merely an elective. Çivici says everyone needs to give support to a more positive perception of a woman working in society. But there are some things the woman should be wary of, warns Çivici, and she stresses that getting out of cookie-cutter jobs and creating diversity is important in female entrepreneurship.

### NGOS AND WOMEN

Another field in which women appear commonly in Turkey, outside of economics and politics, are NGOs... In the recent term, women are seen advancing to the forefronts of not only business but also NGOs. Zeynep Bodur, Chair of Kale Group, says this is an issue she monitors closely, and she expressed her views on the subject as follows: "That capable women lead the NGOs that touch and shape society, female leadership is important to both leadership and progress for NGOs. Leadership is not only important in business and its rigid framework of rules—female leadership in NGOs led especially by women engaged in active efforts to support their cause make the world a better place in which to live. Sand such organizations have started to become lovely options and important ac-

tivity spots for women who wish to work more flexibly. Personally, for the cause of giving much more say to women in society and the means to enter management, serving actively at several institutions, including İSO, İKV, and the DEİK Turkish-Italian Business Foundation, and that we value these in terms time to help give society a change of ideas."

### WORK IS THE RIGHT OF ALL WOMEN!

The participation of Turkey's women in the workforce is perhaps among the most talked-about matters of recent years. A release shared by the Employment Monitoring Bureau and published by TEPAV makes the statements, "And there is a fact that our data for February points toward this fact—the rate at which female paid employees are being hired a little faster, narrowing the gap with men, somewhat.. The data that the Employment Monitoring Bureau released in 2013, which was published by TEPAV, stated that agriculture aside, the number of identified female works in that economy neared 4.8 million after totaling only 3.2 million—and hence increasing by 50% by February 2013. TEPAV highlighted in its data that the percentage of homemaking women who do not participate in the workplace has fallen by 2% over the course of the year, falling to 41.4%.





**PINAR ABAY**

General Manager, ING Bank

I find the regulations to support women who take part in the economy to be very important. We know that higher levels of women's education have a positive effect on employment and economy, and we have the data to back this up. According to a World Bank study in 2010, a 6% increase in the women's full time employment rate could be expected to increase incomes by 10% and cut down on poverty by 15%. Furthermore, each year a teenage girl continues her high school education has an impact on her future income, increasing it from 10 to 20%. The government's child day-care programs and the other kinds of child support efforts are important incentives along the way to improving the business and family lives of working moms are significant incentives to have more women join the workforce. In this regard, I believe these regulations will play a balancing role.

**SAFAK ÇİVİCİ**

Sefes, co-founder and general manager

Women accounts for the half of Turkey's population. But only one in four workers is a woman, while women employment rate is 59 % in EU, it is 30 % in Turkey. According to World Economic Forum Turkey ranks 134th in women's participation into workforce. But the number of woman entrepreneurs and leaders increase everyday. We even outpace EU members in some indicators. Turkey ranks 2nd in the rate of female CEOs. Working women means a more prosperous world. It should be perceived as "normal" to participate into workforce for women in Turkey where there is still 4 million illiterate women.

**ZEYNEP BODUR**

Chair of the Board, Kale

In my factories, I see tangible examples of what can result when women successfully enter the business sphere, from where they are, I observe them as they turn many things of their imaginations into things that are real. And just as I support the cause of having more women participating in manufacturing and being part of the industry, I am a boss who clings to her belief that there ought to be many more women in the executive ranks of our companies and outs it into practice. I am a boss supporting the need of having more woman executives in the managing positions of our companies as well as I defend more women to take place in production and be part of the industry, and I behave accordingly. 19% of women working in Kale Group are top executives, and 20% mid level managers.

**RUKUN MIZRAKLI**

Gündüz Furs, Chair of the Board

Half of Turkey's population consists of woman, yet only a quarter of these women are in the workforce. The employment rate of woman in Turkey is 30% while the percent age in EU is 59. According to data provided by the World Economic Forum, Turkey is ranked ninth from last among 134 countries regarding participation of woman in the workforce. But there is an increase in numbers of woman entrepreneurs and managers. And we are even ahead of EU according to some indicators. Turkey is second in the world in terms of woman CEO's while first is Finland with 13%. Working women mean a prosperous world. In Turkey where approximately 4 million women are still illiterate, the participation of woman in business should be considered normal and even "a must" and this concept should be taught to children, boy and girls, at early ages.

**GÜLDEN TÜRKTAŇ**

President, KAGIDER

Our expectation is that the intention of having women as 35% of the workforce will strengthen the education-employment relationship to the point that it could to around 60-70% and help it reach levels for developed countries, which are about 60-70%. Supporting policies and mechanism regarding this objective must be established at once. Therefore, legal and corporate regulations focused on Turkey's childcare model and other nursing services should be reformed without time being wasted. We think that widespread, accessible, and safe childcare serviced wasting any time and applied in accordance with parental leave. Entrepreneurship is a long and demanding journey. During this journey, we believe that both women and men entrepreneurs should be equally offered the support and opportunities they need.

**SULTAN TEPE**

Tepar Tekstil (Textile) Chair of the Board

The 7% rate of establishing one's own business or having an entrepreneurship is very low and requires very serious steps forward. When considering Turkish people, it can be seen that they have the genetic structure that is suitable for entrepreneurship in the world. I think the reason why women are behind men in terms of bringing such important characteristics into practice is because of the role attributed to women in our country. The role for us is shaped as being a good housewife at home as well as being a good mother and wife, again at home. I wouldn't want to miss the chance to mention the statement I find the most alarming: "There is a woman behind every successful man." I think this perception needs to be changed completely and country policies should be created urgently in order to encourage women to transmit their creative potentials to professional life.



# “PEOPLE FIRST”

Minister of Family and Social Policies, Fatma Şahin assessed the ministry's projects and the social policies which will be pursued in the coming period to The Turkish Perspective.

BY CAN GÜRSU

**D**uring Turkey's historical march to 2023, Ministry of Family and Social Policies is trying to be a ministry that develops and implements risk-preventing social policies in order to create a prosperous society consisting of happy individuals and strong families. Fatma Şahin declares that they aim to make Turkey a model country with its social policies along the way they have started out saying “People First.”

**The number of women in educational institutions and in the field of entrepreneurship is gradually increasing. A research conducted by the British magazine's higher education journal revealed that the country where most women academicians serve is Turkey. How do you assess the increasing role of women in Turkey? What kind of studies do you plan for**

**the coming period so that women should take more active place both in economy and policy?**

Improving the quality of woman life and making women the subject of sustainable development is our fundamental goal. We need to catch the world, and spirit of time well. We have to catch up with the age of information and technology. Human capital is our biggest advantage. We need to move on with human-centered management approach. We will be weak, if we do not discuss a woman-centered understanding which adds women power to economy. Constitution being in the first place, we have restructured Turkish Penal Code, Labour Code and Civil Code.

In the process of making a new constitution, I want to state that to become a state of law that put women forward in each article is sine qua non. Women are the most important part of our young population. If you ignore the potential of women who constitute half

of the society, you cannot reach to any destination. We have many studies to combat social gender-based inequalities. Finally, in order to minimize the gender gap in economic field we created ‘Platform for Equality at Work’ which takes place in a task group that is under the roof of World Economic Forum (WEF). In the index, where countries are evaluated in terms of women's participation in working life and the opportunities offered to them, and scored from zero to 1, Turkey's score was 0.414 in 2012. Our goal is raising this in the level of 10 percent and to reach 0.455 in 3 years. Our utmost goal is to increase the status of women and enable them to be more active and efficient in social and economic life, arts and sports, thus in every field of life. We need to pave the way for women in public sector, private sector, entrepreneurship and in every field, and to continue on our way with a perspective of positive discrimination.



**What kind of collaboration do you make with famous designers in order to raise the value of hand-made products produced by women in Anatolia? Are you planning to make studies in similar sectors in the coming period?**

It is necessary for women's hand-made products to take place in the economy. To do this, the branding of the products concerned, and the sales of them with the provision of R&D support, is very important. Along with this, entrepreneur must also provide the marketing of the product. For this, the design is very important.

Women release products in public education centres or in any social service centres with their teachers' guidance. How suitable is that product for the market, how much this product can take place in economy- Thus, we create an infrastructure of a model produced by the product appropriate for the market. Design is very important for this reason.

In the design department of the universities, which products we should produce in the new world order, which one has higher market share, how the marketing training should be given to women, how the market economy should be managed... We have designers especially in international dimensions. We have woman designers and national and international brands.

Turkey has become a household name in textiles, and this was achieved with effective marketing approach. Hand-made product is more expensive than factory production. We are creating an infrastructure in which we can market these manual labour and products all across the world and enable their brandization process of obtaining their patent. In this context, we are planning to bring women together with the major designers. We will work with all nationally and internationally name-brand designers. We will sit at the table with them and discuss how we would modernize and market the manual labour of women.

**The woman employment in Turkey is increasing gradually; however,**



**THE RATE OF INDIVIDUALS LIVING WITH A WAGE UNDER 4.3 DOLLARS PER A DAY WAS 30.3 % IN 2002, IT DECREASED TO 3.66 % IN 2010 AND 2.79 % IN 2011.**

**it has not reached to the expected level yet. What kind of regulations are you planning to make in order to increase the woman employment for the coming period?**

We regard enabling women to be a part of economic and social life, assisting them to overcome the challenges on the way of their career through keeping their maternal attributes, enabling the balance between their family and business life, paving this way with social support projects and providing peace and comfort within family, as our ultimate goals.

We, the Ministry of Family and Social Policy, initiated a study on "Harmonizing Work and Family Life" with The Ministry of Development, The Ministry of Finance and The Ministry of Labour and Social Security. In this framework, we are conducting this study in three dimensions. These are extending the maternal

leave, nursery support and flexible working model. We are working on what we should do as the public sector.

The most important problem for working women is nursery care. For instance, we have concluded the agreement for 10 nursery care centers with Borusan within the framework of social responsibility project. With the collaboration of The Ministry of Science, Industry and Technology, we have given start to nursery care centres in the organized industrial zones where the ratio of working women in private sector is quite high. Another model we address is flexible working. Today, the large proportion of woman participation in workforce in the Euro Zone is in the form of flexible working. Adding further value is required for this through tailor-made models. With the help of technological opportunities, the world is at our homes and it is essential to provide necessary equipment for the users. Our studies on the infrastructure are still on process.

For instance, rate of woman participation in workforce is %69 in Austria. We observed that the 40% of this ratio is consisted of part-time employees. The rate of full time employment of women in Turkey has reached to 30 % and this ratio will continue to increase through flexible working model and avoiding unregistered employment.

It is necessary to provide part-time or full-time working opportunities in accordance with women's demands. Such a practice should be accepted as an intellectual transformation in the men's world. We continue our studies in how to extend the maternity leave.

