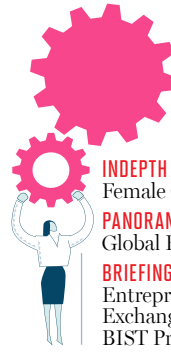


The Turkish Perspective

MARCH-APRIL 2015 ISSUE 27

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS



INDEPTH
Female Gaze at the Horizon
PANORAMA
Global Economic Prospects 2015
BRIEFING
Entrepreneurship Meets
Exchange Market:
BIST Private Market



A B[®]AND-NEW ERA

10 global brands in 2023 is to be another chapter in Turkey's success story. Being a 2023 goal itself and a key element for achieving the other goals, brand is both the journey and the destination.



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The Turkish Perspective

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Editorial



MEHMET BÜYÜKEKŞİ
PRESIDENT (TIM)

WE ARE CAREFULLY FOCUSING ON THE RISKS AND REWARDS OF 2015

Amidst the risks and uncertainties affecting the global macroeconomic climate, Turkish exporters are taking the necessary precautions and the right steps in order to seize the opportunities.

We pass through an era in which global economic risks and uncertainties with regional geopolitical risks continue. On the one hand, a negative economic outlook underscores the slowdown that affects China, the Eurozone, Japan, Russia and some developing economies. On the other hand, regarding the US economy, the ongoing growth and the recovery in import demand emerge as prosperities for Turkey. United States' economic growth has a positive effect on Turkey's export as well. In 2014, we have reached to \$6.2 billion export to USA with an increase of 15%.

In addition, parties taking over a reconciliatory manner in Ukraine-Russia conflict and efforts regarding to achieve peace are significant and auspicious news. Political stability and peace conditions in nearby geography are our biggest hopes.

Uncertainties caused by the political turmoil in the Middle East and Ukraine had a collateral effect on our export. However, Turkish exporters are trying to take measures against geopolitical tensions through market diversification operations. In such era of extensive risks and uncertainties, Turkey's export has increased by 4% in the first 11 months of 2014, whereas the top 70 countries experienced an increase of 1.6%. Thus, we



have seen how resilient Turkish exporters are against setbacks.

Albeit the unfavourable circumstances, Turkish exporters are still determined and dedicated to increase their exports. We disclosed the 2014/Q4 and 2015/Q1 expectations in the Exporter Tendency Survey conducted at the end of January. According to the results, 74% of the exporters estimate that their production and export volume either will increase or keep up with the same period of the last year. More than 50% of the companies plan to make new investments to increase

their production capacities. Turkish exporters' growth forecast for 2015 is 3.9%, more optimistic than of various institutions.

Therewithal, thanks to the momentum gained from G20 presidency and the EU's monetary expansion, we believe 2015 will present various opportunities for Turkish economy as well.

In order to increase high value-added export, as Turkish Exporters' Assembly, we prioritize brand, innovation, design, and R&D in our agenda. As we continue our journey started in the last October with the launching "Turkey: Discover the Potential" motto and the logo, the whole world discovers the power and the potential of Turkey, Turkish products and brands now. We kick-started the preparations for 2015 events of "Turkey Innovation Week" we have been carrying out for three years. Ireland and Holland participated as partner countries in the last year's events and we are receiving new partnership proposals from various countries with respect to this year's event.

"InnovaLeague: Innovation Leaders" project, the first innovation management programme we started in 2014, evoked great interest in Turkey. Top three companies from each category will be representing Turkey in 2015 European InnovaLeague. We will arrange the second InnovaLeague programme in 2015. We expect that the program will have more enrolment than 2014 and believe that it will make a major contribution to Turkish companies' innovation capacities and culture.

As Turkish Exporters Assembly, we have brought the '2023 Export Strategy' into action, now with a similar plot we initiated the plans for 2023 Turkish National Innovation Strategy. The outputs of this project will take part in 2023 Export Strategy's critical action items.

We believe that all of these endeavours will contribute greatly to the innovation foundations of Turkey's export.



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- 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 4,8% 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)
- A population of 77,7 million with half under the age of 30,7
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa
- 17th largest economy in 2013, over 1,4 trillion GDP at PPP (IMF 2014)
- Highly competitive investment incentives as well as exclusive R&D support
- Around 610,000 university graduates per year

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Editor: Onur Koçaslan

First

EXPORT, INNOVATION, AVIATION, FINANCE, ENERGY, TEXTILE, AUTOMOTIVE, BUSINESS, FOOD, R&D, INDUSTRY...



Mehmet Büyükekşi,
President of Turkish
Exporters' Assembly (TİM)
 attended the evaluation
 meeting held in Denizli.

EXPORT

Denizli Giving A Hand To Turkey's Export

LOOKING AS AN EXPORT MODEL

Turkish province Denizli stands as one of the major contributors of Turkey's 2023 goals as it increased its export three times in ten years.

Arranged by Turkish Exporters' Assembly project TİM Academy 2023, "Denizli Concerning 2023 Export Strategy" meeting was held by the hosting of Denizli Union of Exporters (DENİB). Turkish Exporters' Assembly president Mehmet Büyükekşi was one of the speakers, addressing the businesspeople of Denizli. Stating that Denizli has increased its export three times in the last decade, Büyükekşi said "Denizli makes a good role model in terms of entrepreneurship, thanks to its success story. Export of Denizli province is mostly consisted of ready-to-wear clothing, electronics, steel products and textile

products. In accordance with 2023 goals, our goal is to have an export volume of \$60 billion in ready-made clothing sector, \$45 billion in electronics and \$55 billion in steel products. We believe that exporters of Denizli will play their role well as we are on the way to our goals."

Besides, Büyükekşi stated that since 2003, number of trademark registry applications increased from 397 to 1,217 and number of patent applications increased from 3 to 21. Büyükekşi expressed his desire to see Denizli in upper ranks among the provinces in terms of export.

