

# The Turkish Perspective

NOVEMBER - DECEMBER 2014 ISSUE 25

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

## BRIEFING

Innovation Fire Blazes  
Through Anatolia  
Corporate Turkey:  
A Business Hub

## IN DEPTH

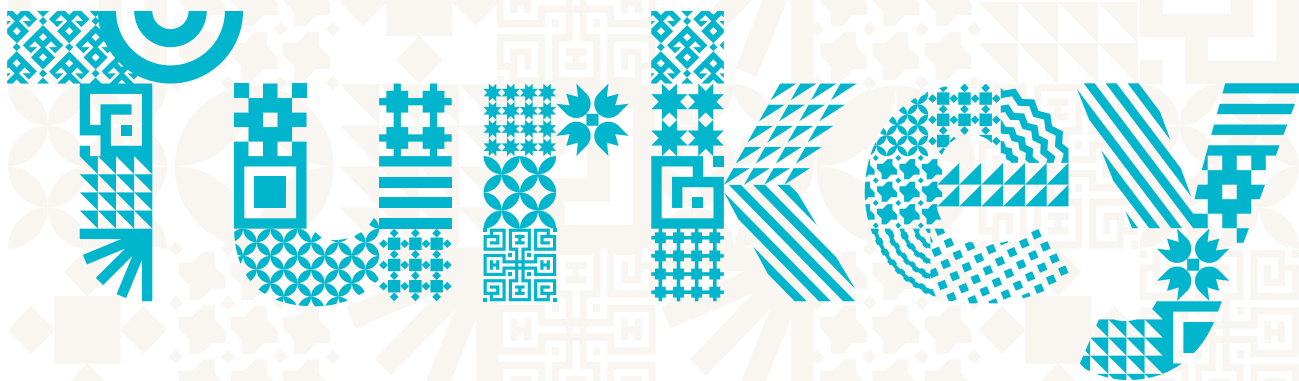
Reinventing  
The "Non-Banking"  
Driven By Technology And  
Innovation: Beko

## BRANDS

Extreme Exports  
"Entyre" World: Brisa

Both Eastern And Western, Meeting, Synergy, Harmony  
Togetherness, World, Innovation, Growth

&



Discover  
the potential





# TURKEY INNOVATION WEEK



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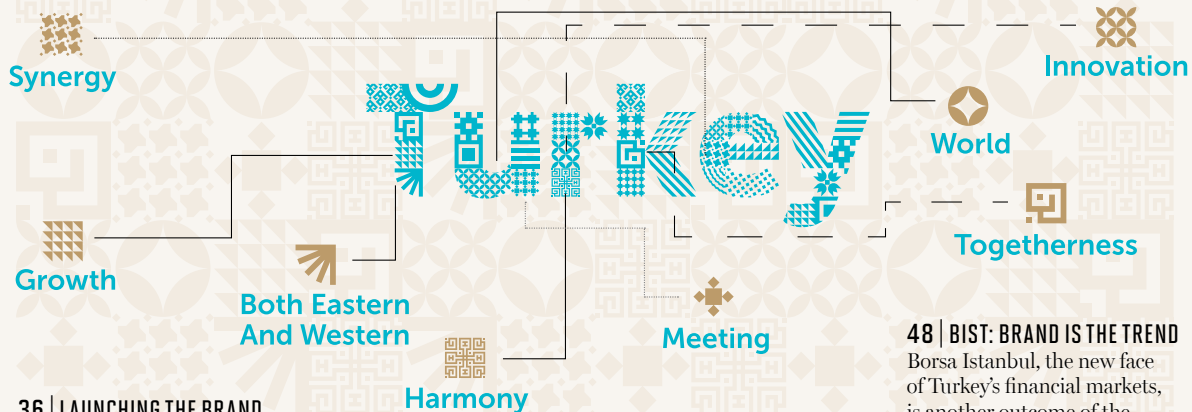
WIDEN YOUR  
W O R L D



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# The Turkish Perspective

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# Editorial



MEHMET BÜYÜKEKŞİ  
PRESIDENT (TIM)

## INCREASING EXPORTS UNDECELERATEDLY

Despite recent adverse developments in Turkey's region such as the Middle East, Turkish exporters continue their leap and are contributing to the national economy.

**F**ollowing the 2<sup>nd</sup> quarter, a slowdown is attested by the global economic indicators. IMF has revised the 2014 global growth projection downwards by 0.4% to 3.3%. As Italy is still in recession, France could not experience any growth in the first two quarters of the year. The latest data from Germany caused further concerns for a possible recession. In the meanwhile, leading economies of the world, USA and UK are recovering steadily and growth projections regarding these two countries remain positive.

By the end of the 2<sup>nd</sup> quarter and for the first half of the year, Turkish economy's growth rates were 2.1% and 3.3%, respectively. The export remained to be the main contributor to the Turkey's growth. The export contributed 1.5 points, and net exports contributed 2.9 points to the overall growth. Despite the recent events Turkey's region such as the Middle East, Turkish exporters continue their leap and are contributing to the national economy. The export volume of Turkey increased to 13.3 billion USD as of September, with an increase of 6.5% when compared to the same period last year. This is marked as the highest increase of export in September throughout the history of Turkey. During the first 9 months, Turkish export volume increased by 5.7% and reached to 118.2 billion USD. After all, during September, our export to EU increased by 8%, to the



Middle East by 6% and to Africa by 15%.

Turkish exporters and entrepreneurs benefit well from the opportunities offered by the advantageous geographical location and the dynamic population. We believe that we will accomplish our objective of having 500 billion USD export volume in 2023 by high value-added oriented innovation, turning R&D ideas into trade and give weight to design, branding, innovation and R&D in all fields. We emphasized once again that we are going to accomplish our objectives by cooperating with all countries in the Mardin meeting during which 65 ambassadors representing 60% of the world's economy were hosted in September.

We introduced the new logo and slogan of Turkey, "Discover the Potential", as a historical milestone with participation of President of Turkey Recep Tayyip Erdoğan. From now on, we will present our Turkey brand, quality of Turkish products and Turkey's potential with our new logo and slogan. This is a brand new proposal and the beginning of a new era. During the preparation term of the "Turkey Brand", brainstorms, workshops and meetings were held with participation of many prominent representatives from many sectors. Therefore, we believe that all companies and institutions will actively support usage of the new logo. The logo was created by analyzing designs in which traditional Turkish patterns were used. Each pattern in the logo bears a different meaning. Thus, with its new logo, Turkey will give a "united" message to global market and will create a positive sense regarding quality of Turkish products.

On the other hand, there's a good attendance from abroad, especially from tech and R&D centers, to our Turkish Innovation Week events which we have been hosting for three years. And we are determined to spread the activities to cities other than İstanbul with the enthusiasm and power we gain from the positive feedback from both domestic and foreign participants. Thereby, we will demonstrate the potential we have to the world. In this scope, as Ankara event was held on 21-22 October, the following events of Turkish Innovation Week will be held on 5-6-7 November Gaziantep and 4-5-6 December, İstanbul. We are eager to meet the participants as during the Ankara week our partner was Ireland, and during the İstanbul week our partner will be Holland.

Consequently, all these efforts show, Turkish exporters are advancing swiftly towards their 2023 goals with a busy agenda.



**More than 37,500 foreign companies have already invested in Turkey.  
How about you?**



GE Healthcare



Indesit Company

MANGO



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)
- 16<sup>th</sup> 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



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# First

INDUSTRY, TRANSPORTS, EU NEGOTIATIONS, AVIATION, EXPORT, INVESTMENT, ENERGY, SCIENCE, INNOVATION...



**President Recep Tayyip Erdoğan** has delivered the keynote speech.

## *Global Node Linked*

# GLOBAL LEADERS

Economic, political and geographic intersection point of Euro-Asia zone, Istanbul hosted the World Economic Forum's special event.

**Istanbul**, a prominent base of world economy and international politics, welcomed the World Economic Forum's "Special Meeting on Unlocking Resources for Regional Development" on 28-29 September, 2014. The four main sessions of the meeting were, "The Future of the Region and Turkey's Forthcoming G20 Presidency", "Shifting Energy Dynamics across the Region", "Building Entrepreneurial and Inclusive Economies", "Infrastructure as a Platform for Physical and Digital Growth".

The first president elected by popular vote in Turkey's history, Recep Tayyip Erdoğan, performed the opening speech of the meeting. Erdoğan analyzed the recent political fluctuations in the region whilst calling the world leaders to find and be a part of the solution for acute economical, politic and social problems which are effecting millions of people. He

underlined that the current problems are "not regional but global".

Another important subject in his statement was Turkey's 2023 goals. Erdoğan emphasized that, with the notion of the Turkey's president, he embraces the goals and shares them. He also mentioned that clarifying and finalizing Turkey's postponed EU membership targets and improving the education system of Turkey are amongst top priority

items of his agenda.

Erdoğan's successor, Prime Minister Ahmet Davutoğlu, also participated in the event. Davutoğlu started his speech with highlighting the Turkey's vital and influential position in the region and stated as follows: "İstanbul provides such common grounds for many countries in the region, thus, is the most adequate place to discuss regional development."



Turkey's new Prime Minister Ahmet Davutoğlu have addressed to various subjects including EU vision of Turkey, and problems in Middle East during his speech.



During his speech, he explained the basis of Turkey's new policy of interacting with neighboring countries and improving both political and economic relations. Davutoğlu stated that "Turkey's borders are transitional ones unlike Europe's natural borders. We manage to converge this political situation with economic relations." Davutoğlu adduced TANAP (Trans Anatolia Natural Gas Pipeline Project) to Turkey's improved relations with Georgia and Azerbaijan while putting emphasis on outcomes of regional cooperation and collaboration between three countries, thanks to Turkey's new approach. He addressed to the political turmoil in the Middle East and remarked Turkey's strong stand on the side of democracy. Prime Minister also underscored Turkey's EU vision as follows: "We have made clear that we see our destiny in Europe and the EU needs to show it sees its future with Turkey."

#### Top Management of Economy and Politics

President of Georgia Giorgi Margvelashvili, Deputy Prime Minister for Economic and Financial Affairs of Turkey Ali Babacan, Minister of Economy Nihat Zeybekci, President of European Commission José Manuel Barroso, Minister for EU Affairs and Chief Negotiator of

*Turkey to take over chairmanship of G20 in 2015 term is widely recognized as an outcome of its political and economic transformation.*

Turkey Volkan Bozkır, Minister of Finance Mehmet Şimşek and Founder and Executive Chairman of World Economic Forum Klaus Schwab whom pointed out that "Turkey is not merely successful in the economic sphere but also in diplomacy... While its neighbourhood is more and more characterized by instability, Turkey is characterized more and more by stability" were amongst eminent speakers of event.

President and Prime Minister have both referred to Turkey's G-20 chairmanship on the next term. Erdoğan expressed that Turkey acknowledges the responsibility of such

position and is working intensively on content and organizational preparations. President of Turkey, expounded that improving the multi-lateral trade will be prioritized during the period.

On the other end of Turkey's chairmanship, as the next summit is planned to be held in Antalya, an executive committee under Deputy Prime Minister Ali Babacan and 11 action committees are organized to oversee the efforts of Turkey's presidency term. The World Economic Forum Director of Europe, Nicholas Davis considers the Turkey's 2015 presidency term as an important sign of the change which is being experienced.



Recep Tayyip Erdoğan and Barack Obama have discussed global financial crisis at G20 Los Cabos 2012 event.

Bill Gates was amongst the participants of World Economic Forum Annual Meeting 2014.



WORLD ECONOMIC FORUM

Jose Manuel Barroso has underscored that Turkey is a major partner of EU and emphasized on importance of social interaction in terms of European integration.



Minister for EU Affairs and Chief Negotiator of Turkey **Volkan Bozkır** and President of Georgia **Giorgi Margvelashvili**



Deputy Prime Minister for Economic and Financial Affairs of Turkey **Ali Babacan**



Founder and Executive Chairman of World Economic Forum **Klaus Schwab**



CEO of Borsa Istanbul **Ibrahim Turhan**

## INDUSTRY

# Organized Industrial Zone for Aquaculture

The aquacultural products organized industrial zone will be established in İzmir.



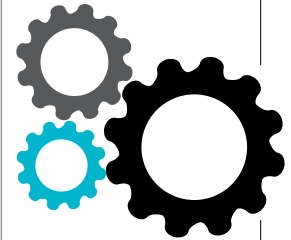
Izmir Chamber of Commerce has announced the kick-off of the establishment of a aquacultural products organized industrial zone in the joint meeting held with Aquaculture and Mariculture Union, Provincial Directorate of Food and Agriculture and Livestock. Aquacultural products provided 15% of the total production as its share is increasing every day. With the increment of production, a substructural problem began to arise for the unorganized producers. To prevent this, the decision of establishing an OIZ which would

bring the producers together and meet their need for substructure, were made. Fish handling and packaging facilities, styropor and bait facilities, net maintenance and washing facilities and cold storages will be gathered together within this OIZ. It will help preventing environmental pollution while increasing the producer's productivity with logistic advantages. With this OIZ, the producers, making an important amount of their exports with European Union, Russia and U.S.A., will contribute to the Turkish export with their increased standards of quality.

## INDUSTRY

# NEW FACTORY FROM ANADOLU MOTOR

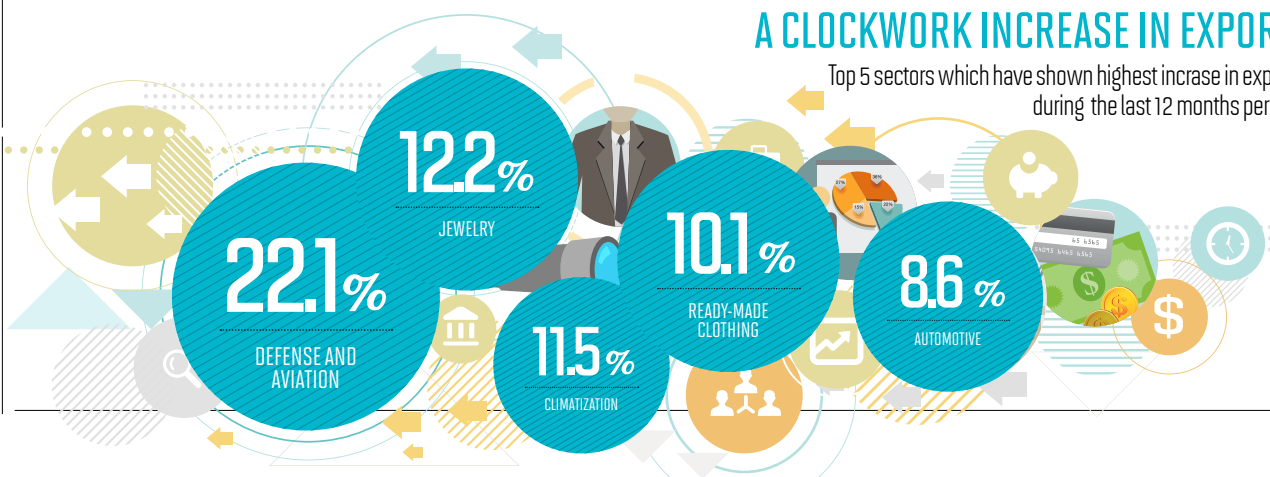
Anadolu Motor, one of the Anadolu Group companies, has opened its Çayırova factory whose foundations were laid last year in Kocaeli.



Anadolu Group's Chairman Tuncay Özilhan attended to the opening ceremony of the new facility which increased Anadolu Motor's total capacity by 40%. Having a total land of 29,500 square meters, 200 people will be employed in this factory. New factory contains foundry, heat treatment, montage and engine test workshops.

## A CLOCKWORK INCREASE IN EXPORT

Top 5 sectors which have shown highest increase in export during the last 12 months period



## TRANSPORTS

## TURKISH TRAIN IS ON THE RAIL

Turkey has come to an end on the domestically manufactured train which started to be built in 2011. The Minister of Science, Technology and Industry, Fikri Işık said in his statement that the first native electric train will be on the rails before 2015. The project that is supported by TUBITAK, and conducted by 18 scientists and Türkiye Locomotive and Engine Industry (TÜLOMSAŞ) has been completed in 3 years. Minister Işık also mentioned that the grounding system that enabled the high speed trains mobility was produced with domestic resources as well. The systems that had been imported so far, will be produced in Turkey hereafter. Consequently it will help both reducing the current deficit and increasing export. In addition, by means of this project, haulage and train control system which are the most critical components of the railway transportation, will be designed in Turkey for the first time and delivered to Turkish Republic Railways, to be integrated on locomotives.



## EU NEGOTIATIONS

## Turkey Rising with the Finance Sector

Turkish financial sector has been prized in EU Commission's 2014 Progress Report.

**E**uropean Union (EU) Commission has released the 2014 Progress Report about Turkey. The report emphasizes on the fine performance of the finance sector as well as adequate performance in profitability of the banking.

According to the report, it is stated that the regulation goal of the banking sector which increased its capital adequacy ratio to 16.3% is over 12% regulator limit.

It is stated that Turkey, prosecuting the economic foundations with a strong growth since 2001 and enhancing the resistance against shocks, is continuing to apply the BASEL II criteria on capital adequacy since June, 2012. In the report, it is said that Turkey has almost completed the necessary laws for BASEL III in 2013 and the non-performing loans (NPL) of the banking sector is below 3% which shows a consistent decline when compared to its peers. In sum, Turkish finance sector put out an outstanding performance and resumed to show resilience.

Remarking the economic growth as coursing relatively moderate, the report, addresses to the increasing net export. EU Commission made statements regarding the Turkey's budget deficit and stated that it decreased in the first half of the year.



16.3%

CAPITAL ADEQUACY  
RATIO OF TURKISH  
BANKING SECTOR

\$143.3

BILLION  
LOAN ALLOCATION IN  
FIRST HALF OF 2014

## AVIATION

## TURKISH AIRLINES GLOBALLY SUPPORTS SPORTS

Turkish Airlines, flying to the most international flight points in the world with 260 destinations in 108 countries and chosen the Best Airline Company of Europe, 4 years in a row by the results of the Skytrax Passenger Survey, has become the name sponsor of the BJ League (Basketball Japan League); the Japanese professional basketball league. Turkish Airlines will be apparent host of the BJ League matches for 2 years, between the years 2016-2018 to continue to support on different sports in various points. Turkish Airlines logo will be placed on the jerseys of the 22 teams that are competing in the league and Turkish Airlines will acquire brand visibility in 572 games. As part of the aforesaid sponsorship, Turkish Airlines has also become the name sponsor of the other leagues (All-Star Game, Play-offs and Finals) that are organized by the Japanese Basketball Federation. It is predicted for Turkish Airlines to procure serious brand awareness due to the brand visibility that will appear in both Japanese media and fields within that cooperation.

## INVESTMENT

BIST: STABLE  
AND PROFITABLE

The market value of BIST have increased 8% in TL terms by the end of 3<sup>rd</sup> quarter 2014. According to a report prepared by Turkish Investor Relations Society and MKK (Central Registration Institution), total market value of BIST raised to 539.3 billion TL (approx. 238 billion USD). Whilst, Exchange Trends Report which is released by BIST, indicates that during the last nine months period, foreign based net cash flow was in 1.17 billion USD surplus. In the same period of 2013, a sum of 297 million USD had been withdrawn from the market.

As of September, 2014, 9 thousand 761 of total 1.07 million investors in BIST are foreign investors as the share of foreign investment in total market value is 63%. The total sum of foreign investors is around 138 billion TRY.

President of TIM Mehmet Büyükekçi emphasized on significance of R&D and innovation.



## EXPORT

The Win-Win  
with Turkey

**T**urkish Exporters' Assembly hosted ambassadors from 65 countries in Mardin, in accordance with its goal to reach 500 billion USD exports in 2023. Calling further progress regarding business partnership, Turkish Exporters' Assembly actually desires to bring in a new relationship dimension to the official contact processes. It is obvious that in year 2023, prioritizing the R&D, innovation, creating new trademarks and designing in each of sectors will be crucial to reach competitive power in a global scale. Being the most suitable investment point in the region in terms of high value added manufacturing and exports, Turkey aims to triple its trade volume by building up new business cooperations. Having been the home of coexisting cultures and civilizations, Mardin actually needs and offers a good potential for new investments. Thus, businessmen and EU ambassadors will play a key role. Bringing ambassadors from 65 countries together in Mardin, Turkish Exporters' Assembly sees establishing new cooperations based upon a win-win sense as its primary objective.

*TIM is looking forward to establish new trade partnerships and improve the existing ones to a next level.*



## INVESTMENT

"CHINA YEAR"  
IN INVESTMENT

Turkey and China, two parties of an ancient cultural relation, are now aiming to improve their economical relations. China's Turkey ambassador, Yu Hongyang, stated that "Chinese investments in Turkey have raised about 47.2% in last year. However, this is hardly reflecting the real potential of economic relations between two countries."

Due to the figures released by Ministry of Commerce of the People's Republic of China, Chinese non-financial direct investments in Turkey have reached to a level of 186 million USD in the first 6 months of 2014. By the end of June, total sum of investments of China in Turkey have reached to 846 million USD while total number of registered Chinese companies operating in Turkey has increased to 606.

The boosting effect of cultural events like "2010 Experience China in Turkey", "2012 The Year of China in Turkey" and "2013 The Year of Turkey in China" are important factors for improvement of economic relations, especially for tourism revenues. According to Yu Hongyang, number of Chinese tourist that visited Turkey, has increased by 41% in the first half of 2014.

## TECHNOLOGY

## TURKEY IS SPEEDING UP WITH '4G'

In area of information technology and communication, Turkey is affiliated an investment once again. With leadership of Undersecretariat for Defence Industry and ASELSAN, Turkey has produced its own 4G base station. The project will enable mobile internet speed to be increased by 10 times more and video talk with HD quality. 4G technology which is named as upgraded version of 3G, makes communication systems with high quality in consequence of boosted data downloading. Mobile stations such as ambulance, police, fire truck and fixed stations will be connected between each other rapidly and safely. Besides cell phones, cordless pos machines, vehicle tracking systems and many medical applications occur under favour of bas stations which is underlining importance of the project. In the meantime, the 'domestically manufactured bas station is expected to provide more than 5 billion USD benefit to Turkish economy as well.



Signing ceremony of TANAP was held in October 14, 2014.

## ENERGY

## Constructing TANAP

Turkish consortium has undertook 80% of giant energy project pipeline constructions.

**T**rans-Anatolia Natural Gas Pipeline Project (TANAP) negotiations were held. According to the final agreement, 80% of the main pipeline will be constructed by a consortium of Turkish companies Töşçelik, Borusan Mannesmann, Erciyes Boru, Emek, Ümrân and Nöksel and the remaining 20% is assigned to the foreign purveyor firm Baosteel Europe. The consortium will use 1,2 million tons of steel, at cost of 420 million USD, for the 1900 km project. 1350 km of the pipeline will be constructed by 56 inch pipes and for the remaining 450 km line 48 inch pipes will be used and pipes of six different

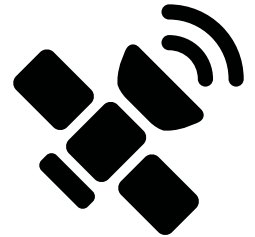
thickness standards will be produced. The dispatchment of the steel pipes is expected to last 24 months. In the meanwhile, as the expropriation progress has started, route setting and environmental impact assessment processes are being applied.



## SCIENCE

## TOWARDS THE FINAL FRONTIER

Turkey is establishing its own space agency.



At the present time, Turkey with domestic studies is getting involved in to the group of countries about space research. Turkish Space Agency is announced as a piece of good news by Lütfi Elvan, Minister of Transport, Maritime Affairs and Communication after legislation and law process has been finished. NASA and ESA, two major space agencies will be taken as an example for new domestic facility. The agency will be administrated by Prime Ministry and aims to carry all space research activities out. A section of facility will be assigned for military purposes. In addition, domestic space agency will matter to Türksat 6A, Turkey's first own satellite, which is under construction. Activities about local communication satellites will be gathered in this single center.

## MEETING

## ARTS AND CRAFTS MEET IN ISTANBUL

The Plenary Session of European Mutual Guarantee Association (AECM), representing 40 billion Euro guarantee capacity based on 4 billion Euro capital in Europe, will take place in Istanbul. AECM Administrative Board member Turkey Union of Craftsman and Artisans Credit and Recognition (TESKOMB) will host the Plenary and over 400 members will attend from countries such as U.S.A., Austria, Belgium, Germany, France, Russia, Malaysia, Japan, Egypt and Chile.