### **What kind of studies will your Ministry conduct for this year and the next period regarding local governments, civil society and social housing?**

It is aimed to provide housing with refund for the poor and vulnerable citizens who are not included under any kind of social security system within the context of The Promotion Law on Social Assistance and Solidarity, No: 3294, and the protocol titled "Social Housing Protocol" signed between The General Directorate of Social Assistance (SYGM) affiliated to the Ministry of Family and Social Policy and Housing Development Administration (TOKİ). Within the scope of the Protocol signed between TOKİ, the planning of 39.974 flats has been completed and 100.000 flats are projected to be completed by 2023. The objective is to meet their sheltering needs, which is one of the most fundamental necessities of our poor and vulnerable citizens and to provide them with "sheltering" opportunities within the frame of humanly living conditions. The aforesaid flats are projected to be 1+1 (1 living room+1 room) and 2+1 (1 living room+2 rooms).

The beneficiaries shall be chosen among the citizens under the scope of the Law No: 3294. A quota of 10 % shall be reserved for the citizens who are under the scope of the Law No: 3294 and have a disability at the proportion of 50 %. Neither any warrantor nor any deposit or charge under any name during the project onset shall be asked from beneficiaries. Refunds shall be completed in 270 months and beneficiaries (even if they completely discharge) shall not be able to hand over or lease out their flats unless 10 years of duration is completed.

For the 11.038 out of 39.974 flats, 34 projects have been initiated and the flats are gradually submitted to our citizens

once they are fully completed under the scope of the projects.

### **Your Ministry are fully making use of technological opportunities. You adopted Social Assistance Information System (SOYBİS) a while ago. What kind of facilities does SOYBİS provide for citizens?**

Social Assistance Information System (SOYBİS) is an E-State application carried out by The General Directorate of Social Assistance with a 6-month study in order to detect/provide our citizens' neediness and personal information with the help of central data base and to provide inter-institutional online data exchange for avoiding repeated aids.

By way of Social Assistance Information System, our citizens, who apply for social assistance, complete their application through their ID number via the current active system, which is consisted of

13 headlines under 28 different queries, in seconds.

With the help of SOYBİS, our citizens now have a faster and a more effective service opportunity. Just with one key, all the information of a family who are supported with social assistance is accessible and thus, repeated aids are avoided. With SOYBİS, a fairer and faster social assistance net has been established. .

Having been awarded for the e-State category under The Informatics Stars e-Transformation Competition organized by the Turkish Informatics Association, Social Assistance Information System (SOYBİS), which has succeeded in a short period, was also awarded with the first prize under the category named "E-services from Public to Public" on the organization called "The 7th eTR Awards" carried out by TUSIAD (Turkish Industry and Business Association).

### **Turkey has been among the top 10 countries which have the fastest decline in maternal/infant mortality ratios. What kind of studies have you carried out in order to achieve this?**

We have this world order in which millions of children die before the age of 5, who are not able to reach clean water resources. Sustainable growth, social rest

**THE AMOUNT OF SOCIAL EXPENDITURES IN 2002 WAS 1.3 BILLION TL, THIS AMOUNT INCREASED TO 20 BILLION TL IN 2012.**





and peace is addressing the situation in a human-oriented way. Thus, for the last decade, we have said “People first” and “Let man flourish and the State will also flourish”.

The importance of conditional health assistance on the decreasing ratios of maternal/infant mortality could not be denied. Through the Conditional Health Assistance, various projects such as enabling a healthy deliver for both mother and infant, free provision of all kinds of treatments, minerals and vitamins a fetus may need, encouraging mother to deliver in medical institutions, providing financial support for mothers delivering in medical institutions and welcoming them for 15 days, have been put into practice. Thus, we have been among the top 10 countries with a faster decrease on its maternal/infant mortality rates. Now, each infant born in our country is insured. Regardless their parents’ social security, they receive free medical service until the age of 18.

Nowadays, when we visit European countries struggling with economic crisis, they ask us how we achieved this. Especially, they wonder how we managed to expand this conditional education and conditional health assistance country-wide. As of September, 2011, 162, 8 Million TL has been allocated for 828.953 children within the scope of Conditional Health Assistance.

This indicates the present situation that our State has achieved. That’s why we state that we will be the 10th biggest economy in 2023. There is no doubt. We are doing and will do what is the best to enable our citizens to live in the upmost conditions.

**Despite various revisions on the caring for disabled citizens and their adaptation process, some challenges still exist. What kind of studies shall you have for our disabled citizens for the coming period?**

At the start of this journey, we stated that “We won’t be happy unless everyone is. We won’t be at ease unless everyone is.” We worked in the direction of an environment where everybody avails



*“We won’t be happy unless everyone is. We won’t be at ease unless everyone is.”*

themselves of their rights equally.

Until the past decade, there wasn’t any code on persons with disabilities. During this period, the first Code for persons with disabilities was enacted.

We put the public service examination for the disabled into practice by classifying their disabilities for the first time in Turkey, even in the World. It means that we implemented this examination

for the hearing-impaired and visually-impaired separately; in other words in divided groups for each disability type. Up to now, 12.000 disabled have been employed through The Disabled Civil Servant Examination.

In accordance with the approach referring that residential services are also provided by the private sector, care services are rendered for persons





with disabilities by Private Care Centres through legal regulations and this implementation is supported by Private Care Centre Payment, which amounts to two minimum wages per a month. We are restructuring rehabilitation centres to provide better services to our disabled citizens.

Time runs out in accessibility. The duration projected for provinces to accommodate themselves properly for the accessibility of the persons with disabilities is about to be up. We, as the Ministry of Family and Social Policy, pursue this process.

For the last decade, persons with disabilities have started to go out of their homes. The previous foreign guests visiting our country used to state that we were lucky as we didn't have any person with disabilities. In fact, my disabled brothers were not able to go out. We provide financial support to increase the living standards of persons with disabilities. We have, so far, provided financial support to our 440.000 disabled brothers.

## REGARDLESS OF THEIR PARENTS' SOCIAL SECURITY, INFANTS RECEIVE FREE MEDICAL SERVICE UNTIL THE AGE OF 18.

Not everything heals at the drop of a hat. However, we are striving for a Turkey where people could live fairly, no matter disabled or not.

### **The wage gap between the rich and the poor has decreased lately. Within this context, what are your Ministry's 2013 goals in combating poverty?**

Turkey is a country where the gap between social classes is gradually closing. Our utmost goal is creating a Turkey minimizing this gap as much as it could. If we close this gap, establish equal opportunities, enable people to attain their fundamental right emerging from being a human, teach them how to fish and indicate that they are not fated to be poor, and then we will develop all together.

Our goal is that no one is paid less than 4 Dollars a day in 2023 vision. Poverty is calculated by using well-accepted and scientific methods all across the world. Within this frame, poverty is measured in the limitations of 1 Dollar, 2.15 Dollars and 4.3 Dollars in accordance with purchasing power parity by various international institutions, particularly World Bank. According to the figures declared by the Turkish Statistical Institute, while the rate of individuals living with a wage under 4.3 Dollars per a day was 30.3 % in 2002, it decreased to 3.66 % in 2010 and 2.79 % in 2011.

Since 2002, welfare increase arising from the developments in economy is intensely reflected to the sections of the society requiring social support. Therefore, while the amount of social expenditures in 2002 was 1.3 billion TL, this amount increased to 20 billion TL in 2012. Those figures are the indicators that the number of the society sections reached by force of social state principle has increased.

During our governance, social state principle has been put into practice. The most disadvantageous sections of the society have been ensured to benefit from

the economic developments. For that reason, more resource has been allocated for social expenditures and poverty ratios have been decreased by adopting inclusive social assistance programs.

International society is in an endeavour regarding combating poverty. However, there are people struggling against hunger in Somali, Africa, Kenya and lots of countries all around the world in current situation.

The similar of the crisis faced by Turkey in 2001 is being experienced by Europe, USA and the world nowadays. Turkey learned important lessons from the crisis it had experienced.

We have initiated regular financial support to almost 240.000 women whose husbands are dead and are not registered under any social security system. 500 TL is paid bimonthly. Now, we shall support our people whose sons and husbands are in military service and who lack of financial opportunities. We shall provide 250 TL monthly financial support for these families. We use our State's resources for our people and we shall continue this.





# IS A FREE-TRADE AGREEMENT ON THE WAY?

The Transatlantic Trade and Investment Partnership for which talks have begun between the EU and US will significantly influence not only the global economy but also Turkey's future prospects in particular.

BY E. MELEK CEVAHİROĞLU ÖMÜR







**AFTER ROUGHLY A YEAR AND A** half of technical work, the EU and US announced jointly on February 13, 2013 their commitment toward a deep and comprehensive Transatlantic Trade and Investment Partnership (TTIP). Negotiations will begin with the announcement expected at the G-8 meeting that will take place in June 2013. The parties will hold their first meeting in September; once negotiations are completed by the projected date of 2015, the FTA they will sign will further expand and deepen their existing economic and commercial relationships. The TTIP that the EU and US, which share a mutual investment volume of more than \$3.7 trillion, represents a will to create a joint market by the two largest economic blocks in the world, which account for 50% of the world's GDP. If this agreement is brought to life, as markets open up and trade liberalizes, the Western alliance's competitive power in the coming century will increase. New job opportunities will be created and with the formation of billions of dollars' worth of new resources, a stopgap against political instability will be established, too.

The agreement to be signed by the US and EU, which are regarded as Turkey's two closest partners, is of considerable risk to Turkey itself. According to authorities and executives,

should the TTIP be signed, a constriction of around 2.5% could be expected in Turkey's export figures. This is because as per the Customs Union agreement that regulates commercial relations between Turkey and the EU, export requirements between Turkey and America could become harsher. Hoping to minimize—or even eliminate—this risk, Turkey carried out what could be called a full-on expedition to America on May 16, with the Prime Minister and a 90-person delegation of CEOs accompanying him. The presence of Minister of Economy Zafer Çağlayan and Energy Minister Taner Yıldız, who joined the delegation at the very last minute, showed the significance of the visit very clearly. TOBB Chairman M. Rifat Hisarcıklıoğlu and TÜSİAD Chairman Muharrem Yılmaz were also present as important figures in the delegation.

Greeted with a high-level delegation in the US, Turkey was likewise welcomed very well. The visit, where both commercial and political relations were discussed in depth and negotiations to deepen relations between Turkey and the US were held, brought the White House and Ankara closer together. The most important outcome of the visit was the guarantee given to US-Turkey commercial relations and the establishment of the High-Level Working Commission to work on the conditions of the free-trade



*Considering Turkey's long years of partnership relations with both the EU and the US, a TTIP to be signed between the EU and US would yield significant consequences for Turkey's economic relations.*

agreement expected to be produced by the parties. Thanks to this commission, a development that can be regarded as a new era in Turkish-American relations, there will be not only mutual commerce but also mutual investment, tourism, entrepreneurship, know-how transfer, and cooperation in third-party countries, bringing about mutual gains in a very wide spectrum.

#### **WHAT DOES THE FREE-TRADE AGREEMENT STIPULATE?**

Going beyond a standard FTA, the agreement stipulates tariff liberalization between

the EU and US, in addition to compliance and integration in regulatory areas including public purchases, investing, the service trade, intellectual property rights, technical barriers to trade, and plant and animal health. The primary goal that the EU-US Trade and Investment Partnership is focusing on is not the liberalization of tariffs, but rather a rapprochement to be facilitated in regulatory areas, with the lifting of technical barriers to trade above all. While the relaxation of the tariff limits, which the involved parties keep at around 4% on average



today, is important, the greatest gain will be the lifting of barriers that go beyond tariffs and the extra costs that have been a burden on companies for so long. Therefore, the agreement, which will reflect significantly upon both parties and on world trade, is expected to bring to the EU an economic gain of around EUR 119 billion and to the US around EUR 95 billion. Meanwhile, a roughly EUR 100 billion increase is expected in the worldwide GDP.

