

The Turkish Perspective

SEPTEMBER - OCTOBER 2014 ISSUE 24

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS



BRIEFING
Globally Cosy

SPECIAL REPORT
Star of Defense and Pride of Nation: Turkish Aerospace Industries

BRANDS
Online All the Time: Airties

BEST TEN EXPORT STORIES
Extreme Exports

TURKEY: AT THE DAWN OF A NEW ERA

Turkey's inner dynamics and successful approaches combined with the opportunities arising to be seized, shine as the first lights of "A New Era".





TURKEY
**INNOVATION
WEEK**

ANKARA 2014

TİM TURKISH
EXPORTERS
ASSEMBLY



TURKEY, RUNNING TO THE FUTURE WITH INNOVATION!

OCTOBER 21-22, 2014 ANKARA MEB ŞURA SALONU



turkiyeinovasyonhaftasi.com



[/turkiyeinovasyonhaftasi](https://www.facebook.com/turkiyeinovasyonhaftasi)



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



Contents

- 05 | Turkey Chose Stability
- 06 | One Jersey Many Giants
- 06 | Turkey's Privileged Partnership
With South Korea
- 07 | World Export Atlas
- 08 | TIM Visited the Heart of
Technological Innovation:
CERN
- 08 | Turkish Airlines Broke a
Record During 2nd Quarter
- 09 | Foreign Trade's Think Tank
- 09 | Africa is Now Under the
Wings of Turkish Airlines
- 09 | Turkey: The Guest of Honor
- 10 | Cities of Advantage
- 10 | Turkish Exporters Assembly
Evaluated the Q2



05

12 PANORAMA

TURKEY: A NEW TRADING STATE?

There are two main reasons why people are having a time to read Turkey's progress: World itself is stabilizing onto a ground of new political balances and Turkey has a unique transformation process.



11



36 COVER

AT THE DAWN OF A NEW ERA

As Turkey remains stabilized, it contributes more to the solutions of the global problems, and the more it plays an active role, the more stability and efficiency of Turkey increases.

13 BRIEFING

13 | LA PREMIÈRE EXHIBITION

Istanbul has opened its gates to Premier Vision, one of the most prestigious trade fair events of the global textile industry.

16 | A BRIEF HISTORY OF SUCCESS

With baby steps in the early times, the sports in Turkey gradually gained importance in an extensive set of fields from economy to media.

18 | BEING AN EDUCATION HUB

Thanks to its location and academical profile, Turkey attracts more and more students each year.

19 | ANOTHER TYPE OF WEARABLE HIGH-TECH

Turkey is increasing its share in world technical textile market, thanks to its R&D investments and innovative approaches.

21 | RISE OF THE SHOPPING TOURISTS

Turkey, a country of tourism in every aspect, is organizing novel options to draw shopping tourists.

23 | REAPING 2023 BY SOWING VISION

Turkey, planning to increase the value of its agricultural production volume up to USD 150 bio by 2023, aims at becoming the fifth largest agricultural economy in the world.

26 | ANCIENT TRADE ROUTE REVIVES IN TRABZON

3rd event of "Silk Road Businessmen Summit" will host be hosting businessmen and high-level representatives from 20 countries along the Silk Road trade route.

28 | GLOBALLY COSY

TSI, a joint-venture of Turkish Airlines and Assan Hanil, although being new in the market, has drawn attention after their success thanks to combination of innovation and quality.

36 COVER/INT

"It is extremely important for Turkey that Borsa Istanbul makes international agreements such as the one with Nasdaq."

Kerem Alkin

"Almost all of the products which have been developed domestically and for which we have intellectual property rights are demanded in the international market."

Fahri Erenel

"The multi-dimensional foreign policy in this respect is a vital investment for the future when combined with solution-oriented foreign policy."

Sabiha Senyücel Gündoğar

"One of the main factors in development is that Turkey has been acting based on its own agenda."

Mesut Özcan



16



28

13 BRIEFING

30 | TURKISH FDI STRONG
DESPITE DOWNTURN

Turkey achieved significant growth in inward Foreign Direct Investment (FDI) in the first of half of 2014.

33 | REGULATED TO GROW

Proactive approaches adopted by Central Bank of Turkey and Banking Regulation and Supervision Agency, keeps Turkish banking system resilient to global fluctuations.

54 IN DEPTH

54 | THE STAR OF DEFENSE AND
PRIDE OF NATION

A Turkish company attracted the whole world's attention with its manufacturing quality and increased its turnover more than over 1300% in the past 10 years.

50 EXCLUSIVE INTERVIEW

50 | OF DEVELOPING COUNTRIES
AND INDUSTRIALIZATION

"Today both EU and the Federal Government of the US are discussing not on strategic sectors but on enabling technologies."

59 BRANDS

59 | EXTREME EXPORTS

Good ideas lay the world open for you. In this era of the world, in order to be successful in the field of international market a good idea is the most necessary of all.

61 | AIMING AT ONLY THE BEST

The reason behind the success of Yurtbay Seramik is based on quality and remaining loyal to promises. This attitude brought a sense of "reliance", in addition to quality, over the course of time.

63 | ONLINE ALL THE TIME

AirTies which was born The Silicon Valley, is a global brand which now continues its operation in Turkey.



56 OPINION

TALKING WITH THE "ARCH"ITECT

We talked to the eminent architect who has completed projects in more than 20 countries, about architecture, design, tourism and project financing.



64 | EDIBLE INNOVATION

Being one of the most prominent packaged dried fruit and nuts manufacturers in Turkey, Papağan Kuruyemiş is combining innovation with the right marketing strategies.

66 | CHARGING WITH QUALITY

Being one of Turkey's most innovative companies, Yigit Akii prepares itself for the future with innovation and R&D.

68 AGENDA

FAIRS, EXHIBITIONS, SUMMITS,
MEETINGS IN SEPTEMBER AND
OCTOBER

70 FIGURES

INDUSTRIAL TURNOVER INDEX

The Turkish
Perspective

MANAGEMENT

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

MEHMET BÜYÜKEKŞİ

MANAGER IN CHARGE

MUSTAFA MENTE

PUBLICATION BOARD

M. İLKER AYCI

TEMEL KOTİL PhD

BÜLENT AYMEN

MUSTAFA ÇIKIRIKÇIOĞLU PhD

SÜLEYMAN KOCASERT

ZEKERİYA METE

ŞAHİN OKTAY, METİN TABALU

PUBLICATION MANAGEMENT

PRESIDENT

MEHMET MÜCAHİD DEMİR

PROJECT COORDINATOR

TURGUT ETİNGÜ

EDITORIAL

MANAGING EDITOR
OF ECONOMIC PUBLICATIONS

ONUR KOÇASLAN

REPORTERS

YAĞIZ ÖZERCAN, ABDULLAH SAİD ZEYBEK

CONTRIBUTING REPORTERS

M. BAHADIRHAN DİNÇASLAN,

EMRE KURBAN,

ELİF KARAHALILOĞLU,

BERKAN KİŞİN, ONUR CEVAHİROĞLU

KÜBRA NUR DURAN, BARAN AKKOZU

ART DIRECTOR

HARUN AKTUĞ

PHOTO EDITOR

MEHMET ÖZTÜRKLER

ILLUSTRATOR

SEDAT GİRGİN

CONTRIBUTORS

MELİH BULU PhD,

PROF. MENSUR AKGÜN

PRINTING

BİLNİT MATBAACILIK
BİLTÜR BASIM YAYIN VE HİZMET A.Ş.
DUDULLU ORGANİZE SANAYİ BÖLGESİ 1. CADDE
NO: 16, ESENKENT - ÜMRANİYE 34476
İSTANBUL

TEL: 444 44 03 • www.bilnet.net.tr

medya tr

CONTACT

T. +90 212 211 16 46

F. +90 212 213 77 75

ttp@medyatr.com.tr

www.medyatr.com.tr

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

Editorial



MEHMET BÜYÜKEKŞİ
PRESIDENT (TIM)

CONTINUING TO EXPORT WITH FOCUSING ON OPPORTUNITIES INSTEAD OF CRISES

After Russia imposed an embargo on its food imports from the European Union, in line with the recent circumstances, Russia raises as an alternative market and increase the opportunities of food export in particular.

While U.S. economy, consisting 22 percent of the global economy, is recovering, the fact that Germany, the flagship of European Union, shrank more than expected in the second quarter, economic growth of France ceased, and Italy's economy kept declining implies that Eurozone still couldn't elude the economic stagnation. Meanwhile, news from Syria, Iraq and Palestine in particular raises the issues of global risk and instabilities. A continuation of this shrinkage of European and Middle Eastern markets may have some adverse effects on our export activities. As a matter of fact, in July, our exports to Iraq declined by 46 percent and to Lebanon by 22 percent. Yet, we believe that Iraq will be stabilized in a while and our export to the region will keep up with its regular tempo.

In this regard, after Russia imposed an embargo on its food imports from the European Union, in line with the recent circumstances, Russia raises as an alter-

native market and increase the opportunities of food export in particular. We are capable of meeting the demand of Russia for all of such products in terms of both capacity and quality. We truly hope that the geopolitical risks will be resolved and tension will cool down in the said region, otherwise everyone will lose.

On the other hand, despite the unfavorable events, our exporters are keeping their spirits up and carrying on with haste by utilizing opportunities in the new target markets. This year, in the first 7 months we have increased our exports by 5.7 percent to achieve 92.7 billion US dollars. During the period, we have increased our exports to European Union countries by 14 percent, to Middle Eastern countries by 7 percent and to the North American Free Trade Zone by 6 percent.

Our advances in R&D, innovation, design and branding fields continue with the aim of reaching the export target of 500 billion dollars that we set for the 100-year anniversary of our republic.

In this context, we take our innovation enthusiasm to our export sectors, all around the country. This year we ignited the spark of innovation in Anatolia with Turkey Innovation Week, which hosted 27 thousand participants last year and which is now a traditional organization. The first leg of the organization was held in Izmir on May 29-30 with 5 thousand participants, and the second and third will be in Ankara on October 21-22 and in Gaziantep on November 6-7, respectively.

Meanwhile, our "InovaLIG" project by which we will determine the Innovation Champions of Turkey in 5 innovation categories is going on with momentum. Approximately 300 out of 459 companies which registered with the league have completed the survey that evaluates the innovation management skills. In our InovaLIG project, we will determine the Innovation Champions of Turkey in 5 distinct categories and award them in Turkey Innovation Week. On the other hand with the National Innovation Strategy Project, that we initiated to cover all of the sectors, we will set the steps to change the technology trends and rules of the game in all sectors.

For the first time in history, Turkish citizens electing their President, was a big step to grow in to a democratic maturity. We congratulate Mr. Recep Tayyip Erdogan, who was elected President by courtesy of citizens, and believe wholeheartedly that he will continue his service as the President to achieve the 2023 targets and wish him success in his new position. We hope that Turkey capitalizes this important period of 4 years with no election between 2015 and 2019, to set a role-model of stability in its region, and evaluates this period as an era of breakthrough towards being a developed country.



**More than 37,500 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 5,1% over the past decade (2004-2013)
- 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 \$1,1 trillion GDP at PPP (IMF 2013)
- A population of 76,6 million with half under the age of 30,4
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa
- Highly competitive investment incentives as well as exclusive R&D support
- Around 610,000 university graduates per year

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



**YOUR ONE-STOP-SHOP
IN TURKEY**

invest.gov.tr

Content: One Jersey Many Giants **P06** Turkey's Privileged Partnership with South Korea **P06** World Export Atlas **P07** Turkish Airlines is Under The Spotlight Once Again **P07** Istanbul's Third Airport is Coming Full Throttle **P07** TIM Visited the Heart of Technological Innovation: CERN **P08** Foreign Trade's Think Tank **P10** Africa is Now Under the Wings of Turkish Airlines **P10** **Editor:** Turgut Etingi

First

EXPORT, TRADE, SPONSORSHIP, INCENTIVE, TOURISM, EXHIBITION, AVIATION, INNOVATION...



New President
Recep Tayyip Erdoğan is
congratulated by his
predecessor
Abdullah Gül.

Erdoğan's journey to the top:

TURKEY CHOSE STABILITY

For the first time in the history of democracy in Turkey, presidential elections were carried out with the participation of the people and Recep Tayyip Erdoğan won another victory.

Another critical juncture for Turkey is behind and with the completion of presidential elections where everyone wondered at the results, people chose economic and political stability. Recep Tayyip Erdoğan, winning his tenth successive election, took over the presidency from Abdullah Gül and became the first president elected by the people. With the amendment made to the constitution by holding a plebiscite in 2010, "election of the President by the people" was accepted and with the elections on August 10th and people voted to elect the new president of Turkey. Recep Tayyip Erdoğan took 51.7% of the votes and the office on August 28th. Presidency elections were not watched with interest only in Turkey but also abroad. After the results were announced,



US President Barack Obama, stated that "he is impatient to work with Prime Minister Erdoğan at his new duty", also the European Union congratulated Recep Tayyip Erdoğan for his election victory and becoming 12th president of Turkey by sending a message on the highest level. Vladimir Putin was amongst the leaders that felicitated

Recep Tayyip Erdoğan for his presidency. After the elections, leaders of the two countries stated their shared view regarding the need to improve strategic partnership between the two countries. One of the politicians who sent a celebration message to Erdoğan was the leader of Egypt, Mursi, who was overthrown by a military coup.

EXPORT

TURKEY IS A FULL MEMBER OF EU IN TERMS OF EXPORT

TURKEY as one of EU's top 10 trading partners, has just broken its export record in this year's first seven months. Germany, the economic giant, is a major business partner of Turkey since a long time ago. Turkey recorded an export volume of US\$1.2 Billion to Germany in June, followed by a volume of US\$1.3 Billion in July. The top 5 largest EU members are in the top 10 chart of all the European countries Turkey exports to. In the first 7 months of 2014 Turkey's export numbers on these great markets showed a massive increase of %14. Germany leads the chart while the United Kingdom is the runner-up, Italy, France and Spain are respectively the third, the fourth and the fifth countries.

1.2

BILLION DOLLARS

TURKEY'S EXPORT TO GERMANY
JUNE - 2014



SPONSORSHIP

ONE JERSEY MANY GIANTS

Barcelona, worldwide famous Spanish football club, signed a sponsorship agreement for 4 years with global Turkish brand Beko.

AFTER NIKE AND Qatar Airways, Beko, one of the biggest domestic appliance brands of Europe became the 3rd sponsor of Barcelona.

According to sponsorship agreement, the brand logo of Beko is going to be on the arms of the match jersey and on the back of the training t-shirts of Barcelona football and basketball teams for 4 years. The cooperation of two huge brands has been announced with a press conference in Barcelona's world famous stadium Camp Nou. Mustafa Koç, Koç Holding Chairman of the Board, Josep Maria Bartomeu, President of FC Barcelona and Javier Faus, Vice President, Finance and Strategy of FC attended the signing ceremony.

Club President Josep Maria Bartomeu opened

the meeting with Turkish words "Hoşgeldiniz" (Welcome) and stated his intent regarding the cooperation of these two giant brands. Bartomeu also claimed that Beko brand will increase FC Barcelona's global value.

Koç Holding Chairman Mustafa Koç indicated that Arçelik A.Ş.'s international brand Beko is a very important brand and continued, "The two brands formed a very important partnership together. We know that the Turkish people think highly of FC Barcelona and we think that this partnership will be in favor of both sides". Following the sponsorship agreement with Turkish Airlines last year, this agreement became the second sponsorship agreement Spanish giants signed with a Turkish brand.

TRADE

TURKEY'S PRIVILEGED PARTNERSHIP WITH SOUTH KOREA

TURKEY AND SOUTH Korea, two rising stars of the world economy, strengthened their lasting friendship with the Free Trade Agreement signed last year. Planning to improve this friendship, Turkey and South Korea are preparing to remove all obstacles on service trade and on all investments. In order to reinforce the agreement that was signed with this agenda, service, trade and investment negotiations were completed on July, 4th. Agreement is concluded to make Turkey an important production base for South Korean companies. The agreement which is predicted to be in force by 2015, will set an example for countries such as Canada, Japan, Singapore, Mexico and the USA, which are currently in the process of negotiating or initiating a free trade agreement.





EXPORT

World Export Atlas

ADDED VALUE IS the key factor that determines the route and essentials of the export and manufactured goods with added value contribute greatly to the national economy. In order to make it clear which export goods are prominent in terms of export, CIA Factbook made a map of most valuable export products of the

world. The map reveals that while developing countries are leading semi-finished product export, developed countries make the greatest amounts of technological export products. Whereas European countries seem to have the higher portion of automobile and machine export, Asia leads the high-tech products export. The map indicates that Africa

exports valuable minerals and oil and Latin America's export is mostly consisting of agricultural products. In Turkey, together with food, textile products are the main export goods, in Balkans, export relies on natural gas and textile production. In Middle East, North Africa and Central Asia, most profitable export products are petroleum and natural gas.

AVIATION

TURKISH AIRLINES IS UNDER THE SPOTLIGHT ONCE AGAIN

Skytrax which evaluates commercial airways service quality according to the votes of the passengers, gave out awards in 68 branches. Turkish Airlines, having succeeded to be in the first three in 10 branches out of 68 and awarded as first in 4 branches, outshone as the star of the list. For the fourth time, Turkish Airlines has been chosen as the best Airline of Europe. Awards such as "Best Business Class Catering Service", "Best Business Class Very Important Person Hall Catering Service", "Best Airway of South Europe" and "Best Air Way Company of Europe" have been granted to Turkish Airlines. Hamdi Topçu, Chairman of Turkish Airlines gave a speech this year at Farnborough Aviation Exhibition and signaled that in line with the future strategies of the company they can add widebody aircrafts to the fleet as well.



AVIATION

ISTANBUL'S THIRD AIRPORT IS COMING FULL THROTTLE

IN ORDER TO increase the capacity to meet the high rates of passenger traffic, Istanbul initiated the 3rd Airport Project. Minister of Transportation, Maritime Affairs and Communications Lütfi Elvan states that Istanbul is one of the most impor-

tant and busiest hubs of airline traffic and gives information as follows: "By exceeding its capacity Atatürk Airport began to host 51 million passengers. Sabiha Gökçen Airport also has a capacity of approximately 20 million passengers. After Indian



airlines, Turkish Airlines is the second airline to experience the highest increase of the passenger numbers. Thus, we initiated one of the most large-scale airport projects of the world, because of increasing passenger traffic and airports serving well beyond their capacity. A new airport with the capacity of 150 million passengers will have the capacity to fulfill the needs for years to come."

INCENTIVE

HEAVEN OF INCENTIVE: MARMARA REGION

IN EASTERN Marmara region, 1336 incentive certificates are issued between 2009 and 2014. These certificates cover an investment total of 30.8 billion TRY and employment of 61.000 people. 672 certificates were issued for investments in Kocaeli, 262 for Sakarya, 203 for Düzce, 87 for Bolu and 112 for Yalova. The automotive



sector was where the certificate was issued most, with 123 certificates. The share of the certificates that are issued in this sector is 9.5%. Tourism with 5.5%, chemistry with 5%, energy with 4% and trade-storing sector with 3% follows the automotive sector. 105 certificates also benefited from Support on Loan Rate are predicted to propound basis for 5 billion 600 million TRY of investment and employment of 6600 people.

INNOVATION

TIM VISITED THE HEART OF TECHNOLOGICAL INNOVATION: CERN

TIM continues to increase the sense of the innovation with the visit to CERN, following the Turkey Innovation Week events that were held in Istanbul.



AWARD WINNERS OF INNOVATION

AWeek 2013 together with TIM (Turkish Exporters Assembly) committee and economy columnists, visited CERN, home to the biggest particle physics lab in the world located in Geneva, Switzerland. Turkey Innovation Week created an opportunity for TIM committee and the young innovation enthusiasts who are awarded with first place at R&D Project Market and Design Competition, to observe CERN scientific research center. The visiting committee of 17 people included Vice President of TIM Süleyman Kocasert, Members of TIM Board Recep Burak Sertbaş and Sabri Ünlütürk. With the strategic partnership of brands such as Arçelik, Brisa, TEB and Turkish Airlines, During the visit, the TIM committee met with visiting fellow professor at CERN, Dr. Bilge Demirköz was informed about Atlas, LHCb and CMS colliders and observation labs. The visit which was a great opportunity for award winning innovation and R&D enthusiasts, took place with the sponsorship and transportation support of Turkish Airlines which is one of the strategic partners of Turkey Innovation Week.



TURKEY JOINED THE CERN FAMILY

Theoretical physics experiments that will reveal the secrets of the universe are carried out at CERN, which is one of the most respected scientific centers in the world. Built in 1954 and located in the vicinity of Geneva, near Swiss-French border, CERN observes many studies such as the creation of the particle in the complex systems and theories of subatomic elementary particles. Recently 21 countries are members and including Turkey, eight countries have observer member status in CERN, which is one of the first joint ventures of Europe. With an agreement signed by Turkish Minister of Energy Taner Yıldız and President of CERN Rolf Heuer, in Turkey, in May 2014, Turkey became an associated member of CERN.

AVIATION

TURKISH AIRLINES BROKE A RECORD IN THE Q2

TURKISH Airlines announced its financial data for the 2nd quarter of 2014. According to this data, with the inclusion of currency impact and the increase of the passenger number, the profit of Turkish Airlines in the 2nd quarter increased 177% with a total of 398.2 million TRY, which was well above the expectation of 260 million TRY. Turkish Airlines increased its passenger number in January - July period by 15.2%, and carried 31 million passengers during this period. During the first six months, passenger numbers increased by 17% to reach 26 million. Supplied chair per km and paid customer numbers also increased by 19%. Turkish Airlines increased efficiency in domestic lines by 6%, and also increased its sales revenue in the second quarter by 33.2% to reach 6.14 billion TRY.

EXPORT

AUTOMOTIVE EXPORT STEPPED ON THE GAS

AVIATION

AFRICA IS UNDER THE WINGS OF TURKISH AIRLINES

ALREADY considered the best airline in Europe and with flights to most countries, Turkish Airlines has added another destination to its flight network. With flights started to Asmara, the capital of the state of Eritrea, Turkish Airlines now flies to 42 destinations in Africa. Flights to Asmara will be on Tuesdays, Thursdays and Saturdays from İstanbul. On the other hand, Turkish Airlines is ambitious in cargo transportation too, alongside passenger transportation. According to the announcement made by Turkish Airlines right after taking the relevant permissions, scheduled cargo flights will start to Hanoi, the capital of Vietnam.



EXPORT

Foreign Trade's Think Tank

TODAY, the exporter companies' adjusting ability to changing market conditions is a key factor to establish a healthy functioning and operation. TEDAM (Foreign Trade Research Center) was created as a center for answering questions arising before or during export, and it increases its functionality day by day. Started functioning as a joint project of Turkish

Exporters Assembly, Eximbank and İstanbul Commerce University, TEDAM operates as the first foreign trade research center in Turkey with the aim of making researches about Turkish foreign trade, doing fieldworks, providing solutions to the questions and making foreign trade policies. Apart from being a classical research center, TEDAM makes pioneering researches

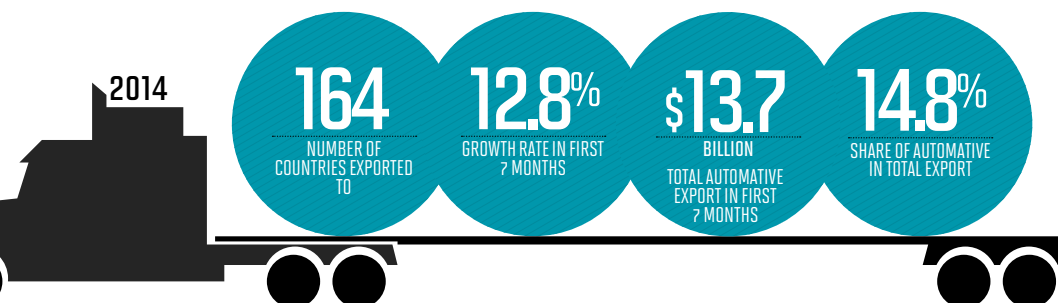
and analyses that will help Turkey accomplish its targets for 2023. TEDAM presents studies to exporters in various fields such as the importance of finance in foreign trade, the effects of financial parameters and other economic factors, innovation in foreign trade, new technologies, R & D, branding dynamics and the impact of the global trade policies to Turkey's foreign trade.

EXHIBITION

TURKEY: THE GUEST OF HONOR

The Guest of Honor at the Beijing Literature Exhibition held between 27-31 August was Turkey. Based on hundreds of years of common history, in recent years the two countries began to promote communication and interaction especially from a perspective of cultural activities. 2012 was declared as Chinese Year in Turkey, and 2013 was declared as Turkish Year in China. Similarly, in 2013, China participated in the İstanbul Book Fair as guest of honor and in 2014 China hosted Turkey as Guest of Honor in Beijing Book Fair.

Turkey participated in this fair with 20 publishing houses, nine copyright agencies and approximately 3000 works. And in line with the characteristics of its participation Turkey's motto was "Turkey With All Its Colors" A team consisting of 120 people including some of the leading traditional Turkish artists in fields of Turkish Marbling and Manuscript Illumination, academicians, authors, and personalities from many other branches of culture and art, attended to approximately 30 culture and literature events.





TOURISM

CITIES OF ADVANTAGE

President of Association of Turkish Travel Agencies (TURSAB) Başaran Ulusoy, announced the '10 cities of advantage' for tourism investments.