EXPORT

TÜRKTRAKTÖR BOOMING FROM EXPORT VOLUMES

TürkTraktör's 2014 export reached to \$290 million with an increase of 48%.

TürkTraktör gradually stepping up a gear in tractor manufacturing. In 2014 their export reached up to \$290 million with 48% increase which corresponds to nearly 16,000 tractors. "One out of two tractors are from TürkTraktör in the domestic market, and we continue to create value for both Turkish and the world agriculture," said İrfan Özdemir, Deputy General Manager in Charge of Sales, TürkTraktör. Özdemir added that the North America market constituted 30% of their export and in the domestic market their share increased by 17% in the last year.



INNOVATION

VESTEL AMBITIOUS IN SMARTPHONE

Vestel gives rise to smartphone manufacturing which is the most demanding technology sector in Turkey.



Just like television, Vestel aims at smartphone manufacturing as one of its main line of business. A country in which 14 million cellphones are sold, Vestel sets 1 million sales target for its 'Venus' smartphones in 2015. Turan Erdoğan, the CEO of Vestel stated that cellphones are in the center of the digital world and added: "80% of the people who leave their phone home, 20% of the people who leave their wallet comes back to get them. 14 million cellphones are sold in Turkey. TV sales on the other hand is 3.5 million. We have sold 100,000 smartphones in just a couple of weeks. This year our target

is to 1 million smartphones. World phone market worths \$2.5 billion. Manufacturers produce around 40 to 100 million phones per year. We are just starting."

Emphasizing on the importance of design, Erdoğan said "There will be an R&D center, so the design will be unique. Production and data stream of the design of the motherboard will be native. If a component exists in Turkey, it will be supplied from Turkey. We have 52% of internal costs and we employed 755 people." Pointing out that they also export Venus phones in a small account as well, they have projects concerning wearable technologies such as smartwatches said Erdoğan.

AVIATION

3 MORE ROUTES OF TURKISH AIRLINES

Turkish Airlines is launching 3 new direct flights from İstanbul to Taiwan, Nigeria and Philippines. Flights will start on March 3rd to Nigeria's capital Abuja, THY's 38th destination in Africa. From March 30th, there will be flights to Philippines' capital Manila. Starting March 31st, the airline will run daily flights to Taipei, the capital of Taiwan as five direct flights per week to Abuja and three flights per week to Manila.

EXPORT

ERDEMİR SPEED UP NEW VENTURES

Erdemir Group is going to make \$500 million investments, excluding purchases. Erdemir Group Chairman of the Board Ali Pandır stated that their goal is to be among the top three in the ranking of best steel producers. Pandır said "This year our goal is to sell 8.3 million tons. Until the end of 2019, we are planning to make investments exceeding \$1 billion." Erdemir Group sold 8.1 million tons of steel and made \$627 million export revenue, with 905,000 tons of export.

AVIATION

İSTANBUL AIMS FOR THE TOP IN AVIATION

Atatürk and Sabiha Gökçen Airports in İstanbul have been the most growing (in terms of passenger traffic) airports of Europe in their own categories. Last year, İstanbul Atatürk airport topped

the list with a 10.6% increase of passenger traffic in which Moscow Sheremetyevo came the second with 7.9%, London Gatwick the third with 7.5%, Moscow Domodedovo the fourth with 7.4%

and Barcelona the fifth with 6.6%. In the second group, Sabiha Gökçen came first with 25.4% increase, followed by Athens, Brussels Zaventem, Lisbon and London Stansted.

ENERGY

TURKS BUILDING CROATIA'S FIRST GEOTHERMAL PLANT

Croatia's first geothermal plant will be built by the Turkish firm MB Holding, the company which built Turkey's first private geothermal power plant. After winning the bid in January 2015, the company will have the authorization to explore the entire country for geothermal reserves and to construct electric power station. "Croatia's 35 percent of electricity will be provided by renewable sources after 2020," said Muharrem Balat, chairman of MB Holding, and the head of the National Geothermal Union. Balat pointed out Croatia, being the interception point of Balkans, Mediterranean and Central Europe, have great potential in enlarging its renewable resources. Balat stated that the achievements they have excelled in Turkey would continue excessively outside of Turkey as well.

TEXTILE

MEXX GIVE RISE TO EROĞLU

Eroğlu Holding, owner of Colin's and Loft brands, have bought the world famous Dutch fashion firm Mexx. With 500 stores and 5,000 sales points in 56 different countries, Mexx's turnover reaches to \$1.36 billion. Planning to quickly open stores in Turkey, Eroğlu Holding aims at having 100 stores and \$407 million turnover and drive on the success of Colin's and Loft in 38 countries by the purchase of Mexx.

AUTOMOTIVE

AUTOMOTIVE MANUFACTURING STEPPING ON THE GAS

The report published by Automotive Industry Association underscores the increase in production and export in January 2015.



Conducted by Automotive Industry Association "Manufacture, Import, Export, and Sales Evaluation of January 2015 Report" has been published. According to the report automotive industry has grown by 37% in January and 102,574 cars have been manufactured. In this period, car manufacturing increased by 16% as 60,414 cars have been produced. Regarding commercial vehicles, there was a boom as the segment grows by 87%, producing 42,160 cars. Henceforth the sector has reached the best January sales of the last seven years.

The biggest increase is observed in passenger van manufacturing with 157%. It is followed by delivery car with 86%, truck with 42%, bus with 31%, tractor with 6% and small lorry with 5%. Total automotive market has managed to grow at a level of 7% in 2015 as well. Automotive market grew by 37% as the number of total sales reached to 24,498. Commercial vehicles market experienced a growth of 22% as the market size becomes 10 thousand cars.

Automotive export increased 54% in January 2015. 79 thousand cars are exported in this period. Automobile export was around 49 thousand with an increase of 35%. Commercial vehicle export was around 31 thousand with an increase of 98%.