#### **TURKEY MUST BE INCLUDED IN THE FTA**

The results that the TTIP launched with such ambitious expectations will yield for Turkey must be analyzed meticulously. In particular, the likely results that the agreement could bear within the context of the Customs

Union and commercial relations between both parties must be assessed in detail. Acting in full awareness of this need, Prime Minister Recep Tayyip Erdoğan visited America with a delegation of 90 CEOs and numerous ministers. Focused especially on an FTA that could be signed between Turkey and the US, this meeting will contribute positively to the volume of trade between the two countries. Turkey has two expectations of these meetings—the first is to secure a FTA to be signed with the US, and should this not be possible, to have the EU review the conditions of the agreement once again. Though it has been said that these wishes are being considered by the US, the lack of any tangible actions is being regarded by Turkey with worry. However,

in his speech at the press announcement following the visit, Prime Minister Erdoğan emphasized that the volume of trade between Turkey and the US was brought from a level of \$8.5 billion in 2002 to \$20 billion by 2012, and that they would continue efforts to further expand this volume. It can thus be concluded that the Prime Minister's visit to America was quite successful and that new efforts to develop economic relations between the two countries have been launched. As a result of the meetings between the delegations, a decision was made to launch efforts to construct an FTA, and the High-Level Task Commission to be established will research the effects of a possible agreement. The most important mission of the commission would be to identify the scope of an FTA to be signed by Turkey and the US and to identify the targeted level of liberalizations within this scope.

Turkey Does not Want to Stay out of the TTIP  
Considering Turkey's long history of strategic, political, and economic partnership relations with the EU and US, a TTIP to be signed between the EU and US would clearly bear important results for Turkey in terms of its economic relations. Especially considering the longstanding partnership relation between the US and Turkey and their strategic partnership based



**ZAFER ÇAĞLAYAN**  
Minister of Economy

The US is one of the most fundamental actors in the sights of Turkish foreign policy, and an FTA to be signed between Turkey and the US will be an extremely important building block in terms of bolstering relations that have so far been concentrated more on political and military areas in economic and commercial terms, too, allowing them to reach their true capacity and to bring an institutional structure to these relations. In this respect, our views, expectations, and requests in relation to the signing of an FTA between our country and the US are being communicated to the highest echelons of both the EU and the US, while placing special emphasis on our country's current economic and commercial potential, and underlining the fact that a possible FTA between the US and Turkey would bring gains not only to Turkey but also to the EU and US.





## THE FUTURE OF EXPORTS IS LINKED WITH THE FTA

Of vital importance to Turkey's exports, the FTA could minimize the risks of the Customs Union and add a new dimension to economic relations between Turkey and the US.



**MEHMET BÜYÜKEKŞİ**  
President of TIM

As the USA is the biggest importer and largest consumer of the world with \$2.3 trillion in total imports, Turkey's total imports would account for just a miniscule share of just 0.3% in the combined imports and exports of the US, which add up to around \$6.6 billion. Despite the fact that our trade volume reached approximately \$20 billion, Turkey runs a foreign trade deficit of \$8.5 billion. Throughout our new strategy, in order to increase the volume of trade and to enhance the foreign trade balance against Turkey, we are targeting the US market with a state-based approach that focuses on the competitiveness of the industries of each town. Moreover, we will formulate action plans for firms in order to set export targets for the prioritized states. With these strategies, we aim to boost Turkey's export volume to USA and turn the situation in the favor of Turkey. We believe we returned from our US visit with some progress made on the FTA we want to be in attendance to sign, should the US and EU agree to sign it themselves.



**BAHADIR KALEAĞASI**  
International Coordinator—  
TÜSIAD; President—Brussels  
and Paris Bosphorus Institute

Turkey's inclusion in the Transatlantic Partnership will be to the benefit of both parties. Above all, this is the technical truth. With its regulatory compliance and foreign trade policy, Turkey is fundamentally an economy that belongs to the integrated European market. And it is in this economic environment that US- and EU-based companies in Turkey are operating. Companies from other countries in the world are approaching Turkey in their trade and investments within this framework. If the image of a Turkey whose economy is to grow even more were dealt such a blow as being excluded from the transatlantic field, it would represent a loss of strategic vision in terms of the material interests and democratic values of the "New West."



**EKİM ALPTEKİN**  
President—TABA/AmCham

As a global power that has been in rapid economic development in recent years and which has proven its political stability in a number of critical situations, Turkey also needs to be present at the negotiation table. Turkey is the primary actor in many subjects on the US agenda. A member of the Customs Union and considered an opinion leader regarding such matters as the conditions of Syria, Libya, and Egypt, Turkey is not only being regarded in terms of its NATO presence anymore. Turkey and the US must sit at this table as two equal partners. If this does not happen, we will remain outside the partnership that will set the standards of trade in the 21st century. Turkey took a historic step for its commercial future and its strategic position in the world with Prime Minister Erdoğan's visit to Washington, DC. Thanks to the constant communications and heartfelt efforts of Economy Minister Zafer Çağlayan and Minister of EU Affairs and Chief Negotiator Egemen Bağış, we secured significant bureaucratic gains, and so long as Turkey continues to take such effective steps, it will rise as it never has before.



**BERAT ALBAYRAK**  
CEO—Çalık Holding

I believe that the recovery of the economies of the US and EU will somehow end up in the long term with results favoring the Turkish private sector. When considering the customs union binding Turkey and the EU, as well as our own commercial relations, Turkey must occupy a powerful position within the Transatlantic Trade and Investment Partnership. Turkey's inclusion in the TTIP, as a country with a rapidly growing economy that favors new enterprise, would provide double the value-add to the business actors on both sides of the pond. Turkey is heading rapidly along the way to becoming one of the world's top ten economies. And we have a competitive industry to support this. Turkey's inclusion in the process would mean increased opportunities for joint operations by US and Turkish companies in the region—and this would contribute to increased prosperity and stability in the region.

# A NEW INFRASTRUCTURE NETWORK WORTH \$2 TRILLION IS SCHEDULED TO ARRIVE IN A DECADE

Turkey is getting ready for the year 2023 with brand-new projects.

From parking lots to airports and bridges, cities built from the ground up, harbors, rapid rail transit lines, and city hospitals, a great range of projects will be completed over the next decade to build the new Turkey.

As several such projects as Istanbul's third airport and third bridge over the Bosphorus launch, investors are awaiting bids for giant projects such as Kanal Istanbul.

BY DILEK TAS











*The Limak-Kolin-Cengiz-Mapa-Kalyon Joint Venture Group won the bid for the third airport—the largest in the history of the Republic of Turkey—with a €22.152 offer.*

thermore, the four regional airports upon which construction was launched just in 2011 have been appearing industry's agenda by storm with their sheer sizes. The ORGİ Airport to be built on the sea—for the first time ever in Turkey—between the provinces of Ordu and Giresun is the most prominent of these. Set to cater to the two cities as well as neighboring Black Sea cities, the airport will stimulate business and tourism in the region. Meanwhile, Zafer Airport, constructed between Kütahya, Afyon, and Uşak, is complete and now operational. Now, in addition to the Çukurova Airport to be built in Tarsus (between Mersin and Adana), secondary terminals to add to the Van, Ağrı, Konya, Balıkesir, and Mardin Airports are expected to be completed as well. Besides making Turkey a regional hub in the international sense, all these projects bear significance as investments that will trigger activity in domestic

tourism. The bidding and investments in the field of aviation are drawing the attention of not only locals but also international operators and funds.

#### **FOUNDATIONS ERECTED FOR THIRD BRIDGE**

In its infrastructure-building efforts, the government values bridge investments as highly as it does for others. Notable among these projects is the third bridge to be built across the Bosphorus. Bidding on the third bridge is over; in

fact, its foundations were laid. It is slated to go operational in 2016.

The highest bid for the bridge that will ease up Istanbul's traffic was from the İçtaş-Astaldi Consortium. The investors predict an investment of €2.5 billion, and they will hold its operating license for a decade. The bridge stands out for its size, certainly, but also with its technical characteristics. Part of the Northern Marmara Highway Project, the third bridge will be 59 meters wide

and have a primary clearing of 1,408 meters. The bridge, upon which there will be a rail track, too, will be the longest and widest suspension bridge in the world. And standing higher than 320 meters it will serve as the world's tallest observation tower. I will have eight highway lanes and a two-way rail track running over it—and it will be longest and widest suspension bridge in the world to have a rail system. Located along the Northern Marmara Highway project's Odayeri-Paşaköy segment, the railway will carry passengers from Edirne to İzmit. The rail system will be integrated with the Marmaray tunnel and the Istanbul Metro, linking the Atatürk, Sabiha Gökçen, and planned third airport. Debates on the bridge's name, tentatively "Yavuz Sultan Selim," or Selim the Grim as he was known in the rest, are ongoing.

Work for a suspension bridge of a highway being built along Gebze, Orhangazi,





and İzmir to reduce the drive from Istanbul to Izmir to 3.5 hours, has started as well. The Gulf of İznik Suspension Bridge is planned to be Turkey's longest and one of the world's longest bridges. The bridge will bring down the average 1.5-hour drive by car around the Gulf to just six minutes. Prime Minister Erdoğan boldly declared that the section leading up to Bursa would be done within the first six months of 2015, and once the 50 kilometers from Izmir were completed, the project will be complete by 2016.