ACCORDING TO UNITED NATIONS WORLD TOURISM Organization, Turkey is the 6th most visited country in the world. Thanks to its unique natural beauties and location Turkey has a thrilling tourism potential. President of TURSAB Başaran Ulusoy, announced the 10 cities of advantage providing opportunities for tourism investments.

Başaran Ulusoy also stated that: "Turkey hosted 16 million visitors to Turkey in 2003, and increased this number to 39 million visitors in 2013, this is mainly a result of beautiful and attractive Turkish coasts during summer season, and in order to make this growth in tourism sustainable a diversity inside the sector should be established and the increase in demand that we reach during summer season should be expanded throughout the year". Ulusoy added that Turkey has a very big potential for alternative tourism types such as culture tourism, congress and convention tourism, shopping tourism, healthcare tourism and religious tourism, and in this regard he states and highlights that cities; Kastamonu, Van, Kars, Trabzon, Mersin, Kütahya, Afyon, Hatay, Adana and Erzincan are all offering significant investment opportunities with their natural and cultural values. Ulusoy predicts that touristic interest to abovementioned cities which have important potential in areas like culture, nature, gastronomy, thermal, and religious tourism will increase substantially for years to come.

16 million visitors in 2003 generated an income totaling to 13.8 million US Dollars. In last decade visitor number trend inclined stably and as a result, in 2013, 39 million tourist visited Turkey whereas income gained have reached to 32.3 million US dollars. TURSAB President Başaran Ulusoy expresses that we should focus on revenue generating activities as much as we focus on the increase in the number of the visitors and he underlines that tourism activities in culture, healthcare, nature, gastronomy, thermal, and religious tourism generates much more revenue when compared to mass tourism.

EXPORT

TURKISH EXPORTERS ASSEMBLY EVALUATED THE Q2

THE 2ND QUARTER Realizations and The 3rd Quarter Expectations report of Turkish Exporters' Assembly's "Trends Survey", has been issued. According to the results of the survey in which 509 companies participated, 42% of the participator companies predicts that their export will increase in July - September period. During press conference that was organized in Foreign Trade Complex, Turkish Exporters Assembly President Mehmet Büyükekşi made a speech, and evaluated both 2nd quarter results of 2014 and 3rd Quarter expectations during the meeting. Büyükekşi stated that according to the results gathered from the survey, the top 3 problems referred by exporters are to be energy costs, volatility of foreign currency and raw material prices. Büyükekşi followed as in spite of the political problems occurring in nearby region, the fact that the exporters predict an increase of 42% in the exports in the forthcoming period is a tremendous result.

In particular, information about Suspension System which represents an advantage of not taking custom duty from raw material that are not produced by Turkey or EU is provided. The survey also includes questions regarding competitiveness, such as National Employment Strategy, Industry Collaboration Program and applications of EU Central Bank.

\$25
BILLION

TOTAL EXPENDITURE
OF FOREIGN TOURISTS
IN 2013

39
MILLION

NUMBER OF FOREIGN
TOURISTS IN 2013

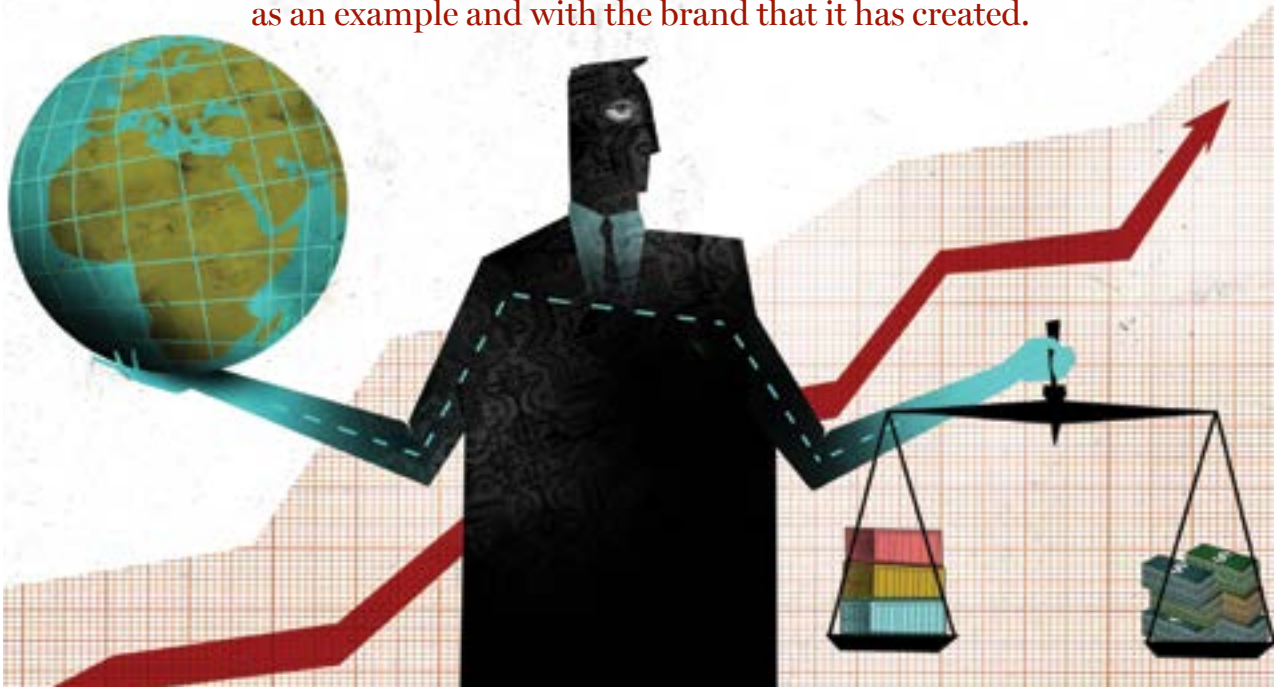
Panorama



BY MENSUR AKGÜN

TURKEY: A NEW TRADING STATE?

“Trading State” means a state which protects its interests and values by the mutual dependency that is created with trading, a state that gets its power from the dynamism of its economy, a state relying more on its charm than on brute force, a state that has a voice in the international arena by serving as an example and with the brand that it has created.



PEOPLE WHO TRIED TO UNDERSTAND Turkish foreign politics within the last decade were generally inclined to evaluate the change in line through the tendencies of the government. They saw a party in power whose religious references are strong, and they tried to make sense of it by analyzing Turkey according to its relations with the Middle East. First they were afraid, then they saw Turkey as a role model, and when the tension in relations with Israel began to increase, they talked about an axial shift and claimed that Turkey is alienating itself from the West.

However, a much more profound change was on the way in Turkey. Sense of allegiance of the government towards its own axis and even much more than that, another variable were affecting the tendencies of Turkish foreign policy. As Kemal Kirişçi from Bosphorus University highlighted in an article he wrote in 2009, Turkey is increasingly becoming a trading state. Increase in its export make Turkey an appropriate country in compliance with the criteria pointed out in the book of Richard Rosencrance which he published in 1986.

However neither the article of Kirişçi nor the discussions carried out later allowed a leap in understanding the “new” foreign policy of Turkey. The Gaza intervention at the end of 2008, and in the shade of this intervention tension that mounted in Davos, in 2009 between Turkish Prime Minister Erdoğan and President of Israel Peres, once again led people to discuss on identity based arguments.

Soon after, as a result of the military intervention carried out by Israel Armed Forces to the ship called “Mavi Marmara”, member of a fleet which was organized by Humanitarian Relief Foundation, planning to go to Gaza, and killing 9 Turkish Citizens onboard, almost caused political relations between two countries to cease, and attracted the attention of the international media. Later came the events called “Arab Spring” which was triggered by self-ignition of a Tunisian peddler.

This time, Turkey was the center of attention with the attitude it maintained towards Arab Spring. Issues such as why Prime Minister Erdoğan is not leaning towards an intervention in Libya, how he supported the peaceful demonstrations organized in

Egypt and Tunisia and questions about how he was welcomed when he visited these countries were discussed. The possibility of Turkey being a role model for these countries was one of the hot-test topics between the years 2011 and 2013.

Neither the perspective of people who attribute a meaning to politics nor the perspective of politicians developed adequately for the statement of "Trading State" and envisagement that would nourish and actualize this statement. However, discussing this statement could have helped Turkey to be understood and attributed better, while guiding it to see itself from a different point of view and to pick an alternative position. Yet rapid changes occurring around Turkey and the turbulence in its internal politics have prevented people from seeing Turkey from this very point.

Nowadays, after the Presidential Elections, on the eve of the formation of the new government, by utilizing the opportunity that has arisen whereby tension in the region has consumed other paradigms, it seems that it is now possible to bring up the expression of "Trading State" again. It is difficult to predict whether the expression can be internalized, or whether it can be a slogan that is adopted by the people and especially by the politicians, and steering Turkey's policies.

By using "Trading State" expression, it is not meant to define a country that accepts everything, that gives the sense of belonging or any of its values up for trading. "Trading State" means a state which protects its interests and values by the mutual dependency that is created with trading, a state that gets its power from the dynamism of its economy, a state relying more on its charm than on brute force, a state that has a voice in the international arena by serving as an example and with the brand that it has created.

In fact this state looks like today's Turkey to a great extent. Turkey also cares a lot about its trading relations, it shows sensitivity in terms of usage of military force and gives priority to diplomacy for the solution of problems, takes international cooperation and organizations seriously, makes humanitarian relief and tries to be the voice of the world's consciousness. Turkey will become more of a "Trading State" by solving its internal problems regarding democratization, and by reinforcing the model that it created, and by positioning itself not inside but over the problems occurring along its hinterland.

The attitude that Turkey maintained when the Georgia crisis occurred in 2008; balanced foreign policy that it adopted without harming the interests of the Tatars during annexation of Crimea; the policy that it adopted successfully without creating tension with the Russian Federation during the crisis in Ukraine in 2014; the sensitivity that it has shown in order to not intervene with military force during the crisis in Syria; the effort that it spent in

not reflecting the tension experienced in political relations with Israel in trading activities between both countries; all show how far Turkey have progressed in terms of being a "Trading State".

After this point, what needs to be done is to make sure that this understanding is internalized by Turkey, realize that stability is should suppress conflicts, and comprehend that the only solution for protecting interests or solving the problems is not creating tension but diplomacy. On the other hand, ensuring this comprehension to a large extent depends on Turkey and its ability to make parties that attribute meaning to the foreign policies of Turkey, perceive it as a "Trading State".

It appears that the creation of synergy between perception and the truth can only be achieved by politics. Every emphasis that Turkey will make for the sake of stability in its hinterland; every address that it will make for the solution of the conflicts; universalizing the values that it embraced in Syria, Egypt and Gaza; any message Turkey will convey regarding it will protect the rights of groups even the ones that it does not have any sense of belonging, will make the perception of Turkey change first abroad and then within the country.

Don't forget that Turkey gets its power, or its ability to influence the course of events, to some extent from the charm of the model that is said was created by itself, and from its brand value. The need and demand for this charm has unfortunately decreased, due to the fact that Arab Spring could not reach to the solution that is longed for, and the fact that this seismic change wrapping around the Middle East in the widest sense, has brought chaos, pain and military coups instead of democracy. However, it should not be forgotten that there is also a problem in supply, and that the

perception of a model has suffered erosion.

Being a "Trading State" requires the protection of the value of the brand you offer, the stability of the markets where you're going to trade your product, and good relations with the states that are effective your markets. As long as these prerequisites are fulfilled, in accordance with your trade, your influence also will increase. Your dissuasive force, deriving from the military potential that you have established thanks to your increasing share in the world trade arena grows stronger, and your means to influence diversifies. You can support more people, and you can organize many more cultural events.

Being a "Trade State" adds a further perspective to foreign policy. The international system does not only consist of enemy countries, who are competing with each other violently, a place where one party's gain is the absolute loss of the other party. Cooperation is possible and thanks to this cooperation, managing problems and solving them is possible. Power is not absolute, either. A state which is powerful in one aspect may not be powerful in all aspects.



*Turkey will
become more of a
"Trading State" by
positioning itself
not inside but
over the problems
occurring along its
hinterland.*

Content: La Première Exhibition **P13** A Brief History of Success **P16** Being a Education Hub **P18** Another Type of Wearable High-Tech **P19** Rise of the Shopping Tourists **P21** Reaping 2023 by Sowing Vision **P23** Ancient Trade Route Revives in Trabzon **P26** Globally Cosy **P28** Turkish FDI Strong Despite Downturn **P30** Regulated to Grow **P33** **Editors:** Turgut Etingü

Briefing

SPORTS, EDUCATION, TEXTILE, TOURISM, AGRICULTURE, FOREIGN TRADE...



EXHIBITON

Trade fairs contribute
to the economy
and culture of their
locations.

LA PREMIÈRE EXHIBITION

Istanbul has opened its gates to Premier Vision, one of the most prestigious trade fair events of the global textile industry.

BY ABULLAH SAİD ZEYBEK

The Turkish textile industry, one of the leading industries in Turkey, continues to rise. The constantly and incrementally increasing production and export volumes not only strengthen the Turkish textile industry in the global arena, but also attract premier business events to the country. Premiere Vision, a huge event with an impressive success story, which was

started by 15 weavers in Lyon, France, in 1973, will be held in İstanbul, where Europe and Asia meet, in its current version this year for the first time in history of the event.

It is impossible to undervalue the importance of Premiere Vision for the Turkish textile industry, which has been maintaining a rising pace since the early 80's. The trade fair event, which evolved to

become an event of international assembly, especially in the 2000's, thus poses an intriguing structure for Turkish textile companies. The event completely adopted a novel garb when held in New York City in 2000, which enabled it to exhibit its vision in the international arena.

Turkish companies started to actively establish exhibitor presence at the event in



the early 2000s. The trend, which started in 2002, with 4 Turkish textile companies establishing their booths at the trade fair, continued with 12 companies in 2003. The number of Turkish exhibitors in Premiere Vision events has increased to an extent that Turkish textile companies are now amongst in main exhibitors. At the event held for 2013 – 2014 season in Paris, when 76 Turkish companies rented booths; Turkey ranked the third, following Italy and France, in terms participation.

Premiere Vision, which will be visiting İstanbul after taking podium at three global hubs of fashion, New York City, Paris and Shanghai, and will continue its journey with Sao Paola event. Elite trade fair is also looking forward to the opportunity to leverage countless significant and unique specialties of İstanbul. Philippe Pasquet, the CEO of Premiere Vision, explains the importance of İstanbul for the event as follows: “The main reason why İstanbul has been selected as a Premiere Vision location is that it is a true center of attraction and creativity both for its bridging nature between Europe and

Asia and its position in the fashion world.”

The irrepressible rise in the global market of the Turkish textile industry is remarked upon as the major factor for İstanbul’s inclusion to the location route of Premiere Vision. Beyond being merely a raw material supplier and intermediate product manufacturer; the vertically integrated textile and ready-to-wear facility range, the local brands and the long-established industry-specific expertise and experience background position Turkey as a major center of attraction. Further, the quality level attained and the promising performance of Turkish textile society draw a proper and dynamic profile. The industry’s growth projections are fairly promising. Turkish textile industry also readily positioned to leverage unique geographic advantages for the country’s proximity to the Balkans, Iran, Iraq and Russia, which, regionally, follow an escalating trend in terms of textile production and demand.

The Premiere Vision event will be held in Turkey jointly by CNR Holding, the prominent trade fair organizer in

Premiere Vision
will offer plenty of
opportunities for
companies.



***The first stage of
Premiere Vision
İstanbul will be held at
CNR Expo, Yesilkoy,
between October 29
and 31.***

Turkey, and Premiere Vision S.A. In this sense, the event will also lead to the emergence of a partnership platform between the two leaders of their fields of business. Premiere Vision S.A.’s scope of operations is not limited solely to the organization of this event. The company organizes and holds tens of events and trade fairs worldwide jointly with GL Events, one of the event organizers of recent World Cup event in Brazil. CNR Holding, also the owner of CNR Expo exhibition hall, on the other hand, is well positioned to tap into its recognition and established event management knowledge and experience in Turkey Cem Şenel, the CEO of CNR Holding’s Trade Fair Organization Group, commented on the matter as follows, “We have aligned our vision in the trade fair organization with Turkey’s 2023 vision for export. We, thus, work to organize and hold trade fair events with the concern to make the most commercial contribution possible to Turkey’s export volume. Through this approach, we decided to contact the senior officials of Premiere Vision and to actualize Premiere Vision İstanbul jointly with our French partners,” underscoring Turkey’s goal of increasing the national export volume up to USD 500 billion by 2023.

On the other hand, the Texbridge trade fair, which had been held since 2011 and hosted numerous national and international exhibitors, will be leaving its place to Premiere Vision, this year. In fact, consistent success performance of the trade event, being terminated this year, which had been held uninterruptedly for 3 years, also highlights the importance of the change.

Why, are trade fairs so important for the textile

industry? In answering that question, one may mention many reasons, primarily including market expansion, brand recognition and design. According to Ibrahim Burkay, the Chairman of Bursa Chamber of Commerce and Industry, such importance may be explained as follows. "Trade fairs offer plenty of opportunities for companies such as the presentation of newly launched products, observation of the responses from the buyers, detection of prospective customers, the monitoring of the course of competition and the discovery of novel channels of distribution." Mr. Burkay then went on to say, "Trade fairs are mostly international events, now, and they attract visitors from all over the world. Thus, they also contribute to the economy and culture of their locations. Put aside minor contributions such as accommodation, catering, souvenir shopping and transportation expenditures of the visitors they attract; the trade fairs have a versatile boosting effect on the national economy as they stimulate superstructure and infrastructure investments."

Trade fairs contribute by 20% on average to the export performance of industries. The four essential principles set forth as the pillars of production vision by the Turkish Exporters' Assembly have a major effect on trade fair organizations. R&D, innovation, design and brand establishment are extremely critical necessities for the textile industry. Premiere Vision has a proven record of successfully addressing the expectations of exhibitors in that sense. The background that is inherently open for improvement and innovative designs assembles the exhibitors, while ensuring more effective results.

The first stage of Premiere



İBRAHİM BURKAY

Chairman of the Board, Uludağ Textile Exporters' Association

The Turkish Textile industry has been being kept in radar by the prestigious trade fair organizers worldwide since its onset for a rising trend on global scale. We are witnessing Premiere Vision, which once used to be a hardly reachable goal for Turkish textile industry, opening its doors to our textile society in İstanbul. Being held through the partnership of CNR and UTİB (Uludağ Textile Exporters' Association); Premiere Vision İstanbul, which will be bringing the continents together, will serve as a meeting platform for textile professionals from all over the world and contribute to the export volume and foreign trade performance of our industry. We, therefore, invite everyone keen on fashion to make a call at the event and take a close glance at the top producers and exporters of the Turkish textile industry.

Vision İstanbul will be held at CNR Expo, Yesilkoy, between October 29 and 31. The event, in which more than 150 exhibitors are expected to participate, including designers, fashion houses, traders in luxurious segment, ready-to-wear stores, store chains and ready-to-wear producers, and visited by 5 thousand professionals,

PHILIPPE PASQUET

CEO, Premiere Vision S.A.

We have been considering and seeking opportunities to hold Premiere Vision in İstanbul for a long time, and to this end, we decided to establish an office in İstanbul in 2012. Being remarkable for its proximity to the Balkans, Iran, Iraq and Russia, which, regionally, follow an escalating trend in terms of textile production and demand, and projected to grow by 16 % on overall basis until 2017; Turkey's proven and promising economic performance as well as its strength in textile and ready-to-wear segments, which account for 17 % in industrial production and export volumes, are just impressive.

CEM ŞENEL

CEO, Trade Fair Organization Group, CNR Holding Fuarçılık Grubu

Premiere Vision is held not only in France but also in the USA, China, Brazil, Belgium and Spain. We are confident that the event, being considered as the magnus event of the industry by many international brands in the global scale, will be contributing to our national brands in the maximum extent. We believe that however much companies gain from the Premiere Vision İstanbul experience will depend on their brand establishment efforts and approaches.

will be a huge opportunity to access to the top-class textile products in the world and the distinguished professionals of the industry.

HISTORY OF PREMIERE VISION

Première Vision is a French fair that has been combining textile and fashion professionals for 40 years. Initially local, the fair skillfully evolved to acquire first a national then an international dimension.

1973

15 weavers from the Lyon started to present their fabric collections



2000

The creation of Première Vision Preview New York



2002

Première Vision for the first time welcomes weavers from countries outside of Europe



2004

The launch of Première Vision China, in Shanghai



2009

Première Vision goes to South America, Sao Paulo





U-18 Tournament

Champions are enthusiastic about bringing more glory to their homeland.

SPORTS

A BRIEF HISTORY OF SUCCESS

With baby steps in the early times, the sports in Turkey gradually gained importance in an extensive set of fields from economy to media.

BY M. BAHADIRHAN DİNÇASLAN

AS THE WORLD changes and sports become more professionalized, the regulation of sports activities through institutional rules and the organization of the same through federations and organizations as well as the setting of universal standards in the field of sports and the articulation of sports to the capital market, especially within the last half century have been the developments of a comprehensive and sophisticated process, with which Turkey also keeps track.

Turkish athletes have represented their nation successfully in numerous branches, and as the athletes professionalized, the spectator volume has reached to incredible levels as the competitive environment

has become worthwhile for worldwide attention. The novel position of sports in Turkey has inevitably brought about a fast pace series of successes. Galatasaray's winning the UEFA Cup and the Super Cup in 2000 is only the most well-known but not the sole proof of such successes. In fact, Turkish teams and athletes have accomplished even more brilliant achievements in other sport branches.

The final game in 2014 of the EuroLeague Women tournament, for instance, was recorded for a historical event: The Women's Basketball teams of Fenerbahçe and Galatasaray took on each other in Ekaterinburg, Russia. While Galatasaray won the championship cup, the winner was, undoubtedly, Turkish sports.

And this was not all. Beşiktaş' Men's Basketball team won the EuroChallenge Cup in 2012, Fenerbahçe's Men's Volleyball team won Europe CEV Challenge Cup in 2014, Fenerbahçe's Women's Volleyball Team won the Club World Championship in 2010, Vakıfbank's Volleyball team won the Club World Championship in 2013, Arkas Spor Men's Volleyball Team, which had been performing successfully in recent years, won Europe Men's Challenge Cup in 2009, probably as the most meaningful success, Galatasaray's Wheelchair Basketball team, the "unhindered lions", won 5 championships in IWBFF Champions League between 2008 and 2014, in most of which were won without a defeat.

As far as Turkey and Turkish sports are concerned, while the hosting and organization of FIFA U-20 World Cup of 2013 and 2012 European Sports Capital Istanbul events should be noted, special consideration should be given to Turkish basketball, which made its mark during the 2010 Basketball World Championship and the Mediterranean Games, both hosted by Turkey. The successful performance of Turkish basketball players were crowned by the titles of second place at 2010 FIBA World Cup and the first place at 2013 Mediterranean Games, both won by the national men's basketball team, and the first place at 2014 FIBA U-20 Championship, won by the national U-20 men's basketball team.

During the interview we conducted with Turgay Demirel, a former basketball player and currently FIBA Europe President and the Chairman of the Turkish Basketball Federation, about the sports in Turkey, Mr. Demirel mentioned that the training programs are supported by the ministry and the prime ministry and underscored their contribution to the successful performance of Turkish basketball. "Turkish Basketball Federation is recognized as a very strong and visionary organization. The improvement within last 20 years of Turkish basketball is hugely respected and observed in admiration. Turkish basketball is, now, considered to be ahead of Spain," he commented, in summary of the distance covered by Turkish basketball in recent years.

Drawing attention to the contribution of the state support and increase in the sponsors' interest, Mr. Demirel states that Turkey well accomplished the goal of becoming one of the three centers of basketball in the world in 2012. Mr. Demirel also states that the frequent replacement of coaches, administrations and managerial concepts and strategies stands as an obstacle toward success. Mr. Demirel explains the correlation between stability and success as follows: "We always keep ahead of our stakeholders. The stability established and the opportunities provided especially for the last decade are fairly superior." Mr. Demirel also underscored the mutually beneficial relations between sponsors and sports and the impact value it promises, saying, "The sponsorships of Beko in European basketball symbolizes Turkey's strength. I am approached by officials of teams such as England and Germany asking for my assistance to have Turkish Airlines and Beko sponsoring their teams."

While Tugrul Aksar, the Football Economy writer, draws attention to the importance of professional business management in sports, Emre Alkin of TFF also emphasizes professionalism in sports management as follows: "My late Father was a dedicated professor, who lectured his students even when he was 77, and even at that age, he never broke his routine of taking preparatory notes one night before for the subject he was to lecture on the following day. Adopting the same sobriety, dedication and general steadiness and patience, we will discover potential talents, train them professionally and take the Turkish sports to the top."

The World's Finest

Turkish Basketball Federation Chairman Turgay Demirel states that the improvement within the last 20 years of Turkish basketball is hugely respected and observed in admiration.



We are all well aware of the success in football and basketball. Could you mention about the facility-related and infra-structural actions that have laid the basis for these success stories?

Turkey had a general facility issue. However, 10 open-air terraces and large sports halls have been constructed recently in Turkey. Even though such actions should be appreciated, the fact that more is necessary should not be overlooked. The Basketball Federation had come up with a training project, titled the Basketball Training Center. When we contacted Mr. Minister on the matter, he kindly informed the Prime Minister, who immediately instructed the concerned for the supporting of our project and the initiation of the implementing steps.

Considering both your hats as FIBA Europe President and the Chairman of Turkish Basketball Federation, how would you evaluate

the basketball vision in the World and in Turkey?