37%

PRODUCTION
INCREASE JANUARY
2015

54%

EXPORT INCREASE
JANUARY 2015

EXPORT

BRITISH AMERICAN TOBACCO'S EXPORT SUCCESS

British American Tobacco (BAT) Turkey has once more become the biggest exporter in Aegean Tobacco Exporters Association with its \$225.5 export in 2014. BAT Turkey has been the sector leader for three years, as they are awarded the first prize in Shining Stars of Export Awards, conducted by the Association. Turkish PM Ahmet Davutoğlu himself presented the award to BAT Turkey.

FINANCE

SOCAR TURKEY AWARDED

SOCAR Turkey's Star Refinery investment has won the "Best Refinery Financing Agreement of the Year" award. In regard to companies' financial projects, the ceremony was held in London by Project Finance International (PFI). Star Refinery is granted "the Best Refinery Financing Agreement of the Year" award. Star Refinery covers \$3.29 billion investment as it is the first private-sector refinery in Turkey.

BUSINESS

"Anatolian Tigers" Tread the Boards

500 biggest companies in Anatolia survey is complete as Tosçelik selected the biggest firm in Anatolia.



Awards were given concerning the "Anatolian Tigers: 500 biggest firms of Anatolia" survey conducted by The Economist, in collaboration with Turkish Economy Bank (TEB) and with support of Turkcell. According to survey results of 2014, Tosçelik was marked as the biggest of the Anatolia. Tiryaki Agro Gıda, Erbakır, Kroman Çelik and Sarkuysan Elektrolitik Bakır followed.

TEB General Manager Ümit Leblebici pointed out that they had been inspired by the Anatolia during the economically negative phases of the past and stated "Turkish banking sector managed to develop and grow, thanks to the morale you gave us". Leblebici also said that it was their honour to be one of the main supporters of "Anatolia 500" survey for 11 years. Turkcell Vice General Manager Selen Kocabaş stated that main dynamics behind the Turkey's growth is actually growth and expansion of Anatolian Tigers' revenues, profits, employment rates and export volume. Being a GSM Service Provider, Kocabaş stated

that Turkcell family stood by the Anatolian companies regarding the mobile transformation progress and said "We see it as our duty to support you as a trustworthy business partner. Among Anatolian 500, nine of each ten companies chose us as their technological solutions partner. We would like to thank you in this regard. We will always be there to solve your problems".

According to the survey, the top five in terms of increase in export were Arıkan Mensucat, Abaloğlu Yem Soya, Işık Ahşap Profil, Muratbey Gıda ve Süt Ürünleri and Royal Hah. The top five in terms of increase in employment were Balpet Petrol Ürünleri, Ritaş Kimya ve Tekstil, Kipaş Mensucat, Kayseri Şeker Fabrikası and Çekok Gıda. The top five in terms of turnover increase were Erdemoğlu Dış Ticaret, Kipaş Mensucat, As-Do Hazır Beton, Karaçuha Tarım Ürünleri, ETİ Gıda and in terms of profits increase were Best AŞ, Emaş Plastik, Tellioglu Yem Gıda Entegre, Mutlu Makarnacılık and Formflex Yalıtım Ürünleri.

AVIATION

TURKISH AIRLINES HIRING 2,500 EMPLOYEES THIS YEAR

Turkish Airlines CEO Temel Kotil announced recruitment of 2,000 people for cabin crew and cockpit team along with 500 pilots in total this year. Kotil indicated 16% growth compared to last year and stated to be aiming at the same growth rate this year as well. According to Kotil's 2015 plan of actions 34 more planes will be purchased which will host the total number of Turkish Airlines planes to 273. "Turkish Airlines has recruited more than 3,500 pilots so far and will remain hiring more within the year" stated Kotil.

AUTOMOTIVE

TOFAŞ INCOME REACHING THE EXPECTATIONS

Tofaş has enhanced its 2014 net revenue to \$233.7 million, which remarks an increase of 32%. The company exceeds Reuters' forecast in which Tofaş estimated have a net revenue of \$228 million with 30% increase. In addition Tofaş has managed to increase the its sales 5.7% compared to 2013, as they generated \$3 billion in 2014.



FOOD

COCA COLA TURKEY INVEST IN PAKISTAN

Coca Cola Turkey will make an investment worth of \$300 million in Pakistan.

Chairman of the Board of Anadolu Group and Coca-Cola Turkey Tuncay Özilhan expressed that Coca-Cola Turkey is going to make an investment totalling \$300 million in Pakistan in forthcoming three years period. He stated that they will increase the production capacity 1.5 times thanks to the planned construction of factories in Multan, Islamabad and Karachi. Pointing out that Coca-Cola Turkey operates in ten countries including Pakistan, he said they serve a population of 370 million, and stated "We are one of the most prominent investors in Pakistan and this country is our largest operation after Turkey. In 6 factories and 13 depots we directly employ 5,000 people. Two digits growth rate in Pakistan in last five years term makes us proud."

TEXTILE

TURKISH INTEREST IN MUSTANG JEANS

Turkish textile distributor Gözalan Group adds another firm to its chart as it becomes the shareholder of Mustang Jeans.



Turkish distributor of Converse and Columbia, Gözalan Group becomes the shareholder of Germany-based Mustang Jeans. As the group gets Turkish distribution rights in 2012, the brand is the first denim brand in Europe. Kerem Gözalan, Gözalan Group Managing Partner has said "It's one of the legendary denim brands in Europe and the first European brand entering USA market. It will be an important

venture in this regard." Stating that they secured a strong position in the market in two years, and that they have entered the top five in denim trading posts, with Mustang. Gözalan said "We aim at ranking in the top 3 in 2018. Our turnover from Mustang sales is \$10 million from only 240 trading posts in 2014." He also pointed out that they reached \$20 million turnover in 2014, as the number was \$3.86 million in 2010.