#### A NEW, 5,500-KILOMETER HIGHWAY

Infrastructure investments are not limited only to airports and bridges. Since its first day in power, this government has pushed for progress in the transportation network, building double-wide roads and investing in highways. The new high highways are among its investment plans, too. According to the General Directorate of Highways, 24 highways will be constructed in Turkey and brought to life through a build-operate-transfer (BOT) model by 2023. The first project planned to be opened



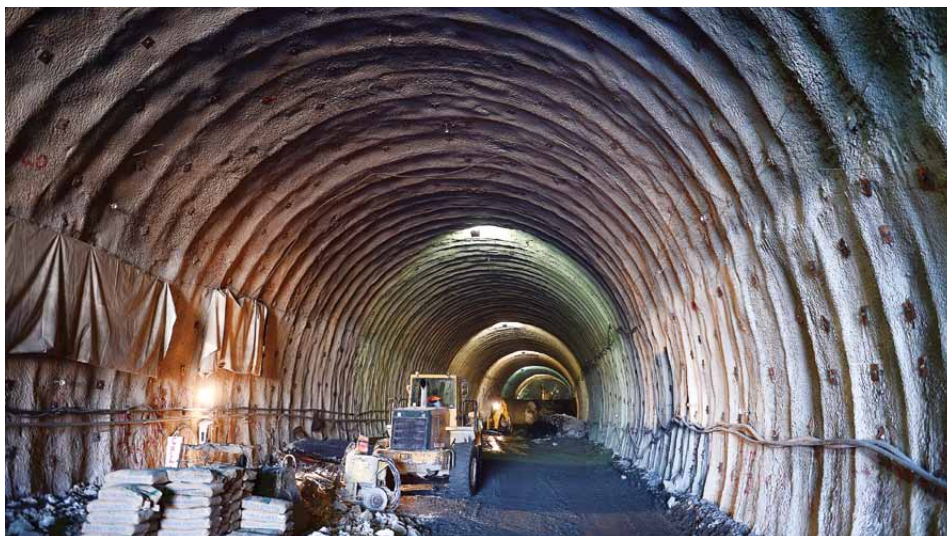
for bidding by 2023 on this model will be the Ankara–Niğde Highway. Meanwhile, the Şanlıurfa highway, which starts in Erirne, passes through Istanbul, and then goes by Bolu, Ankara, and Pozantı before unloading in Gaziantep and Adana before reaching its final destination, which comprises the Habur segment, will also come to cover the yet-unstarted Ankara–Pozantı Segment of the TEM (Trans European Motorway). The Project will include four viaducts and eleven intersections with a

total length of 3,510 meters. In addition, with the Sivrihisar-Bursa railway project, efforts to link the Ankara–İzmir Highway and the Gebze-Orhangazi-İzmir to facilitate access to Ankara and the South and east of Central Anatolia from the Marmara region have been concluded, too. The Ankara-Samsun Highway Project, meanwhile, is a highway that will connect Russia, the Caucasus, and the nations of Central Asia to the Mediterranean. Another highway to be built, one running through

Eskişehir, Afyon, Kütahya, and Uşak on its path from Ankara to İzmir, is of great importance to these cities. Providing the continuation of the Şanlıurfa-Habur and Gaziantep-Şanlıurfa Highway, it will go all the way to the Habur Border Crossing, one of the country's most important border crossings. The route of the Gebze-Orhangazi-İzmir Highway (inc. Gulf of İznik crossing and connecting roads) is aligned with those of the European road network. Also part of the TEM route, this road is to become one of the arterial highways that bear the burden of heavy traffic from both passenger vehicles and shipping. A total of 5,500 kilometers of road is planned to be built by 2023 on 24 highways, the foremost of which the ones mentioned above.

#### SEAFARING TO GROW

An investment rally continues in the field of seafaring, too. Efforts were launched to make transporting both people and cargo more convenient in Turkey, which is surrounded on three sides by







*Besides new port biddings, ship building industry is also aimed to reach a volume of 10 billion dollars. A 7-thousand-kilometers long high speed rail line is also being built.*

sea. Some of the harbor bids were completed and made operational for this reason. The addition of seven harbor projects is aimed to strengthen Turkey's play at becoming a transit country. It is expected that seafaring will account for 15% of transportation by 2023. In the railways, meanwhile, a rapid rail transport network adding up to nearly 7,000 kilometer is under construction.

### WHAT DO THE 2023 INFRASTRUCTURE INVESTMENTS INCLUDE?

- **Third airport** for Istanbul
- **Third bridge** crossing over the Bosphorus in Istanbul
- **Kanal Istanbul**, a new city with a population of one million
- **Six** new international and regional airports.
- **Twenty-four** new highways.
- Over **5,500 km** of new roads
- A rapid **train line** totaling **7,000 kilometers**.
- A **\$10 billion** shipbuilding industry.

### WAITING FOR BIDDING ON THE "WILD PROJECT"

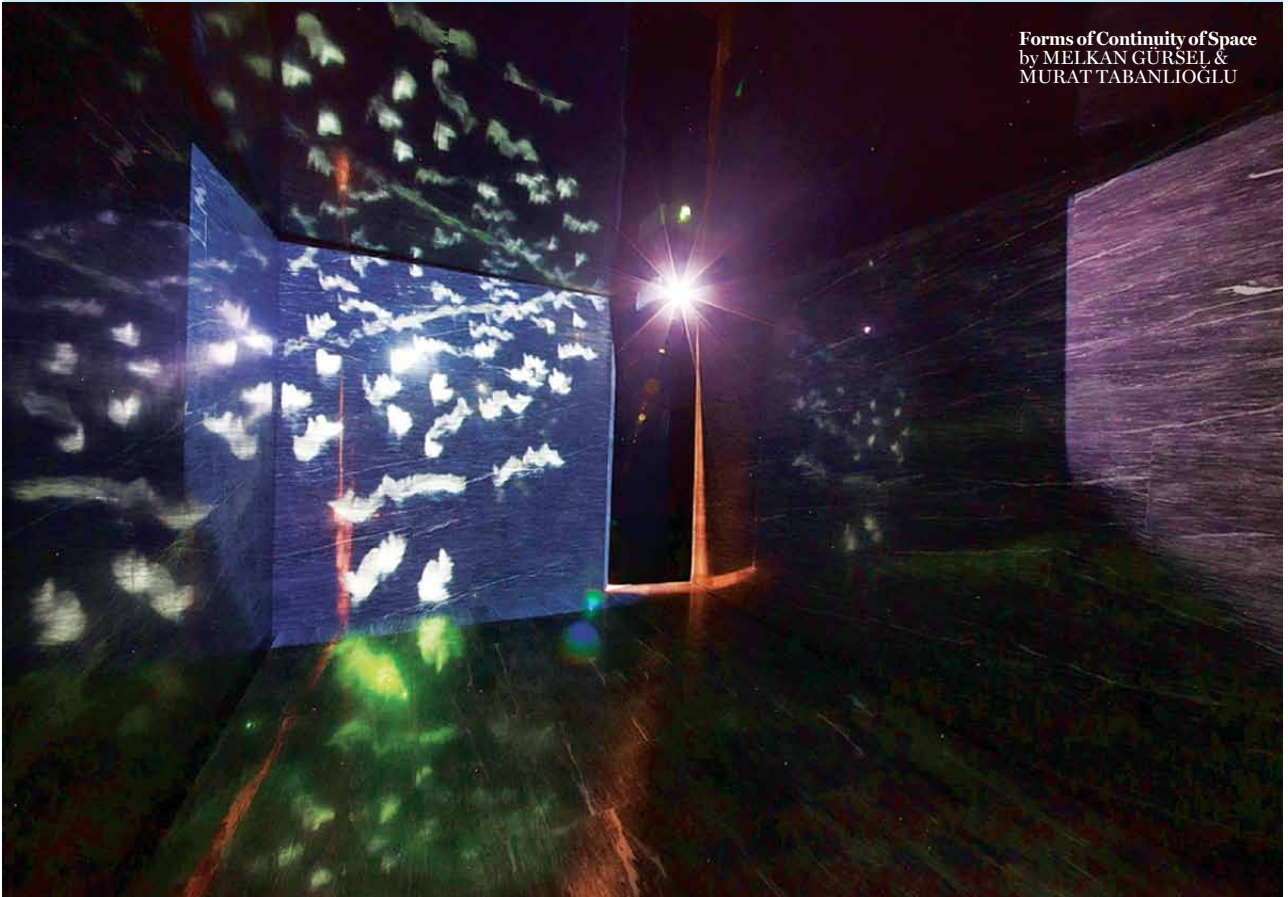
The Prime Minister's so-called "Wild Project," a new urban project for Istanbul, is also of great significance to infrastructure investments. Not yet cleared for bidding and revealing few details so far, the Kanal Istanbul project is set to be the grandest of 2023's projects. Also in 2023, a brand-new city with a population of one million will arise through a project

that will build "a new copy of Istanbul." Connecting the channel, which is expected to run roughly 50 kilometers between the Black Sea and Marmara Sea, to one of Istanbul's brand-new satellite cities is one of the targets. It is said that \$59 billion will be needed as investment for everything in the project, from housing to schools and hospitals. Awaiting the date of the bid date with great anticipation are not only local groups but also foreign investors. Furthermore, it was announced that the millions of meters cubed of excavated dirt yielded by the channel's construction would be used in the construction of the third airport. The water will have a depth of roughly 25 meters and a surface width of 145-150 meters. Bridges will be built over the channel, too, to ensure that motor and rail transport continue to operate smoothly. The channel, which will reduce the risk factor in Bosphorus crossings, is expected to attract the passage of 150-160 large ships every day. The government will open for bidding a significant portion of these infrastructure projects under a privatized model. The goal with these projects, some of which are complete and some that are being waited on, is to ramp up the generation of input to the treasury. As bids continue in such fields as highway, bridge, and harbor management, investors are also following privatizations in such fields as energy and urban hospitals closely. The unified goal of all these investments is to raise the growth rate to a sustainable 7% to have the GNI rise to \$25,000 and put Turkey in the ranks of the world's top ten economies with a volume of \$2 trillion.



# Brands

MARBLE, TRACTOR, E-COMMERCE, FMCG



Forms of Continuity of Space  
by MELKAN GÜRSEL &  
MURAT TABANLIOĞLU

## *When Light Dances* *with* **MARBLE**

The functional and aesthetic characteristics of Turkish marble were presented in a special exhibit at the Milan Design Week held from April 8 to 14 annually, organized by IMIB (Istanbul Mineral Exporters Association).

BY E. MELEK CEVAHİROĞLU ÖMÜR

**S**ITUATED IN THE ALPINE belt where the richest marble deposits are found, Turkey is one of the world oldest producers with over 4,000 years

of history. Besides, marble is wrapped into a mirable personality under the skill of countless craftsmen and artists of the past and the present.

Turkish marble is shown in front of the world with its mirable and long-lasting beauty in Milan. The organization is supported by the IMIB and curated by an

Istanbul based design studio, Demirden Design, which was established by Mehtap Obuz, Demir Obuz and Sema Obuz. Considered by Demirden Design's curators to be one of the most important design events of the year, Milan Design Week is not only full of leading designers and the most innovative designs, but it is also a trendsetter in texture, colors, and materials. "With hopes of establishing emotional ties with the visitors, the big brands were present via giant installations at Milan Fashion Week, which was a great choice if a place to



show off Turkish marble and the Turkish marble's design capability," he said. It was because of that that they came to regard in positive terms the idea of actually putting on the exhibit in Milan. They were "focused on the narrative power of material" when starting the project, he noted. When asked of the purpose of the event as an event that identified marble as both a material and as a "narrator" playing the starring role in the exhibit, he stated, "To encourage the use of marble in different and creative ways in the context of contemporary architecture and public spaces.

Selected as the largest design platform in the world by IMIB, it is aimed to emphasize the importance of design and innovation and to contribute to the removal of higher levels of the image of the Turkish marble in international markets. In this respect, The Turkish natural stone is reflected as a reference to use in different platforms to create innovative works of art.

Throughout history, marble, light, and water would sometimes be united, in architecture and especially in bathing culture as ways to express a sort of ideal combination to express the concepts of cleanliness, purity, and ritual cleansing, forming a "holy trinity" of sorts. Marble played the part of the surface in this union, thanks to its smooth, shiny texture. And when it is joined by the elements of light and water, upon touching it, what you feel is its true grandeur and beauty. For this reason, marble, light, and water were brought together once again under the theme "Bathing in Light."

The exhibition also articulated how marble can be so



soft and sensual in skilled and artistic hands. Marble positioned itself in this interchange as the ideal facade, smooth and sensitive.