In fact, the Turkish Basketball Federation is recognized as a very strong and visionary organization. The improvement within the last 20 years of Turkish basketball is hugely respected and observed in admiration. Turkish basketball is, now, considered to be ahead of Spain. The stability established and the opportunities provided especially for the last decade are fairly superior.

What actions should be taken to match the success in basketball also in

other branches?

The right people should hold the right chairs and a stable administration concept should be established. Since my initial term in office, which I took over in 1992, we have always attached importance to stability. We have always made forward-looking decisions. Success essentially requires a stable administration. The more frequently you change your coach and make retrospective decision, the further you get away from success.

What are, then, the activities to improve the support derived from the private sector? How would you describe the relation between sponsorship and success?

We are sponsored by Turkish Airlines. We treasure Turkish Airlines' involvement in sports. As a Turkish corporation, Turkish Airlines has been performing barnburner works that have been the talk of the global basketball community. The sponsorships of Beko in European basketball symbolizes Turkey's strength. Turkish Airlines is, probably, the most well-known Turkish brand abroad. The Turkish Basketball Federation is recognized most by the best federation organization in the world. The stable and long-term collaboration, thus, puts both sides in the spotlight. Both sides, in a way, support each other. Therefore, a synergy emerges and both sides benefit from it.



EDUCATION

BEING AN EDUCATION HUB

Thanks to its location and academical profile, Turkey attracts more and more students each year.

BY TURGUT ETİNGÜ



IN THE MODERN ERA, a global educational network is arising as a new phenomenon besides national educational systems. None of the countries are capable of being the sole locomotive of the intellect and the civilization of human kind any more, and countries integrated with the global educational network are grasping a dynamism which perpetually increases the success as a result of their interaction and communication.

We had an interview with Yıldız Technical University's president Prof. Dr. İsmail Yüksek, regarding the policy of Turkish universities.

How do you evaluate the recent improvements of Turkey's academical substructure and university quality?
We are experiencing a change in the concept of university.

Director of Yıldız Technical University
Prof. İsmail Yüksek analysed the educational potential of Turkey to The Turkish Perspective.

We are planning to create unique brand strategies through which universities gain prestige and increase their competitive advantage.

Universities are now expected to effectively use the "knowledge" they "produce" and create sources for new productions. As a result of this, universities seek cooperation opportunities with technology-oriented companies. Those cooperate with industrial and other research institutions are evolving into know-how centers.

Academical establishments which expect support solely from the governmental aid

of agreements regarding student/scholar exchange and academical partnership are increasing. Our students and scholars abroad are successfully representing Turkey and they are serving as potential bridges for new partnership opportunities.

Besides, thanks to the unique geographical position it is located, Turkey has been an attractive destination for students from both western and eastern countries. Students who come from the east find familiar cultural values and students from the west find a similar modern lifestyle, thus experience less problems of adjusting.

How would you define your vision and policy regarding services to be provided for foreign students studying in Turkey?

Internationalization of Turkish education system is a progress requiring a versatile and all-round strategy to be put into effect. We are focused on a structure which will provide coordination and will determine the standards for internationalization.

The world of education is now a world of competition, and another of our goals is to ensure the continuation of the progress of creating Turkish University brands, focusing on competitive strength.

In order to become a center of attraction, developing new and unique employment policies involving suitable rights to attract prominent and well-known scholars and researchers is also a key element of our vision. With the convenient visa, permission and logistical policies and services provided by the government, developing the executive model based on individualism and within a global strategy will play the key role in the creation of Turkish University brands.

surely face problems regarding of sustainability and development. Most of the Turkish Universities are aware of this change in the mentality and they well comprehend that, increasing the quality of the education and R & D activities is the only way to catch up with the paradigm shift.

Thanks to the partnership and connections made with abroad academical institutions, numbers of Turkish students studying abroad are rising. What is your opinion regarding this situation's benefit and how do you estimate the future of this student population?

As a necessity of the globalization, our universities are seizing opportunities and benefits of cooperation from universities abroad, free of borders. As a result of this dynamism in educational field, numbers



TEXTILE

ANOTHER TYPE OF WEARABLE HIGH-TECH

Turkey is increasing its share in world technical textile market, thanks to its R&D investments and innovative approaches.

BY ELİF KARAHALILOĞLU

Although hearing the words “technical” and “textile” together surprises many people, the market value of this sector reached a considerable level. Its market share is about 25-30 percent. Technical textiles are the functional textile products used in various areas such as industry, space, military, medicine, construction, geotextiles, and high tech applications. The reason behind their fast advance is their flexibility, elasticity and durability along with their qualities such as infinite design options, disposability and easy dissolution. Contrary to the traditional textile and ready-to-wear clothing, technical textile is a dramatically growing and promising sector.

The R&D based sector is seen as the most dynamic and innovative part of the industry. New products, processes and materials are offering a wide usage area. Technical textiles offer a high potential as the innovations replace the traditional products. This market is expected to grow more than the conventional ones in terms of the sub-groups. The related institutions in many countries carry out intensive researches on this sector. The global textile production and consumption occurs mainly in North America, Western Europe and Japan. Yet, the low share of labor cost in total cost proves the importance of R&D once again.

We rank the second after China across the globe in the production and export of impregnated non-woven textiles, which are our strongest product group.

Our technical textile exports reached 1,8 billion dollars by increasing 11% according to 2013 data.

THE SHARE OF TECHNICAL TEXTILE IN THE WORLD

Japan is the global leader in terms of technical textile production. 22% of the total textile and ready-to-wear clothing production in EU consists of technical textiles. In Germany, the production of household textile dropped under 30%, and the share of traditional textile and ready-to-wear clothing production has fallen under 30%, while technical textile production exceeded 40% in total production. Technical textile products include sub-sectors with low added value which reached satisfaction and could display only limited growth in their market values such as tents and canvas along with the promising product groups with high added value.

Germany, France, Russia and USA are the prominent countries in terms of technical textile export across the globe. Turkish export to these countries forms 34% of total export in the sector. As the tariff schedule does not cover all the Turkish products in the sector, it is impossible to access solid foreign trade data. Thus, Turkish export in 2013 is estimated to be above 1,7 billion dollars. While the technical textile export in 2012 was approximately 1,6 billion, it increased by 11% in 2013 reaching 1,8 billion. Turkey, along with China across the globe, is one of the leading countries in the production and export of saturated non-woven textiles, which are the most prominent product group of Turkey. It is followed by big-bag products such as durable sacks, nylons, polyamide, polyester etc. The top five

exported units in this sector constitute the half of Turkey's total textile export, while the top ten products make 79% of it. In other words, Turkish exports in this sector display concentration, thus, Turkey needs product differentiation in order to maintain and boost competition.

The sector began to form a vital part of the textile and clothing industry considering its recent growth rate. The development of the sector depends on the advancements in construction, vehicles, other manufacturing industries, agriculture and health and the demands of these sectors. The success of the existing or future companies to operate in this sector rests upon the advances in the other sectors which use technical textile products. The growing importance of the technical textiles is generally closely linked to the advancements in manmade fiber. Thus, the market is growing based on the practicality of the durable and high-performance synthetic fibers.

"R&D IS OF VITAL IMPORTANCE FOR THE SECTOR"

Hüseyin Cevahiroğlu, Technical Textile Expert from HC Consultancy, says that the Turkish people are adaptable to novelties, thus the changes in textile are fast. Yet, he states that the inability to produce machinery domestically creates risks: "If we, the government and the industrialists altogether, focus on this matter, we can easily further to the textiles with high added value. Turkish textile sector is quickly shifting from the standard works to the complicated ones. Yet, a rapid change and a strong relationship are expected among the universities and companies. Especially functional and smart technical textile is prioritized.



The share of the sector in the traditional textile and ready-to-wear clothing sectors is around 25-30 percent.



The universities are developing industrially applicable approaches."

Promoting technical textiles, Hüseyin Cevahiroğlu says that their activities have been bearing fruits for the last five years, although they are insufficient. He adds that we can reach our goals through the necessary revisions in the short term.

Turkey's export target of 500 billion dollars is possible through the products with high added value if the top executives and the companies spare some of their income for R&D. While 14 universities provide textile engineering in Turkey, many other universities offer consistent degrees such as design, textile and fashion marketing.



HÜSEYİN CEVAHIROĞLU
Technical Textiles Expert

It is a period of change in our country where we feel the tension of a leap forward. Turkish textile sector has sped up in evolving into complicated works from the standard ones in ready-made clothing sector. Yet, a rapid change is expected both at universities and the companies in the long term where we need a strong relationship. The sense of partnership has not been established well yet, creating a risk of delay in achievements. Especially functional and smart technical textile should be prioritized. I participate in seminars for promoting it, which have been bearing fruits for the last five years. We are inexperienced in industry, yet our pace and concentration is considerable. As the industrialists have no savings, they need financial help.



MEHMET AĞIRIKLI
Chairman of Ağteks

The history tells us that industrialization started in textile as it is the fastest and easiest employment generating sector. After raising their standards, many countries switched to manufacturing textile machinery as textile production became expensive; then they resorted to supplying their textile needs from machinery importing countries. The experience of machine manufacturing has been quite enlightening in automotive, aviation and defense sectors. Turkey, instead, opted for specializing in textile technology and growing in production with high added value in boutique quantities. The growing demand for technical textiles throughout the world shifts the global attention to Turkey.



SULTAN TEPE
Chairman, Tepar Textile

Tepar Textile is a manufacturer of raw white, package and dope dyed Polyester, PA and PP filaments yarns for knitting, weaving and Technical Textile & Industrial Textile applications. Tepar provides innovative, global textile solutions and unique branded yarns for customers at every level of the supply chain. Tepar's core business consists of the manufacturing of the air-jet texturing, False twist Texturing, twisting, and covering of nylon and Polyester filament yarns. Tepar yarns can be found in many products, including apparel, hosiery, automotive, industrial applications and home and contract furnishings.



Taksim is known as shopping venue that never sleeps.

TOURISM

Rise of the Shopping Tourists

Turkey, a country of tourism in every aspect, is organizing novel options to draw shopping tourists.

BY EMRE KURBAN

It all began when an anonymous character in history invented the method of barter, and conducted the first shopping deal ever. Then, another anonymous character, a Lydian, invented currency, which broke a new ground for trading activity in Anatolia. Hence value was attributed to commodity. The fact that each community produced a different set of products created the need for trade, and the Lydians established the first trading route to address such need. The first trading route led to the emergence of large scale trading activities. The trade volume did grow; however, the system was hugely different than the one we have today.

People had to cover all the

distance to the location of the seller and the producer in order to buy commodities in the past, which meant kilometers of expeditions each time. The needs of the traders, who had to travel long distances for trading, such as accommodation and food led to the emergence of inns, bedestens (covered bazaars) and caravanserais. Such establishments laid the basis for the first trading activities in modern terms. With the increasing of urbanization process, the cities became centers of production; such structures as the Grand Bazaar (Kapalıcaşı), being the first shopping mall in history, began to emerge. The industrial revolution and the increase in mass production positioned the customer as the “dominant party of

the deal”, which changed the situation in the manner that it became the seller’s obligation to visit the customer in order to sell its commodity.

The fact that modern economies are more shopping-oriented positioned the customer in the center of the dealing. The abolition at the present time of all boundaries but political borders has carried the shopping culture to a global market, which has instigated the nations to gain shares from such market. The nations, which intended to gain their shares from the international shopping market, have chosen to combine shopping with tourism. Because, shopping has become a basic need for tourists, following accommodation and food & beverage in priority. In this context; tourism and touristic destinations have begun to be coordinated with the shopping sector.

Turkey was one of the leading centers of trade in the past. It was the departure point of the Royal Road, which was the first international trading route in history, and one of the major routes of the famous Silk Road. Turkey, which is a capital tourism country at the present time, has chosen to integrate its deep - rooted trading history with its strong tourism aspects, fulfilling the necessities of the current conditions. To this end, the historical texture is restored, the cultural elements are highlighted, and the tourists are enabled to experience the city. Shopping malls, centers and zones are developed for

Evolution of shopping in historical process emerged as customer-centered shopping.

the tourists, who are drawn into the city life. Shopping tourism is encouraged with consideration of the consumer behavior and buying habits. The shopping malls, where not only international brands but also local brands are featured, offer both different and high quality alternatives for tourists. Avenue and street culture is developed in cities, primarily including Istanbul, so that visitors shop more and learn more closely about the national culture. In addition to the shopping malls, centers and zones; festivals held enable visitors both to have fun and to shop at the same time.

The improving nature of the shopping tourism has made it necessary to organize novel options for tourists. The data cited from the Turkish Statistics Institute reveals that shopping accounts roughly for half of the tourists' expenditures while the remaining portion is allocated rather to food &



Leatherworks, jewellery and garments are amongst the most popular choices of shopping tourists.

Turkey is starting to be a center of shopping tourism by combining its experience in commerce and tourism.

beverage, accommodation and travel. Countries such as Azerbaijan, Israel, Iran, UAE and Russia rank the top in terms of the tourist population preferring Turkey. Tourists visiting Turkey mostly prefer leather products, jewellery, ready-to-wear products, furniture and home textile. The change in shopping habits and the globalization brought about by the age of technology have also entailed the creation of shopping tourism. As such, the shopping tourism has been improving rapidly in Turkey, being also contributed to by the country's vast tourism potential. The investments in the field return large amounts of profits to the companies. The profitability potential plays a driving role for the increase in the prospective investments in shopping tourism in the forthcoming years.

The Ministry of Culture and Tourism launched the first "Shopping Fest" event, covering Istanbul, Ankara, Izmir and Antalya in cooperation with local non-governmental organizations and business communities. The Festival, held for the fourth time this year, entertained visitors for 23 days, and was attended by some 1 million, 100 thousand international visitors.



HÜSEYİN DOĞAN

Chairman of the United Brands Association (BMD) of Turkey

It is clear that, primarily, Istanbul must be positioned as a center of fashion and a shopping destination in its region to help shopping tourism develop and to increase the sales of fashion brand products. Since Istanbul is the figurehead city of Turkey, its rising attraction as a shopping destination and a center of fashion will be a great asset to Turkish shopping tourism.



MUSTAFA ŞENOCAK

Chairman of Istanbul Leather and Leather Products Exporters' Association (IDMIB)

The Turkish leather industry is extremely important, not only because it attracts luxury consumers, creates vast job opportunities and provides a high added value, but also in terms of shopping tourism, since carpets, jewelry, and leather constitute major trademarks of Turkey. This is why the tourists visiting our country, mainly Istanbul and Antalya, buy a large amount of leather products every year.



AYHAN GÜNER

Chairman of Jewellery Exporters' Association

Each tourist definitely has a different purpose for their visit. Jewellery shopping means a lot to our visitors of a specific age, sex and income group. This is more apparent for the tourists whose visiting purpose is particularly shopping. They always plan to buy specific things, and there are other items they would like to buy when they spot them. The jewellery industry is one of the leading industries with high added-value in shopping tourism. In 2013, the sales to tourists brought an income of USD 1.1 billion, which is equal to approximately 30% of the total jewellery export.



Exporting 1681 items of agricultural products to 192 countries, Turkey stands amongst the prominent agricultural countries in the world.



AGRICULTURE

Reaping 2023 by Sowing Vision

Turkey, planning to increase the value of its agricultural production volume up to USD 150 bio by 2023, aims at becoming the fifth largest agricultural economy in the world.

BY BERKAN KİŞİN

Turkish agriculture industry, which alone accounts for 8 percent of the national income through its operations, ranks 7th in the world and first in Europe in terms of the volume of income it generates. Being one of the top five national agricultural industries in the world in terms of more than 30 products and exporting 1681 agricultural products to 192 countries worldwide, the Turkish agricultural industry stands amongst the prominent national industries in the world and is recognized with its competitive strengths in global scale. While such agricultural products as

hazelnut, citrus fruits, cotton, oil crops, olives and tea account for a considerable portion within Turkey's range of exported products; the agricultural industry should also be highlighted for making a critical contribution to the national economy in terms of the production of raw materials for industrial applications and processes.

Bedrettin Yıldırım, a Member of the Parliamentary Commission for Agriculture, Forestry and Rural Affairs, stated the following comments on the current situation of the agricultural industry and the industry-specific goals set as a part of the 2023 vision for The Turkish Perspective readers:

While such agricultural products as hazelnut, citrus fruits, cotton, oil crops, olive and tea account for a considerable portion within Turkey's range of exported products; the agricultural industry makes a critical contribution to the national economy, producing raw materials for industrial applications and processes.

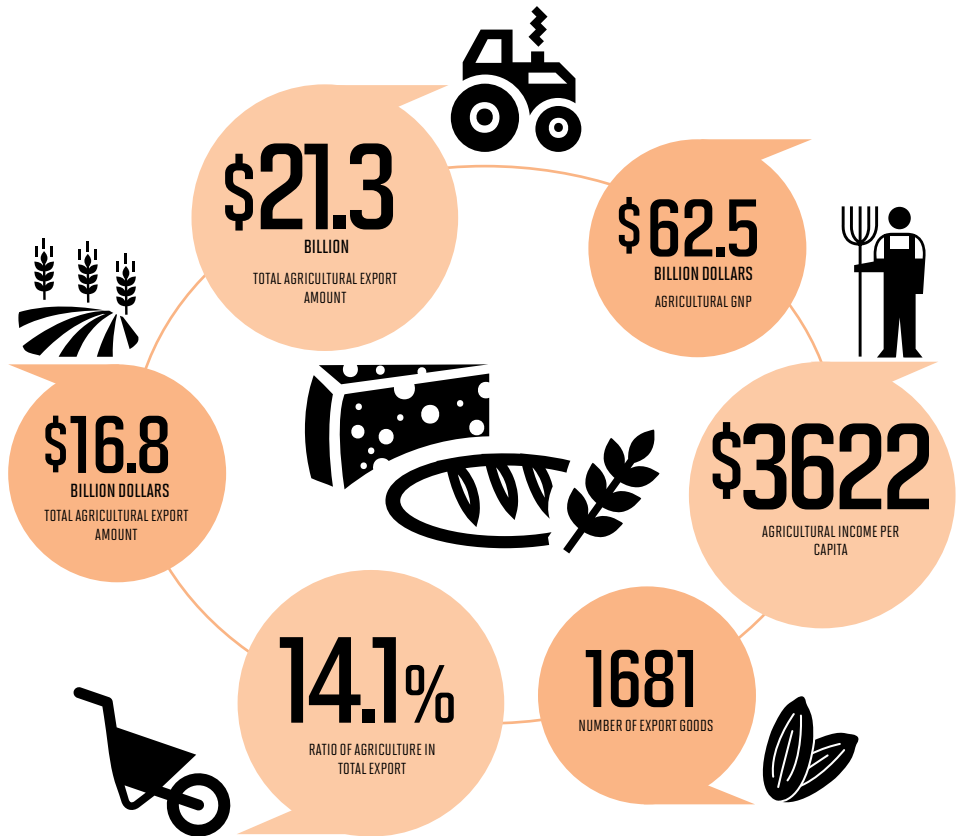
"Our sensitivity for food safety constantly increases every other day. Currently, Turkey is one of the fastest growing economies in the world while the Turkish agricultural industry is a strategic line of business, ranking 7th in the world and 1st in Europe. We need to support this significant potential, creating and maintaining subsidies, incentives and financial, legal and institutional infrastructures for the generalization and extension of innovation activities that focus on advanced agricultural technologies. We can create a difference in our range of products, leveraging our regional advantages, and gain a competitive edge over other competitors. The Ministry endeavors to enable innovation to be extended and adopted as an established approach also through supporting the farmers' organizations."

TURKISH AGRICULTURAL INDUSTRY GROWS BY 2.2 PERCENT IN AVERAGE
Turkey has a surplus of USD 5.2 billion in the foreign trade balance of foodstuff,

and ranks top in Europe, exceeding USD 62 billion in terms of global agricultural product value. Having increased its agricultural product value by 3 folds within the last decade; Turkey aims at becoming one of the top five countries in the world, increasing its agricultural production value up to USD 150 billion by 2023. Turkey's agricultural product export volume is remarkable in its growth by 11 % last year. The Turkish agricultural industry has achieved phenomenal successes in agricultural export in line with the industry's impressive growth performance throughout the last 10 years. The data indicate that the agricultural product export volume, which amounted to only USD 4 billion in 2002, rose to USD 17 billion and 46 million by 2013. According to the data from the Turkish Exporters' Assembly; Turkey's agricultural product export in 2013 amounted to USD 21 billion and 352 million. The export volume has been recorded as growing by 14.1 percent to USD 21 billion and 992 million throughout the last 12 months' period.

AIMING HIGH TOWARDS 2023

We interviewed Elif Ozdemir, a Member of Board of Ozaltin Group, being a prominent group in soilless agriculture, on Turkey's goals in agriculture as a part of the 2023 vision. Referring to the vision document declared as a milestone for the agricultural industry, Elif Ozdemir commented as follows: "The Project 'Turkey's Strategic Vision 2023' has been developed, taking 2023, the 100th anniversary of the Republic of Turkey, as a symbolic milestone, as a part of which



BEDRETTIN YILDIRIM

Parliament Agriculture, Forestry
and Rural Affairs Commission
Member

Any approach that is not economic, efficient and rational would stand as an obstacle before sustainable development. Factors affecting Turkey's sustainable agricultural approach are irrigation, erosion, urbanization, environmental pollution, excessive input utilization and improvement of grasslands. The main goal of the agricultural industry should cover production, supply and food safety. The global warming should also be taken into consideration as a major risk factor. The adaptation of Turkish agricultural industry to the rapid global change pace requires the resolution of the organizational and marketing issues encountered in Turkey as quickly as practicable.



MUSTAFA SATICI

Chairman of the Board Of West
Mediterranean Exporters Union

We envision that in Turkey, by 2023, agricultural production will increase up to USD 150 billion while agricultural product export will increase up to USD 50 billion. As may be established on the basis of the figures, agriculture, which currently accounts for a significant portion of employment and export volumes, will also remain amongst the most critical industries in the future. The industry-specific export volume is established to have grown by 23.3 percent. Thus, it seems fairly likely that in the agricultural industry, in which the growth rate never decreases except for in times of natural disaster, the goals set for 2023 can be accomplished.



ELİF ÖZDEMİR

Member of the Board, Özaltın
Holding

Innovation is the process through which an idea is developed and transformed into a product with a commercial value that the customer may want to purchase. Originality appears within such ideas in the form of distinctness and novelty. Innovation is also a main source of economic growth and social development for many businesses and countries. I therefore believe that innovation is critically important and essential in order to keep track of developments and to adjust to the pace of life in today's world of rapid and constant advancement and progress. We believe it is of utmost important to concentrate on R&D activities and to support and extend advances and innovation - oriented agricultural methods for competitive, sustainable and innovative agricultural production.

the top priority has been attached to the 'Agriculture, Food and Stockbreeding' segment. The agricultural industry has been one of the centers of focus, globally, in the recent years. Turkey has also focused its efforts on the industry, being a traditionally major agricultural country that keeps close track with the global developments; and has been carrying out preparatory activities as to what actions should be taken for potential issues that we will encounter in the forthcoming years, and has been developing novel technologies and systems. We, thus, consider the 2023 vision for agriculture fairly appropriate and successful."

Turkey, aiming at implementing a clustering strategy on some 14 million hectares of area in 2023, plans to open the entirety of 8.5 million hectares of irrigable area for irrigation. Also, amongst the goals set for 2023 are the transition to land parcel/enterprise-based subvention system in agricultural subsidies, and the increasing of seed production to 1 million tons from 647 thousand tons. Turkey, which broke a record in the history of the Republic in terms of wheat production, increasing the volume up to 22 million tons in 2013, has also managed to increase its corn production up to and up to 7.7 million decare by 2023. The area allocated for forage plant breeding is aimed to be increased up to 4 million hectares from 2.7 million hectares. The goals also include the opening of the first international scale National Botanical Garden of Turkey, the foundation of which was laid by the Ministry of Food, Agriculture and Livestock in Ankara, in 2015, and the establishment of the world's largest Geophyte garden in Antalya and Yalova.

Solution Partner of Farmers in All Point

We discussed the current situation and the future of the Turkish agricultural industry with Abdullah Kutlu, the General Director of Turkish Agricultural Credit Cooperatives.



What is the importance of the Central Union of Turkish Agricultural Credit Cooperatives for the agricultural industry?

The Turkish Agricultural Credit Cooperatives has a strong organizational penetration nationwide. We have a vast organizational network, covering the Central Union, 16 Regional Unions, 1644 Agricultural Union Cooperatives, over 200 service offices and 1 million farmers. We are working to address any needs of the farmers, primarily including fertilizers as well as feed, foodstuff, marketing opportunities, pesticides and plastics. We supply affordable and good quality products to farmers at their location through over 1800 service offices, dispersed nationwide. We serve the community without being a burden to the state and fund our investments on our own. We work in cooperation with

the Ministry of Agriculture, Food and Livestock. We rank second, following Ziraat Bank, in terms of the volume of loan support extended for agricultural activities. Each and every penny we loan is returned to the economy by the farmers. We extended a loan volume of some TL 5 billion and 225 million in 2013, and aim at increasing that volume up to TL 5 billion and 750 million in 2014. We have managed

\$2.4
BILLION DOLLARS
THE TOTAL AMOUNT OF CREDIT
GIVEN TO FARMERS
2013

1.1
MILLION
NUMBER OF
REGISTERED FARMERS
2013

to accomplish the goals we set for the first six months of the year.