INCENTIVE

TURKISH VENTURES RISE AMONG INCENTIVES

Turkish Ministry of Economy has given disclosed the amount of incentives given in December. 442 projects of the total \$3 billion incentives have become entitled to take. Thanks to the incentives, companies invested \$530 million in machinery and equipment. It's been provisioned that the investments will create job opportunities for 16,844 people.

Ford made the highest-budget investment with a \$132.7 million project. Ford plans to make expand Eskişehir factory. Henceforth, the manufacturing capacity of the factory will be 21 thousand tracks.

Giving priority to fleet expansion lately, Turkish Airlines has acquired an incentive amount of \$107.5 million. Turkish Airlines will use the resource for purchasing 226 passenger and 7 cargo planes. In order to make investments to seaport facilities, in İzmir, APM Terminals has got \$102 million incentive. In addition, Dowaksa received \$100 million incentive for its facilities in Yalova.

BUSINESS

NEW CEO REPLACEMENT IN KOÇ HOLDING

Turgay Durak retiring from his position as CEO of Koç Holding. Passing the flag to Levent Çakıroğlu, the President of Durable Consumer Goods Group and CEO of Arçelik A.Ş. Assigned as the vice CEO of Koç Holding on February 17th, Çakıroğlu will start his CEO duty after the General Meeting on March

31st, 2015. Within the replacements, Assistant General Manager of Finance & Accounting of Arçelik A.Ş. Fatih Kemal Ebiçlioğlu has become the new President of Durable Consumer Goods Group while Hakan Bulgurlu, Vice President of Sales at Arçelik A.Ş. has undertaken the CEO position at Arçelik A.Ş.



Levent Çakıroğlu, CEO of Koç Holding



R&D

ŞİŞECAM INVESTS IN NEW TECHNOLOGY

One of the biggest glasswork R&D centers in the world is built by Şişecam.

Within the scope of a \$16 million venture, Şişecam Community has opened Science and Technology Center in Çayrova-Gebze. Following the opening, foreign glass companies local companies and universities visited the R&D center. Speaking about the importance of the center, General Manager Ahmet Kirman said that the center is the one and only glass technology center in Turkey and it is the one of the prominent R&D centers in the world. Şişecam gives weight to competitiveness as well as creating new investments and markets as they carry out research and development in its new center.



INDUSTRY

HAVELSAN SIGN IN GERMAN SUBMARINE FORCE

Turkish Navy solution developer Havelsan enters German market as they export submarine communication systems to Atlas Electronics.

Havelsan, the solution developer Turkish Armed Forces, is renowned for its projects, the ones for the Turkish Navy in particular. Recently, HAVELSAN exported the Submarine Communication System (DBDS), which was created for CERBE class submarines, to Germany.

According to the statement made by

HAVELSAN, first product of DBDS, which was one of the three projects undertaken by the institution, have been sent to Bremen, to be received by Atlas Electronics. Eventually, DBDS and other submarine systems will be tested in facilities of Atlas Electronics in Bremen. DBDS is developed by HAVELSAN engineers and has unique features. The

system came the first in Turkish Electronics Industry Association (TESİD) contest of Innovation-Creativity in 2012. It is also the third member of Ship Data Distribution Systems, and became a HAVELSAN trademark in Turkish Patent Institution registry. Besides being a 70% domestic product, all software of the systems were also developed by HAVELSAN.



Panorama



BY H. BADER ARSLAN, PhD

GLOBAL ECONOMIC PROSPECTS 2015



The global economy has gone through a very rough period during the post-global crisis and new year has started with a couple of peculiar events (e.g., rising political risks, appreciation of US dollar, price volatility in oil, unprecedented decision of Swiss National Bank, elections in Greece...), giving clues on how economic pulse will fluctuate in 2015.

Major variables seem to shape the global economy in 2015 are the price developments in oil and other commodities. appreciation in US dollar (or depreciation in euro, from Turkey's point of view), the unclear effects of expansionary monetary policy conducting by European Central Bank, and the economic growth in global markets, particularly in emerging ones. These adverse and unusual pieces would hinder to assemble the puzzle for many countries, unless a close monitoring is done and probability scenarios are prepared.



OIL PRICE

Many believe that price of oil is a concern for just a small group of countries. Did you know that there are 49 exporting and 56 importing countries of crude oil above 1 billion USD ?

Oil price have declined 60 percent from mid-2014 to January 2015, a slump mostly cannot be explained by economic factors. Ongoing price decline is certainly a shock for oil producers and seems as a gift for those having current account deficits. Though, the volatility in prices, not only the level itself, is another concern for all.

Herein, it is important to conceive in which ways the oil price will affect global economy. Firstly, the decrease in oil prices will support energy importers like Turkey whereas it will have negative outcomes on energy exporters like Russia, Canada, some countries in the Middle East and Asia.





Secondly, energy exporter countries will possibly grow far below the potential as a result of declining income from oil. The short of income will also reduce domestic investments and imports of goods for this group; i.e. falling oil prices will affect not only energy exporter countries but also other countries exporting to mentioned countries.

As regards Turkish economy, lower oil prices have pros and cons. On the positive side, current account deficit will contract as imports contract. A barrel for 60 USD (40 percent below

the Medium Term Program assumptions), has a potential of lowering the deficit about 20 billion USD.

On the negative side, cheaper oil means lower costs and which in turn would pull the export prices down; of course not only for Turkey but for the whole world. Another shortcoming for Turkey may be the weakening external demand from oil exporters and the postponement of some infrastructural investments in these countries. Yet, private sector seems to be prepared with contingency plans.



DOLLAR'S APPRECIATION AND FED

As the signs of the end of monetary easing have come, markets got ready to close counter-USD positions.

Appreciation in dollar has started to gain momentum in June 2014. During the rest of the year USD index rose 19 percent. Major loser against USD was euro. Depreciation in euro provides a significant support especially for southern European countries in terms of competitiveness. Though, the effects may be adverse for the countries exporting to Europe.