The second edition of the exhibition, the first held last year, "Thus Spoke the Marble: The Journey Alters You", was displayed in the massive 900 square-meter Art Garden of Superdtudio Piu in Zona Tortuna. Bathing in Light invited visitors on a mental journey through the tactile and visual history of marble as well as the spiritual aspects in which they could stop, see and touch the items. The Turkish marble, reshaped and reinterpreted under six creative hands from different disciplines,

*"Bathing in Light" focused on the way in which marble water and light have always come together as an ideal combination to express notions of cleansing and purity.*



**Liquid Marble**  
by MATHIEU LEHANNEUR



**Asia**  
by DORIANA & MASSIMILIANO FUKSAS

has left an immense mark on this very special work of art.

Standing out as the highlights of the exhibit were the experience of observing Massimiliano-Doraian Fuchsas's prowess in performing with marble in a way that made it seem as a light, even flightworthy material and of witnessing fusion of sound, light, and marble created by Melkan Gürsel, and Murat Tabanlıoğlu. Alişan Çırakoğlu's skill in being able to provide the feeling of a smooth, "soft" space using simple, nearly rectangular forms; Arik Levy's ability to make the visitor as one with the marble; Mathieu Lehanneur's clever jape of surprising people with the particularly impressive oceanlike texture he managed to create on the marble; and Dice Kayek's display of a resting spot so comfortable that people couldn't bear to leave it. With each piece focusing on different textural and spiritual qualities of marble, the network of pathways connecting the exhibit was transformed into a matrix of powerful experience markers.

## DEMİRDEN DESIGN CURATOR

Italy is famous because succeeding in presenting its marble with the best designs and using the right promotional techniques. We, with the powerful stance that we have, showed both Italy and the world design community what we could do with marble and the sheer diversity of Turkish marble in this very important exhibit, where we exhibited a strong stance as a brand. We displayed the unique uses of Turkish marble, which is just as valuable as that of Carrera, and the various areas that Marmara marble, which can be used in many unique applications thanks to its remarkable texture.

We also continually encouraged designers to produce examples using Turkish marble that would establish a base for creative ideas. With all these efforts, I can now say that we believe Turkish marble has acquired a new perception in the eyes of both the participants of the exhibit and those who read of it in the news. In addition, the continuity of investment in such exhibits, promotional efforts, and the investment in the brand is crucial to increasing the power of Turkish marble, we believe.

### Become Marble by ARIK LEVY

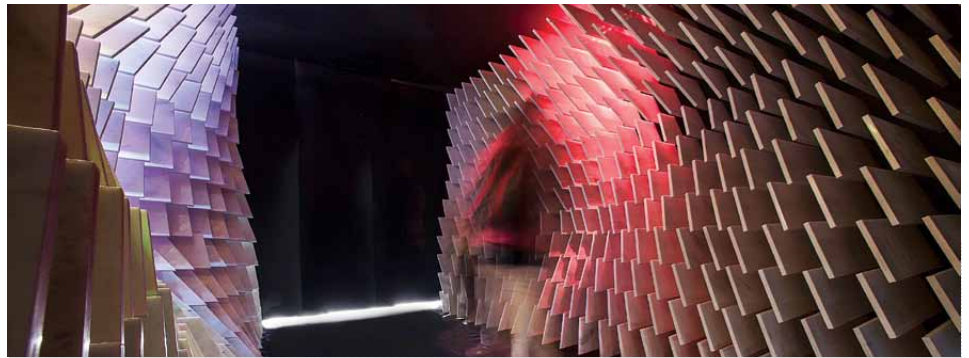


### AYŞE EGE - ECEEGE DICE KAYEK "NEBULA"

Convinced on the importance of the recognition of the Turkish marble in the international platforms, we have prepared to Milan Design Week. We knew from the very beginning that this design would be an important project for us, when we received the invitation to participate in the exhibition. And indeed, we worked throughout the project very fondly and effectively. When "the Light Bath" is mentioned,

the first thing that comes to our mind was the "Turkish bath." Given the fact that we come from Bursa and grew with culture and ritual of hamam since we were kids was the inspiration for this design. Marble has been an indispensable construction component for the Turkish bathing culture over centuries due to its strength and elegant look. Our inspiration was Turkish hamam and we thought we would carry marble beyond its structural and visible qualities by Nebula which did not fail

us. Unfortunately, Turkish marble has not yet grant the rightful platform in the world. On the other hand, it is a reality that we are in a period in which the Italian marble and marble design created a monopoly in the world. Therefore, through this kind of exhibitions, especially in Italian territory and in areas such as of Milan Design Week, the Turkish marble can find new opportunities for promotion since they provide a platform in a wide spectrum from industrial design and creativity to art forms. .



### ALİŞAN ÇIRAKOĞLU "DEEP LIGHT"

Having an important place in architecture since ancient times, marble has become a part of a design process that we have dealt with an innovative perspective. The main idea of "Deep Light" lies with the interaction of light with marble and with connotation of this interplay in relation to the idea of purification. The starting

point of the design is marble's transmittance and reflectance of light and with a sense of depth. By plunging marbles on the walls perpendicular at regular intervals, we have created a deep crust in which light can move. This shell not only took the daylight in but also fulfilled the volume colored by artificial lights. Marble slabs of different sizes reflected movements of light in a floating form. Thus, we have presented a different

space experience composed of marble and light to visitors. These kind of exhibitions are so crucial in order to present the potential of marble for designing process. I think the fact that the variety and the qualities of Turkish marble design combined with the power of artistic design is becoming so important in such organizations, that is much more meaningful and effective.



# THE MODERN FACE OF AGRICULTURE: TÜRK TRAKTÖR

Türk Traktör, the export leader in the industry which has new investments, aims to respond better to both local and foreign demand.

BY MARCO VOTTA

**Türk Traktör had a significant success with its export numbers in 2012. Your export increase 52% in 2012 compared to 2011. How did Türk Traktör manage to reach that success?**

Export has been a very important focus point in the history and in the corporate culture TürkTraktör. We are the first company of Turkey which has exported a local tractor, as early as 1979. Other "first" was the start of export to USA in 2002 and to Japan in 2013. In Y2012 when compared to Y2011, we achieved a 52% increase in our export and sold 14.565 tractors to the international markets. Our export turnover exceeded USD300 Million. By the end of 2012, the share of our export in our total sales increased from 24% to 36%.

Through the export activities that we had for over the years, we gained the know-how to adapt and answer the international markets' needs and expectations in the fastest and best way. Export has always been a number one priority to us. Therefore we closely observe the international markets' conditions and requirements and accordingly, we set our strategy. The superior sales' performance we obtained with our Utility Series that we launched to the international market in 2011 and to the domestic market in 2012; and also our increasing export activities in large markets such as USA

and Africa, helped us to get record-breaking achievements in export.

**How did Türk Traktör perform in first quarter of 2013? How do you evaluate your company's sale momentum in domestic and foreign markets?**

TürkTraktör results for Q1 were disclosed in April and according to TÜİK traffic data; we have protected over 50% market share with our domestic sales reaching 4.311 units in the first 3 months of Y2013. Our sales turnover reached TL 506 Million in the first quarter of Y2013. In Q1 of 2013, the increase in

the agricultural equipment sales enabled parallel turnover to last year. According to the TürkTraktör 2013 Q1 financial results; our prior tax profit was recorded as TL 72 Million and the net profits as TL 60 million. We are exporting our "made in Turkey" tractors to over 90 countries; in 2012 broke yet another export record; with 14.465 units exported from our Ankara premises; indicating a 52% increase compared to the total export in previous year.

**You exported tractors to Japan this year. Which countries are on your focus? Could you talk about the**

**markets that emerge in exporting or you would consider entering in near future?**

As TürkTraktör, to mention previous we export to over 90 countries. This year also, we will be focusing on North American and European countries. Exporting to a difficult country like Japan is really important for the whole sector. As TürkTraktör, international markets and export in where we represent Turkey's name successfully will always be one the platforms that we'll focus primary.

**What do you think about modernization in agriculture? What is your opinion about planning the transition period in usage of new generation tractors in order to prevent environmental pollution?**

In Turkey, we are still talking about Tier 3 tractors when as we speak the majority of the World is migrating to Tier 4; which is the latest technol-

*Every one of 2 tractors that the farmers use today in the domestic market actually is TürkTraktör. TürkTraktör is Turkey's biggest tractor manufacturer.*



ogy. At this point, creating a domestic market in Turkey where Tier 4 engines are manufactured and sold, will open a wide door in front of our export. Also looking at our domestic market; we see tractors of various qualities being imported from various parts of the world. At this point I do believe that import activities must be regulated and disciplined in line with the rules applied to us; the manufacturers.

The level of incentive for the agricultural sector grew by over 17% from 2012 to 2013 so it is of course contributing directly or indirectly to our sales. There are also some discussion about scrap incentive for the old fleet of tractors, currently over half of the 1.4 millions tractor park in Turkey is over 25 years old so such an incentive would be welcome to upgrade the park to latest technology to make the sector more efficient. But of course with a regulation requiring an upgrade of the engine in 2016, it would be in our point of you good to wait for this upgrade before launching such a support to allow an upgrade of the fleet to the more environmental friendly and fuel efficient tractors.

**Could you give us information about the factory which is expected to begin**



**to product in Sakarya and its capacity? What would be contributions of this factory to sector and Türk Traktör?**

Today, from the point that we stand, as TürkTraktör we are Turkey's biggest tractor manufacturer. Every one of 2 tractors that the farmers use today in the domestic market actually comes out from our plant. As TürkTraktör last year we manufactured 40 thousands tractors. Given our flexible production structure –an indispensable asset for us; we are able to adapt to all kinds of market conditions at once. In addition to our existing plant in Ankara, in March, we made groundbreaking for our plant in Erenler district. This second plant of ours represents a USD80 Million investment. Through our

*“As well as protecting our leadership position for over 6 consecutive years, we will be focusing on export and aim to increase our presence in international arena.”*

Erenler plant, planned to start operation in 2014, the total manufacturing capacity will reach from 35K to 50K and it will be easier for us to introduce new model.

**You have applied for a patent for 41 times in last 10 years therefore you have the leadership in that respect and your productions are almost totally local. How do you position R&D in your company's future plans?**

With our New Holland, Case IH and Steyr (only for export) brands, in 6 main series, we manufacture 48-110HP tractors in wide options. Being able to manufacture our three brands' tractors at the same time, we are the only design and production center of the World for New Holland TDD and Case IH JX Series Tractors, as well as we are the World's only production

center of Utility light Series tractors and also the only engineering and production center of 66 Series Transmissions and a major center for other technologies like engines. By having an R&D center officially registered both by the State and by CNH in its sector, technologies and R&D investments will sure to continue.

In 2012, we invested TL 12Million in R&D. We will be focusing on the renewal of our product line, the development of new technologies such as engine emissions and developing the new models for export to Europe & North America, as well as the new features for global demand.

**What are the goals of your company in 2013? Could you tell us about them?**

As well as protecting our leadership position for over 6 consecutive years, we will be focusing on export and aim to increase our presence in international arena. Our second plant in Sakarya is one of the most significant issues that we focus on. To contribute on the farmers' efficiency, strengthening our production capacity, launching new models in high performance and high quality will be also one of our priorities.





# An Entrepreneurial Story: LIDYANA

Hakan Baş, Founding Partner of Lidyana.com, which stood out from other online enterprises with its e-commerce site where it sold only jewelry and accessories in recent years when online enterprises skyrocketed, wants to open out to Eastern Europe in 2014.