What are the affiliated enterprises of Turkish Agricultural Credit Cooperatives?

The organization of Turkish Agricultural Credit Cooperatives harbors international enterprises established and operating in various industries, such as food, agriculture, plastic, IT and marketing. One of our affiliated enterprises is GUBRETAS, being an international venture, which the largest overseas investment by Turkey and supplies 1/3 of total fertilizer need of Turkey. We also support Turkish farmers and stockbreeders through our operations in feed business as carried out by TKYEM and twelve feed factories. We process the pulses we buy from the farmers, and return the same to them.

We develop our own original strains through our own engineers and offer it to our stakeholders in the national agricultural industry, aiming at carrying Turkish agriculture to the top in all aspects. We marked a growth rate of 20.1 only last year. That rate was 15 % the year before. We intend to maintain our growth pace, and continue investing as necessary on the basis of basic inputs and creating employment.

Turkey is a self-sufficient country in terms of food production. Nonetheless, we do not intend to limit ourselves with merely self-sufficiency. Turkey has set certain goals in agriculture as a part of the 2023 vision, and we, being the Turkish Agricultural Cooperatives, are committed to fulfilling our duties of any nature whatsoever toward the accomplishment of those goals.



During the previous event, 525 meetings were held.

TRADE

ANCIENT TRADE ROUTE REVIVES IN TRABZON

3rd event of “Silk Road Businessmen Summit” will host be hosting businessmen and high-level representatives from 20 countries along the Silk Road trade route.

BY YAĞIZ ÖZERCAN

Greatest civilizations were fighting to dominate the trade roads, so the economic and the political power of these trade routes caused enormous historical events, such as the wars that had lasted over the centuries

and the discovery of the New World.

The Silk Road as a trade route, began in China and reached Europe through Anatolia and the Mediterranean. This journey introduced silk and spice to the West and

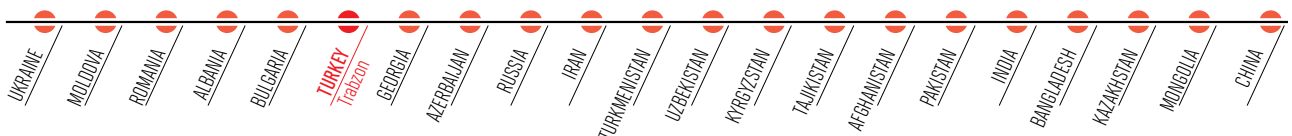
precious stones and glass to the East.

Striking as a tourist area, the Silk Road is ready to return in the global world recently. Turkey, which connects Asia and Europe as a midpoint, is endeavoring

to prepare it for hosting the ministers, businessmen and agents from institutions and press of 20 countries located in the hinterland of the Silk Road.

The 3rd Trabzon Silk Road Businessmen Summit will be held between 17-19 October 2014 in coordination with Turkish Ministry of Economy. Black Sea Economic Cooperation Organization, Eastern Black Sea Exporters Association, Trabzon Chamber of Commerce and Industry will attend. This Summit will be hosting panel discussions about commerce, finance, logistics and tourism. Bilateral meetings between Turkish and company agents of attending countries will

3ND SILK ROAD BUSINESSMEN SUMMIT



Data: Eastern Black Sea Exporters Association

also be arranged. The Summit will give the entrepreneurs a chance to invest abroad, and it will open the gates to the business world for the companies that are interested in building partnerships and the SMEs. This year, company agents from the attending member countries of the Black Sea Economic Cooperation Organization will seize a chance to pave the way for the future networking and trade pacts during this Summit. Moreover, it is on the agenda to destroy the barriers between the countries in the hinterland of the Silk Road, to improve trade and payment relations and to help regional businessmen for building new cooperation.

The Summit was organized in 2008 for the first time and in 2011 for the second time, has been providing new markets, business partnerships, viable payments and lucrative trade occasions to the SMEs.

Which countries will join the Summit which aims to present investment occasions and to build a climate of trust among businessmen?

Afghanistan, Albania, Azerbaijan, Bangladesh, Bulgaria, the People's Republic of China, Georgia, India, Iran, Kazakhstan, Kyrgyzstan, Mongolia, Moldavia, Uzbekistan, Pakistan, Romania, Russian Federation, Tajikistan, Turkmenistan and Ukraine. These countries will be represented by ministers and top level representatives of organizations.

Organization committee member Ahmet Hamdi Gürdoğan, chairman of the Eastern Black Sea Exporters Association (DKİB) and M. Suat Hacısalıhoğlu, chairman of the Trabzon Chamber of Commerce and Industry informed about the preparations of the 3rd Trabzon Silk Road Businessmen Summit.

The Silk Road Thrives Once Again



Nihat Zeybekci, Turkish Minister of Economy, stated that the Silk Road has become the new destination of the world trade, which is concentrated in the Asian region and remarked the great regard of this advance for Turkish foreign trade. "According to the figures of The World Trade Organization (WTO), 19% of world trade in 2013 was made by the countries on the Silk Road, which include Turkey. Even only this ratio can affect the potential of this historical route" said Zeybekci. He also told that the Summit will contribute to the advance of eco-

nomie relations among the countries on the Silk Road gathering the agents of the countries in the region would create many mutual chances and facilities in terms of gaining data about market, while the international affairs and the system of world trade is being reconstructed.

The minister stated that this Summit, which is organized every 3 year to assess this potential, provides assistance in practice of new cooperation projects between corporates and institutions. He underlined that it will help enhance both the economic and social welfare of the region.

Gürdoğan told that they aimed to bring the businessmen together in Trabzon, which is located in the Eastern Black Sea Region of Turkey and has the potential to be the leading logistic center of the world. He also remarked the potential of the countries located in this hinterland. He also claimed that the region will contribute to seize the chances thanks to its qualities, such as being in the middle of the triangle Asia - Europe - Middle East and the logistic advantages, too.

The other speaker M. Suat Hacısalıhoğlu, chairman of the Trabzon Chamber of Commerce reminded that the Silk Road drew attention with its growth potential and it covers an area in which the countries with the richest natural gas and oil reserves are located. Moreover, he underlined that the mentioned countries provide striking chances in terms of trade and investment.

In the modern world, you may think that logistic networks and free trade deals superseded trade routes. And you would be quite right. However, these kind of partnerships and deals are very complex structured and highly detailed; so they are available mainly for the macro-scale enterprises. At that rate, growing trading relations has made a stronger, healthier, and a widespread economic and commercial advance and created an upward trend of business. With experience of the two prior events, this time the Trabzon Silk Road Businessmen Summit aims higher to make economic actors of various scales join the trend. We are also ready again to host the businessmen who want to expand their trading network by entering new markets.

19%

TOTAL SHARE OF SILK ROAD COUNTRIES
IN WORLD TRADE

\$100
MILLION

TOTAL AMOUNT OF DEALS INITIALLY
CLOSED

AVIATION

Globally Cosy

TSI, a joint-venture of Turkish Airlines and Assan Hanil, although being new in the market, has drawn attention after their success thanks to combination of innovation and quality.

BY ELİF KARAHALİLOĞLU

Turkish Seat Industry (TSI), having been established as a USD 5 million investment by the participation of Turkish Airlines, Turkish Technic and Hanil Assan, a subsidiary of the ongoing collaboration between Kibar Holding and its Korean partner Hanil E-HWA, manufactured the first domestically design aircraft seat, trailing a blaze in Turkish aviation history.

A total of 4.125 seats made in Turkey are now offered to the passengers on board 25 Boeing 737-800 aircrafts. The annual capacity of 10.000 seats of the production line will be enhanced to 30.000 seats by 2024. The company, which will initially be renovating the seats on the aircrafts in the fleet, will be installing domestically produced seats on aircrafts at the factory as original components as of July 2015 under the agreement made with Boeing and Airbus in September. Turkey, holding third position in Europe, following Germany and France, for not only the quality but also the industrial design of its aircraft seats, has made an ambitious entry into the market with excellent

delivery time for the domestically manufactured aircraft seats, which are remarked upon for their fine design and lightweight. The success achieved in the production line is considered even more remarkable as aircraft seats are comprised of significant apparatus, and each component installed on an aircraft is required to undergo an intensive, elaborate and exhaustive certification process. Not limiting itself to the seats suitable for short distance economy class compartments; TSI has also commenced activities in designing seats for long distance flight routes as well. On the other hand, the company is certainly aiming higher. TSI intends to complete the design and production of business class seats, and offer the global civil aviation society a preferable alternative option at the earliest convenience. The seats produced have already been installed on board the aircrafts in Turkish Airlines' fleet. In addition, all economy class compartments are installed with 100 % domestically manufactured seats, designed and produced by Turkish engineers in Turkey. TSI carries out its manu-



TSI was established by a USD 5 million investment through the partnership of Turkish Technic and Assan Hanil, a subsidiary of the ongoing collaboration between Kibar Holding and its Korean partner Hanil E-HWA.

facturing operations through its industrial automation system with the world's fastest production line, implementing zero defect policy and employing state-of-the-art technology. All assemblage steps of aircraft seats, which require a complicated technical infrastructure, are monitored through advanced technologies. The computerized automation system enables the product to be output with zero defect.

ALL SEATS ON TURKISH AIRLINES' AIRCRAFTS TO BE RENOVATED

TSI, being unique for the automation system it has established, aims at strengthening its distinguishing difference from other competitors in the market. The new 2015 make Airbus and Boeing aircrafts of



Turkish Airlines will also be installed with the domestically manufactured seats, which have been approved upon the inspections conducted by the European Aviation Safety Agency (EASA). The average value created per kilogram in Turkey's overall export volume amounts to USD 1 and 58 Cents, while the value per kilogram for the domestically manufactured seats is USD 150, which corresponds to an additional value by over 100 folds. Even though certain raw materials are imported, the design input adds a considerable value to the finished product. Turkey is, thus, looking at an export potential of USD 700 million in manufacturing and exporting these seats until 2025.

Turkish Airlines, which keeps track with and constantly adapts itself to the prevalent competitive conditions in the world, aims to gain some 10% of the global aircraft seat market with some 100 thousand annual seat production capacity by 2023. The key here is to



Turkish Airlines' Chairman of the Board and of the Executive Committee Hamdi Topçu and Turkish Finance Minister Mehmet Şimşek presented new seats.



%70 domestic goods are used for seats which are manufactured for a %40 lower cost compared to the equivalent products.

manage selling the product to other airliners under competitive terms. This is how aircraft manufacturing technology is initially established. For instance, the galley hardware components and panels are produced by the partnership of Turkish Airlines and TAI. Tur-

kish Airlines, which has made major breakthroughs in the last 10 years, has increased its turnover up to USD 16 billion by 2014 from USD 1.2 billion. The accomplishment of the goals set for 2023 depends on the overall successful performance of 15 Turkish Airlines subsidiaries. To this end, Turkish Airlines will launch R&D and post - R&D product diversification activities along with all its subsidiaries, including TSI. The first domestically manufactured aircraft seat produced as a result of the 2 years of R&D activities of TSI was selected amongst roughly 16.500 patents. The production processes designed by the R&D team constituted was also approved by Joint Aviation Authorities, and successfully underwent the applicable certification tests. The company, which has commenced its operations with an annual production capacity of 10.000seats, will enhance its capacity, depending on the demand for modular production lines. The activities carried out with high efficiency ratios and the full domestic production orientation will, naturally, provide TSI with a considerable competitive strength. The determinant and stable activities will enable Turkish Airlines to become a major player in the global aviation chain, in a short manner of time.





INVESTMENT

TURKISH FDI STRONG DESPITE DOWNTURN

Turkey achieved significant growth in inward Foreign Direct Investment (FDI) in the first half of 2014. Inward Foreign Direct Investment (IFDI) surges by 28% to \$ 6.8 billion in the first half of 2014.

TURKEY MAINTAINED ITS strong performance in inward Foreign Direct Investment (FDI) for the first half of 2014. **According to provisional data recently announced by The Central Bank of the Republic of Turkey, the country attracted \$6.8 billion**

FDI in the first half of 2014, an increase of 28% compared with the same period in 2013.

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

At the sectorial level the

most attractive sector in the first half of 2014 was manufacturing, with almost USD 2 billion, followed by financial and insurance services and electricity, gas, steam and air-conditioning supply, with about USD 1 billion and 901 million respectively.

According to United Nations Conference on Trade and Development (UNCTAD), Turkey ranks among top 4 countries including Germany, England and Ireland regarding the increase on the number of FDI projects in the first 4 months of 2014.

THE MANUFACTURING SECTOR WAS THE MOST ATTRACTIVE SECTOR IN THE FIRST HALF OF 2014.

It is good news that the manufacturing sector was the most attractive sector in the first half of 2014 in terms of foreign direct investment. Moreover, Turkey's FDI performance in the semi-annum seems relatively better in comparison with that of other emerging economies. With the exception of Poland, the major Eastern European economies experienced year-on-year declines in 2014 H1. The Czech Republic and Romania had 32% and 4% contractions respectively. Poland seems to be recovering and making up the disinvestments it has recently suffered. With the exception of India, performance in the BRIC countries was weak. China's performance was very weak, increasing just over 2% year-on-year in 2014 H1. On the other hand, FDI inflows to Brazil in the first half of the year decreased by 2,4%. Among non-BRIC countries Russia had the worst performance; FDI inflows to Russia contracted by 59% in 2014 H1, which might be due to the negative impact of geopolitical risks that engulfing Russia and its near abroad, namely Ukraine.

TURKEY, WITH ITS DYNAMIC ECONOMY, WILL CONTINUE TO BE A SAFE HARBOR FOR INTERNATIONAL INVESTORS.

Turkey has over the last decade been able to maintain sound macroeconomic fundamentals thanks to structural reforms instituted by its stable, pro-business government. As a result of these structural reforms Turkey has emerged as one of the most appealing investment destinations in

Top ten investors between January - June 2014		FDI Inflows (million \$)	FDI sectorial breakdown January - June 2014		FDI Inflows (million \$)
1	Netherlands	1.705	1	Manufacturing	1.925
2	UK	793	2	Financial and insurance services	1.079
3	Russia	704	3	Electricity, gas, steam and air-conditioning supply	901
4	Italy	432	4	Wholesale and retail trade	647
5	Germany	286	5	Transportation and storage	120
6	Azerbaijan	171	6	Human health and social work activities	117
7	Japan	153	7	Information and communication services	104
8	The USA	137	8	Construction	95
9	Saudi Arabia	111	9	Mining and quarrying	71
10	Luxemburg	107	10	Agriculture, forestry and fishing	55

the world. The economy has grown over 5 percent per year since 2002. Meanwhile GDP per capita has more than tripled and Turkey is expected to be among the fastest growing economies in the world for 2014-2015.

Strong economic performance, a young and dynamic population, strategic location and an investor-friendly environment have together created plenty of investment opportunities in Turkey and made it one of the most attractive FDI destinations in the world. Aware of its huge potential, Turkey has implemented a set of structural reforms to enhance the competitiveness of its economy, boost labor market flexibility and eliminate vulnerabilities. The key areas in which Turkey has taken action are focused primarily on public finance reform, which gave the government the leverage for fiscal adjustment, price stability, banking reform, social security reform and healthcare reform.

The Turkish government considers FDI the main component of its economic development and has significantly improved its investment environment through various reforms and new legislation. A new FDI Law offering foreign investors legal guarantees by treating

them on a basis of equality with local investors was enacted in 2003.

Located at the crossroads of Europe, the Caucasus, the Middle East and North Africa, Turkey offers vast opportunities to investors in many sectors with its sizeable domestic market and well-educated human capital. Along with its large and dynamic domestic market, Turkey offers investors a platform which they may benefit from emerging opportunities in other countries, particularly in the surrounding regions. Turkey's strategic location allows investors to access a potential market of 1.5 billion people, a combined GDP of USD 25 trillion, and foreign trade of USD 8 trillion. Turkey has seized this opportunity in a mere ten years and managed to increase its exports from USD 36 billion to more than USD 150 billion.

Many multinational companies have either established manufacturing bases in Turkey or moved their regional headquarters there, as the country offers a robust platform for economic expansion on a regional scale that enables these companies to leverage common qualities and local capabilities in Turkey. Coca-Cola, for example, has already established its regional HQs in

According to United Nations Conference on Trade and Development (UNCTAD), Turkey ranks among top 4 countries including Germany, England and Ireland regarding the increase on the number of FDI projects in the first 4 months of 2014.

Turkey to manage operations in 94 countries. Similarly, GE Healthcare has moved its regional HQs to Istanbul to manage its operations in 80 countries in four regions - Central Asia, the Middle East, Russia and Africa. Microsoft is also managing operations in 80 countries from Turkey. **The Turkish government strongly supports the moving of regional HQs of global companies to Turkey.** With a recent amendment in FDI legislation, foreign companies can now establish their regional management centers in Turkey under a liaison office structure without paying corporate tax, VAT, personal income, or stamp duty. It is a well-known fact that the skilled labor force of Turkey is available at costs very competitive with others around the world. While labor cost in Turkey is considerably lower than in rival countries, the growth rate in labor productivity has also been impressively higher

in recent years. Lower labor cost and lower average wage, together with increasing labor productivity, are creating highly profitable opportunities for investors. **Furthermore, half of Turkey's population is under age thirty. Every year, more than 600,000 students graduate from Turkish universities.** Today, Turkey is training world-class engineers in many specialties ranging from mechanical engineers to computer engineers.

The Turkish government has also been implementing a series of incentives schemes. The latest of these was announced in April 2012, and its main objective is to boost production and investment for high-import-dependent intermediate goods, as well as to increase investment in lesser developed regions of the country. The new incentives system offers investors varied options, including reductions and exemptions in tax and social security premiums, land allocation, R&D support, etc.

The government has set specific targets for 2023, ranging from healthcare to economy, defense to education, and energy to transportation. These targets include becoming one of the top 10 economies in the world with a GDP of USD 2 trillion, and increasing export revenues to USD 500 billion. ISPAT's efforts will contribute to achieving these challenging goals attracting more foreign direct investment to the country, in both quantity and quality.

With its favorable investment environment, Turkey continues to be a safe harbor for international investors in the region. **The rise in greenfield investments is a good indicator of high investor confidence in the future of the Turkish economy. High added value, technology-intensive and greenfield projects were on the rise in 2013, and this trend is expected to continue in future.**

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



At the sectorial level the most attractive sector in the first half of 2014 was manufacturing, with almost USD 2 billion.



Central Bank of Turkey is currently focused on policy interest rates.

ECONOMY

REGULATED TO GROW

Proactive approaches adopted by Central Bank of Turkey and Banking Regulation and Supervision Agency, keeps Turkish banking system resilient to global fluctuations.

BY TURGUT ETİNGÜ

The 2007-2008 Financial Crisis was a nuclear explosion for the banking sectors. More than 400 banks and credit unions including titans like Lehmann Brothers, Merrill Lynch, UBS went bankrupt or entered receivership. But a certain banking system was resilient beginning from the ground zero to the late times of fall-out.

During the same period Turkish banks have actually grew in employment volume and expanded their branch networks while gigantic international banks went bankrupt. In late 2009, when the impacts of the crisis were most effective, the number of employees working for Turkish banks increased by 12,600 up to 185,000. New branches also were established

in that period; total number of bank branches increased by 800 up to 9,600. The fact that the scope of the growth also covers the expansion in the branch network and growth in employment volume abroad, even though proportionally slight, in an era that the largest banks in the world struggled to survive, explains the success of sectoral discipline.

One of the leading factors that contributed to the strong stance of Turkey was the formation of the Turkish banking system, which was established through the regulations of the Central Bank and the Banking Regulation and Supervision Agency. The statutory requirements such as loan-to-value, loan-to-income and maturity restrictions, and high capital

adequacy ratio assisted banks in avoiding high liquidity pressure or bank failure, even during the most severe times of the crisis.

The lessons learnt from the past and the know-how derived from the crisis experiences have a considerable ground in the basis of this approach. The lesson Turkey learnt for a burdensome cost of 250 billion TRY during the 2000 - 2001 crisis period was that the banking sector should be reorganized as having a proactive and rapidly responding structure. As such, Turkey took the necessary steps effectively and swiftly. Akil Ozcay, the Assistant General Manager of TEB, clarifies the situation as follows; "After the 2001 crisis, the Turkish banking sector has been very prudent and risk-averse, which enabled them to remain resilient against global turmoil that started in 2007. Even after the crisis, Turkish regulators have been quick to adopt regulatory changes in financial sector."

It is clear that the efforts of both the economy management and the banking regulatory authorities paid off well in 2008. However, the real success lays behind sustaining and improving this proactive approach. Turkey is well aware of this fact and has been con-



HALİL AYDOĞAN
Vakıfbank General Director

The macro precautionary measures taken by the economy management as well as the standards introduced through the BASEL III guidelines will ensure the banking industry has a sound structure against risks. Such measures taken by the economy management authorities, primarily including the BRSA, as the limitation of the number of installments for consumer loans, credit card limit/ monthly income upper limit as well as increasing the minimum payment amounts for credit card debts, which will be supporting the loan repayment capability of households, are important for the limitation of the counterparty risk. The high general reserve requirements introduced for the consumer loans and the decrease in the reserve ratios for the SME and export credits will be serving to support the sound growth in Turkey. Our economy management actively steers the industry against global risks. It would be fair to suggest that Turkish Banks are the most well-prepared banks worldwide against the global risks.

tinuing its endeavors toward the future, outperforming the leading banking systems the world; because the authorities recognize that the continued ability to sustain the endurance of 2008 in case of any possible future crisis essentially requires the continuance of the regulatory discipline.

Vakıfbank's General Manager Halil Aydoğan, who commented on the process for The Turkish Perspective, underscores the success of Turkey's improvement process in the sense of Basel III criteria: "We believe that, thanks to the strong supervisory and regulatory framework introduced and maintained by the BRSA, the sector is positioned amongst the top ranking sectors worldwide in terms of its resistance to shocks. With over 16 % capital adequacy ratio and over 14 % Tier I capital structure, Turkey is one of the countries which will manage to most rapidly harmonize with the recently introduced Basel III criteria. While the banks rapidly improve their risk management systems in line with the Basel III regulations, we also observe that Turkish banks have largely completed the works necessary for harmonization with such novel international regulations as stress testing, liquidity coverage ratio and leverage."

The improvement of the sectors displays stability in spite of the obstacles caused occasionally by global macroeconomic conditions. The projection by the Banks Association of Turkey envisages a growth by 15 to 20 % in assets and 18 to 22 % in loan volume within the second half of 2014 whereas the maturity mismatch trend follows a downward course.

The expectations and the figures reveal that the regulations and the practices enable the establishment of the balance and stability for the sector to improve while preparing it against the global threats.

Resilience and Harmony

Mukim Öztekin, Chairman of Banking Regulation and Supervision Agency, evaluated Turkey's banking system to The Turkish Perspective.

BY TURGUT ETİNGÜ



What would an overview of the current figures of the banking sector reflect? What are the current developments?

The banking sector, accounting for more than 90 % of the Turkish financial sector, operates through 50 banks in total, including 33 banks of deposit, 4 participation banks and 13 development and investment banks. It is a blazing and strong sector with a qualified labor force, extensive branch network supported by technology, governing regulatory framework largely in harmony with the international regulations, the experience derived from past crises, its sophisticated risk culture and internal control systems, profitability, asset quality and its strong capital structure.

The Turkish Banking Sector, having established an extensive service network worldwide with 31 banks, 25 other financial institutions,

85 branches and 11 representation offices in abroad in addition to 12,051 branches established at home, continues its growth trend. The asset size of the sector, which amounted to TL 1.7 quadrillion in December 2013, increased by 5.7 % to TL 1.8 quadrillion, which is higher than the GDP, by June 2014, and the sector continues to offer growth potential due to its relatively low penetration level.

The active share (excluding shares publicly offered on the stock exchange) of 25 banks controlled by foreign investors account for 17.4 % of the total assets in the overall sector. If calculated without consideration to the definition of control as per the Banking Law; the share, including the share offered to the public, held by foreign investors in the asset size of the banking sector accounts for 45 %.

The share within the total

assets of the overall sector of the securities portfolio, more than 95 % of which is comprised of Turkish T-Bills upon the decrease in public sector borrowing requirement, significantly decreased from 40.5 % as of December 2002 to 15.9 % (TL 291 trillion) as of June 2014. The share of loans within the total assets of the sector, which, thus, managed to perform the intermediary function, increased up to 61.4 % (TL 1.124 trillion) from 23 % throughout the same period.

Amongst the basic ratios of the sector, which exhibits a strong outlook in terms of financial solidity; the non-performing loans ratio realized to be 2.7 %, the financial leverage ratio realized to be 8.3 % and the capital adequacy ratio realized to be 16.3 %. The profitability performance of the sector remains high in spite of the retreat on year-over-year basis, which was contributed by the fluctuation on the markets in the first half of the year. The net interest margin is 3.4 %, the return on assets is 3.4 % and the return of equity is 1.4 % as of June 2014.

What would your comments be on the overall performance of the sector? How does it perform in meeting its funding needs?

The sector, the resource structure of which is, traditionally predominated by deposits, has headed towards

resource diversification in recent years in order to fund its rapid growth in loan volume. Foreign resources were utilized on account of the further lowering in domestic saving levels and of the cost advantages, and securities issues were recognized in the balance sheets as an alternate resource of funding. The rapid growth in loan volume and the diversification of funding resources both led to the decline of the share in total liabilities of deposit to nearly 53.3 % and enabled the loan/deposit ratio to rise up to a historical record level of 118.7 %.