## AUTOMOTIVE

## TOYOTA SUVs WILL BE "MADE IN TURKEY"

Toyota officially announced the new 187 million USD investment in the Adapazarı factory in Turkey with the aim of producing an SUV model. As a milestone for Turkish automotive industry, it will be the first SUV ever fabricated in Turkey. The production of the new model will start in 2016 and increase the factory's current 170 thousand production capacity with another 100 thousand.

Use of bioplastics is a potential breakthrough for toy industry.



## INNOVATION

## Pioneer of Bioplastics

Turkish bioplastics company, 'Bioserie' is nominated to numerous innovation awards with its avantgarde products.

**B**ioserie, founded in 2009 in Hong Kong, has made a swift entrance. The company used their bioplastic materials for the first time on smart phone cases they presented to the world market in 2010. With the technology they developed to be more sensitive about the nature, they seem likely to make a name for themselves. They began to provide healthier and more secure products for parents with the developed bioplastic production technology. Having Kaya Kaplanlı from Turkey as one of the founders, the firm Bioserie produces bioplastic toys with the technology they developed. There is no plastic or any kind of petroleum chemicals in those toys that are manufactured with 100% natural bioplastic raw materials.

Still continuing to produce smart phone cases, the company is currently spending all its energy on developing children's toys. There are 3 items in Bioserie's first range of product which are rattle, colored castle and teether. Bioserie toys will be presented to consumers as from January, 2015. Especially preferring to concentrate on the countries with

environmental sensitivity and high awareness of healthy life, their target markets consist of U.S.A., Canada, Japan and Europe including Turkey. Bioserie, producing the first baby toys tested and approved with certificate

as 100% natural by the U.S.A. Department of Agriculture (USDA), was nominated for the bioplastic innovation awards in Germany and U.S.A. with its production technologies in the year 2013.



**Biodegradable, recyclable and non-hazardous** nature of bioplastics, enable the use of material in toy industry.

## BRANDS

## WEALTH COMES ALONG WITH BRANDS

Brand awareness provides solid competitive power to companies, and contributes to the wealth of their owners.

Have you ever been curious about the wealthiest people of Europe and the brands they own? According to the list created by The Independent which reminds us the value of brand creation, the wealthiest business people's wealth mostly originated in retail and personal care sectors. The list is prepared considering the revenues made by the brands and the owners of the brands, and Amancio Ortega, owner of the world famous Spanish fashion brand Zara, is at the top with personal net worth 62 billion USD. French personal care brand L'Oréal and its owner Liliane Bettencourt comes second with 37 billion USD personal net worth, and with 32 billion USD Swedish Stefan Persson comes third with H&M fashion brand. Ülker's owner Murat Ülker, previously placed at the top of the Turkey's Wealthiest list by Forbes, is Turkey's representative in the list, coming 16th with personal net worth of 4 billion USD.



## FINANCE

# The Leaders of the Global Finance Met in Istanbul

Istanbul Finance Summit is held for the 5th time and went on for 2 days, bringing the leaders of the global finance together, one more time.

**Istanbul Finance Summit**, becoming an international organization now, hosted a number of important people from North America, Europe, Persian Gulf Region and Eastern Asia's finance world for the 5th time. In the event that brought many global-level decision-makers, bankers, finance experts and regulators from fields of economy and finance together, developments and expectations from economies of Turkey and the world were laid on the table. The Chairman of the Istanbul Finance Summit Advisory Board Prof. Dr. Murat Yülek gave the opening speech of the summit and said that 2014 is a constructive year for Turkey and markets in progress. Yülek, stating that the economy of EU has shown a growth a little below expectations in the last 2 quarters, gave voice to the global markets' concerns about the Federal Reserve System (FED)' decision to adopt tapering monetary policies. Yülek, explaining that they chose this year's main theme as "innovative finance" under the circumstances, expressed how IFS Advisory Board is trying to take long-term inclinations as fundamentals.

**BÜYÜKEKŞİ: FINANCE AND EXPORT SHOULD SUPPORT EACH OTHER**  
President of Turkish Exporters Assembly (TİM) Mehmet Büyükeksi stated that they see export

and finance in a close relation and care them to remain supportive to each other for the forthcoming period. Büyükeksi stated that the export has contributed positively to the growth in the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2014. Büyükeksi said: "While export is increasing, import is

*The authorities of finance from both private and public sectors have evaluated regional and global developments during the event.*

decreasing, thereby, the current deficit is regressing. This is utterly important for Turkey." Expressing the contribution of the positive developments in EU in the first half of the year on export, Büyükeksi continued: "In fact, if the adverse developments, as seen in Iraq, had not effected Turkey's export performance, with boost of the economic incline of EU, Turkey would have increased its export by double digits. 10 points of increase or decrease in the export to Iraq, affects our overall export about 1 point. Thus, Iraqi market is of great significance for Turkey's export."

**Minister of Finance Mehmet Şimşek** stated that inflation will drop below 5% in the long term.

On the last day of the IFS, "Monetary Policy, Financial Stability and Innovativeness", "Bankers Forum", "Investment Banking, Venture Capital Funds, Mass Finances, Angel Investment and Finance of Innovation" and "New Insurance Economy of Turkey" themed panels were held. The last day of the summit concluded with the speeches of Deputy Prime Minister Ali Babacan, Minister of Finance Mehmet Şimşek, President of Central Bank of Turkish Republic (TCMB) Erdem Başçı and Chairman of Capital Market Board (SPK) Vahdettin Ertaş. Minister of Finance, Mehmet Şimşek has evaluated the inflation trend in the summit and stated "We observe that the inflation is at its peak. From now on we, with a firm hold, expect to drop it to the 5-7 range, then below 5% in the long run." Şimşek marked that they only have one request from the credit rating agencies and said "We want an objective evaluation. Surely, they will do their jobs and we will do ours." Reminding that there is not an election between the years 2015-2019, Şimşek said "We will make highly effective reforms. Turkey will reach its target growth of 6-7% in this period as it did in 2002-2007.)

# Panorama



BY SYLVIA TIRYAKI

## TURKEY AND ITS NEW LOGO: BEARERS OF SOFT POWER



**T**urkey has created its new export brand. It was launched by President Recep Tayyip Erdoğan at the Turkish Exporters Assembly (TIM), on September 28, 2014.

The logo has a sublime turquoise colour and is softly curved. It is a symbol of harmony and joy, inviting all to explore the rivers, seashores, flowery meadows, and mountainous landscapes of Turkey, smiling from within.

Some say that together with the logo that replaced “Made-in-Turkey”, Turkey has also got its new identity. Perhaps, it is the other way around: the new logo, accompanied by the slogan “Discover the Potential”, has built upon Turkey’s existing identity and is now ready to export it further out, to the world. In the words of TIM’s Chairman Mehmet Büyükekşi, “Discover the Potential” is not a brand. Turkey itself, is the brand.

Turkey stretches from Southeastern Europe to Western Asia, with two transcontinental provinces, three others entirely in Europe and the rest in Asia Minor. Its largest city,

Istanbul, is the only city in the world naturally lying on two continents. Nineteen of Istanbul’s provinces are in Europe and twelve are in Asia Minor, or Anatolia. According to the Archaeological Settlements of Turkey (TAY) project, a total of seventy distinct civilisations existed on Turkish territory throughout history, each having its unique contribution to create the current Turkish culture.

These are credentials that righteously qualify Turkey for being labelled a bridge between civilisations, the median between the East and the West.

Through its symbolism, the new logo is a reminder of this synthesis of poly-culturalism. It has transformed Turkey into the mono-form without compromising its multicultural beauty. It is an expression of civilisational ecumenism, opposite to Huntington’s version of simultaneously existing, incompatible civilisations. It is an aide-mémoire of the Silk Road’s glory, running once upon a time through the Anatolian mainland, connecting China, India and Iran with the Roman territories. It is the Turkish identity expressed in the logo via

mosaics of Anatolian cultural symbolism that can be experienced in its cuisine, music, dresses, and colours, among other things.

Symbols are used to convey ideas and beliefs, so it is always tricky to find those, which express the real Geist of a society. In societies like Turkey, which are based on multiculturalism and are also promoting it, it is even more difficult to find common denominating factors everyone would associate with.

This is valid even for colour symbolism. Colours themselves do not have any intrinsic meaning. They are simple distributions of light across different wavelengths. However, culture attaches symbolic meaning to colours. For instance, while white is worn at funerals and by widows in some Southeast Asian countries, it is also the colour of purity, worn by brides in Western cultures. Similar discrepancies can be associated with red, green or for instance the black.

Yet, such dichotomy does not exist when turquoise is concerned. Turquoise is the colour of Turkey and about Turkey. While in the medieval French language it represented a Turkish stone, today it is a unifying factor between the greenish blue of the Ottoman palaces, the ever-present sky-blue nazar boncuk and the azure seashores washing Turkey's boundaries.

Turkey's turquoise logo carries a meaning easily understood all across the world. It tells a story of success and it gives past, present and future messages of willingness to openness, potential of coexistence and balance in harmony. One cannot feel any politicisation or polarisation from the logo. It is an invitation to future cooperation. Moreover, it bears cultural rather than national symbols and speaks to everyone within the heterogeneous, colourful, culture-rich Turkey.

Although Turkey's new brand has been prepared mainly for the industry and business, its message makes Turkey's existence relevant beyond the community of the exporters and final consumers of Turkish goods. It is a powerful logo strongly expressing Turkey's much-promoted soft power. This, along with the fact that Turkey is the brand itself, brings the full-size responsibility to carry the message further, and ensure that it endurably reflects the reality.

Jacob Benbunan, the co-founder and CEO of Saffron Brand Consultants that developed the logo, said: "This brand must answer a reality. Now Turkey has to continue developing the work that it has been developing to show the world that it has a fantastic potential."

Of course, Turkey knows very well that symbols are not enough. Symbols without substance remain empty emblems and are quickly forgotten. The self-confident Turkey is fully aware of its own strengths and potentials, as well as of its

own vulnerabilities. Turkey's aspirations are high, yet there is a full understanding that reaching new heights can never be achieved unilaterally. Hence, great importance has been credited to partnerships and partners, with whom Turkey wishes to share its own knowledge and from whom Turkey is always ready to learn. The learning spirals, as symbolised in the new logo, are endless, as is the country's mission and commitment to go ahead with its domestic reforms and democratic processes.

The new logo, as previously mentioned, has only expressed already functioning realities; it has underlined the existing identity of Turkey as a prosperous country, exercising its soft power potential both globally and regionally. However, it can also be perceived as a reiteration of its vision to prove that partnerships do not need to be based on the identity politics.

Multiculturalism, as it has been promoted since the very beginning of the European Union project, is fully supported by Turkey who firmly believes in learning from each other's differences strengthens everybody's capacities. The European identity as a political goal, has already been present in the thinking of fathers of European Communities, such as Jean Monnet or Walter Hallstein, since the early post-war years. In ordinary life, the European identity has become associated with the various emblems and symbols by which the Commission has sought to influence people. If political communities are merely imaginary "spatial and chronological [i]dentities" for a region" created by political actors, as political scientist Benedict Anderson has claimed, then it should not be difficult for people in Europe to associate with the cultural symbolism embedded in the Turkey's new symbol.

Most of the modern Europeans can trace

their ancestry journey to the lands of Anatolia, according to the recent genetic researchers, but it would hardly be only a group of common ancestors living some 7,000 years ago making the Turkish logo's symbolism attractive to Europeans.

Turkey's uncompromising pledge to democracy, rule of law and respect for human rights, which are the intrinsic part of the modern European culture would always make Turkey much more attractive. The same is valid; it can be argued, for instance, for Middle Eastern countries, which perceived Turkey as a model for the successful synthesis of full democracy with the historical and cultural identity.

The new logo emerged just at the right time, as the idea behind it is obviously not only to sell well. It speaks the soft language to all those who are ready to listen—both within the country and globally—that Turkey is willing and ready to continue providing a hospitable environment. It stretches the hands both towards the East and the West and it whispers that only in the environment that is turquoise-blue, without any clouds, a healthy business can prosperously flourish.



***It is a powerful logo strongly expressing Turkey's much-promoted soft power.***

**Content:** Innovation Fire Blazes Through Anatolia **P15** Moulding "The Core of High-Tech" **P18** The Eden of Tourism **P20** The Lean Age of Business: Turkish Entrepreneurs Are Ready **P21** Corporate Turkey: A Business Hub **P24** Discover the "Marine" Potential **P25** Ispat at the Forefront of Drawing Investment into Turkey **P29** Turkey: A Safe Investment Destination for Far Eastern Corporations **P32** **Editor:** M. Bahadırhan Dıncaslan

# Briefing

INNOVATION, R&D, TOURISM, BUSINESS, INVESTMENT, MARITIME...



## INNOVATION

### *Innovation Fire*

# BLAZES THROUGH ANATOLIA

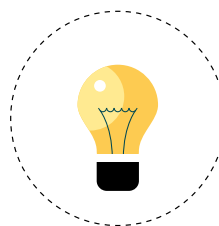
Innovation is a magic word that is in the dictionary of every country who wants to have a role in the world of tomorrow. Turkey Innovation Week events, being held since 2012 to establish an innovation culture, have opened its doors to Anatolia in Turkey that has a young and dynamic population of 77 million.

**Turkey Innovation Week** is bringing public and private sectors together with innovation enthusiasts.

BY ONUR KOÇASLAN

**I**nnovation is an indispensable element for today's modern societies. The evolvement of innovation culture has critical importance especially for countries with young and dynamic population like Turkey. As it is in every developing country, many events are happening in Turkey as well, to establish

innovation culture in every aspects of life. Nevertheless, Turkey Innovation Week is the most significant event of all. Opening with the cooperation of Turkey Exporters Assembly and Ministry of Economy for the first time in 2012, Turkey Innovation Week was greeted with an interest over expectations. This dense



attention was an utterly important indicator for Turkey that is preparing to celebrate its 100th year in 2023 and targeting to reach 500 billion USD export volume. Nonetheless, a great number of young people from elementary school to university who have interiorized the high value added production

culture creating an innovation ecosystem have given confidence to every fraction of the society in relation to reach 2023 goals. 2012 Turkey Innovation Week events, lasting for 3 days, have gathered 15 thousand academicians, students and people from business world under the same roof. With hundreds of awarded project displayed in the summit, attendants experienced glimpses from Turkey's future. Globally envied participants, one more important than other, have attended to the event. Among them, tens of speakers were present from Tim Berners Lee who is considered as the father of Web for his invention of HTML markup language by establishing "www" hypertext system at the CERN Labs in 1989, to Heide McBride, Design Development and Strategy Director of the worldwide famous industrial design consulting agency Teague and from Fred Alan a.k.a. Dr. Quantum, to designing guru Alberto Meda. Turkey Innovation Week



brought the best projects that had been chosen in the "Design and R&D Project Market Competition 2012" organized by Turkey Exporters Assembly together, for the first time and displayed them. Winners of the 17 design and 7 R&D project market contests received their prizes. In the events, Turkey's most innovative projects and brands received their prizes from the President Recep Tayyip Erdoğan.

INNOVATION LEADERS GATHERED IN ISTANBUL Turkey Innovation Week opened its curtains once again when the date was

28th November, 2013 with even more enthusiasm. Turkey Innovation Week brought globally famous project owners together who displayed the constructive aspect of innovation in the fields of science, technology, marketing, design, business, industry, energy and medicine together based on the Turkey Exporters Assembly's foresight of the world's and export's dependence to innovative progress at the future. Turkey Innovation Week that occurred with the contributions of Ministry of Economy, Arçelik, Brisa and THY, created a synergy between international

**Recep Tayyip Erdoğan** has congratulated young innovation enthusiasts who won an innovation contest.

professionals, industrialists, academicians and students that created a difference in Turkey and world. 47 speakers from all over the world, who are designing the future, presented their projects and shared their experiences with the participants in the Innovation Week. Founder of Google X Sebastian Thrun who led developing the Google Self-Driving Car, MarsOne Project Ambassador Gerardus Hooft, Dov Seidman; author of the famous book HOW, Dr. Anthony Atala who succeeded to produce living human organs with 3D printer, Aneesh Chopra who carried out the Directorship of Technology Department in U.S.A. Council in Obama's first term, are only a couple of the names. About the Summit which is seen by 27 thousand people, Sebastian Thrun said "The Turkey Innovation Week is exhilarating. From the very first session, the energy brought by all the people



**TAHSİN ÖZTIRYAKI**

Turkish Exporters' Assembly  
Deputy Chairman of the Board

This year we will carry the innovation to Anatolia. Innovation Week is important for people with bright ideas to meet industrialists and to embrace the innovation sense. By inviting innovation experts from different sectors around the world, we are trying to show people that their ideas can be realized. Turkey's image, export numbers and branded value added products will set forth the results of the innovation weeks in the forthcoming period.



**ERKAN DUYSAL**

Director of R&D, Arçelik

The exciting thing is to be able to go to Gaziantep and meet young people from the South-Eastern Anatolia, to see what is done there. I went to Gaziantep for the first time in this February to meet our distributors and was very impressed. Our target is to do this kind of events not only for a month, but throughout whole year. We are trying to bring both our employees and businessmen and the local people together.



made me look at Turkey as a very different place, that is vibrant and ready to change the world.”

#### TURKEY WILL GROW WITH INNOVATION

Awareness the Innovation Week attracted in the first 2 years encouraged the Turkey Exporters Assembly in the means of extending the innovation culture to a wider mass. Approaching to the Innovation Week with a new strategy, Turkey Exporters Assembly decided to move the events to Anatolia beside Istanbul. Accordingly, it is decided that the Innovation Week to be organized in İzmir, Ankara, Gaziantep and Istanbul. Industrialists, exporters, senior executive managers, high-school and university students from Aegean Region showed great interest in the Innovation Week started in May in İzmir. In the event, universities from Aegean Region got the chance to present their innovative projects in the R&D center stands while projects that are successful in the Food R&D Project Market and contests held by Aegean Exporter Unions and Denizli Exporter Union were introduced. Minister of Economy Nihat Zeybekci advised the participants to follow their dreams. Zeybekci said “R&D’s share in national income was 5 per thousand in the year 2002 in Turkey. This amount has risen up to 0.92% at the end of the year 2012”. Italy has been giving 3% to R&D for years. Our goal for 2023 is the same. We have to work hard to catch up to them. Dream on and follow your dreams.” Gregory Stoch who is working on cures for diseases like Alzheimer and Parkinson and Business Innovation Expert Rowan Gibson

were invited to the events that lasted for 2 days along with worldwide famous inventor like International Industrial Designer Deniz Karışahin and founder of Grafentek Company Ceyhan Derinboğaz.

#### ANKARA MET INNOVATION

At the event in Ankara where was the first-time host to the Week, panels and conferences under the topics like Technology, Turkish Inventors, Inventions History, Internet Entrepreneurism, Irish Business

World, Turkish Business World, Design, Academician-Industrialist Meeting were given. The event hosted 5 thousand visitors and brought scientists, local and foreign inventors, academicians, businessmen and authors together.

## BEING A “MUST”

More companies are realizing the importance of R&D to be competitive in the market

**DENİZ KARİŞAHİN**  
International Industrial Designer

Graduated from the Department of Industrial Design at İzmir University of Economics in 2008. Founded DK Design in Paris in the year 2010. He, first developed various products on hi-fi sound systems and in time, conducted studies on sanitary ware, furniture, marine, medical and rapid prototyping. He developed a portable auto-pilot for sailboats in a Ministry of Industry supported project.

**CEYHAN DERİNBÖĞAZ**  
Founder of Grafentek Company

Established the software company called We Dream which develops software-based interactive installments. He provided service major companies like Nokia and Renault. He established Grafentek Company in 2013 with the 100.000 TRY support he received by getting the Technological Entrepreneurism Fund. Grafentek is currently developing Graphene-based Lithium ion batteries which provide high performance.

**ELİF BİLGİN**  
Student of Koç School

She represented Turkey by taking place among the 15 finalists in 2013 Google Science Fair Contest which was participated by thousands of students from 120 countries, with her bioplastic production from banana peels project. In this contest, she received the “Science in Action” prize of 50 thousand USD given by Scientific American magazine for the most innovative, applicable and environmental project.



R&amp;D

**Informatics Valley** will be a state of art facility with its attributes.

## Moulding

# "THE CORE OF HIGH-TECH"

Turkey is forming the new nucleus of innovation and R&D. "Informatics Valley" is soon to be the new metonym for high-tech research cluster.

BY BERKAN KIŞIN

**I**ncreasing the export of advanced technology products about 20% is one of Turkey's goals for the year 2023. In the same year Turkey, also aims to become a production base in Eurasia region for middle class and advanced technology products. Gebze Informatics Valley Project is one of the biggest conducted studies in order to achieve this goal. It will be Turkey's first Informatics Valley.

Gebze, the most populated district which also has more than half of Kocaeli's industry within its borders, will become the city

of Informatics, Industry and Technology. It is still the most migrated allocation unit because of the density of industrial establishments. Gebze is on the route of Gebze-Orhangazi-İzmir Highway which has been enriched with the newly constructed Gulf Bridge. The town is also hosting strategic and critic institutions such as TUBİTAK, Gebze Institute of Technology, TUSSİDE and Turkish Standards Institute. Gebze is 15 minutes away from the Sabiha Gökçen Airport and on the route of High-Speed Train and Eskişehir-Yalova-Topçular ferry route.

*Informatics Valley is a vital part and an upshot of a visionary approach regarding the aim of creating at least one global informatics brand by 2023.*

The Informatics Valley is planned to be built in Muallimköy, Gebze on a 420 football field wide land. It will enclose Turkey's biggest Incubation Center with its 10 thousand m<sup>2</sup> indoor office space on the designed 3 million m<sup>2</sup> area. The Informatics Valley will occupy 70 thousand m<sup>2</sup> area in total with the Thematic Innovation Center which will be established with TUBİTAK Prototype and Test Center, Warwick University and Turkey Exporters Assembly partnership. Besides 150 thousand people is planned to be employed in the Informatics Valley.

The ones that will form the soul of the Informatics Valley are every productive and creative people in the society, especially students, scientists, entrepreneurs, investors, technicians and other professionals. The project, named as "Turkey's New Innovation and Technology-Based Expansion Center", will be Turkey's most significant representative of the new philosophy and idea adopted by the sub-structurally strong, innovative and technology-based progress and expansion.

Turkey, having competitive power in international arena in terms of science, technology and manpower and becoming an attraction point, revealed its vision in the Science and Technology, Human Source Strategy and Action Plan prepared by Ministry of Science, Industry and Technology. The Informatics Valley, being a directly overlapping clustering attempt of Strategy and Action Plan's targets, is predicted to become a center of attention for the high-qualified workforce to desire.

According to the incentives the Ministry of Science, Industry and Technology has planned, 100% of the income tax will be cut for all workers

of the Informatics Valley, R&D staff and supportive staff one-tenth of the R&D staff. Government will also compensate 50% of the working staff's insurance charges and the firms will have documentary taxes indemnity as other incentives. In addition, all of the firms will have 100% VAT Exemption for 12 years. Moreover, the firms will utilize various tax advantages. It is inevitable for the Informatics Valley to become a center of attraction for a large number of foreign and domestic companies that will benefit from these incentives.

The primary object of the Ministry is to prepare proper places for firms and attract global software companies with appropriate incentives and advantages. The Ministry of Science, Industry and Technology, also wants to lay the ground for Turkish firms and especially the young entrepreneurs to become global agents by taking place in the Valley.

Turkey is planning to have at least one national company, national design and a national product making a name in the global informatics market by the year 2023. The Informatics Valley will become an important software center not only for Turkey but for world, as well. The Valley will shelter numerous companies and contribute richly to Turkey's 2023 goals. The Informatics Valley Project is expected to rise up to the predicted level in 5-10 years after the sub-structural work is done in 2015. It is inevitable for the global informatics companies to take place in the Informatics Valley with all its benefits and advantages. At this point, it is likely that the Informatics Valley will turn into an international center of science and technology.

## Informatics Will Bequeath Prosperity to the Posterity

The Informatics Valley will be an enhancement for all sectors Prof. Yücel Altunbaşak says, President of The Scientific and Technological Research Council of Turkey.

BY TURGUT ETİNGÜ



### What is the vision of the Informatics Valley?

The vision of the Informatics Valley is listed as "Turkey's transition to innovation economy and becoming a global Informatics Valley in which science turns into technology and technology turns into product."

The notion of informatics valley in Turkey is prepared by the State Planning Organization and carried out with Information Society Strategy Paper accepted in 2006. Information Society Strategy Action Plan says "The Informatics Valley will be established for the purpose of Turkey becoming the base of operation and production for the international information technologies companies."

### How would you describe the outlines of the project?

The first peer of the Informatics Valley that is planned to be established in Turkey is the Silicon Valley in U.S.A. Since then, several other countries

went on to establish similar technology parks such as Sophia Antipolis in France, Tsukuba in Japan and Zhongguancun in China.

