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The Turkish Perspective

MAY-JUNE 2014 ISSUE 22

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

INNOVA-LEAUGE

Turkish Exporters
Assembly will determine
Turkey's innovation
leaders for five innovation
categories for 2014.
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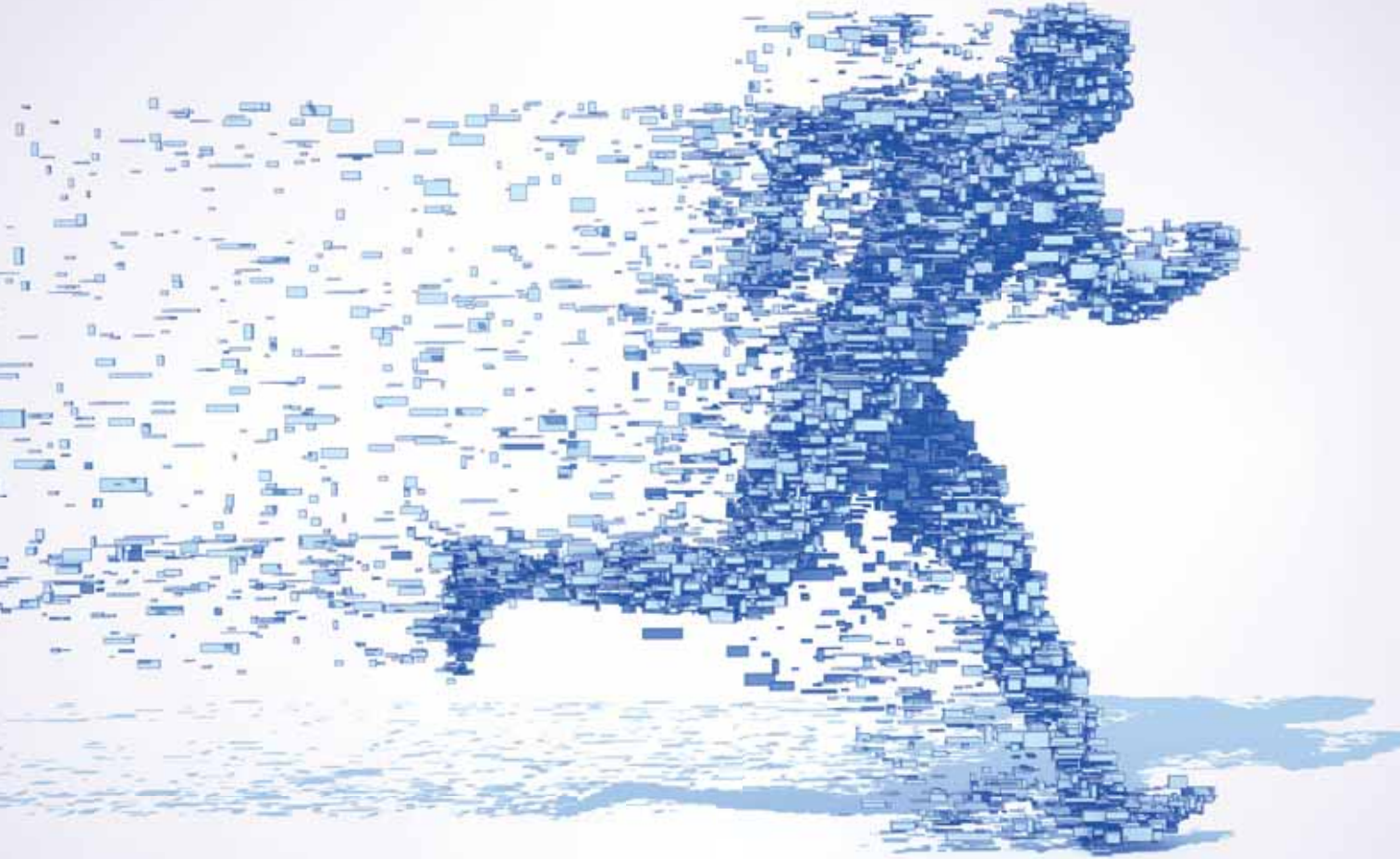
BECOMING AN ENERGY HUB

Turkey is in the process of becoming one of the influential countries in the energy field by means of the oil pipeline agreements signed on the basis of both alternative energy sources in its possession and the advantages granted to it due to its geopolitical status.



INNOVA LEAGUE

*Leaders of
Innovation*



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BEST
RECORD!**

Turkish Exporters Assembly will set the Innovation Leaders through the first innovation development program of Turkey, named **Innova-League**! Apply for being the star team of this league, through which the most innovative companies of Turkey will be elected for 5 different innovation categories!

LAST APPLICATION DATE

MAY 31, 2014

PRE-APPLICATION

www.inovalig.com

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BECOMING AN ENERGY HUB

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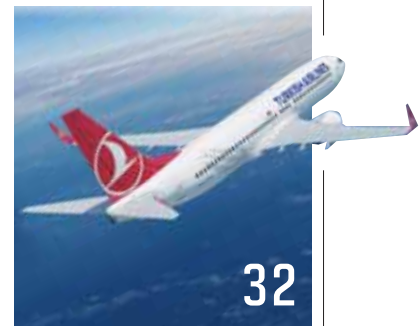
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The Turkish Perspective

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BİLNET MATBAACILIK

BİLTİR BASIM YAYIN VE HİZMET A.Ş.

DUDULLU ORGANİZE SANAYİ BÖLGESİ 1. CADDE

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Editorial



MEHMET BÜYÜKEKŞİ
PRESIDENT (TIM)

WE INVITE OUR COMPANIES TO BECOME INNOVATION LEADERS WITH INNOVA-LEAGUE

We are going through an important period in Turkey's export journey which extends as far as 2023 and has a tangible target.

AS WE FREQUENTLY stated before, in the first quarter of 2014, we clearly saw the important contributions to our export, driven by the positive developments of developed economies such as, primarily, the EU. In the first quarter of the year, the rate of goods we exported to the EU doubled the general average of 5.8% and reached 11.3%. In particular, our two locomotive sectors - automotive and chemicals - increased their export share via the improvement of the EU, elevating our general exportation performance to a higher level. There are only two countries among the EU-28 countries which increased their import shares at the beginning of the year and Turkey is one of them.

In addition, the USA economy's monetary policies implemented after its recovery are returning to their normal state and it is foreseen that the monetary expansion may end in the autumn.

However, we continue with our sensibility and endeavors to ensure Turkey

joins the EU-US Transatlantic Trade and Investment Partnership, for which there was a consensus in the summit held on March 26 that it should be accelerated. We believe that in line with the continuing process, we should conclude a Free Trade Agreement with the USA as soon as possible.

As these events are happening around the globe, Turkey completed

2013 with a growth of 4%. We predict that the year's growth of 2013, which accelerated compared to the previous year, will keep the same pace in 2014. Our exporters' growth expectation in the first quarter survey is 3.9%. We observe that the figures of goods exported, which increased by 6.7% last year, have made a contribution to the growth by nearly net 2 points. We will go on emphasizing that our growth model in 2014 should be based on export and manufacturing sectors and we see this year as a year of opportunities. We wish to have a year in which exports will have a high and clear positive contribution to growth through a stronger performance in export increases and a lower current deficit within the year.

We always try to emphasize that we give high importance to innovation, R&D, design and branding in order to raise Turkey's pace of export to a higher level. Our works in this field continue with a high pace without slowing down.

Our Innova-League project, the details of which you can find in our magazine, has been one of the important steps we took in terms of innovation. We started Innova-League at the end of February. Apart from being Turkey's first Innovation Development Program, Innova-League will continue every year as an Olympics which will choose Turkey's Innovation Leaders. Pre-applications to our project can be made until March 31 on www.inovalig.com. Many companies, among which are also Turkey's leading companies, have already joined our project. The companies that become successful at the end of the Innova-League process will be eligible to compete in the EU based IMP3rove Program. We believe that Turkish companies will make important progress in terms of innovation thanks to Innova-League.





More than 36,000 foreign companies have already invested in Turkey. How about you?



GE Healthcare



Indesit Company

MANGO
BARCELONA



ORACLE



TOYOTA



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)
- The fastest growing economy among the OECD members with an average annual growth rate of 5.2% (OECD 2012-2017)
- 16th 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
- Highly competitive investment incentives as well as exclusive R&D support
- Around 600,000 university graduates per year

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



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IN TURKEY**

invest.gov.tr

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First

ENERGY, EXPORTS, BANKING, TOURISM, AUTOMOTIVE, CULTURE, AGREEMENT, AVIATION, INDUSTRIAL DESIGN



THE TURKISH BUSINESS WORLD HAS LEFT ITS MARK ON KUWAIT

Under the chairmanship of the President of the Turkish Republic, Abdullah Gül and the participation of the Minister of Economy, Nihat Zeybekçi, a committee of businessmen attended the visit to Kuwait as an official invitee of the Ruler of Kuwait, Sheikh El Sabah. The visit, in which many agreements were made between the two countries, was organized by the Turkish Exporters Assembly with the participation of many businessmen.

ON APRIL 1-3, 2014, under the chairmanship of the President of the Turkish Republic, Mr. Abdullah Gül and the participation of the Minister of Economy, Mr. Nihat Zeybekçi, a committee of businessmen attended the visit to Kuwait as an official invitee of the Ruler of Kuwait, Sheikh El Sabah.

Turkey is ranked

18th in Kuwait's imports and is looking to receive a bigger share of Kuwait's imports total of \$19 billion. The Chairman of TIM (Turkish Exporters Assembly), Mehmet Büyükekşi, mentioned in his speech at the Turkey - Kuwait Business Forum that he is very ambitious about strengthening connections with Kuwaiti business-

men, adding, "Within this concept, I believe that the business forum will be quite beneficial for both countries". In the previous year, Turkey exported a total of \$334 million to Kuwait and the trade volume of these two countries increased to \$625 million.

The visit, in which many agreements were made between the two countries,

was organized by the Turkish Exporters Assembly with the participation of many businessmen. Eighty businessmen, including the Chairman and members of the Exporters' Union, and many Chairmen and members of Non-Governmental Organizations, as well as 60 company representatives, attended the aforementioned Trade

Committee Program, and a Business Forum was organized on Thursday, April 2, 2014, in Sheraton Kuwait Hotel with the participation of our President. When the Business Forum was completed, a Business Dinner was organized for Turkish and Kuwaiti companies and the trade activities between the two countries were negotiated.

ENERGY

TOP GERMAN ENERGY COMPANIES ARE IN TURKEY

The world's top renewable energy companies, German STEAG and PNE Wind founded a new company to cooperate in Turkey.



THE increasing energy consumption in Turkey continues to draw the attention of global companies. Companies establish consortium based on the intense competition of renewable energy production between Chinese, American and German companies which are focused on the Turkish market. The foreign companies which came to Turkey solely or with a local partner in the past increased their cooperation in order to make more effective investments in the market. The partnership created with 50% share of

TURKISH COMMITTEE ENERGY CAPACITY



2012

2.312
MEGAVAT (MW)

2013

2.956
MEGAVAT (MW)


German STEAG and PNE Wind aims to serve with 700 MW capacity. This figure is 25% of the present market in Turkey. "We have a 30-year history in Turkey. By using our experience that we gained here, we will form a mutual synergy in the emerging energy market" said the President of STEAG, Joachim Rumsdatt.

EXPORT

INCREASE IN POULTRY SECTOR

In Turkish Poultry Sector, in the first three-months period of 2014, exports increased by 15% in comparison with the same period of the previous year. In the Turkish Poultry Sector, in the first three-month period of 2014, exports increased by 15% in comparison with the same period of the previous year. Whereas the

poultry export was 1 billion 32 million 993 thousand dollars in the previous year, it reached 279 million 792 thousand dollars in the January-March period of this year. Today, the Turkish Poultry Sector is ranked at seventh with 1 million 920 thousand tones of poultry production and at 11th with 16.7 million tones of egg production.



BANKING

"TURKISH BANKS ARE QUITE PROFITABLE"

Standard & Poor's (S&P) Banking Analyst Göksenin Karagöz said that Turkish Banking sector is quite profitable, according to foreigners.

THE TURKISH banking sector continues to draw the attention of foreign investors. Last year, the Bank of Tokyo Mitsubishi UFJ gave official authorization to Turkey Italian Intesa Sanpaolo SpA was given authorization to establish a deposit bank where Dutch Rabobank International

Holding B.V is a co-founder, with a capital of 300 million dollars. In addition, a few banks changed hands in Turkey recently. Karagöz mentioned that they think this period would continue and that they expect the focus of foreigner customers on Turkish Banks to remain the same.

AUTOMOTIVE

RECORD IN
AUTOMOTIVE
EXPORTS

The automotive industry reached the highest sales of the last 6 years with exports of 2 billion 128 million dollars in March. The sector focused on new goals with the consistent increase in exports which was reached in recent years, especially in EU countries. In the first quarter of the year, in comparison with the same period of 2013, the sector reached foreign sales of 5 billion 546 million dollars with 8% growth.

EXPORT

INCREASE
IN CULTURE
TOURISM

According to the Turkish European Foundation for Education and Scientific Studies (TAVAK), there has recently been a significant increase in the culture sector in Turkey. According to the data provided by the foundation, Turkey's exports of cultural products will be around 54.2 billion dollars in 2014.

TOURISM

World of Tourism
in Berlin

Turkish Airlines welcomed visitors at ITB, one of Europe's and the world's biggest tourism fairs.



REALIZED with the participation of close to 11,000 firms from 180 countries, the fair was visited by upwards of 170,000 visitors. The Turkish Airlines stand, a big hit with participants for its Lounge Istanbul concept, stood out as one of the fair's most successful. Upwards of 100 participants,

all members of the Turkish Airlines family from various points around the world, were welcomed at the stand. The fair, where the seeds of many long-term partnerships were sown in parallel with the airline's global market momentum, made a major contribution to Turkish civil aviation.

CULTURE

TURKISH
CULTURE YEAR
IN CHINA

Within the scope of "Turkish Culture year", which will be celebrated this year in China, the Ministry of Culture and Tourism aims to increase the number of tourists coming from China with events held all around the country. Turkish culture will be introduced with events held in many cities within the scope of Turkish Culture Year in China. Therefore, 500 thousand tourists are expected to come to Turkey from China over five years. As well as events such as film festivals and art shows to be performed in the different cities of the country, many music bands from Presidential Symphony Orchestra to janissary band will perform concerts all around China.

AGREEMENT

FREE TRADE AGREEMENT BETWEEN
TURKEY AND MALAYSIA

The two countries agreed to cancel customs duties in all of the industrial products over the next eight years, at the latest.

THE EXPECTED Free Trade Agreement (FTA) was signed between Turkey and Malaysia. The FTA, which was decided on during Prime Minister Recep Tayyip Erdoğan's visit to Malaysia in January, was signed during the visit of Prime Minister of Malaysia,

Najib Tun Razak to Ankara. The Agreement will be discussed in the Council until June and then come into force. Erdoğan said that Turkey and Malaysia are two countries which have common features in their regions and, "During my visit, we made effective negotia-

tions about developing commercial cooperation. We want to increase trade between the two countries to 5 billion dollars from 1.5 billion dollars. For this reason, we signed a new agreement. For the Free Trade Agreement with Malaysia, legal infrastructure will be completed im-

mediately, also new steps will be taken regarding strategic cooperation" he added. Regarding the agreement, "Our new goal thrills the business world of both two countries. Both two countries should work to reach this" said Rezak, the Prime Minister of Malaysia.



TOURISM

ISTANBUL: THE BEST HOLIDAY DESTINATION OF 2014

One of the largest user-supported travel and tourism sites on the internet, TripAdvisor announced that Istanbul is the best travel destination in Europe and the world in 2014.

TRIPADVISOR, a site which boasts 20 million members, prepared a list based on the millions of comments and voting on points that travelers consider important. According to the list, Istanbul,

followed by Rome and London, takes first place. According to the expectations of the Association of Turkish Travel Agencies (TÜRSAB), the number of tourists who will come to Istanbul in 2014 will

be over 13 million, and in 2023, this number will be around 25 million. On this subject, Başaran Ulusoy, Chairman of TÜRSAB said this year, 40 million tourists in total are expected to come to Turkey.

EXPORT

IN 2013, TURKEY WAS THE ONLY COUNTRY THAT HAS INCREASED EXPORTS TO EU

In 2013, Turkey became the sole country from among 10 trading partners that increased its exports to the European Union (EU).

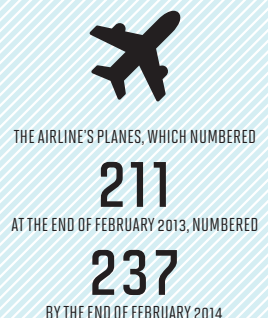
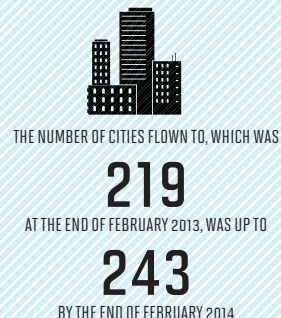
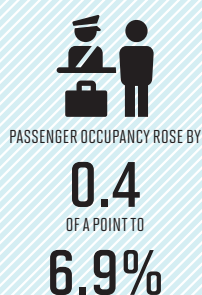
ACCORDING to the data announced by Eurostat, the statistical office of the European Union, Turkey's exports to the EU reached €50.2 billion with a 4% increase in comparison with the previous year. The total trade volume made with 28 countries by Turkey, the sixth largest trading

partner of the EU is 128 billion Euros. Whereas Turkey realized exports of 152 billion in 2013, the loss of exports experienced by the other trade partners of the EU were as follows: China 4%, Russia 4%, Switzerland 11%, Norway 11%, Japan 13%, India 2%, South Korea 6% and Brazil 12%.



SOARING EVER HIGHER

Turkish Airlines has released its figures for January-February of 2013 and 2014:



AVIATION



TEMEL KOTIL IS LEADER OF THE YEAR

Turkish Airlines' President & CEO Temel Kotil, Ph.D., has received the "Leader of the Year Award" at the Air Transport News Awards, which are the most prestigious in the aviation industry. The lavish award ceremony was hosted in Istanbul on March 9.

AGREEMENT

EXPANDING CODESHARE WITH SINGAPORE AIRLINES

The existing codeshare agreement between Turkish Airlines and Singapore Airlines, both members of Star Alliance, is being expanded to include travel destinations in Southeast Asia and the Southwest Pacific. Under the agreement, which is expected to go into effect in May, Turkish Airlines passengers will be able to fly to even more destinations.

AGREEMENT

"Unlimited Friendship", "Unlimited Trade"

Under the coordination of the Ministry of Economy and organization by the Turkey Exporters' Assembly, new steps were taken in the organization which was held for Bosnia - Herzegovina regarding the relations between the two countries.



IN THE BRISTOL HOTEL LOCATED in the capital, Sarajevo, with the coordination of the Ministry of Economy and the organization by the Turkey Exporters' Assembly, new steps were taken for the relations of two countries. Minister Zeybekci said that they want to strengthen the unlimited friendship between Turkey and Bosnia - Herzegovina with unlimited trade and economic consolidation and "As a government, just like we support our industrialists and businessmen in their investments made in Turkey, we also want to show them our support in Bosnia - Herzegovina" he added. Also, "Turkey is now the 9th country which makes the most investment in Bosnia - Herzegovina. We believe that our rank should be higher" said Büyükekeşi, the Chairman of TIM.

274

BILLION DOLLAR

THE EXPORTS PERFORMED BY
TURKEY TO BOSNIA - HERZEGOVINA
IS 274 MILLION DOLLARS.

9

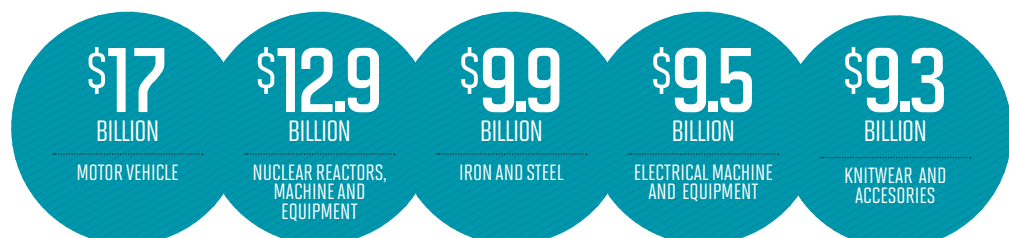
TURKEY IS THE COUNTRY WHICH
MAKES THE MOST INVESTMENT
IN BOSNIA - HERZEGOVINA.

NATURAL STONE

THE EXPORTS OF NATURAL STONES ARE INCREASING

As can be seen from the sub-sectors of mining, the natural stones keep the leadership. In the first three months of the year, the exports of natural stones were around 474 million 52 thousand dollars with an increase of 13.89% on a value basis. The impacts of the economic slowdown of China, which is the largest market of the Turkish mining sector, are reflected in the export figures of the sector as of the first month of the year. In the first quarter of 2014, the exports of the sector to China became 423 million 742 thousand dollars with a decrease of 29.42%. The export of natural stones which are ranked in first place of the product groups exported to China maintains an increase. In this period, the sector performed exports of 169 million 469 thousand dollars by increasing natural stone exports to China by 9.85%.

LEADING EXPORT PRODUCTS (2013)





AVIATION

SIGNIFICANT INVESTMENT IN AVIATION

In the new factory, 300 people will work for Flammaerotec.

FLAMMAEROTEC, one of Europe's most important manufacturers of aircraft technology, is building a factory to manufacture parts to world's giant Airbus with an investment of 15 million euros in the Europe Free Zone (ASB) in Çorlu. Factory produces over 12,000 parts for Airbus with advanced technology. With this investment in the ASB, where world's technology giants meet, assembly and molding for the production of modules for the latest Airbus A380 will be done. Mainly aluminum alloys will be used as raw material in production and all of the products will be exported to Germany.

TOURISM

TURKEY'S TOURISM FIGURES ARE GRATIFYING

Among 5 countries that attract most tourists in Europe (France, Spain, Italy, Turkey and Greece), Turkey has achieved a leading position in the increase in supply of beds with 31 percent.

TOURISM'S SHARE of new initiatives in Turkey was 6 percent in 2010 and rise to 9.6 percent in 2012. Tourism's share in GDP (gross domestic product) increased to 2.5 percent last year. This share was 2.3 percent in 2012. According

to current prices, in 2012 the tourism sector produced 33.4 billion TL and has reached the level of 39.4 billion TL in 2013. Thus, the output of the tourism sector rose about 18 percent in current prices and 9 percent in constant prices over the last year.



LOGISTICS

Key to Exports: Logistics Centers

As companies in the sector become more informed and with the increase in products with high added value, a boom

IN TURKEY, logistics centers, which are expected to bring great opportunities in exports, are opening in succession. 5 out of 19 centers had been opened. The 6th one, Hasanbey Logistics Center at (Eskişehir), opened on March 19th. Important progress is made in the project, which is overseen by Turkish State Railways (TCDD). According

to the latest information given by the institution, other than the 6 open centers, construction at Balıkesir (Gökköy), Istanbul (Bozıyık), Mardin, Erzurum (Paladoken) and Mersin (Yenice) logistics centers continues. So five more centers will be opened soon. Thus, more than half of this giant project will be completed.

INVESTMENT

GOLDMAN SACHS IS OPENING AN OFFICE IN TURKEY

American investment bank, Goldman Sachs applied to Banking Regulation and Supervision Agency (BDDK) to open an office in Turkey. According to Minister of Finance Mehmet Simsek, the world's biggest investment bank Goldman Sachs is getting ready to make an investment in Turkey. The office will be the 7th office of the firm in Europe.

BUILDING

THE COUNTRY WITH THE MOST SKYSCRAPERS IN EUROPE IS TURKEY

Turkey, with 417 skyscrapers, is the country with the most skyscrapers in Europe according to data released by Reddit, a popular internet-based dictionary with many users. The list includes 30 countries in Europe, from Germany to Iceland. According to the study, Germany has 282, France 201 and the UK 261 buildings taller than 70 meters.

INCENTIVE

294
INVESTMENTS
INCENTIVIZED

Month of February Investment Incentive Certificates List and the List of Investment Certificates Cancelled, was published in the Official Gazette. Incentivized projects' total fixed investment cost is about 5.7 billion TL. With the realization of investments, 6,869 people are expected to find employment.