Turkish banks, which encountered no problem in procurement of funds from foreign markets and in the renewal of such funds, expanded their borrowing facilities, which was also supported by the credit rating increases. In this scope; the amount of loans procured by the overall sector from abroad increased by USD 5.1 billion (3.7 %) up to USD 143.3 billion within the first half of 2014.

What novel regulations have been introduced within the last decade? To what extent did those regulations contribute to Turkey's making it through the global crisis of 2008 without any serious damage?

The Turkish banking sector went through a considerable structural transformation process after the economic crises experienced in 2000 and 2001, as a part of which BRSA was established as an autonomous agency, the regulatory infrastructures were reformed, and the sector renovated itself to a fairly advanced point. The policies devoted to the rehabilitation of the sector and the subsequent macro-scale

precautions, combined with the stable environment in the country, ensured Turkish banking sector to make through the global crisis of 2008 without sustaining a considerable loss and needing state aid.

In line with the proactive approach adopted to prevent banks from uncontrolled growth and to encourage banks to retain larger amounts of capital against potential risks; the required capital adequacy ratio was adopted to be 12 % in 2006 even though the legally required ratio was 8 %. The BRSA's restriction on the profit distribution amounts in the sector enabled a considerable amount of reserve funds on the balance sheets of the banks, which helped the protection of the strong equity structure of the sector. The amendments introduced to the Regulation on Provisions, the Regulation on the Measurement of Capital Adequacy and the Regulation on Debit Cards and Credit Cards in addition to the regulatory changes, which had been introduced previously in order to support the financial stability and prevent rapid growth

in loan volume contributed to the deceleration of the loan volume growth rate and ensuring the loan volume growth to be focused predominantly on commercial and SME loans instead of consumer loans. Hence; the SME loan volume grew by 11.4 % and the corporate/ commercial loan volume grew by 9.1 % while the consumer loan volume grew only by 1.6 % relatively to December 2013.

How would you position Turkish banking sector in terms of its compliance with the international criteria and particularly with the Basel criteria?

In line with the international regulatory framework; the draft regulations in harmony with CRD (EU Directives No. 2006/48/EC and 2006/49/EC) and Basel II were submitted to the consideration of the sector and the public in respect of the Base-II practice by April 2010 with a view to enhance the effectiveness of risk management at banks, the market discipline and the capital adequacy measurements and to create a sound banking system, whereby positively contributing to financial stability. Upon the discussion of the opinions released in respect of the draft regulations and the release of the results of the latest national impact study (QIS-TR3) that measured the effects of Basel II on the sector's capital adequacy status; the parallel practice was introduced between June 2011 and July 2012. Once the parallel practice period was completed, Turkey launched the complete set of Basel II practices as of July 2012 upon the introduction of the standard method in the measurement of credit risk. However, the novel criteria contemplated rather more prudent practices in certain fields of

capital adequacy measurement than those required by Basel II principles.

The satisfactoriness of the guidelines set forth by the Basel Committee were re-evaluated in the aftermath of the global crisis of 2008, whereupon the Basel III guidelines such as novel guidelines regarding the liquidity adequacy and non-risk based leverage ratio as well as certain standards regarding the enhancement of the quality and quantity of capital and the establishment of supplemental capital buffer to be utilized on periodical basis, which may be considered as a set of additional regulations devoted to eliminate the deficiencies of Basel II guidelines, were adopted and introduced. The said regulations are anticipated to be brought into practice throughout a transition process between 2013 and 2019.

The quantitative impact study (QIS) conducted by the Basel Committee in respect of the Basel III guidelines is participated by six banks from Turkey, which account nearly for 63 % of the sector in total in terms of their shares in overall assets. The quantitative impact study encompasses the calculation of the capital adequacy ratio, leverage ratio liquidity coverage ratio and net stable funding ratio. The Turkish Banking Sector is considered to be capable of covering the additional capital and liquidity requirements to be introduced by the Basel III regulations thanks to its high capital adequacy ratio of 16.3 %, including quality elements, its financial leverage ratio of nearly 8 %, being way higher than the standard ratio of 3 %, and the liquidity level requirements, which have been imposed since 2006.

Liquidity level requirements, which have been imposed since 2006.

Öztekin underlines that Turkish banking system's progress on implementing Basel-III criteria is outstanding.





TURKEY AT THE DAWN OF A NEW ERA



BY MELİH BULU PHD



BY SEDAT GİRĞİN

Turkey has been in a transformation process for the last 10 years, which rises the hopes of the region and shapes a concept the society internalizes more and more day by day.

A country that keeps its own agenda with its strategy established within the framework of long-term policies; has stabilized its profile as a global player in both political and economic aspects; and that has reformed its historical heritage in a broad range from culture to industry by using an innovative approach in compliance with the world dynamics. However, Turkey was not the only country to experience a paradigm shift and a phase of reforming. The bipolar balance of the world, which was formed after the Second World War, transformed into a single-pole structure once the Berlin wall fell. Between 1989 and 2008, we went through a period with the USA being the one and only superpower, as proof for the so called “End of History” theory of Fukuyama. However, it was understood that this argument was not valid when this single-pole structure changed into a multipolar structure with an economic crisis arising that affected both the U.S. and Europe, as opposed to the emerging economies in Southeast Asia. As Turkey has always been in interaction with the rest of the world and had a long history as an influential player, it quickly became a typical country which shows the characteristics of this new “changing world” phenomenon in its unique progress of development and ascension. As the sun of this new era was rising above the horizon of international relations, Turkey was the country upon which the first lights of the dawn shone.

Among the consequences of the fact that the U.S. had to reduce its impact area in the world as a response to recent developments, the most important one affecting us may be the conflicts triggered in the Middle East with and after the Arab Spring. The rising tension between Russia, recently getting its strength back, and the European Union is considered to be another factor that will affect Turkey in the future. Moreover, Turkey accepted the Chinese offer for the long-range air defense system, which can be seen as a sign that Turkey is now paying in regard to these unstable equilibriums. The formation of the new equilibrium in this new multipolar world along an axis that has been displaced from the West to the East will take time. What are the threats and opportunities waiting for Turkey in this process of forming the new equilibrium? Will it be possible to defeat these threats and use the opportunities in favor of the New Turkey?

What obstacles of past and opportunities of future will Recep Tayyip Erdoğan, who also used the “New Turkey” as the main theme of his Presidency campaign, and the new Prime Minister Ahmet Davutoğlu encounter while trying to achieve their goal called the New Turkey? What are the strong sides of Turkey, during this journey towards a new notion?

THE DARK BEFORE THE DAWN

Having been established by those people who left their homes, jobs, fortunes and families in the Balkans, Middle East and Caucasus to take shelter in Anatolia after 300 years of withdrawal, the Republic of Turkey has had hoped for this New Turkey for about 90 years. But none of the attempts made up to now could meet the expectations of the people. No matter how many times we have seen some lighted prospects, all the attempts failed at the end. Military coups, economic crises, assassinations etc. always disappointed those people who carried the hope of the New Turkey to this land.

We became more and more demoralized when Germany and Japan became the strongest economies of the world by standing up after they were destroyed in the Second World War and when South Korea passed by us after we had provided military assistance for their fight against the communist occupation in the 1960s. Moreover, some of us have found ourselves stating that we were hopeless. In short, in this 90-year period, Turkey nearly lost all hope, especially the economic crisis in 2001 took us at a dead end.

I remember that there was a group of people trying to console themselves by saying, “We have founded 16 states up to now. We could found another one if this one were dissolved, too.” These people with their endless hopes in even the worst of times could be those who triggered another liftoff. In fact, the precautions taken after the 2001 crisis and realization of them by a political power are cited as a success story all over the world. Turkey has grown by approximately 5% since 2002. In particular, all of the highways which could not be completed for years since the day of foundation have been completely constructed. The fast train can now provide service to metropolitans. Every city has at least one university and most of the cities are connected by air. While in the past the best solution for health was simply to not get sick, the health system is now capable of providing service to the poorest people. International academic publications and patents tend to increase dramatically. Exports as the most prominent indicator of the economic competitiveness of the country's economy have



increased in value from 30 billion dollars to 150 billion dollars.

In addition, as a result of the developments in this period, most of the population now has perspective based on property, not on poverty any more. Thus, no one claims that the target of 500 billion dollars of export for 2023 is impossible, although it is still considered very ambitious. We keep asking if we can do it. Our hope is blended with concerns.

New plans are being prepared for the New Turkey. One of the most prominent is the 2023 export strategy document of TIM. This document has been followed by others such as the Industrial strategy of the Ministry of Industry. Today more or less every institute has a strategy document at hand or in progress. Maybe for the first time in a long period, Turkish people can now make positive plans for the future.

The export strategy may be a solution to the current deficit, which could be the most important problem in the Old Turkey. The New Turkey would solve the problem of the current deficit by increasing its exports. Prof. Dr. Kerem Alkin argues that the most important contribution of the İstanbul Financial Center would be realized with the savings to be withdrawn from the world for the investment required for an increase in exports.



The renovation of Borsa Istanbul was the initial step of becoming a financial hub.



“It is extremely important for Turkey that Borsa İstanbul makes international agreements such as the one with Nasdaq.”

Kerem Alkin

When building a new perspective for an existing structure from time to time and refreshing the international perception of this structure, the design of a contemporary name and logo may be needed. The current situation made it necessary to conceptualize the İstanbul Stock Exchange Market, redefine it and add a new global vision to it. A powerful message must be addressed to the neighbors of Turkey so that they can make their own capital markets and marketable securities available to the world through Turkey. Taking these details into consideration, it should be emphasized that an important step was taken in 2013 with the design of a new brand and new logo. One of the most important criteria to reinforce this step is the need to renew the technological infrastructure of Borsa İstanbul to a great extent. For that need, some critical international exchange

markets have been contacted. Within the framework of such negotiations, we witnessed that the result was formation of a critical partnership with NASDAQ OMX. That is, a strategic agreement was concluded. This is because as soon as this infrastructure is complete and in use, those companies which have realized that it would be possible to trade by using much more investment instruments from anywhere in the world will be able to open offices in İstanbul, if necessary, and make such offices important investment and trade centers. However, we still have a long way to go. The most important reason why the capital market cannot develop, contrary to our expectations, in Turkey is that we cannot provide those sectors with different incomes and savings with different investment instruments. One other method to make İstanbul a center of finance should be to increase the number of investment instruments traded in the markets.

ISTANBUL TO BE INTERNATIONALLY INTEGRATED

It is extremely important for us that Borsa İstanbul makes international agreements such as the one with Nasdaq and that Borsa İstanbul is integrated into the globally known capital markets such as Singapore, New York, Frankfurt, Paris, London, Hong Kong, etc.

If Turkey can establish a profitable capital market by acquiring a successful company which has shown itself as a result of a direct foreign investment or a company which is subject to a joint ownership operating in Turkey and if it can take a series of steps to ensure through international cooperation agreements that its stocks are traded not only at Borsa İstanbul but also at other exchange markets, we will see more positive changes in how Turkey is seen from the perspective of foreign capital. This way, İstanbul will become an irreplaceable center of finance

for many small, medium and large sized financial institutions that would like to benefit from such an opportunity from all over the world. Thus, İstanbul Financial Center will make its way step by step towards its destination. And this will lead to a capital inflow into Turkey, much more than we expect, for both profiling and foreign investment purposes. When you make İstanbul a place from where stocks and bonds are issued for all of the first and second generation neighboring countries, and a place through which companies prefer to globalize in order to go public, Turkey will become a country which appeals to the bank deposits and funds of capital market transactions in the banking sector of the first and second generation neighboring countries. This will bring about a further growth of the funds used in the money and capital markets in Turkey's economy by around 2.5-fold. Thus, the capital market in the banking sector can make funds available to investors and the private sector from its own country with increasing and better opportunities.

THE ROAD TO 2023 GOES THROUGH THE FINANCIAL CENTER

If we want Turkey's economy to increase by 4 percent, 5 percent or 6 percent, Turkey must annually approve a total investment of at least 50 to 70 billion dollars, 70 to 90 billion dollars or 90 to 120 billion dollars, respectively, in the private sector. Turkey has an economy that can only supply about half of such large investments by using its own funds only. In this case, if Turkey is to make an investment of 100 billion dollars in the private and public sector every year but the money available is not more than half of that amount, then loans should be taken constantly from the world for a more challenging growth. Instead of taking loans, if we succeed in making İstanbul a financial center in Eurasia and start appealing to enterprise resources, in particular bank deposits, from first and second generation neighboring countries, Turkey will at once have an economy appealing the savings in its own region as the port in the region. Therefore, İstanbul should come to the fore as the most critical financial center of Eurasia so that Turkey can achieve its 2023 targets.



The initial precautions taken in order to close the current deficit started yielding results. The monthly current deficit has decreased from 7-8 billion dollars to 3-4 billion dollars. However, this has also slowed down the growth of Turkey. Turkey's economy has a structure which cannot grow rapidly without any current deficit. And in the new Turkey this problem should be addressed and resolved as well. The primary resolution for this problem is to sell our products which can compete in global markets with higher profit margins. For this reason, our exporters started concentrating more on products based on innovation and R&D. The recently increasing R&D supports provided by TUBITAK have brought heat to both manufacturers and researchers. Many R&D centers have been founded by means of these R&D supports. The cooperation between universities and industry has gained strength. There is not enough space for companies in Techno parks. For example, only 100 out of 1034 companies that have applied to the newly opened Techno Park in İstanbul could be given space.

The Defense Industry is considered one of the most important sectors included in the new economic growth model designed in the New Turkey with exports highlighting R&D and innovation, because this is an area where the newest technologies are developed. New technologies produced in this area spread to other areas of production so that companies can produce more competitive products. The fact that many technological products we use in our daily lives today, like the Internet, have been first developed in the defense industry shows the potential of Turkey to lead the field. In this process, the defense industry, from the real sector, has taken the form of an economic and foreign political driving force through those studies of the Undersecretariat for Defense Industries, Defense and Aerospace Exporters Association and SASAD (Defense Industry Manufacturers Association). This is clearly seen in the 150% increase in the exports of the defense industry in the course of the last five years. Increasing demand for those products manufactured by companies of the Turkish Defense Industry, such as attack helicopter, unmanned aerial vehicles, tanks, guided missiles, not only by the Turkish Army but also by armies of other countries can be considered an important sign that this sector has grown and can now develop technology.



“Almost all of the products which have been developed domestically and for which we have intellectual property rights are demanded in the international market.”

Fahri Erenel

Thanks to the emphasis placed on domestic design and production, it has been possible to reach the target set for the ratio of domestic products to total needs of Turkish Army, which is now more than 50%.



Defense Industry is playing a key-role in boosting R&D and innovation as well as contributing to Turkey's brand value.

Our defense industry is now a sector that had a turnover of 4.8 billion US dollars in 2012 and that employs 50,000 people. The export performance of the sector tends to increase day by day. Exports of the sector totalled 784 million USD in 2008 while it reached 1.4 billion USD in 2013. In the period from 2008 to 2012, Turkey has ranked 24th in the global list of top defense product exporters, and its performance keeps rising. As our portfolio of defense industry products expands, exports of those products specific to this field increase dramatically. It is apparent that the emphasis placed on R&D and resources allocated increase day by day in the sector with various incentives and planning in progress. While the fund allocated for R&D was 509 million USD in 2008, it reached 772 million USD in 2012.

Almost all of the products which have been developed domestically and for which we have intellectual property rights are demanded in the international market. These products include armored vehicles, aerial defense systems, rocket systems, simu-

lators, coast guard boats, military communication systems, command and control systems, and software. That is, we export products in almost every field of the sector.

Defense News reports an annual list of top 100 defense industrial corporations, where ASELSAN is currently ranked 76th and TUSAS 83rd. These can be considered to be the key signs that with their genuinely created new products, Turkish defense industrial corporations are now actually in the global defense market.

We see that nowadays, while defense and security fields undergo fundamental changes, the security environment is, in general, disorganized and unstable due to new expansions and cooperation as well as various crises and changes, that the globally collective regulatory powers are losing their power and impact, and that globalization and developments in communication technologies which make globalization more apparent, and an environment of asymmetrical threats and uncertainties all lead countries to search for new strategies

for security and defense philosophies.

In such an environment, "Defense Industry" studies come into prominence due to the direct and extensive impact of a sustainable development and effective use of resources of the country on security. In addition to the fact that it is constantly developing in technological aspects and primarily meets the needs of the Turkish Army, this turns into a field which attracts attention in the foreign market with its constantly increasing competitive advantage.

Technological excellence in the defense industry, which constitutes a solid ground for defense and security policies, develops as a part of the economy, and is also an area where technological information is produced; and it can provide advantage in both political and economic aspects. A defense industry with minimum external dependence, with optimum use of its resources, which can produce high-technology products, is one of the most important components of a strong economy, peace, stability, and security.

For Turkey's multilateral foreign policy, it is believed that defense industry can contribute to the process of achieving foreign policy targets by directly taking action in establishment of a strong army, and that it can also play an indirect role by raising its profile through the tenders won abroad, by raising the awareness through participation in fairs, by managing cooperation and bilateral projects with friendly and allied nations, or by registering with the relevant countries as a purchaser.

The Strategic Plan of the Undersecretariat for Defense Industries covering the period from 2012 to 2016 was prepared as a scientific study and reference document, which examines the past in all aspects, organized in line with the lessons learned from the past, constituting a road for the entire sector that is also applicable for the future. It seems that the targets set in the plan can be achieved with support and participation of all shareholders in the sector.

Whilst entering a new era, Turkey is described, the prominent aspects are usually economic aspects; however, this new period also differs from the previous one in the advancing relations in Turkey and in the surrounding territory as Turkey is a rising power in its region. In particular, historical connections with Ottoman lands are being re-established, which leads to an increase in the number of tourists coming to Turkey from those countries founded on Ottoman lands as well as the volume of trade with these countries. In the last decades, people from the neighboring countries struggling with civil war and conflicts leave their homelands and generally take refuge in Turkey. Although this brings extra costs to Turkey, it bears potential for a great deal of investments to be made in Turkey. For an Arab academician, working in Turkey is now comparable to working in Europe or the U.S., which also leads to an increase in international workforce, both in quality and quantity, in the country. This just an example Middle East's perception of Turkey. Sabiha Şenyücel of TESEV, explains Turkey from Middle Eastern point of view.

"The multi-dimensional foreign policy in this respect is a vital investment for the future when combined with solution-oriented foreign policy."

Sabiha Şenyücel Gündoğar

The model question evolving around Turkey has been a popular subject of discussion for a while in and outside of Turkey. The Turkey perceptions survey that we have been doing at the TESEV Foreign Policy Program since 2009 also asks the same question repetitively over years. The most recent data (2013) on the model question says that Turkey is still seen as a model by half the participants despite turbulent times in the region and critics on Turkey. The term role-model used by these countries even more than that it finds itself usage in daily Turkish political debates. For some in the region, Turkey's experience provides the necessary method and hope for the Middle Eastern modernization and integration with the rest of the world. A democratic, wealthy and culturally similar Turkey has the potential to inspire the rest of the Middle East.

Turkey has been culturally, economically and politically more active in the region, which most probably adds to its positive image among the eyes of the public opinion. As Turkey contributes to the economical development of the region that Turkey interacts, it also involves in the solutions of regional problems. The increase in the societal interaction between Turkey and the countries of the region has no doubt plays an important role which is crucial to have long term healthy and diversified relations among societies.

Another important aspect is Turkey's ascension in the global arena as a new and energetic player. As shown in the survey data majority of the participants are welcoming Turkey's increased role in the region and encourage for more engagement. Turkey's relations with the West also closely monitored in the region. Actually, when the full membership talks to EU were initiated in 2005, there were celebrations held in many Middle Eastern countries.

Turkey's integration with the West is seen as an asset for Turkey in the region. The multi-dimensional foreign policy in this respect is a vital investment for the future when combined with solution-oriented foreign policy. In this context, Turkey's key-role in Western access to the East and Eastern integration to the West, is promoting both Turkey's own interests and global benefits.

In consideration of this role Turkey has been playing in the Middle East, the continuity of Turkey's success at integrating with the West is not only a regional matter but is a worldwide issue. Turkey is making vital investments to its future by gaining the right position in the regional equation and ensuring the continuity of its solution-oriented foreign policy. In this context, Turkey's key-role in Western access to the East and Eastern integration to the West, is promoting both Turkey's own interests and global benefits."

What is the background of Turkey's ascension to this key-role both in region and the globe?

Turkey was already a pioneer in the Islamic World by having been the first secular democracy of a Muslim population. It was even a pioneer in the western world, as it was one of the first countries in the world adopting the women's suffrage. Its ties with and influence over the region dates back in the history, as seen in the examples such as Sadabad Pact of inter-war era, and Turkey's neutrality during the World War II allowed it to remain relatively stable and as a potential leader.

That potential, however, required a process of internal preparation, as the country inherited the heritage and complicated problems of Ottoman Empire. Democracy was never abolished, but temporarily halted, and lack of an energetic, all-round strategy and a momentum to unite the diversity within the country as a many-sided, one pointed political spearhead postponed the activation of this potential. Military coups and political polarization of the factions had a detrimental effect upon Turkey's progress of turning into an effective global player.

Today, having taken many steps to solve the problems within, Turkey has enlarged its perspective, taking the region and the rest of the globe into its sight. As Turkey remains stabilized, it contributes more to the solutions of the global problems, and the more it plays an active role, the more stability and efficiency of Turkey increases. The policy behind this new vision and this feedback lies in the unique strategy and approach applied in the last decade.



“One of the main factors in development is that Turkey has been acting based on its own agenda.”

Mesut Özcan

Turkey was able to develop within its territory before the year 2000, but in the last decade Turkey attempted to close the engagement gap in the Middle East, Balkans and Caucasus in political, economic and cultural aspects. This naturally has different political reflections, such as Turkey's rising profile, an increase in Turkey's contacts with political circles, and Turkey's becoming a part of international cooperative mechanisms. Economical reflections include free trade agreements, commercial and economic cooperation agreements, and partnerships in various fields, ranging from agriculture to energy.

Correlated with these developments, the global affairs have also gained acceleration. Turkey, as the leading player in the region, has moved to a more important position in foreign policy of the EU. Correspondingly, it has also strengthened its relations with the U.S., Far East and Russia, and expanded to Africa. Turkey has disproved that in-

teractions with different powers would create conflicts, and created a feedback domain; its local affairs have developed its global acting, and stronger global relations have reinforced its position and attracted more attention in the region. One of the main factors in such development is that Turkey has been acting based on its own agenda. It also manifested its priorities in building stronger relations with both the West and other powers. Acting in line with an established strategy and established policies has enabled Turkey to become a more notable actor.

Today, while working for establishment of stability in the immediate surroundings, Turkey both provides service for peace and builds the conditions for its own economic development. It shapes its prospective international position and economic targets within the framework of its 2023 vision on a common ground.

With this approach, Turkey has concentrated on finding a solution to the conflicts and acting as a peacemaker. The Balkans are still suffering conflicts, which have been settled to an extent after included in the EU agenda; in the Caucasus, the issue between Armenia and Azerbaijan continues with the territorial integrity problem of Georgia. The Middle East is undergoing a change after the Arab Spring. Conventional assumptions, nation-state policies, conventional security approaches fail to find solutions to these problems. Turkey, as a new global actor in these

fields, began shaping its foreign policy so as to react as required. It initiated the “Friends of Mediation” initiative with Finland under the UN. The 3rd “İstanbul Conference on Mediation” was organized on June 26. In addition, Turkey has tried to be a part of the solution for assembling the Iraqi groups, reconciliation of the Palestinian groups, Palestine-Israel negotiations, and Iran's nuclear program. It played an active role in Myanmar and Somalia.

All of these developments and attempts have been indicators that Turkey is a global actor behaving based on its own strategic priorities, and led to favorable results. Turkey, in its negotiation progress to accede to the EU, developed its relations with the other global powers and showed that it has other alternatives; it has become the leader of its hinterland as well as the primary solution partner of the West in the Middle East policy.

Relevant studies continue to achieve a sustainable success. Within the framework of its vision and agenda, Turkey has changed the laws determining how the Ministry of Foreign Affairs operates, and increased its foreign policy representation as well as its instruments for representation by new embassies and consulate general. Joint studies with academicians have been promoted. Training sessions to make the existing human resource more effective have been organized.

Attempts to train diplomats specialized on solutions to new problems Turkey has encountered have been made. The academic infrastructure has been reinforced. Use of instruments to solve the problems of the new world with new academic programs and generation of new instruments is now at the focus.

Certain master's degree programs have been established in order to increase the number of diplomats who will set the right instruments and produce the right policies to solve these problems which have direct impacts on Turkey or which occur in Turkey's impact area. A human resource infrastructure to achieve the New Turkey vision has been established.

A target of the New Turkey for both foreign policy and industry is to transform itself into a center for energy. Its attempts in this respect so far have been aimed and solid steps. The two nuclear power plants to be built, one in Mersin and one in Sinop, with agreements already signed, oil exploration in Black Sea and Mediterranean Sea, TANAP (Trans-Anatolian Gas Pipeline) to carry natural gas from Azerbaijan to Europe and many other projects are in progress.

Supply of the power needed to achieve the aimed innovative production level and the policy to pursue for such power supply is of vital importance for the industrialization plan of Turkey. At this point, Turkey has been strengthening its position by means of its production targets as well as its plans to diversify the resources being supplied.