The informatics Valley planned to be built in Muallimköy, Gebze on a 3 million m<sup>2</sup> land, is coming as the lead project among Turkey's 2023 goals and the infrastructure work will be started very soon. The Information Valley will have the biggest Incubation Center in Turkey with its 10 thousand m<sup>2</sup> indoors office space. The innovation center which is established by TUBITAK Prototype and Test Center and Turkey Exporters Assembly (TIM) partnership is on the stage of obtaining permit for the 70 thousand m<sup>2</sup> indoors space. The deal to establish the first phase architecture, engineering, landscaping and sub-structural projects of the Informatics Valley with service procurement tender is done. The construction is planned to finish at the end of 2015.

When the first stage of the

Informatics Valley is finished, it will employ 12 thousand R&D personnel and when the whole project which will be built on 3 million m<sup>2</sup> land, is done it will employ 150 thousand people. 150 thousand R&D employees will create the Turkey of the future. First time in Turkey, Turkey Exporters Assembly and Warwick University Technopark from England will build a thematic innovation center which will be spread on a 10 thousand m<sup>2</sup> area. The Informatics Valley will be the valley of firsts in Turkey, as to say.

### Is there any demand, even though the project is in this initial stage?

Technology giants like Samsung, Siemens and Oracle have started to take their places in Turkey's first Informatics Valley. The Informatics Valley will earn more and more reputation with the companies and people working there as the R&D activities finish. PoligonTR Company, wishing to do their activities of production and R&D works on Turkey's first high-security network-key in the Informatics Valley, has requested 400 m<sup>2</sup> office space. Altınay Robotics, serving in the field of robotic technologies, has finished its application requesting 3 thousand m<sup>2</sup> area to build a building for R&D studies.

### What does the Informatics Valley mean to Turkey?

Consolidation of the informatics sector directly affects countries' prosperity. The Informatics Valley means; not only designing a private place and directing it but creating an economical change and directing this change. Looking from this aspect, The Innovation Valley will surely have great contributions on Turkey's to achieve its 2023 goals.



## TOURISM

# THE EDEN OF TOURISM

Turkey's rich flora consists of 10000 plant species, of which 3000 are endemic, is appealing to botanic enthusiasts.

BY EMRE KURBAN

**P**lants are involved in every aspect of life, and of course are a vital and fundamental theme of science. In laboratories, in glasshouses; plants are everywhere, yet botanical tourism is slightly different than scientific botany, though it too involves examining different species of plants and the terrain they cultivate. And botanical tourism is increasing its global popularity every year and has gradually become an important branch of tourism in Turkey as well.

Turkey's geographical location has been drawing attention of the world politically and economically for more than a century, and in the last decade, it is also drawing attention to its botanical richness, which it has thanks to the same geographical location making Turkey one of the most geo-politically important countries. Being in the point where three continents meet and surrounded by sea from

three sides; four seasons occur simultaneously in Turkey and thanks to this unique geography, Turkey stands out as one of the most significant botanical centers with its wide plant diversity. Diversity of Turkey's fauna is so vast that number of plant species in Turkey is almost equal to that of whole Europe. Furthermore, there are many endemic species in Turkey, and number of endemic species in Turkey surpasses that of Europe.

Talking with figures; there are 12.000 plant species in Europe, while there are approximately 10.000 in Turkey. Moreover, as Europe is home to 2750 endemic plant species, Turkey has more than 3000. Even the number of endemic species only in Antalya alone is more than that of some European countries.

Turkey has three different vegetation zones inside the borders unlike any other European country; Mediterranean vegetation

zone in the South and West Anatolia, Europe-Siberian vegetation zone in Marmara and Black Sea Region and Iran-Turan vegetation zone in Middle and Eastern Anatolia. In addition, Turkey has 129 summits over 3000 m. height and allow the plant species that require height

to grow. Being the country with highest average altitude in Europe, Turkey is home to various high mountain ecosystems.

Thus, Turkey has a great potential in the regarding botanical tourism with its botanical range. Initiatives on this field started with investments of local authorities and will grow with private investments because tourism companies do not miss out on this great potential Turkey has in the field of botanical tourism.

As botanical tourism gain prominence, a new tourism destination throughout the Middle Anatolia may develop, besides major touristic cities like Istanbul, İzmir and Antalya. Attracting the tourists to regions like West or East Black Sea, having them shop from the local businesses, leading the nature-wandering tourists to shop and stay in villages creates a major chain and opens much more income channels. Botanical tourism is evolving into a beneficial tourism branch in Turkey.



**AHMET DURAN**

Botany Specialist of Selçuk University

Turkey is one of the worth to see rich and important bio-diversity centers in terms of rare and authentic endemic flowers of different habitats with sea daffodils on coasts, lotus on wetland area, loddon lilies in swamps, wild narcissus that blooms in the middle of winter; snowdrops blooming melting the snow, spring and autumn crocus announcing the change of seasons, steppes, meadows, dry lands, cliffs and macquis groves.



**BAŞARAN ULUSOY**

President of Association of Turkish Travel Agencies

Out of 10000, 3000 plant species present in Turkey cannot be seen in any other country on earth, which means they are endemic. Turkey has a geographic position that offers a vast botanical richness as well as opportunities for easy transportation for the ones who show touristic interests. Easy transportation opportunities provided by the geographic position is among the main motives of preferability.

# Get Lean.\*

## BUSINESS

**Minimum Viable Product and Unorthodox Marketing** are two pillar principles of Lean Model.

*The lean age of business:*

## TURKISH ENTREPRENEURS ARE READY

You might think that young Turkish entrepreneurs and their mentors are all sports enthusiast, but they mean something else when they talk about “getting lean” and “being agile”.

BY YUSUF OZAN

BY EMİR AKTUĞ

**W**hen you hear the word “startup” Turkey is becoming one the first places that comes to mind nowadays. Turkey has moved toward a startup ecosystem for years, new ideas around emerging technologies have been discussed in fruitful startup ecosystem. With the emerging entrepreneurial ecosystem a new language of

business has been established. But if you are attending a startup event in Turkey for the first time, you might get a bit confused.

Since Turkish culture has been characterized by an inherent entrepreneurial nature, it is not surprising that the venues are full of young people who are very



enthusiastic about making the most of their potential. That is the exciting bit; the confusing bit comes when you try to have conversation about their plans. You might think that all these young entrepreneurs and mentors are sports enthusiast, because all they talk is about “getting lean” and “being agile”. They may be very found about

being physically fit, but they are talking about a business plan or a startup when they say “You should get lean.”

Lean is a startup methodology that mitigates the risk of failure during the process of starting a company. Lean startup favors customer feedback and experimentation instead of traditional over-planning.

#### CONFLUX OF IDEAS

Startups and large companies have profoundly different management methods from one another. Large companies execute known and proven business models. However startups are not smaller versions of large companies, and they are more experimental. Startups, actually, do search for business model something in their first year or two. This is radically different from the large companies, and this distinction between execution and search reveals that for early-stage ventures new set of tools and methodologies are needed.

Over the past few years, especially since global financial crisis in 2008, out of these new set of tools a new buzzword for startups has emerged; and it has begun to replace the old paradigm in launching new companies. So-called “lean startup” methodology is not a discovery. It is rather a conflux and distillation of some celebrated ideas on manufacturing and software developing.

In James P. Womack’s seminal book *The Machine That Changed the World*, which made the term known worldwide; “lean” is referred to a production philosophy that considers expenditure of resources in any aspect other than direct creation of value for the end-customer to be wasteful. That was the

*Lean startup model is based on a simple algorithm; learn, build and measure. “Agility” actually represents the ability of a startup’s rapidness of change between these phases.*

widely celebrated Toyota way. Then; the “agile” approach to software development introduced. Agile development disrupted the engineering process through focusing on the customer collaboration and eliminated the wasted time and resources.

The new generation of entrepreneurs bends the conventional methods and makes use of the abundant tools that are constantly generated out of this conflux of ideas like agile development and lean manufacturing –thanks to serial-entrepreneur and academician Steve Blank and author Eric Ries, founders of Lean Startup Movement.

#### LEARN TO BE OPEN-MINDED

Conventionally an entrepreneur creates a business plan that defines a problem and describes the opportunity of solving the problem via a new venture. The plan consists of an estimation of the costs, and a forecast cash flow, income, and profit. The founder tries to figure out the unknowns of business and plans the contingencies in advance.

Then goes out, and explore financial support.

Once the entrepreneur raises the money, he or she starts to build the product. Only after the product is developed the entrepreneur can test his or her assumptions via customer feedbacks.

And more often than not, the customers either do not need or do not want the features of the product. So, the entrepreneur learns the hard way that startup curse called “the valley of death” is nigh. That was the conventional scenario, though.

Now, the new generation of entrepreneurs thinks outside the box and they use new methods.

Rather than focusing on labyrinthine business plan and analysis, lean startup requires entrepreneurs to welcome the fact that all they have at dawn of new venture is a list of hypotheses and premises that should be tested. The entrepreneurs use a business model canvas to comprehend the value that the company creates for itself and its customers.





As soon as the entrepreneur has a business model, he or she goes out of the building to ask and learn from the potential users and customers about value they need or want. This is how they start testing their hypotheses. The priority is to gain agility and pace while developing the minimum viable product. And they rapidly

obtain customer feedback. Then, using this feedback they modify their hypothesis to get rid of the unnecessary features of the product. They make small adaptations, so-called iterations, to make the

product more “lean”. And, if necessary, more substantial adjustments are made to make the product work for needs of the customers –these changes are called pivots. As Eric Ries puts it, “A pivot is a change in strategy without a

change in vision.”

This whole process requires open-minded entrepreneurs who are enthusiasts of learning and also smart enough to avoid unnecessary risks. An open mind is perhaps the most important asset anyone can bring to a startup. And this is a crucial trait to do the right iterations and pivoting.

#### EMBED LEAN IN YOUR ORGANIZATION

One can argue that lean methodology helps individual startups in reducing the cost of getting the first customer, and shorten the technology development process; alongside, it facilitates the creation of a more innovative ecosystem.

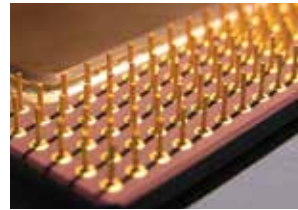
The lean startup methodology has not gone mainstream yet, though we have been witnessing the change it has triggered in Turkish ecosystem. There are plenty of successful Turkish startups that uses the lean startup methodology and jargon, especially on online

*Barack Obama’s re-election campaign team has applied the basic principles of the lean startup model: “detailed measurement”, “split-testing”, “micro targeting”, “streamlining” and “unorthodox marketing”.*

businesses. The largest and fastest-growing social gaming company in Middle East and North Africa, Peak Games, is one of the most prominent examples that has integrated the methodology. The lean approach can also be applied to e-commerce as well. Butigo has been an interesting case that applies the method on e-commerce. Another notable example is a social event recommendation site, dakick.com. And there are very interesting panels on lean methodology for entrepreneurs held by TEB Girişim Evi, a startup incubation program initiated by TEB. The Fit Start-Up Factory (Girişim Fabrikası) is another notable startup accelerator program initiated by Özyeğin University.

The lean methodology has the potential to trigger profound change for companies operating in various other sectors that has been taken into account by corporations which aim to increase efficiency and become more resilient to external shocks. It is widely accepted that innovation comes from learning and thinking differently. Large organizations worldwide are increasingly adopting a more agile approach to innovation and trying to embed lean methodology into their organizations because the methodology’s iterative process significantly shortens the product development phase.

Eventually, lean methodology lowers the failure rate of startups and in conflux of other trends in business world, a new innovative ecosystem will emerge. And to state the obvious, Turkish entrepreneurial ecosystem has long been preparing ready for this innovative era.



## INVESTMENT

# Corporate Turkey : A BUSINESS HUB

Turkey is sheltering 150 companies from the Fortune 500 list. Economic dynamism, qualified human resources and its profile as an international hub are amongst the attractions that Turkish business environment presents.

BY ELİF KARAHALİLOĞLU

**I**nvestment refers to the reserved part of the national income, used to establish new production units and to renew the old ones. Countries began to attract foreign investments after the financial crisis and stress taken place worldwide. However, all those entries were in the form of borrowing. Foreign currency entries, caused monetary expansion, increase in demand and inflation, depreciation of domestic currency and increase in export demand.

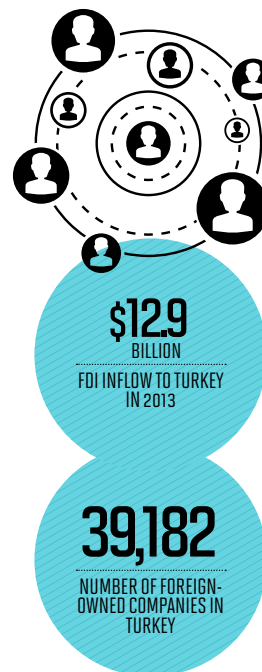
The main reason of Turkey's rise among FDI attracting developing countries is the keen appliance of the macroeconomic policies and reforms in fiscal policy. In retrospect, Turkey has succeeded to take advantage of foreign capital to increase the advanced technology-based capital stock, to create new business opportunities and effective utilization of the capital. The foreign direct investments not only require creating new business opportunities but also transfer of financial resources. It is also a package including transfer of assets, technical data and technology.

Higher total factor and especially labor productivity in both foreign-owned and domestic companies pave the way for these companies to manufacture with advanced and capital-intensive technologies. "Know-how", being a contract-based, directly integrated marketing system, contributes to the manufacturing environment on workforce and labor. The consulting company Towers Watson conducted a research on mergers and acquisitions

**Turkey's business environment** attracts and supports investors in many ways.

contracts from different countries of the world, which revealed very interesting results. According to this; Turkey is continuing to attract investments while the number of contracts in Europe has been increasing for 2 quarters in a row. Turkey's new and advanced infrastructure in transportation, telecommunication and energy industries provides logistic advantages in Europe. Providing Europe, Asia, Middle East and Northern Africa with easy transport facilities, Turkey, because of its central position, can reach to a number of markets that has a total GDP of 25 trillion USD. Being corridor between the West and the East, Turkey is a terminal of Europe. More than 70% of the world's proven energy resources are based in Turkey's region. Naturally, Europe, as the world's biggest energy consumer, makes Turkey the key point in energy transfer and an energy hub in the region. Tax advantages and incentive opportunities gives the investors great advantage for the large-scaled investments. The Customs Union with EU and big domestic market potential are presented to the investors in a broad band.

According to the research that Towers Watson executed with Cass Business School, the number of deals made in the 2nd quarter of 2014 in Europe has reached to the highest level of the last 2 years in the region with 34 completed contracts that has a total value of more than 100 million USD. The deals are under the tendency of being directed by the European-based foreign companies



and institutions making the majority of the purchase. Some specific trends come up for the foreign investors in Turkey sheltering 150 of the 500 companies from the Fortune list. There are globally-known companies among them such as Foxconn, Ford, General Electric, etc. For instance, the only reason for Foxconn to invest in Turkey is not only the lower cost of production but also the industrial experience of Turkey. Other prominent reasons are accumulation of knowledge and well-trained young workforce in Turkey. Turkey is one of the leading countries in automotive industry and its subindustries. Thanks to its know-how, effective industrial policies and stimulative economic climate, Turkey is also major a manufacturing country in white appliances and textile. Foxconn's investment in Turkey, was exceptional as it was the first large scale foreign investment in information technologies. Providing employment opportunities to 850 thousand people, Foxconn is one of the fastest growing companies in the world. The company has a broad band of production. The factory has an enclosed production area of 14 thousand m<sup>2</sup> which takes place in 23.5 thousand m<sup>2</sup> land. HP desktop computers for EMEA Region are manufactured in the facility that is of great importance for Turkey as well. Foxconn was in the 30th place with 132.1 billion USD income in 2012 Fortune Global's annually published world's biggest companies list.

Ford Automotive Industry is a publicly traded company shared equally by Ford Motor Company and Koç Holding. The strong synergy and foundation coming from the two rooted establishments, Koç Holding and Ford Motor Company, form the essence

of the Ford Otosan culture. Koç Holding's automotive adventure which started in 1928 with distribution gained industrial quality in 1959 with the establishment of Otosan. Obtaining the 10% of the total market in Turkey, Ford has become the most-selling car in light commercial vehicle segment.

General Electric is another company in business for the last 65 years. During this time, GE witnessed the expansion of the country and become Turkey's business partner by investing and cooperating the whole time. Conducting technologic studies throughout the world, General Electric (GE) is planning to make an additional investment to Turkey Technology Center. Promising 900 million USD investment in this field, the company aims to export to the world's biggest companies

*Turkey is in the position of providing significant opportunities for the foreign investors, thanks to its geographic position where Europe, the Middle East and Central Asia connects.*



**TUNA KARDEŞ**

General Manager, Foxconn Turkey

The most important reason of choice is the source of well-educated, qualified, young people with industrial knowledge and experience in Turkey. To draw more persistent technology and investor to Turkey, we need to make the circumstances of our country more desirable for those firms. First of all, especially lowering the procedural processes (for instance; the customs) and reducing the time spent would procure great advantages. In addition, providing advantages similar to free trade zones to the investors who plan to invest in inward processing will increase Turkey's attraction.



**BURAK AYDIN**

General Manager, Intel Turkey

Intel R&D Center's one of the important focal points is going to be "Internet of Things". The center, one of the important base of the "Internet of Things Laboratory" project conducted by the Intel Labs Europe, is expected to accelerate the production of technologies on this field in Turkey. In the meantime, Intel R&D Center, only Intel lab in the world concentrated on the educational technologies, is working on a project for learning environment of the future (Adaptive Learning Environment). Intel Turkey R&D Center, opened in May, 2014, is expected to reach to 40 million USD investment by carrying out successful projects with its partners in 5 years.

from The Coating Central Laboratory in Gebze. Turkey Technology Center (TTC), one of GE's 9 engineering centers in the world is growing with the investments in researches on aviation and focuses on innovation, is regarded as a significant development in electronics and aviation R&D. General Electric will take action in the Coating Central Laboratory with its previous investment which is an additional laboratory directed to aviation technologies in the Turkey Technology Center (TTM) in Gebze. General Electric supports Turkey's competitive power and the ambition to achieve its goals by cooperating with both public and private sectors on technologic solutions for transportation, aviation, energy generation and health sectors in Turkey.

Macroeconomic indicators such as rising GDP of Turkey, also attracts foreign investors. GDP reached to 820 billion USD in 2013 which was 231 billion USD in 2002 referring to an average annual increase of 5.1% for the last 10 years. FDI amount reached to 135 billion USD in the same period and with a population of 76.7 million, Turkey has the youngest workforce in European countries as half of this population is under the age of 30.4.

Turkey is offering a liberal and innovative investing environment with its qualified and competitive workforce. Turkey is the 2nd biggest reformist OECD country since 1997 in terms of limitation on direct foreign investments. There is a business-friendly environment allowing people to establish a company in approximately 6 days. Turkey, hosting over 39.182 foreign-owned companies in 2013, is presenting a strong industry and service culture.



Tuzla Shipyard is one of the largest shipyards in Turkey with its capacity of 1 million DWT/year.

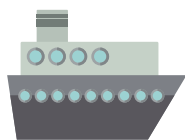
## MARITIME

# Discover the 'MARINE' POTENTIAL

Turkey is rising with firm steps to become a global brand country with the undergone change in the ship and yacht sector.

BY BERKAN KİŞİN

**A**s a country that is noticed in the marine field throughout history due to its geographic position, Turkey still continues to make strong impressions in the ship and yacht sectors with production and export. Today, Turkey is showing its quality by fabricating ships for countries that are globally approved in the marine sector. Turkey, improving massively in yacht and ship manufacturing which began in 1980's, has reached to a great production capacity. Ship and yacht sector has adopted customer-oriented production, rather than standard production. Turkish ship and yacht sector, which was able to read the change of demand course, is resuming to protect the Turkish brand



*Thanks to R&D, branding, designing and investments, Turkey has become the Flagship of the Marine Engineering in the region.*

in the global market with innovation and R&D activities by re-organizing itself.

It is the branding success of Turkey in the field of ship and yacht sector that the Turkish-made yachts gathered great attention and most of the exhibited super yachts and boats were sold to foreign buyers in a short span of time at the International Boat Show held at Pendik Marin Turk City Port in last September. It is regarded as a remarkable situation that the ship and yacht sector increased its target audience in Arabic countries on the sales they made this year.

Director of Marinturk Enterprises Mr. Akbulut Kahraman explains the ship and yacht sector's increase of

sales and the attention the Turkish brand gets: "Turkish yachting market grew about 4.5% in 2013. Considering the expansion rate was 1.8% 5 year ago, it is obvious that the number of personal boat owners will increase rapidly. This will result in the need for new marines for the sheltering purposes of the boats. Even though our export-centered manufacturing was not seriously affected by the global crisis in 2008, it has been in the recovery and progress period for the last 2 years.

As a result of the improving boat manufacturing in Turkey, there is a great increase in the number of large scaled boats in Turkish marinas. The marinas, originally planned for 10-11 meter length boats, are now under planning to serve to 40-50 meter length boats that we are now used to spot on our shores. We see foreign mega and super yachts prefer our country more and more in the last years as well as the domestic demand. The number of yacht coming especially from northern countries like Russia and Ukraine and



*from Arabic countries is increasing vastly. Attributing this growth simply to the geographic proximity and the natural beauty of our costs is inadequate, in my opinion, unmatched quality of the services we provide and well-planned substructure of our facilities are the primary reason.*

Turkish ship and yacht manufacturing industry can present the manufactured boats to the international market with competitive prices owing to the man power it has, high-quality manufactures, modern technology and superior entrepreneurship spirit. Turkey has been gathering praises by exporting the yachts and boats that are manufactured accordingly to the international standards and with "CE" mark in the last years to advanced countries and satisfying them. Shipyard in Gebze being the first, over 100 other shipyards is closing on their targets by continuing their work.

Turkey, due to the rapid improvement in shipyards and increasing foreign demand, showed great development in the last

**Halic Shipyard** is a monument of Turkish ship manufacturing. It has been established by Mehmed II in 1455 and still functioning today.

years on both production volume and product range. Education and inspections started by the Ministry of Transport, Maritime Affairs and Communications resulted in great achievements and enabled the Turkish flagged ships in the "black list" to enter to the "white list". Turkey's shipyard capacity has grown 5.5 times in 10 years. The ship and yacht sector reached to its peak with 2.6 Billion USD worth of export in 2008. Turkey has become a global brand on manufacturing mega

boats which is classified as 30 m or longer.

Turkey has become the 4th in the world ranking for manufactured mega boat length. Especially Istanbul-Tuzla, Antalya-Free Trade Zone and partially Bodrum is regarded as the production base for the mega yachts from different design, model or class. Manufacturing of yachts reaching up to 80-90m has started in Turkey. We see, due to the reduced taxes provided in the free trade zones, their organized and



**AKBULUT KAHRAMAN**

Director of Marinturk Enterprises

Yachting market in our country is predicted to have grown around 4.5% in the year 2013. Considering the growth rate was 1.8% 5 years ago, personal yacht ownership rate is predicted to grow increasingly. Apart from the domestic demand, it is tracked the super and mega yachts from abroad have been visiting our country more frequently in the last years. The number of yacht coming especially from northern countries like Russia and Ukraine and from Arabic countries is increasing vastly. Attributing this growth simply to the geographic proximity and the natural beauty of our costs is inadequate, in my opinion, unmatched quality of the services we provide and well-planned substructure of our facilities are the primary reason.



**BASARAN BAYRAK**

President of Istanbul Boat and Yacht Exporters Assembly

Turkish ship and yacht sector went under a great change, spread effort on producing more niche market products by switching to producing according to the demands of the customers and succeeded. Ship and yacht export showed a positive inclination. The great importance of the branding is understood very clearly. Many advanced countries raised their export unit price by seizing a brand value in both country and company scale. Concordantly, we should own up to the Turkey brand and invest in it at first, altogether. Turkey brand should have a "trademark" and this mark should create a perception of Turkey. We find the works done in this context successful.



completed substructures; the sector is improving faster in these areas. Today, almost 40 yacht and boat manufacturer in Antalya Free Trade Zone (ASBAS) turned it into an international manufacturing center. Regarding the substructure opportunities and economic benefits provided by free trading zones, it is important for the sector; the manufacturers in Kocaeli and Mersin Free Trade Zone should be supported and improved.