BY NESRİN KOÇARSLAN

**A**S YOU KNOW, E-COMMERCE potential in our country is still very high. And we believed that the industry would grow vertically in the coming term, identified the largest gap in the jewelry and accessories field, and set to work,” says Hakan Baş, explaining how Lidyana came to be. A professional swimmer who worked at Bank of America, one of the US’s largest banks, after his education, Baş continued working in the banking industry upon returning to Turkey, too, occupying distinguished positions. But, in his own words, he chose online entrepreneurship instead of a suit-and-tie lifestyle, founding Lidyana.com. Selling only jewelry and accessories at first, the site successfully diversified its product range in a short time by continuing to grow vertically.

In particular, the famous figures they worked with during promotional campaigns, its unusual partnership structure, and its fresh approach unseen in Turkey until then quickly propelled Lidyana into one of Turkey’s most important shopping websites. In fact, Wired Magazine named Lidyana as one of Turkey’s and Europe’s top 100 investments.

The rapid growth achieved by Lidyana.com, which was founded roughly 15 months ago, attracted interest in the



global market, drawing an investment from Russian investor Ru-Net. Baş says, “With the investment we received, we made our name heard in Europe, too, succeeding in attracting the attention of several companies. After this, the world-renowned Wired Magazine selected Lidyana.com as one of Turkey’s best enterprises. This success

*According to Lidyana.com Founding Partner Hakan Baş, the aim to make Lidyana a global brand is planned for completion in 2014.*

tors at the moment. With the investments they will receive, he stresses that their aspiration to open up to the international market will be given more strength.

## AIMING TO BE A GLOBAL PLAYER

Since the day of its founding, becoming a global brand was one of Lidyana’s targets, says Baş. The site already sells internationally, he emphasizes. Though he notes that these sales account for only a small share of Lidyana’s revenues, roughly 5%, this share could rise to more than 50% after 2014, he says.

## VERTICAL GROWTH IN E-COMMERCE

There are very strong players in the private shopping model in e-commerce as of late, says Baş, but strong players in vertical e-commerce—shopping sites that focus on certain categories, that is—are lacking. In this respect, Lidyana dominates the industry, he claims. The young entrepreneur says that these market positions offer many opportunities to the brand, contributing 25% of growth to Lidyana every month on average. Every day, an average of 75,000 individuals visit the site, says Baş, and he adds, “Our site is an open site, and we have reached 500,000 members. And every day, 600 to 650 people who visit our site shop from our site with an average cart value of TRY 150. This figure is nearly twice that in fashion e-commerce in Turkey.” Baş notes that the industry has still been unable to realize its very big potential, and he stresses that there are fantastic opportunities to be had in Turkey.

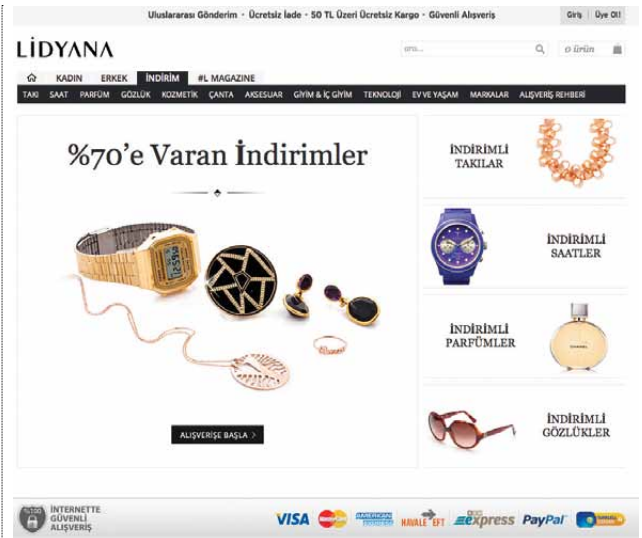
## TEAM PLAY

How did Lidyana achieve so much success in such a short time? Baş starts to answer

this question by discussing teamwork: “Many reasons could be listed, of course, but Lidyana’s success is based on team play most of all. My partner, Onur Kinay, and I established a young, buzzing, high-quality team at Lidyana and established Lidyana’s culture. I believe the team play and Lidyana’s culture contributed greatly to the rapid momentum we achieved in such a short time.” It’s worth adding a few details to this story: Lidyana made an aggressive entry into an area in Turkey where there was a gap. Announcing its name with the partnership of local soccer superstar Arda Turan, the brand succeeded in drawing attention especially with its digital marketing strategy and campaigns featuring famous figures. This strategy was so successful that Lidyana’s fame went beyond Turkey’s borders. And finally, nearly all plans to have not only its fame but also the brand itself to expand beyond Turkey are in place.

After what we last discussed, our real medium-term aim, in any case, is to become a global player in the market. While just a vertical e-commerce site involved in jewelry and accessories, now we are positioning ourselves a little more along a vertical line of fashion. From there, we built up categorized shopping—as perfumes, glasses, sunglasses, watches, undergarments, bikinis, sandals, and design t-shirts—without compromising the Lidyana brand. We send deliveries abroad now; but our site is only in Turkey. Within a month, we will have completed the English version. We do deliver abroad, but only those in Turkey can send orders to

their relatives from here, or Turks who live abroad can shop. But now an entirely new application is coming out, and in one month there will be an English version of that. In the initial stage, the English version will support payment in dollars and euros; later, within a year, we aim to shift the operation abroad. Our aim in the initial stage is Eastern Europe, followed by spreading to the entirety of the Middle East and Europe. And speaking of operations, we will have warehouses there, too—speed is very important in e-commerce. And it is very important for customer satisfaction, too—in terms of both speed and pricing, as when sending packages abroad from Turkey, there’s the cost of customs that has to be dealt with and it can take a long time; and there is also the possibility of the item being stuck in customs. We aim to remove any middlemen between Lidyana and its customers by distributing from warehouses abroad, though we are considering this for around the first quarter of 2014. We had received an investment from Ru-Net, a Russian funder that invested in Yandex. Our talks with foreign investors to receive new funding are ongoing. When it comes to globalizing and going international, our priority target is to dominate Turkey



first and then to expand our categories. We consider international expansion to be comprised of several steps. While initially, we only delivered to Turkey, we have started delivering abroad, too. We didn’t accept foreign credit cards, but then we started to. Later on, hosted in Turkey, an English site with purchasing options in dollars and euros will be offered. Then we’re considering releasing Russian and Arabic versions. Finally, we plan to shift part of the operations abroad.

Of our international deliveries, 80% are orders that customers from abroad buy for their personal use. Even foreigners are buying, actually—that is to say, those with non-Turkish names who live abroad are shopping, too.

It has been 15 months since Lidyana was founded. I can claim that we grew 25% each month—sure, we had months where we grew 20% or ones where we grew 40%, but that’s the average. This growth happened with the development of the categories.

Our site is open; you don’t have to be a member. We get 70,000–75,000 visitors per day. We have close to 500,000 members that receive our e-mails. There are certain channels from where we draw our traffic; we try to guide our customers who come from various channels. We get 600–650 orders per day on average. The average shopping cart value is around TRY 150—twice that of fashion e-commerce in Turkey.

## FACTS ABOUT LIDYANA.COM

**500**

THOUSAND

Lidyana’s members

**%25**

Lidyana’s average monthly growth rate

**75**

THOUSAND

Average number of visitors to the site every day

**650**

THOUSAND

Average number of visitors who order every day

**150**

TRY

Average shopping cart value of Lidyana.com shoppers



Pınar brand provided significant contributions to the Turkish food sector and helped raise several healthy generations of people.



## *A 40-Year Success Story* **A JOURNEY FROM QUAIN SEFERIHISAR TO THE WORLD**

Pınar, the Turkish food giant that came to symbolize early private enterprise in Turkey by bringing about services unimaginable 40 years ago, maintains its ambition to bolster its position of market leadership.

BY AYNUR SENOL ALTUN

*Pınar is a market leader in the Middle East with Pınar Labne. In Saudi Arabia, the United Arab Emirates, and Kuwait, the product is known as “Turkish labneh.”*

**W**ITH THE knowledge that being a global power first requires one to be a regional power, Yaşar Holding’s Food and Beverages Group is focusing its efforts on the countries of the Persian Gulf and the Middle East, aiming to grow in markets where it already has a presence.

The ranch that Yaşar Holding Board Chairman Selçuk Yaşar bought in Seferihisar, İzmir—a quaint town recently recognized as a “Slow City” by the international organization CittaSlow—as an avid hunter and nature lover served as the foundation to this success story. The family secured a line of livestock credit that was being provided at the time by the state in order to practice dairy farming on their ranch. They imported 30 Holstein cows from Germany for this purpose. In those years, the milk produced in Turkey was sold to the state-run Milk Industry Corporation (SEK). As no milk collection centers existed at that time, villagers would fill barrels with the milk they obtained and deliver these to the SEK dairy processing facility in Halkapınar. Any milk unsold was a loss.

Later, Selçuk Yaşar went to Denmark on a business trip, where he found answers to many questions regarding the industry, and afterward,

he decided that Yaşar Group would establish a dairy processing facility. When Yaşar returned to his home country, he was sure that he was on the brink of kicking off an important development for Turkey. Immediately, a support contract was signed with a large Danish food company, and the Danish engineers put together the Pınar Dairy Project. The engineers first examined the conditions of dairy farming in the region and concluded that 100 tons of milk could be obtained every day from İzmir and its villages alone, so long as the animals were well cared for.

#### FROM 1.25 LIRAS TO 3 LIRAS

1973 was a pivotal year for dairy farming in Turkey. It was in that year that the foundations of the Pınar dairy processing facility were laid in İzmir, and it was to be the largest facility in the Middle East and the most advanced in Europe. The Yaşar family declared that it would start buying milk from TRL 3 per liter instead of the then-current price of

TRL 1.25. The facility opened its doors on May 12, 1975. The promises made were fulfilled—110 tons of milk was collected on the first day, and it was indeed bought at TRL 3 per liter. Since then, Pınar has continued its pioneering role in the industry. Quickly adopted by the Turkish consumer with its catchy slogan, the Pınar brand provided significant contributions to the Turkish food sector and helped raise several healthy generations of people.

Pınar's product range is expansive, running the gamut from milk to meat, bottled water, cheese, mayonnaise, and much more. The importance of the firsts brought to Turkey in this varied product portfolio is large, too. Yaşar Holding CEO Mehmet Aktaş, PhD, stresses that Pınar, having succeeded in becoming a world-class food and beverage brand, plans to go even further than it already has. A market leader in almost every category in which it is active, Pınar is a brand associated by customers with trustworthiness and high quality.

### PINAR IS A MARKET LEADER IN ALMOST ALL OF THE SEGMENTS OF THE CATEGORIES IN WHICH IT OPERATES

**31.8%**

MARKET SHARE IN UHT MILK

**41.8%**

MARKET SHARE IN SPREADABLE CHEESES AND LABNEH

**20.7%**

MARKET SHARE IN PROCESSED MEATS

**41.8%**

MARKET SHARE IN FROZEN MEAT PRODUCTS

#### THE SECRET TO SUCCESS...

According to Mehmet Aktaş, the secrets to their success are connected to their close monitoring domestic and worldwide developments in their fields of activity, attention given to feedback from customers, and providing quality products and services that best suit their needs and expectations. "That the brand and products created by Yaşar Group occupies a very important place in the eyes and hearts of consumers is a great source of honor to us," he says, expressing his delight with the brand's success.