By 2020, it will be possible to obtain a power of 9,200 Mwe from the power plants in Mersin and Sinop. The total energy to be obtained from these plants over a period of 60 years under the expected conditions is 35 billion kWh. Oil exploration attempts in Black Sea and Mediterranean Sea are going on with help of world leaders such as Exxon-Mobil, Shell, Chevron, Total, OMV, Rosneft, Petrobras and Repsol. According to experts, it is predicted that the Eastern Mediterranean Basin solely contains a resource worth 400 billion dollars.

TANAP is expected to carry 16 billion cubic meters of natural gas in 2018. In this volume, 6 billion cubic meters of natural gas will be used by Turkey. And approximately 10 billion cubic meters of natural gas will be carried to Europe. The project's objective for 2023 is 23 billion cubic meters and for 2026 it is 31 billion cubic meters. Besides the financial value of the project, the alternative it presents as a solution to the energy search of Europe indicates the importance of the New Turkey for both the West and East in terms of energy, so Turkey's position in this respect will be important for its foreign affairs.

FIRST LIGHTS OF THE DAWN

The political stability of Turkey for the last twelve years is naturally the fundamental factor underlying all of these developments. By this means, Turkey can go beyond meeting its urgent needs and set perspectives for the next 10, 30 and 50 years. The Eastern and South-eastern Anatolia, which have been referred to as regions of conflict for the last three decades, are able to integrate into the economy again. The "East and Southeastern Anatolia Economy and Development Summit" organized by TUSIAD in June 2013 in Cizre, which has been reported to suffer conflicts for years, indicate that the regional stability has reflections in the economic development. The following statement of Muharrem Yilmaz, the head of TUSIAD at the time of the Summit, shows how the business world's vision and perception towards the Southeastern Anatolia has changed: "We are here to invest in the peace process; we take part in the financial stake of the resolution process, we represent the production, investment and employment aspects. We are the assurance of the resolution."

The results of the recent local elections and Presidency elections, for the first time in the history of the Republic, also imply that the complete resolution of the uncertainties ongoing for the last three decades, as an obstacle to development of Turkey, is not so far. The regional development as a result of stability taking the place of the conflicts in the country brings along countrywide development.

The most important item on the Justice and Development Party's agenda is constitutional amendment, which could have a leading role to change the fate of the region. This is the most important argument and driving force of the ruling party before the citizens. Justice and Development Party, while establishing its route in the constitutional process, has focused on the argument that the current constitution,

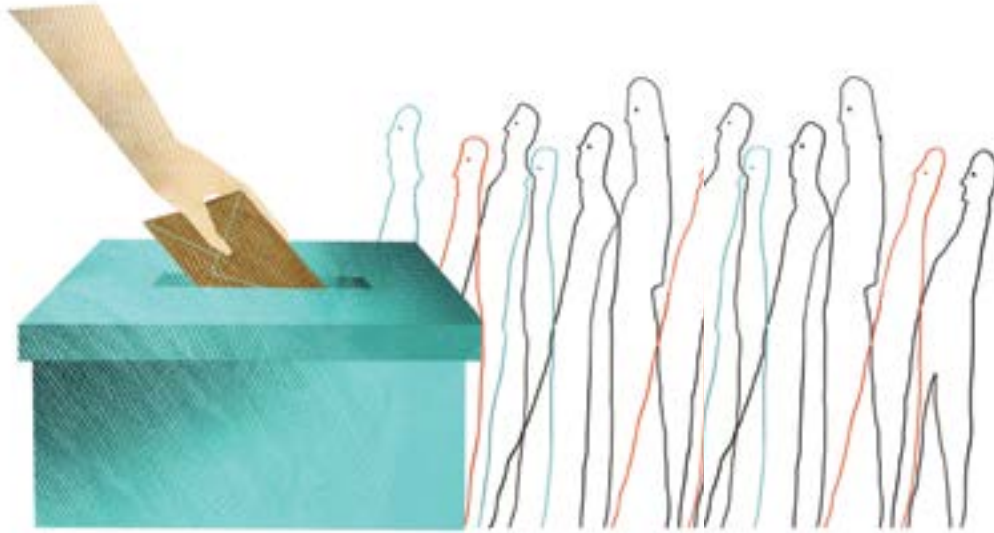
which is a heritage of the military coups that led to both social and economic disasters and adverse consequences in respect of Turkey's development, still is an obstacle to democratization and development.

The primary obstacle to overcome in order to make progress in the resolution process is the rigid attitude of a portion of the society and of the opposition parties. This attitude causes locks in discussions on constitution and it is assessed within the framework of two different arguments: the reaction against the power of the ruling party, and the fact that opposition parties fail to represent their grassroots adequately on political grounds. Which one of these two arguments, supported by different fractions, is true will be determined by the election in 2015. However, taking into consideration the developments that will enable an assessment on this period, we can see that Justice and Development Party managed to pass two critical stress tests in the previous period: the ruling party won İstanbul and Ankara metropolitan municipalities with a total voting rate of 38.39% in local elections, and in the Presidency election,

"The new policy is not to shift eastward, but to improve relations with all neighboring countries indiscriminately."

*A statement of Davutoğlu
to The Turkish Perspective in 2011.*





former Prime Minister Recep Tayyip Erdoğan was elected in the first round with a voting rate of 52%. This conjecture is interpreted as an adoption of the “Peace Process” and stability by society, despite the existence of opposing viewpoints. As a matter of fact, President Recep Tayyip Erdoğan stated in his speech in the evening of the Election Day that he would continue to break his back in order to make the peace process a success.

In addition, the policies to be adopted by Ahmet Davutoğlu, who is the new Prime Minister of Turkey as Recep Tayyip Erdoğan became the first elected President, will contribute a lot to the process. The performance and profile, policies based on reconciliation, mediation and resolution of conflicts adopted by Ahmet Davutoğlu as the Minister of Foreign Affairs have already affected domestic policy. The tension between Turkey and its neighbors, especially between late 90’s and early 2000’s, had created an intense stress in the “geist” of the nation, leading to unhealthy analyses and political predictions. Ahmet Davutoğlu’s “deep strategy” eased these tensions and thus contributed to solving both internal and external conflicts. This relief was a substantial component of the infrastructure that allowed Turkey to establish

its stability. What is underlying the fact that Turkey has overcome that process in which there is a perception to see “all neighbors as potential threats” as Ahmet Davutoğlu said, and tended to establish warmer relationships and economic and political partnerships with its neighbors is implied in a statement of Ahmet Davutoğlu to *The Turkish Perspective* in 2011: “The political and economic restoration requires the arrangement of a new foreign policy, and that the new policy is not to shift Eastwards but to improve relations with all neighboring countries indiscriminately.” This approach is expected to have reflections on the domestic policy and create a motion to pursue the works of Recep Tayyip Erdoğan.

In conclusion, on one side, the world’s equilibrium is changing from a single-pole structure to a multipolar one. In this process, we live in an area of harsh conflicts. The responsibility arising from these conflicts is apparent, but the New Turkey will definitely gain valuable advantages from this process.

While shaping the New Turkey, decision-makers should think about where these instabilities would stop and reach a state of equilibrium and where Turkey would be in this new state of equilibrium, and then take the necessary steps accord-

ingly. In this stable condition, if Turkey continues taking complementary steps towards the new targets set based on its own agenda and strategies, Turkey will be able to take great opportunities, especially for the New Turkey. Turkey could create advantages in its favor by quick reactions, by flexible and effective actions in both economic and political crises; when there was a problem in the East, it concentrated on the Western markets, and it has pursued its own priorities while finding solutions to the conflicts by using its own strategies.

With its vision, heritage and development, Turkey has already proven that it is going to use its potential even more effectively in the future and become one of the top ten economies in the 21st century. In this period, it is obvious that an advantageous position of the New Turkey in the new state of equilibrium has different aspects in terms of economy, culture, science and military, so Turkey has already established its own strategic plan and made efforts to apply different phases of it step by step at a steady pace, thanks to the dawn it grasped and its strong will to follow the sun. If Turkey keeps on the path, the sun of this new era will shine upon Turkey brighter than any other country emerging as a new player.

Şefik Birkiye is amongst the most respected architects in the world.

TALKING WITH THE “ARCH”ITECT

We talked to the eminent architect who has completed projects in more than 20 countries, about architecture, design, tourism and project financing.



BY KÜBRA NUR DURAN



BY MEHMET ÖZTÜRKLER

You may have stayed in Disney Castle Hotel in Disneyland or visited the center of Disneyland. Maybe you spent your holiday in Monaco in Monte Carlo Bay Hotel & Resort; or bought something from Nile City Mall in Cairo. Those buildings that you may have visited and many other buildings in 20 countries have something in common, they were all designed by the hands of Şefik Birkiye.

Şefik Birkiye was born in Ankara. He spent his youth by travelling all over because of his father's job in NATO. After his graduation

from La Cambre School of Architecture in Brussels, he began studying in an urban planning master programme at Catholic University of Louvain. In the meanwhile, he founded Atelier d'Art Urban. This is how the foundations of VIZZION Architects were laid, which accomplished hundreds of projects on restoration, planning, architecture – almost anything about building design in 20 countries throughout the world, in 25 years, starting with Brussels.

Today, Şefik Birkiye is someone who is well known for his perfection with the

solid support of a team of 100 colleagues who are competent and vivid. He won MIPIM (Le Marché International des Professionnels de l'immobilier) Award twice in 1998 and 2000 which is considered as the Oscar Awards of architecture. One of the most important and recent projects of Birkiye who built many successful buildings all over the world is the Prime Ministry Service Complex in Ankara, reflecting his touch of perfection.

We talked to Şefik Birkiye about architecture and Turkey in VIZZION Architects office in Çırağan Palace.



How do you find the architecture environment in Turkey?

Developing very fast. Many new things are being built at one time. Of course, there are good and bad things... It is seen in cities that develop with fast momentum. In particular, Istanbul and Ankara set examples. The tempo of fast development in Turkey does not allow everything to be ideal all the time. I think when a new district is built, it should live for a long time and be a neighborhood, loved by its residents. In some regions, these goals cannot be achieved since the process develops very fast. Focusing on a general urban plan, determining a social, cultural and an economic concept, and organizing architectural contests may help us ease the side effects of the swift development of Turkey.

What do you think of the architectural future of Turkey and "New Turkey"?

How do you assess the international expansion of the country and that it says new things?

Today, while visiting real estate exhibitions and architectural shows, one can see that improvement and quality creativity exist where there are contests. If more contests are organized in Turkey, improvement will increase. So we can see more authentic buildings.

When we consider current Turkey with its historical perspective, how should a foreign businessman, an architect, see Turkey on an international scale?

First of all, I had the impression, since I travelled abroad a lot and visited Istanbul with many different people, that people are impressed with the dynamism in Turkey and the scale of the works. Turkey and Turkey's cities develop very fast. Rather than great and authentic projects, the number of short-term projects draw attention,

performed to meet the needs. This is not like that only in Turkey, but also in all developing countries.

What are your architectural opinions and wishes in this development?

First, I want to mention the texture of the city. Instead of buildings with parcel plans, block system will be more suitable for Turkey. Avenues, squares, parks, schools... We should build cities where everyone lives together and less cars are driven. The architecture will develop itself in terms of those features. With this, a new architecture, including avenues and squares will emerge. This means a city habitat which will last much longer. For example, even in Istanbul's very own Taksim Square, a borderline building track would make a very successful architectural structure. In great cities in Europe and in our old city squares, what makes a gap a real square is not only the space, but also the borderline building track. They had even built the sides of the squares, then allocated the parcels to people for the purpose of investment. This approach is very common in Europe.

When we take a look at tourism sector as an added value of architecture, what do you think of building applications, integrated with culture?

When we take a look at statis-

"As long as prominent cultures are preserved and promoted there are no need for superior architects."

tics, we see that the choices of tourists are shaped by two major factors; price and location. Whoever chooses the price is not interested in the architecture since they spend their holidays with an "All-Inclusive" mentality, they focus on their expenses. This is why ugly holiday resorts are built.

When the price is not the priority, people spend their holidays among local architecture. This may be in many countries, such as Italy, America or Turkey... For example, they build special houses in the middle of the desert. People go there gladly. The mountain houses are

rebuilt since people want to sense mountain environment when they ski. We should set examples of architecture which will be liked by people in the holiday regions of Turkey. Therefore we should design holiday locations as towns, not only hotels. Towns which include artistic items and cultural activities. Because now, tourism is not only sunbathing and getting required services in a good hotel room. As you know, in the era of information, people demand to become a part of a culture in every extent of life; from malls to holiday locations. Architecture should develop in consideration of this fact.

Are there any points of use from Anatolia, the cradle of many civilizations, in terms of architecture?

I only work in countries and cities that I know very well. Because the base of my approach is to interpret the current by taking local architecture into account. To maintain the local architecture and to create living places for the next generations. I do not prefer brand new building designs. I recommend updating the





Palace of Prime Ministry
is one of the most
important works of
Şefik Birkıye

qualities of places where people live and like. There are many architecture offices which do and do not do this. The building cannot only be constructed with techniques and technology, first of all it should be cultural and artistic. Only if there are such bases, techniques and technology may help them.

What kind of advantages do technical breakthroughs offer? What kind of technical infrastructure exists, compared to the old one?

Now we can do a lot of things that we could not do in the past. For example, we can move the buildings

from side to side, create a spacious area inside; so later we can restore the area in terms of use. Moreover we can use much more durable material, compared to the past. For example, joinery that we use today, they last much longer than the old ones. Another important issue is energy economy. As you know, the energy is best saved by saving unused energy. One of the most important priorities in the building is to construct it in a way that consumes the least energy. Then heat pumps and alternative energy production methods come. Also, the building

may consume less energy with automatization.

What is and what should be the place of architecture in terms of design in general?

I think architecture may take place in fashion and design to a limited extent. The architecture should prevail as a permanent approach, not a temporary fashion. It should be the most permanent of all the arts. In this respect, it does not tolerate fast changes. Because you cannot demolish buildings. But in internal design and decoration, you can be more creative. Because decorations may be changed every ten or

twenty years. So we should not compare buildings with furniture.

What are the new architectural metaphors in the world?

There are two branches: One is modal architecture that makes buildings with the impression of jewelry or an industrial product; the other one is the understanding of architecture, inspired by historical architecture. We are in the minority part. Actually people who are inspired by history are everywhere in America, Europe and many other areas... Natural architecture is maintained in many places such as China, Morocco and India. They preserve their local architecture. As long as this culture exists in those places, great architects will not be needed there.

You also develop finance models for your projects. Which are the issues to be well aware of in terms of construction financing?

The major reason why urban planning and buildings become more and more uniform and mono functional is the emerging of real estate funds in last thirty years and that stock market is suitable for this situation. Those types of funds are especially preferred. Some construct hotels, some residents or some malls only. Roads, cars and time are not adequate anymore. In order to change this situation, I found a way to organize large family funds and to present multi-functional projects for those who want to invest for long term. Since the project is multi-functional, risk decreases in time. Because, for example office rents may decrease or hotel prices may increase. When they are multi-functional, those functions both help each other and allow income flow received from different sectors. We should compose multi-functional funds and improve them.



MONTE CARLO BAY HOTEL & RESORT

Famous hotel of Monaco, one of the most favourite tourism destination of Mediterranean



NILE CITY

Nile City is one of the elite residences of Cairo



DREAM CASTLE HOTEL

One of the trademark buildings of Paris, Disneyland



of DEVELOPING COUNTRIES *and* INDUSTRIALIZATION

“Today both EU and the Federal Government of the US are discussing not on strategic sectors but on enabling technologies.”



BY BARAN AKKUZU



BY SEREF YILMAZ





INDUSTRIALIZATION is becoming more and more important not only for Turkey but also for all the developing countries. With new economical dynamics, expanding the market share and keeping a consistent place among leading exporters is impossible with focusing just on cost optimization. Nowadays, a competitor can easily replace a cost-based manufacturer. Within this context industrialization through creating a sustainable innovation and R&D environment is essential for a strong position in global markets. We interviewed Mr. Franco Mosconi who was a member of former Italian Prime Minister Romano Prodi's cabinet, and currently holding Jean Monnet Chair at Parma University, about the importance of industrialization for developing countries and Turkey's performance of industrialization..

What is the role of industrialization for sustainable growing especially for developing countries?

Industrialization and the role of manufacturing is certainly a topic for world economic debate, and in new terms. Why manufacturing factors? There are a few reasons. The first reason is that manufacturing is the economic activity with the higher grade of productivity. Without a strong manufacturing base it is not possible to increase the growth rate of productivity. In terms of productivity, these issues of productivity mean that in manufacturing the majority of R&D expenditure and investment is in industrial activity. Without industry, without manufacturing, a country doesn't perform well in terms of R&D investment. So a developed manufacturing is essential for R&D and innovation.

The second reason why it is absolutely important to have a strong manufacturing

base, it is contributing to the international trade. A country should, actually must, have a strong manufacturing base in order to be effective in global competitive markets. The large majority of export today's post-industrial economy, still the %80 of world trade is on the goods produced by manufacturing. This is the case for both developing countries and emerging markets, as Turkey, BRIC countries and such. Its contribution to the R&D expenditure and its contribution to exports are indispensable factors for all type of markets.

Which policies should developing countries follow to produce better goods?

There is a revival of the public policy which we traditionally label as industrial policy. But why in the past industrial policy did take off the sixties or the seventies? Demand peaking was also creating new winners but mostly boosting winners and they were usually staying as the

winners through the peak. The central or regional government was trying to determine which sectors to favor, which kind of corporations to favor and this was basically the whole industrial policy.

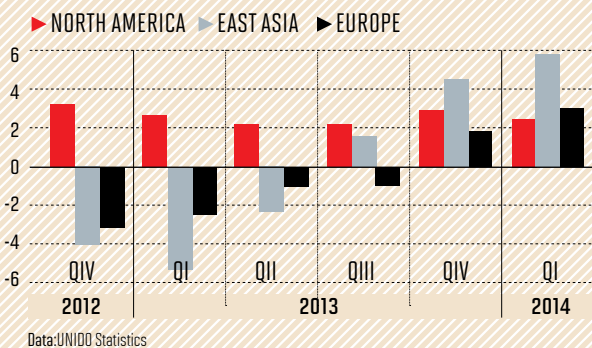
During the 90's we discovered that these kinds of policies were not working anymore. So starting from the 2000's, both in academic debate and in business world, something new emerged as

the new reigning industrial policy. New industrial policy essentially aims to drive all scales of companies to invest in knowledge. In compliance with the notion of Age of Data, knowledge has become more important and thus more attractive. What does knowledge mean? R&D, human capital and technology.

Today it's not a matter of peeking down the best sector. This was the industrial policy

MANUFACTURING GOT BACK ON TRACK

Growth rates of manufacturing output of industrialized economies, in % to the same period of previous year





FRANCO MOSCONI

Dr. Franco Mosconi an associate Professor of Industrial Economics at the University of Parma holding the Jean Monnet Chair. He is a member of the Scientific Committee of the European College of Parma Foundation and also a member of the editorial boards of various journals. He has served as an economic adviser to Italy's Prime Minister, Professor Romano Prodi and has been a member of Prime Minister Prodi's Cabinet, then becoming a member of the President's Forward Studies Unit ("Cellule de Perspective") at the European Commission in Brussels. After graduating in Economics and Business from the University of Bologna (Laurea Magna cum laude 1987), he went on to specialize as a Research Student in Economics at the London School of Economics and Political Science (1993-94).

of past. Today both EU and the Federal Government of the US are discussing not on strategic sectors but on enabling technologies. The main idea is to invest in a technology which is developing, not in a technology claiming to contribute to economy in short term. Such investments are assuring long term improvements. This is the most important thing; not just focus on a sector which provides short-term high returns; industrial sector per se.

Developing countries mainly sustain their privatization progresses in the last decade. What are the benefits of privatization for moving the innovative industry?

Privatization is a good decision but it couldn't be the only one. The mistake of the 90's and the 2000's until the big crash of 2008 was that the governments thought that only or mostly privatization could finance economic growth. Af-

"It's time for the far sighted industrial policies and innovative business strategies. And it's time to recover the spirit of genuine cooperation between the public sector and the business community which years ago molded a vision of the future and laid the foundation for major projects."

ter the financial crisis in 2008 we realized that, privatization, of course has a role to play, but it is not the only instrument. So we need to acknowledge the privatization causes in order to make market work better. The past experiences –some are still affecting the world markets– showed that you should follow a more balanced and well planned policy.

What can you say about Turkey's potential in the near future?

Though it is the first time I have ever been here, as a westerner I am familiar with Turkey's progression and had evaluated Turkey from the EU's perspective. Turkey is one of the best performing emerging markets. Industrial improvement of Turkey is so high compared to the industrial jump in Europe and the rest of the world. I feel Turkey will keep its performance, and advance in the new industrial growth during the years to come.

Also Turkey's focus on innovation in past decade is essential for a sustainable and strong economic growth. Turkey is aware that without R&D and high skilled human capital there is no innovation. So keeping up with world's competitive markets means to invest and search universities. I think that Turkey has made a lot of progress in this way, too. It has capabilities to keep its steady trend of development.

Moreover, Turkey is learning fast. One of the main factors behind this progress is not repeating the mistakes that Turkey has made during the past decades in terms of policies. Europe and Turkey are at different levels. As the IMF representative Mr. Luis E. Breuer rightly said, it depends on the stage of development whether you are applying the right kind of policy or not. So the important thing for Turkey is to improve continuity. Then we will see in time that strong claims and goals will be achieved.



THE STAR OF DEFENSE PRIDE OF NATION TAI

According to the figures of World Bank in 2013, share of defense expenditures in total GDP of world is 2.4%. In the defense industry, which is representing a volume of 1.74 Trillion US Dollars, a Turkish company attracted the whole world's attention with its manufacturing quality and increased its turnover more than 1300% in last decade.

BY TURGUT ETİNGÜ



MODERN WORLD dialectics clearly imply that countries excelling in technology are growing stronger in the fields of politics and economy. When advanced technology is taken into account, the first countries that come to mind are United States, Germany, France, England, Russia, China etc. Not surprisingly, these countries are the leading global actors. Again not surprisingly, each and every one of them, thanks to their technological advantages, are global “defense industry giants”.

Today, aiming to take its place among the global leaders, Turkey realized again how important the defense industry is as it was reminded of the fact at the very birth of the Turkish Republic. The Turkish army experienced great difficulties during the Turkish War of Independence due to the lack of technological warfare, and now after the proclamation of the Republic, Turkey is again focused on gaining the technological weapon superiority that once had. The process was initiated with the establishment of aircraft and weapon factories, and later on it continued with the modernization works that were carried out with the support granted to Turkey for being a NATO member.

And now, thanks to the results gathered from an enterprise that was re-ignited in 2005, Turkey is taking firm steps forward and increasing its share in the world market with each passing day for establishing a superior and unique defense industry structure with UAVs (unmanned air vehicles), communication satellites, attack helicopters and many more projects that it manufactures.

In accordance with accelerated improvement of the Turkish Defense industry, especially in recent years, a new rising star attracts the attention of the whole world. In this attraction, the Turkish defense industry leader TAI's (Turkish Aerospace Industries) share is quite large with its production quality, organizational and the business perspective which provides a role model, and the value added it creates which all actors in the sector benefits.

TAI's President&CEO Muharrem Dörtkaşlı told us the inspirational success story of TAI, a story which should set a great example, and the process that brought TAI from the fields in Kazan, Ankara to the orbit of Earth.

How did leader of aerospace and defense industry in Turkey, TAI was established?

Turkey's first foreign capitalized defense and aerospace company, TAI, was established in 1984. During its establishment, physical facilities were very limited; the only assets available were the fields in Kazan, Ankara. In order to share the risk of establishing a corporation under the conditions of the period, to provide technical support, training,

and to provide machinery, equipment, etc. it was decided to move forward with a foreign partnership structure. Thus, the company was established with the name of Türk Uçak Sanayi Anonim Şirketi (Turkish Airline Industry Joint Stock Company) and it was decided that 51% of the company would belong to TAI and 49% to foreign partners.

The first project that TAI worked on was the production of F-16 aircrafts project, which was launched in 1979, with the aim of the modernization and expansion of the Air Force combat aircraft fleet. The main purpose of the project was to carry out the production and assembly works of the aircrafts in Turkey.

For funding, FMS (Foreign Military Sales) loan was used. During the project, the copyright and the responsibility for developing the product belonged to a foreign partner. In other words the "know-how" part of the work was provided by a foreign company and the labor by TAI. Briefly, I think this means doing the 90 % of the job and earning 9 % from the revenue generated.

In the first stage, the company was established for 25 years. However, over time, the interest of the people grew, it even turned into love. Expectations were raised. Both public opinion and public administration expected TAI to be more than a company that manufactures only F-16 jets or helicopters and other aircrafts designed by foreign companies. Social motivation that was started during the 1970's with the idea of "manufacture your own aircraft" became much stronger, with the realization of capabilities and potential of TAI by people.

So we started negotiations with foreign partners. As a result of the negotiations carried out in 2004, foreign partner shares were bought by TAI on 12 January 2005. In April, TAI (Turkish Aerospace Industries) and TUSAŞ came together and the flagship of Turkish aerospace and defense industry was formed.

I consider the change of capital structure and supply policies carried out in 2005 as the first leap of TAI. The definition of flagship does not only signify the company formation or structure but it also signifies a new vision. TAI was included in all the contracts signed after that day as the main contractor. Of course with this new role raised the need of investment to new fields and primarily to engineering. Because since then, TAI started to produce the "know-how".