When we look at the export performance, Turkey had reached to the highest rates of manufacturing and export in its history just before the global crisis in 2008. The ship and yacht sector, being the most damaged sector by the global crisis in 2008, lost a lot of blood. Starting to recover rapidly right after the crisis, the sector resorted to increase production and selling by becoming customer oriented. According to the records of the Turkish Exporters Assembly (TIM), Turkey is continuing to rise by increasing its export 6.1% in the first half of the year. Turkey's ship and yacht sector is close to realize its 2

***As Turkey embraced quality-oriented approach towards the customer needs, the brand value of Turkish yacht sector has risen drastically.***

Billion USD target predicted for 2014 with 877 Million USD export done, according to the numbers reported in September. Norway has the highest share in Turkey's export in this period. The reason for us to export to Norway, one of the leaders of the world's marina

sector, that much is reviewed by the Board Chairman Osman Nurettin Paksu of Teksan, one of the forthcoming shipyard companies in Turkey. He said "The high-quality manufacturing of Turkish shipyards, acting with principles of delivery on time and price appeal has caused the Norwegian firms, who could not make turn-key ships outside Norway, to choose Turkey.

The yacht and boat industry is taking a great leap with its sub-industry, subcontractors, engineering and design offices, manufacturing and suppliers, decoration and upholsters, importers and exporters. With the improvement of the yacht and boat manufacturing industry; the sub-industry which provides supply, accessory, engine, furniture and interior decoration has also

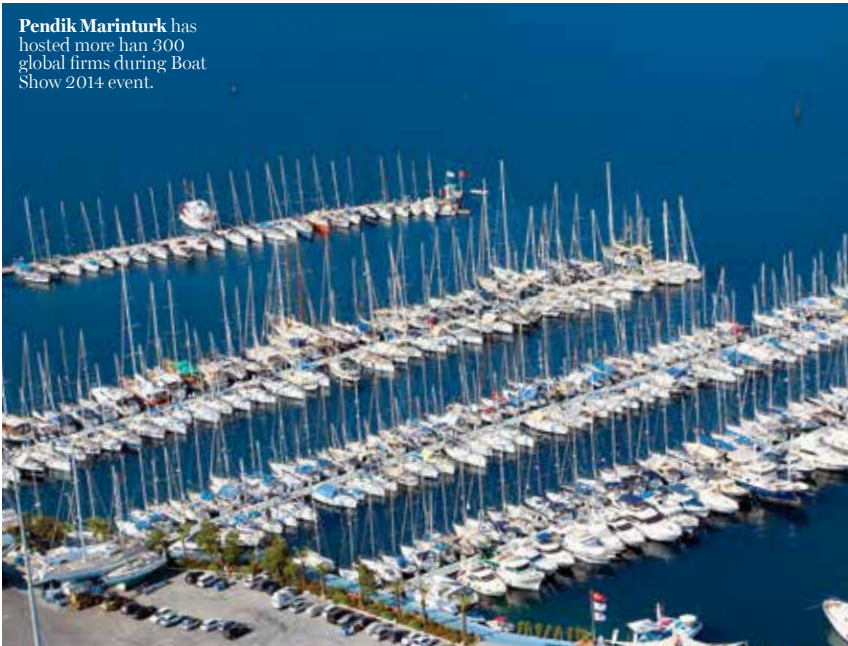
improved. The sub-industrial products used in this industry is adding a great value to Turkish economy.

The boat and yacht industry, now, is praised for its performance in the last years with the export executed even though Turkey was ineffective in the past years. The industry is both strengthening its current circumstances and carrying on the operations for the 10 Billion USD export targeted to be made in the year 2023. Surely, export is not the only topic between the industry's targets of 2023. Another target of the industry is to build one of the 10 biggest harbors in the world on Turkey's shores. A broader chain of targets for 2023 is effective. The ship and yacht industry has set the goal of 10 Billion USD worth of export as the target for 2023, as it's known. Turkey's ship and yacht industry, with 1.92% share in the world market in 2008, aims to increase it to 2.90% in 2023. The ship and yacht industry has the strength and potential to achieve its goals with broad range of targeting markets for 2023 such as EU countries, Russia, Greece, China and U.S.A.

**4<sup>th</sup>**  
TURKEY'S RANKING IN  
GLOBAL MEGA YACHT  
MANUFACTURING

**\$10**  
BILLION  
TURKEY'S 2023 SHIP AND  
YACHT EXPORT TARGET

**Pendik Marinturk** has hosted more than 300 global firms during Boat Show 2014 event.





**H.E. Erdoğan** encouraged investors to invest more in Turkey and to consider partnerships with Turkish companies for investment in other countries.

## INVESTMENT

*ISPAT at the forefront of drawing*

# INVESTMENT INTO TURKEY

ISPAT continues to organize and participate in high profile events to promote Turkey's investment environment for targeted groups of investors and business people.

## **CEO ROUNDTABLE FOR TURKISH PRESIDENT** **NEW YORK, SEPTEMBER 26TH, 2014**

**On September 26th, 2014, the Investment Support and Promotion Agency of Turkey (ISPAT) held a breakfast roundtable in cooperation with the US Chamber**

**of Commerce attended by H.E. Recep Tayyip Erdoğan, President of the Republic of Turkey, and high-ranking Turkish government officials.**

Top executives of some of the largest US companies were also in attendance to meet and discuss business opportunities with the Turkish Delegation led by H.E. President Erdoğan.

**Turkish Minister of Economy H.E. Nihat**

**Zeybekci, MPs Mr. Binali Yıldırım and Mr. Egemen Bağış, and Turkish Ambassador Mr. Serdar Kılıç also participated in the event.**

After introductions by Mr. Greg Lebedev, Chairman of the Center for International Private Enterprise of the U.S. Chamber of Commerce, Mr. Rifat Hisarcıklıoğlu, President of the Union of Chambers and Commodity Exchanges of Turkey, and

Mr. Muhtar Kent, Chairman and CEO of the Coca-Cola Company, ISPAT President Mr. İlker Aycı delivered a speech concerning ISPAT's close relations with US companies and cooperation with organizations such as the US Chamber of Commerce in attracting investments and improving the investment environment of Turkey.

**At the breakfast roundtable, attended**



by representatives of 18 US companies with a yearly total turnover of 600 billion, H.E. President Erdoğan spoke about Turkish political stability, economic performance, investment environment and goals for 2023, the centennial of the founding of the Republic of Turkey. He pointed out that although political and military relations between the USA and Turkey have never been better, there was still room for the development of economic relations between the two countries.

H.E. Erdoğan encouraged investors to invest more in Turkey and to consider partnerships with Turkish companies for investment in other countries. He also touched upon the importance of Turkey's inclusion to the Transatlantic Trade and Investment Partnership Agreement, which is presently being negotiated between the USA and the EU and closely followed by Turkey. He underlined



that Turkey has extended its strategic and economic relations with both the USA and the EU, and should take its place in the transatlantic commercial network that is now being redefined.

H.E. Erdoğan stressed that although the USA is Turkey's third largest investor, the amount of its worldwide investments is such that Turkey should have a larger share. Investments of US companies in Turkey 2002-2013 total 8.8 billion USD. H.E. Erdoğan also said that as President he will continue his policies as Prime Minister

**ISPAT President Mr. Ilker Ayçi** delivered a speech concerning ISPAT's close relations with US companies and cooperation with organizations in attracting investments and improving the investment environment of Turkey.

*As of the end of June 2014, the number of companies with foreign capital in Turkey exceeded 39.000, of which 1.457 are from the USA.*

**H.E. Erdoğan** stressed that although the USA is Turkey's third largest investor, the amount of its worldwide investments is such that Turkey should have a larger share.

**of supporting investment in Turkey, and said that ISPAT is the best point for all current and potential investors in resolving their questions and issues.**

The representatives of the US Chamber of Commerce at the roundtable expressed their support for Turkey's participation in the Transatlantic Trade and Investment Partnership Agreement or the signing of a separate free trade agreement between Turkey and the USA.

ISPAT is active on all fronts in accord with its investment attraction strategy and attaches much importance to increasing investment from the USA.

**Turkey attracted approximately 12.9 billion USD of FDI in 2013 and 8.6 billion USD. During the first 8 months of 2014, representing an increase of 10% compared to the same period of the previous year. As of the end of June 2014, the number of companies with foreign capital in Turkey exceeded 39.000, of which 1.457 are from the USA. ISPAT has previously supported investment by US companies such as 3M, Dow Chemicals, DuPont and Cummins.**

## **BLOOMBERG MOST INFLUENTIAL SUMMIT**

**NEW YORK, SEPTEMBER 22, 2014**

The Investment Support and Promotion Agency of

Turkey (ISPAT) sponsored and organized a luncheon at the Bloomberg Most Influential Summit. **ISPAT President Mr. Ilker Aycı, Yapı Kredi Bank Chief Economist Mr. Cevdet Akçay, Borsa Istanbul Chairman Mr. Ibrahim Turhan and Citibank Managing Director Mr. Simon Hewett took center stage at the private luncheon where speakers discussed the topic “Istanbul Finance Center: Transparency, Trade, Technology and Tax.”**

Speakers underlined the strength of the Turkish financial system and the reasons why Istanbul is an ideal regional and global financial center. The hand-picked luncheon guests were chosen from among leaders of the finance industry attending the summit. After the panel discussion there was a fruitful Q&A session in which panelists



ISPAT sponsored & organized a luncheon at the Bloomberg Most Influential Summit where speakers discussed the topic “Istanbul Finance Center: Transparency, Trade, Technology and Tax.”

ISPAT earned the 2014 European & Central Asia Visionary Leadership Economic Development Innovation Award.

answered questions about the role of Turkey in the region, strengthening of Turkey's democracy and the growing strength of rule of law.

Mr. Aycı spoke about reforms and their positive impact on the investment environment of Turkey. **Mr. Aycı said that “Turkey is moving towards a more transparent and predictable system. Reforms adopted between 2002 and 2006 have had positive effects on the Turkish economy and the investment environment in particular. Turkey has moved to the number one spot for FDI in the countries of West Asia and the Middle East.”**

## **FROST & SULLIVAN RECOGNIZES AWARD RECIPIENTS AT 2014 GROWTH, INNOVATION & LEADERSHIP AWARDS GALA SEPTEMBER 17, 2014**

Frost & Sullivan, the Growth Partnership Company that has been developing growth strategies for the global 1000, emerging businesses, the public sector and investment community

honored recipients of its 2014 Growth, Innovation & Leadership Awards at a dinner gala held Tuesday, September 16 in San Jose, California, at The Fairmont San Jose.

**The Investment Support and Promotion Agency of Turkey (ISPAT) was one of the award-winning institutions, earning the 2014 European and Central Asia Visionary Leadership Economic Development Innovation Award.**

The Awards Gala was preceded by a 60-minute CEO Leadership Roundtable at which chief executives from selected companies discussed the most pressing issues facing their businesses and industries today.

**The Growth, Innovation & Leadership Awards are presented each year to companies that are predicted to encourage significant growth in their industries, have identified emerging trends before they became the standard in the marketplace, and created advanced technologies that will catalyze and transform industries in the near future.**

Frost & Sullivan's Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis and extensive secondary research in order to identify best practices.





**In Japan,** ISPAT hosted a seminar in Tokyo on the 24th of September with BTMU, and JCCME.

## *Turkey: A Safe Investment Destination For* **FAR EASTERN CORPORATIONS**

In accord with its global investment promotion strategy, ISPAT held several meetings and seminars in China, Japan and South Korea on 22-30 September, 2014.

**T**he Republic of Turkey Investment Support and Promotion Agency (ISPAT) geared up its efforts to promote Turkey's business climate and investment opportunities far and wide. The month of September proved to be particularly busy as ISPAT teams had a Far East visit to hold meetings in Japan, South Korea and China while, on the same days, a roundtable meeting in the United States, co-organized by ISPAT and the US Chamber of Commerce, was attended by the President of Turkey H.E. Recep Tayyip Erdoğan and the top

executives of leading U.S. companies.

**Turkey's intensified efforts to take bilateral economic relations with Far East countries further, including foreign direct investments (FDI), started to bear fruit as observed in the country's exemplary relationship with Japan, the world's largest creditor nation and second largest developed economy. Raised to a strategic level, Turkey and Japan are cooperating on both governmental and private sector levels on a variety of sectors including energy,**

*ISPAT geared up its efforts to promote Turkey's business climate and investment opportunities far and wide.*

**infrastructure and finance.**

**Aiming to better present Turkey's business opportunities to the Far Eastern business circles, ISPAT held investment seminars, meetings and roadshows in China, Japan and South Korea, linchpin countries for global economic growth and stability.** Addressing companies in different sectors such as IT, construction, energy and machinery as well as public institutions, fund management and consultancy companies, ISPAT strictly adheres to its strategy of diversifying Turkey's FDI

sources. In this sense, the Agency's Far East tour is an excellent example as to exploring new horizons for Turkey's economy, raising the FDI stock originating from Far Eastern nations, increasing value addition through technology and know-how transfer.

**ISPAT delegation led by the Agency's Vice President Arda Ermut began the trip in Beijing with a visit to the Ambassador of the Republic of Turkey to the People's Republic of China, Mr. Ali Murat Ersoy, and held one-on-one meetings with engineering and contractor companies** such as Sinomach, the China Communication and Construction Company, and the China State Construction Engineering Company, discussing investment opportunities in Turkey while answering their questions especially about Turkey's 2023 vision about landmark projects like the Istanbul Finance Center, the third airport of Istanbul, Canal Istanbul and the new hospital campuses planned by the Ministry of Health. **After meetings in Beijing, the ISPAT team went on to Shanghai and met with leading private and state-owned companies** such as Fosun, ZPMC and Shanghai Electric, companies which are not only prominent in China but also in the world. The meetings provided a medium for ISPAT and Chinese companies to discuss Turkey's potential as a unique hub for reaching surrounding markets of Europe, CIS countries, the Middle East and North Africa.

**In Japan, ISPAT hosted a seminar in Tokyo on the 24th of September with**



ISPAT  
Vice  
President  
Arda  
ERMUT.

**Bank of Tokyo Mitsubishi UFJ (BTMU), which started banking operations in Turkey with a USD 300 million investment, and the Japan Center for Cooperation with the Middle East (JCCME).**

ISPAT Vice President Ermut's presentation titled "The Investment Climate and Political Situation in Turkey" came after the keynote address of Mr. Ahmet Bülent Meriç, the Ambassador of the Republic of Turkey to Japan, whose speech in Japanese thoroughly impressed over 300 Japanese company executives attending the seminar. ISPAT Vice President also visited the Embassy during his brief stop in Tokyo and gave an interview to Japanese business newspaper Nikkei.

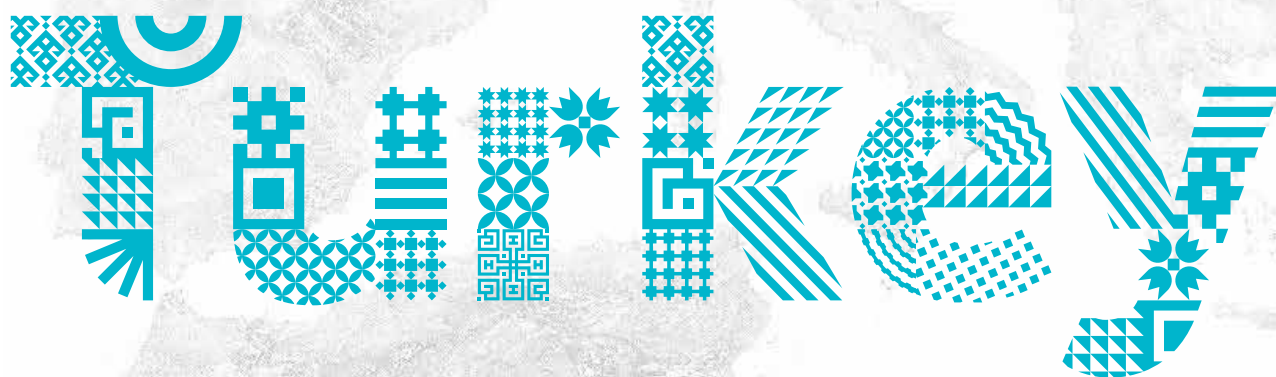
**On the last stage of the tour, the ISPAT delegation attended the Korea International Construction Equipment Fair (CONEX), held in the South Korean capital, Seoul.** The fair was organized by the Korea Construction Equipment Manufacturers Association (KOCEMA) brought together 250 local and international companies

and related associations, attracting more than 37.000 visitors from all over the world. ISPAT delegation held a number of meetings at the fair with companies including Hyundai Heavy Industries, Doosan Infracore, Daemo Engineering and Hung-A. The delegation also visited Mr. Arslan Hakan Okçal, the Ambassador of the Republic of Turkey to the Republic of Korea, and the headquarters of South Korean companies seeking investment opportunities in Turkey.

**Aside from the investment opportunities in Turkey; regional developments and political stability in Turkey were two of the key topics on which the ISPAT delegation was frequently queried. Based on the feed-back he got during the tour, ISPAT VP Arda Ermut is confident that Turkey's safe haven status for international investments is strong as ever. The reassurance of the confidence in political leadership, as seen in H.E. Recep Tayyip Erdoğan's election to the post of Presidency by popular vote, and the country's centuries-old experience and skill in dealing with situations in this interesting and vibrant part of the world, undoubtedly adds to Turkey's allure as a consistently growing and politically-stable regional powerhouse.**

"The Investment Support and Promotion Agency of Turkey", ISPAT Vice President concludes, "will continue to do its best to make it sure that the increased confidence in Turkey's investment environment will result in stronger FDI inflow into Turkey from the Far East".

*ISPAT Vice President is sure that the increased confidence in Turkey's investment environment will result in stronger FDI inflow into Turkey from the Far East.*



Discover  
the potential

BY TURGUT ETİNGÜ/ M. BAHADIRHAN DİNÇASLAN



Turkey has been conveyed to a new milestone on the road to 2023, by a journey which started in 2012. An initiative started by Turkish Exporters'

Assembly then later turned into a visionary collaboration with participation of Presidency, Prime Ministry, Ministry of Economy, Ministry of Culture, eminent actors of private sector and numerous governmental and non-governmental organizations, has made a common call to world: Discover The Potential of Turkey.

In a search of designing a new communication medium which will explain the essence of Turkey and instead of manifesting the cut-and-dried slogans, Turkish Exporters' Assembly was striving to determine the exact notion. The conversation between President of TEA, Mehmet Büyükekşi and Jacob Benbunan, co-founder and CEO, Saffron Brand Consultants has laid the foundations of a project which eventually shaped up as the consonance. The gist of conversation was Turkey's need of a new brand enthusiasm and the consensus they reached was the accuracy of the time to take an action.

Following the preliminary work of Saffron, TEA has organized the first "Turkey Brand Workshop on the Road to

2023" event to enlarge the participation and to update the agenda. Mehmet Büyükekşi was emphasizing on the new economic paradigm of Turkey which its development has shifted in the keynote speech: "Turkey is experiencing a breakthrough with the phase it reached in production quality, design, innovation and branding. Now it is the time to utilize this leap for turning Turkey into a leader country of globally prestigious brands."

Like every good idea that comes in the right time, it spread swiftly among opinion leaders. An intensive collaboration has been flourished with each new event, and soon after flowered into the notion that is long-awaited. It was a fractal project as the outcome was actually turned out to be the essentials of progress; a unity of "harmony", "growth", "East and West", "synergy", "meeting", "world", "innovation" and "togetherness".

Finally the new logo and motto of Turkey has started to serve its purpose of elucidating its components with the debut on September 28th. It was not a mere introduction of a symbol but an invitation for a new experience to each and every person, company and institution in world.

What were the logo and symbol expounding? The answer of this question lies within the debut...

# Launching the Brand

The debut was actually explaining the story of the new brand, as it was hosting the architects of the project. The very environment of the launch was the environment which has developed the brand.



The enthusiasm has started to build up early in the morning at Çırağan Palace Kempinski on September 28th. Just by the inspiring beauty of the Bosphorus, the place which is regarded by the world as the intersection of **Eastern and Western** civilizations, the new face of Turkey en route to 2023 was going to be revealed. As “masters of change” started to attend to the event area one by one, a certain scent of enthusiasm became denser and denser.

The event hall was representing the gravitational center of the Turkish economy and politics with the exclusive guest list which includes President Recep Tayyip Erdoğan, Minister of Economy Nihat Zeybekci, Minister of Culture and Tourism Ömer Çelik and many other prominent figures of Turkey’s economic **growth** from both private and public sector. It was not an ordinary gathering of top management that occurs occasionally but rather “the” **meeting** that was long-awaited and happening in the right time. Moreover, it was the **togetherness** which was introducing the new symbol of Turkey to the **world**.

President of TIM, Mehmet Büyükekşi, delivered the opening speech. After saluting each and every person who shares the mission of telling Turkey’s story to the world, he addressed the **harmony** between political consistency and economic growth which was the backbone of Turkey’s transformation.

Büyükekşi underscored Turkey’s 2023 goals in the presence of the leaders of the economy and politics whom will achieve them together; to become one of the top ten economies in the world, increase export to 500 billion USD, reach to 25 thousand USD per capita income. He referred to the new profile of Turkey as “not the hand that takes but the hand that gives” and called the world to “Discover the Potential”.

In order to tell Turkey’s story to the world effectively, the **innovation** of communication materials was required. A new medium should take part in journey towards 2023. Emphasizing on Turkey’s urgent need of a new publicity initiative, Büyükekşi stated that “We had to either find a path or open a new one”. He defined the forming of the brand as the first phase of a challenge which will be met, thanks to the **synergy** of

all the contributors and participants of project. The second phase will be reaching out the Turkish community and friends of Turkey in abroad and third phase will be including every partner and collaborator of Turkey in the world.

Thus, the first official words that describe the new brand of Turkey have been said by the President of TIM who



was a protagonist of the story from the very first moment.

Ömer Çelik, Minister of Culture and Tourism, addressed the attendees following Mehmet Büyükekşi. He began his speech with a doctrine of İbn Khaldun; “geography is destiny”. This destiny leads some countries to withdraw themselves from the world, on the contrary the ones which have good governance and visionary governments use its influence to advance and develop. Turkey, as a country embraced its destiny and invigorated by it, has managed to become a brand in many aspects; a brand of foreign policy, a brand of democracy, a brand of tourism, a brand of economy.

The next eminent speaker was Minister of Economy, Nihat Zeybekci. He stated that Turkey meets all requirements to be the pioneer country. From this point of view, new Turkey logo and the change it symbolizes is not a matter concerning Turkey, but concerns all regions that have cultural ties with Turkey. Kinship, lingual, cultural and religious ties Turkey has forms up a net from Central Asia to North Africa, of which Turkey constitutes the center. This is one of the main and most eminent dimensions that generates the potential of Turkey.

The first president elected by popular vote in Turkey’s history, Recep Tayyip

Presentation of logo’s components to the President of Turkish Republic.





**Turkey is writing the first page of a new story. A story which will guide and invite the world to "Discover the Potential" of Turkey.**

The hall was representing the synergy of Turkish economy and politics.

Erdoğan congratulated everyone who labored over project. He has appreciated the brand and gave his vote of confidence as he stated that he is assured of both Turkey's and brands' potential: "Turkey's economy and foreign politics are at the peaks of their strengths and both are advancing with pace. Turkey is a potent country and aware of this fact. Now, the ones who had not yet discovered this potential, will discover it."

There was a similar story in recent history, as Recep Tayyip Erdoğan also mentioned. The change of Turkey's currency was a result of an economic transformation and a new step towards raising an awareness; Turkish economy is on its way to take its rightful place among the largest economies in the world. It was highly regarded by the world and Turkish currency has improved its reputation and no problem of change has been experienced, thanks to the adaptability of Turkish people. The six zeros in currency were dropped with the inferior economic policies of the past.

Turkey is proud of its global brands, though in need of more of them. Recep Tayyip Erdoğan addressed to the brands which were able to rise despite the adverse economic environment of old times as "I congratulate and appreciate our global brands. But with its new potential which

can set new horizons, Turkey needs numerous new ones and I believe sincerely that we will achieve this goal, together." He concluded his speech with stating his trust in Turkish products which will carry the brand to all over the world.

The debut was actually an expression of the symbols which take place in the new Turkey brand as it was representing the self-confidence and determination of Turkey to become a brand. As Mehmet Büyükekşi underlined "Turkey is the brand itself."

The brands' foundations lay in the last decade, an era of transformation for Turkey. As Turkey grew, it increased its production quality, global competitive power and reputation. In terms of the reading the birth of the brand, the first thing that should be analyzed is economic conjuncture which has put forth the need of a new brand.

The new Turkey logo and brand represents a transition from passive economy model to an active one, as Nihat Zeybekci, Minister of Economy states. Previously, although Turkey's economy was developing and its wealth was increasing, somehow, and Turkey was not one of the trendsetters of global market.