Although Turkey uses various currencies in external trade, euro accounts for 45 percent of exports, and 30 percent of imports i.e., weakness in euro/USD may be a concern for Turkish exporters. Lower euro will reduce not only the value of Turkey's exports but also the value of imports in US dollars. Total effect on foreign trade and current account deficits would be unremarkably small, yet it would curb the contribution of net exports to growth.

Federal Reserve (FED) stance is also one of the



crucial factor shaping global economic outlook. Actually, the important point is not only the time of raising interest rates but also the form of the process. Good news came on mid-February. According to the minutes of FOMC meeting, FED underlined that raising interest rates too soon could pour cold water on the economic recovery. Receiving the sign that FED will not be in urge to hike rates and, considering that the rates will be lifted step by step with small amounts, the effect on emerging countries like Turkey would not be a challenge.



ECB POLICY AND GREECE

In 2014, global economic outlook differentiate across the regions, particularly in developed countries. US economy has shown a strong economic performance whereas Euro Zone has stayed well below the potential.

By the end of January, mentioning the downside risks for European economy, Mario Draghi of European Central Bank has announced the details of expanded asset purchase program: “up to 60 billion euros per month until at least September 2016”.

Eurozone is still below its pre-crisis real GDP level and ECB aims to support investment and consumption with this new positioning, struggle with deflation risk. Growth is expected to gain momentum, at least on the paper. If it happens, beneficiaries will not be limited with Eurozone. That will also be supportive for Turkey's exports, inward

direct and portfolio investment. Besides, ECB's stance will somewhat be counter effective to FED's normalization program and put Turkey on ease in financing the current account deficit.

Despite the explicit and implicit signs of recovery in Eurozone, a growing spot of concern is Greece. Elections in Greece ended with a government that is vigorously rejecting many liabilities of the bailout with the troika. As of the day these words are written, Euro Zone leaders struggle to reach a deal in order to keep Greece in single currency and the context of the agreement as consented. A contextual shift in bailout terms, even a major one, would not hamper European outlook unless it is accompanied with a harsh Euro-Greek breakup. Moreover, markets, even the euro itself would applaud a bona gratia.



GLOBAL GROWTH

Although decrease in oil prices has created a visionary expectation of a stronger global growth, numbers do not comply with it, at least for now. Most economic institutions have cut global growth forecasts for 2015. World Bank has revised global growth rate from 3.4 percent to 3.0 percent, IMF from 3.8 percent to 3.5 percent.

2015 may come up with a stronger growth compared to 2014 but, what seems more accurate is the decrease in oil prices will not support global growth as predicted earlier.

Comparing to high-income countries, growth prospects for emerging countries had a more dramatic downside revision. Not only the oil-beaten Russia but all BRICS are expected to perform a sluggish growth in 2015. Brazil is like a rabbit, running in slow-motion and even interestingly the front runner in hiking policy interest rates up. China is losing momentum and appreciation in USD would aggravate the burden for Beijing.

WHERE TURKEY STANDS?

A single word to tag all these outside effects is “odd” and the correct answer to this question would be “somewhere in between”. Recent decisions and actions from central banks of US and Eurozone would support Turkey's growth prospects. Oil price has mixed but rather positive results. Russian conflict and emerging markets slowdown are on the negative side. The road is open but the weather is cloudy. Private sector should be optimistic to catch the opportunities without releasing safety-belts.



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Briefing

FINANCE, INNOVATION, ENTREPRENEURSHIP, LOGISTICS, ENERGY, EXPORT, AVIATION ...



In the scope of the free trade agreement between Turkey and South Korea, effectuated in 2013, a new protocol regarding service sector and investments has been signed.

FINANCE

Turkey and South Korea

BREAKING THE TRADE BARRIERS

Free Trade Agreement signed in between Turkey and South Korea as the rising two stars of the global economy cultivate their long-standing ties.

BY ONUR KOÇASLAN

South Korea has been an inspiration for countries in need of increase in the economic growth and development. Although it is located in a region that political tensions never cease, thanks to the social and economical developments regarding export based progress plan initiated in 1962, the country today is distinguished in Asia and the rest of the world.

Undoubtedly South Korea

example is important for Turkey which carries its growth through export. Running to 2023 with its \$500 billion export goal, Turkey is inspired of Korean model in order to increase its export performance. South Korea can be considered as a role model for export base economies amidst its state of the art technology products and globally known brands. In order to join forces in trade economics,



the rising values of the world economy have implemented the Free Trade Agreement (FTA) in 2012. Extending the existing agreements, service trade and venture agreements are signed in between the two countries this year. In exchange for promoting relations, trading delegations have met in Seoul as they attend to conducted business forum and networking meetings. The meeting in South Korea

drew intense interest from Turkish companies that are in service of the various sectors such as aquaculture, nuts, olive and herbal oils, sugar in chocolate products, bakery products, processed fruits products, industrial plants, oil products, leathery, medical device and products, ready-to-wear products and automotive industry.

TURKISH-KOREAN INVESTMENT RELATIONSHIPS

The FTA will cover a great scale of increasing ventures and maintaining economic cooperations in between the two countries. Including holdings such as Hyundai, LG, KT&G 226 Korean-based firms have about \$451 million investment in automotive, IT, mining, tourism and manufacturing sectors. Steel-leader POSCO's decision to invest \$24 million in Bursa is another example of that Korean firms will continue to look Turkey as a land of regional manufacturing and distribution base. It is expected that the extended Free Trade Agreement could help Turkey's ongoing unfavourable situation regarding the bilateral trade volume to some extent. Forasmuch as South Korea is one of the countries Turkey have trade deficit on a pro rata basis. Soaring since 2001, this trade deficit reached to \$4.5 billion in 2007. Thanks to the increase in Turkey's export volume the deficit decreased to the level of \$3.8 billion in 2008. The deficit near \$2.9 billion during 2009, has again reached to \$5.6 billion in 2013.