PRODUCTION

INCREASE
IN CAPACITY
UTILIZATION

Central Bank announced that capacity utilization rate of manufacturing industry increased by 0.8 points and rise to 74.4 % compared to the same month last year.



MINING

Export Increase
in Mining Sector

In the first quarter of 2014, the mining sector imports increased by 5.45% in comparison with the same period of the previous year.



IN THE FIRST quarter of 2014, the mining sector imports increased by 5.45% on a quantity basis in comparison with the same period of the previous year and reached 5 million 24 thousand tones. In the same period, the exports of the sector

were decreased by 6.06% on value basis and became 1 billion 92 million dollars. In addition, despite the decrease of 33.68%, the metallic ores placed in the second place with exports of 342 million 707 thousand dollars.

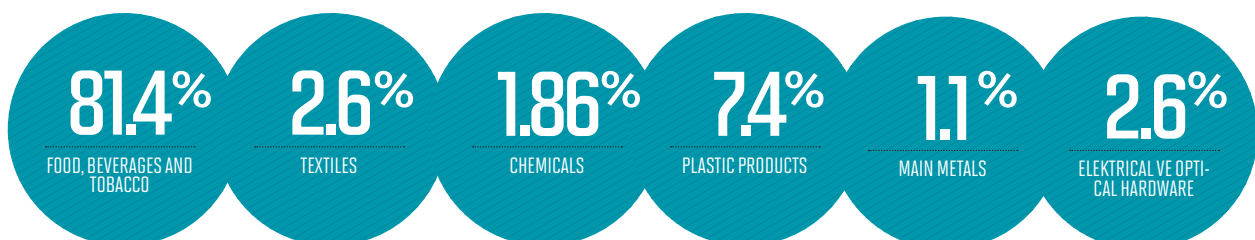
REAL ESTATE

HOME SALES
ARE UP

Turkey Statistical Institute (TUIK) announced housing sales statistics for March. According to this data, Istanbul has the highest share (20.2%) with 17,718 home sales last month. Istanbul is followed by Ankara with 10,693 sales (12.2%) and Izmir, 5,851 sales (6.7%). In Turkey, 87,617 houses have been sold in March. The number of homes sold last month increased 6% compared to the previous month. In the third month of the year about 1,362 homes were sold to foreigners. In residential sales to foreigners, Istanbul took first place with about 478 houses sold in March. Istanbul is followed by Antalya (459 units), Bursa (65 units), Mugla (64 units), Mersin (59 units) and Aydin (58 units).

DISTRIBUTION OF INVESTMENTS IN THE MANUFACTURING INDUSTRY BY SECTORS (%)

Investments in manufacturing industry are mainly in the food and tobacco sectors.



Source: Central Bank Balance of Payments Statistics

INDUSTRIAL DESIGN



World –famous A'Design Awards are announced. Designer Hakan Gürsu is once again among the winners of this year.



Sott'Aqua
Marino by Sevil
Acar



ODTÜ TEKNOKENT
based Design center Designnobis won 15 awards of 12 thousand designs from 208 countries in the competition which was held in Milano, Italy. ODTÜ Faculty of Architecture, Department of Industrial Design Instructor Dr. Hakan Gürsu who is also the Designnobis CEO, continues to be the 'most award-winning' designer. Turkish designers ranked second after the United States winning 150 awards in the last four years in categories that range from packaging, furniture, yachts and cars. Turkey is followed by Hong Kong, Italy and the United Kingdom.

Designs compete in 5 different categories from platinum to iron in A'Design Awards. Designnobis Team won a platinum award with their design called 'Steam' which is a kettle that brews tea with steam and this year it earned Europe's 'best household appliance' award.



Albatros by
Tolga BERKAY

DESIGNER RANKINGS

GOLD

HAKAN GÜRSU
OF DESIGNNOBILIS
177 POINTS, WITH
46 AWARDED DESIGNS &
8 RUNNER-UP WORKS

SILVER

KATSUMI TAMURA OF
GOOD MORNING INC.
130 POINTS, WITH
25 AWARDED
DESIGNS

BRONZE

VESTEL ID TEAM OF VESTEL
ELECTRONICS COMPANY
99 POINTS, WITH
23 AWARDED
DESIGNS

Designnobilis also won a silver award with their design called 'Solar Taxi' and with their transparent-looking design called 'Phonebox'. Designnobilis has been operating for 5 years and is among the 40 leading Venture Companies of Turkey.

Famous Turkish companies such as Vestel Id Team, Arçelik, Valfsel Design Team, Bien Ceramics, Kale, Polimeks, Tariş and world-renowned Turkish designers Hakan Gürsu, Tolga Berkay and Sevil Acar were deemed worth of an award at the competition. Designnobilis CEO Hakan Gürsu won the first place this year again and pulled ahead of the total scores of countries such as Germany, India, Spain, Korea with 169 points he collected from 46 awards.

Steam Tea
Maker by Hakan
GürsuCast Built-In Hob
By Arçelik Design
Team & Patricia
UrquiolaOrigami by Hakan
Gürsu

CURRENT AGGREGATED WORLDDESIGN RANKINGS: YEARS 2010 - 2014

RANK	COUNTRY	AWARDS	SCORE	●	●	●	●	●	AVERAGE
1	USA	163	591	8	31	41	42	37	3.63
2	TURKEY	150	553	10	33	41	32	34	3.69
3	HONG KONG	128	458	10	27	39	30	22	3.79
4	ITALY	93	348	11	19	24	13	26	3.74
5	GREAT BRITAIN	73	294	8	19	24	11	11	4.03
6	JAPAN	59	279	17	21	13	4	4	4.73
7	CHINA	59	236	5	16	17	16	5	4.00
8	BRAZIL	54	203	5	11	17	8	13	3.76
9	GERMANY	46	172	5	7	15	9	10	3.74
10	REPUBLIC OF KOREA	35	122	3	5	10	5	12	3.49

● PLATINUM ● GOLD ● SILVER ● BRONZE ● A'DESIGN

Solar Taxi by
Hakan Gürsu

Panorama



ALTAY AYHAN

BUILDING TURKISH BRANDS IN FOREIGN MARKETS

Many years ago, I was standing across from the massive Colgate building on Park Avenue trying to figure out the success secret of the company that operates in more than 100 countries. How come the Colgate Palmolive brand could be managed systematically from one Office in Manhattan?



For a period of time we ruled the biggest empire of the world, so why can't we create a global brand with our rich history and natural resources? A world-renowned brand would be befitting the descendants of Ottomans. There are dozens of books and articles written on the topic but do we have a concrete method? In the international market we only have Mavi Jeans, Simit Sarayi, Sarar, Beko and Ulker brands.

DON'T YOU THINK IT'S TIME WE ANSWERED THIS QUESTION?

Today, competition speed is increasing with globalization. Marketing and branding feels more and more important with each passing day. In such a world there must be a way of passing our competitors, reaching the top, being successful and of course making money.

We need to find another way to impress people but how? Let's assume we found it, then what? What good is an idea if we can't find a way to take it to the top, turn it into a brand and profit off of it?

First of all, we need to look into the opportunities in the market and understand the global chances of products from which we will create strong regional brands. I've listened to Arcelik Company's General Manager Levent Çakıroğlu a few days ago. With 14 factories in five countries and with the motto 'respecting the world, respect in the world' the fact that Beko is the number one brand in UK, Romania, Lithuania and 2nd in Western Europe makes us proud. Managing 10 brands, the company reached 11 billion TL in turnover and it focuses on three basic considerations: people first approach, sustainable innovation and technology. When we look at Ulker, we realize the strength of their distribution, local manufacturing and their strong branding and advertising. We need to congratulate Simit Sarayi for taking a nostalgic street food and branding it. Today in New York, Simit Sarayi is an alternative to New York Bagel.

WOULD THAT BE ENOUGH?

When we look at brands like Coca-Cola, IBM, General Electric, it is obvious that it is difficult for us to become a global

brand in the short term. However we can start with creating regionally strong brands. Most of us don't know that Turkey is the number one producer of olives. We are also one of world's top 5 strategic olive oil producers. This situation begs the question: Can we become a global brand in olive oil?

Similarly Turkey is the number one producer of hazelnuts and apricots. We are number two in gold mining and ready to wear clothing. We are also a prominent producer of raisins.

When we are developing the idea of presenting Turkish brands to the global markets, it is possible to speak of 3 concepts. Looking at the Food Sector:

- Branding our product
- Branding our region
- Branding our country

The first order of business is to research the market of the product we will focus on. For example, let's take a look at the olive oil sector; Olive oil is a strategic product of Turkey and the world's leading producer countries are Italy, Spain, Greece, Tunisia and Turkey. In the high season the export volume of Turkey reaches 100,000 tons. If we evaluate this outcome statistically, 85% of our bulk production is exported to various countries in Europe.

Market information, gaps in the market and opportunities aside, it's essential to look at the other side of the coin: Uncertainty, low income levels, inefficiencies in distribution channels, risks of payments are difficulties to be encountered. We need to view these as not obstacles for market entry, but as conditions to keep in mind for us to do our job carefully and correctly. When we look at the export volume of developed countries, we realize that trade with neighbor countries contribute significantly to overall trade volume. For example the U.S. has significant trade activity with its north and south neighbors, Canada and Mexico. Same situation applies to Germany and Austria. We have great trade potential with Turkic republics as well as with our eastern and southeastern neighbors. Undersecretariat of Foreign Trade has significant incentives under the "Neighbor Countries Strategy" program. We can include North Africa and Arab peninsula to the scope. In countries like Pakistan where sentiment for Turks are high, Turkish brands have a good chance. The important thing is to position the most suitable products to the most suitable markets with the correct determinations and strategies.

It will be easier to create regionally strong brands than to become a global brand. Turkey is in a much better position for regional communication than Russia, Ukraine, Central Asia and Caucasian countries, due to its geographical location. More so, the above-mentioned regions and countries are among the fastest growing markets. We are talking about a consumer group of close to 400 million, 150 from Russia and 60 in Ukraine, open to change and with buying power less than the surrounding regions.

The research I conducted in my professional life in devel-

oped markets such as USA and Japan indicated that awareness for Turkey and the region is very low. Keeping this in mind, we can say that one of the most important things to consider in branding is the product- region-country triangle.

I would like to give an example based on my experience; during one of my business trips, we needed to go to a town called Trevi two hours away from Rome. We were amazed by our observations in this little town. All the workers in this place cooperated to build a brand out of their town. They were marketing their town and the olive oil brand they created, L'olio di Trevi, in their local ateliers and through the brochures they prepared. Although they were not players in bigger markets, they were selling their olive oil and organic products 2-3 times more expensively than their counterparts in their region..

According to Statistical Institute of Turkey (TUIK), we are living in a country where 50% of the population is under the age of 29. This shows that we have a great active working force potential. However we need to educate and use this force properly.

Since we have such a rich potential of a young working force, can't we use these willing and able youth more effectively? Our country has the necessary infrastructure and natural resources along with its young, dynamic and motivated work force. Isn't it time to take action? Imagine if there was such advancement in every sector for branding we could create huge brands. However the first and foremost thing is to be patient until the end and to weave our brands delicately like lace without giving up.

- Patience
- Long term plans
- Making the consumer focused work model part of company management model.
- Most importantly to work with determination and motivation without ever giving up.

These are the guiding concepts that will help us overcome obstacles on the path to branding. We should not forget that as long as we keep our passion alive, there is no

reason for us not to be successful.

There are huge possibilities and opportunities in the international markets for Turkey and Turkish brands to be successful.

In the below example, Adidas provides us with the utmost motivation: No such thing as Impossible!

'Impossible' is a big word created by small people who find it easier to live in the world presented to them, rather than exploring the strength in them to change the world.

'Impossible' is not a reality but a perception.

'Impossible' is not a claim but a dare

'Impossible' is potential.

'Impossible' is temporary.

'Impossible' does not exist.

To the effort and belief that we will first build a regionally strong, then a world-renowned brand.



*According to
Statistical Institute
of Turkey (TUIK),
we are living in a
country where the
average age of the
population is
below 29.*

Content: Shopping Time for Istanbul **P19** Construction Machinery Sector Plays for Leadership **P22** Vegetable Oils Needs New Markets **P24** Leading Country in Carpet: Turkey **P26** Turkey's Recent FDI Performance **P28** Recordati Invests in Turkey's Bright Future **P30** Turkish Airlines Wins the Capa Best Airline of the Year Award **P32** Innova-Leauge: Turkey's First Innovation Championship **P34** **Editors:** Can Gürsu

Briefing

WEDDING, SHOPPING, MACHINERY, VEGETABLE OIL, CARPET, INVESTMENT, INNOVATION, AIRLINES...



WEDDING

Each year, approximately 650 thousand couples in the world prefer a different destination for their marriage or honeymoon.

TURKEY, THE FAVORITE COUNTRY *for Foreign Weddings*

Tourism which is no longer described as a combination of the sea, the sand and the sun in all around the world, started to head towards different fields in Turkey as well. In tourism which is one of the locomotive sectors of the country, the new trend is wedding tourism.

BY IRMAK TOLAY

NOWADAYS, weddings do not continue for 40 days and 40 nights but their contribution to the economy is much more. Since couples try to build memories which will never be forgotten, they lean towards offers that will make their weddings different. Each year, approximately

650 thousand couples in the world prefer a different destination for their marriage or honeymoon.

The wedding organizations that support approximately 30 business branches such as the pastry shops, wedding stores, invitation card stores and organization companies

became an industry. In the wedding and honeymoon industry which is known to have a business volume of about \$200 billion around the world, our country started to become a preferred destination. With four seasons in one year, having many types of tourism such as summer

holidays or snow holidays and the domino effect of foreign media has made Turkey a candidate destination for the couples.

In previous years, the wedding industry was linked with decoration in Turkey, but now, it started to be taken seriously and has become a



GÜÇLEN AKSU

Çırağan Palace Kempinski
Istanbul Director of Banquet and
Catering

For the comprehensive and detailed wedding organizations, everything should be considered and planned in advance, rehearsed step by step and people should always be prepared with alternative plans. The most important subject for us is to understand the dream of the couple to be married. Foreign weddings are the one-third of the weddings that we host in one year. In time, we receive demands of the wedding participants that we host for their own weddings. We organize the weddings of the jet-set and the leading families of countries such as India, Azerbaijan, Nigeria, America, Russia, Turkmenistan, Slovenia, Greece, Spain, Italy, Brazil and Sri-Lanka in our hotel and we proudly introduce Istanbul and the prosperous Turkish culture. Although the wedding and entertainment sector in Turkey has not settled as the business sector that we call MICE which includes the meetings and the congresses or as the sea-sand-sun holidays, we believe that it will develop much more with experiences and references in recent years.



sector which seriously contributions to Turkey's economy. While the event sector in Turkey reaches \$500 million, the share of wedding and honeymoon is around \$250 million. In the last 15 years, the sector has developed very quickly in Turkey. When foreigners started to prefer Istanbul for their weddings, this development increased. "Wedding tourism", which has particularly improved over the last five years, is also promising for our tourism sector, which tries to surpass itself with creative events and places great emphasis on quality.

ISTANBUL, THE STAR

A magnificent history that served three thousand-years

of empirical rule, a colorful social life that revives each year, an increasing food and beverage sector, a unique destination that combines two continents and with a sea that is central... Even dreaming Istanbul is romantic. It is both in the east and the west, both modern and exotic; it is really extraordinary. Istanbul is the leading city which is preferred for weddings all around the world. In recent years, many businessman, world-known state presidents and artists from Dubai, Morocco, India, Azerbaijan, Russia and Europe prefer Istanbul for their wedding organizations or important parties. The expenses of the visitors coming to our country provide a serious income to Turkey. Along with



YEŞİM İNŞEL

Four Seasons Hotel Istanbul
Director of Catering

From all around the world, couples are coming to Turkey for their honeymoon. The most important draw is Istanbul's exoticism and the unique, natural structure of Cappadocia, as well as the Aegean and Mediterranean shores. Americans in particular include Turkey in their program as part of Greece while planning their honeymoon. In terms of weddings, although there is a huge increase recently in Turkey, there is a long way to go on this subject. We should make our promotions adequately. Organization companies, agencies and hotels play an important role. We organize approximately 10 foreign weddings per year in our two hotels located in Istanbul. The number of couples coming for their honeymoon is around 100.



According to a research, the most preferred month for marriages all around the world is July. It is the same in Turkey.



the accommodation, shopping, food and beverages and other expenses, the income is increasing in a considerable way.

Until recent years, the weddings organizations which were carried out only in July and August started spreading through the year; the big-scale wedding organizations which are not seasonal anymore continue to increase the tourist volume due to providing accommodation requests to the businesses where the weddings will be carried out. Çırağan Palace Kempinski Istanbul Director of Banquet and Catering, Güçlen Aksu mentions that the visits for wedding and entertainment purposes provide an advantage to draw a big group to this destination at a time and continues that: "The group which comes to have fun spends an important amount of foreign currency both in the hotel and the city. When they go back to their country they promote Istanbul by word of mouth. Thanks to the couples that are impressed by each other, the number of weddings made in Istanbul is increasing. As the number increases, it transforms into an object of desire for these

kinds of meaningful and important events and its popularity increases."

THE FIRST CHOICE OF WEALTHY INDIANS AND ARABS

One other reason for the increase in weddings made in Turkey is Turkish TV series. In recent years, TV series shown in the Middle East and some European countries provide increase in wedding tourism and also draw the attention of wealthy people in India and Arabia especially with the scenes on İstanbul Bosphorus shores. Foreigners who once thought to organise their wedding in countries

Istanbul averages 90 thousand weddings per year with an average guest total of 150.

such as America, Italy and France are now coming to Istanbul. Apart from Istanbul, Antalya, Bodrum and Ölüdeniz have also sustained their rapid increase in popularity in recent years.

Four Seasons Hotel Istanbul Director of Catering, Yeşim İnsel thinks that the demands from India and the Middle East are higher than Europe and America. Mentioning that the visitors who came to participate in the wedding experience our country in every aspect, she said that, "They go back to their country pleased thanks to the colorful nightlife, wonderful shopping opportunities and food and beverage culture." Underlining that our country is one of the most preferred destinations in terms of honeymoon, Yeşim İnsel emphasized the contribution of the many tourists to the sector by sharing their experiences through social media channels and blogs.



\$250

MILLION
FINANCIAL SIZE OF
EVENT SECTOR IN
TURKEY

\$200

BILLION
FINANCIAL SIZE OF
WORLD WEDDING
TOURISM





SHOPPING

Shopping Time For Istanbul



Drawing huge attention in recent years, İstanbul Shopping Fest (ISF) will be held in June 7-29 of this year. Aiming to be one of the largest shopping and entertainment festivals around the world, İstanbul Shopping Fest has a turn-over target of TRY 10 billion this year.

BY GİZEM GÜZEY

A TOTAL OF 64 avenues and streets, two covered bazaars, 16 caravanserais, 22 gates and 3600 stores... The shopping culture in Turkey was first established 553 years ago by the Grand Bazaar, which was one of the first shopping centers

of the world. Underlying the culture of shopping, the Grand Bazaar forms the basis of the modern stores of today, and following in its history, which decorates the cultural landscape of modern Turkey, there are lots of successful shopping centers at interna-

tional standards in terms of their architecture, stores and management. Bringing the shopping culture together with opportunities, the 4th Shopping Fest will be held this year and will transform Istanbul to a festival city living 24/7 with its culture, his-

tory, cosmopolite structure and active nightlife.

THE ENERGY OF ISF IS SPREADING TO ISTANBUL

Istanbul Shopping Fest, which has been held every year since 2011 for the purpose of transforming Istanbul into an important fashion and shopping destination all around the world, is preparing for its 4th year with the support of the cultural values of the city. Istanbul Shopping Fest is entering its new year with new partners that support its organizational structure. The energy of the festival in 2014 will spread to a wide area from the street hawkers to the luxurious shopping malls and from the taxi drivers to the entertainment and accommodation sector.

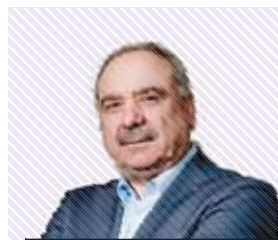
From retail to tourism, and from health to entertainment, many sectors are planned to be enlivened with the festival.

In Istanbul shopping Fest where hundreds of thousands visitors from all around the world will be hosted, many activities are planned for inside shopping malls and stores in various regions of Istanbul. The malls will be open until the late hours. The spirit of festival will surround Istanbul's important shopping avenues as well as the shopping malls. For 21 days, the city will live up with street festivals, concerts, shows, games for children, parties, competitions and fashion shows, and the entertainment vibes will be stronger than previous years.

THE FESTIVAL IS QUITE IMPORTANT FOR EXPORT IN TURKEY

Being the sole organization where the government and private sector is in such harmony and collaboration, Istanbul Shopping Fest made a remarkable contribution to shopping figures from the first day of its organization. From retail to tourism, and from health to entertainment, many sectors are planned to be enlivened with the festival. In the festival which has an important potential in Turkey's exports, the expenses made through a foreign credit card increased by 64% and became TRY 400 million in 2012, and it reached to TRY 450 million in 2013. According to the figures of Tax Free, in comparison with the previous year, the rate of shopping through Tax Free

increased by 50% in total and reached a turnover of TRY 30 million in 2012, however in 2013 the amount of expenses per person through Tax Free increased by 19% and became approximately TRY 697.



VAHAP KÜÇÜK

Chairman of Turkish Federation of Shopping Centers and Retailers (TAMPF)

Our purpose is transforming Istanbul into one of the most important shopping centers of the world such as Paris, London and Milano. Shopping Fest was organized with great devotion and effort in last years and it brought results. We can see this through the figures and the positive feedback from people inside and outside of the country. This year, Shopping Fest is increasing both its area of participation and effect. Shopping Fest will be organized with more participation this year and I hope that it will become more colorful.

While in 2011, in the first year of the festival, the volume of retail trade was increased by 41% in comparison with the previous year, in 2012, the amount of expenses made in 21 days was TRY 7.5 mil-



İBRAHİM ÇAĞLAR

Chief Executive Officer of Istanbul Shopping Fest (ISF)

I consider Istanbul as a bridge connecting the East to the West, the traditional to the modern and the past to the future. With these characteristics, it fits to the nature of trade and is a candidate to be at the heart of world trade. I can say that we proceed with a marketing strategy which is focused on abroad without ignoring the domestic market. This year we will carry the festival into the streets. The festival will show itself everywhere that the trade is available. I think that along with Istanbul, the economy of the whole country will be affected by the spring of trade flowing from the Shopping Fest.

lion. During the 3rd festival which was held on June 8-30 of the previous year, the shopping turnover increased by 10%. Within the scope of ISF, this year, the turnover is expected to reach TRY 10 million which was TRY 8 billion 250 million last year and the number of tourists is expected to become over 1 million 100 thousand which was 958 thousand in the previous year.

THIS YEAR, 1 MILLION 10 THOUSAND TOURISTS ARE TARGETED

THY which is a strong sponsor has a big share in promoting Istanbul Shopping Fest accurately. Accordingly, many of the visitors are coming to Istanbul already informed about the festival. The president of Istanbul Chamber of Commerce, İbrahim Çağlar who will be the Chief Executive Officer of the Festival believes that the energy of Istanbul Shopping Fest in 2014 will spread to a wide area from the street hawkers to the luxurious shopping malls and from the taxi drivers to the entertainment and accommodation sector. "Istanbul will win" said Çağlar and continued,





Construction machinery industry is setting high-level targets worthy of Turkey's 2023 vision.

HEAVY MACHINERY

Construction Machinery Sector Plays for Leadership

As in all developed and developing countries, the construction machinery sector is of great importance in Turkey. Having a great growth potential today as well as in the future, the construction machinery sector enters 2014 with an export target of \$ 1.5 billion.