The world economics were dominated by "early winners", countries which seized the industrial revolution at the very beginning, established their industry and

predecessors of their market chains. These countries had been steering the global economy for a long while, shaping the market and setting the trends.

This fact was a bi-dimensional one, since marketing was not merely an economical phenomenon, as it involves culture and politics. Thanks to their early accession to the top of the new market system, these western countries influenced rest of the world culturally and politically, as well as benefiting economically. As the free market system evolved more and more sophisticated, the notion of marketing started to involve more in cultural themes. This phenomenon heavily affected other countries, as they imported products from these highly industrialized countries, and were exposed to their marketing campaigns, their culture, consumer behavior and habits were changed artificially under pressure of western dominance.

This status quo were surely going to be changed sooner or later. Turkey, under guidance of the new approach, emerged as a pioneer to trigger a chain of events which will result in creating a new eco-cultural basin. This new eco-cultural environment would be based upon its own essentials, reinforced by its own resources and shaped by its own dynamics. In order to achieve this, the country that emerges to be the one to accomplish this must be suitable in aspects in various subjects.

When this potential is "activated", thus, Turkey will benefit while redounding on other countries in its eco-cultural environment. This will enhance Turkish economy in a conventional sense, for instance, it will increase profit per kilogram rate as brand management and R&D usually do; yet the most thrilling aspect is that it will create another economical center of gravity around Turkey, which will bestow eco-cultural independence and global representation to all countries share some level of kinship, lingual, religious or cultural background with Turkey.

And the first step which has taken to raise a brand-awareness was a mere "Made in Turkey" image which was formed more than two decades ago...

# Symbol of a Different Approach

The new Turkey logo symbolizes a change in marketing policy. It is explaining Turkey instead of introducing it, creating its own profile instead of shaping it based on references.



he "Made in Turkey", is not merely a group of words used to mark the products manufactured in Turkey, instead, it symbolizes, represents an era. As the young republic managed to create a manufacturing industry almost from scratch, necessities arose such as specialization, creating trademarks and distinguishing the national products from the rest, in the global market. For decades, this need was fulfilled by Made in Turkey logo.

As the Turkey's export volume and circulation of Turkish goods in the global market increased, Made in Turkey logo has earned itself a reputation and shaped its identity. This was the first breakthrough of Turkey's progress towards becoming a trademark country. As the years followed each other, step by step, Turkish products and their reflection from the consumers, has created an awareness and has woven an identity around Made in Turkey logo.

And what is this identity? What does the Made in Turkey logo infuses the subconscious of the people all around the world with, what does it connote? As Cahit Işık, former Chairman and Board Member of Association of Advertisement Procreators and Turgay Adıyaman, Saffron Brand Consultants Managing Director of Turkey both stated, Made in Turkey logo had a better reputation than Made in China logo

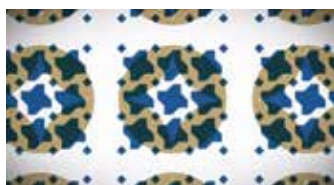
and connoted more acceptable price than Made in Germany.

Made in China, due to the China's industrial policy, was associated with low quality and cheap price, Cahit Işık states. Moreover, when China wanted to improve its global reputation, it was forced to create a new trademark as "Made in PRC", replacing China with initials of People's Republic of China, in order to avoid detrimental effects of previous trademark.

Işık says: "Made in Turkey era was obsolete. It was the right time to switch to something more professional and effective, something developed with keen insight and long-term projection. Made in Turkey logo has contributed fairly well to the national communication of Turkey, yet it's the very reason it had to change: The potential created by Made in Turkey

## The Tale Behind the New Logo

The young logo of Turkey expresses an ancient journey through Anatolia's rich history. It is the newly blossomed flower on branches of a tree whose roots are as ancient as the civilization.





Turkey's branding journey started a long time ago. But instead of using different logos for different fields, Turkey now adopts one symbol to bind them all.



**Made in Turkey was considered more quality than Made in China, more affordable than Made in Germany**

exceeded itself. Something new, something more suitable with this new level Turkey has reached was necessary.

Discover the Potential move seems to be capable of fulfilling this need. Thus, from the marketing & advertising point of view, the most crucial thing is to embrace this new logo and approach, and turn it into the "Turkish Business Flag". A successful communication management requires repetition and permanency, thus all elements of Turkey, the media, businessmen, governmental and non-governmental institutions; all should undertake its part and 8 patterns of the logo should be used in accordance with Integrated Marketing Communications Management."

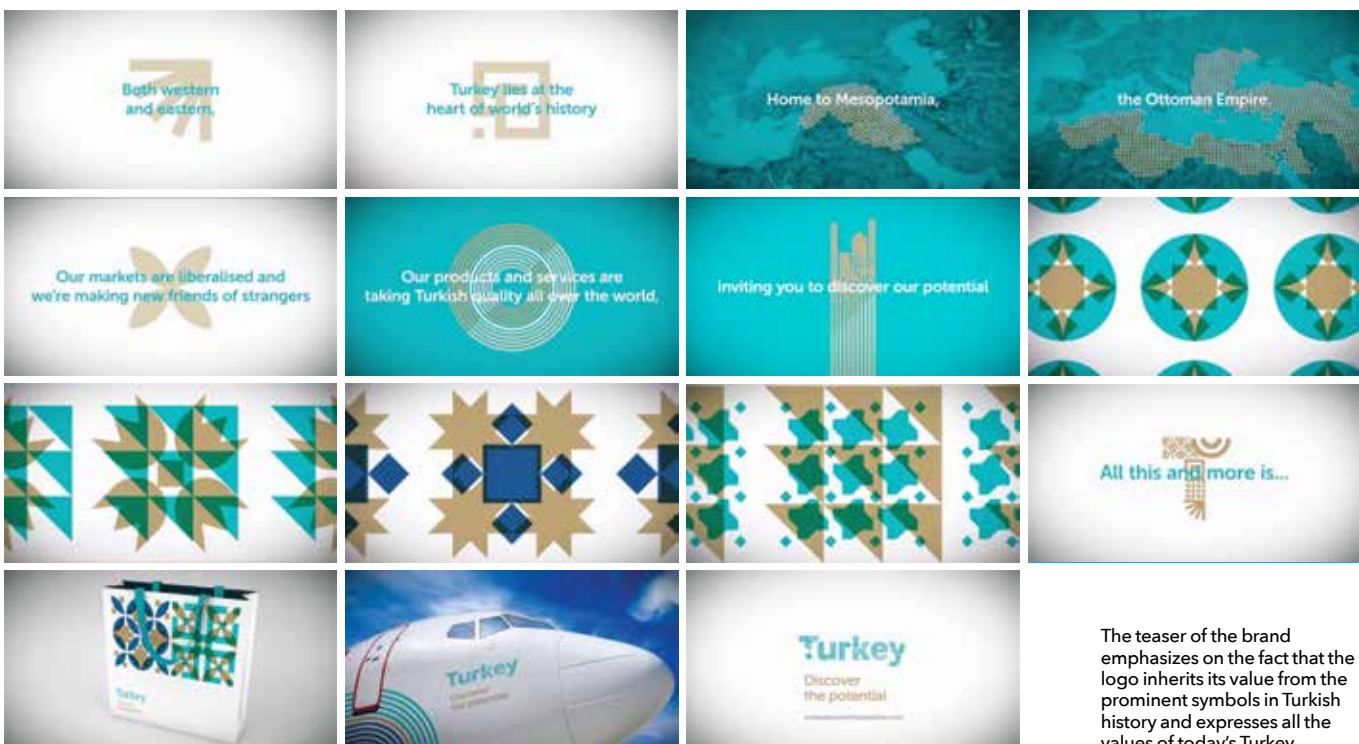
As "Made in..." logos became obligatory in EU, Turkish products, which was

considered to have higher quality than goods produced in Far East, gained an advantageous ground. Good produced in EU cost more, and as companies sought possibilities in Far East, the negative perception was a detrimental side effect for brands. Turkish goods, thus, gradually became more and more prestigious and prominent.

In the meanwhile, Made in Turkey also represented Turkey and developed a character in regions other than Europe. From Asia to Africa, Made in Turkey gained importance in developing countries, as it was associated with "affordable quality."

In conclusion, it can be said that Made in Turkey represented a transforming progress, and Made in Turkey era was a term during which Turkey gradually

created its "potential". Turkey made its debut as a manufacturer, gained a foothold, eventually increased its coverage, and thus created an awareness which led to the recent prestigious status. The whole process can be understood as "forging the potential." Yet, marketing and brand-creation require different techniques and approaches to be embraced, as a plant needs different methods of care during germinating and grown-up stages of its life circle. As it seems that Turkey's tale is still to be continued, a shift of rhetoric is taking place after the introduction chapter: Discover the Potential. Now, Turkey is introducing its potential to world with a new approach and activating the potential to create its own "Country Brand".



The teaser of the brand emphasizes on the fact that the logo inherits its value from the prominent symbols in Turkish history and expresses all the values of today's Turkey.

# A Brand-new Era

The New Turkey logo is the outcome of a well-planned and guided paradigm shift in the field of marketing and brand management that will have a positive impact upon all components of Turkish economy.



he “Made in Turkey” represents an era and apprehension, the new Turkey logo symbolizes a change and paradigm shift. The background of this new paradigm and approach is huge and is a blend of a variety of concerns, prospects, ideas and solutions.

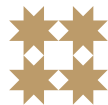
At the beginning, there was an ambiguous notion in the collective subconscious of Turkish business world and related institutions. Everybody knew they were close to a turning point, a “milestone”, were aware of a necessity yet it was undefined and unspoken. The “move” had to be a collective one, as the members of the business world are connected to each other with strong ties and individual attempts would not be effective enough to trigger the long-awaited paradigm shift.

An opportunity arose when Mehmet Büyükekşi, President of Turkish Exporters’ Assembly and Turgay Adıyaman, Saffron Brand Consultants Managing Director of Turkey, started talks about a possible project for TEA. TEA was in pursuit for a thrilling story which would boost the Turkish export volume and inspire Turkish exporters. As the brainstorm proceeded, under guidance of Mehmet Büyükekşi, the proposal evolved into a wide-scale project, a nationwide story. As the spectrum of participants spread, the idea gradually developed into the current approach. A drastic change was on the way.

This time, as “Made in Turkey” had created the potential, it was time to “package” this potential and introduce it, and create an awareness which would eventually activate the potential and harvest the fruits of efforts of long decades. There were two main dimensions of this new approach: First, there is an invitation for the foreigners, as Prof. Dr. Rengin Küçükeroğlu, semiotics expert states. She explains the main message of the logo as follows: “The new Turkey is strong, energetic and shelters latent powers. Undoubtedly, its new



*“Eli Belinde” is an ancient traditional rug pattern used widely in Anatolia. It symbolized “value”, and can be seen on anything that is considered precious, from rugs to coins.*



*Throughout the history, many emblems and figures were used, the Seljuk star is one of them. Having Islamic origins, Seljuk star represented “rebirth” and its use continued during Ottoman and early republican era.*



logo emphasizes modernity, synthesis of west and east and being traditional yet open minded.” The second dimension involves the logo’s internal function: it unites all aspects and elements of Turkey in a well-crafted symbol, thus gives a message to the Turkish businessmen: “Embrace the logo, embrace the new paradigm and seize the new acceleration in order to benefit from this new brand management era.” as Cahit Işık, former Chairman and Board Member of Association of Advertisement Procreators states. He believes that the success will come as the business world, government, media; all elements that form “Turkey”, embrace the logo and fulfills the requirements that come along with this new movement.

Comprised of patterns each bearing a different meaning and aiming at a different target, and seizing a harmony of these patterns and their meanings contributing to a single message as a whole, the logo functions fairly enough. Two parts; the patterned “Turkey” text



**"U.K. invests 365 million GBP to rise in the rankings of top 10 economies of the world list, just in order to become 5th greatest economy from 4th."**

depending on his own experiences. So far, its message has only informed, not infused or inspired.

Emphasizing the potential in the new logo, thus, is a befitting move. It presents the potential that has been developed during the Made in Turkey era, and gives a more active, specialized and attractive message. The Turkey is already a brand, and the logo aims at transmitting the real value of this brand. With this phase, Turkey is no longer introducing itself but now explaining itself. "

Saffron Brand Consultants undertook the design of the new Turkey logo. During our interview, Managing Director of Turkey, Turgay Adıyaman

shared insights and the main ideas which led to the creation of the concept and the logo. "We had to tell our tale with our own voice" he stated, "because there misperception about Turkey. People's perceptions about us were based upon experiences from 30-35 years ago, usually from indirect sources. We also realized that, most of the tourists, according to the surveys of Ministry of Culture and Tourism, usually expressed they were "surprised" while they were leaving Turkey, which was a serious fact that inspired us. They had a perception, but their perception was not based upon the reality, it was outdated or under wrong light. So we decided to design a logo that tells all in one, and a logo that invites."

The new logo undoubtedly symbolizes a drastic change, yet one should examine and understand the course of Turkey and its pioneers in both governmental and business sides. Ministry of Economy, Turkish Airlines, Borsa Istanbul and Turquality Project are protagonists of this story.



"The Brand Workshop on the Road to 2023 Goals" was the meeting in which the first steps have been taken. The brand has been developed and presented with togetherness.



Turgay Adıyaman, Managing Director of Turkey Saffron Brand Consultants was one of the prominent collaborators in the process.

and "Discover the Potential" slogan, as Turgay Adıyaman states, are distinctive semiotic bearers of the two messages mentioned above. The indigenous "Turkey" part describes and defines Turkey, and the Discover the Potential part, with its semantic meaning and its design, invites the "modern world".

Rengin Küçükdoğan's analysis of the logo is as following: "Made in Turkey was plainly transmitting a message, the origin of the product. Its message is clear and simple, and does not directly and actively contribute to the interpretation, instead, it just labels where the product is manufactured and the consumer&target develops an idea about the affiliated product or country



# Reading the Brand

The logo and the motto have been designed delicately in order to explain the spirit of Turkey. The image should be simple though powerful as it should represent a depth in an easy way.



Turkey logo combines diverse patterns and motifs. Some old, some modern; each representing an era, a component of cultural heritage and spirit of Turkey that forms up the potential. Among all these, a certain pattern is prepotent, which constitutes the leitmotif.

Kufi calligraphy was derived from old Nabataean script, which is a close relative of modern day Arabic alphabet and took its name after Kufa, a city in Iraq, which was one of the cultural and scientific centers of early Islamic period.

Kufi calligraphy was widely used, beginning with early inscriptions of Quran, various examples of Kufic manuscripts remained to modern day. For a long period, kufi was the dominant script form especially for holy texts. Until about the 11th century

it was the main script used to copy Qur'ans.

Thanks to its unique and aesthetical sight, Kufic script survived in decorations after falling out of favor for manuscripts. It even influenced western artists, and many imitations and derivations inspired by Kufic script were composed. Even a phenomenon called "Pseudo-Kufic" emerged, meaningless imitations of kufic letters were used and functioned as decorations. Perhaps the most astonishing example of this



## Synergy

*A human is more than a bunch of carbon atoms. A tree is not only leaves, branches and roots. An idea is not just a few words together and Turkey is not just earth, water and air. It's the spirit that lights the fire, binds the elements together, gives "meaning" to matter. Turkey, thanks to this spirit, is more than a country and its synergy does not only bestows success and determination upon itself. Instead all who shares the same spirit benefits from this inexhaustible dynamism. In Turkey,  $2+2=5$ .*



## Both Eastern And Western

*Located between Europe and Asia, Turkey is literally the bridge between two cultural spheres. Having cultural motives and themes familiar with both regions, Turkey is the bilingual child of its vast and diverse history. Giving birth to the pioneers of civilization, Anatolia has also embraced populations and cultural diffusions, making it one of the most unique and rich basins. Civilization, like sun, travels from east to west, and Turkey is the country benefits most from the daylight.*



## Harmony

*Turkey has a diverse and colorful history, yet this does not mean it is just a coincidental mix of random colors. Each color in the landscape of Turkey is rightly placed and properly functioning. This is what distinguishes a well painted portrait from a waste of colors. Managed to assign a role to each color, Turkey represents the harmony of well cooperated and integrated diversity. Each cultural and historical motive plays its role in harmony, together forming up Turkey as a well composed area.*



## Growth

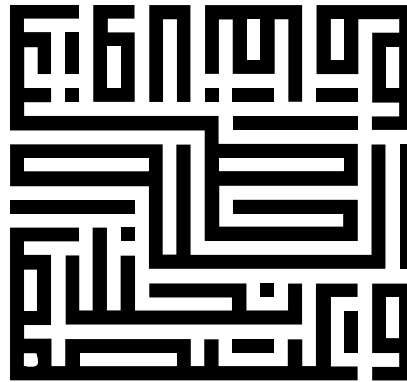
*There is strong evidence that early agriculture first emerged in the history in Anatolia. The surplus led to the development of the first city-like settlements. Çatalhöyük, believed to be the first city in the world, was born out of the fertile soil of Anatolia. This meant growth and it was the main mechanism behind all of Anatolia's civilizations, from early Hittites to Ottomans. Today, Turkey seizes the same dynamism, growing bigger, combining the long tradition of growth with modern instruments.*

phenomenon is a coin from the time of King Offa, King of Mercia (England). It displays the Latin legend Offa Rex ("King Offa") between the pseudo-Kufic lines. Having a more convenient form for engraving when compared to cursive Arabic script, in Middle Ages Kufic calligraphy was mostly used on stone monuments and coins, including many Seljuk and early Ottoman samples.

Kufic art distinguishes itself with its characteristic high contrast between black and white, light and shadow,

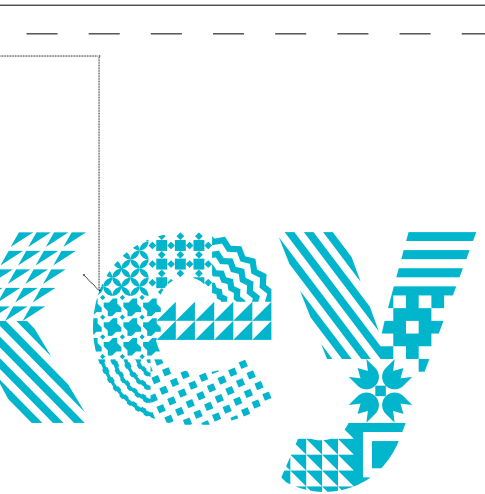


**Kufic calligraphy promotes simplicity and sophistication in accordance. Its beauty lays within its form of contrast and depth. Thus, it was the accurate motif to explain Turkey, a country which harmonizes many contrasting layers.**



articulately making up sophisticated patterns with simple, geometric lines and corners. Square or geometric Kufic is a very simplified rectangular style of Kufic widely used for tiling. Remnants of buildings covered with tiles spelling names of god or surahs from Quran are very common, especially those built during Seljuk era.

Kufic form's reflections are clearly visible on new Turkey logo, consistent with its historical impact on Turkish decoration arts.



## Innovation

*The currency were invented in Anatolia. The invention which can be considered to be the trigger for all the following inventions. More than once, world's most prominent thinkers, scholars and inventors worked in Anatolian libraries, royal palaces and madrassahs. Today, this heritage has been turned into a well guided and focused dynamism, and Turkey's innovative approach has already made Turkey the leading country in the region and still bears Turkey upwards to the top.*



## World

*One might say, history of the world was born in Turkey. From the very first page of the history book, Turkey and its people have appeared as main protagonists frequently, and played key roles more than once. As an ever-active global player, Turkey never isolated itself from the rest of the world, never remained dull and deaf to the suffering, pain and concerns of the world. As Turkey internalized being an integrated part of the world, the World needs Turkey to become a whole.*



## Meeting

*Not only Mediterranean and Black Sea or European and Asian tectonic plates meet in Anatolia, Turkey is also the meeting place for the spirit and the mind, the emotion and the reason, the history and the future. Turkey served as a meeting point for ideas, beliefs and dreams from all over the world, today, upon the foundations of this potential, Turkey is going to be the meeting hub for businessmen, artists, sportsmen and thinkers of the world.*



## Togetherness

*Turkey was founded with sense of togetherness. It inherited Roman wisdom, old Anatolian spirit, Mesopotamian craftsmanship, Central Asian dynamism and European innovative approach. Being aware of its very own foundations were laid with togetherness, Turkey embraces and integrates easily and eagerly. One would never be a foreigner in Turkey, its tradition summons all no matter who they are, as Rumi summoned people to join as one, centuries ago.*

# Forming the Brand

"We realized that a common brand which would contribute to conducting the world's perception of Turkey like an orchestra, was necessary."



The Minister of Economy, Nihat Zeybekci was a leading actor in the process. With the notion of decision-maker of export, he was dedicated to create the brand of Turkey which would represent the Turkish products in global markets. His contributions started from the very beginning whilst the brand was just a developing idea and went on until the day the brand has launched. Nihat Zeybekci evaluated the process and shared his expectation towards brand, with The Turkish Perspective.

**You were leading the process of developing "Turkey, Discover the Potential" in accordance with Turkish Exporters' Assembly. As one of the architects of the brand, how do you evaluate the process?**

Until today, different corporations and institution have promoted our country with different logos, different mottos and different work structure. Different logos have been used and different messages were given in introductory groups, fairs, panels and cultural and touristic events.

Thus, we needed to increase the effect of the abroad advertisements and help create the same perception of our country in every corner of the world on our way to 2023 goals. We decided to specify a logo and/or a motto that will include a Turkey emphasis, be used in advertisement activities in the 2nd meeting of Sectorial Publicity Groups Meeting which was held on 28th February, 2012.

We aimed this joint concept and logo to be a main brand that acts like a supporting brand, a trustworthy brand adding value to any brand that is a part of it. We planned this logo to be a signature under every international contact that is made by the publicity groups in foreign markets.

Forming of Turkey Logo actualized under the supervision of the mentors of branding by bringing businessmen, industrialist, artists, academicians and any relative corporations and establishments together by the partnership of the Ministry of Economy and Turkey Exporters Assembly.

The logo and motto "Turkey, Discover the Potential" launched on 28th September, 2014 under the patronage of our President. Now, it is our turn to show the world the power of our industry and economy, the quality of our service sector, our human resources, our culture and our arts one more time, but more effectively. We are expecting to strengthen the perception of the Turkey brand with this new logo and motto.

**How do you define "potential" which takes place in motto?**

The "potential" notion in the Turkey Brand symbolizes our production capacity, economic power, unity, values, young and dynamic population, civilization, history, Anatolia's ancient history and newly realized potential after all these years of inertia. We wanted to express all our



history, experience and acquisitions that fuel us towards our 2023 goals.

**Turkey is well recognized with its export and growth performance. How will the brand interact with Turkish economy's progress?**

We are, as known, experiencing a period in which global indicators give signals of a slowdown, in other words a period in that the developing countries' growth performances decrease and developed countries' growth expectations are revised downwards. On the other hand, we are experiencing political problems and uncertainty in our region which includes significant export markets. Nonetheless, it is obvious that our country is displaying a quite successful economic growth performance, despite all those negative developments.

Every year, our export is increasing incrementally but to preserve this consistent growth, our firms should focus on export and investing in medium and advanced technology products which will procure the acceptance of innovative, R&D based, value added "Turkish Product" in whole world. Today in global trade, the prerequisite of success and competitive advantage is to apply these policies with consistency. I want to underline one more time that; we, as the Ministry of Economy, will always support our companies regarding their production, marketing,



**The new brand is influenced by Turkey's economic development. As Turkey grew, so did its need for a common brand to promote Turkish products in the every market of the world.**

export and investments.

We are establishing the image of "New Turkey" together as public and private sectors. I believe that recently launched "Turkey, Discover the Potential" motto which symbolizes our common values, power and potential, is going to strengthen images of both Turkey Brand and Turkey itself.

**What is the correlation between creating a national brand and marketing capability of Turkey? How will it contribute the publicity and brand awareness?**

As the result of forming a national Turkey Brand in global scale, Turkey's sphere of influence will expand through consumption networks and habits which are dominated by cultural patterns in the world. Turkey will be able to utilize the potential of controlling consumption networks and designating consumption habits with the advantages of its vast cultural geography which almost completely shares the same belief, same culture and same language under one logo and motto.

Today, the vast region we identify as our cultural geography includes Europe, Central Asia, the Middle-East, the Balkans, Caucasia and Africa is very important for Turkey with their population, trade volume and the possible opportunities. These areas consist of 1 billion people and their consumption habits are similar. Our target

is to form close, strong and permanent bonds on the win-win base, grounding on our commercial and economic relations with the countries that are in our cultural geography. The motto "Turkey, Discover the Potential" will have a key role which will strengthen the image of Turkey and contribute greatly to the studies I said.