INCENTIVES FOR VENTURES

Korean government promotes various incentives to foreign investors as they

seek for contributors to their economy. In order to make use of the incentives, the investments which are in free-zone or foreign base, as well as including high-technology. Depending upon the type and size of the investments, tax-exempt ventures are subsidised for 5 to 7 years. For three years, imports taken in course of the investments are nontaxable as well as granting up to five percent of the venture costs minimum \$10 million. Likewise, R&D companies can benefit from the incentives. Additionally, private industrial zones are reserved with low tenancy costs or free in charge for the investors. Apart from these, the government helps the wages for the companies that will work on R&D. These companies have also other

TURKEY'S EXPORT TO SOUTH KOREA



NIHAT ZEYBEKCI

Minister of Economy

South Korea injected \$220 billion foreign direct capital to the world so far. It's projected that South Korea will make around \$200 billion worth foreign direct investment in the next five years. Following new investment and service trade agreements incorporated into the ongoing FTA, we presume that South Korea will lead a way for Turkey into the potential markets of Asia. As a consequence of upcoming ventures, Turkey can be a prominent center with regard to access the new markets of Europe, Balkans, the Middle East and the CIS countries. Amidst this agreement, Turkey will be a service sector investment base for the South Korean companies, and it will enrich Turkey's accession. Alongside the mutual increase in service sectors, close relations in between the two countries will be strengthened. Dialogue betwixt the two generations will be built, as well as increase in the tourism demands. Hence, there will be a strong foundation in order to boost the social and economic relationships in between the two countries.

perks such as HR-master firms provide consultancy services regarding covering the staff needs.

FREE TRADE ZONES IN SOUTH KOREA

The Free Trade Agreement signed between the two countries can contribute home trade as it can dynamize the regional free trade zones of both countries as well. There are six free



MEHMET BÜYÜKEKŞİ

President of TİM

The Free Trade Agreement signed with South Korea in 1 August 2012, effectuated in 1 May 2013. Agreement encapsulates the issues of terminating obstacles regarding the tariffs in commodity commerce, origin rules, easing the conditions of customs and foreign trade, technical trade impediments, trade policy measures, settling the disagreements, invisible items of trade and investment negotiations, intellectual property rights, competition, transparency, trade and sustainable development, and the institutional provisions. The Free Trade Agreement is of a great importance in the way of enhancing a more balanced foreign trade volume between the two countries. Thus, alongside the first deeply extensive partnership agreement of Turkey and acceleration of commodity trade between these two countries; taking "the invisible items of trade" and "investment" into account of the FTA; we may foresee the actualization of an advantageous foreign trade which is highly profitable for both sides in maximal sense.

zones in South Korea, which are Incheon, Busan-Jinhae, Gwangyang, Yellow Sea, Saemangeum, and Daegu-Gyeongbuk. Dependent to the local governments, these zones are autonomous administrations, which help the investors with some perquisites such as tax reduction, customs exemption and estate and educational consultancy services.



From Thrace to South Eastern Anatolia, Turkish cuisine offers a good variety of desserts.

TOURISM

The land of **PALATAL DELIGHT**

Travelers around the world broaden their horizon as they seek exclusive flavours. Turkey shows up as a destination of gastronomy tourism.

BY EMRE KURBAN

Although assumed a modern phenomenon, “gastronomy” is actually deeply rooted in the history of humankind. What had formerly made the Silk Road and the Spice Road so important was the endeavour of people to reach olive oil, silk and spices in a cheaper way. Today, this is being replaced by the travellers standing out by their preferences of restaurants.

The features of the Turkish cuisine mainly stem from its geography and history. As the successor of the Ottoman imperial cuisine, it possesses a substantial cuisine tradition. Another factor being supportive to the enhancement of this culture is its proximity to the Mediterranean, Middle East, Balkans, Caucasia and Black Sea. It is those key factors that make the Turkish cuisine

attract immense attention in several places of the world, and transforming Turkey into a center of gastro-tourism.

Varying influences of the cuisines of the world on the Turkish cuisine has been stimulating Turks’ creativity in cooking. A talent that is familiar with cooking in diverse styles always reveals its light on a certain level, and that is the case in the Turkish cuisine culture. Aubergine is

cooked in 17 different kinds in its motherland, namely India, whereas the Turkish cookery provides 363 kinds in cooking aubergine.

It is the richness and deeply-rooted tradition of the Turkish cuisine that may encourage investments in gastro-tourism. The future boutique hotels combined with local flavours and local manners of service could create centers of attraction, which would be profitable for everyone in all respects.

The Turkish cuisine is exceptionally favourable to the gastro-tourism investments. The tradition and diversity that is possessed may put that cuisine forward in the arena of the world cuisine. Gastro-tourism in Turkey has drawn foreign attention recently. Turkish city Izmir became a member of "Délíce Network of Good Food Cities of the World" (DELICE). Izmir Metropolitan Mayor Aziz Kocaoglu signed the membership certificate at the ceremony held in Lyon, France on January 26th. The network including 22 cities



VEDAT MİLOR

Gourmet/ Fellow Professor at Stanford University

Turkey's rich culture of cuisine carries an enormous potential for gastronomy tourism. Any investment made for the Gastro-tourists will likely get positive feedbacks in a short while. Because it is that treasure awaiting to be uncovered; in which contains a culture of cooking varying not only from region to region but from one town to another as well. Taking an inventory of flavors would clearly reveal the centers of regional flavors, being capable of attracting the concerned ones. Prospective investments would provide benefit to both investors and locals. Gastronomy tourism is an investment field in which hopefully no one would remain gainless. Holding a geography on which regional flavors can be tasted in their own atmosphere, Turkey could make a great name for itself in gastronomy tourism.