BY NESRİN KOÇASLAN

A REMARKABLE SECTOR WHICH FUELS TURKEY'S 2023 economic vision, the construction machinery industry has left behind quite a brilliant period. The sector gained significance. In recent years with the dynamism Turkish construction sector captured both domestically and abroad,

urban renewal projects gaining momentum, planning of new infrastructure and superstructure and the emergence of significant highway, railway and airport projects. According to data from Construction Machinery Manufacturers and Distributors Association of Tur-

Turkey exports to 127 countries including 25 European Union members and is estimated to become the 3rd largest market in Europe for construction machinery by 2016.

key (IMDER) Turkey ranks 5th in Europe and 12th in the world in the construction machinery sector. Being the 9th largest country in Europe In construction machinery manufacturing, Turkey has 70 years of experience in this field. Turkish machinery industry, since 1990, has shown an annual growth of about 20 percent, which is a success that needs to be underlined. Of 600 companies operating in the construction machinery industry, 100 are manufacturers and 220 are suppliers. 14 thousand people, highly skilled and trained workers, are employed in the sector. One of the most important attributes, strengthening the hand of the sector in overseas markets, is the qualification to export to Europe duty-free. Regulation that enables duty free export for firms that meet AB+ CE standards of

manufacturing adds strength to the construction machinery sector. In this sense, Turkey takes advantage of its proximity to developed and developing markets and stands out with the fastest growth rate after China and India. Turkey exports to 127 countries including 25 European Union members and is estimated to become the 3rd largest market in Europe for construction machinery by 2016.

2023 VISION OF CONSTRUCTION MACHINERY SECTOR

Construction machinery industry is hopeful in 2014. Having sold 11,160 machines in 2011, the companies in the sector estimate to sell 17,500 this year. Export target is 3 billion dollars in 2014, whereas import value is expected to be 6 billion dollars. Targeting a turnover of \$ 12 billion in total, Turkish companies prepare to export 65 percent of production in 2014. Also this year, there is an expectation that 45-50 percent of sales in domestic market will be of domestic brands.

Construction machinery industry is setting high-level targets worthy of Turkey's 2023 vision. Aiming to raise export value to \$ 10 billion in 2023, companies are well on their way to become Europe's largest construction machinery market. The 2023 targets are realistic, considering that



SEROL ACARKAN

Machinery and Accessories Exporters' Association Board of Directors Vice President

USA, China and Germany are the leading exporters of construction equipment. Turkey is 24th on the list. Main countries Turkey exports to are Iraq, Russia, Azerbaijan, Germany, England, followed by Turkmenistan and Iran. Heavy machinery, their components and parts, construction towers and their spare parts are the most exported equipment. It is necessary to give incentives to companies working in this sector for the manufacturers to grow and improve.

in 2002, the sector only had 162 million dollars in exports. 2023 planning also includes the target for sales figures to reach 30 thousand levels.

HIDROMAK GROWS STRONG IN EXPORTS

An important witness to significant achievements of the sector is Hidromak, a company with over 50 years of experience in the industry. A leading company that manufactures service equipment such as dampers, hydraulic

compression garbage boxes, truck mixer and road sweeping, Hidromak, also provides spare parts and repair and maintenance services. Hidromak's Deputy General Manager Responsible for Sales and Marketing, Aydin Balkara, stresses that Turkey is the most advantageous market in terms of price and performance. He answered our questions on the potential of the construction machinery sector and targets for 2023.

Balkar says that with Turkey's rapid development and domestic market growth, manufacturers are now making bolder investments. "With the increased investment activity, companies can devote larger portion of the added capacity to exports. On the other hand, our customers have come to know our products in all details. Therefore, they are able to express their expectations in a very clear way. These expectations in return allow us to innovate our manufacturing. Products evolving and changing in this way reach a level of quality to be successful not only in Turkey but also in the world. Ultimately a successful product finds its place in the world and is in demand", he said. Naming customer satisfaction as their priority, Aydin Balkar mentions that they can even respond to instantaneous demands of the customers with their R & D capabilities. He says Hidromak exports to 45 countries with special emphasis on Russia and Saudi Arabia; the company even negotiated a dealership structure in Russia. Balkar said they would increase their exports in 2014: "In the coming period, we are closely interested in European Union countries. Especially the most recently joined ones are on our priority list. We think it will be easier to enter developed markets by improving our superstructure."

600 companies operating in the construction machinery industry, 100 are manufacturers and 220 are suppliers.

TURKISH CONSTRUCTION EQUIPMENT SECTOR INDICATORS

5

EUROPE'S 5TH LARGEST CONSTRUCTION EQUIPMENT MARKET

12

WORLD'S 12TH LARGEST CONSTRUCTION EQUIPMENT MARKET

127

COUNTRIES
EUROPE'S 5TH LARGEST CONSTRUCTION EQUIPMENT MARKET

5.5

BILLION DOLLARS
AN AVERAGE ANNUAL ECONOMIC OUTPUT OF THE SECTOR

14

THOUSAND
SECTOR'S TOTAL EMPLOYMENT

10

BILLION DOLLARS
SECTOR'S 2023 TARGET



The 2023 targets are realistic, considering that in 2002, the sector only had 162 million dollars in exports.



OIL

Vegetable Oils NEEDS NEW MARKETS

Turkey is one of the world's major vegetable oil exporters, although it is dependent on raw material imports. Exports to the Middle East in 2013 was around of 934.7 million dollars.

BY FİGEN AYPEK AYVACI

FATS ARE VITAL for the human body as carbohydrates and proteins. They are the basic necessities of the body. Vegetable oils are low in saturated fat and contains free fatty acid which is necessary for cell structure, that's why it has an important place in our fat intake. Experts says that the human body needs about 1700 calories on a daily basis. An individual with a healthy

diet needs to provide 35% of his/her daily caloric need from fats. That means, 595 calories of fat which is equal to 65 grams of fat intake each day. This figure means, 24 kg of fat consumption per year. Vegetable oils that are crucial for human body also constitutes an important place in the economy. In the 1980s, with the development of the agricultural industry, the processing of

oilseeds and vegetable oil has become easier and the industry has evolved in this extent. Turkey has become a major producer of vegetable oil. World export data of 2013 is not available yet but the sector's global exports were 105.7 billion dollars in 2012, while imports totaled \$ 107.3 billion. In 2012, Turkey's share in world exports of vegetable oil was 1.1% and the share of imports was 1.7 % .

RAW OIL IMPORTS CREATES VALUE ADDED

While sunflower oil production has an important place in Turkey, the production of soybeans and corn oil has increased parallel to domestic demand. Production of sunflower oil is accounted for 70 % of the vegetable oil produced in Turkey. On the other hand, raw cotton and canola oils are also being produced. All of these are accounted for 90 % of our exports when palm oil production is added. Although Turkey is at the forefront among vegetable oil exporters, it can not meet the raw material needs from domestic market and tries to close the gap by oilseed imports. However, imports are carried out as raw oil in order to create added value. Chairman of Promotion Group and Central Anatolian Exporters Union Turgay Ünlü says Tur-

Turkey is performing significant vegetable oil exports in Turkic Republics, either via Russia or directly.



key exported 754 thousand tons of sunflower seeds worth 443 thousand 959 dollars and 743 thousand tons of raw oil worth of 987.3 million dollars with the total of \$ 1.431 million dollars of imports in 2012. Ünlü underlines that the increase in imports was 690.5 % between 2003 – 2012. “Domestic market’s 599,236 thousand dollars share –equals to 450,962 thousand tons– is met with oil imports. 626 thousand tons of raw sunflower oil import worth of 908.1 million dollars occurred in 2013” said Ünlü.

EXPORTS INCREASED 8 TIMES IN THE LAST DECADE

Despite the fact that Turkey is dependent on raw material, it still has managed to increase the vegetable oil exports eight times in the last decade. Turkey’s 2013 vegetable oils

exports decreased by 2.5% to 1,085 million dollars compared to the previous year. According to Ünlü, despite the decrease in value caused by raw oil prices collapse, an increase by 8.3% in quantity occurred with 772 thousand tons. Ünlü added, “An increase about eight times has been recorded in export in the last decade.”

The largest export share was “refined sunflower oil” in 2013. Despite an increase by 1.4% in quantity compared to previous year, a decline occurred by 8.2% in value with 816 million dollars. Ünlü said, “The second product that has the largest share of the sector’s exports “margarine” exports increased by 24 % to \$ 189.1 million in the same year.”

FINDING NEW MARKETS IS A MUST

Turkey mostly exports vegetable oil to the Middle East and Iraq is taking the first place among the countries Turkey do business with. In 2013, Turkey exported goods worth of 934.7 million U.S. dollars to the Middle East. \$ 655 million share was from Iraq. Export of the region countries’ sectoral exports share was 86.2 %. Ünlü says, in order to reach the 2023 target which is 3.2 reagents dollars of exports, new markets must be addressed while preserving existing ones. Ünlü: “Our exporters in the industry being more interested in EU countries, Africa and Far East would contribute to their competitive positions in these

Turkey mostly exports vegetable oil to the Middle East and Iraq is taking the first place among the countries Turkey do business with.

markets and create significant improvements in sector’s exports.”

Turkey is performing significant vegetable oil exports in Turkic Republics, either via Russia or directly. In 2013, Turkey exported 4.7 million dollars worth of vegetable oils to Azerbaijan, 9.5 million dollars to Georgia and 1.9 million dollars to Kazakhstan. However, the sector has been experiencing problems in exporting to the Turkic Republics. Ünlü says, “Delivery takes a long time and the costs are high.”

TURKEY’S TARGET IS RUSSIA

Russia and neighbouring countries showed great interest in especially sunflower oil at the “ProdExpo 2014 International Food, Drink and Raw Food Materials Fair” held in Moscow, Russia. Russia is a leading manufacturer of sunflower oil seeds but Turkey has refining factories with the latest system that might help Turkey become an alternative provider for Russia. Pasta, Wheat, Pulses and Oils Group (MBTG) President Ahmet Tiryakioğlu said, “Sunflower, canola and soy oil which are being refined in Turkey turns the country into one of the most important centers.”



TURGAY ÜNLÜ

Chairman of Turkish Flour, Yeast and Ingredients (TFYI) Promotion Group

Oilseed production in Turkey doesn’t meet domestic consumption or demand of evolving vegetable oil exports which causes problems for vegetable oil sector. Indeed, 711 thousand tons of sunflower seeds (worth \$ 474 million) were imported because the demand could not be met in 2013. In addition to these imports, Turkey imports raw oil. At this point, application of tariff quotas applied very successfully for sunflower seeds between 2010 and 2011 has to be implemented in 2014 and 2015 as well. This practice contributes to the reduction of our country’s current account deficit, it may vary by year but mostly ranged from \$ 500 million to \$ 1 billion. Therefore, this application has become an essential policy tool in oilseeds sector. Our country is expected to gain self-sufficiency within a maximum of 3–4 years with the help of this system that encourages domestic market to produce sunflower seeds.



\$1,085
MILLION
VEGETABLE OIL
EXPORTS IN 2013

\$934.7
MILLION
VEGETABLE OIL EXPORTS
TO MIDDLE EAST

\$655
MILLION
VEGETABLE OIL
EXPORTS TO IRAQ



CARPET

LEADING COUNTRY IN CARPET: TURKEY

Carpets and rugs which have an important place for Turkish and Central Asian culture have spread all over the world. Rugs are a part of our cultural values, almost a habit and so Turkey is one of the leading countries of the world in carpet manufacture.

BY BARAN KARAKUZU

AFTER THE GLOBAL crisis and recession Turkey experienced in 2009, industry followed a positive progress and has consistently maintained an increase trend. Turkey performed export worth \$ 2 billions in 2012 and this figure increased to 2.2 billion dollars in 2013. A major share of Turkey's carpet exports comprise of machine-made carpets. However hand-woven carpets' export share is only limited.

TURKISH CARPETS GAIN WORLD'S RECOGNITION

As of 2013, Turkey's leading

A major share of Turkey's carpet exports comprised of machine-made carpets. 85% of machine-made rugs' production is made in Gaziantep.

carpet exportmarkets are listed as Saudi Arabia, USA, Libya, Iraq and Germany. EU countries' share in carpet exports which was 19 % in 2012 increased by 9.8 percent in 2013 and totaled in 418.2 million dollars. The countries that the sector's trade volume reached around of \$ 10 million with more than 100% increase in exports are; Hungary with 430.1% increase, Jordan with 170.1 % and Yemen with 107.4 %. According to Istanbul Carpet Exporters' Association (İHİB) President İbrahim Yılmaz, the political turmoil occurred in countries like Iraq,

Turkey's leading carpet exportmarkets are listed as Saudi Arabia, USA, Libya, Iraq and Germany.

Syria and Libya had a negative impact on Turkish carpet industry. The developments which contributed positively to carpet exports were the economic recovery in the construction sector and the key markets. İHİB President İbrahim Yılmaz says the main factor behind the increase in exports was being able to supply the right product to the right customers by following the world trends closely. Yılmaz says, "Turkish carpets are being produced globally in compliance with historical values."

THE VALUE OF MACHINE CARPET INCREASE STABLY

Machine-made rugs market is having a steady growth compared to hand-woven carpets due to lower production costs. According to Turkish Statistical Institute (TÜİK), machine made carpet exports increased to \$2.06 billion by 10.63 %. Added value of machine-made carpets and value per kilogram are rising from year to year in Turkey. While the value of machine-made carpets per kilogram was \$ 2.83 in the previous years, this figure increased steadily (except in 2009) and rose to \$ 3.51 in 2013. This data shows that, Turkey's production of 'high value added products' has increased. According to Atlas Halı General Manager Dr. Meriç Bebitoğlu, Turkey has a valuable position especially in the market for machine-made carpets. Bebitoğlu says, Turkey machine-made carpet industry grows around 10 percent each year. Bebitoğlu: "We can proudly say that Turkish carpet industry produces 40 percent of the machine-made carpets used in the whole world." Machine-made carpets' export-import ratio was 2573.81% in 2013 and it contributed to the sector's 1.98 billion dollars net external trade surplus.

GAZİANTEP IS THE FIRST RUNNER IN MACHINE-MADE CARPETS

Gaziantep is the leading city in Turkey's production of machine-made carpets. 85 percent of Turkey's machine-made carpet production and 70 percent of the country's total carpet trade is done through this town. Recently, a branding process is underway over carpet in especially Gaziantep in Southeast Anatolia. Turkish carpet brands are easily compete in the global market and 1 million m² carpet production is done per day in Gaziantep.

There are 150 companies in town which are exporting to over 120 countries. Middle East Carpet Fair held every year in Gaziantep is the region's largest carpet trade show. The fair welcomes the world's most important carpet importers and exporters. 25 % of the machine-made rugs produced in city are exported to EU countries, 23.5 % to the Middle Eastern countries and 19 % to CIS countries.

BENEFITTING FROM INNOVATIVE APPROACHES

Innovative approaches dominated Turkey's carpet industry in the recent period. Dirt-repellent nano-carpet which cleans itself with light and relieves stress are some of the products highly praised in both domestic and foreign markets. Bebitoğlu mentions about the recent innovative approaches benefited greatly by stating "Turkey and overseas markets appreciated the contribution we made to the industry with nano-carpet. This recognition gives us power for our future overseas activities." Bebitoğlu says that they managed to grow by 350% in a year through innovative products.

TURKEY IS ONE OF THE MOST PROMINENT COUNTRIES IN HAND-WOVEN CARPETS

Hand-woven carpet exports are mostly done by China, Iran, Pakistan, Turkey, Nepal and



TURKEY HAND-WOVEN CARPET EXPORTS IN 2013



Tibet. Demand for hand-woven carpets which are one of the most important examples of Anatolian traditional hand-made carpets have decreased after financial crisis in 2009. Hand-woven market has always been floating due to high cost and income elasticity of demand.

High energy costs, polypropylene and acrylic prices (which are directly connected with petrochemicals) should be kept under control in order to strengthen the competitive structure of the industry.



İBRAHİM YILMAZ

Chairman of Nur Hah

While making assessments about our carpet exports, it is also important to note that we already exceeded the 2023 Export Strategy target set for 2013 which is \$ 2.1 billion. Short, medium and long term export targets have been identified in the 'Export Strategy for 2023' announced under the leadership of Ministry of Economy and Turkey Exporters Assembly. In this context, our targeted total export value for 2014 is 2 billion 300 million dollars; 2 billion 150 million dollars for machine-made carpets and 150 million dollars for hand-woven carpets.



DR. MERİÇ BEBİTOĞLU

General Manager of ATLAS HALI

Atlas Hah is one of Turkey's long-established carpet brands with its legendary 45-years of history. This valuable brand's rebirth began in 2011 after becoming a part of Naksan Holding. Since then, we have placed innovation and R & D on the top of our priority list and invented nano-carpet. Turkey and overseas markets appreciated the contribution we made to the industry with nano-carpet. This recognition gives us power for our future overseas activities



TANER NAKİBOĞLU

Chairman of Royal Hah

We presume that the carpet industry will grow in the future with the increase of GDP and disposable income. As Royal Hah, 20% of our sales consists of our export sales. We have 650 Royal Hah and Pierre Cardin branded sales points in 30 countries. We perform exports to nearly 30 countries; mainly Ukraine, Germany, Turkmenistan, Saudi Arabia, Russia, Azerbaijan, United Arab Emirates and Romania. Europe's largest manufacturers of tufting are among our customers. We manufacture more than 4 thousand patterned carpets in our 85 thousand meters square manufacturing site with an annual production capacity of 5.3 million meters square and sell it to Turkey and the world.

TURKEY'S RECENT FDI PERFORMANCE

With its favorable investment environment, Turkey continues to be a safe harbor for international investors.

TURKEY'S FDI in 2013 was reassuringly fine and according to year-end provisional data, Turkey attracted USD 12.9 billion of FDI in 2013. The final figures have not been released yet; however the amount is expected to be above that of 2012. Looking at provisional figures, 20% of the current account deficit was financed through FDI in 2013.

At the country level, Germany was the largest investor in Turkey in 2013, followed by the Netherlands, Russia, Azerbaijan and Austria.

As for the sectorial level, the most attractive sector in 2013 was finance, with over USD 3.7 billion, followed by energy and manufacturing with USD 2.5 billion and USD 2 billion respectively.

Moreover, in December 2013, FDI inflow to Turkey dramatically increased by 89% compared to the same month of the previous year.

ISPAT'S EFFORTS TO DIVERSIFY ITS FDI SOURCES BEGIN TO YIELD RESULTS

Moreover, geographical breakdown of FDI inflows indicates that Turkey continues to diversify the sources of FDI inflows. The EU share decreased from 68% to 52%, while Asia's share soared to 31% up from 22%. However, with the economic recovery, the EU may again increase its share in 2014 and 2015.

While FDI inflows to the

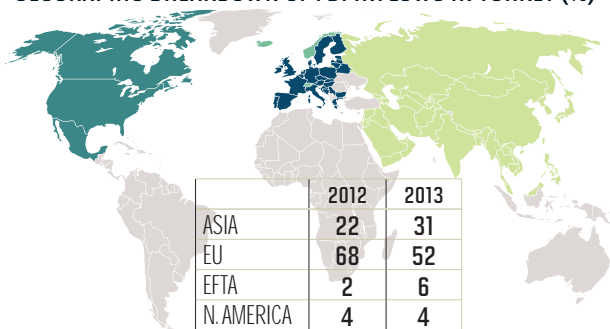
peers like the Czech Republic and Poland drastically decreased by 58% and 167% respectively, FDI inflows to Turkey in 2013 was relatively satisfying due to the high potential of the Turkish economy and the remarkable trend in FDI inflows in the last decade.

When we take a glance at very early 2014 figures, we see that Turkey attracted approximately USD 2.4 billion of FDI in January-February 2014, a 28% increase year-on-year. In the meantime, the current account deficit was USD 8.1 billion in the first two months of the year, down by

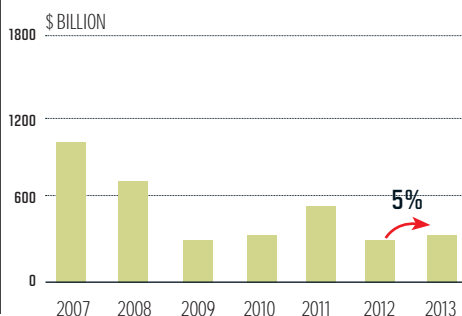
25% when compared with the same period of 2013. As such, 29% of the current account deficit was financed through FDI inflows in January-February period.

Turkey enjoyed an 8% increase in greenfield investments and this made Turkey the 19th most attractive investment destination for greenfield investments.

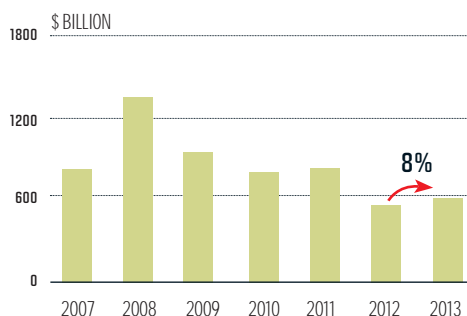
GEOGRAPHIC BREAKDOWN OF FDI INFLOWS IN TURKEY (%)



GLOBAL M&A



GLOBAL GREENFIELD FDI PROJECTS



At the country level, the Netherlands, with USD 1.120 million, was the top investor in Turkey in the first two months of 2014, followed by the US, Germany and France.

As for sectorial level, the most attractive sector in the same period was manufacturing, with USD 849 million of FDI, followed by financial and insurance services and energy.

When we look at the provisional figures for the first two months of 2014, we see that investors have a long-term vision regarding their investment plans and they scarcely take into consideration instant changes in the country. That is to say, the latest events and election processes would not have any significant negative effect on direct investments in Turkey.

The rise on greenfield investments is a good indicator of the investors' high confidence in Turkish economy's future.

As is well-known, in parallel with globalization, many countries are in fierce competition to attract more high value-added, technology-intensive and greenfield investments. In terms of greenfield investments, Turkey is among the top 20 FDI recipient countries with USD 9.5 billion worth of projects, which were announced last year. Turkey enjoyed an 8% increase in greenfield invest-

ments and this made Turkey the 19th most attractive investment destination for greenfield investments.

SPANISH BUSINESSMEN ARE INVITED TO "GROW WITH TURKEY"

On March 10, 2014 a delegation of ISPAT headed by the President Mr. Ilker Ayci, held meetings with CEOs and high level executives of 6 major Spanish companies in Madrid. During the meetings specific investment opportunities in their relevant sectors have been presented to the companies and their questions and inquiries have been responded. The companies expressed their interest in Turkey and the meetings have been concluded with the will to continue the conversations in Turkey in the near future. In Madrid Mr. Ayci also gave exclusive interviews to Intereconomia media group and to AA.

On March 11, 2014, ISPAT and the Chamber of Commerce of Bilbao had jointly held an investment seminar in Bilbao. The seminar

Top ten investors in 2013		FDI Inflows (million \$)	The sectorial breakdown of FDI in 2013		FDI Inflows (million \$)
1	GERMANY	1.845	1	Financial and insurance services	3.734
2	NETHERLANDS	1.024	2	Electricity, gas, steam and air-conditioning supply	2.516
3	RUSSIA	868	3	Manufacturing	2.008
4	AZERBAIJAN	776	4	Wholesale and retail trade	356
5	AUSTRIA	659	5	Transportation and storage	295
6	LEBANON	574	6	Mining and quarrying	250
7	SPAIN	531	7	Construction	222
8	JAPAN	493	8	Administrative and support service activities	142
9	QATAR	469	9	Real estate activities	130
10	US	344	10	Information and communication services	122

brought together many executives from global companies and focus on all aspects of investing in Turkey, with an opportunity to highlight the recent developments in the Turkish economy. The seminar started with the welcome speech by the President of the Chamber of Commerce of Bilbao, Mr. José Ángel Corres, and has been followed by a speech by ISPAT President, Mr. Ilker Ayci. The seminar also included presentations by Mr. Alvaro Ortiz Vidal-Abarca, Chief Economist of BBVA and Mr. Asier Zarraonandia, the

Representative of Befesa, in which they have shared their studies as regards the future of the Turkish economy and also experiences in Turkey as investors.

Following the seminar at the Chamber of Commerce of Bilbao a roundtable meeting with 20 participants from most important companies of the Basque region has been held in Bilbao, in coordination with Banco Bilbao Vizcaya Argentaria (BBVA). During the meeting, the participants had the opportunity to exchange ideas on the recent developments in Turkey's

investment environment, including major projects, fiscal policies, economic forecasts and the 2023 vision, as well as to hear testimonials from Spanish companies about their ongoing projects in Turkey.

During the whole program in Madrid and Bilbao, Mr. Ilker Ayci, President of ISPAT has been accompanied by Mr. Hasan Pehlivan, Principal Advisor to ISPAT President, Ms. Yasemen Korukcu, Senior Advisor of ISPAT in Spain, and Ms. Yasemin Esenlik, ISPAT Chief Project Director.