Having adopted constant progress in their fields of activity and generating solutions that suit consumers' desires and needs as their maxim, the company conducts a significant amount of research both to improve its existing products and to develop new ones. Aktaş explains that they evaluate the approaches of present consumers as well as potential new consumers of products in such studies to reveal the product's strengths and weaknesses, ways in which to improve and distinguish it, and what steps they should take next.

#### CONSUMER TESTING AND THEN PRODUCTION

Pınar is highly successful in maintaining market diversity, too. The brand entered the bottled mineral water business in 2012 with Pınar Denge to bring healthy mineral water with a refined flavor to consumers with its renowned quality and trustworthiness. "In the studies we conducted, we saw that consumers had such expectations of Pınar, too," says Aktaş. The product development process is of key importance to the brand,



Pınar's product range is expansive, running the gamut from milk to meat, bottled water, cheese, mayonnaise, and much more.



he says—as Pınar holds high ambitions in quality and flavor, it only releases its products to the market after testing them with consumers, ensuring that its ambitions will be met. The brand's efforts to develop new products to satisfy the market's needs and consumer expectations carry on ceaselessly.

#### EMPLOYING 4,000, CONTRIBUTING TO 500,000

The company provides employment to more than 4,000 people through its dairy, meat, and water subsidiaries and Yaşar's sales firm. Furthermore, as a major player in the sector, it indirectly contributes to the welfare of roughly 500,000 people with its dairy and meat production facilities, distributorships, suppliers, and sales force.

#### EXPORTS TO 40+ COUNTRIES

Regarding the company's exports, Mehmet Aktaş summarizes the strategy in place as follows: "With the knowledge that being a global player first requires one to be a regional player, we

first focused our activities in the countries of the Persian Gulf and the Middle East, where we have been present for 30 years. Especially with Pınar Labne [cheese], we are a leading brand in the region. We are continuing to increase our efforts in the region." Besides Pınar Labne, the brand has obtained remarkable results with the "breakfast cream" product it developed to suit consumer expectations in the region, says Aktaş. Marketing and promotional activities in other markets abroad are being accelerated, too. Notably in connection to this, the brand is seeing significant export figures in the markets of the Turkic nations of Central Asia, Northern Cyprus, and Iraq. Another of the brand's accomplishments is that Pınar Milk became the first Turkish milk brand to be sold in European countries.

For more than 30 years, Pınar has been exporting to in excess of 40 countries, most importantly those in the Middle East and Central Asia. Pınar experienced many developments occurred in a variety of markets over these years. "We have been in the European market since 1998. Primarily in countries with high Turkish populations, we had Pınar-branded milk and dairy products produced in Germany and the Netherlands, and we sold these to EU countries," says Aktaş, and he reminds us that they worked with all stakeholders in the market for a very long time to secure export permission to EU countries. Finally, after permission was issued to export to Europe with the support of the Ministry of Food, Agriculture, and Livestock, such products as milk and dairy made with raw materials ob-



The company aims to grow in its existing markets in 2013



*"We have been striving to add value to our country's economy for 40 years, and we continue with these investments incessantly."*

tained in Turkey will be able to be sold to EU countries. "This makes us proud. We are revising our export plans to suit this new arrangement. We believe a path has been cleared for our sector and for Turkey," says Aktaş, highlighting the significance of this accomplishment.

#### "THE LABOR OF THOUSANDS OF DAIRY PRODUCERS WILL BE PUT TO USE"

The foundations for the Pınar Dairy Şanlıurfa Facility were laid last month in Şanlıurfa. The facility, which

will be built on an area of 100,000 square meters, is planned to have an annual processing capacity of 180 million liters of raw milk collected from Şanlıurfa and surrounding provinces. The final cost is estimated at TRY 100 million. The project has the aims of providing not only raw material supply, sales, freight, and packaging production but also a source of income to 5,000 people indirectly. "With this investment, we aim to bring Pınar Dairy's 'societal contribution' model launched in İzmir and continued in Eskişehir to Şanlıurfa, and then to carry it from there to the entire Southeast Anatolia region," says Aktaş, and he stresses that thousands of dairy workers will have their labor put to good use.

Carrying on with its successes as stably as ever, the Yaşar Holding Food and Beverage Group recorded growth above national and sector averages since 2010 and increased its market share. The company aims to grow in its existing markets in 2013, too. Pınar provides assurance that it will fuel progress in its fields of activity, bring only the very best to the consumer, and strengthen its market leaderships.

### MARKET SHARES IN OTHER COUNTRIES

Pınar Labne leads the market in Saudi Arabia and the United Arab Emirates with a 35% share, in Kuwait with 50%, in Bahrain with 55%, and in Qatar with 35%.



# Agenda

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



JUNE 8-30



## *Izmir International Fair*

The 82<sup>nd</sup> Izmir International Fair will be addressing a wide range of sectors from health, food, automotive, commercial vehicles, common (general) machinery to finance communication technologies and telecommunication. Last year over 1.5 million guests from 55 different countries visited the fair which was held with the participation of 20 different product groups and a total of 1083 companies of which 256 were foreign and 827 local. This year's fair theme will be Sri Lanka as the partner country, and the honour guest city has decided to be Sinop.



# JULY

Gapshoes 17th International Footwear, Slipper, Saddlery and Footwear Industry Suppliers Fair

**Gaziantep Middle East Exhibition Centre**

**JULY 4-7, 2013**

Arranged as an international specialty fair Gapshoes Fair hosts shoe, saddlery, industry suppliers, leather, leatherette, shoe machinery manufacturers as well as dealers, agencies, magazines and wholesalers. 150 companies are attending to the fair which is set up on 12,000 m<sup>2</sup>. 15,000 visitors are expected.



International Bodrum Yacht Show 2013 (33rd)

**Bodrum Doğuşturğutreis Marina**

**AUGUST 14-18, 2013**

International Bodrum Yacht Show 2013'de will bring the international and Turkish players together. Bodrum Yacht Show enables sail and motor boats too big to be displayed indoors to be freely seen. On its 33<sup>rd</sup> year the Bodrum Yacht Show is the first boat show in Turkey which organized out of Istanbul and exhibited in the sea.



**IDME - International Disaster Management Exhibition**  
**Istanbul Expo Center**  
**AUGUST 28-30, 2013**

At the Disaster Management Fair, the lifesaving features of modern technology in terms of fighting natural disasters such as earthquakes, floods, and storms are exhibited along with the materials that help people have a post-impact life after the disasters by means of prefabricated and sustainable construction materials and tents. The social aid organizations that help the survivors are also taking part beside IDME.

01

02

03

04

05

06

07

08

09

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31



Çorlu Agricultural Fair

**Çorlu Orion AVM**

**AUGUST 14-18, 2013**

Çorlu Agricultural Fair which is organized on 15,000 m<sup>2</sup> open area, about 45.000 - 50.000 visitors visit this fair every year. Çorlu Tarım Fair which is the biggest fair of Thrace is going to be organized between 14 - 18 August in 2013 in order to gather farmers of Thrace on Çorlu Orion AVM.

Konya Seed 2013

**Tuyap Konya International Fair**

**AUGUST 22-24**

Konya seed 2013 is one of the most significant agricultural trade shows in Turkey to be held in the city of Konya. This show will exhibit seeds, sapling, garden plants, plant protection, water systems, fertilizers and other agriculture related equipments.



2013 FDI Annual World Dental Congress

**Istanbul Congress Center**

**AUGUST 28-31, 2013**

The 101<sup>st</sup> FDI World Dental Congress will be organized in Istanbul as an international specialty fair. The FDI Congress which was held in Hong Kong welcomed nearly 7,000 visitors from 50 countries. Through the World Dental Congress, FDI Dental Federation finds a chance to improve the most up-to-date dental health equipments and treatment methods benefiting more than 1 million dentists and patients over the world.



# AUGUST

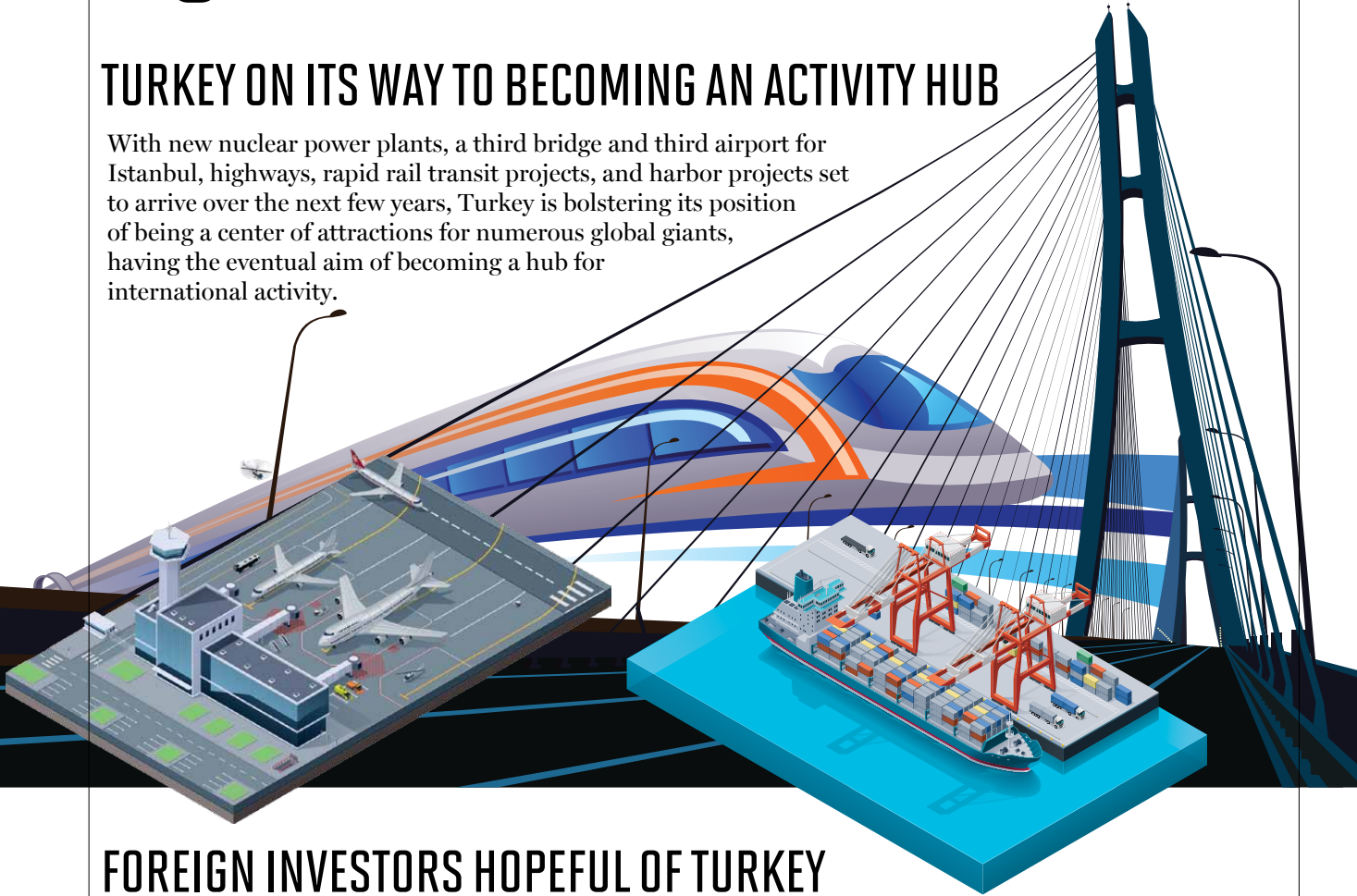
# Figures

A MORE ATTRACTIVE COUNTRY FOR FOREIGN INVESTORS



## TURKEY ON ITS WAY TO BECOMING AN ACTIVITY HUB

With new nuclear power plants, a third bridge and third airport for Istanbul, highways, rapid rail transit projects, and harbor projects set to arrive over the next few years, Turkey is bolstering its position of being a center of attractions for numerous global giants, having the eventual aim of becoming a hub for international activity.