YALÇIN MANAV

The Chairman of the Turkish Cooks and Chefs Federation

Turkish cuisine is a synthesis of diverse cultures based upon the former traditions of the Ottoman Empire. It has always been such a tradition that presents several kinds of flavors with all the vegetable foods, meat dishes, sweets, appetizers and wines. The high quality of Turkish cuisine is constantly proven right by the successful performance that is apparent in fairs, cooking competitions. Turkish foods have been considered worthy of hundreds of medals in various competitions up until the present time. Another instance indicating the high potential and standard of the Turkish cuisine is that 13. International Istanbul Cuisine Days (in-between 28th - 31th January 2015) hosted many thousands of foreign cooks and chefs from several different countries of the world. It is that great concern that shows the prominence of this diverse and qualified tradition of cuisine.

from 4 countries offers a communication and exchange platform between master chefs and cities on gastronomy, focuses on the specialization and experting of chefs, health and nutrition, local products, education and leading and urban marketing.

Furthermore, Turkish chefs are widely regarded in the world, achieving various successes including a gold medal in International Exhibition of Culinary Art, the Culinary Olympics, in 2012. And thanks to its premium quality hotels and improved touristic facilities Turkey is a potential candidate of organizing such international events. Antalya by itself shelters 351 five star facilities, exceeding the number of same segment facilities in whole Spain.

Just like new places, people demand new tastes as well. If you want to experience the unique flavour coming from both traditional and modern cuisines, Turkey is a good start, with its high quality and affordable services and its cuisine in which Europe, the Middle East, the Balkans, Caucasia and Mediterranean meet.



1100

KINDS

EDIBLE PLANT SPECIES
IN TURKISH GEOGRAPHY

Izmir joined "Délíce Network of Good Food Cities of the World" with a ceremony held in Lyon, France.



STEPPING UP WITH INNOVATION



A university seeking to cultivate an innovation culture in the aim of becoming an R&D university, Yıldız Technical University (YTU), has planted another seed into its educational soil by offering an Industrial R&D and Technology Management Certificate Program collaborated with the University of Warwick and YTU Teknopark.

The one-year old postgraduate certificate program, first launched in March 2014, is being supported by Turkish Exporters Assembly (TDM), one of the foremost supporters of establishing an innovation infrastructure. This year, TİM announced new scholarship for this course which will allow 30 qualified students participating in the programme.

THE PROGRAMME OF FUTURE'S INNOVATORS

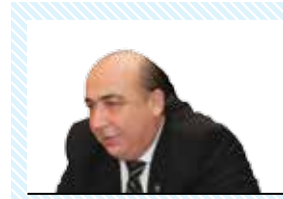
The modules are delivered in English by the tutors of Warwick Manufacturing Group of University of Warwick, one of the UK's most innovative and highly ranked universities, on YTU's main campus located in Beşiktaş, right at the heart of İstanbul. Beyond doubt, the programme is both challenging and as rewarding as it will give participants the opportunity to professionally

develop themselves on Industrial R&D and Technology Management. Innovative teaching methods are employed to ensure students engage practically with their studies and are well equipped on graduation to apply this to real work scenarios.

UK'S UNIVERSITY OF THE YEAR IN COOPERATION WITH YTU

The University of Warwick has been declared "University of the Year" by the Times and Sunday Times newspapers. "Warwick has been an ever-present in our top 10 over the past two decades.", said both papers about the university.

The taught component of the program is a blend of formal lectures, seminars, practical exercises, simulation games and case studies to encourage teamwork and practical grounding of the material. Modules are taught in an intensive 5 days block allowing participants to



PROF. DR. ALİ RIZA BÜYÜKKUSLU
Teknopark Consultant

University of Warwick and Warwick Manufacturing Group (WMG) are one of the most prestigious institutions of United Kingdom for their prominent industrial post graduate and doctorates programmes. It is a centre for many multinational brands across the globe seeking innovation or innovative solutions. China, India, Singapore, Malaysia, Hong Kong and South Africa are amongst these countries of emerging economies where WMG trainings take place. In this regard, WMG with such credibility and notably high international validity offering these global courses in YTU is great success of YTU. The program is an extremely important opportunity for both the participants and companies.

be fully immersed in each subject area. There are no written examinations for the Postgraduate Certificate programme, instead assessment is achieved through work based Post Module Assignments (PMA), usually in the range of 4000-5000 words. The course regulations have a list of 4 core modules and optional modules.

CORE MODULES

- PROJECT PLANNING MANAGEMENT & CONTROL
- FINANCIAL ANALYSIS & CONTROL SYSTEMS
- INNOVATION
- TECHNOLOGY MANAGEMENT

OPTIONAL MODULES

- PRODUCT DESIGN & DEVELOPMENT MANAGEMENT
- MANAGEMENT OF CHANGE
- OPERATIONS STRATEGY FOR INDUSTRY
- SUPPLY CHAIN MANAGEMENT
- CRYPTOSYSTEMS & DATA PROTECTION

This collaboration between University of Warwick and Yıldız Technical University will contribute greatly to the efforts to create a spirit of innovation. It will allow know-how and a cultivated, well-established understanding to be transferred to Turkish academic circles, and eventually will provide people equipped with the right ideas, notions and solution proposals to the workforce. Although a long-term investment, this educational move will compensate the efforts and will prove itself a high-profit return. Combining the sophisticated academic background of Warwick and dynamism and tradition of Yıldız Technical University, this program will no doubt be one of the key components which will create the future innovators of Turkey.

The R&D certificate programme is a joint initiative of Yıldız Technical University, University of Warwick and Teknopark.





R&D

Turkish IT Sector: CODED TO INNOVATE

Istanbul Innovation Week 2014 shows that when it comes to R&D and innovation, Turkish IT companies meet the world standards with enhancing new ideas.