INVESTMENT

Recordati Invests in Turkey's Bright Future

The Investment Support and Promotion Agency of Turkey (ISPAT) continues to support high value-added greenfield investments in Turkey. In cooperation with ISPAT, Italy's Recordati SpA., a leading name in the European pharmaceuticals industry with a wide range of medicinal products, announced a manufacturing investment of USD 50 million in Turkey.

High added value, technology-intensive and greenfield projects were on the rise in 2013.

The plant to be built in the Cerkezkoy Organized Industrial Zone located in Tekirdag province in northwestern Turkey will supply drugs for various therapeutic uses, at a rate of 80 million packs a year, creating 130 new jobs in the process.

The groundbreaking ceremony for the plant will be held in May 2014 with the participation of high-level governmental officials. The plant will spread across an indoor area of 18,000 m², comprising office spaces, manufacturing areas, storage and shipment areas, a power plant, liquid and solid waste treatment and related technical facilities, while it will

become operational in 2017.

The investment will significantly upgrade Recordati's manufacturing presence in Turkey to meet the growing demand, enabling the company to better supply markets in the Central Asia, the Caucasus and the surrounding regions.

Welcoming Recordati's announcement, Turkey's Minister of Health Dr. Mehmet Müezzinoğlu said, **"The Turkish government considers pharmaceutical industry as strategic and is fully committed to encouraging and supporting further development of the sector. Investments and know-how transfer in this critical area have our full backing. As a country, which has implemented a comprehensive healthcare reform that ensures the availability**

of easily accessible healthcare for its entire population, Turkey welcomes Recordati's investment as a significant contribution to the local pharmaceutical industry with the hope of seeing more industry leaders following Recordati's footsteps into our country. Sure of its positive impact on our country and people, I wish success to this high-tech endeavor."

Noting the close cooperation between ISPAT and Recordati in the realization of the investment project, ISPAT President İlker Ayçi said, **"The Agency is proud to have supported this project which stands out with its production capacity, potential and high added-value. It is a step taken towards Turkey's 2023 vision; ranking among the world's top 10 economies and reaching an export volume of USD 500 billion. ISPAT takes pride in assisting this investment in our vitally-important pharmaceutical industry."**

Andrea Recordati, the Chief Operating Officer and the Member of the Board of Directors of Recordati Group said, **"Following the acquisition of Yeni İlaç in 2008 and Dr. F. Frik İlaç in 2011, the Recordati Group is very satisfied with its presence in Turkey, a country where we have found a strong industrial vocation, competent and professional authorities and an extremely**

dedicated and qualified workforce. We consider our Turkish subsidiary to be one of the key development drivers for the group in the years to come and the industrial investment in the new Cerkezkoy plant is a further demonstration of how much importance we attach to the Turkish market in the overall growth strategy of the Recordati Group."

Praising ISPAT's efforts to make Turkey a key location for pharmaceutical production, Recordati Turkey General Manager, İsmail Yormaz said, **"Being fully aware of ISPAT's hard work to develop local pharmaceutical production capability, I thank ISPAT's personnel for this project. Recordati will do its part in offsetting the import-export imbalance in Turkey's current account deficit through this manufacturing investment."**

Italy-based Recordati is a growing pharmaceutical group active mainly in Europe, Turkey and the emerging markets of Central and Eastern Europe, offering specialty medicinal products for a wide range of therapeutic areas including rare diseases.

Marketing products in 135 countries worldwide, Recordati was first established in Turkey in 2008 with the acquisition of the Turkish pharmaceutical company, Yeni İlaç. In 2011, Recordati expanded its presence in the country by taking over another local company, Dr. F. Frik.

Recordati Turkey employs a total of 657 people in its head office in Esenyurt, Istanbul and a production facility that spans an area of 11,200 m². On a strong growth track, the company has 49 products in the Turkish market in 86 forms and is able to supply 32 million packs per year.



INVESTMENT

Ispat Continues to Promote Investment Opportunities in Turkey on a Global Scale

As the part of its investment promotion strategy, ISPAT continues to organize a series of exclusive events in the next couple of months.

WORLD INVESTMENT CONFERENCE, MAY 13 – 15, 2014, ISTANBUL, TURKEY

ISPAT President, Mr. İlker Ayçi was elected as the President of the World Association of Investment Promotion Agencies (WAIPA) which covers 175 national and regional investment promotion agencies from 130 countries at the WAIPA Steering Committee Meeting held in Cape Town on January 24, 2014. Turkey's assuming of a leadership role in an international organization is an important contribution to the country's prestige and influence before Turkey takes over the Presidency of the G-20 in 2015.

Having been annually organized by WAIPA for 19 years, the World Investment Conference, Istanbul (WIC-Istanbul) will be held on May 13-15. It will be a unique occasion which brings together representatives from member investment promotion agencies (IPAs) and non-governmental organizations, business leaders, selected intellectuals, and journalists to discuss the new trends and recent developments in foreign direct investments (FDI). Moreover, there will be another meeting where WAIPA members will vote on the former steering committee's offer of moving permanently WAIPA Headquarters from Geneva to Istanbul.

With its strategic location



and accessibility, Istanbul distinguishes itself as a regional and global hub for many multinational companies, such as Coca-Cola and Microsoft, managing 94 and 80 countries respectively, as well as international institutions like the International Finance Corporation (IFC) covering more than 50 countries.

There are 223 direct flights available from Istanbul to the rare parts of the world and this number has been increasing day by day. Among international airlines, Tur-kish Airlines has the highest number of direct flights in the world. Moreover, with its "Istanbul International Financial Center Project", Istanbul is aiming to become a regional and global financial center. As such, it will not be a surprise to see more

Minister of Health, Dr. Mehmet Müezzinoğlu, Director of the Illinois Department of Public Health (IDPH), LaMar Hasbrouck and ISPAT & WAIPA President M. İlker Ayçi from "Bio Convention 2013"

international organizations choosing Istanbul for their headquarters and hopefully, WAIPA will be the beginning in this long journey.

TURKEY'S INVESTMENT SUMMIT 2014, MAY 20-21, 2014, ISTANBUL

In partnership with ISPAT, the Sovereign Wealth Fund Institute (SWFI) is organizing a conference on May 20-21 in Istanbul which gathers a diverse, global audience of

international investors, asset managers, industry leaders and policymakers to learn about the vast investment opportunities Turkey offers.

The conference will see participation by high-level governmental officials and offer a comprehensive agenda including investment opportunities for mega infrastructure projects, as well as sectorial opportunities in the finance, energy and real estate sectors.

BIO INTERNATIONAL CONVENTION, JUNE 23 – 26, 2014, SAN DIEGO, CA, US

In the last two years, ISPAT attended the Annual Bio Convention in the US so as to present investors the opportunities in the biotechnology sector, which is considered to be a strategic investment field as the part of Turkey's national health strategy.

Every year, ISPAT organizes the participation of the Turkish delegation, which consists of the Ministry of Health, the Ministry of Science, Industry and Technology, the Ministry of Food, Agriculture and Livestock, the Ministry of Economy, the Social Security Institution, the Scientific and Technological Research Council of Turkey (TÜBİTAK) and the Undersecretariat of Treasury, as well as sector representatives. Over 15,000 companies and country representatives all over the world come together at this annually-organized Bio International Convention in order to share the latest developments in the field of biotechnology and take the first steps for significant partnerships.

ISPAT is, once again, taking its place in the BIO International Convention 2014, the premier event of the global biotechnology industry, to be held on June 23-26 in San Diego, CA, US.



AVIATION

Turkish Airlines Wins the CAPA Best Airline of the Year Award

Turkey's leading airline company, Turkish Airlines dazzles with its newly added destinations, awards won and its work on passenger satisfaction. Showing no signs of slowing down to reach its growth targets, THY increased its passenger volume by 23.6% in 2013.

BY BARAN KARAKUZZU

Turkish Airlines recently undertook a series of new initiatives. Most important ones are the expansion and renovation of the Lounge in Istanbul, newly added destinations to the flight network, development of systems for customer satisfaction, winning the Asia Pacific Aviation Center (CAPA) award and scoring the main sponsorship for Ladies European Tour Golf Tournament's Turkey leg.

CAPA Airline of the Year is awarded to the airline that has had the greatest impact on

the development of the airline industry, established itself as a leader, and the benchmark for others to follow. Turkish Airlines is the 2013 recipient of this pre-eminent award. Turkish Airlines General Manager Dr. Temel Kotil received the award from CAPA Executive Chairman Peter Harbison at the 11th annual CAPA Aviation Awards for Excellence Gala in Amsterdam. In regard to Turkish Airlines being honored with the award, Peter Harbison said, "Turkish Airlines provides service to ap-

CAPA
CENTRE FOR AVIATION

With a design blending modern and traditional concepts, "Lounge Istanbul" is expected to be the best candidate for the top spot in the best airport passenger lounges list.

proximately 200 international destinations from its strong center in Istanbul. Turkish Airlines was able to continuously offer high quality products, create innovative marketing campaigns and managed to become a leader in creating a service culture in aerospace industry thanks to its management's strong and visionary leadership and employees' efforts"

PASSENGER VOLUME GROWTH OF 23.6% IN 2013

According to Turkish Airlines

2013 financial statements announced on Istanbul Stock Exchange, the company's sales revenue increased by 27% over the previous year, and reached 18.8 billion TL. The company's operating profit increased by 9% to 1 billion 240 million TL while the net profit was 683 million TL. According to data from the Association of European Airlines, THY comes in at No 2. for best luggage handling. Again, according to the AEA, Turkish Airlines is the fastest growing national airline with passenger volume increase of 23.6% in 2013 over last year's figures.

LOUNGE ISTANBUL RENOVATED

With exclusive catering service concept that continues to set standards in the world, Turkish Airlines made a name for itself in the global arena with the awards it received in this area. As a continuation of these services, "Turkish Airlines Istanbul Lounge", located in the international departures terminal of Atatürk Airport, is expanded, renovated and reopened for service today. "Lounge Istanbul" is listed among world's top 10 private passenger lounges. In a short period of 2.5 months, decoration of the main hall is completed and an additional space of 2400 m² was constructed on top of the already existing 3,500 m².

CODESHARE AGREEMENT WITH SINGAPORE AIRLINES EXPANDED

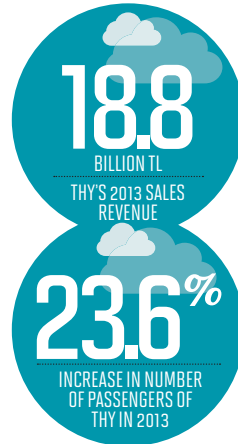
Star Alliance members Turkish Airlines and Singapore Airlines reached an agreement to expand the existing code sharing arrangement to cover more travel destinations. Since February 2009, the airlines code-share through their flight numbers on Istanbul-Singapore-Istanbul route. Turkish Airlines have a weekly frequency of 7

flights on the Istanbul-Singapore-Istanbul line.

NEW ROUTES: ROTTERDAM AND ASTRAKHAN, GANJA, STAVROPOL

Turkish Airlines launched flights to Ganja, Azerbaijan's second largest city on April 2nd; to Stavropol in the southwestern part of the Russian Federation on April 21st; to Rotterdam, the second largest city in the Netherlands on March 5th; and to Astrakhan, the capital of Oblast Astrakhan located where Volga River meets the Caspian Sea in the Russian Federation on March 30th. Having one of the world's largest ports, Rotterdam's cosmopolitan structure, its dominant economic and cultural activities have quite the appeal. Volga River runs through the city of Astrakhan, which is located 1,500 km southeast of Moscow. It is a major port city of the Russian Federation where Volga River runs into the Caspian Sea. THY is also planning to launch flights to Pisa of Italy, Munster of Germany, Bordeaux of France, and Cotonou and Abidjan of the Ivory Coast by June.

THY is planning to launch flights to Pisa of Italy, Munster of Germany, Bordeaux of France, and Cotonou and Abidjan of the Ivory Coast by June.



LADIES EUROPEAN TOUR (LET) TURKEY LEG SPONSOR

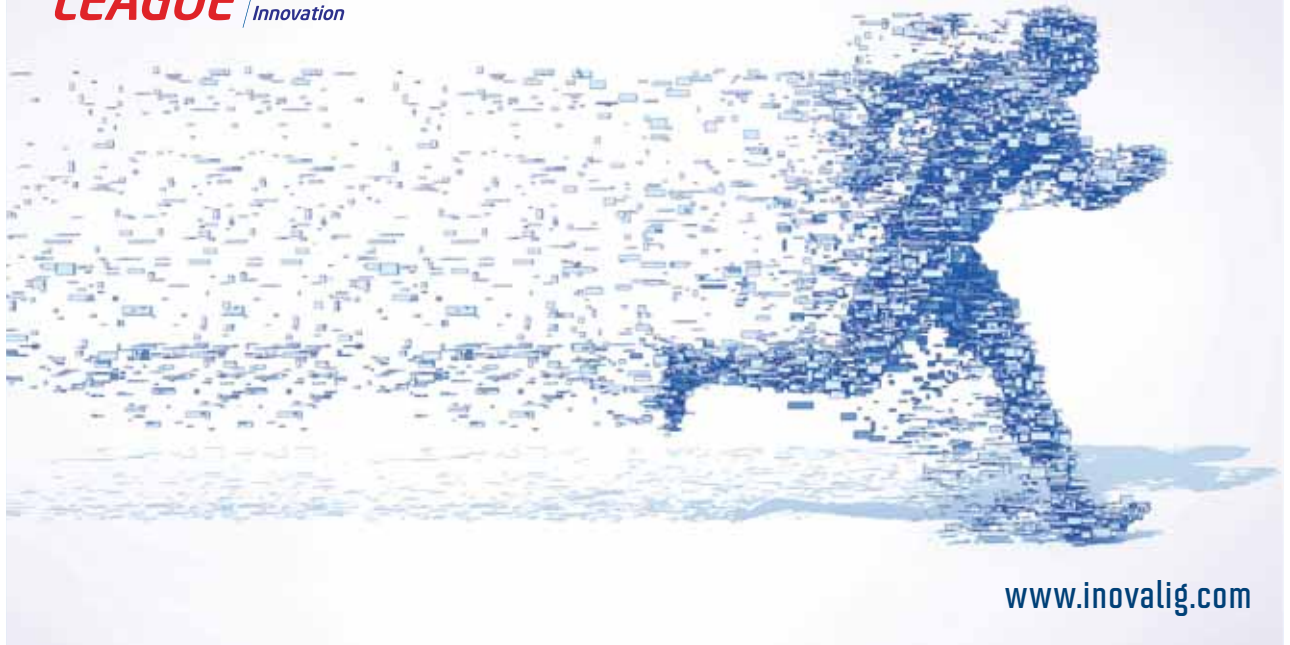
Turkish airlines is the main and title sponsor of the Turkish leg of 6th Ladies European Tour Golf Tournament (LET). LET is organized in countries worldwide and is considered as one of Europe's most prestigious tournaments. Turkey leg of the tournament will be held at the National Golf Club in Antalya - Belek on 08-11 May 2014.

WITH TRAVEL BLOG "SKY LIBRARY" TRAVEL IS MORE FUN

The blog aims to share the extensive travel culture gained as the airline with the most flight destinations, with all passengers. It will be the first time passengers will have the opportunity to follow the colorful and different experiences of Turkish Airlines cabin crew and staff who worked around the world, on a global scale.

Sky Library, designed for Turkish Airlines Miles & Smiles members, presents an opportunity for passengers to benefit from a rich digital library during flights and at any different time.





www.inovalig.com

INNOVATION

INNOVA-LEAGUE : TURKEY'S FIRST INNOVATION CHAMPIONSHIP

After design competitions, R&D project markets and Turkey Innovation Week events, Turkey Exporters Assembly will determine Turkey's innovation leader.

BY SİMGENUR GÜDEBERK

INVENTIONS THAT couldn't even cross our minds ten years ago have turned into easily accessible products. We read about the success of innovation from newspapers or the internet; for example, about a driverless car or smart glasses called Google Glass. The creator of these projects, Google X's founder Prof. Dr. Sebastian Thrun participated in the Turkey Innovation Week organized by Turkey Exporters Assembly

and said innovation is about 'trial-and-error method'.

Surviving in the competitive environment of our century and improving the concept of innovation which has become a prerequisite for profitability have been on Turkey Exporters Assembly's agenda for a long time. For this reason, 8 different R&D technology markets and 17 design competition were held last year. Workshops were performed in 50 disadvantaged primary

schools to train tomorrow's innovative leaders.

InovaTIM and teknoTIM's were activated within Turkey Innovation Week event in high schools and universities. 30 people who will participate in joint master's program of Yıldız Technical University and the University of Warwick will be given 3 thousand TL each. TIM is preparing to make a big move in order to turn Turkey's potential into value added. Name of the move is: Innova-League. Tur-

key's first innovation championships. Anyone can join the competition. Applications have no limit. No application fee, no obstacles for the companies which apply each year. Only point to note is the application deadline which is end of May.

"WE'LL GET RID OF THE CURRENT DEFICIT PROBLEM WITH INNOVATIONS"

Turkey Exporters Assembly places a great emphasis on Innova-League. Regarding

this project, TIM President Mehmet Büyükekşi says: "Today, it is believed that be the main problem of Turkey's economy is the current account deficit. As we always say, it is not the current account deficit, it is the innovation deficit. In our opinion, value-added production and export is the only way to get rid of Turkey's current account deficit." By pointing out the importance of R&D, innovation, design and branding issues in order to close innovation gap, Büyükekşi added: "In Turkey, we only have the 'R' of R&D. Innova-League will hopefully reveal the 'G'."

With this project, firm's annual innovation reports will be prepared and innovation champions will be determined each year. Firm's innovation capabilities will be revealed on the basis of international criteria. The project will be repeated with the goal of creating a permanent agenda and hopefully become a tradition in the coming years. Prepared as a parallel concept to 'IMP³rove' implemented in 17 countries in Europe (co-ordinated by A. T. Kearney), Innova-League's aim is to determine Turkey's innovation leader.

CANDIDATE FIRMS WILL COMPETE IN FIVE CATEGORIES

26 thousand people attended the Turkey Innovation Week held between November, 28 to 30 2013. More than 20 thousand people followed the event from event website and TIM TV. More than 500 R&D and design projects were exhibited during the event. 54 R&D centers and 16 technoparks got involved in the 3-day event. Nearly 80 companies pre-registered for Inovalig and giants such as Anadolu Group, Arçelik, Borusan, Brisa, ETİ, Fiat, Igdaş, ING, Petrol Ofisi,

Oyak-Renault, TEB, THY, Tofaş were among them.

Companies wishing to participate in Turkey's first innovation championship will complete registration until June and fill the 40-item innovation questionnaire. They will receive weekly or monthly notifications and training materials and finally attend innovation conferences and trainings. At this stage, steps will be taken to increase the participating companies' innovation capabilities. At the end of the process, 100-page innovation report will be created for each firm. This report will be a benchmarking (comparison report) report for the firms to compare competence with their counterparts in the local and international markets. Firms will compete in five categories (A. T. Kearney will take into consideration in innovation management methodology), which are: Innovation Strategy, Organization and Culture, Innovation Life Cycle Process, Enabling Factors, Innovation Results.

In A. T. Kearney innovation management methodology,

Prepared as a parallel concept to 'IMP³rove' implemented in 17 countries among Europe, Innova-League's aim is to determine Turkey's innovation leader.

firms effect their medium-term growth expansion plans with innovation management competencies. Where would my company go if I don't focus on innovation, what is the proper innovation level that would help me keep my income and profit stable, what is the contribution of my current innovation projects, do I have enough innovation projects that allows me to realize my medium and long-term goals are questions that all firms have to evaluate.

In addition, this methodology aims to increase innovation efficiency and improve performance, also to have faster profit and continuous improvement.

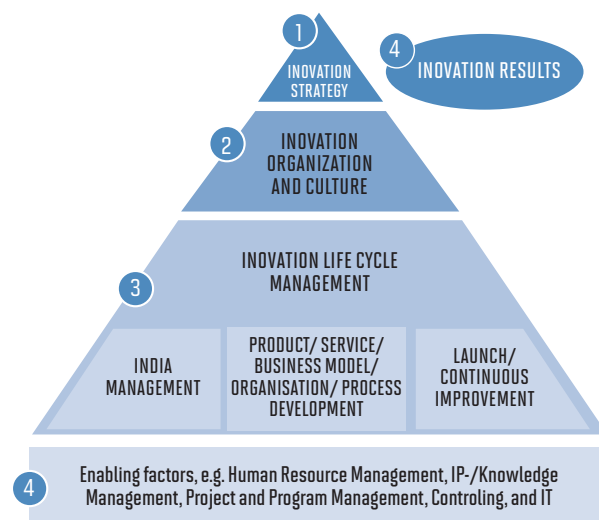
250 COMPANIES WILL BE ENTITLED TO JOIN INNOVA-LEAGUE

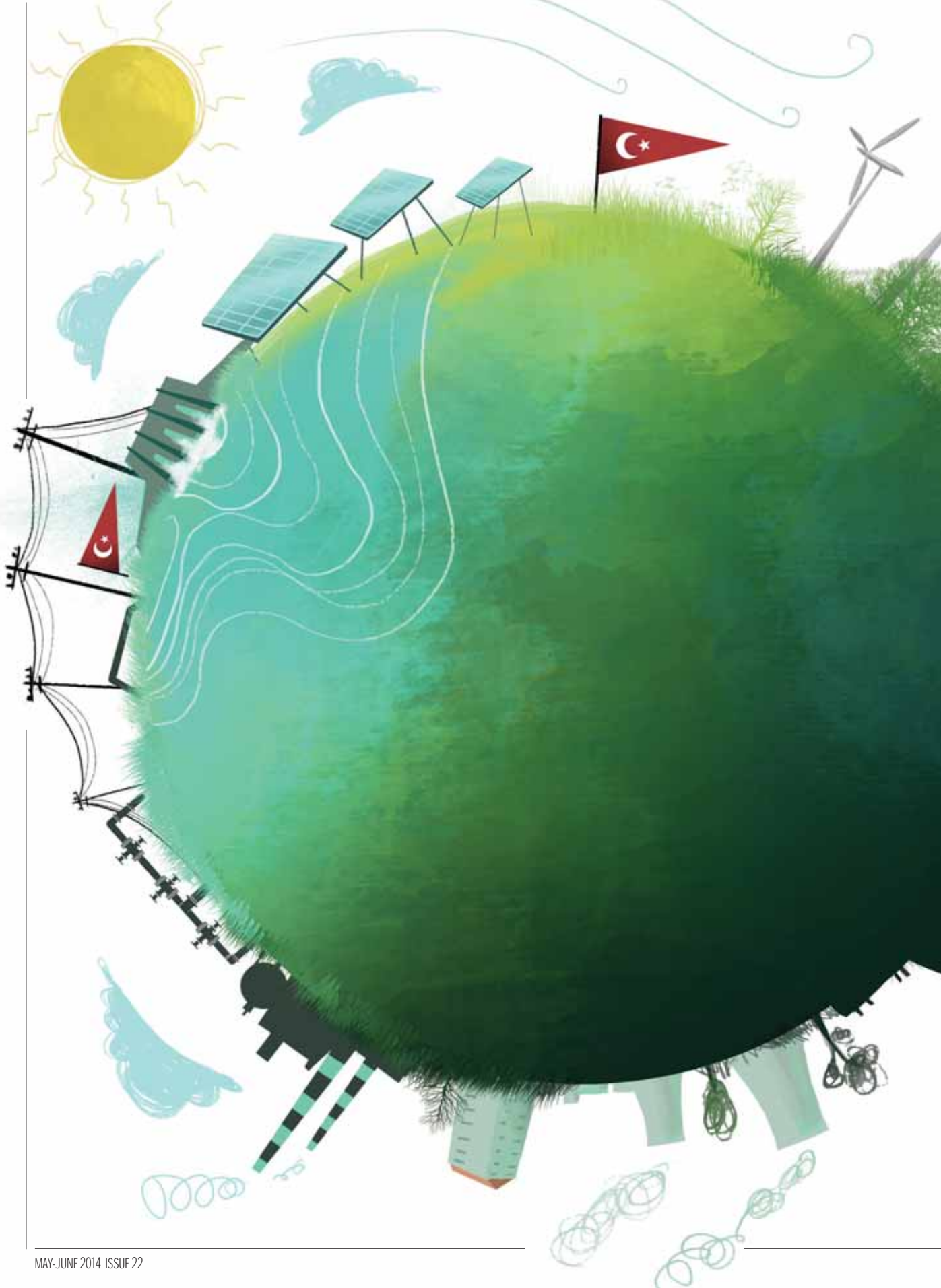
In the category of Innovation Strategy, strategic priority of vision and mission and the implementation of strategy will be considered. In Organization and Culture category, duties and responsibilities, organizational structure, culture and conditions of organization will be evaluated. In the Lifecycle Process of Innovation category; subjects such as idea management, product, service, business management, organization or process development, launch and continuous improvement will come to the fore. In the Enabling Factors category; project management, human resources and incentives, information processing and information management will be decisive. The final category will be Innovation Results. First 250 companies which have the best score in the overall innovation management evaluation will be eligible to participate in Innova-League.