## FOREIGN INVESTORS HOPEFUL OF TURKEY

By nature of its strategic location, Turkey has always been a country that constantly drew attention. As this image gained support after 2005 with new stability and a strong momentum behind growth, a rapidly expanding foreign trade volume, and next to this foreign perception of it as being a “safe harbor.” With its strong banking sector and pack of foreign investors scanning the vast local market, there’s more reason than ever before that Turkey will become a regional commercial hub of ever-greater market filled with more and more opportunities. And with the city’s history, transit links, and commonalities as added considerations, there are plenty of reasons to believe that Turkey could become a hub for regional investments.

**80%**

FOREIGN INVESTORS WHO BELIEVE TURKEY WILL BE MORE ATTRACTIVE

**44%**

FOREIGN INVESTORS WHO BELIEVE TURKEY WILL BE A REGIONAL TRADE CENTER IN THE NEXT 10 YEARS

**40**

NUMBER OF INTERNATIONAL PROJECTS IMPLEMENTED IN 2007

**95**

NUMBER OF INTERNATIONAL PROJECTS IMPLEMENTED IN 2012

Data: Ernst & Young's "European Investment Monitor" (EIM)

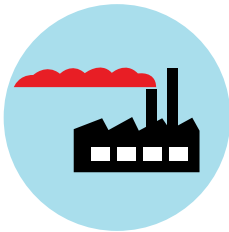


## MOST INVESTMENTS FROM THE WEST

American and European investors did not hesitate for a moment to Turkey as while their Asian counterparts tried to buy more time for opportunities, The US ranked among the top of the list of countries that invested the most in Turkey from 2007 to 2012. The list also included

Germany, Italy, and France, respectively, followed by in Asia by Japan, which concentrates its investments especially in the automotive industry and financial services, Finally, on the Chinese and North Korean relationships front, some joint work is expected on energy-based projects.

### INDUSTRIES OF THE PROJECTS IMPLEMENTED BETWEEN 2007- 2012



INDUSTRIAL GOODS

**52**

PROJECTS



AUTOMOTIVE

**49**

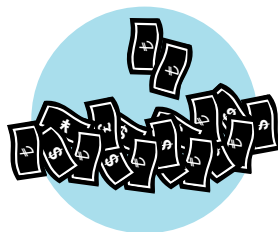
PROJECTS



INFORMATION AND COMMUNICATION TECHNOLOGIES

**39**

PROJECTS

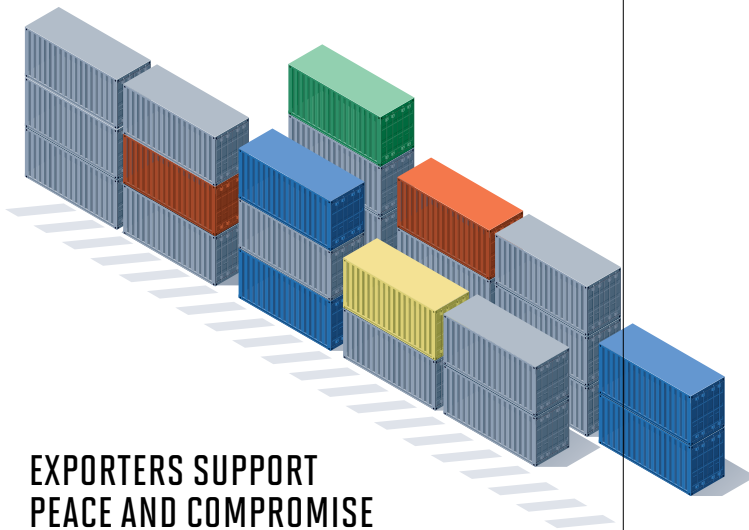


FINANCIAL SERVICES

**36**

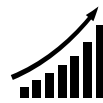
PROJECTS

Data: Ernst & Young European Investment Monitor (EIM) Research



## EXPORTERS SUPPORT PEACE AND COMPROMISE

As Turkey maintains its qualities of being an ideal market for global players, the large steps being taken and reforms implemented on in a single day will further strengthen domestic production. Our exporters keep their hope so the idea that the peace process in Turkey will be executed successful—and it is possible as we speak to see the conciliatory atmosphere's effects on production and tourism too.



**41%**

RATE OF THE COMPANIES THAT INCREASED EXPORTS IN Q1



**200**  
THOUSAND

NEW EMPLOYMENT AIMED BY EXPORTER COMPANIES IN Q2



**75.8%**

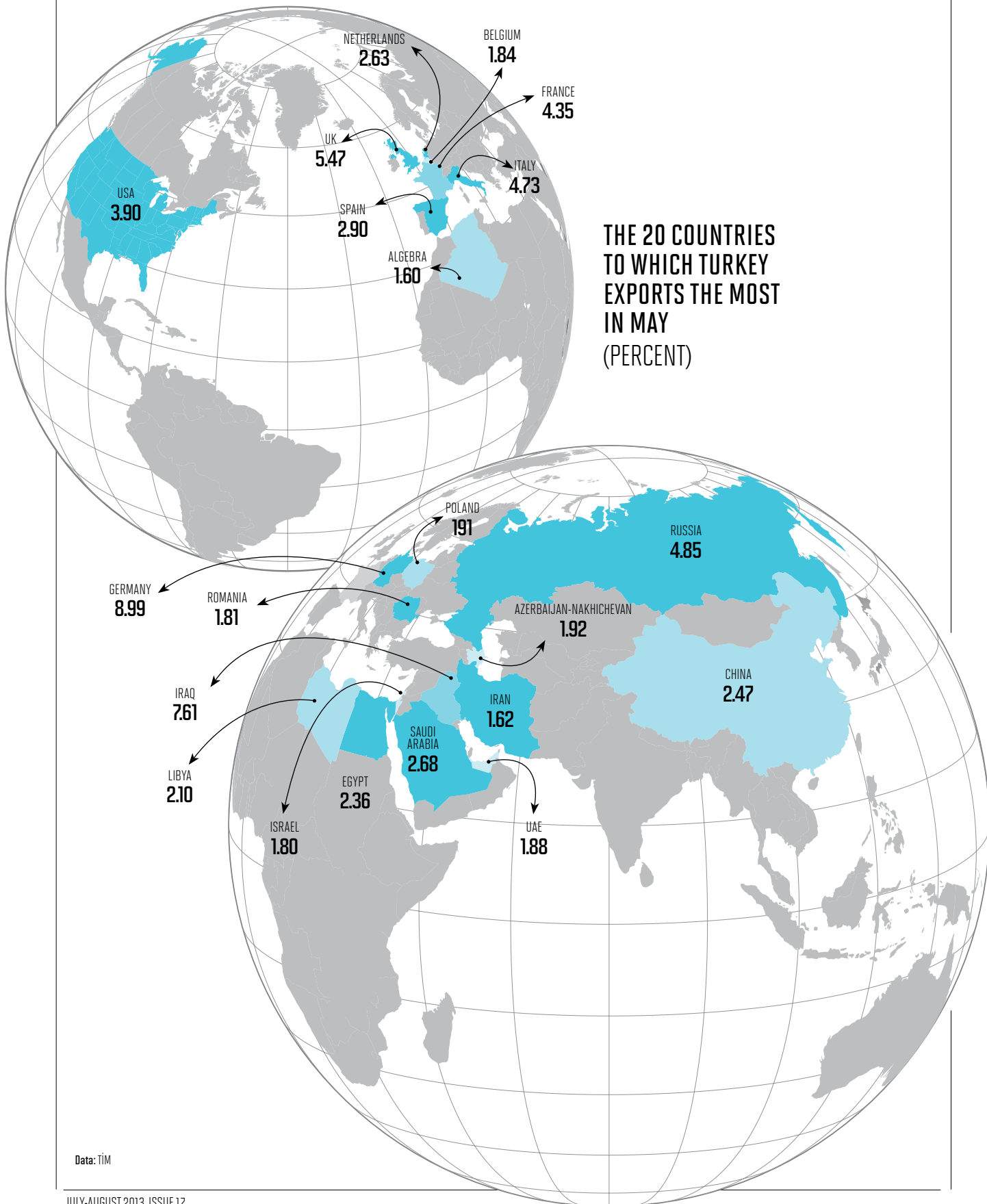
EXPORTERS WHO BELIEVE THAT THE PEACE PROCESS WILL BE ACCOMPLISHED



**39%**

RATE OF THE COMPANIES THAT INCREASED PRODUCTION IN Q1

Data: TIM Tendency Survey



Data: TIM



# THE WORLD'S CENTER IS EURASIA. EURASIA'S CENTER IS ISTANBUL.

DÜNYANIN MERKEZİ AVRASYA. AVRASYA'NIN MERKEZİ İSTANBUL.


Covering Europe and Asia, Eurasia is the center of the world in both geographical and economical terms. Via Istanbul, Turkish Airlines connects Eurasia to the world. Discover Eurasia with Europe's best airline, Turkish Airlines.

Asya ve Avrupa topraklarını kapsayan Avrasya, coğrafi ve ekonomik açıdan dünyanın merkezi konumunda. Türk Hava Yolları İstanbul üzerinden Avrasya'yı dünyaya bağlıyor. Siz de Avrasya'yı, Avrupa'nın en iyi havayolu Türk Hava Yolları'yla keşfedin.





Europe's  
Best Airline

A STAR ALLIANCE MEMBER 



Turkish Airlines and the two biggest car rental companies, Avis and Budget have teamed up to turn your next trip into a delightful, hassle-free journey. The Fly & Drive programme now offers you one of the largest selection of cars with an unparalleled service, right at your fingertips.

*Türk Hava Yolları ve dünyanın en büyük iki araç kiralama şirketi Avis ve Budget seyahatinizi daha keyifli geçirmeniz için bir araya geldi. Fly&Drive programıyla geniş araç yelpazesinden dilediğinizi seçmek şimdi parmaklarınızın ucunda.*

turkishairlines.com | +90 212 444 0 849

*Globally Yours*

**TURKISH  
AIRLINES**