With this change, production from scratch and renovation works regarding the Turkish

MUHAMMED DÖRTKAŞLI,
A VISIONARY EXECUTIVE, IS PROUD
OF THE TAI'S ACCOMPLISHMENTS
AND HOPEFUL ABOUT ITS FUTURE.
HE UNDERLINES THAT STRONG
SYNERGY WITHIN DEFENSE AND
AVIATION INDUSTRY WILL BOOST
BOTH SECTORAL AND ECONOMIC
IMPROVEMENTS.



40%

2013 share of TAI in defense and aviation industry exports of Turkey

Armed Forces inventory were accelerated. Initially, projects such as the modernization of training aircrafts and Sikorsky helicopters were implemented. Later, original projects and works, such as the nationalization "ANKA" unmanned air vehicle, "Göktürk-2" communication satellite, "ATAK" helicopters and "HÜRKUŞ" basic trainer and ground attack aircraft. All these projects are unique and carried through with TAI's own human resource and facilities.

How would you evaluate the profile of today's TAI?

The acceleration of TAI's growth, which is a result of consistent success, is reinforced with the contracts signed with the leaders of international aviation. At the end of 2013 we delivered the improvement contracts, which we signed one after another, and following this, we started to take orders in series. Taking orders in series means that we acquired a position as an aviation main contractor that is regarded in the international arena.

This process can't only be explained with the obligations in the agreements. We should support this example with figures to. In 2005, during the period when the foreign partner shares were purchased we had a staff of 2000 people with a small number of engineers in between. Today, we have a 4700 person engineering team, including 1000 design engineers. Our turnover raised to 1 Billion US Dollars, from 70 Million US Dollars. Our contracts totalled a sum of 1 Billion US Dollars, however, today they total 10 Billion US Dollars. On the Turkish Exporters Assembly



(TIM) rankings we come first within our sector. We are in the first 50 within ISO 500 rankings which is a list of the largest manufacturing companies in Turkey.

The outcome of last decade gave us pride, courage and most important of all, experience. Completing remarkable projects promoted our brand value while improving our human resource. And together with our human resource that has experience of 7 - 8 years in the sector, we managed to strengthen our infrastructure. This characteristic of ours, made it possible for us to develop original projects, such as Gökürk, ANKA, ATAK and HÜRKUŞ, and also allowed us to develop projects in cooperation with leading aviation companies of the world. Our esteemed partners such as Airbus are always satisfied in terms of their cooperation with us. Thus, we managed to sign more contracts with largers sums, and the business volume we have with foreign companies has increased 15-fold. Our performance and our recognition in world increases day by day. I maybe a little subjective; you know Turkish the phrase "raven finds its nestlings always beautiful", but the feedback we receive from all over the world, is proving my point of view.

What is the role of TAI in foreign trade?

We are one of the important actors of export with the added value we produce. Both with our international brand value and the quality of our production, we contribute to the export of Turkey. Currently our export as Defense and Aerospace Industry Manufac-

turers Association (SASAD) is around 1.5 Billion US Dollars and this figure is achieved thanks to the high valued export products.

To be more specific; today Turkey's export revenue is around 1.5 US Dollars per kilogram. Germany has an export revenue of a little bit higher than 4 US Dollars, Japan has 3.5 US Dollars, South Korea has 3 - 3.1 US Dollars per kilogram.

Of course we don't sell by the kilogram; however, when the index is considered, F-16 Jet's value per kilogram is around 200,000 US Dollars. For ATAK helicopter this index is around 8,000 US Dollars and for ANKA it is around 5,000 US Dollars. And a revenue around 500 - 1000 US Dollars is gained from other projects. When the "know-how" component is included in the projects, it is clearly seen how the value of the export is increased. Within the last decade, by including the "know-how" in our projects, we have managed to increase the revenue up to 7 - 8 times.

I believe that this trend will continue to rise, because we already demonstrated this success when we just acquired the design and sales rights of the products. Manufacturing this type of product and original projects are increasing each and every day in our country thanks to the policies in force. Today we no longer adopt the understanding of producing whatever we can; we are able to look for new solutions that will create more added value. Both the existing know-how we include in our projects and new know-how we produce is rising.

What is the power of TAI as a brand in the world? How did TAI create a high brand value from scratch?

International actors in the defense industry know each other closely. Customers also have a considerable knowledge. TAI is known as a company which attaches importance to excellence, even when it was performing labor intensive jobs in the past, whereas partnership risk was low. We are exceptionally successful in matters such as detail production, test and assembly. Thus, numerous awards and certificates of appreciation were received.

The feedback we receive from the country delegates of potential customers who visit our facilities in Ankara are extremely positive. The comments we receive on both the vision of TAI and facility properties makes us proud. We can see this, not only from the comments we received, but also from the continuous increase in the attention we receive. As of today, we manage approximately around 150 projects.

Our internal customer is a worldwide prestigious institution, the Turkish Armed Forces (TSK). It is known as an institution which has extremely rigorous and high service standards. With the certification of the Turkish Armed Forces and the references of the Ministry of Defense and the Undersecretariat for the Defense Industries, the marketing briefings we gave all around the world get shorter. The briefings you receive get shorter, too. The projects we develop for the Turkish Armed Forces, such as ANKA, HÜRKUŞ, Gökürk 2 and ATAK, create powerful "benchmark" references.

There is not a single company which does not start exporting after delivering a project to the Turkish Armed Forces. The same is valid for fields apart from aviation, too; such as land and naval platforms, correspondence electronics, rocket ammunition field and so on. With the striking impact of Turkey brand which is gaining strength thanks to the sectorial development, our improvement will continue "exponentially". We have arrived at a certain point today because we were able to add the know-how component to this precise and perfectionistic labor. Though we are already promoted TAI brand to the world, to achieve our goals, we need to show progress in manner of the know-how component.

Your business model turned-out to be pretty effective. What are the substantial components of administrative model?

I think the best thing that will describe the performance of the model we implement would be the graphic that we have drawn during last 8-10 years. We have reached to a level at which we can make original production by first passing gradually the stages of ready supply, joint production and obtaining license. The indications this graphic represents are quite strong in respect of the future.

The number of participants is kept high in numbers by assigning companies that holding a position as the main dynamics of the sector for the practice of the projects created for the sake of sectorial development. Planning ensures that certain parts of the production are carried out by other companies. Especially certain parts of projects are assigned to SMEs on a predetermined basis. Our supply policies significantly affect both the development of TAI and the sector.

Another important advantage we have concerning supply is that the Defense Industry sector has a direct Undersecretary. The mission of Undersecretariat for Defense Industries which carries out its activities

under the body of Ministry of Defense consists of two main objectives; first is fulfilling the equipment and modernization needs of the Turkish Armed Forces and the second is engaging in activities for the development of the defense industry.

Within the context of these mission, in order to ensure the development and fulfillment of the needs by the Undersecretariat for Defense Industries, detailed and qualified policies are being developed to answer questions such as, which industrialization model to follow, which capabilities of the defense industry to use, or to develop and how to create new capabilities.

How is your interaction with civil aviation?

Turkish Airlines' success is registered. Turkish Airlines has a success graphic which is constantly increasing every year. This growth represents important opportunities for our industry. This growth does not only represent opportunities exclusive to our industry, but also creates a benefit axis for the general Turkish industry.

Aviation creates a comprehensive value added environment: In OSTIM (Middle East Industry and Trade Centre) industrial site alone, there are 120 companies working with us. These companies generated their own "cluster". While the job we supplied to this "cluster" was 50.000 hours in 2005; in 2013 it increased to 1.7 Million hours.

However, even this isn't enough. As a result of the contracts signed with the leading companies of the global aviation industry, we started to feel the need to increase the capacity. When there is capacity available we could use outside of TAI, we turn towards the "outsource" method instead of investing in the company or local procurement. For establishing a competent sectorial structure in different disciplines of the aviation industry, we value and support the quality development of subsidiary industries.

This development requires a long process. While going into a partnership with a new industrialist, initially for a period of 18-24 months, we first focus on developing a partnership structure and corporal relationship. At the end of this process we complete the documentation process and increase the work load gradually. We've seen this model work successfully.

We have full confidence in the development of our subsidiary industry. In this manner, 8 Million square meters of land just outside TAI is expropriated and planned as "Aviation Specialization Cluster". Currently,

process is ongoing, and the Ankara Chamber of Industry, Undersecretariat for Defense Industries and Defense and Aerospace Industry Manufacturers Association (SASAD) all contribute to the process.

Our objective is not only to create companies that will subcontract in aviation but to create qualified corporations that will have a strong presence in global supply chains and attract the leading existing ones. For this purpose, starting with tax concessions, various legislations are being prepared. When the companies with both local capitals and foreign capitals start to build up effective "clusters" here, this will provide a highly important



TAI has participated to Farnborough International 2014, a prestigious aviation exhibition, which was held in Hampshire, England between 14-20 July. TAI have signed a subcontract at the exhibition with English ejection seat manufacturer, Martin Baker

GÖKTÜRK
Electro-Optical
Reconnaissance and
Surveillance Satellite
System



T129 ATAK
Attack and Tactical
Reconnaissance
Helicopter



HÜRKUŞ
New Generation Basic
Trainer



ANKA
Medium Altitude
Long Endurance
(MALE) UAV

source for both the sector and the economy. It will also push the industry forward.

TAI has strong claims and big goals. Which factors will aid TAI to achieve these goals?

An important occasion that will support our growth is our decision for public offering. The Board of Directors and our shareholders came together and took a public offering decision. Public offering will be the "second leap" for us.

This is a very strong step that we will take in achieving our long term goals. Our need for growth is increasing day by day and we aim high... We aim to reach single digit rankings on the top exporters list of Turkey, and the first thirty or first twenty ranking on the top exporters list of the world.

We have opportunities that we need that will help us reach our goals. As I already explained previously that both achievements of TAI, and the surrounding factors, create a climate appropriate for development. Our projects, products, and the attraction and interest they garner abroad, provides the required infrastructure. While talking about the products, we should underline that both continuing sales and the new sales have a huge impact on our development.

The growth performance we showed until 2014 is based on the growth of our company activities. In other words, it represents all the hard work and effort we put in. As you are well aware, one other aspect of growth is inorganic growth. The funding that will be generated as a result of the public offering will not be used for paying current expenditures or for clearing debts, but it will be used for financing activities devoted to growth. In this regard we have determined some points that will provide us more competing power or that will give us technological superiority. And we plan to use the remaining funds in investments.

Within the body of TAI, we have Structural Group, Unmanned Aerial Vehicle Group, Helicopter Group, Plane Group, Aerospace Group and Logistics. All our staff within each group are competent and experienced. With the projects they operate and the business volume they create, each one of them works on a level of company. Thus in terms of organization and attribution, TAI have a structure similar to the large holdings abroad. In the future we too may become a holding and then we can advise these groups to "fly with their own wings". This will be a very significant development for transporting TAI to the level we're aiming for.

Brands

EXPORT, CERAMICS, TECHNOLOGY, FOOD, BATTERY...

Good ideas lay the world open for you. In this era of the world, in order to be successful in the field of international market a good idea is the most necessary of all. Now, you are going to read ten stories of good ideas bringing the success. You too will agree they are good ideas indeed.

EXTREME EXPORTS



BY EMRE KURBAN

The Ship Generating Electricity

Karadeniz Holding

The story in power industry of Karadeniz Holding established in İstanbul in 1948 started in 1996. Karadeniz Power Group created its vision of global extension. In this concept, the company started to design and produce "Powership" with the aim of forming the first floating power ship fleet. In the first stage, five ships were built and launched. Ships work with both natural gas and liquid fuels. Having currently 7 ships, the company has been producing uninterrupted power for the countries in need. Karadeniz Holding has begun to sell the electricity produced from ships to countries like Lebanon, Iraq and Pakistan.



Tahini of Astronauts

BYS Holding

BYS Holding was established in Hatay in 1957. The Company has been carried business on different areas such as food, construction and logistics. However, the Company has made its name for food industry. Reaping the fruits of attaching importance to R&D, the Company has accomplished to enter the menu of NASA astronauts. The Company has prolonged Sesame Oil's life by extending the oil decomposition in it from 2 months to 8 months. BYS aims to decrease the cost of halva and sesame oil producers. The company has received many prizes and it is one of the most important companies in İçel, where its core business center is. BYS has exported its products to 57 countries.



Exportation of Worm Fertilizer

Mehmet Aksoy

Mehmet Aksoy who is working on the organic fertilizer in Burdur, started to fabrication of organic fertilizer 5 years ago by bringing the "lumbicus rubellus", it is a sort of worms, also known as "Red California" from Russia to Turkey. %100 organic fertilizer is getting from the stool of the worms that is fed with the herbal and animal organic waste. He reacquires 5 million liras with the fertilizer which he produce from 200 billion worms. He is also exporting the fertilizer that he produces, he is studying R&D about the benefits of worm fertilizer with some universities collectively and he spent around 2 million liras and more for R&D until now.



Denture in tune with the skin colour

Proted Prothesis

In 1992,Proted Protez which started the production firstly in Ankara,departed as a orthopedic prothesis-orthesis application workplace.In the early of 2000s,it noticed the deficiency in this field in our country and invested to it.And today it succeeded to be one of the prominent companies of the world in terms of its variety of product and quality.The firm which is considered as a leader in the domestic market,supply product for GMMA,TAF Rehabilitation Center,Hacettepe and Gazi Universities that are accepted as reference in this issue.Proted which produces its products with high technology,is manufacturing innovator products like both the first tooth prothesis and special prothesis for black persons.It is exporting these products to Middle and East Europe,Middle East and South America.



Black Caviar from Pacific Sturgeon

Tosmur Group

Royal Fishery which belongs to Tosmur group,achieved to produce the caviar of for the first time in its republic history in 2013.The company which established a fish farm to produce black caviar,succeeded to get caviar from fishes after 8 years occupation.The company is exporting black caviar to the EU,China and USA, which is one of the most expensive food and whose kilo costs around 2500-3000 Euro. The goal of Royal Fishery is catering to one of five of the world caviar production in the first year when caviar production occurs.

Seedy-Pen

Steppen

Steppen is founded in Istanbul in 1992 and it focuses to the production of pen.It presents innovator productions with the R&D activities in these fields.Seedy-pen is one of them and it is manufactured in Turkey.Bio -degredable plastic stuff ,recycled paper and ink which does not involve poisoned stuff are used in the fabrication.There are 5 black pine seed in the pen.The product is consisting of recycled paper body and fertilized plastic.As per order,institutional advertisements are done with these pens.With this method,the advertisement can be both cheap and effective. These pens are exporting many countries,too.



Concentrated Solar Powe

Nortel Power

Nortel Power has been a company that has had R&D experience for 12 years and practice experience for 6 years has played an important role in the market of non-licensed power up to 500 kW with its technology, software, design and its own wind turbines. The Company has been preparing for entering the Turkey and international market with Concentrated Solar Power Collectors that has not practiced in Turkey, yet. Operating in production and service plants in the field of wind and solar power pa-laced in Ayvalık and performing the purely domestic production of Concentrated Solar Power Collectors, Nortel Power has exported its products to USA by proving its success in USA.



The air-conditioned coffin

Yıldız Soğutma

Yıldız Refrigerating started production in Zonguldak with a radical decision in 1998. Although it is a refrigerating company, the area it prefers cannot imagined in a dream. This company produces the morgue and air conditioned coffin. Moreover, exports these products in 2012. The Company received World Export Prize in the category of Creative product. The Company paved a way for this industry with its initiatives. The company that went ahead with the aim of being the best of the morgue and air conditioned coffin industry has lead lots of ways about customer satisfaction and the R & D activities.

Guitar made of Walnut Tree

Faruk Yılmaz

The interest in guitars of Faruk Yılmaz led him to produce electro guitars that are Gibson models preferred by famous rock stars. Starting by exporting walnut planks, Yılmaz wanted to use waste pieces and the interest in guitars of him led him to produce guitars. Yılmaz learned to produce guitars with his own efforts. Guitars that put on sale over the Internet has attracted great interest and he exported the guitars to countries such as including Norway, that can be considered as brands in this area, USA, Canada, Mexico.



Yurtbay Seramics is a regular participant of the most prestigious fairs all over the world

Giving style to ceramics by **AIMING AT ONLY THE BEST**

The reason behind the success of Yurtbay Seramik is based on quality and remaining loyal to promises. This attitude brought a sense of “reliance”, in addition to quality, over the course of time.

BY M. BAHADIRHAN DİNÇASLAN

THE INDUSTRIAL BACKGROUND of Yurtbay Family dates back to the 1950's. Starting with the brickyard in the Çaycuma, this adventure turned into a factory in the course of time as a result of the emerging necessities, and the group incorporated Delta Tuğla, a brick factory being active in Düzcce in 1985. Being a state-owned enterprise, Çaycuma Feed Factory was incorporat-

ed into the group under the name Yurtbay Yem in 1993.

Since then, company's slogan “If Yurtbay Does, It Does It Better” enabled that the name YURTBAY stand in the same place with quality.

Zeki Yurtbay, founder and Chairman of the Yurtbay, made Yurtbay adopt “Quality Comes First” as their motto and managed the company under this rule. As the company started produc-

ing ceramics, this quality apprehension made the difference and contributed to the company's long lasting success. As the main material, ceramics, has a flexible use which allows any shape, form or texture to be applied, the motto for the ceramics production was “from nature to art.”

The growth of the demand from the consumers and increased profits led to a series of investments. The initial annual producing capacity of 3,5 million m2 first increased to 7,5 million m2 and today, it is 20 Million m2; and planned to be increased to 30 million m2 in 2015.

As Yurtbay wants to possess quality management, all the products needed in the ceramics sector are produced in its own facilities. Starting from the production with floor and wall tiles,

**MUSTAFA GIRGIN**

Chairman of Yurtbay Seramik

By the end of previous year we made 120 million TL internal sales and USD 45 million worth of exportation. Having a production capacity of 20 million m2, we could not meet some demands although worked in full capacity, thus, we completed an additional building construction with USD 6 million budget. If we receive demands and see the market appropriate, we may increase our capacity by a 30 million Euro investment. We have not decided this yet. If we see the demands positively, we can make the capacity increase investment rapidly when we start it. We can reach a yearly amount of 30 million m2 by increasing our capacity by 50 percent after the investment we planned in 3 stages.

We have a range of products diverse enough to cover every consumer need in terms of dimension and diversity. This diversity provides us with an important advantage. The biggest feature distinguishing us from the others is our product diversity approach at home and abroad.

they added such products as glazed granite, technical granite, kerb, decor, small sized ceramics, frit, mosaic, cut mosaic, ceramic adhesive, building insulation material in the course of time. Moreover, Yurtbay produces its own electricity in the Co-Generation facilities.

In the last 10 years, Yurtbay also focused on their design department. They created very modern working environments. As they entered the digital environment, they are making use of the opportunities provided through the latest technologies. In addition to this, Yurtbay gets support from the Italian and Spanish design companies. Sale figures say that the products sold in the highest amount were designed by Yurtbay's own design team.

Since 1996 when Yurtbay started to produce, it has been exporting at increasing rates. Starting at 25%, the rate has reached 45% today. In addition, the company exports in the increasing amounts every year. Among the companies that exported most, Yurtbay is ranked at 510, ascending 41 places in 2013, ranked 3rd in its sector. Yurtbay increased their sales

20

MILLION M2

TODAY'S PRODUCTION CAPACITY

30

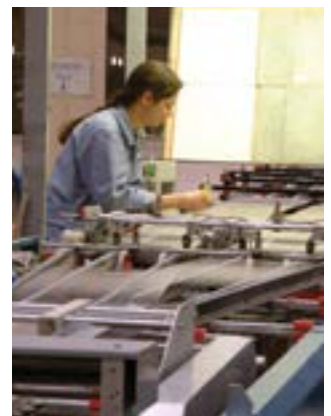
MILLION M2

PLANNED PRODUCTION CAPACITY
IN 2015**45%**SHARE OF EXPORTATION IN
REVENUE

by 16% in 2013 in comparison with the year before.

In fact, the ceramics sector produces a "heavy in weight but light in value" material. The most important countries for this sector are Spain and Italy in terms of quality, design and service. The Turkish Ceramics Sector comes after these countries with its advantage in terms of raw material. Turkish Ceramics Producers make use of the economic crisis European countries experienced in the last few years, but getting rid of the "Conventional Turkish Producer" mindset will take time. Other than that, the biggest producer and consumer around the world, China, renews and improves itself in terms of quality and price over the course of time, so it is always a serious rival for Turkish producers.

In the long term, Yurtbay Seramik aims at preserving its approach of giving importance to environmental values and its employees. As well as the company is determined to be a pioneer in the sector, "IF YURT-BAY DOES, IT DOES IT THE BEST" will be the guideline for the company in the field of international competition.



Yurtbay regulates the whole production process with delicate care

AirTies keeps you ONLINE ALL THE TIME

AirTies which was born in the hotbed of the technology, The Silicon Valley, is a global brand which now continues its operation in Turkey.

BY M. BAHADIRHAN DİNÇASLAN

AIRTIES IS ONE of the shining stars of the last ten years with its unique operating model and brand story. The company, which provides hardware and software related to Network technologies, high-resolution media and data transfer, has acquired a very strong position in the market with its more than 10 million products sold worldwide.

Broadband internet devices, local network products, phone over the internet, accessories, set-top boxes for Internet-based TV are in the product portfolio of AirTies. We have listened to the AirTies adventure that stretched from the Silicon Valley to Turkey, from Bülent Çelebi, the CEO of AirTies that has provided a quite positive position in terms of consumer satisfaction with its award-winning and unique technology.

Noting that AirTies was established in 2004 by an administrative and technical team returning from Silicon Valley to Turkey, Bülent Çelebi tells that the team, who foresaw the need to connect all wireless devices to each other, was established by bringing the engineers working abroad back to Turkey at a time when high rates of brain drain to Europe or America were happening. Telling the story of AirTies, which has become an inter-

Bülent Çelebi's AirTies story is a sign of Turkey starting to utilize its favorable potential for innovative enterprises



national brand and has been producing in Turkey and the Far East with 100% Turkish engineering, Bülent Çelebi, the name at the helm of AirTies with a vision of being a worldwide player together with Metin Taşkın, briefs their objectives as such:

"Our goal is, by following technological developments closely, to improve ease of use and functionality beyond the expectations of end users and to be able to serve in new geographies by increasing our power in existing markets."

"Being Online" today is very important. It is a phenomenon that did not exist in our lives 20 years ago. It has become an indispensable part of our life even though it's only

just developed. And, that is quite interesting that a Turkish company makes the world "online". The information sector in Turkey is fairly new, and indicating "reading the market correctly and locally" as the secret of their success in this emerging sector, Çelebi tells the Turkish market as follows:

"Turkey, in transition of new technologies into life, is a country and market with high energy, which has a great speed of progress and is open to innovation... In my personal observations, if you ask, this is not only caused because of that we have, as stated often, "a young population that has a high consumption potential". We are a society open to new technology, quickly welcoming it into our lives, learning and applying... Technology is a sector which has opportunities in every field, what is important is to focus on the right product/service, to keep in mind that R & D is the biggest investment and to fulfill the requirements of this. At the same, the speed and quality in the productization of new technologies and developments in the world is very important. The most critical highlighting issue in the success story of AirTies is to be able to keep the customer satisfaction in record levels with products of high quality and advanced technology."

One of the factors that play an important role in the success of AirTies is, no doubt, its Silicon Valley background, paying special attention and allocating resources to R & D. Today, technological developments and economic growth are more interdependent than ever before, and brands that adopt innovativeness, development, leadership step forward and establish superiority over their rivals. Referring to the importance of R & D, the

AirTies has become a Turkish brand selling products to the rest of the world by combining the know-how it brought from the Silicon Valley with its determined sense of innovation

R & D vision of AirTies, Çelibi, explains the innovation and brand relationship:

“Innovation is a key factor at the point of branding. There should be a value proposal that is presented differently from the rivals. And for innovation, laboratories and testing environments that are able to put ideas into practice are needed. “Incubation centers” that are currently implemented by many universities, are one of the very valuable steps in this field. We, at AirTies, both develop close cooperation and joint projects with universities for supporting the development of young engineers, and make the technical courses that are held within the AirTies Academy accessible to our young engineers. “

Serving with more than 250 employees worldwide, AirTies already has gained an international position. It gets more than 60% of its turnover from overseas sales carried out in the UK, Switzerland, Italy, Spain, Iceland and Denmark, and with the latest agreements in countries such as New Zealand and Germany. It contributes to the Turkish market with the know-how and innovation models that it brought.

Remarking that it would keep the momentum that it gained with Turkey's economic stability, incentives provided by the government, the academy's programs and opportunities supporting this field for the next 5 years, and his belief that it would have the place that it deserves, Çelibi finally briefs the working model of AirTies:

“One of our most important differences is to hear the need directly from the user and improve products beyond expectations. We have become painkillers, not vitamins for the end user. Unlike our

competitors who are dependent on chip manufacturers and third-party manufacturers in designing products, and which we can basically define as marketing companies, AirTies develops its products on its own. One of the most important values of AirTies is customer-driven innovativeness. In AirTies, ideas from our users are collected by the Call Center that works within AirTies and are forwarded to R & D team. Thus, end-user needs are determined accurately, and we develop products that will make life easier. What lies underneath the success of the AirTies story, which goes beyond the borders of Turkey is this: LISTENING TO THE MARKET / client. “

At times when well-established brands struggle to respond to innovative demands and trends, AirTies not only maintains its position, but is also likely to be a much larger player with its customer oriented approach to innovation, proven technological capability and model of working.