THE FIRST THREE COMPANIES IN EACH CATEGORY GOES TO EUROPEAN CHAMPIONSHIPS

50 companies selected as the best in five categories of Inovalig will compete in the semi-finals. In September next year, companies will compete with 10-15 minute short presentations this time. 5 companies which has achieved the highest scores in each category will have the chance to be in the finals. After the visits of A. T. Kearney and TIM innovation consultants and joint meetings, 25 finalists will present their innovation projects to the big jury within Innovation Week 2014 and 5 innovative leader firms will be determined at the end of the week. In addition, the first three companies from each category will represent Turkey at "Innovation League European Championship".

A. T. KEARNEY "HOUSE OF INNOVATION" FRAMEWORK







BECOMING AN ENERGY HUB

Turkey is in the process of becoming one of the influential countries in the energy field by means of the oil pipeline agreements signed on the basis of both alternative energy sources in its possession and the advantages granted to it due to its geopolitical status.

BY CAN GÜRSU BY SEDAT GİRGIN

FORTY ONE YEARS AGO THIS week, six Persian Gulf oil producers voted to raise their benchmark oil price by 70 percent. The next move of the OPEC member Arab Countries was to apply embargo on the countries led by the USA and the Netherlands that supported Israel in the war. The hike in the oil prices first caused a recession in economies and then led to a collapse in many markets. While the OPEC-member Arab Countries were reaping enormous benefits, the rest of the world was in dire straits. These developments were discreetly showing that the dependency on oil would lead to serious problems even in dominantly powerful countries such as the USA.

These developments steered the efforts of many countries towards achieving energy efficiency and alternative energy investments. The countries that first focused on renewable energy sources such as solar and wind energy later on chose to concent-

rate their efforts on natural gas, nuclear and coal energy. In the last 4 decades, the dependency of the countries on energy has been constantly increasing together with the advancements in technology. In addition to playing a leading role in the skirmishes in many regions of the world, energy also is turning into an ever more important objective with each passing day.

Due to its geography, Anatolia has been playing the role of a very critical bridge between East and West both historically and currently. Based on these lands that housed many empires and civilizations, Turkey, by concentrating in various fields led by energy, has been working towards positioning itself in the center of the world. Turkey, which stands as a link between the East that has a wealth of energy sources and West that has the highest consumption rate in these resources, progresses with determination on the road to become an important energy hub in the world.

Thanks to the rich resources available in Turkey, it is in a position to be an important production center in energy sector as in many other sectors. By concentrating primarily on coal, wind and hydro-electrical energy, Turkey aims to be rid of energy importation that creates the largest burden on its current deficit. On the other hand, Turkey has been going through a fast liberalization process in the energy sector in which a decade ago all generation centers belonged to the public sector. This is accompanied by many power plant investments in the fields of domestic resources and natural gas. A growth of 3-4 percent is expected to take place in the energy requirements of the world countries in the next 10 years. Economic growth, increasing per capita income, positive demographic tendencies and high rate of urbanization are among the leading factors affecting the demand for energy. The subject matter demand is expected to increase by 7% until the year 2023.

120 BILLION IN INVESTMENTS NEEDED

Turkey has been the country that investors have found to be the most reliable over the last decade. Due to the fact that energy sector was an important factor in the development of Turkish Economy; the interest of the domestic and foreign investors in this sector has been on the increase. Direct international investments in the energy sector in the year 2011 were USD 4.2 billion. Investments in the energy sector are expected to increase in the next period. In line with the data published by Investment Support and Promotion Agency of Turkey (ISPAT), the total investment expected to be made to meet the energy demand in Turkey until the year 2023 is approximately USD 120 billion, that is in excess of twice the amount of investments made in energy over the last decade in Turkey. This dynamism in the energy market attracts the interest of the Turkish companies and the foreign conglomerates as well. Even in the period during which the effects of the global crises were felt worldwide, many energy companies had made investments in Turkey.

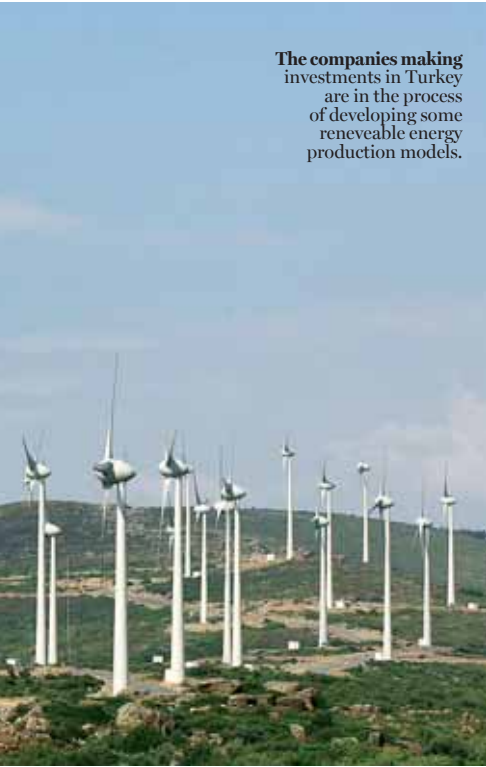
PIPELINES ADD STRENGTH TO THE POSITION OF TURKEY

Pipelines are the leading factors that add



Turkey has been the country that investors have found to be the most reliable over the last decade.

The companies making investments in Turkey are in the process of developing some renewable energy production models.



strength to the position of Turkey in the field of energy. As Baku-Tbilisi-Ceyhan Main Export Crude Oil Pipeline became operational, it has become possible to have 1.5 percent of world's oil consumption to be transported through Ceyhan. With Baku-Tbilisi-Erzurum Natural Gas project, significant progress has been made to procure the natural gas that Turkey needs while means for development in the gas fields of Azerbaijan have been provided. On the other hand, with the Turkey-Greece Natural Gas Pipeline, the first stage in South Europe Gas Ring Project was comp-

leted and the roadblocks on gas exports to Europe were lifted.

Moreover, Turkey picked up pace in regards to agreements with Iraqi Government and regional Kurdish Administration. The work to have the Iraqi gas to be distributed to the world markets over Turkey reached its final stage thanks to the work undertaken last year. In line with the comments made by the Iraqi Authorities in the month of March, establishment of new pipelines or further development of the existing project can become an item of the agenda.

GIANT PROJECT TANAP

The first stage of this project that will not only be a pipeline but also a bridge of amity between Turkey and Azerbaijan is expected to be completed in 2018. In the consortium that was set up for TANAP, SOCAR, BOTAS and TPAO are among the first partners. It is planned to have the gas transported from Azerbaijan to Turkey over Georgia, to be sold and distributed by Turkey. In this project with a capacity of 16 billion cubic meters of gas in total, Turkey receives 6 billion cubic meters, while 10 billion cubic meters will find its way into Europe through Bulgaria, and Greece. Following its initial flow in the year 2018, the capacity is targeted to be increased to 16 billion cubic meters in 2020 followed by 23 billion cubic meters in 2023 and 31 billion cubic meters in 2026. The project will serve the purpose of feeding the west inlet of Turkish National Transmission Line and as such strengthen the supply security in the western region. TANAP, strategically very important for both countries, will on one side support the supply security for Turkey and Europe by means of suitable pricing and defined natural gas capacity, while on the other ensure that the natural gas resources of Azerbaijan reach untapped markets thus bringing along great opportunities.

COAL IS A TRUMP CARD TO PLAY

In the last decade Coal played an important role in meeting the energy needs of the world. Due to the fact that it is a relatively cheap and a competitive fuel used in energy generation, currently 41 percent of world's electricity generation is obtained from coal. According to the data of the Ministry of Energy and Natural Resources,



KENAN YAVUZ

Kenan Yavuz, SOCAR Turkey President (CEO)

By means of TANAP the natural gas to be extracted from Şahdeniz-2 reservoir will be transmitted to Europe over Turkey adding great variety to the diversity of energy sources in Turkey. TANAP will cross through Turkey from east to the west. This project that extends into Europe will enhance the status of Turkey and Azerbaijan, which are located most advantageously in terms of their geography, manifolds, placing them in the center-stage. These investments in addition to being allies create a strategic partnership between Turkey and Azerbaijan. We, as SOCAR Turkey, are very happy to contribute to the growing economies and the ever-increasing influential role played in the world energy policy by Turkey and Azerbaijan.



RAUF KASIMOV

Akkuyu Nuclear Power Plant Inc. Executive Vice President

We are currently conducting our work from the Russia budget. After the meeting Recep Tayyip Erdogan and Vladimir Putin had, Putin said: "Even if investors can not be found, will continue to support this project financially by the help of government." \$ 20 billion is a nonsignificant amount for Russia's budget. Today, we are ready to open up to 49 percent of our shares to Turkish and foreign investors. The concern here is not money. We aim to strengthen the project by attracting Turkish investors and financial resources rather than money. There are important companies seriously interested.

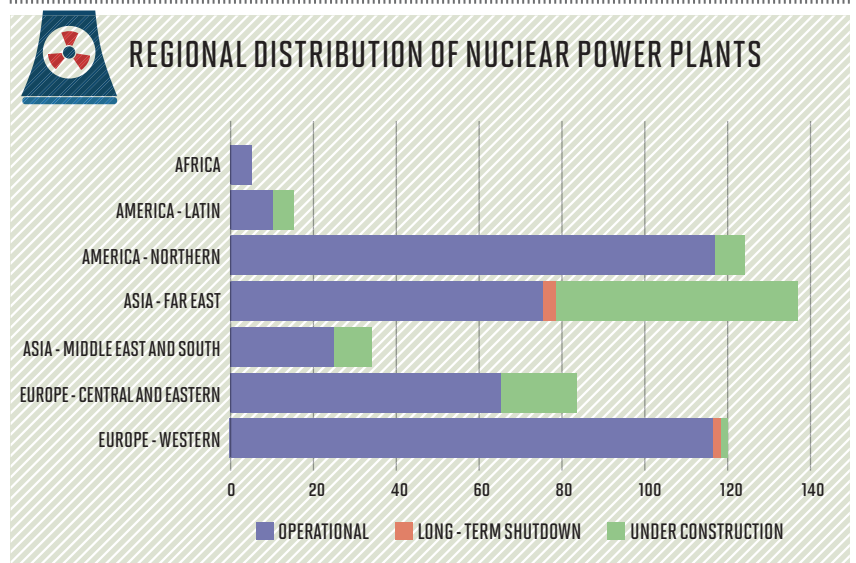
Turkey is in possession of 1.6 percent of the coal reserves in the world.

The share of coal in producing energy is 26 percent. Turkey expedited the issues regarding coal to reduce the energy import volume of Turkey, ensure energy diversity and to be able to meet the energy demand that will be increasing over the short term. As such the coal mines owned by the public sector are now being transferred to the private sector so that thermal power plants may be established. Tufanbeyli Field with the capacity to build a 600 MW thermal power plant as well as the Soma field with a 450 MW capacity are among the first to be transferred to the private sector in the tenders arranged. It is planned to establish a 270 MW thermal power plant in Harmanalan-Davutlar fields in Bursa Keles. The 50 million tons of coal reserves will feed the power plant to be established for a period of 30 years. The power plant that is required to be commissioned at the end of the six-year period following the signing of the contract will generate 1.7 billion KWh of electricity. The project with a USD 850 million investment value will provide employment to 1000 people. Together with the other sites with the potential to establish thermal power plants of 18,000 MW, Turkey will be taking a great step towards closing its energy deficit. On the other hand, the energy generation capacities in Afsin-Elbistan basin that is in possession of approximately 38 percent of Turkey's lignite reserves will be increased as the existing power plants are developed and the new ones are established.

FIRST NUCLEAR POWER PLANTS

According to International Atomic Energy Agency (IAEA) data there are presently 435 active nuclear power plants available in the world. These reactors with a capacity of 372.7 MWe meet an important part of the world's energy production. At present 29 of the 65 nuclear power plants that are being built across the world are in the process of being commissioned in China, 10 in Russia and 7 in India. China, which would like to meet a significant part of its energy needs from nuclear energy, has been planning to erect 51 more power plants while Russia has plans for 24.

On the other hand Turkey is getting ready to be one of the countries using nuclear energy. Turkey signed 2 giant





projects with the aim of finding a solution to meet the energy requirements of Turkey by means of 2 separate facilities. The nuclear energy plant that is planned to be established in Mersin Akkuyu will be the first thermal Power in Turkey and it will be built by Rosatom, a Russian Nuclear Energy Company with an investment of USD 20 billion. The power plant that is planned to start production in the year 2020 consists of 4 units, each being 1200 MWe power. Under existing conditions, the power plant is expected to be operational for a period of 60 years, generating approximately 35 billion kWh of energy. The second nuclear plant of Turkey will be Sinop Nuclear Energy Plant. This plant to be completed in 2017 is expected to have 4 reactor units of 1100 MWe each with total installed power of 4,400 MWe. In addition to electricity, in the future, it is expected to have spot and forward transactions in natural gas, oil, coal and carbon within the structure of EPIAS.

SEARCHING OIL IN THE SEAS

Black Sea has become the favorite spot of the oil companies since 2006. The oil giants of the world are exploring oil and natural gas in 12 different areas in the continental waters of 5 countries including Turkey. On the other side the Ministry of Energy and Natural Resources increased its budget 13 times making a provision for USD 1.3 billion



METE GÖKNEL

BOTAS Former General Manager, Energy Specialist

Turkey is significantly dependent on foreign sources of energy, especially in primary energy sources such as natural gas, oil and coal. In my opinion, regardless of the costs, any company investing in the extraction of these resources will be profitable as Turkey is ready to buy domestically produced primary sources of energy without much care for the costs. The situation is the same where the electrical energy is concerned as the generation capacity needs to be increased in an expedited manner. For the companies that would invest in additional capacity, Turkey is a country full of opportunities.

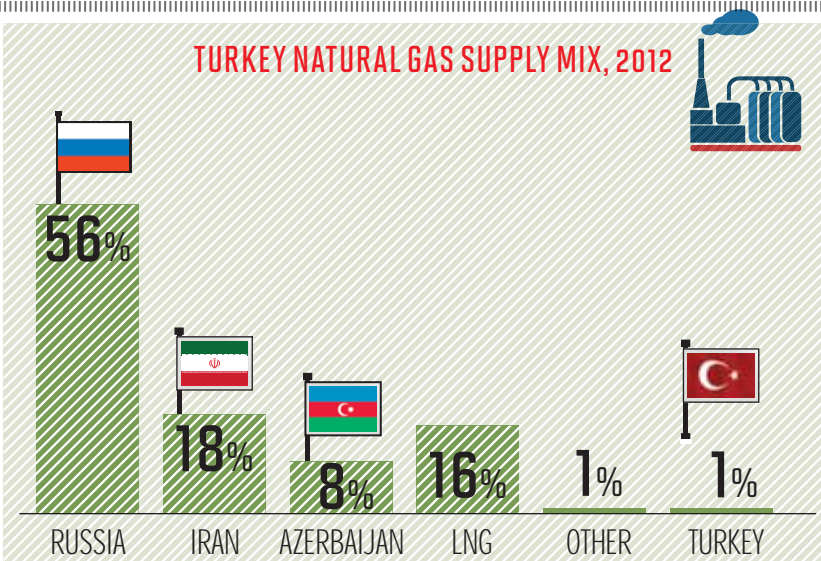


MEHMET ACARLA

Borusan EnBW General Manager

The most important issue that we and other large projects would be facing in the next period is to determine the financing model correctly. When we examine the wind power plants in terms of financing, it can be seen that especially the projects must be well developed. It is not just enough to get a license, it is also necessary to be involved with the right project. Our company does have this capability. We develop these projects meticulously together with our German Partner. And due to the fact that the contract we signed is in good order shows that the first term of the Financing is available. On the other hand one of the subjects we must pay attention in the WPP projects is export credits. Regardless of the country of the company you buy the wind power plants from, you will be provided with the opportunity to use export credit of that country. When we look at the existing financial status we can see that these credits are advantageous.

TURKEY NATURAL GAS SUPPLY MIX, 2012





EMİN EMRAH DANIŞ

Caspian Strategy Institute (HASSEN)
Expert

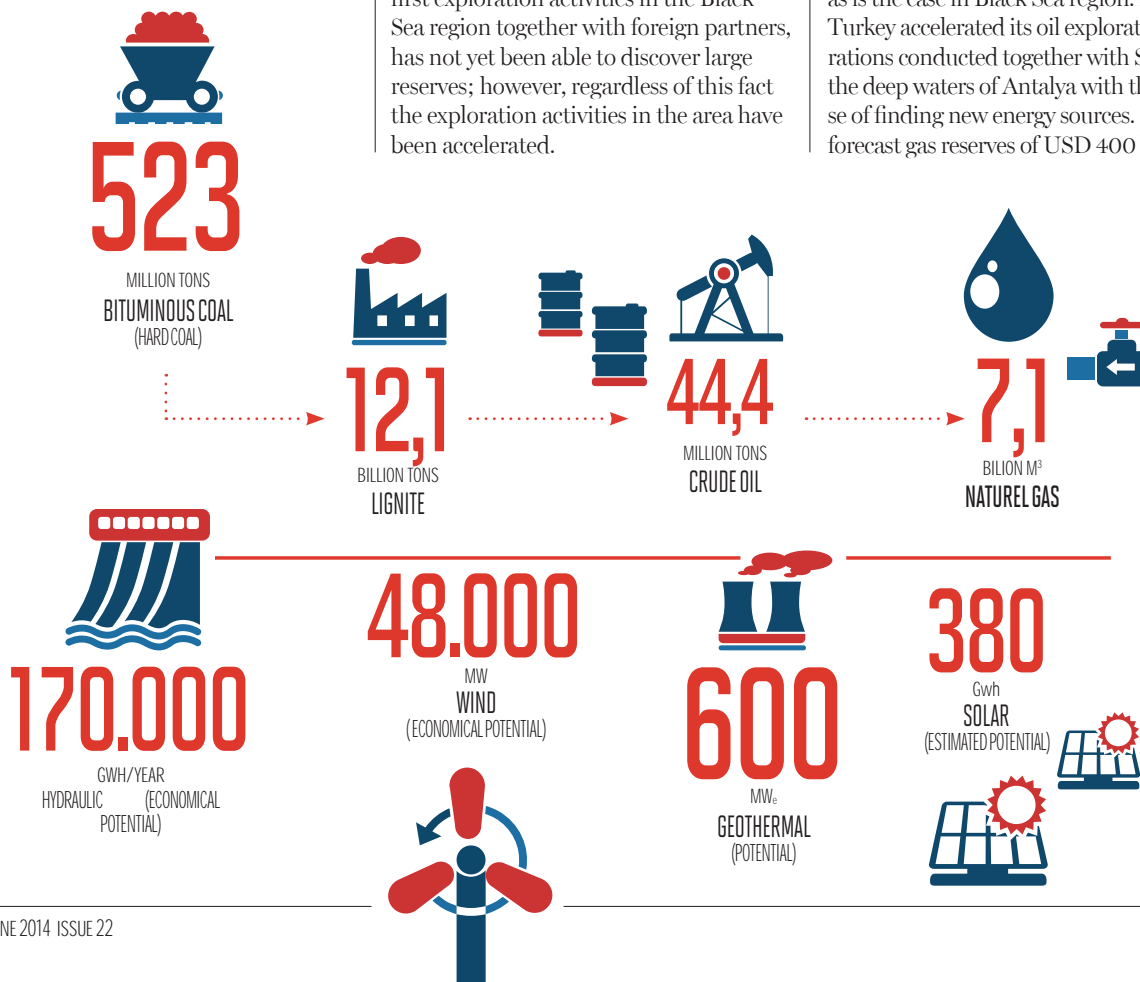
In Turkey, located at a geographically important transit point, the establishment of a market in which oil and natural gas from areas like Caspian Sea, North Iraq and East Mediterranean could be priced in addition to the determination of the prices applicable in the close geographical area, would render Turkey an important trading center in the world, especially in consideration of the existing and future oil and gas pipelines and the surrounding energy rich geography.



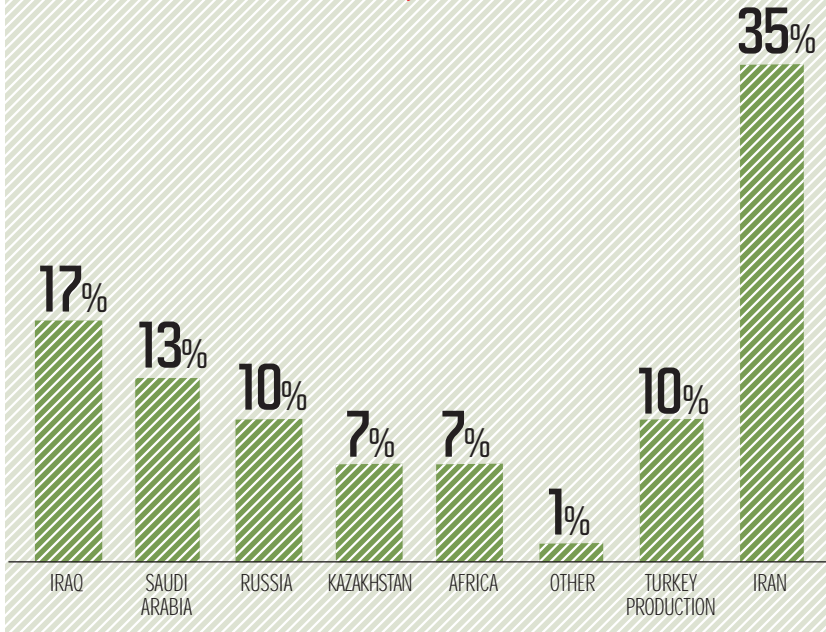
for exploration activities. Global players like Exxon-Mobil, Shell, Chevron, Total, OMV, Rosneft, Petrobras and Repsol are among the giant worldwide companies that are involved in exploration activities in the region. Turkey, which started the first exploration activities in the Black Sea region together with foreign partners, has not yet been able to discover large reserves; however, regardless of this fact the exploration activities in the area have been accelerated.

The first seismic exploration ship of Turkey was purchased from Dubai in the year 2013 to start operations in the Black Sea and the Mediterranean. Turkey continues its exploration activities in the Mediterranean together with its foreign partners as is the case in Black Sea region. Last year Turkey accelerated its oil exploration operations conducted together with Shell in the deep waters of Antalya with the purpose of finding new energy sources. Experts forecast gas reserves of USD 400 billion to

ENERGY RESOURCES



TURKEY CRUDE OIL SUPPLY MIX, 2012



SOURCE: U.S. ENERGY INFORMATION ADMINISTRATION

be available in the east Mediterranean. The sources that could be discovered in this region would be momentous.

IMPORTANCE OF FINANCING IN ENERGY INVESTMENTS

While presently power plant and pipeline projects are ongoing in Turkey, there might be some difficulties in terms of financing of the investments when global economy in the future is evaluated. In spite of the recovery signals received from Europe, the macroeconomic indicators show that the effects of the crises are still being felt. This naturally creates challenges in financing of large energy projects. On the other hand the companies making investments in Turkey are in the process of developing some models. A good example to this is Borusan and its German Partner EnBW. These two large companies aim to have 2,000 MW installed power until the year 2020 in Turkey. Moreover the subject matter installed power will be met completely from renewable energy sources such as wind, solar and hydro-electrical energy.