**What are your projections about the contribution of the new brand to Turkey and Turkish companies? What is the relation between branding and high value added products export?**

We can see the positive contributions of our export, with the effect of the recovery of the foreign demand in the last period. In order to keep the export-based growth strong, our companies need to bring forth their export-based growth strategies and widen their export markets with high value added, innovation-oriented and branded products. 2023 Turkey Export Strategy shows the path that our export will take for the next decade. Our priorities are to minimize the fragile points of the current economy, utilize the production factors more effectively, improve the investment climate and transform our export by establishing an innovation and R&D oriented manufacturing environment in order to increase our export unit value. It is important to increase the share of our advanced technology product export from 3% to 15%. We will achieve this goal

by manufacturing value added product and export which involves elegant design, high technology and effective brand management.

The Ministry of Economy is responsible for the integrity and strengthening of every link of the value chain which is formulized as investment-employment-production-export. We are developing export, and focus on employment and technologic transition with the successful incentive system we established. We are especially minding the publicity and exporting of the products to increase the added value of export. In this context, we support our firms that have the potential to become a world-wide brand by strengthening them. We believe Turkey brand will uplift our firms and aid them to become global brands themselves. In this aspect, the TURQUALITY program, run by Ministry of Economy, will continue its way more powerfully with Turkey brand.

I believe that only the entrepreneurs who focus on quality, invest in R&D and increase productivity by automation and progress can achieve to create permanent brands. We proudly see Turkish brands in world's most prominent markets, now. There are Turkish companies whose export to Germany, Russia, England, U.S.A., Turkic Republics, North Africa, Far East and Middle East increased over 100% and they enable us to look ahead more courageously.

# Flying with the Brand

Turkish Airlines, a brand globally attributed with quality and success, will carry Turkey's new brand to 263 destinations.



Turkish Airlines and Turkey shares a similar story of success and transformation. As Turkey provide a role model for developing countries with its export performance despite the adverse developments in global economy, Turkish Airlines awarded with the title of best airline in Europe for the 4th consecutive times. Hamdi Topçu, Chairman of the Board, explained the vision behind the Turkish Airlines' success and looked at the new brand of Turkey from Turkish Airlines' point of view.

**Turkish Airlines is a world-wide brand in air transportation. What are the prominent factors behind this success? What is the approach adopted by Turkish Airlines?**

Turkish Airlines grew in parallel with Turkey's consistent development. We have become a four-star airline company that flies to 218 international and 43 domestic destinations with a fleet that consists of 263 airplanes. Last year, we transported 50 million passengers, thus, increased the number of our passengers by 472% in last decade. Our priority is to serve at the best possible manner, from personnel to the ground services. We are looking for new ways to improve our performance with the statement "Together We Are Different".

Turkish Airlines internalized an approach of forming a qualified human resource and offering high-quality service packages. In our work principles, the flight experience starts at the intersection of the airport that they board and ends at the intersection of the airport they land. Turkish Airlines, holding themselves responsible for the whole process, focus on maximizing terminal and cabin comfort.

Three fundamental principles compose our vision are; Service Quality, Productivity and Efficiency, Profitable and Consistent Growth. Turkish Airlines is aiming to expand its fleet to 450 planes, transport 120 million passengers per year, increase our share in global market to 3% and become the company with the largest flight network. With the title of the best airline in Europe, Turkish Airlines is now setting standards instead of following them.

Having policies coherent with Turkey's 2023 goals encourages Turkish Airlines and empowers its vision.

**You have underscored that Turkish Airlines grew in accordance with Turkey's economy. What is the effect of Turkey's growth performance on Turkish Airlines?**

Turkey, as known, is among developing countries. Economic climate of Turkey has been revitalized with the transformation that started in 2003. As Turkey's prosperity grew, we, as Turkish Airlines, have widened our vision.

President Recep Tayyip Erdoğan and Prime Minister Ahmet Davutoğlu are vital figures in improvement of Turkish Airlines' prestige. Their firm standing and effective policies dynamized the economy, thus provided various opportunities in different fields like sponsorships and investment, and Turkish Airlines seized as many as it can. The correlation between Turkey's trend and Turkish Airlines' performance indicates that they are based on the same policies.

Politic consistency, active economy, ability of decision-makers to take action rapidly enabled the potential to be turned into value. Thanks to the transformation in vital organs of Turkey, now long-term plans can be preferred instead of those short-term ones which solely based on saving the day. Our two positive revisions regarding the 2023 goals which we have set in 2008, are narrating the change with the voice of Turkish Airlines.

**Turkish Airlines reached beyond being merely an air transportation company. What are the factors which make Turkish Airlines an aviation giant?**

Today, Turkish Airlines is the 2nd largest group in Turkey. We have 17 subsidiaries and partnerships. THY DO&CO, Turkish Technic, Turkish Ground Services, THY Opet, Turkish Cargo are prominent ones

**TURKISH AIRLINES**



**261**

**263**



**A Global Success**

*Turkish Airlines flies to 261 destinations with its large fleet consisting 263 aircrafts.*

Hamdi Topçu, Chairman of Turkish Airlines, attributes the success of Turkish Airlines to quality and branding.



**Turkish Airlines is a branding success. The name itself is globally attributed with quality and consistency. Thus, Turkish Airlines will contribute greatly to the new Turkey brand as will be benefiting from it.**



bigger share from this traffic and have a louder voice in the aviation industry.

**What does “Turkey, Discover the Potential” mean to you and to Turkish Airlines? How will Turkish Airlines take part in promotion of brand?**

“Discover the Potential” is describing Turkey quite accurately and effectively. Turkey’s potential consist of economy, politics, culture, human resources and many different components. People who had the chance to know Turkey quickly realizes that. Now is the time to introduce and explain this potential to the whole world.

New logo and motto is like the assurance for Turkey, Turkey’s products and services, in a way. It indicates that Turkey’s signature is going to be the guarantee and indicator of quality in every field. “Discovering our potential” is main factor behind Turkish Airlines’ success. This success is also giving the message to world discover Turkey’s potential in international markets as the new Turkey logo and motto remarks.

As President Recep Tayyip Erdoğan stated in debut, Turkish Airlines has an important role in promoting the new Turkey brand and is looking forward to become an important participant of this process. We will take action to do our without taking our time as publicity is among the main objective of Turkish Airlines. Besides promoting the potential of Turkey, we will also contribute to it with new destinations, sponsorships and service packages. A certain while is needed for Turkish products to start promoting the brand when considering the fact that the manufacturing, logistics and sales of products take a rather long time. Turkish Airlines will compensate that with its services. We will foster the brand by promoting it to masses rapidly and as the Turkey brand spreads, the competitive power of Turkish Airlines will increase.

as they have turned into giants whose revenues surpass many independent companies that operate in same sectors. In the process of building this structure, we reached to 17.5 billion USD endorsement from 1.2 billion USD and 45 thousand employee from 10 thousand.

Thanks to Turkish Technic, our maintenance and repair capacity is increased 400% in hangars and 600% in machine shops. Turkish Airlines and Pratt & Whitney’s has established a joint-venture maintenance and repair placed in Sabiha Gökçen International Airport. Center has 25.000 m2 indoor space and certified by SHGM and FAA. Turkish Airlines’ maintenance and repair requirements occupy only 50% of center’s capacity while other 50% is serving 3rd parties.

We are giving catering services to more than 60 airline companies with THY Do&Co, another one of our subsidiary who works with 3rd parties. Especially catering services cause a lot of problems in the global market but according to our surveys

our passengers’ satisfaction rate is around 97%. This makes THY Do&Co unrivaled in the world.

Turkish Ground Services is both reducing our expenses with its services to Turkish Airlines and giving services to other companies, similarly. THY Opet is supplying 60% of our fuel need.

We are providing consulting services to civil aviation companies due to this vast base. This particular service is quite valuable to us because one of the 2023 goals is to produce domestic airplane. To procure foreign parts is possible in this process but we want to keep it as domestic as we can. We will fulfill our dream by using the potential of Turkish Airlines and Turkey.

Turkey’s geopolitical position is one of the biggest elements of its potential. Herein, we were able to take advantage of Istanbul’s superior hub quality as Turkish Airlines. 66% of the world’s transit air traffic passes over Turkey. There are 55 countries in 3.5 hours of flight away from Istanbul. Turkish Airlines should get a

# BIST: Brand is the Trend

Borsa Istanbul, the new face of Turkey's financial markets, is another outcome of the ongoing change in Turkish economy. It remarks a new approach towards branding in finance.



The transformation of Istanbul Stock Exchange into Borsa Istanbul is not only a result of the proceeding change in financial markets but also the process of reshaping the institution's visage. On the same course with Turkey, Istanbul Stock Exchange grew, set new targets and embraced a new approach in order to explain its potential. BIST emerged from the very same components of new Turkey logo as a "financial brand". İbrahim Turhan, CEO of BIST, highlighted the milestones of Turkey's and BIST's financial transformation and described the new goal of forming an international financial center brand: Istanbul Finance Center.

## **Istanbul Stock Exchange's alteration to BIST was both an indicator and a result of a new dynamism in economy. What is the economic background of the transformation?**

Turkey had experienced a rather inferior macroeconomic environment through 1990's, as a result of political instabilities and economic crisis. The prominent characteristics of the era were the public sector's financial pressure on savings, high inflation and interest rates. Thus, in such environment financial markets could not be expected to develop. However Turkey's economy has been undergoing a radical transformation starting from 2002. Thanks to the political stability, various structural reforms have been made, a strong fiscal discipline in public sector has been installed and effective monetary and financial policies have been enacted. The average economic growth rate of 5% which was achieved between 2003 and 2013 clearly demonstrates the success of the new approach. The lion's share in this growth performance belongs to the banking sector with its new solid capital structural which is an outcome of explicit and accurate regulations and precautions.

The government has initiated a game-changer project, Istanbul International Finance Center (IFM). New Capital Markets Law which was implemented in the end of 2012 distinguishes itself as a big leap forward regarding to the transformation of Turkey's financial markets. The new



law has united Istanbul Stock Exchange, Istanbul Gold Exchange and Derivatives Exchange of Turkey under the roof of Borsa Istanbul.

Development of financial markets has a vital part in achieving 2023 goals of 500 billion USD export and 2 trillion USD GDP. The transformation of Istanbul Stock Exchange to Borsa Istanbul is a milestone in the progress.

## **What is the vision of BIST in the process of becoming a "brand" in international finance?**

Global economic trends clearly indicate that for emerging markets, in particular Borsa Istanbul, great opportunities are arising to be seized. According to IMF projections, the share of emerging markets in world manufacturing productions which was 37% in 2000 will increase to 55% by 2018. Approximately 50% of 15000 global companies that generate more than 1 billion USD revenue per year, will be of emerging markets in 2025. Considering the fact that in 2010, 73% of 8 thousand companies which meet the criteria were based in developed countries, it is concluded that 7 of every 10 companies which will have been established until 2025, are going to be originated from emerging markets. As the core of economic power relocates, international capital's affinity for emerging markets like Turkey is rising. Thus, the countries which will benefit the most from



*Borsa Istanbul has signed a new strategic partnership agreement with Nasdaq.*



**“Borsa İstanbul is continuing the meetings of strategic partnership with the world’s biggest finance establishments.”**

partnership it settled with NASDAQ, is taking great leaps to actualize the long-term domestic leadership plan. Borsa İstanbul, being aware of the structural and technological transformation in the sector, has signed a strategic partnership agreement based on technology supply with NASDAQ which is one of the biggest market groups in the world. With this agreement, Borsa İstanbul will obtain a trading platform on high technology standards that is used in the world’s most elite markets; a substructure which is able to buy and sell in different asset classes and monetary units, simultaneously and fully integrated with post-process periods. Borsa İstanbul will be able to serve as the data center of every market in its region.

Borsa İstanbul aims to become financial instruments’ main trade center in its region, thus is taking important steps to increase the brand value. To promote the opportunities and competitive advantages that Turkey offers, “İstanbul: Regional Center, Global Agent” forums which were organized by Borsa İstanbul and Istanbul Financial Center Initiative, will continue to be effectuated in Washington and New York.

Apart from that, World Bank, Central Bank of Turkey, Borsa İstanbul and Capital Market Board founded World Bank Global Islamic Finance Development Center in the Borsa İstanbul campus, taking an important step in the field of improving global Islamic finance that caught a worldwide trend of growing.

In accordance with Borsa İstanbul’s target to become “the supermarket” of financial markets, the integration of commodity markets has been accelerated. The partnership with EPİAŞ, an institution which will be established as the administration of spot electricity market, is in progress. During the next term electricity, natural gas and carbon derivatives will be traded in Borsa İstanbul. The energy derivatives exchange will aid Turkey to become the price setter of energy market in the region.

this “geist” will be the countries that swiftly and effectively offer the demanded financial products in a trustworthy and transparent platform.

In harmony with IFM project and accordance with the strategic plan, Borsa İstanbul aims to become a financial center which provides the financial, legal, and technical infrastructure in order to create a sustainable growth environment, that hosts international financial market participants and in which financial operations are undertaken in more effective and rapid sense when compared to its peers. We observe that markets like New York, London, Hong Kong and Frankfurt are coming to the fore. The financial and economic transformation stated above is increasing the competition between numerous centers in emerging markets. Undoubtedly, the centers which will be able to create their trademarks in this transformation era will get the pole position. In this sense Borsa İstanbul’s strategic cooperation agreement with NASDAQ is a break-through for the transformation progress. Borsa İstanbul will obtain an infrastructure that enables the use of the same technology that eminent markets are operating; simultaneous trade of more than one asset classes in different currencies and the full integration of post-trade processes.

In this context, with the notion of improving the entrepreneurial ecosystem, the first web based market which links investors and companies to provide a

ground that enables the share trade without public offering, Özel Pazar (Special Market) has been established. On the other hand, Borsa İstanbul has developed a new index, “BIST Sustainability Index” with the vision of improving the approach, perception, know-how and applications of sustainability amongst Borsa İstanbul companies. The index is set to provide further competitive advantage to Turkish firms by helping to manage corporate risks and opportunities and basis for new investment instruments.

BIST, is preparing intensely for its IPO in late 2015 or early 2016 by financial innovation in order to create new instruments and building new strategic partnerships that will deepen its capital markets.

#### **How will transformation of BIST contribute to the Istanbul Financial Center project?**

Borsa İstanbul, one of the most liquid markets in the world, went up to 3rd place in world by reaching to 194% progress turnover ratio in September. By the way, debt instruments market is hosting the 4th biggest bond market in the world in term of trading volume. Foreign investor share in the public shares of the listed companies to Borsa İstanbul Share market is 63%. All these statistics reveal the interest towards our country and market.

Borsa İstanbul, repositioned as a strong and integrated market with the strategic

# Branding to the Top

Turququality Project provided Turkish companies with professional consultancy, financial support and all-round guidance in order to aid their branding progress in accordance with 2023 vision of Turkey.

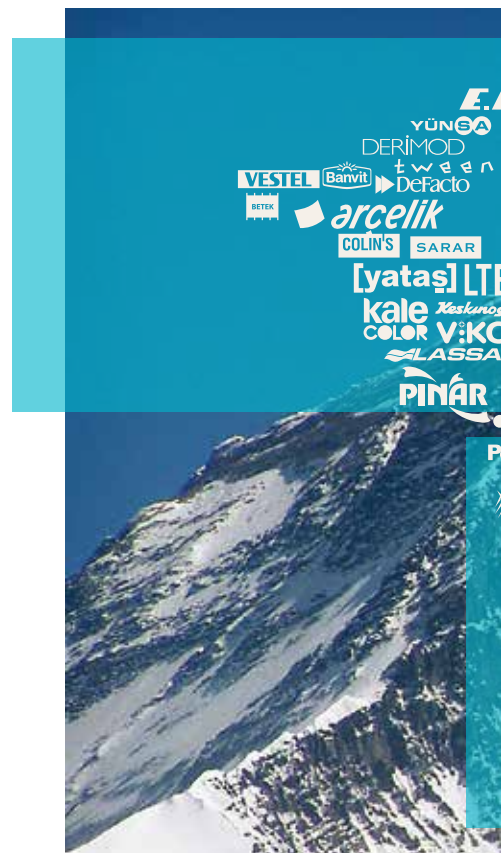


Turququality, one of the precursors of Discover the Potential, eventually evolved into one of its main components. The experience of Turququality contributed crucial insight to whole progress and together with other projects, it constituted the spine of the project.

First steps were taken before 2004, in order to provide adequate legal regulations and substructure for the forthcoming project. As the first foundation stones were laid, by the date 23 November 2004, the project was officially put into practice. Its main aim was to “create 10 global brands in 10 years”. In order to achieve this, all-round support including government subsidiaries and incentives was planned to be provided for the participant brands.

The 2023 vision of Turkey shaped the outlines of the Turququality project. The primary goals of the project were to contribute to branding process of Turkish companies in the global market in accordance with 2023 vision, provide financial support, consultancy, human resources, information, intelligence, incentives and advertising support to the companies promising potential of becoming global Turkish brands. To accomplish the goals, two teams were formed with collaboration of Ministry of Economy, Turkish Exporters' Assembly and Union of Exporters; and these teams were named Turququality Workshop Group and Turququality Secretariat, respectively. The Turququality Workshop Group was responsible of determining the main strategy.

At the beginning, textile and ready-to-wear clothing sector was thought to be suitable to start with as pilot. During the selection of firms to-be-certificated, the necessity of a professional consultancy arose, thus a deal with Werner International as the official consultant of the program was signed. After the inspection and evaluation



# 109

## Brands United

109 global Turkish brands are united in Turququality programme whilst 55 brands are supported by Brand Support Programme.

TURQUALITY

# 55

process of 15 candidate firms, first strategic planning meeting was held between 30 June – 1 July 2005. The other steps followed the first meeting in quick pace. Following the formation of the strategic plan, the Road Map of Branding was drawn and decisions were made to have other sectors included in.

As the project grew wider and confident, companies from various sectors applied to benefit from the support and dynamism Turququality project offers them. These companies were required to meet some prerequisites, and international consultancy company Deloitte was chosen as the Management Consultant.



**Turquality trademark has quickly been regarded as a symbol of confidence and high quality. It created new competitive brands while extending the reach of the existing ones.**



Türk Eximbank is one of the main supporters of Turquality programme. In order to serve branding process of the Turquality participants, Eximbank has created a special financial instrument, "Brand Credit". Eximbank's General Manager Hayrettin Kaplan stated "We will continue our support to Turkish exporters in accordance with Turkey's new motto: Discover the Potential. This new Turkey brand is undoubtedly motivating the companies to create global brands and strengthen the existing ones' standing."

The incentives and subsidiaries offered by Turquality project reached to an enormous level. Besides financial support, Turquality provided professional insight and guidance for companies who were determined to evolve into worldwide brands; and this professional know-how reinforcement played a more important role than financial support.

Turquality has a two dimensional effect, as it contributes to the brand value of companies individually it also promotes Turkey's brand by improving brand awareness and creating a spectrum of high quality products. Each brand that takes part in the project increases the influence of Turquality in abroad markets,

thus Turquality becomes more of a competitive advantage for exporters. This synergetic progress provides a sustainable brand management environment which has undoubtedly a vital part en route to 2023 goals.

In the end, Turquality has contributed intensely to the branding process in the new era of Turkey. This contribution, experience and insight undoubtedly strengthens the new Turkey logo and slogan, as Turquality was also an element of the potential to be discovered emphasized by the logo. Mehmet Büyükekşi, President of Turkish Exporters' Assembly, underscored this during ceremony of certificate after

11th term of "Manager Development Program" of Turquality which was held on 17th October: "Turquality encourages and support our companies to turn into renowned brands. In this scope, Turquality will contribute much to the potential that our logo, "Turkey: Discover the Potential" emphasizes.

Conclusively, the new Turkish brand is the Turkey redefining and rearranging itself with all its components. It is the outcome of a transformation covering all essentials of Turkey and recomposition of these essentials en route to 2023. Turkey did not come up with a brand, instead, it actually came up with an offering, an invitation: "Discover the Potential"

Non-banking financial institutions provide financial support for both supply and demand sides of economy.





# REINVENTING THE “NON-BANKING”



THE ROLE OF SMEs IS VITAL, IN TERMS OF KEEPING THE STRONG GROWTH TREND OF TURKEY. THEY FUNCTION AS THE “STEAM ENGINES” THAT IS BOOSTING THE MOMENTUM. IN ORDER TO SUPPORT THE ENTREPRENEURIAL SPIRIT AND MAINTAIN THE DYNAMISM, A HEALTHY AND STRONG FINANCIAL INFRASTRUCTURE SHOULD BE PROVIDED. TURKISH NON-BANKING FINANCIAL INSTITUTION (NBFI) MARKET, THANKS TO THE NEW LEGAL BACKGROUND AND REGULATIONS, IS OFFERING ALTERNATIVE FINANCIAL SOLUTIONS AND SPECIALIZED SERVICES TO THE ECONOMIC AGENTS, “STEAM ENGINES” IN PARTICULAR.

BY TURGUT ETİNGÜ

**S**MEs are representing 55% of GDP, 75% of employment, 63% of turnover and 54% of value added at factor cost in Turkey. Defining them as the heroes-behind-the-curtain of rapid growing period whilst considering the fact that 59.3% of Turkey's exports were carried by SMEs in 2013, is apt and Turkey is well aware of it. According to the statistics announced by Ministry of Science, Industry and Technology, Turkey has doubled the number of Service Centres while providing 640 million TRY finance support to 120 thousand and allocating 11.6 billion TRY loan to 210 thousand enterprises. Nevertheless, according to “SME Strategy and Action Plan” prepared by Ministry, two prominent problems that SMEs underscore are lack of equity and financing.

Turkish non-banking financial sector heeds the call of SMEs and is striving to fulfill their need of finance, by virtue of recent changes in legal background. First milestone of legal transformation was BRSA (Banking Regulation and Supervision Agency) taking charge of the sector in 2006. Constructive and incorporative approach adopted by BRSA and background of present Chairman of BRSA, Mukim Öztekin as a financial leasing expert, had a stimulative effect on the sector.

The second milestone which bears the most significance is the new law implemented in December, 2012. In accordance with various articles stated in the law, non-banking financial institutions are redefined and sector is practically reinvented.

### **New Law, New Organization and New Profile**

“Financial Leasing, Factoring and Financing Companies Law” transmuted the sector in many ways by categorizing the firms as “financial institutions”, elucidating establishment and governance principles, elaborating transactions regulation, drawing the frame of competition conditions etc. New umbrella organization of the sector, Association of Financial Institutions (AFI), is another welcomed and paramount outcome of aforementioned law.

With the establishment of AFI, three sectors have united under an institution with their Sector Representative Councils which composed the board of the whole Association. Bestowing a platform to communicate and interact with all its members and different counterparties both from public and private sectors, AFI, surely proved to be successful in creating synergy. Acting with the notion of common initiative of non-banking financial institutions, AFI was able to create dialogue grounds with copious government institutions and NGOs including, Prime Ministry, Ministry of Finance, Ministry of Economy, BRSA, Turkish Exporters’ Assembly, Türk Eximbank, Turkish Central Bank etc. which are crucial for further sectoral development.

The figures demonstrate that with its new profile, the sector is surely getting good results. According to consolidated data gathered by AFI, total net assets of three sectors (financial leasing, factoring and financing) have increased 23.7% percent and reached to 69.3 billion TRY. Total equities and net profits of three sectors have increased by 12.4% reaching 11.1 billion TRY and 16.6% reaching 740 million TRY, respectively. It remarks that share of non-banking financial sector in GDP is increased to 7.6% in first half of 2014.

NBFI market have shown a strong trend of growth in last 8 years, especially following the authorization of BRSA. Between 2005-2013, with the exception of financial crisis’ acute era in 2009, sector has grown with an average of 25% per year which represents a total expansion of 364%. Meanwhile banking sector has grown 20% per year concluded in 325% expansion, during the same period.

AFI is quite keen to increase the share of SME loans, in particular. Currently, SMEs are capitalizing 50% of total credits generated by non-banking financial sector meanwhile share of transactions associated with SMEs is 70%.



NBFIs are of vital importance as they offer alternative financial solution to companies of all scales.



**OSMAN ZEKİ ÖZGER**

Chairman of AFI

The new law implemented in December, 2012, opened the path for new break throughs. Perhaps the most eminent one is the establishment of Association of Financial Institutions, which has set new horizons for Turkish NBFI sector. The harmony and synergy within the sector is the main locomotion that drives the sector for further growth. Thanks to the new regulations that allow the use of various financial instruments, define the governance principles and business standards, sector has shown a robust trend in last 2 years. We have intensified our work to utilize our potential which was clearly addressed as “strong” in various credit rating companies’ reports. SMEs are of vital importance in our agenda.