In an age when we feel obliged to stay online, even while sleeping, AirTies keeps you connected to the rest of the world.



EDIBLE INNOVATION

Being one of the most prominent packaged driedfruit and nuts manufacturers in Turkey, Papağan Kuruyemiş is combining innovation with the right marketing strategies.

BY KÜBRA NUR DURAN

THE WORD OF “innovation” is mostly attributed to high-tech sectors. The moment you hear it you start to think of particle accelerators, semi-conductors, space shuttles etc. Though a Turkish firm is diffusing the scope of innovation term, to all components of dried fruit and nut industry.

Papağan is founded by an entrepreneur from Tosya, Kastamonu in 1960. First milestone of the story came in 1990's with decision of moving company to İstanbul. After a few years the second and the most important milestone came with Emekçiöğlü Group's plan of entering driedfruit and nut industry in 2000. Emekçiöğlü Group executed its plan by becoming a shareholder of

Papağan first, then acquiring it totally in 2002. Besides driedfruit and nut industry, Emekçiöğlü Group service in the fields of machine, chemistry, salt, logistics and food sector. It is the leader in the field of salt, in which the company's market share is 70%. In this way it could be claimed that Emekçiöğlü Group shares their knowledge with the Papağan in the area of dried fruit.

Company, is currently operating across the country as Turkey's third largest packaged nuts manufacturer. In addition to a production area in sum of 50.000 square meters (40.000 square meters open and 10.000 square meters closed area) equipped with the latest technology and



manufacturing at European standards, company recently established a new headquarters in İstanbul.

Papağan is one of the leaders of domestic market, moreover a successful exporter. Company's portfolio is consisting of 16 countries including Germany, U.K, France and Canada. In order to achieve the title of "global competitor" investment is surely of importance, though the real boost of Papağan during the process was its innovative approach.

The first effective innovation project of company was giving trash bags alongside the product, for sunflower seed peelings. Environment friendly project is followed by a special product series for kids named "Papağan Kids" which was a breakthrough and first in the sector. "PAPY" a game for mobile devices was also an idea of company which was actualized. All these efforts and more put Papağan on frontline of driedfruit and nut sector while improving it by upshifting the demand.

16
NUMBER OF COUNTRIES
EXPORTED TO

50.000
SQUARE METERS
TOTAL PRODUCTION AREA



One of Papağan's main objects is to create strong R&D projects and reformist advance, in order to enable increasing the company's export rate up to 50%.

Today, Papağan, a well-established corporation with a strong managerial structure, is a regular participant of world-wide events like SIAL Food Exhibition and Anuga. With its improving brand value and production quality, Kani Emeği, CEO of Papağan, is aiming at doubling the export.

Papağan also have ISO 9001:2008 certificate and implements HACCP International Standarts for Food Safety System. In this way it could be said that firm produce sanitary products, which is very important nowadays. Papağan choose products, which are in top class, and buy them from farmers and producers from their farms and production facilities. Products are manufactured without actual human intervention, packaged and presented to consumers. The corporation is also involved in agricultural microbiology in their specialized laboratories.

Nowadays market share of packaged sunflower seed is about 35% and it was 15% 3 years ago. There are hundreds of large and small, local and domestic corporations in the field of sunflower seed, but there is no more than 5 establishments serve in packaged sunflower seed field. Moreover, sunflower seed consumption shares 40% of dried fruits market and consumption per capita of dried fruit expenditure is 3,5 kg, which makes Turkey one of the top countries with Iran, Lubnan and Greece in terms of sunflower seed consumption.

Sunflower seeds are seen as a favorite snack in Turkey, however out of a small region it has no part in daily dietary habits of the people. Thus, one of Papağan's main objects is to create strong R&D projects and reformist advance, in order to enable increasing the company's export rate up to 50%.



KANI EMEĞİ

Papağan Kuruyemiş Chairman of Board

Started from a local enterprise, our company has become one of the most important manufacturers in the market. The right strategy and innovation brought us the success and profit. After becoming a renowned and well-established company in the domestic market, we grasped opportunities in the international market and managed to gain a good position and we are enthusiastic and determined about our future.

As we analyze the export potential, I believe that we have a good potential and as we improve the supply mechanism and organization, that potential will undoubtedly will be realized as profit and growth.

In the domestic market, it is visible that the consumer tendency is shifting towards packaged dried fruits; whereas just three years ago only 15% of the market were consisted of packaged products. Today, this is increased to 35%. The consumers now demand hygiene, safety and the renowned label's guarantee in the products.



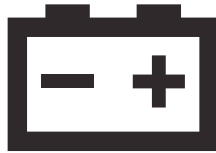


CHARGING WITH QUALITY

Yiğit Akü, one of the most innovative companies in Turkey, keeps growing in the accumulator sector and prepares itself for the future with Innovation and R&D.

BY M. BAHADIRHAN DİNÇASLAN

ESTABLISHED AS a small accumulator business by Hamit Yiğit, Mahmut Yiğit and Eyüp Yiğit brothers in 1976, Yiğit Akü is now a global company that exports to four continents. Having commenced its activities with only 3 people in an area of 80 m2 in its initial years of business, Yiğit Akü was only one of 3.200 accumulator companies across Turkey. Today, having established one of the most modern factories within the accumulator sector on an area of 40.000 m2 with 620 personnel, it became one of the leading companies within Turkish accumulator sector. Although it used to produce 100 accumulators in a year in the initial years of business, now, thanks to the



“What are carrying us to the top day by day are our innovative products resulting from intensive R & D activities.”

developing human resources and investments, annual capacity of 5 million accumulators has been reached. Today, Yiğit Akü serves with 90 main dealers and 4.000 subdealers in Turkey.

Included in the top 100 of the “Turkey’s Most Valuable Brands” list prepared in 2013 by Brand Finance, an international brand evaluation company, with a brand value worth \$13 million, Yiğit Akü is in the leading position in its sector in Turkey also thanks to its domestic and foreign production capacity which uses technology on utmost level. Each investment and project realized, each prize awarded increase its brand value. With an annual growth rate around 15%, it aims to add more

value to its brand by increasing the number of export countries, which is currently 70 in 4 continents, through new investments, business cooperations and markets in the future.

Yiğit Akü, with a total production capacity of 2 million accumulators in its foreign business partnerships in Iran, Azerbaijan, Morocco and Egypt, can be considered one of the significant companies around the world with a total production capacity of 7 millions accumulators. Total investments made by the company in 2014 amounts to USD 4.6 million. Automation studies constitute 35%, research and development activities 30%, innovation projects 18% and other investments constitute 10% of investment activities.

YİĞİT AKÜ GROWS WITH INNOVATION
Ranking 99th among 250 companies in the “Turkey’s R&D Champions” list thanks to its technological activities, it is a company that devel-

ops and improves itself in all terms. Yiğit Akü plans to maintain and intensify R&D and production activities carried out on Li-ion batteries in 2014 as well. Also, along with strategic project cooperations in this field, it plans to maintain activities for establishing and developing a sub-industry for getting local altogether. Thus, our studies conducted with universities, technology transfer offices, public platforms and private sector continue. Similar to its vision for electrical apparatus, Yiğit Akü's vision for the entire accumulator market is to keep creating trends in technologies. Prestige V3 series, presented to the accumulator market for this purpose in this year, is another indicator of the state of technology achieved. With Prestige V3 technology, smart phones are now integrated with smart battery technology; the charge information of the vehicle is transmitted to smart devices, the battery status of the vehicle is measured without need to any other special equipment but a cellular phone and presented wirelessly to the user's information and disposal, providing technical support. This is a first not only for Turkey but also for the world. This advanced-technology product created throughout ongoing R&D studies displays Yiğit Akü's innovative aspect.

Yiğit Akü is now able to produce accumulator cases and covers thanks to Yiğit Plastic Products. It expanded our machinery range with new plastic injection machinery realized and put into production. As a result of this, it carries out the engineering, design and production activities of the plastic components



ERİNÇ ÇETİN MİSER

General Manager

Yiğit Akü, the brand which uses the high-tech most effectively and has the leading position in the sector with its national and abroad production capacity, will undoubtedly not confine itself with this success. With each project we complete, each investment we make and award we win, we keep increasing our brand value.

With the investments using the most advanced technology, we managed to reach 5 million of annual accumulator production capacity. In order to make Yiğit Akü, the brand created by 100% of Turkish capital, a environment-friendly company and produce high-quality environment-friendly products, we finished construction of new high-tech production facilities.

Now the whole industry aims to produce more added value with fewer resources. Thus, for our company, the most important investment fields are R&D and innovation. All these efforts will ensure both our company and Turkey take firm steps towards the future and will bring closer the 2023 goals.

of a significant portion of accumulators by itself. With the new mould to be put into use in 2014, also the number of components we produce will increase. Turning steps towards R&D and innovation, the most important investment components for Yiğit Akü, is included in the plans as well. Expenditures for R&D activities, which prove to be an indispensable element of production, hold a significant place among the inputs required for innovation.

Yiğit Akü provides employment for 620 people on an area of 40,000 m². Maintaining R&D and innovation activities with an increasing pace, Yiğit Akü is a company that remodels our perspective for production as well. Today, product design and development activities constitute one of the most powerful engineering aspects of Yiğit Akü. The most important source from which this process feeds consists of innovation and R&D activities. Engineering teams have reached the infrastructure and accumulation of knowledge sufficient to be able to carry out product development activities on the level of co-designing together with OEM customers and their own project partnerships, as a "CO-DESIGNER" both in Turkey and abroad. solutions that would preserve our world. Therefore, with projects being implemented, it constantly develops the products in a manner to minimize the use of natural resources, to contain materials with high recycle ratios and to possess lower emission rates.

Yiğit Akü achieved exports worth \$56 million in 2013. With these figures, it ranked 316th among the top 500 companies in 2013.

Agenda

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



SEPTEMBER 11-14

CeBIT '14

*CeBIT is the World's Largest and Most
International Computer Expo*

CeBIT Eurasia brings together all vertical sector companies, public enterprises and media organizations which take advantage of the information technologies in their business activities as well as the information technology companies in Eurasia under the same roof.

SEPTEMBER

Worldfood ISTANBUL

CNR EXPO

SEPTEMBER 4-7

Including mainly chocolate, candy, olive and products, honey, marmalade, dairy products, legume, spice, regional products, fruit juice and packaged foods.

Real Estate 2014

CNR EXPO

SEPTEMBER 11-14

Companies from the real estate and construction sector will exhibit projects offering comfort, design innovations with tempting prices and payment conditions in REAL ESTATE '14

SIGN ISTANBUL

TÜYAP

SEPTEMBER 11-14

Tendency of the companies to carry the trade and logistic centers in the region to Istanbul which is made by the companies in Turkey for the sector increase the importance of Sign Istanbul.

AGROEXPO-ANIMAL EXPO

EURASIA

KÜLTÜRPARK İZMİR

SEPTEMBER 18-21

This event will include a comprehensive display of products and services catering to needs of all sorts of customers involved in livestock rearing.



BOAT SHOW 2014

MARİNTÜRK PENDİK

SEPTEMBER 23-28

There will be 1000 companies in the fair. From smallest to mega yachts, you can all Access yacht brands and sailboats that will be shown in the fair.

01

02

03

04

05

06

07

08

09

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

FARMAVİZYON 2014

İFM YEŞİLKÖY

OCTOBER 10-12

The fair will provide trainings for bettering the prospects of pharmacists. This event will be highly functional as it will have renowned experts and exhibitors coming in for trading.

MAKTEK AVRASYA 2014

TÜYAP İST

OCTOBER 14-19

Maktek Eurasia shall provide enormous scope in the sphere of CAD and CAM technologies, lifting systems, cutting technologies, metal processing and drilling technologies.

ISTANBUL JEWELRY SHOW OCTOBER

CNR EXPO

OCTOBER 16-19

Being in a key strategic location, ISTANBUL JEWELRY SHOW offers you an easy access to jewellery sector professionals in Middle & Near East, Russia, CIS Nations, Eastern Europe and the Northern Coast of Africa.



PaintISTANBUL

CNR EXPO

OCTOBER 23-25

Paintistanbul is a one-off exhibition in Istanbul for paint and coating industry. It will showcase all the latest products and equipment for related industry under one roof.



PREMIERE VISION ISTANBUL

CNR EXPO

OCTOBER 29-31

This event showcases products like yarns, fashion and denim fabrics, trimmings and patterns etc. in the Business Services industry.

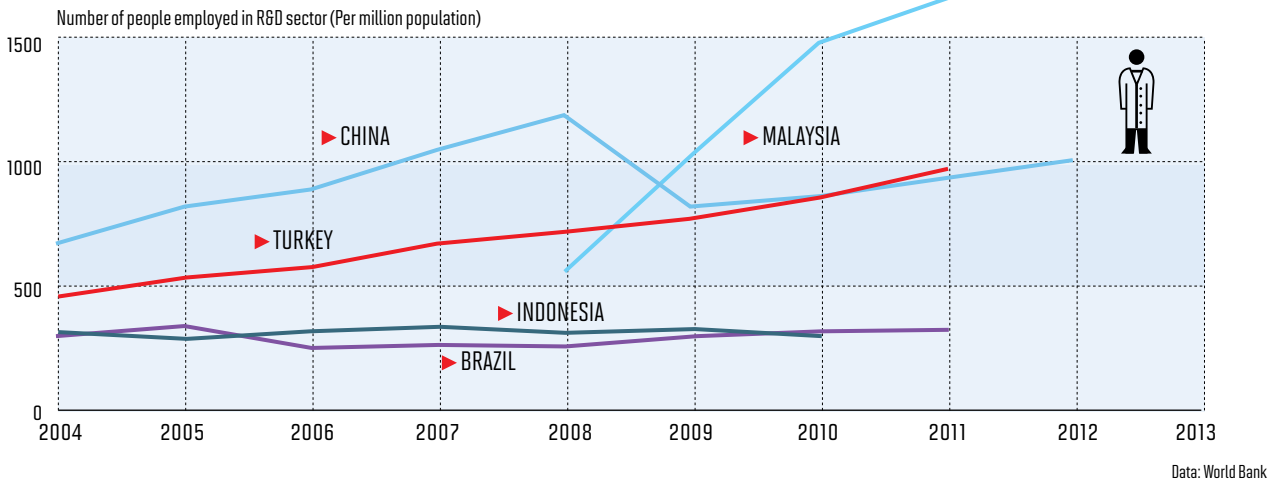
OCTOBER

Figures

EMPLOYMENT, R&D, MVA, FOREIGN TRADE, INDUSTRY, EXPORT ROUTES

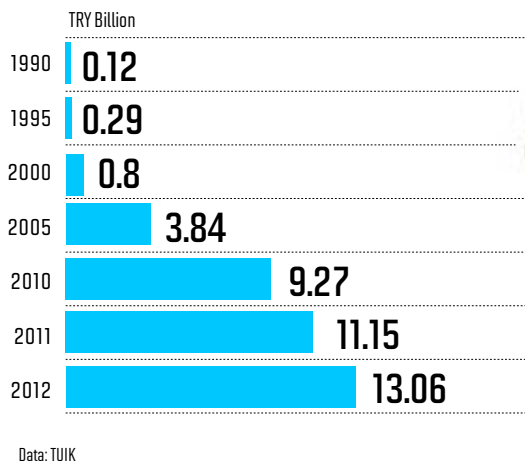
NUMBER OF PEOPLE EMPLOYED IN R&D SECTOR IS ON THE RISE

During the last decade, number of people employed in the R&D sector is doubled according to TUIK's data.

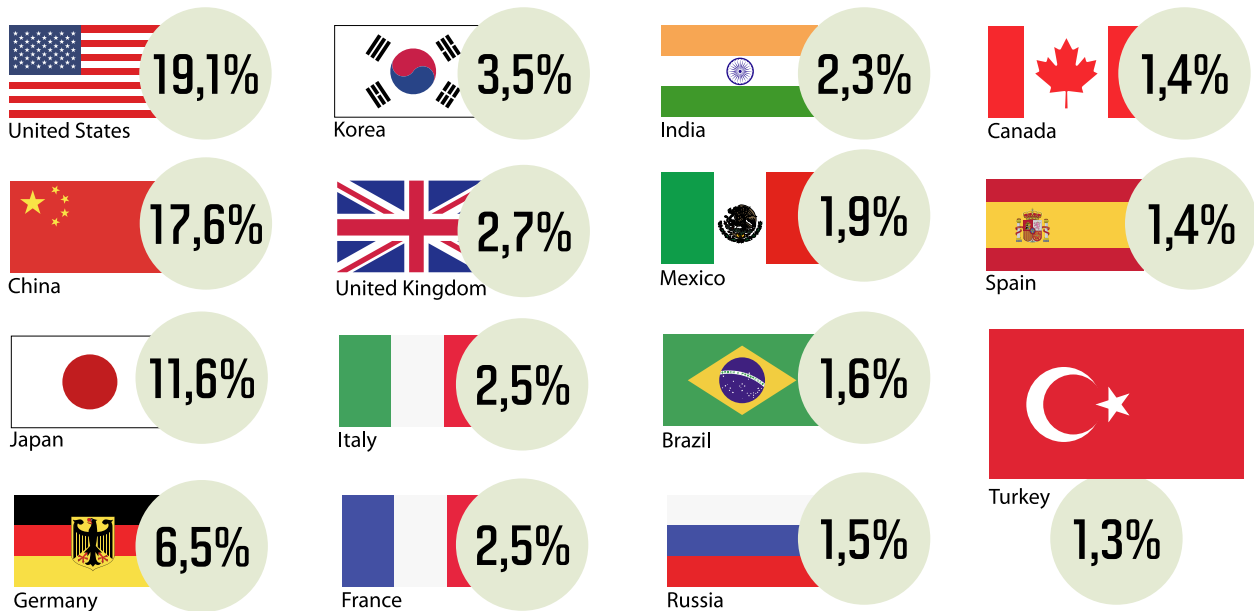


R&D EXPENDITURE IS INCREASING

R&D expenditure by years



LEADING MANUFACTURING ECONOMIES' SHARE IN WORLD MVA IN 2013*

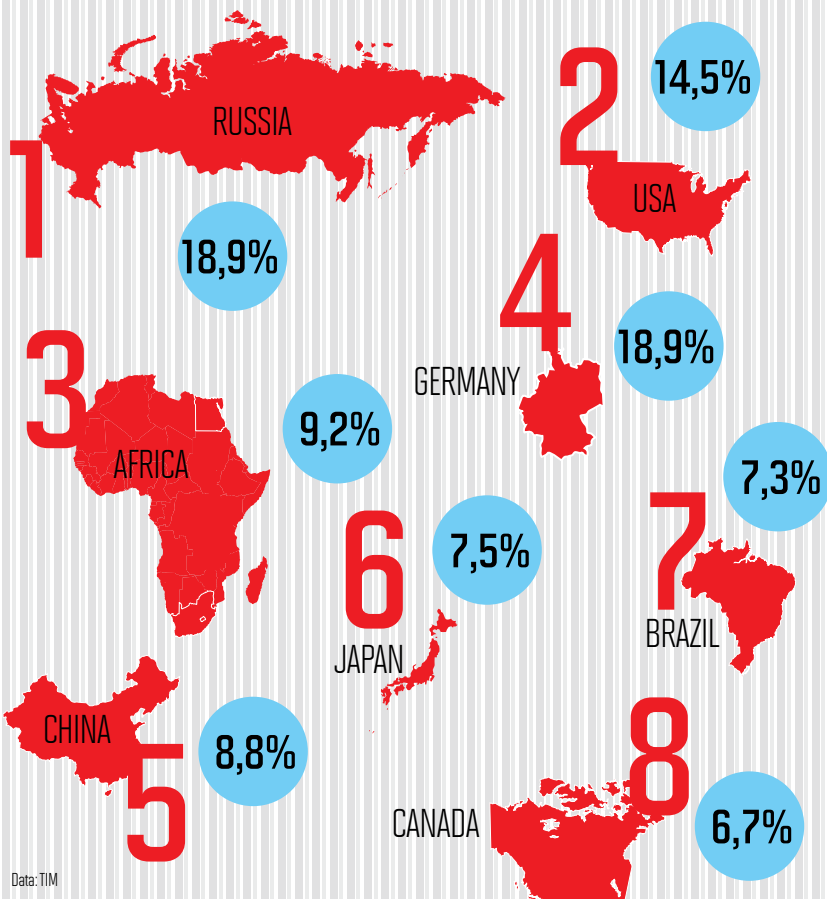


* UNIDO Estimate

Data: UNIDO



SHARE OF THE REGIONS WHICH EXPORTERS TARGET TO MAKE DEBUT IN Q3



Data: TIM

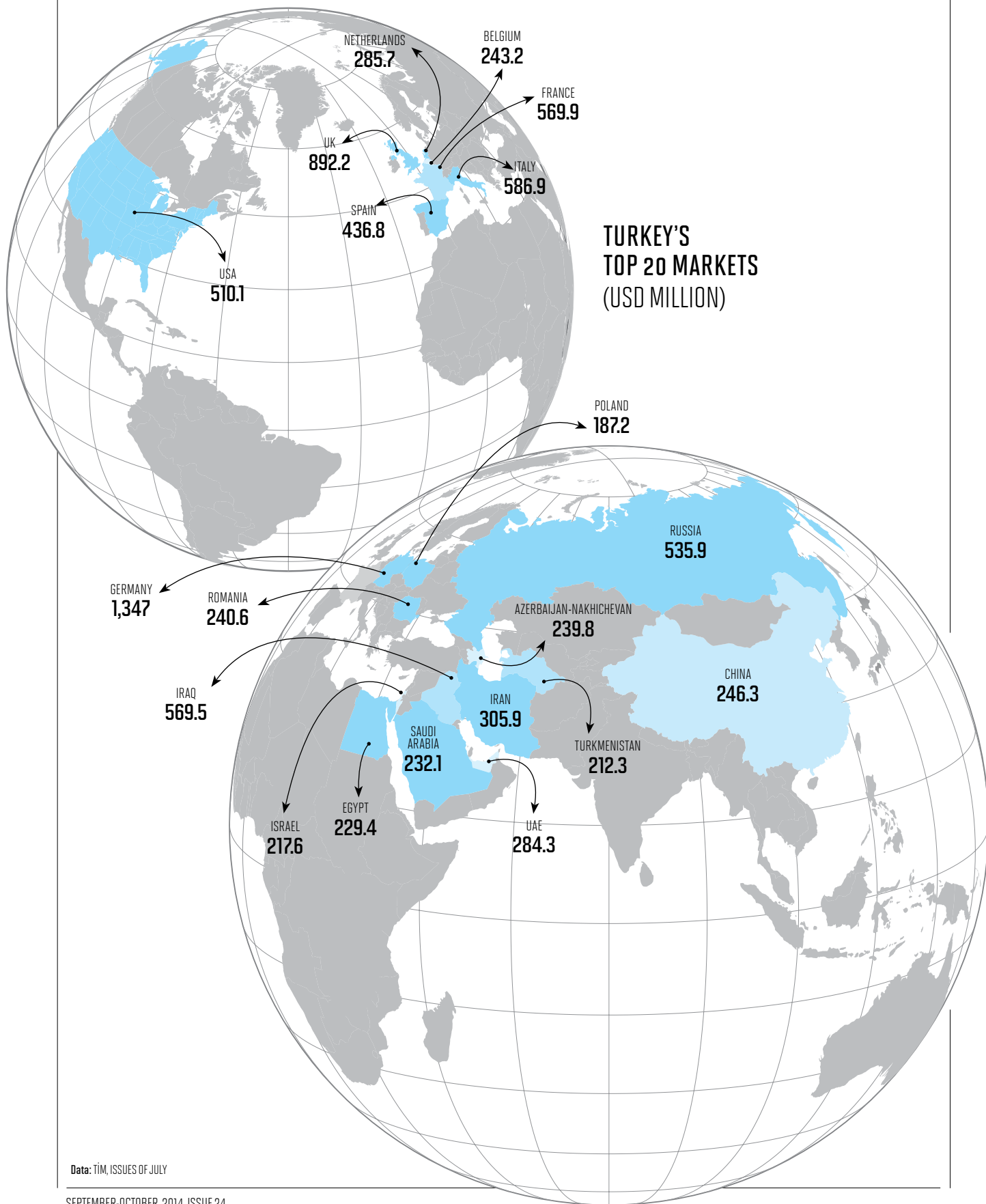
INDUSTRIAL TURNOVER INDEX

Monthly Index (Base Index June)
2010=100


2005	64,6
2006	84
2007	85,3
2008	101,5
2009	90,6
2010	104,5
2011	135,9
2012	145,4
2013	154,8
2014	175,6

Source: TIM





Data: TİM, ISSUES OF JULY

A STAR ALLIANCE MEMBER 



BEST AIRLINE IN EUROPE

We've just been voted Europe's Best Airline at the 2014 Skytrax World Airline Awards, for the fourth year running. As well as Best Airline in Southern Europe, Best Business Class Onboard Catering and Best Business Class Lounge Dining. Thank you to all our passengers – your loyalty is our highest reward.

WIDEN YOUR
WORLD

TURKISH
AIRLINES



For the 4th year in a row, we are chosen the best airline in Europe.

Every year, Skytrax, the world's largest airline passenger satisfaction survey asks millions of passengers around the world to choose their favourite European airline.

For the past four years, the answer has always been the same.

Turkish Airlines remains the best airline in Europe.
We would like to thank you and congratulate our employees for making this possible.

WIDEN YOUR
WORLD

TURKISH
AIRLINES