ENERGY EXCHANGE IS BEING ESTABLISHED

Turkey is in the process of establishing Enerji Piyasaları İşletim A.Ş. (EPIAŞ)

to provide the means for conducting commerce as companies come together in a market of highest liquidity thanks to the increasing number of market participants, product diversity and transaction volume. This new structuring, aiming to ensure that the energy companies use new financial and monetary tools and monitor the transparent price movements, will make it possible for the long term index to be established as the primary requirement of the investments in this area while the platform for competition will be set up as the data and transactions can be followed-up in a transparent manner. Consequently, the establishment of EPIAŞ will ensure that the optimum price balance in energy markets in Turkey is established on the basis of demand and supply in a healthy manner to meet the expectations of all the parties involved.

In this new structure, it is planned for Market Financial Settlement Center (PMUM) with more than TL 7 billion of energy trading volume to operate within the structure of EPIAŞ while it is estimated that this number could grow ten folds as the surrounding countries and natural gas market also participate in the long run. While it is expected that more than 700 potential customer companies will take part in EPIAŞ, close to 100 companies wanted to be partners to EPIAŞ.



DR. CEMİL ERTEM

Istanbul University

Turkey is progressing rapidly on becoming the energy corridor and soon it will become the center which determines the oil and gas prices. The energy map is being redrawn in the Middle East, the Caspian region and the Mediterranean. Projects such as TANAP which will begin to operate this year in Turkey and its successor TAP are crucial alternatives to Europe's energy supply. Southern Gas Corridor is the only project to ensure the security of Europe's energy supply. There are two very important issues here. Caspian states which are two closed basins opening to the European markets, implementing a market that is completely different from the existing one and forming its pricing methods based on supply and demand equation in energy.



DR. FATİH MACİT

Süleyman Şah University

Turkey is covering 53% of its natural gas demand from a single source, Russia. On the other hand, the country covers approximately 7.5 billion cubic meters a year of high cost gas from Iran compared to other sources brought by different pipelines. The existing table shows that Turkey could reduce the unit cost of natural gas by evaluating existing resources and therefore, reduce the import bill amount. TANAP project Turkey and Azerbaijan implemented together represents a great example with this aspect.

“TURKEY WILL CONTINUE

*Being an inviting
Country For
Investment.”*



TOFAř CEO Kamil Bařaran evaluated the latest developments in the automotive industry, the next term plans of TOFAř, FIAT’s growth strategy in Turkey and what awaits the automotive industry in the next period in an interview with The Turkish Perspective.

BY CAN GÜRSÜ BY řEREF YILMAZ

AUTOMOTIVE industry is witnessing major competition on a global scale. During this period, TOFAŞ is accelerating its investments in Turkey. With the realization of two projects in the near term, TOFAŞ will be investing \$ 900 million in Turkey. According to Kamil Basaran, these moves are important indicators of the ability of TOFAŞ to predict the future, and its confidence in the Turkish automotive sector. In regard to investment plans of the company, Basaran says "These investments, with the domestic production rate and the volume of exports they will create, will provide added value to our country's economy and will create big opportunities for the Turkish automotive supplier industry."

Turkey has quite an important place in the region both in terms of automotive industry and sub-industry. How do you consider Turkey's role in the region and around the world?

Today automotive industry is going through a great change around the world. While economically advanced markets such as Europe and America reach satisfaction, Brazil, Russia, India and China (BRIC) improve their efficiency in automotive production. It is expected that nearly 50% of the world production will be made in BRIC countries in the next 15 years.

Turkey is a focal point because of its strategic position. Turkey's production volume and R&D competence in automotive constitute great importance. Rate of young population, national income and potential of increase in propensity to consume in our country indicates that domestic market will grow in the next 10 years. Growth of domestic market also indi-



cates that Turkey will become an inviting country for new investments. It must be the role of producers to improve the competitive power of Turkish automotive sector on a global scale with this predicted development.

Engagement of developing countries, particularly BRIC countries, constitutes a risk for our competitive power in production costs to decrease, in which case investments to R&D and production of added value products will preserve Turkey's competitive power in the long term. So we can say that Turkey will stand out not only with production capabilities but also R&D investments in the next 10 years. As Tofaş, we have recently focused on R&D investments on the basis of this prediction. We continue our works to achieve autonomous R&D structure completely developed by us in all processes, from the smallest part to a complete car, along with our production capabilities.

Automotive sector export does not lose championship to anyone in Turkey for a long time. Automotive export is expected to reach 75 billion

"Turkey will stand out not only with production capabilities but also R&D investments in the next 10 years."

dollars in line with the export targets of 2023. What works should Turkey conduct to achieve such numbers?

Total production of automotive sector was 1.1 million items in 2013. 840.000 vehicles were exported and an export of \$21 billion 305 million was made in total. It is expected that production will rise to 1.4 million vehicles until 2017. More foreign car producers get into partnerships with Turkish companies to make use of current production experience and competitive labor in Turkey while also performing their distinct operations now. So, Turkey has a great potential in reaching to the targeted export figures in automotive sector for the next decade.

We can see that innovative products responding to new markets and new customer needs are gaining value. Every

investment to qualified labor force, R&D and technology with such a perspective will give us important advantages in the international field.

Today, Turkey is Europe's biggest light commercial vehicle producer. With our R&D activities, production infrastructure and sub-industry we are showing our differences better every day. In order to improve its strong stance and export, Turkey must surely have a strong domestic market. So in this parallel, by carefully analyzing the reasons of the recession that started in the second half of 2012 and still carries on, we think that it is necessary to make new investments and efforts to give a quick acceleration to the light commercial vehicle market.

Automobile sector suffered greatly especially in America due to the worldwide economic crisis. Many merges and purchases have occurred ever since the crisis in the sector. One of the most important example for that is Fiat purchasing Chrysler, which you are a part of it as well. How do you assess such developments in the sector? How will this purchase affect Turkey in the upcoming period?

Fiat had already %58.5 share in Chrysler and purchased the remaining %41.5 share, by the end of 2013. Fiat Chrysler Automobiles - FCA, which emerged with the merger of Fiat and Chrysler, has become the 7th biggest automotive producer of the world. Unsteadiness in the global economy, quick changing customer needs and emerging of new markets causes new scenarios to occur in the future plans of the automotive companies. The biggest step to overcome the tough competition in the sector, to reach different markets and to be

able to offer products covering every expectation, are company mergers. Synergy created by this collaboration means creating added value both for sectorial growth and country economies.

Tofaş shares a mutual future vision with FCA today. Synergy created by merger of two giant brands is positively reflected on Tofaş and the ecosystem that it is in. We believe that this merger will improve our capabilities in R&D, design and production while also creating new collaborations and investment opportunities. New vehicle investments that we announced in 2013 were a reflection of this partnership. New models to be put on the market will improve Turkey's competitive position. It will determine Turkey's future vision that Turkish automotive industry develops, it starts to compete on a global basis with its sub-industry, employment increases and innovative products are put on new markets in the resulting table.

Tofaş, one of the biggest production centers of Fiat around the world, is preparing to a great investment in the next year. It is rumored that a new model will be produced along with this investment. Can you tell about the investments and projects of Fiat for the next period?

2013 was a year which Tofaş focused to the future and made great investments. Fiat Doblo will be exported to North America and Canada with an additional investment of nearly \$360 million, with the new investment we have engaged. Our current Doblo model will be renewed for Turkey and other markets. We estimate a vehicle export of nearly 175,000 between 2014 and 2021 within Doblo America project. Within this project, we will also perform renova-



tion for Doblo and therefore prolonged the life of the Doblo project from 2018 to 2021 at the first stage.

Last year, another great invention of ours was a new passenger car planned to be produced until the second half of 2015. We plan to produce 580.000 vehicles and aim to export one-third within the new automobile project between the years 2015 – 2023 with the investment of \$520 million. As Tofaş, we will have made an investment of nearly \$900 million in Turkey with these two projects. We believe that this investment, an important indication of prediction capability of Tofaş and trust it puts on Turkish automotive sector, will give added value to the country's economy and create great opportunities for Turkish automotive sub-industry with domestic production rate and export volume that it will create.

Tofaş Bursa plant is the first facility to reach 'Golden Factory' level as a result of the audits of 'World Class Manufacturing Program' (WCM)

"We estimate a vehicle export of nearly 175,000 between 2014 and 2021 within Doblo America project."

team. What investments have been made on the way to this process? Is there a change in World's perception of Turkey after the award?

R&D, focus on innovation and technology development, and management of production and cost efficiency have played an important role for Turkish automotive sector to have made a name for itself and become preferable on global basis.

We started WCM – World Class Manufacturing Program in 2006 to improve industrial standards of Tofaş to world class level. Having receiving "Most Quickly Advancing Factory" award in the first year of the program, Tofaş, was the first Fiat factory to achieve Silver Level, in 2009.

We consider it an important threshold at this point that Tofaş is awarded "Golden Level" within WCM – World Class Manufacturing Program applied in the facilities of 350 suppliers of the group and 175 Fiat Chrysler factories in 2013.

Of course, the title of "Golden Level" is not a final destination for Tofaş. It constitutes a reference to achieve the target of "zero mistake" in occupational safety, quality, cost, delivery and environment as a company focused on continuously improving production standards. We are aware of the importance of regeneration and self-development in automotive sector in which competition is quite intense. So our WCM works will go on without cease.

It naturally creates quite an effect in the international arena that a Turkish company has been given such an important award due to its compliance with global integration and production competence. I believe that the point we have reached will create new job opportunities that will increase our competitive power and

contribution to country's economy and make our sub-industry gain the identity of a producer that can make R&D, design products and put such products on world markets.

Responsibility of Tofaş continuously increases in product development processes of Fiat-Chrysler. Responsibility of product development of New Linea after Doblo and Mini Cargo has been given to Tofaş becoming one of the 3 strategic production and R&D centers of the group around the world. What do you attribute this success and performance? What factors stand out in terms of obtaining such success in R&D and innovation?

Tofaş is still the only producer which makes the production of passenger car and light commercial vehicle together in Turkey. Our capability to flexibly comply with ongoing changes in the sector constitutes the base for us to become one of the biggest producers of Turkish automotive sector and achieving the position of one of the 3 strategic production and R&D centers of FCA around the world. We believe that the basic dynamic of growth is to manage the change in a strategic way. So we define Tofaş, making export to 80 countries today, as an organization which focuses on constant regeneration and considers change to be an opportunity with the change in consumer trends and life styles, global competition conditions and transformation in Turkish industry. There are plans about 10 years later at the minimum are included the current agenda of Tofaş. We have an assertive R&D vision such as "developing vehicles and technologies which completely meets customer satisfaction all around the world". We have made and are still making important

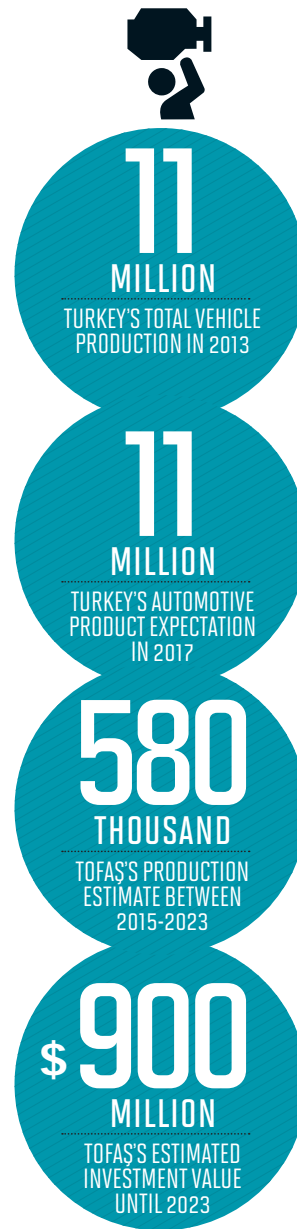
projects and investments to make Turkey a production and R&D center in automotive sector.

Tofaş R&D Center has reached an important acceleration in changing R&D competence by taking the responsibility of Mini Cargo project developed for Fiat and PSA brands between the years 2005 – 2007. Development of New Doblo for Opel and Vauxhall brands in the following years has played an important role for Tofaş to make production for 5 different brands and increase export. We have completely developed Fiorino and Linea. Intellectual and industrial rights of Doblo and Fiorino belong to Tofaş. This is very important both for Tofaş and Turkish automotive sector... We perform our Co-design works to develop partner designers and engineering companies which are the most important factors of design chain along with developing our own competences. We perform mutual works with R&D units of sub-industry companies which are our most important business partner and we consider them a part of Tofaş R&D.

Tofaş has made an investment of nearly 35 million Euros into R&D center so far and increased the endorsement of R&D expenses to %3 in 2013 to show the success of exceeding national average in R&D investment values. Will there be new investments into this field in 2014?

We think that role of R&D will be very important without question when building our future. So our activities for R&D and innovation cover long-term projects.

As I stated before, we have identified very important targets to become Autonomous R&D as Tofaş within the following process of 24 months.



We are aiming to be able to use our own sources and competences in every step of product development from design to verification with our works in this field. We will continue increasing our employment in R&D field and realizing new projects that can be considered a milestone in Turkish automotive industry today with the quality standards that we have reached in production and our competitive cost structure. We will continue working with all our power as a company which

has put R&D into the focus to advance our country even further in line with the targets of 2013.

Investment of many brands into Turkey has been brought to agenda. These decisions have not reached a conclusion later on. How do you assess the investment environment in automotive sector in Turkey as one of the most important partners of one of the biggest brands? How do investors see Turkey?

Automotive sector, which has a size equivalent to the size of 6th biggest country economy of the world today, continues growing despite economic crises and market fluctuations. Fluctuations in global markets create opportunities for Turkey which has a higher potential of economic growth compared to developed countries. Automotive sector, which is the locomotive of Turkey in terms of export, has preserved the leadership for the last 7 years. As the 16th biggest automotive producer of the world and Europe's biggest light commercial vehicle producer, the sector provides employment to 400.000 people. Of course investments into R&D and innovation have a great effect for the sector to achieve its targets and sustain competitiveness.

Growth and development of automotive sectors gain even more importance within 2013 vision of Turkey. Turkey will continue being an inviting country for investment. We have an expectation for investments from Europe, Asia, and China in particular. However we think that there must be works to improve investment environment and incentives while also improving the efficiency of sub-industry in global projects for new foreign investments to come to our country.

TURKEY AIMS TO BECOME CENTER OF ISLAMIC FINANCE

Islamic Banking in Turkey continues to develop at an accelerated pace in recent years. Islamic finance's total assets in Turkey reached TL 96 billion in 2013 and now the country is quite ambitious on a global scale with the World Bank Global Islamic Finance Development Centre recently opened in Istanbul.



BY BARAN KARAKUZU



BY SEREF YILMAZ





ISLAMIC FINANCE

It first became popular among Gulf countries getting richer with oil reserves and in a major part of Asia in the 1980s; then in the last decade has spread its recognition to Europe and America. After the global crisis that affected the whole world in 2008, money and capital markets began seeking for new financial systems and services. This new search drew everybody's attention to Islamic Finance. Islamic finance grew 12.5 % in the last 10 years. The total assets are expected to reach 6.5 trillion dollars by 2020. After the "sukuk" issuances made by Treasury, "Islamic banking" concept was even more rationalised in Turkey. Islamic Finance is based on

solid financial foundations. For example; rather than the fixed interest returns of income, it is based on production or trade; risk and return are transparent and the investment is in real assets.

Malaysia, Iran, Hong Kong, Gulf Countries, England, and especially Kuwait are among the prominent countries of Islamic banking. Four participation banks currently operate in Turkey and the accounts in these banks are under SDIF's assurance. In parallel to the acceleration of Islamic finance in the world, especially after 2005, there has been growth in participation banks in Turkey. These four participation banks' total assets reached 96 billion by the end of 2013 and all Islamic



ROBERT SCHARFFE

Luxembourg Stock Exchange

The financial crisis has triggered a change in the behaviour of many investors who realized that sustainability and their behaviour of investment has more benefit to the economy and the society in the long term. Sustainable Investment which is a very similar principle to what Islamic finance is using, have been encouraging this development. The banks themselves need to gain profitability level of the return on equity that comparable / conventional banks have in order to be motivated by developing disclosure. We need more standardization in the market. The Shariah interpretation needs to be more predictable and more stable, simply in order to be able to pool interest and capital in certain products.



IJLAL AHMED ALVI

International Islamic Financial Market

Islamic finance is very implementable despite the differences from other methods. There are some facts that we have seen in the last 6-7 years which contributed to commercial finance. Sometimes Shariah rules come with its own structure but it's possible to benefit from them. Turkey, as a Muslim country with 99% of Muslim population has advantages to run this system location-wise. What we are lacking today is standardization between Shariah rules and other market practices but we are still working on it.



banking assets in Turkey are expected to reach 87 billion dollars by 2015. While the share of participation banks in total financial system was 2.60 percent in 2005, this ratio has exceeded 5 percent in 2013. In addition, the number of participation banks' branches in 2005 was 290, the number rose to 966 in 2013. In the light of these data, Turkey's nearly 30 years of experience in participation banking reveals how ambitious the country is about becoming the new Islamic financial center.

ISLAMIC FINANCE SHOWS A LOT OF PROMISE

30 years old concept of Interest Free Banking (Islamic banking) has lower risk ratio compared to conven-

tional banking. The Middle East and Asian countries relatively less affected by the crisis and European countries which efforts to attract capital from the world after the recent global crisis are making legal arrangements in order to encourage Islamic banking.

Islamic finance has unique products. Mudârebe and Müşâreke methods for providing direct funding through a partnership, leasing system called Icâre and sales contracts called Murâbaha and Selem are among the unique products of Islamic finance.

Excessive population growth rate in Muslim countries, the prediction of 35% increase in Muslim population by 2030 and accelerated



Islamic finance grew 12.5 % in the last 10 years. The total assets are expected to reach 6.5 trillion dollars by 2020.

liquidity inflows in Gulf countries due to constant increase in oil prices could be considered as the proof of Islamic finance gaining importance in the next period. Islamic finance-related changes were observed in the world in recent years. Islamic finance industry is growing faster than conventional banking in a global sense. The sector which has reached 1.3 trillion dollars worldwide at the end of 2011, has reached a size of 2.5 trillion dollars today. Sukuk issuances which was up to \$ 130 billion in 2012, is expected to exceed \$ 200 billion by 2015.

ISLAMIC FINANCE DEVELOPMENT CENTER OPENED IN ISTANBUL
World Bank Global Islamic Finance Development Centre



DR. MEHMET ASUTAY
Durham University

Turkey has come a long way in terms of approaching Islamic Finance with an ideological vision over the last 5 years. Ideologically disagreeing firms are now taking serious loans from participation banks. The institutions which are suppose to develop proper products for islamic finance needs to invest on R&D and innovative solutions. Turkey still has a very large share in agricultural sector and we need to think of what can be improved in the financing of this sector. Therefore we need to develop much more suitable specific products for our needs. In order to compete with the rest of the world, we have to do something beyond studies and ensure compliance with new regulations.

RUSHDI SIDDIQUI
Thomson Reuters

The pioneers of Islamic finance in the 1970's wanted an alternative to conventional finance. They were trying to build a parallel system and eventually they took some of the experiences from the conventional space, apply it to the Islamic space and bring it to the market. The big turning point in Islamic finance was when the price of oil went down. When the price of oil around 80-90 dollars a barrel, countries have surpluses. They basically invest those surpluses. If you want to tap into that surplus, you need to know about Islamic finance. When you remove the uncertainties you get better pricing. So the issue is how do we grow and expand this phenomenon internationally. We have to at 5 things; Shariah, tax, accounting, regulations and education. When we have that infrastructure in a country that means you can grow islamic finance holistically.



TUNC UYANIK
World Bank Vice President

Islamic Finance especially started to transfer the Liquidity from east to west which was decreased after the crisis in the western countries. Hereafter, Islamic Finance will make a new attempt and this will be in multiple areas. These attempts can be listed as development of standards and transfer rate increment. Turkey is a very central and neutral Country due to its location. Our country is developed in human resource sector as well. We have academics and a skilled young population. The main objectives of the newly opened center will be about resource and development. We are aiming to plan the parts of new applications of The World Bank that concern us.



ZAMIR IGBAL
World Bank

Since Islamic finance has been successful for many years and some new instruments have been designed for capital markets, it has increased a demand for these products. After the financial crisis, people have realised that financing which is based on assets are more secure and safe in this system. Therefore, conventional investors start investing in Islamic finance. We need to make sure that there are proper standards, regulations and supervisions defined for these instruments. Islamic finance should innovate and use some of techniques of financial engineering to come up with new products. A good research is also important to be able to understand what the investor and the consumer wants.

Interest-free banking system implemented by private financial institutions in Turkey, in the 1980s.

branch opened on 1st of November 2013 in Istanbul.

It was an important step in terms of strengthening the regulatory infrastructure, ensuring uniformity in practice; promoting and supporting information sharing. Interest-free banking system (under the name of participation banking) implemented by private financial institutions in Turkey, in the 1980s. It gained a new dimension with lease certificates (sukuk) since 2010 and owned 6 percent share of Turkey's total financial system. World Bank's sole representative in the field of Islamic Finance; World Bank Global Islamic Finance Development Centre was opened under the roof of



\$2.5

TRILLION

THE GLOBAL SIZE OF THE ISLAMIC FINANCE

36.7%

GROWTH AMOUNT OF ISLAMIC FINANCE IN TURKEY, IN 2013

TRY **70.3**

BILLION

SIZE OF TURKEY ISLAMIC FINANCE, IN 2012

TRY **96.9**

BILLION

SIZE OF ISLAMIC FINANCE IN TURKEY, IN 2013

\$87

BILLION

THE TOTAL ASSETS FORECAST OF ISLAMIC FINANCE IN TURKEY, IN 2015

5.5%

THE SHARE OF PARTICIPATION BANKING IN THE SECTOR IN TURKEY

Borsa Istanbul with the participation of Deputy Prime Minister of the Republic of Turkey Ali Babacan, President of World Bank Dr. Jim Yong Kim and Borsa Istanbul Chairman Dr. M. İbrahim Turhan.

Speaking at the opening of Islamic Finance Development Center, Chairman of Borsa Istanbul Dr. M. İbrahim Turhan mentioned that Islamic Finance Products are keenly followed as an emerging segment of the economy in the recent period. Turhan said, "As Borsa Istanbul, we accept the development and dissemination of Islamic finance products in Turkey as a part of our mission; which offers an significant alternative either in infrastructure investment financing or macro-prudential risk management during a global financial crisis". The newly established center is expected to become a pioneer in the field of Islamic Finance and take an active role especially in the Middle East, North Africa, Europe, Central Asia and Central Asia region. The research center that will be established within the site is aimed at achieving information sharing, institutional infrastructure development, awareness creation and implementation unity in the sector.

"TURKISH IS THE MOST SUITABLE MODEL FOR ISLAMIC FINANCE"

Borsa Istanbul hosted the 'Implications of Participation Model in Finance' conference on March, 4-5 in collaboration with World Bank, the Islamic Development Bank (IDB), INCEIF, IDB Islamic Research and Training Center (IRTI), the Kuwait Finance House, Durham University and Central Bank of the Turkish Republic. Expanding the range of Islamic finance in Turkey, standardizing the regulatory infrastructure and raising awareness in the field of Islamic finance were the subjects discussed at the meetings. Turkey aims to achieve leadership in Islamic finance (as a country of 99 percent Muslim population) and showed the importance given by including the subject to the 10th National Development Plan. We entered a period where people who have stayed away from Islamic Finance due to ideological reasons can work more comfortably. Turkey will grow faster when we enter the period which Islamic Finance is seen as a financial system not an ideology. Turkey is expected to judge the best of this opportunity with its close relations with Muslim countries, geographical proximity and cultural infrastructure.

Turkey aims to achieve leadership in Islamic finance and showed the importance given by including the subject to the 10th National Development Plan.



DR. R. AHMET ALBAYRAK
Kuwait Turk Deputy General Manager

Islamic Finance, which has been developing in Gulf Countries basically in the last 50-60 years, kept using their own system rather than the conventional stock market techniques. But this system was not completely separated from conventional banking. Proximity of these two systems formed a brand new structure. The most important outcome in the context of business model is that investors welcomed this situation with pleasure. Institutions such as participation banks, Borsa Istanbul, Central Bank and Treasury have been giving us directions lately. Because we are on this market for a long time as Kuwait Turk, we are more experienced in new products. We are a leading bank especially in gold transactions.