Osman Zeki Özger, Chairman of AFI stated that “Regarding to financial leasing, we are expecting to see another peak in SME financing and transactions in 2015. The highest volume we’ve ever achieved was 8.2 billion TRY in 2007, just before the financial crisis”.

### **Upshifting the Sectoral Dynamics**

The new law enabled financial leasing firms to offer alternative leasing products which didn’t have the proper legal framework before. Sell-and-leaseback, software leasing, operational leasing are the prominent products that will appeal to companies from all scales. Furthermore operational advantages like liberty of counterparties that inherent in a leasing contract to determine the term of contract and period of installment payments have been granted. Whilst terms and registration of leasing contract are redefined in detail.

On the factoring side, new regulations are helping the sector to be more institutionalized and to have a strong financial structure. An article in law requires that factoring companies should increase their minimum paid-in capital from 7,5 million TRY to 20 million TRY (approx. 11 million USD). It will strengthen the solid position of Turkish factoring industry in global arena which is ranked second after China regarding two-factor export business. Factors Chain International (FCI) recognizes the success of Turkish factors, as 5 Turkish factoring companies have been ranked in FCI’s global top-10 list of exports factoring category. The protocol signed between Türk

Eximbank and AFI was an important figure of this particular success story as it is assisting factors to conduct business in all 238 countries of the world.

The financing companies which direct their credit portfolio to financing of the SMEs to buy investment goods like commercial vehicles, trucks, buses, tow trucks; support Turkey's economy in periods of tightening, especially SMEs and automotive industry with the aid of international and domestic capital holders. Financing companies have also benefited from the frame of sectoral profile. In 2013, the following year of implementation of new law, financing sector's total size of assets has increased by 36% and is expected to reach 40% as of FYE 2014 according to AFI.

### Information and Sectoral Management

Invoice and other receivables data is of high prominence for a healthy and steady sectoral growth. AFI possesses two strong assets in terms of providing info to its members and helping them to manage their risks. Thanks to the membership of NBFIs to the Risk Data Center, where credit information and payment performance of the clients of the banks and financial institutions are recorded and shared amidst them. Following the new regulations a system has been established which allows all the receivable data to be assigned to factoring companies to be recorded via new Receivables Recording Center.

Another issue that the new law has brought up is authorization of AFI with power of sanction. As stated by an article in the new law, AFI has



**ZAFER ATAMAN**

Financial Institutions Union  
Deputy Chairman and  
Factoring Representatives  
Council Chairman

Source of finance and trading volume we provided in the real sector is growing regularly. We are trying to develop private products to meet the demands of companies. Diffusing to Anatolia is another one of our growth strategies. Factoring, quite dynamic and involved in trade, has shown an expansion of 38% since its first years. It is obvious that our sector has a great growth potential and I find it very natural to have a target of increasing our penetration rate to 10% from around 5.7%.



**VAHİT ALTUN**

Financial Institutions Union Deputy Chairman and Financing Companies Representatives Council Chairman

Finance sector has properties of being a sector that touches to the personal consumer, as unlike financial leasing and factoring sectors. Financing companies serve 446 thousand clients including individual clients. The sector is targeting to carry the size of its assets up to 18 billion TRY and the trading volume up to 13 billion TRY by the end of 2014. Our growth expectation is at 15% while the total finance that the sector will provide is aimed to reach 17 billion TRY.

the legitimacy to give warning to NBFIs and/or to fine them. Recognizing the requirements of responsibility, the organization aims to form a just and functioning competition ground and avoid sectoral disagreements, thus, common ethical principles are defined with the participation and consensus of all 121 member NBFIs. Various events like educational activities, workshops, round table meetings etc. are being held by AFI, to ensure harmony in sector and stimulate an accelerated growth.

### Opportunities and Threats

Credit volume of Turkish banking sector has doubled in last 5 years and trend is keeping its pace. Same expansion performance is expected for next 5 years and NBFIs are sparing no effort to take their share to a higher level. As assets and net profit of the sector are arising, numbers evidence that the future of NBI market is simply bright as Fitch agrees.

Nevertheless while emphasizing that growth opportunities for Turkish NBFIs remain strong, Fitch is also underscoring that the raise in Turkish NBFIs equities may not be able to keep up with accelerated growth in their assets.

Another factor that Fitch pointed out is the new regulation that increases the minimum paid-in capital requirements. According to a report released by the rating institution, it is possible that 30% of factoring companies may not meet the precondition. In contrast JCR Euroasia rating's opinion towards the subject is "it is possible but highly improbable". JCR also stated that it is expecting an increase in the quality of consolidated assets.

Both rating companies agree that in terms of transparency, sector's performance ensued from the radical changes, is remarkable and will have an uplifting effect, particularly invoice registrar and access to central risk database will smoothen the operational difficulties.

NBFIs are the centrifugal force of the whole economic cycle with the function of funding production via leasing, trade via factoring and consumption via financing. They also provide FDI inflow, constitute a financial buffer against global shocks, help deepen the financial sector and most importantly make alternative and specific financial solutions to entrepreneurs. The role of NBFIs is quite important as many studies have evidenced that the strong feed-back between improvement in financial sector and GDP growth. Thus, especially in emerging markets, diversified finance sources and alternative financial solutions are crucial for a sustainable economic growth environment and Turkish NBFIs, under the leadership of their collective vanguard AFI are eager, striving and competent to do their parts.

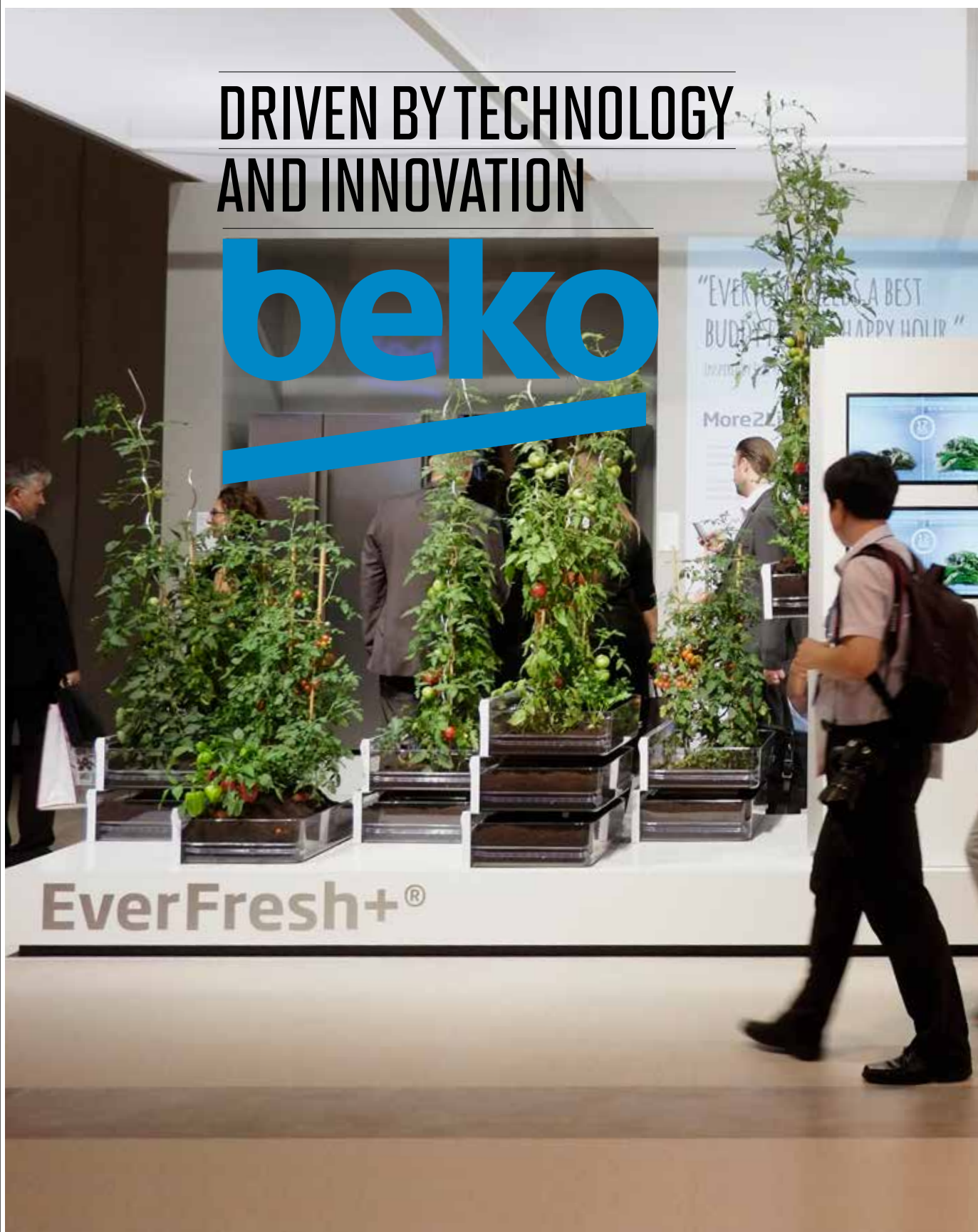
TOTAL ASSETS (TRY)		
SECTOR	30.06.2014	%
FINANCIAL LEASING	30.168.706	26,9
FACTORING	23.198.650	18,3
FINANCING	16.608.776	26,1
OVERALL	69.976.132	23,7

LOANS AND RECEIVABLES (TRY)		
SECTOR	30.06.2014	%
FINANCIAL LEASING	26.743.493	30,4
FACTORING	21.564.139	20,0
FINANCING	15.045.324	25,6
OVERALL	63.352.956	25,5

EQUITIES (TRY)		
SECTOR	30.06.2014	%
FINANCIAL LEASING	5.719.488	16,0
FACTORING	4.114.281	3,0
FINANCING	1.294.799	32,3
OVERALL	11.128.568	12,4

# DRIVEN BY TECHNOLOGY AND INNOVATION

# beko



Beko, the global home appliances brand of Arçelik Group, is one of the world's fastest growing brands and is forging ahead around the world. It is the second largest white goods brand in Europe and more than 440 million people use a Beko appliance in more than 100 countries.



BY TURGUT ETİNGÜ

**S**ince 1983, Beko has been operating in Turkey's white goods sector with its deep knowledge and experience. As Koç Holding opened to foreign countries in early 90s, Beko brand was chosen for the exports. By the year 2000, Beko dissociated from Beko Ticaret A.Ş. and started to operate under the umbrella of Arçelik Group. Since then, Beko evolved rapidly to a worldwide durable goods trademark. In brief, it has shifted different phases until it has found its very own essence,

a global brand.

Figures of recent sales and revenues made by Beko underscore the success in which more than 440 million people from more than 100 countries use an appliance of Beko.

We asked Levent Çakıroğlu, President of Koç Holding Durable Goods & CEO of Arçelik Group, the brief history of long withstanding trademark Beko, and he revealed the key components of the Beko's visionary approach.

## How would you specify the main dynamics behind Beko's success?

### LEADERSHIP POSITIONS IN SIGNIFICANT MARKETS

Beko's success is based on offering appliances that combine innovation and reliability; good design and functionality, resource-efficiency and sophisticated, cutting-edge technology. By applying this formula Beko brand has grown rapidly and over the past seven years has been the fastest growing brand in Europe, where it has doubled its market share. Across all of Europe, Beko is the number two best-selling major home appliances brand. It is the market leader in the UK and also in Poland. Beko holds number three position in France and grew threefold in only five years in Germany, the biggest white goods market in Europe.

### DERIVING STRENGTH FROM PARENT COMPANY - ARÇELİK GROUP

Beko's achievements are built on the foundations of its parent company, Arçelik Group, which has almost 60 years of experience in the white goods industry. Arçelik Group is an organization of 25,000 people who share a constant desire to innovate. This approach has helped us grow today into one of the world's leading home appliances company.

We have 14 production facilities in Russia, China, South Africa, Romania and Turkey, including the Europe's largest refrigerator and washing machine manufacturing sites under one roof. Our 'green factories' were the first home appliance sites in the world accredited with "Gold" and "Platinum" certificates for their energy efficiency.

We are active on six continents including Europe, the Americas, Africa, Asia and Australasia with our 10 brands, through our sales and marketing organizations in 25 countries. We are proud that customers in more than 130 countries use our products. Arçelik Group's story matches Beko for success. It has doubled its sales turnover over the last 5 years and 60% of this revenue comes from international sales. We are the second largest player in our sector across Europe, the Middle East and Africa, which accounts for half the global market.

At home in Turkey, we are the sustained market leader in white goods, consumer

electronics and air-conditioning. Whilst in South Africa, our Defy brand is number one as is our Arctic brand in Romania.

We achieved this by creating a global business strategy based on five key pillars: "technology", "innovation", "design", "quality" and "brand". They are at the core of everything we do and we constantly strive to over-deliver for our customers' specific needs, wherever they are.

### BEKO IS DRIVEN BY TECHNOLOGY AND INNOVATION

Beko's success is no coincidence as it has the superb technological and innovation capability of Arçelik Group at its core.

We invest heavily in Research and Development, technology and innovation. Thanks to the dedication of more than 1000 people in our R&D teams, we develop high quality products based on our own state-of-the-art technology. This is a key part of our competitive edge and has pushed our company to be among the world's top patent holders. For the past five years Arçelik has been in the list of the top 200 companies globally filing patent applications with the World Intellectual Property Organization.

We design and manufacture pioneering products, tailored to the specific demands of the individual markets and our products are frequently the best in their class for energy and water efficiency and smart technology.



**Levent Çakıroğlu,**  
President of Koç Holding  
Durable Goods & CEO of  
Arçelik Group.



The notion of human simplicity also features in Beko's designs.

# 60%

ARÇELİK GROUP HAS DOUBLED ITS SALES TURNOVER OVER THE LAST 5 YEARS AND 60% OF THIS REVENUE COMES FROM INTERNATIONAL SALES





**Beko believes in power of sports to support future generations.**



We have created numerous world-bests and world-firsts in several of our categories.

### **What are the key components of Beko's consumer & brand management policy?**

Aside from accumulated technological know-how and a culture of continuous innovation, Beko is on a constant quest to understand the needs and wants of individual consumers from all over the world and to build strong emotional connection with them.

We can quickly integrate innovative and useful features into our products that make



a meaningful difference to the consumer, thanks to maintaining a very flexible design and manufacturing process. Crucially we do this by focusing on and responding to particular requirements individually, not adopting a one-size-fits-all approach. This is what has given us our leadership position in so many product ranges and categories in so many markets.

### **"DESIGN" IS ONE OF OUR KEY FOCUS AREAS**

Design is increasingly important in home appliances. We believe that it's in Beko's DNA to create better value for consumers by bringing to life our technology, quality and durability through better design. We believe the look and feel for the consumer underlines the differentiating aspects of the product and unique design reflects the brand's core values.

These values and brand philosophy of smart technology, stylish and functional design, environmental responsibility and ease of use appeal to young, savvy shoppers.

### **How does the international market respond to Beko?**

Beko is a regular recipient of international awards for quality, innovative design, reliability, energy and water efficient, best-in-class products. The brand also has been validated with numerous accolades from prestigious consumer organisations like Germany's "Stiftung Warentest" and is consistently recognised by leading consumer magazines such as the UK based "Which?" with "Best Buy" accreditations.

Our R&D muscle has also given Beko some of the best green credentials in the industry. Just last month, we launched the world's most energy-efficient washing machine at IFA - the world's biggest home appliance and consumer electronics fair held in Germany.

Innovation is not just about technology. It is also in the way we study consumer needs and design a product that both works better for them as well as looks better, too. Beko has won world's most prestigious design awards - like the "Plus X", "iF Design" and the "Red Dot". And just three months ago, in July, a Beko dishwasher was presented with the prestigious 'Leading Design' Award by the British Electrical Manufacturing and Retailing Awards in London for its technology, style, and useful features.

### **How would you foresee the growth and change the company will experience in short and long term?**

To help us in the next chapter in our story, Beko has recently unveiled a new logo and brand campaign demonstrating our dynamic development and innovative character. This chapter is built on our confidence that Beko can drive "change for the better" and encapsulates the values that Beko believes in, inspired by our vision of "Respects the Globe, Respected Globally".

Our success story so far is inspiring us to do even more. I firmly believe that our brand will continue to achieve great things over the coming years. Beko will be relentlessly focused on providing innovative products of superior quality, delivering exceptional value and high levels of customer engagement.

Beko is now poised to grow its global market share even further and break new grounds through continuous innovation, technological know-how and improvements coupled with its competence to serve to different markets.

And all of this will be done by staying true to Beko's values of inspiring 'Change for the Better' and Arçelik Group's commitment to "Respect the Globe, Respected Globally".

### **Finally, where does Beko find the inspiration?**

Beko is inspired by people's changing needs and lifestyles and strives to give them the best and most beneficial solutions with each of the new products.

We believe that every single person's contribution counts towards changing the world for the better. This is why today's 'smart generation' is our greatest source of inspiration.

No matter where our success stories begin, each and every one of them starts with our inspiration to keep on changing for the better and the reason that we are always trying to be better, indeed be the best, is people. Their actions, their enthusiasm, their spirits inspire us today as it has for almost 60 years.

This inspiration has helped us grow into a global company. It continues to shape our vision, set our course and help us navigate to our goals.

# Brands

IDEAS, AUTOMOTIVE, FURNITURE, COSMETICS.....

In order to be succesful in this intensely competitive global market era, an entrepreneur has to produce a good idea before goods. Now, you are going to read then stories of good ideas bringing success. You too will agree that they are unique ideas indeed.

## EXTREME EXPORTS



### ***DURABLE CHERRIES***

#### **Alara Arboriculture**

Alara is a prominent agricultural company operating with the latest techniques. They are making huge investments especially on orcharding. The company cultivates new plant species while sparing the 5% of its turnover for R&D. Recently, Alara cultivated a new cherry species. Having a month of storing and two weeks of shelf life, the product is convenient to be exported to the Far East besides Europe.

BY EMRE KURBAN

### ***GAME FOR ALL***

#### **Tale Worlds**

Computer engineer Armağan Yavuz has played the main role in a story of success thanks to the game developed by the company he had founded, TaleWorlds. The game, Mount&Blade has sold more than 1 million copies especially in U.S. and Scandinavia, made a revenue more than 3 million USD. Outperforming many million-dollar game projects, the game remained at the top for a long while on Steam. It is also mentioned among the 100 best games ever by the famous video game magazine PC Gamer.



### ***NATIONAL ANTIVIRUS SOFTWARE***

#### **Comodo**

Comodo, cyber security and software company was founded in 1998. Eventually the company managed to spread its renown through the world, especially in U.S. Today, the company has a prominent place in its sector. Carrying out its R & D operations in its center in Turkey, the company exports the developed software. Having 70 million clients all around the world, the company provides cyber security for firms such as IBM, NASA, Western Union and Deutsche Bank.





## ORGANIC BUTTONS

Form Düğme

Form Button was founded in İstanbul, in 1996. Producing buttons, the company mostly prefers organic raw material. For instance, it produces buttons made of palm seed, mother of pearl and horn. Thanks to its high quality products, the company has become one of the most prominent producers in Europe in a short period. Distinguishing itself with its investments for innovation, the company produces buttons made of interesting materials, even buffalo horn, and exports 40% of its production.

## READY-MADE DEPOT

Temesist

Temesist, manufacturing storage and shelf systems, was founded in 1986. Manufacturing and setting up the storage systems, the company serves all over the world and inventing new systems thanks to its R & D investments. As a result of its innovative approach, the company managed to manufacture the first Turkish shuttle robot and even started exporting it to the firm from which Temesist previously imported shuttle robots. Today, Temesist exports to 42 countries and sets up storage systems.

## HONEYCOMB MACHINE

Petmak Makine

Petmak Machinery Co. was founded in 1971. Having been founded in one of the leading honey-producer cities, Ordu, the company manufactures honeycomb producing machines for honey producers. The first honeycomb producing machines in Turkey were manufactured by Petmak. Main export destinations of the company are Azerbaijan, Russia and Switzerland.

## FACE RECOGNIZING X-RAY

Elektral Elektro Mekanik

Elektral Electro-Mechanics Co. Inc. started producing security equipments and vending machines in 1978, in İzmir province. The most prominent product of the company is the X-Ray detector which is capable of face recognition and storing the data. The detector obviates the need of photofit thanks to its capability. With its storage capacity of 60.000 faces, the detector is mostly used in airports, military zones and prisons. The product is widely exported.



## THE FLOWERING SUCCESS

Aspendos Çiçekçilik

Şemsettin Kayaaltı who immigrated to Turkey from Bulgaria in 1989, was employed as a doorman in his early years. Today, he has become one of the successful exporters with the Aspendos Çiçekçilik floristry company. Kayaaltı who had begun with 2,5 acres of production zone, now producing in an area of 10 acres. The company exports more than 7 million flowers each year. Especially exporting to Bulgaria, Ukraine and Russia, the company's yearly export volume reaches 1 million USD.



## JUNIPER CULTIVATOR

Eğirdir Tree Nursery Garden

Eğirdir, Isparta Tree Nursery Garden has developed a method very significant for the history of forestry. They managed to have the Juniper tree seeds sprouted and cultivate without bird droppings which is the only way for the seeds to sprout in nature. With a mixture of oak ash, lemon juice and salts, juniper tree seeds have been shown to sprout without bird (especially fieldfare) droppings. Eğirdir Tree Nursery Garden has become a prominent production center for Juniper cultivation. The Juniper saplings cultivated by this method are exported to Lebanon.

## IT'S RAINING FROGS AND SNAILS

Kocaman Balıkçılık

Kocaman Fishery was founded in 1922, in Bandırma, Balıkesir Province. First time they have been involved in foreign trade was in 1982. The reason Kocaman Balıkçılık seems extraordinary among many counterparts in Turkey is the fact that they are exporting something extraordinary: Frog legs and snails. The company's yearly revenue from these extreme exports is almost 8 million USD and helped Turkey to become one of the most prominent Frogs & Snails exporter.



# Exporting the beauty: GOLDEN ROSE

Golden Rose, the export champion of Turkey for four consecutive years in cosmetics sector, is distributing beauty in 5 continents.

BY YAĞIZ ÖZERKAN

**C**osmetics sector has evolved into a vast market especially after the second half of 20th century. Women being the primary consumer group, cosmetics also targeted men and thanks to changes in the lifestyle and fashion, men's prominence in the sector eventually became almost as nearly high as women. The worldwide cosmetics and perfume industry currently generates an estimated annual turnover of 170 billion USD as of 2007. In the United States only, the cosmetic industry's size was 42.8 billion USD in 2008.

Today, cosmetics products are no longer considered "luxury", many have been a part of daily lives of people from all social classes. Yet, some characteristics of the sector have barely changed. Since cosmetics sector is still related to fashion world and slightly connotes "luxury" in the subconscious of people, brand management is still very crucial.

A Turkish brand, Golden Rose, has managed to establish itself as a renowned brand in abroad and a leading exporter in the domestic market. Having been founded in 1983, the Erkul Cosmetics brand Golden Rose exports to more than 90 countries, in five continents. Combining the experience of 30 years with rightly guided brand-



management and pricing policy, Erkul Cosmetics is now the leading exporter company of Turkey in its own sector.

Being one of the top 5 nail polish producers, Erkul Cosmetics reached the top especially after dissolution of Soviet Union. Entering the post-Soviet market with the right pricing policy, the Golden Rose brand gained the trust and appeal of its target market. Never content with

the volume of production and export, the company also entered Balkan, Western European and American markets, as well as Middle East and North Africa.

The company owes its success in various markets and rank in the exporters' list to its main principle: Being customer-oriented and establishing long-term brand loyalty with the customers. Thus, Golden Rose was not lost among many low-quality cosmetics producers, but strengthened its position as a "trustworthy", high quality and affordable brand.



UĞUR ADIYAMAN

Director of Exports, Golden Rose

Erkul Cosmetics have been among the most prominent cosmetics companies thanks to its high quality production and affordable pricing policy since its foundation in 1983. The company's product range includes lipstick, nail polish, lipgloss, eyeliners and all sorts of cosmetic items under label of Golden Rose brand.

Having been the leading cosmetics exporter of Turkey for four consecutive years, Erkul Cosmetics also contributes to the national economy. Being one of the top 5 nail polish producers, Erkul Cosmetics reached the top especially after dissolution of Soviet Union. Entering the post-Soviet market with the right pricing policy, the Golden Rose brand gained the trust and appeal of its target market. Never content with the volume of production and export, the company also entered Balkan, Western European and American markets, as well as Middle East and North Africa.