ERKAN KILIMCI
Central Bank of Turkey

Prior issue related to participation banks is that the necessity of the financial products in terms of liquidity management. The most important issue here is to have instruments that allows participation banks to operate among themselves and with conventional banks. The most well-known instrument is called Murābaha. This instrument is supported by the Central bank for Financial Stability. We are working on a repo market in participation banking. It is very important to have markets so that participation banks can manage their liquidity risks at best and develop their products in order to have financial stability. We are trying to give our best support as Central Bank.

ISLAMIC FINANCE PRODUCTS

Mudārebe; Labor - capital partnership. While the bank provides all the resources needed for investment (financing the entire capital), the customer provides the labor.

Müşāreke; In Mushārek partnership system, participation bank provides a particular part of the

required capital. In this system the client must also contribute to the capital. Profit gained as a result of partnership is shared between partners according to initially agreed rates.

Murābaha; The one that is most frequently used among Islamic financing

methods. Murābaha is a spot sale contract formula in Islamic Law which calculates the price as "cost + profit margin". Leasing (Icāre); is the second funding method of participation banks after Murābaha.

Selem and Istisna; Payments made in advance

in order to purchase a particular good or service in a further term.

Teverruk; Buying a commodity by installments from a seller and selling it in advance to someone else. With this system, the person who needs cash meets the need.

Sukuk; The most popular instrument in Islamic finance for the last decade. The main rule in Sukuk, which means de facto approval of a securitization in Islamic finance, is the bonds which should be based on physical assets.

“TURKEY WILL COMPETE MORE EFFECTIVELY”

Harvard Management Company Senior Vice President Mike Dean evaluated the most recent studies at Harvard University Extension School in the field of Talent Management, Turkey’s future potential in talent management and the role of Human Resources in a company’s success, for “The Turkish Perspective”.



BY BARAN KARAKUZU



BY ŞEREF YILMAZ



AS GLOBAL FIRMS' personnel management policies show a rapid change, leaders in management need to be trained in the right way. Dean explains this requirement by saying "Leadership is more about vision, inspiring people, focusing on the future. It takes time and it takes development progress." In his opinion Turkey will be a leading player in the world stage with its educational institutions, the private sector and government working together closely and efficiently.

What are the important factors for the employee for work engagement?

In my opinion most important factors from an employee's perspective are first and foremost; "Is the organization that I work in going to invest in my development?" and "Is there an opportunity for me to learn?" That's a very important employee engagement factor. Another one, which is overlooked significantly, is communications. "Am I in the communication loop in the organization? How well am I informed?" We use the terminology at Harvard; it's called "Line of Sight". "Do I have a line of sight between what I work on and what the business strategy is? How do I connect myself with the business strategy?" The more an employee can make that connection then they know they are doing work that matters, that they can make a difference. Those are some factors that certainly influence, from an employee's perspective, engagement levels. If you are well connected in the organization, if the organization is investing in your development, and if you are in the communications loop you see much higher engagement levels.

Muhtar Kent would be an excellent role model for young Turkish professionals to follow.

What do you think about talent management's future?

In my experience I see talent management as a responsibility moving from Human Resources up into the CEO levels in the organization. I see it moving into the senior management responsibilities. I think organizations that are smart, are not just managing technology, brands and strategy but they are also managing people. So talent management being limited just to the human resources function usually is not the best practice. Talent management viewed as a responsibility of a CEO is where I think it is going to be moving in the future. The big differentiator is people. Not technology, not information but people.

What are the applications to keep the balance in your company? What are your HR activities?

We have a big advantage at Harvard Management Company. We bring professors from Harvard Business School in to teach our people, what a wonderful resource to have. All they have to do is to get on the subway for four stops, from Cambridge to Boston. There are 4 components built to our educational program. We have whole series of programs in management leadership, we have whole series of programs in developing personal attributes, we have a very robust technology-training program, and we also have one on business and product acuity. We have to teach peo-



ple about all the various asset classes that we operate in. From equities to fixed income, derivatives, to commodities, we work in a very complex investment world. So we have to spend a lot of time investing in technical development around product development. So those are the four aspects of our educational program. I have two people that work for me full time doing training development in addition to myself. I probably spend %50 of my time teaching in my own organization. We've also enlisted our CEO to teach in our Leadership Program and she is very excited to do that.

To become an employee centric business, which department should take the

lead? Human Resources or Senior Management?

In my experience the best practice starts with the business strategy. It starts with the CEO and the executive team. Whenever they are doing their annual planning or strategic planning, there should be component of the plan around talent management. You want to say, "Show me the section about talent management." Not just technology investments, not just brand development, not just marketing strategies. What is the talent management strategy? HR has an important role but it is execution not strategy. They should have a seat at the table and influence the outcome but it is not HR's responsibility to develop the strategy and the execution.

Most of the companies in Turkey are middle-sized family owned companies. What is your experience with such companies and how can these businesses overcome professional development issues?

This is a significant obstacle when you have family owned businesses because of the legacy over time that it is a family responsibility, but there are opportunities. Where you have this type of organization, you can hire professional human resource expert. They can actually put in place some practices and processes. I haven't had a lot of experience consulting with family owned businesses.

I work mostly with Wall Street firms. What I can say is that you need a member the family with a vision about the importance of people. If there is someone with a vision who understands the value of people, not just the numbers, the people, then you have opportunity to maybe make a change. Sometimes some of the younger members of the family come up, they are a little bit more enlightened about the value of people. Sometimes that's where the future could be in terms of change. The future is in the younger generation: Generation Y and the Millennials. They understand the value of people.

What are being done nowadays for gaining maximum performance from employees? What are the best skills required for a good management approach?

You need to spend time and invest on a system called Management by Objectives (MBO). Organizations run by MBO principals are high performing organizations. Investing time, insuring goals and objectives are all different aspect of an organization

which creates a business strategy. At the next level there are many lines between individual goals and objectives. You have organizational, functional and individual goals which all go in one line. These goals mentioned above have to work respectively in order to gain a successful performance management. This is the main principle.

What is the right management of human resources for a successful organization?

There has to be the right balance between the people side of the business and the technical side of the business and the brand side of the business. In my consulting experience many organizations are having imbalance. Much more focus on finance, much more focus on technology, and not enough focus on human resources and people. So, to be successful, there has to be a balance between all those factors.

How do you think a good leader should be? Which values do you think should be given importance to when training a leader?

Leadership is a very interesting topic. I think most organizations have a good management, but according to my teaching and consulting experiences some organizations have a leadership gap. So some managers have difficulty moving from effective management to effective leadership. Leadership is more about vision, inspiring people, focusing on the future. It's not a transition every manager can effectively make. It takes time and needs a certain progress. I think with the help of those aspects leadership can really make a difference in an organization. Leadership is stronger than the management. As long as the

leadership is strong, the organization remains successful.

How does company culture affect skills management? In your opinion, how should company management approach skill management?

Organizations that have a high performance culture invest heavily in skills development. The two go hand in hand. Top talent that works in organizations usually make a decision to stay and to become highly engaged when the organization is making investments in their own skills development. They tend to stay with an organization because of that investment because they know they've come to work for a good company that has good training programs. So as long as they feel like they are growing, that they're getting new challenges and learning new things, they're most likely to stay in that organization. Those kinds of organizations that have performance culture are also ones that are actually spending time investing in skills development. They have

a training strategy. They budget money for training and development for employees, teams, and leaders all along the way.

Who is your favorite Turkish leader?

Muhtar Kent is the one that I probably had the only exposure to. He is a very strong leader. He demonstrates a lot of the leadership capabilities. He is very much a visionary, very much a people person and very much able to integrate the big picture. As you know Coca Cola is a very complex, global corporation, which is in a very competitive sector. He is very effective in his role as a CEO. I have been studying his career from a distance since I left Coca Cola. I think people in Turkey should be very proud that this leader has come from this country to lead one of the top global corporations in the world. He would be an excellent role model for young Turkish professionals to follow.

What are your expectations about Turkey's potential for at the talent management? What should Turkey do to compete more effectively in the global markets?

For Turkey to compete more effectively in global markets, there needs to be strong relationship between education, government and the private sector. I think if they work together they can certainly improve the competitiveness of Turkey. They more they can work closer together and have the same goals and objectives, the better opportunities Turkey has to improve themselves on a competitive basis. Turkey's young population is one of the positive assets in the country. The work ethic of the country is very strong. It is a matter of leveraging those three institutions working closely together.



MIKE DEAN

Harvard University Extension School- Talent Management Program Director
Harvard Management Company Senior Vice President

Dean has 35 years of senior management and consulting experience in global companies on organizational competency, change management, human resources and talent management. Dean shares his extensive knowledge and experience in talent management as a lecturer at Harvard University Extension School Talent Management Program.

Brands

JEWELLERY, FURNITURE, ROBOTICS, CHEMICAL...

Harmony of Noble Colors

Since its founding in 1890, Zen Diamond has continued its growth and has become the jewelry factory owner of Europe and the Middle East. Turkey's leading exporter is establishing chains in many countries of the world.

BY CAN GÜRSU



THE MYTHS AND

magic surrounding diamonds has made it a very desirable gem. Ancient kings wore diamonds in war; queens and concubines wanted to have them as a symbol of power and passion. Uncut and raw diamond's splendor, the symbolism, and its dazzling brightness made it known as the most precious of jewels from past to present. The clarity, colors and stains of each diamond embodies a unique story. All of these features are as unique as the women wearing them.

Diamond cutting is a delicate process that requires imagination, patience and skill. These unique stones are only able to tell their story and reach their uncommon brilliance after going through these processes. Therefore diamonds are among the indispensables of women worldwide.

One of Turkey's most important diamond makers, Zen Diamond, gets its name from these unique women. Zen in Persian means "woman". Since its inception, the brand concentrates exclusively on diamonds and only offers diamond jewelry in Turkey as well as the rest of the world. Zen Diamond's roots are based on a family culture dating back to 1890's. Emil Güzelîş is the 3rd generation representative of the family. Güzelîş says "We created the brand Zen in 2000, building on the heritage of my family's experience as jewelers for many years and by adding an innovative stance". He underlines their extensive knowledge in every field in the industry from production to sales.



"TURKEY'S LEADING DIAMOND BRAND"

Zen Diamond is positioning itself as the leading brand in this field in Turkey. Güzelîş stresses that they are building their store strategies, production, sales and after-sales activities according to this positioning. The first condition in the brand's leadership strategy is to be accessible. In this context store strategies have a great importance for the company. Since the first store opening in 2005, new ones followed. Today the brand has 44 stores in Turkey, 1 in Iraq, Kuwait, and Qatar, and 3 in Cyprus for a total of 50 stores. For Zen Diamond, accessibility is not only about opening new stores but also about the ability to offer competitive prices. Zen Diamond is Turkey's largest diamond retailer.

"EUROPE AND THE MIDDLE EAST'S LARGEST JEWELRY FACTORY"

"For the past seven years, we are the industry leader



40

STORES

150

CORNERS

in the export of jewelry," says Güzelîş and expresses that they actualize 50% of Turkey's jewelry exports. Originally founded as wholesaler export business, the brand opened its first office in the Netherlands in 2000 followed by an office in the US in 2001, and one in Dubai in 2002. Through these offices, the company had the opportunity to enter markets in the region and a chance to better observe the market dynamics. Today, Güzelîş reveals the strength and success of the brand by stating that they have the largest jewelry factory in Europe and the Middle East and with this power the opportunity to offer the widest selection of models for diamonds.

DIFFERENT DESIGNS AND PRICES FOR EACH REGION

The company has a different pricing policy and product offerings in different markets. Güzelîş, explains the difference in demand in Turkey and other countries as follows: "In the domestic market, classic

styles like solitaire, five stone and eternity rings are preferred, whereas in foreign markets trend products and colored stone models stand out. When it comes to preferences we need to assess each region in itself rather than generalizing. Europe and Middle East's preferences are different". Güzelis states that they have appropriate products for each market and adds, "We identify the variety of preferred products for each region and offer different designs and price range accordingly".

TARGET MARKET IS MIDDLE EAST

Zen Diamond is constantly working on expanding its global sales network. Güzelis says, "When we look at the jewelry industry in the world, the European and American markets have strong local brands that we have to compete with", and adds "The situation is very different in the Middle East; strong brands are not yet established." For this reason, Güzelis considers this area more advantageous for investment. He states that their first store in the Middle



East opened two years ago in Iraq and that they will continue to invest in the region by opening stores in Qatar and Kuwait.

THE DIAMOND SECTOR IN THE WORLD HAS GROWN THREE-FOLD IN 25 YEARS, WHEREAS IN TURKEY THE SAME GROWTH WAS ACHIEVED IN THE LAST 5 YEARS.

When looking at the overall situation of the sector, Turkey ranks well ahead

of other countries in gold jewelry production. Turkey has the second largest production capacity after Italy in this field. Turkey is also a supplier to big chains worldwide, yet diamonds are somewhat overshadowed by gold in the sector. Turkey's gold jewelry exports reach 15 billion dollars annually whereas that figure is 50 million dollars for diamond jewelry. Güzelis states that



EMEL GÜZELİS

Zen Diamond Chairman of the Board

With our strength in diamond jewelry production, we are able to respond to different tastes and budgets. We have an in house design team. We share requests from clients with the design team, and produce the desired model. We can also make modifications on a model in accordance with the demands of our customers. In addition to our design team, we collaborate with jewelry and fashion designers on special collections. Özgür Masur, Alex Akınoğlu, Deniz Kaprol and Emel Kurhan are designers who prepared special collections for Zen Diamond.

Turkey has a long way to go in diamond production and stresses that as demand in the local market increases, and more production experience is gained, Turkey will grow stronger. Those days might not be too far off. The diamond sector in the world has grown three-fold in 25 years, whereas in Turkey the same growth was achieved in the last 5 years.



Guzelis: "For the past seven years, we are the industry leader in the export of jewelry in Turkey."





BUROTIME IS PLANNING FOR EXPANSION AT ALL REGIONS

Long conference tables, functional work desks, comfortable chairs ... Employees spend most of their days at desks in their offices. Demand for modern, convenient office furniture is growing with each passing day. Bürotime claims to meet that demand.

BY SİMGENUR GÜDEBERK

EVERY MORNING we leave home, go to our work place, pull our chairs and start working. Some of us spend hours at our desks without getting up, some of us get a tea-coffee break once in a while, leaving our desks only then. An irrefutable fact is that we spend a large portion of our time in our office, at our desks. With the increase of time spent in the office, our expectations about office furniture have also changed. In the past, product availability was limited and delivery times were long. Today however, thanks to the booming sector and product diversity, we are looking for furniture that will address our needs. Furthermore, we are more

design conscious. Bürotime, a young and leading brand in office furniture industry aims to respond to this changing demand. With functional design and superior quality, Bürotime aims to become a global brand by continuously making a difference.

Bürotime is the leader of office furniture industry with its different designs and high quality products. Company's Chairman Huseyin Tosunoğlu noticed a gap in the industry and addressed it: On time delivery of office furniture. Tosunoğlu, explains how they got to this point as follows: "To resolve this common issue we have developed a 72-hour delivery, a first in the world." Tosunoğlu ex-



Bürotime brand considers it important to manufacture its own products to make a difference.

presses that with its superior flexible production capability, Bürotime provides the fastest delivery of office furniture in the world.

BUROTIME JOINED TURQUALITY PROGRAM THAT INCLUDES GLOBAL BRANDS

Bürotime brand considers it important to manufacture its own products to make a difference. "We have our own molding shop in our manufacturing plant in Konya; an example unique in this industry" he says and adds: "We built our strategy on the foundation that we have established a unique and bold approach to respond to an unmet need. We tried to be unique rather than using known products and methods". Bürotime has become a brand that contributes to Turkey's exports by joining the Turquality program that includes strong and global brands.

TECHNOLOGICAL RENOVATION AT THE FACILITIES IS VERY FAST

Innovative approaches are decisive for competition in the furniture sector and Bürotime invests in R & D every two years according to need. Tosunoğlu says, "Our facilities are technologically very capable and we are renovating in a period of about 5-7 years." He adds that technological superiority leads to competitive advantage. Tosunoğlu states that in 2013 the company made an investment of over 5 million TL, and 5 to 10 percent of their budget was spent on investing in technology.

THE COMPANY EXPORTS TO OVER 40 COUNTRIES

Bürotime laid the foundation of a new manufacturing facility located in Konya Organized Industrial Zone on a land of 45 thousand m², with a covered area of 24 thou-

sand. The brand continues to expand its export range. Tosunoglu says, “Today, we export to over 40 countries including France, Germany, Kenya, Libya, Lebanon, Dubai, Qatar, Saudi Arabia, Iran, Cameroon and the Turkic Republics” and adds they want to keep the momentum in exports they reached in 2013. Tosunoglu says they will continue to expand into regions such as North Africa, Southern Africa and Central Africa where there is most opportunity in the office furniture market.

OFFICE FURNITURE SECTOR WILL GAIN MOMENTUM

The increase in demand for branded products every day, the importance of quality design for competitive advantage as well as other developments in the triggering fields, such as construction, lead the sector to become more qualified and competitive. Tosunoglu explains his expectations from 2014 as follows: “We expect the conscious consumers who want more to drive the demand for modular and multifunctional designs. In this regard, 2014 could be a year in which the sector growth gains momentum”.

Bürotime considers participation in domestic and foreign trade fairs very important as these venues give the company opportu-



“Our 2023 vision is to expand our reach around the world in all geographies we can access as Bürotime brand.”



nity to explain their differentiating factors to consumers. For this reason, the company plans to continue to attend fairs in 2014 to bring their products to end-users. “Our 2023 vision is to expand our reach around the world in all geographies we can access as Bürotime brand,” says Tosunoglu. He plans to strengthen the company's position in countries where they export and make Bürotime a memorable brand for these customers.

A MORE GLOBAL DESIGN APPROACH

Tosunoglu believes that design makes a difference in office furniture industry. He says, “We want to lead the development of a more global approach to design by working with designers from

all over the world”. On the other hand, Bürotime has embraced social responsibility through Health in Office movement, and wants to strengthen this initiative and aims to become a leader in developments in ergonomics, first in Turkey then abroad.

The brand's short and long-term plans are set. “In the near future, we plan to increase our export rate by 15 percent, and the number of countries we operate in to 50. In the longer term, we need to be selling our products in the United States and Russia in order to qualify as a global brand”, says Tosunoglu. He stresses that they are working in accordance with local and global targets they set.

APPROXIMATELY 100,000 PRODUCTS ARE BEING EXPORTED

With the scheduled manufacturing site to be completed in 2014, the total covered area Bürotime operates in will be 94 thousand m². The production capacity is expected to increase by about 25 percent when the new plant, built to add capacity, begins operations in 2015.

Bürotime was awarded the title of “Furniture Manufacturer with Highest Exports” by the Central Anatolian Exporters' Union (OAİB) in 2012. The company, which exports to more than 40 countries, is working towards reinforcing brand awareness. “We not only make sales but also represent our country in these countries”, says Tosunoglu. He also states that they export 30 percent of their current production, which is approximately 100,000 products annually, and they have great response to their products in foreign markets. Operating through 70 dealers in Turkey and 40 abroad, Bürotime offers consumers high quality office furniture.





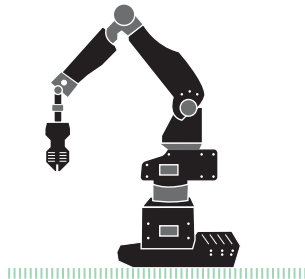
UNBEATABLE IN INDUSTRIAL ROBOTS; ALTINAY

The pioneer and leader of industrial robots in Turkey, Altınay Robotic Technologies aims to export \$ 45 million in 2014 with a radical increase compared to previous year. The founder and General Manager of the company Hakan Altınay evaluated the company's goals for the next term and the work needs to be done in the innovation field.

BY BARAN KARAKUZZU BY CANER ÖZKAN

THE FOUNDATIONS

of Altınay Robotic Technologies was laid in 1990 when Hakan Altınay was a Research Assistant in college. Altınay found opportunities to do research at an academic level by developing industrial robot technology for industrial applications and built Turkey's first 5-axis articulated industrial robot 'Altınay - 1'. Altınay established Turkey's first technology development center ITU - TEKMER under the aegis of the Ministry of Industry in 1991. Altınay built the first 6-axis industrial robot



"A robot created to be used for the ceramic industry leads a way to other technologic inventions in order to develop the particular industry."

and changed Turkish innovation history in 1993. Finally he established his own company, Altınay Robotic Technologies in 1994. About some of their projects which are important at a national level Altınay says, "This success which increased our national self-confidence showed us how important that it is to produce and globalize our technology by taking little financial support." Altınay aims to grow more by developing robotic technology and industrial projects for national and international industries.

Altınay aims to grow more by developing robotic technology and industrial projects for national and international industries.

THE ONLY TURKISH COMPANY IN AUTOMOTIVE ROBOT AUTOMATION

The company that its estimated turnover totals in 150 million TL in 2014, provides assembly lines, defense industry projects, manufacturing and installation services for domestic and international automotive factories since 2010. As a result of sales and installations which has been done so far in Morocco, Romania, Slovenia and Russia, Altınay became the first Turkish company that provides service for main automotive industry in robotics and automation sector. The company will manufacture a new body assembly line for Ford Russia and devise direct defense projects for the United States. Along with the new project received, company's 2013 exports totaled in \$ 10 million will rise up to 45 million dollars in 2014 which is an increase of over 400 % compared to last year.

Altınay Robot Technologies Inc. provides services to national and international institutions with its 900 thousand hours of strong R & D engineering experience, more than 100 engineers and 193 employees with different academic degrees in automotive industry, supplier industry, body production technologies, furniture/appliances/ glass/ food technologies, electric tools and energy storage technologies, healthcare technology,

automated robotic parking systems and renewable energy systems.

ROBOTIC TECHNOLOGIES ARE USED IN DIFFERENT SECTORS

Altınay Robotic products are not only related to robotic technologies, the company also develops technologies for the industry it self. A robot created to be used for the ceramic industry leads a way to other technologic inventions in order to develop the particular industry. The company started producing robot applications for automotive industry in 2001 and specialized in many practices since then. Along with all these, Altınay works in different fields such as energy storage, wind turbines and high-current battery technology and defense industry.

Altınay expanded the company's range by providing services for Romania and Slovenia in 2013. This year Altınay will be working for Russia and U.S.A. direct exports to the U.S. in

defense, while working in a new vehicle's complete body assembly line in Russia.

"WE GOT NO OPPONENT IN THE FIELD OF INDUSTRIAL ROBOTICS"

In order to have a competition with engineering and technology giants around the world, Turkey needs more loan options and a strong political will who would support innovative approaches. Altınay says, "There are academic studies in robotics but there is no second option apart from Altınay in industrial production." Underlining the fact that robotics requires competence in multiple practices, Altınay says post-production, marketing and technical support are also crucial in order to achieve success.

As Altınay reminds, steps needs to be taken for the development of innovation in Turkey. "We can implement our science, technology and industry objectives by getting more organized, work-



ing harder and finding better strategies." Altınay says. Key to success is to 'think big' for Altınay. The company aims to establish infrastructure abroad and have strategic partnerships in order to achieve improvement.

According to Altınay, small and medium-sized innovative firms should get more support to be able to reach 2023 export targets. These companies are supposed to focus on producing technology, however they struggle with training qualified people, finding financing and customer in order to survive.

"EXIMBANK SUPPORT WOULD HELP US IMPROVE"

By pointing out that big companies which operates large assembly lines and manage giant projects at the same time needs more support; Altınay says: 'Particularly, a possible reduction in deposit rates done by Eximbank would create a chance for engineering and technology firms that needs credit in order to compete with international companies.' Underlining that the most difficult thing is to develop new technologies, Altınay says if Turkey manages to convert developed technology into a corporate form, 2023 targets will become achievable.



Altınay aims to establish infrastructure abroad and have strategic partnerships in order to achieve improvement.

REBORN FROM THE ASHES: KAYALAR KIMYA

Kayalar Kimya who had a troubled period after a fire broke out in the factory in 2012 , managed to achieve goals without a break down by the solutions developed in a crisis.

BY SIMGENUR GÜDEBERK

RAPID AND SUCCESSFUL growth chart, a significant export potential, a foreign investor comes in parallel with all this... Everything was going smoothly for Kayalar Kimya, one of the most important companies in Turkey until August 2012. While at a meeting abroad, maybe a new investment plan taken in preparation, Kayalar

Kimya CEO Ersin Kaya receives a terrible phone call. Soon he finds out about a fire broke at the company he inherited from his father and the 70 million euros damage. Gladly, it didn't last very long for Ersin Kayalar to overcome this shock. Measures in this regard should have been taken quickly and he was supposed to stop production of the factory.



Ersin Kayalar who planned an urgent meeting for the next day and made the following decision that would save Kayalar Kimya from the brink of bankruptcy: "We will divide our workers into 17 small facilities and continue production. "This decision made Kayalar Kimya ready to produce again in 3 days after the fire. 350 employees of Kayalar Kimya divided into 17 facilities quickly began production. In this process, a new factory cost 25 million euros was built where the old one was located and Kayalar Kimya closed 2012 with grown targets.

THEY WORK IN A THOUSAND SQUARE METER R & D LABORATORY

A restructuring example which can be very rarely found in the market; Kayalar Kimya's passion for profession and success started in 1976 when Yilmaz Kaya founded the company. Flagship of Kayalar Kimya, Genç Wood Coating Systems which started production in 1979 under its own brand has become a leader in the

industry with its innovative approach.

The company works in order to improve the production of furniture paint and varnish in 1000 square meters R&D laboratories equipped with the latest technology equipment with professional and experienced R&D staff. It ensures maximum quality by following the new technology in the industry and increases the variety of products through new R&D activities.

The current leader of the market in Turkey with a 23% share, Genç Wood Coating Systems produce



Kayalar Kimya which has large shares in Iraq, Azerbaijan and Algeria currently, plans to grow and increase competitiveness in internal and external markets in 2014.

furniture varnishes and dyes in European standards by integrating the know-how which has been gained from Europe since 2002 into R&D structure.

Works of Kayalar Kimya was crowned in three categories with a total of four awards in the '3rd Chemical Substances and Products R&D Projects Market' coordinated by Turkey Exporters Assembly (TIM) in coordination of Istanbul Chemicals and Chemical Products Exporters 'Association (IKMIB) and Mediterranean Chemicals and Chemical Products Exporters' Association (AKMIB). Kayalar Kimya's success in UV systems was proved with their "Water Based UV Curing Varnish and Paint Refinishing System Development" project which brought the company one of the awards in the '3rd Chemicals and Chemical Products R&D Project Market'.

PRODUCES 800 INDIVIDUAL PRODUCTS WITH MAXIMUM SPEED AND SAME STANDARD

Kayalar Kimya is a managing 32 thousand square meters manufacturing facility with an annual capacity of 80 thousand tons. The company is using advanced technology automation which can manage about 3 thousand 700 points from a single control room. In this way, the company is able to produce 800



different high quality products in the same standards and at a maximum speed. Kayalar Kimya which has a 7 thousand square meters stock area operates varnish, paint and alkyd production in many categories such as UV, water-based, polyurethane, cellulose, acrylic, synthetic and polyester. Closely following the latest technology and developments about human health and environment sensitive, water-based product, Kayalar Kimya works in order to spread the products to market, increase the use and meet the needs.

"STAR OF EXPORT" KAYALAR KIMYA EXPANDS

With its dealer network in every corner of Turkey and strong sales channels Kayalar Kimya, blazed a trail in the industry by opening an Genç Wood Coating Systems office in Spain which is one of the most developed countries in furniture market. Kayalar Kimya who becomes famous in the international arena, exports to 42 countries with Genç Wood Coating Systems including Russia, Turkic Republics, Middle East, North Africa and Eastern Europe.

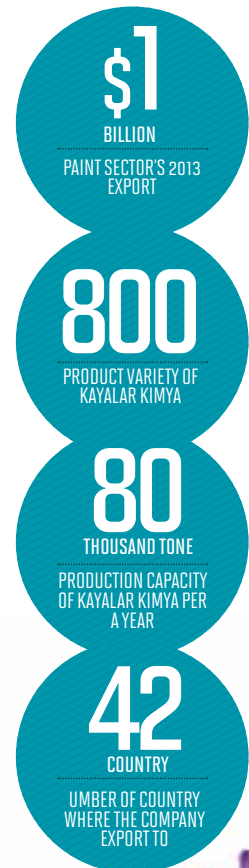
At the 'Star of Export 2013' ceremony organized by Istanbul Mineral and Metals Exporters' Association (IM-MIB), Kayalar Kimya, Genç Wood Coating Systems was selected as the 'star of export' in paint - varnish and inks category. Kayalar Kimya was one of the companies contributed to Turkey's 151.7 billion 'record' export of 2013. Kayalar Kimya goes into the top 100 among worldwide chemical companies and the top 5 in Europe with its current production capacity. The company seems determined to offer new products and features to the customers in



order to sustain competitiveness in the market.

Kayalar Kimya which has large shares in Iraq, Azerbaijan and Algeria currently, plans to grow and increase competitiveness in internal and external markets in 2014. This year's target for Kayalar Kimya is to reach countries where furniture sector develops such as Romania, the Czech Republic, Slovakia, Hungary, Indonesia, Taiwan, Malaysia, Bangladesh.

Kayalar Kimya goes into the top 100 among worldwide chemical companies and the top 5 in Europe with its current production capacity.



Agenda

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



7-29 JUNE

Istanbul Shopping Fest

Istanbul has been a capital for shopping and trade through out the centuries housing the historic shopping centers such as Grand Bazaar, the largest covered market in the world. There are also numerous small bazaars serving in the historic structures of Istanbul with a

spiritual atmosphere. The most popular stuff in those bazaars are gold, jewelery, leather and rugs. Istanbul Shopping Fest will be organized between June 7 and 29, 2014. Shops and shopping malls will be open till late hours several districts of Istanbul.

MAY

BOAT SHOW 2014 33rd International Istanbul Boat Show Haliç Congress Center APRIL 30 - MAY 5



The fair will host national and international yacht manufacture and maintenance companies, yacht and mega yacht brands, marina supplies companies, sailing and water sports supplies companies. 118 thousand square meters venue will host over 100 exhibitors, more than 260 brands and 120 boats from 3 to 42 meters long. More than 20 thousand visitors are expected to attend the fair.



37th Yapi - Turkeybuild Istanbul 2014 Tüyap Fair Convention and Congress Centre 6 - 10 MAY

TurkeyBuild Istanbul continues to be the largest and most important "Construction Fair" that brings together all the components of the construction sector. With a 81,000 m² ground, 1,150 participants and halls divided according to product groups, it has the distinction of being the largest fair in 'the Balkans, Russia and the CIS countries, the Middle East and North Africa region'.

EVTEKS 2014 20th Istanbul International Home Textiles Fair CNR Expo Center MAY 21-25

EVTEKS is a fair that is followed enthusiastically by the global exhibition industry professionals each year. EVTEKS contributes immensely to Turkish home textile industrialists, European manufacturers and markets. The latest developments in home textile trends will be exhibited this year with the participation of more than 200 brands.



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Future Fish Eurasia

7th International Fish Imports/Exports,
Processing, Aquaculture and Fisheries Fair
Izmir International Fair Ground

JUNE 5-7

Future Fish in Euroasia will host over 300 domestic and foreign companies with their latest products and services in a 11.000 m² area. The fair will be held for the 7th time in Turkey which has three coasts with quite a big potential in fishing. All kinds of innovative equipment such as fresh, frozen and processed fishery products, aquaculture, fishing and processing machineries will be exhibited at the fair.



Istanbul Medical Tourism Fair and Congress Istanbul Congress Center

11 - 13 JUNE



"Procurement Committee" of the Middle East and Balkan Countries, African Countries, Russian and Turkic-speaking Countries will meet with exhibitors and the fair is expected to host 10,000 local and international visitors. Procurement Committee will be comprised of Ministry of Health officials, medical tourism travel companies, doctors, hospitals and clinics.

REW Istanbul 2014 10th International Recycling, Environmental Technologies and Waste Management Fair Tüyap Exhibition and Convention Centre

JUNE 12 - 14

REW Istanbul is the first and only international fair of Turkey in its field. The fair will be hosting industrialists, organized industrial zone representatives, ministry of industry and trade representatives, entrepreneurs and investors, ministries, municipalities and government representatives, environmental industry professionals, academics and consultants. REW Istanbul attracts big buyers from the Balkans, the CIS countries, the Middle East and North Africa to Turkey with its visitor profile that overlaps with Occupational Health and Safety sector's target audience.

Eurasian Expo Tool-2014 Power & Hand Tool Trade Fair Istanbul Expo Center

JUNE 26 - 28

Eurasian Power & Hand Tool Trade Fair Powered by Mitex will host the world's leading brands. The latest trends in the industry will be presented along with live demonstrations. More than 10,000 visitors are expected to attend from Turkey and neighboring countries.

JUNE

Figures

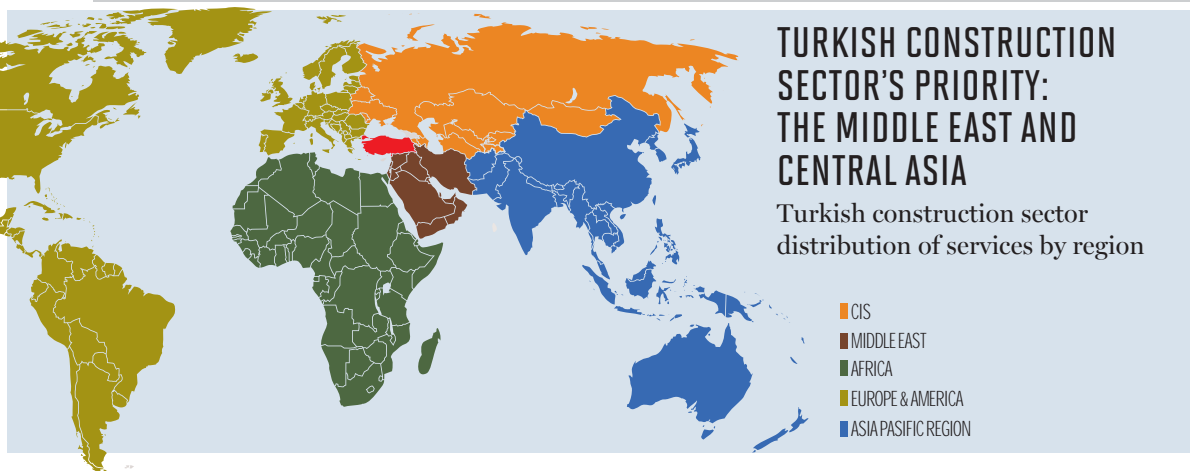
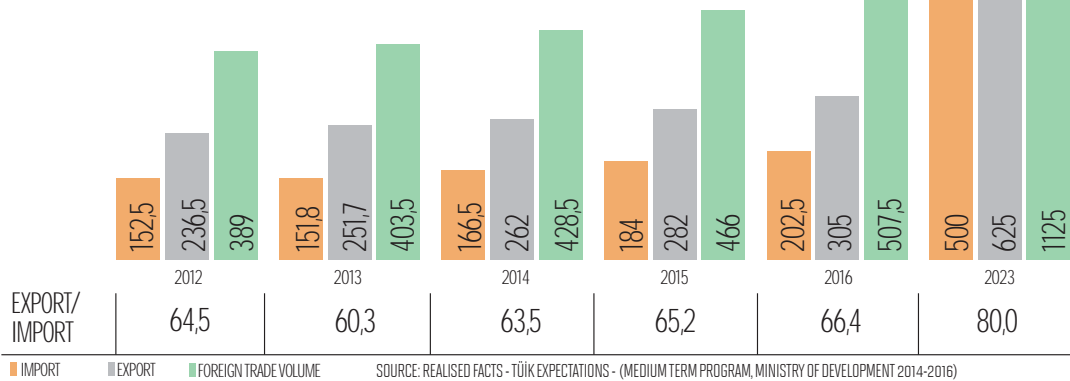
TURKEY'S ECONOMY IS TYPIFIED BY STEADY GROWTH

GROWTH EXPECTANCY IN THE GLOBAL ECONOMY

According to International Monetary Fund (IMF) the world's total trade volume of goods and services are expected to increase by 4.5% in 2014. On the other hand, World Trade Organization (WTO) estimates that the world's total trade volume of goods and services across the globe are expected to increase again by 4.7%.

TARGETS FOR TRADES IN GOODS ARE INCREASING WITH VISION 2023.

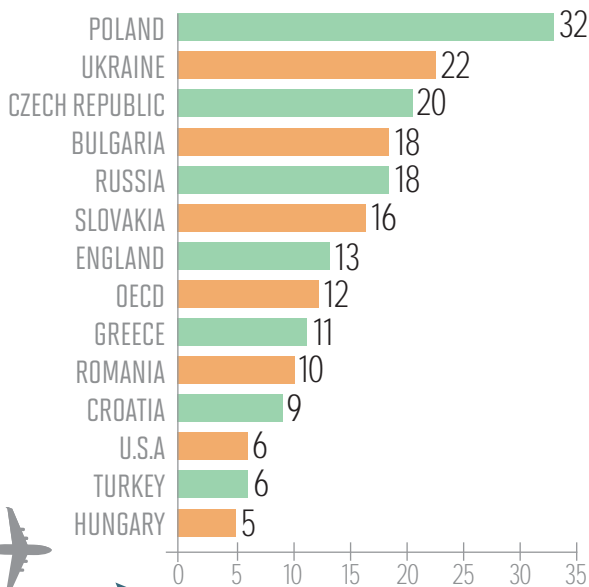
Turkey's exports and imports continues to increase steadily for Vision 2023 targets.





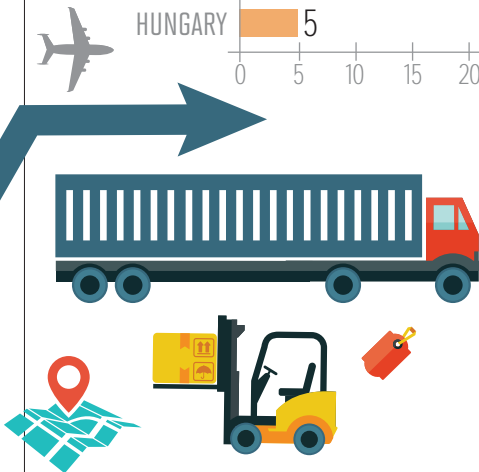
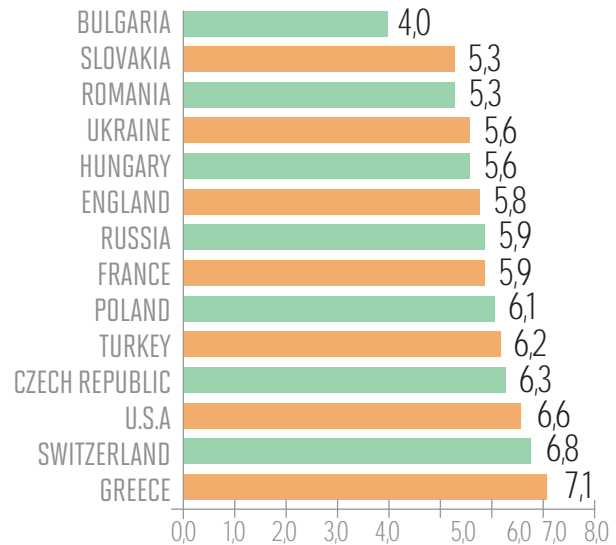
TURKEY IS THE RIGHT PLACE FOR ENTREPRENEURS

Turkey left many competitors behind with 6 days in business opening time.



FOREIGN INVESTORS HAVE ACCESS TO QUALIFIED PERSONNEL

SOURCE: REPUBLIC OF TURKEY PRIME MINISTRY INVESTMENT SUPPORT AND PROMOTION AGENCY



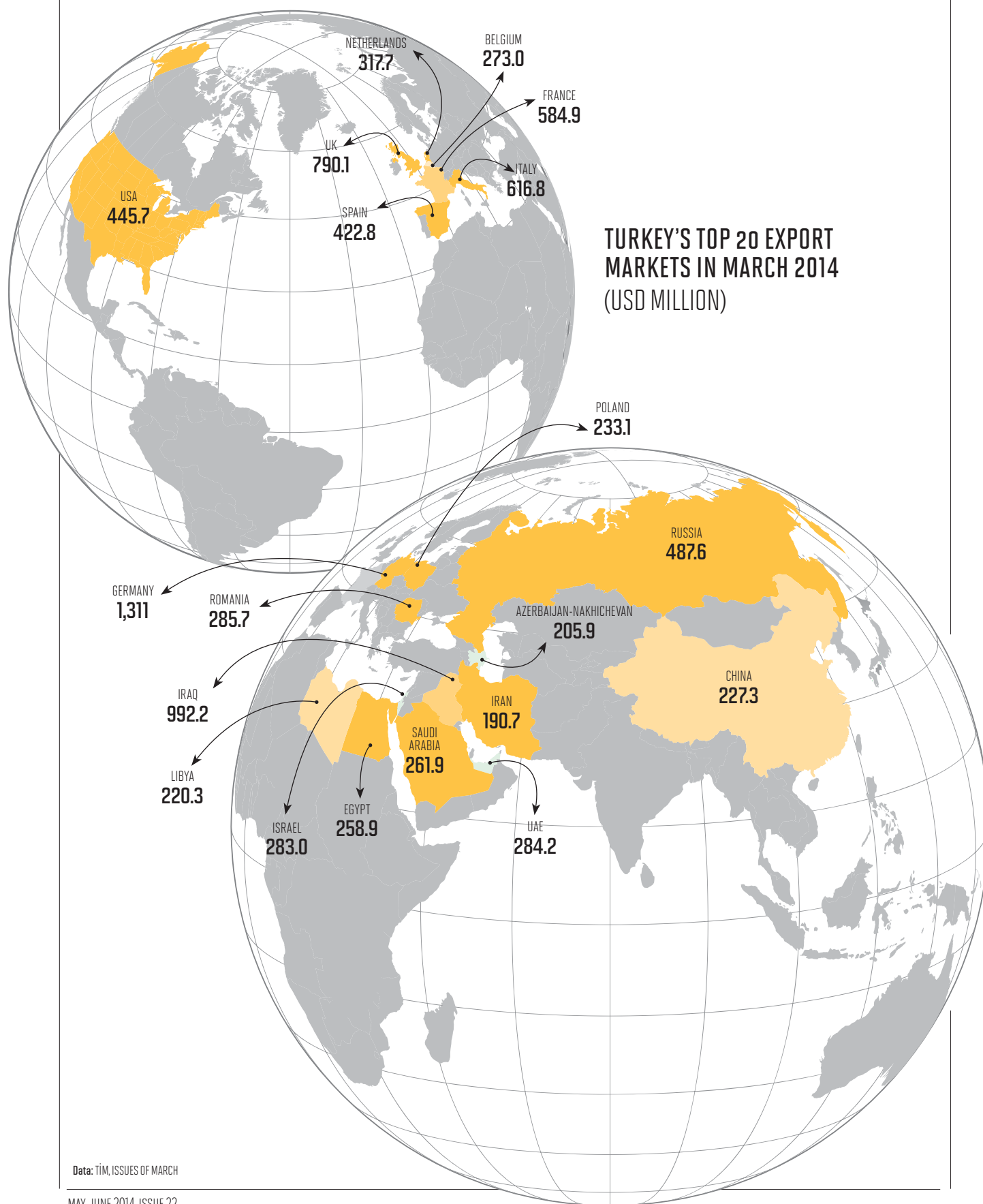
COMMERCIAL FREE ZONES ESTABLISHED IN TURKEY INCREASES EMPLOYMENT

57,010 people were employed in 19 Free Zone in 2013. In 2013, total trade volume in free zones increased by 0.8 % to 23.2 billion dollars compared to the previous year.

MILLION \$	2008	2009	2010	2011	2012	2013
*FROM INLAND TO ZONES	3.195	2.177	2.295	2.668	2.971	2.887
FROM ZONES TO OVERSEAS	5.874	4.914	4.361	6.924	7.070	7.701
FROM OVERSEAS TO ZONES	8.248	5.493	6.626	7.253	7.258	7.490
FROM ZONES TO INLAND	7.262	5.174	5.291	5.801	5.754	5.162
TOTAL TRADE VOLUME	24.578	17.757	18.572	22.646	23.053	23.240

SOURCE: FREE ZONES, OVERSEAS INVESTMENTS AND SERVICES DIRECTORATE GENERAL





Data: TİM, ISSUES OF MARCH



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NAME / İSİM

LIONEL MESSI

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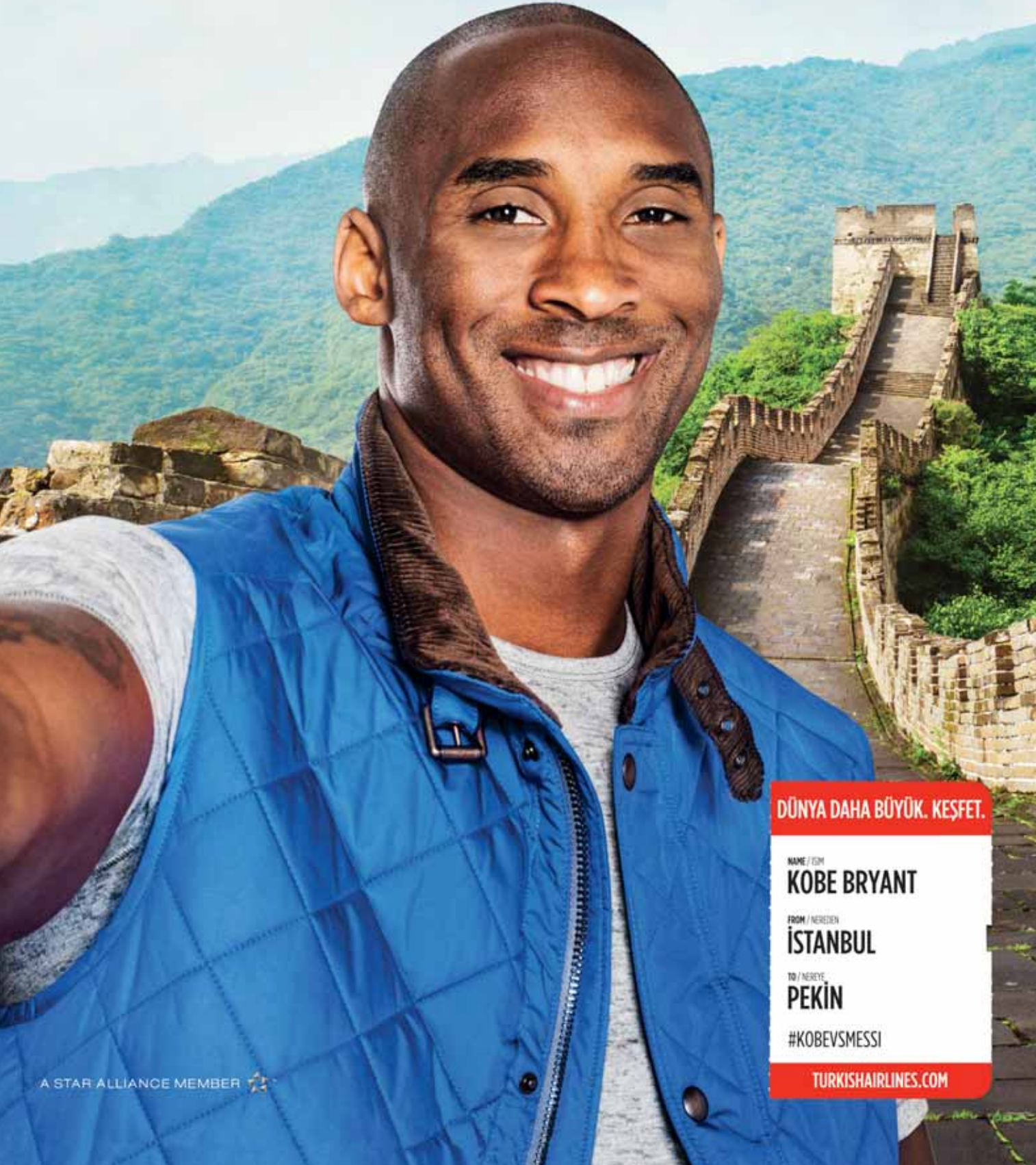
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A STAR ALLIANCE MEMBER 



DÜNYA DAHA BÜYÜK. KEŞFET.

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