***Erkul Cosmetic's  
brand, Golden Rose,  
exports to more than  
90 countries.***

# “Entyre” World: BRISA

All the world’s roads are familiar with BRISA, a Turkish giant of tyre manufacturing which exports to more than 60 countries in the world.



Brisa has introduced its new products “Greenway” and “Snowways 3” at 28. Reifen Fair, in Essen, Germany.

BY TURGUT ETİNGÜ

According to Autoalliance, the automotive industry has covered 16% of the world’s R&D expenditure with circa 102 billion USD in 2013. This astonishing amount of investment is inducing an accelerated technological development in the industry. Thus, while shaping the future of industry, it also indirectly generates further standards to be met by sub-industries. A Turkish colossus in tyre sector, Brisa, is fulfilling the needs of both high performance speed cars and 5 Euro NCAP star family automobiles with its sense of quality, innovative approach and safety-oriented product spectrum.

*Brisa factory in İzmit has more production capacity than that of 6 other Bridgestone factories in Europe.*

Brisa was born in 1977 with name of Lassa -which it held until 1988- as a member of Sabanci Holding. Driven with the notion of quality, from the very beginning the company was aiming to build a high-tech production facility. Vision paid-off well and in short while Lassa has thickened its product catalogues with the addition of bus and truck, tractor, heavy construction vehicle tyres etc.

#### BORN BIG, MERGED BIG

In 1988, rapidly growing Lassa and world leader Bridgestone decided to start a joint-venture company, thus,

Brisa got its final form with the legacy of Bridgestone and dynamism of Lassa. The following year, company has achieved its fundamental goal and a high-tech facility of 196.000 sq meters facility’s foundation has been laid.

Remaining loyal to its sustainable growth principle, Brisa set its vision as “Designing the best journey for the future” and paved its path from a well-established legacy of past towards a bright, dynamic and vast horizon of future.

With world tyre industry leader Japan Bridgestone Corporation’s experience



**Hakan Bayman**  
Brisa's innovative  
and energetic CEO.

and Sabancı Group's power in Turkey, Brisa shaped its identity and route, and as a big player since its birth, still plays a big role in the market.

#### TYRE MARKS ON GLOBAL MILESTONES

Started with production of the millionth tyre in 1979, Brisa did not reach milestones on its path, it left tyre marks as milestones behind. Since entering to European market in 1995, marks of Brisa were seen on all roads throughout the world.

This ferocious growth and leading policy has been awarded several times. Being the first Turkish company granted "European Quality Award" by European Foundation for Quality Management, Brisa was also granted "Best Administered Factory" award by Bridgestone Corporation.

Besides awards, Brisa expanded its production facilities 50% with 168 million USD investment in 2005, which is followed by the purchase of American tyre-coating company Bandag for 3,6 million USD.



# 46%

INCREASE IN BRISA'S NET PROFIT IN  
FIRST HALF OF 2014

# \$900

MILLION  
TOTAL INVESTMENT OF BRISA

# 361

THOUSAND M<sup>2</sup>  
ENCLOSED PRODUCTION AREA

In 2010, Brisa's social media campaign "Drive safe and sound, lays open for you the road" was introduced with the participation of Felipe Massa, famous F1 pilot and received thrilling feedback from the audience. In 2012, biggest Lassa store in Europe was opened in Milano, Italy, among more than 100 Lassa stores in international market.

#### INNOVATION ON THE ROADS

Hakan Bayman, General Manager of Brisa explains that "Brisa adopts the customer-oriented approach as a fundamental value". When this approach meets an enthusiasm of innovation, projects like "Mobilfix", "Customer Touchpoint Stores" and "Innovation Platform" emerge.

Mobilfix is an avantgarde in the sector. First mobile truck maintenance service in the world is designed and applied by Brisa employees. Thanks to this unique asset, Brisa overhauls the vehicles like trucks, cars and heavy construction vehicles

of commercial fleets and cooperatives on-site. The bright idea extends the reach of Brisa while saves money and time of the customers. Unsurprisingly the Mobilfix has been awarded at the 2013 Turkey Innovation Week event in "Customer-Oriented Innovation" category.

Yet this is not the only first-in-the-sector for Brisa. Company has created a website that provides a similar service to individual customers. In order to help customers those lacking time or asking for on-site tyre change and maintenance "www.lastik.com.tr" is offering an online service form. "Tripin", the first "social travel platform" in Turkey, is also a progeny of Brisa's innovation enthusiasm and customer-oriented approach.

In short, Brisa is building bridges in various platforms in order to maximize the interaction with customers. Company's role model store that operates as a proto-type of touchpoint management is setting another example of the vision. Hakan Bayman





Çilek World is a regular participant of the most prestigious fairs all over the world.

## Out of all trades, ACE OF ONE

Çilek Mobilya, a unique firm in many aspects, has successfully aced a niche segment of furniture sector; kids and youth furnitures. From business model to innovation and branding, Çilek Mobilya is a global player that has strong competitive grounds in 5 continents.

BY M. BAHADIRHAN DİNÇASLAN

**P**eople widely agree that kids' imaginations are utterly infinite. Studies on the subject attribute the fact to many factors; like lack of awareness of children on what is possible and what is not, stimulative effect of systematic encouragement from different sources like parents, siblings, teachers etc., daily life interaction of children with environment

and so on...

On the other hand kids and youth furniture sector is not nearly as vast as mind of a child. It occupies solely 5% of total furniture sector while the firm specialization on segment is quite rare. Though a company, Çilek Mobilya, is focused on combining the children's imagination with design, quality and innovation to position itself as the ace

of the niche segment of industry. When considering the fact that more than 500 branches are currently operating in 70 different countries, Çilek is proving to be successful in acing the segment.

Since the invention of assembly line, a factory is more than a production tool merely designed for producing a narrow selection of products. Instead, thanks to replaceable parts and flexible mechanic systems, companies that own factories can produce whatever they would like among a wide array of goods. Thus, many companies prefer producing different sorts of goods in order to increase their profits via increased supply.

However, an increase of supplies does not always guarantee a correlated increase in demand. Since

**TALHA ÇİLEK**

Chairman of Çilek Mobilya

Çilek adopts the idea of being the best in a niche segment. As kids and youth furniture is a rather small part of furniture industry, we prioritize exports. Today, we are exporting 50% of our total production and planing to increase this share to 90%. To achieve this goal, we are constantly improving our production efficiency and accentuating participation in international fairs.

Fordist Era of marketing and production is past, the demand is more consumer and emotional-involvement oriented. Thus, a company's and trademark's added value worth depends upon its expertise and power of persuasion.

How to persuade the consumers? This is the main question and research field for the whole marketing discipline, although it is probably impossible to give an answer which would leave further questioning unnecessary; there are some outlines drawn by marketing researcher's experiences. Perhaps the most established of these conclusions, the sense of trust which is built on consumer's shopping habits, allows a company to attract the demand towards its own expertise in a niche segment. In order to build this sense of trust, expertizing on a certain type of product or a certain sector, has been a good choice for far-seeing and successful companies. Çilek Mobilya, by expertizing on "children's

furniture" and aiming to be/ remain the leader of this sector, has proved itself to be a good practicer of this model. Çilek Mobilya's Board Member Talha Çilek states: "We prioritize focusing.

First of all focusing on expertise boosts your ability of concentrating on details. Secondly it always improves your notion of quality. And last but not least it helps with building a strong brand."

Çilek Mobilya started as a family company in 1995. Second generation board member, Talha Çilek, underlines that industry had a plain profile in 90's and most of the firms were operating as carpentries and simple furniture stores. He states that "We managed to turn this situation into an advantage and focused on a niche segment of industry. Focusing is of vital importance and if you can focus intensely, you deepen expertization on subject and improve the production quality drastically". With this vision, Çilek has 212.000 square meters of production area and is manufacturing with Toyota Production System. Last year it has exceeded the projected growth and raised

**212**THOUSAND M<sup>2</sup>

TOTAL PRODUCTION AREA

**66**

NUMBER OF EXPORTED COUNTRIES

**15%**

INCREASE IN TOTAL PRODUCTION CAPACITY IN 2014

its production capacity 15%, thanks to Kanban and Kaizen systems.

Çilek Mobilya didn't take its time to certify their production and assembly areas and organize their process to match the highest quality standards. This prioritization paid-off well and fast as they exported to Ukraine in the following year of their establishment and opened their first ever branche in Malta in the latter one. This was

implementation of a vision and strategy which Talha Çilek explains as; "We were well aware that our market share was relatively low. Thus, beginning from the day one, we aimed to be proficient to compete in international market. So we regarded the design, innovation, quality and branding of high importance."

In short, Çilek Mobilya is determined to provide all needs of a kid's room, creating a "living quarter" rather than just supplying the furniture for the children. Designed by a team consisted of Turkish personnel only, and offering secondary and innovative values such as furniture parts especially designed to improve motor abilities of the kids and %100 wooden, healthy items; Çilek Mobilya is on its way towards becoming a worldwide trademark and has already taken first and important steps in neighboring and even remote far-east and European countries via franchising.



Çilek adopts "design" as a fundamental value.

# Agenda

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



DECEMBER 04-06

## TURKEY INNOVATION WEEK

Turkey Innovation Week is an event that aims to spread the sense of innovation through Anatolia by bringing globally successful professionals, industrialists, academicians and university students from Turkey and all around the world together in Istanbul.

# NOVEMBER

TÜYAP Bursa

**MODEKS**

**NOVEMBER 4-9**

Everything about furniture decoration, from house and office furniture to decoration products and lighting, is in MODEKS 2014. Best examples from the furniture industry, an important part of the country's and the region's economy.

TÜYAP Istanbul

**ISTANBUL BOOK FAIR**

**NOVEMBER 08-16**

The theme for this year's fair will be "100 Years of Turkish Cinema." The Book Fairs Advisory Board named writer and film critic Atilla Dorsay the Writer of Honor of the 33rd International Istanbul Book Fair.



TÜYAP Istanbul

**ARTIST 2014**

**NOVEMBER 08-16**

Over 100 art gallery, art foundation, fine art faculties and independent artists from Turkey and abroad will take place in the 24th international Istanbul art fair. As honorary artist Mustafa Ata and as honorary critic Assoc. Prof. Dr. Ahmet Kamil Gören will attend to the ARTIST 2014.

Lütfü Kırdar Convention Center

**CONTEMPORARY ISTANBUL**

**NOVEMBER 12-16**

The leading international art fair in Turkey brings both local and international focus to the dynamic art scene in Turkey's vibrant metropolis every November. A comprehensive CI Dialogues program of talks and conferences will complement the second year of Plug-In Istanbul and New Horizons.

CNR Expo

**CNR Leather & Fur 2014**

**NOVEMBER 19-22**

This year's topics and products to display are leather, fur, ready-to-wear clothing, apparel leather, sheep fur, raw leather, chemicals, leather craft, bag, leather and ready-to-wear machines and sub-industry.

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Antalya Expo Center

**GROWTECH EURASIA 2014**

**DECEMBER 03-06**

Growtech Eurasia, the greatest agriculture fair of Eurasia, is getting ready to gather sector leaders for the 14th time at Antalya Expo Center on December 03-06, 2014.

CNR Expo

**RAILWAY 2014**

**DECEMBER 04-07**

Logistics and transportation industry professionals as well as the members of Railway Infrastructure Companies will attend this expo. This trade show will focus on the modern changes which are taking place in the railway and transportation industry and which will help in the improvement of this industry.



TÜYAP Istanbul

**PLAST EURASIA Istanbul**

**DECEMBER 04-07**

PLAST EURASIA ISTANBUL brings together all sectors of the industry with vertical and peripheral markets. Remarkable number of business deals has been concluded and Plast Eurasia Istanbul continues to contribute to the growth of Turkish Plastic industry.

CNR Expo

**Istanbul Health Expo**

**DECEMBER 10-13**

Istanbul Health Expo is a 4 day event being held from 10th December to the 13th December 2014 at the CNR Expo Center in Istanbul, Turkey. This event showcases product from Medical & Pharmaceutical industry.

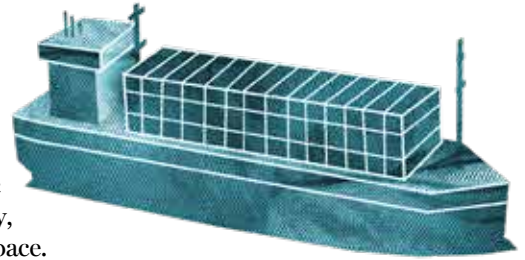
# DECEMBER

# Figures

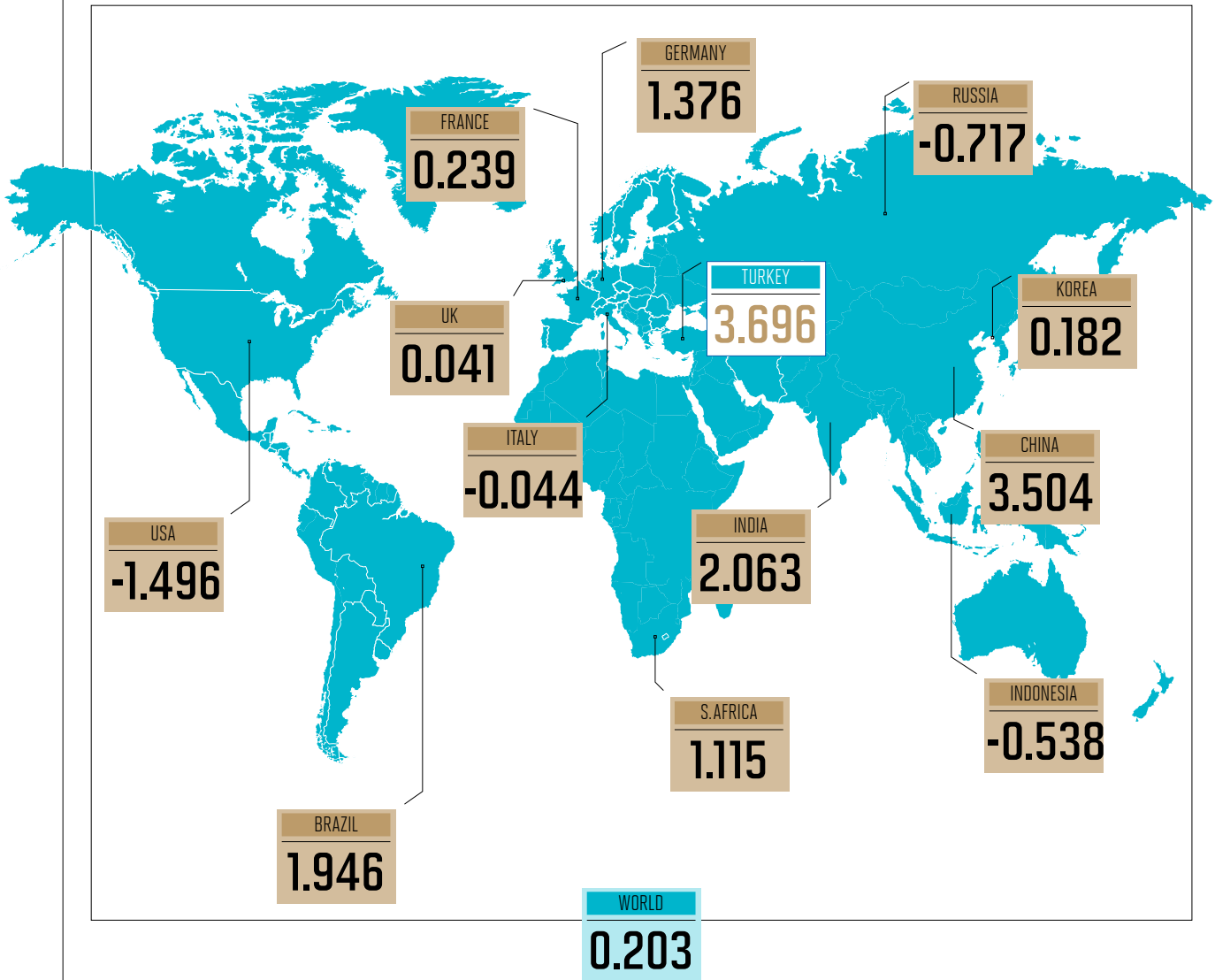
EXPORTS, INFLATION, GROWTH, UNEMPLOYMENT

## TURKISH EXPORT IS ADVANCING INEXORABLY

Despite the setbacks in certain regions, negative macroeconomic indicators and concerns regarding large economies like Germany, Turkish exports are seizing the opportunities and keeping their pace.



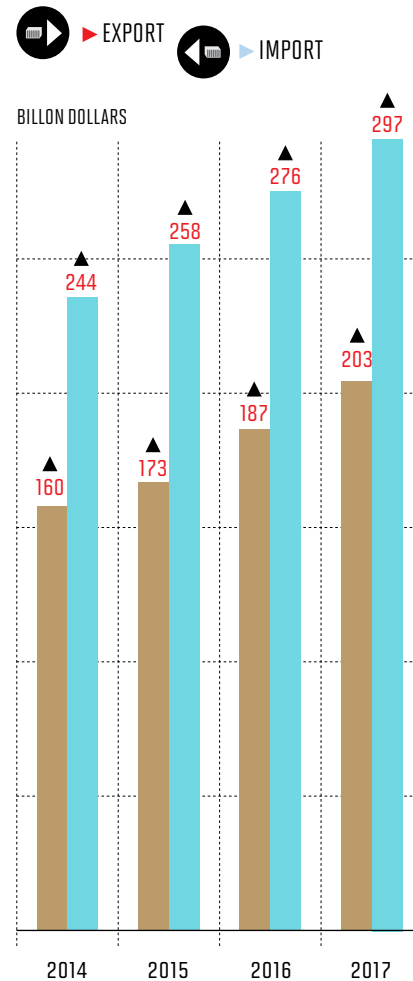
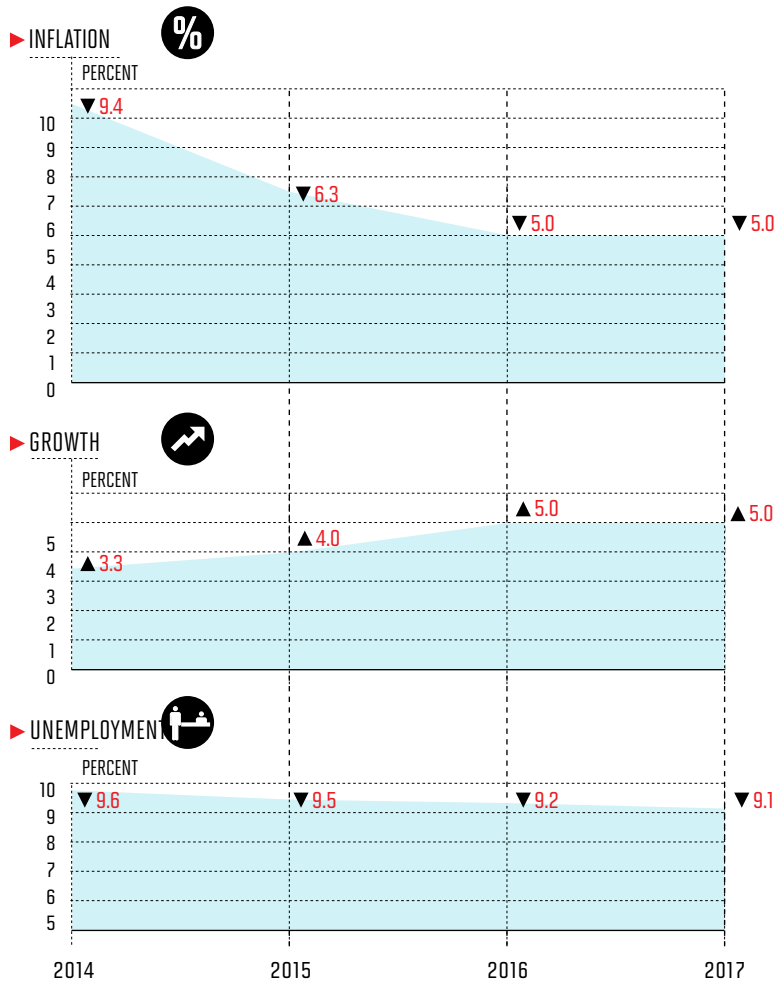
Export performance for total goods and services growth, (%)



Data: OECD

## MEDIUM-TERM ECONOMIC PROGRAMME

Turkey has set its goals for mid-term. With vital contribution of export, Turkey will regain the growth momentum it showed in last 10 years.



Data: REPUBLIC OF TURKEY, MINISTRY OF DEVELOPMENT

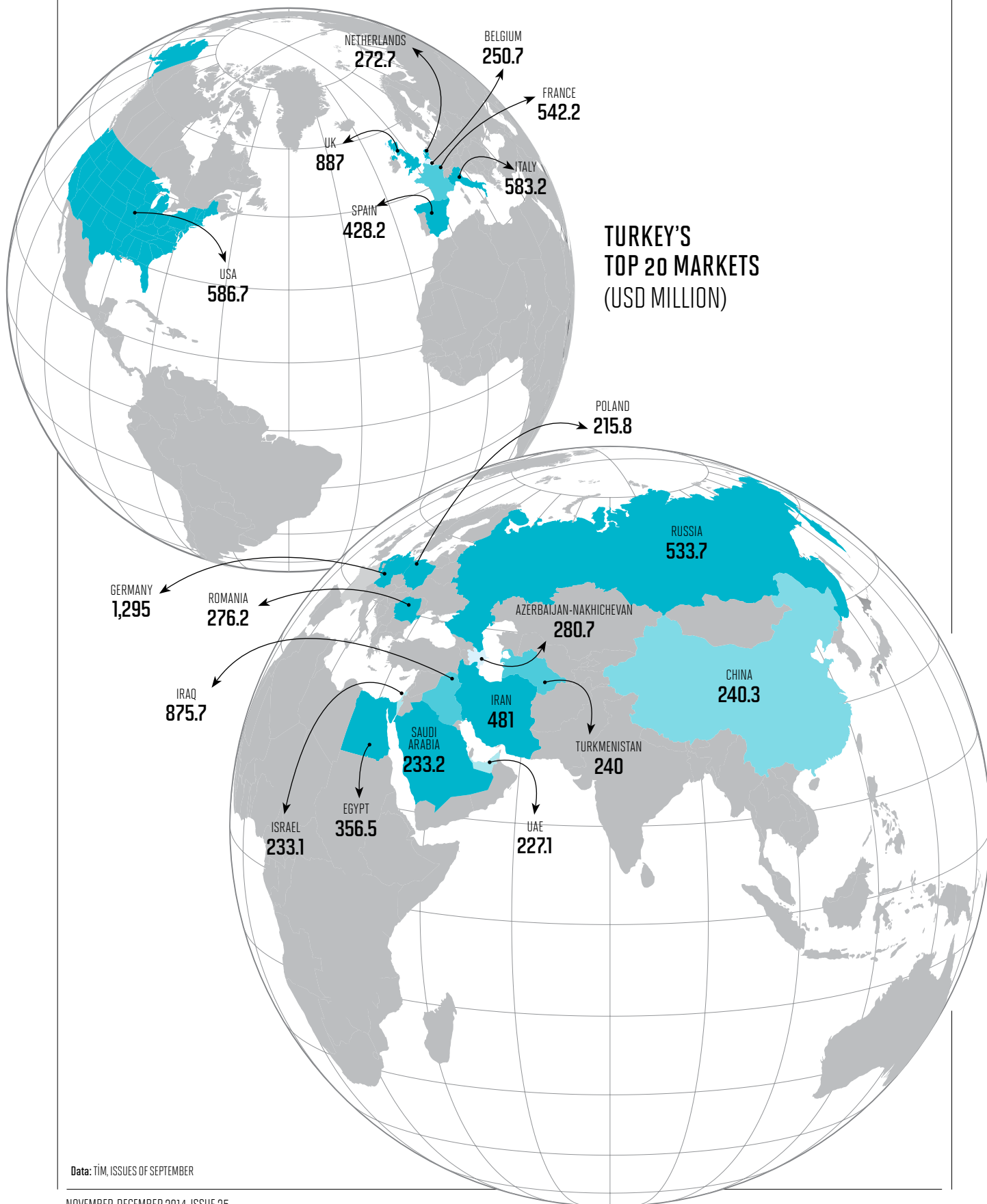
## TURKEY GROWS WITH EXPORT

Turkey, a country of export in every aspect is aiming to regain the 5% growth rate with the contribution of exporters.

Net exports, contribution to growth in real GDP(%)



Data: OECD



Data: TİM, ISSUES OF SEPTEMBER