BY EFE DAŞMAN

It was one of the worst wars in human history, when a mathematician named Alan Turing worked for the British War Intelligence Agency at Bletchley Park. His duty was to decipher the “unbreakable” Enigma machine that Germans used during the war. What Alan Turing and his colleagues did was years of research and development to make a fully functioned code-breaker “Turing machine.” Working with simple binary codes, the machine is the ancestor of what we call computers today. Whether they know or not, their innovation result would

lead the century towards an age of information technology.

Launcher of the IT certainly needed lots of research and development. Today, we have tiny gadgets in our pockets, we enjoy digitalized music and movies, our health can be saved thanks to the digital advancements. Enfin, we live in a digital world and R&D is the key to innovate for the IT industry in order to survive in this rapidly changing digital world.

The 18th largest economy of the world, Turkey seeks how to increase the export and hence to reach its goal of “\$500 billion export in 2023.”

Whether it’s for personal or corporate use, information technologies in Turkey grow rapidly to help Turkey’s cause. Coming into the market in the early 90s, Turkey has shown remarkable improvements in the sector for the past few years. Today, the size of the sector is \$25 billion with a total export number of \$572 million. When it comes to R&D and innovation, technoparks are the places for information technologies. Turkey currently has 59 technoparks. To show how effective they are, InnovaLeague champions of “Innovation Results” category is a good

example. The top three finishers are IT companies reside in technoparks. The efforts and end-products which these three companies put show that R&D is taken seriously when it comes to information technologies in Turkey.

LABRIS NETWORKS: NO-THREADS DETECTED

Founded in 2002, Labris Networks is an R&D-focus provider of network security solutions. The company is focused on cyber-security which is one of the key areas in a digital world. The company ensures network security through its wide product line, such as firewall/VPN, web security, E-mail security, lawful interception and availability protection solutions on Labris UTM, Labris LOG, and Harpp DDOS Mitigator appliances. The company also provides next-gen solutions developed to detect and identify all kinds of real-time threats which are to provide smart-shield against intrusions, viruses, spams, malware and

availability attacks.

Having operations in a rapidly growing global network of more than 20 countries, Labris provides infrastructure security to over 3500 critical firms. The company has awarded with Common Criteria EAL4+ certificate, which is the only governmentally-recognized certificate. Being a rapidly growing global player, Labris Networks focusing on a more strategic area, that is cyber security. It offers UTM products which is called "border security" of cyber security, and also with DDOS Mitigator products, Labris offers defense for cyber service shedding viruses or malwares. Labris, headquartered in Ankara, Turkey, has offices that serve Europe, Middle East, North Africa, Caucasus, and Southeast Asia. Labris Networks has listed as champion in Innovation Results category.

TRIODOR: OUTSOURCING AT ITS BEST

Founded in 2003, by three Turkish entrepreneurs living in Holland, Atilla Aytekin, Yerhan Erbaş and Umut Akpınar; Triodor is an international operating company that delivers software and hardware services and solutions. While in the very first years the company had a large spectrum of products and services such as web sites, network management, CRM software and hardware; within years, it has focused on software development and innovation.

With over 200 staff, the company has an R&D center in İstanbul and headquarter in Amsterdam. Introduced its first software in 2004, Triodor had a breakthrough with the first outsourcing contract. The same year the company has signed its first special party concept

which was very successful for the company as they started to co-operate with the prominent agricultural firm Lely in 2006. Lely Triodor develops products for the robotic milking and feeding of cows. The Lely T4C (Time for Cows) management system was launched in 2009 for the first time on the Astronaut A3 Next milking robot. Today over 6,000 dairy farms around the world are using the system on a continuous basis.

Triodor develops new solutions to its multinational companies on a daily basis. Officially certificated "R&D Center" by İstanbul Development Center in 2010, the company awarded by Turkish Exporters Assembly the runner-up prize of Innovation Results category in the InnoLeague 2014.



SEÇKİN GÜRLER
CEO & Co-founder, Labris

Labris Networks operates in cyber-security field. Cyber-security is a subject which has to be dealt with delicately in the world. As it is stated in the World Economic Forum, there are a lot of threads that suppress the world economy and cyber-attacks are the most important. Cyber-warfare is a danger which could paralyze the whole country as it's occurred in 2007 cyber-attacks on Estonia. You may keep it without any internet connection, or power and water; which is a war-like environment. We offer products in such field. We have UTM products, DDOS-Mitigator products, log-analyzers which are to provide security on both personal and corporate use. In 2009, we got Common Criteria EA4+ certificate, which is the top security level in our product group.

\$25
BILLION

IT SECTOR TURNOVER
IN 2014

13%

IT SECTOR GROWTH RATE
IN 2014

\$572
MILLION

IT SECTOR EXPORT
IN 2014



PROF. DR. ZAFER DURUSOY
CEO & Founder, Nanovak

Each year, we establish new ideas and products. Some of these products can be component based, while others are devices. For instance, our Bell Jar Vacuum Systems we exported this only has one-year history. We have sold twelve vacuums which is a remarkable accomplishment considering marketing a product from scratch. We sell products which have never been in the market before, which is noteworthy.

I would like to enunciate that Turkish products have a tremendous potential in high-technologies in the world. I strongly believe that the potential will be realized in long-term. Re-adjusting support mechanisms to promote product-oriented supports will definitely improve the R&D sector in Turkey.

NANOVAK: SMALL IN QUANTITY, GRAND IN NATURE

Nanovak R&D Ltd was founded in 2006 for supplying high-quality products to local and global markets. The firm is located at Hacettepe University Technopolis. Vacuum and thin film deposition systems are developed through R&D processes. They operate in the defense industry and nanotechnology with an R&D team of seven people and two PhDs including the chairman Zafer Durusoy.

Considerably small number of employees, the firm has managed to deliver its products to reputable universities in Turkey, such as METU, Boğaziçi, Bilkent and Koç, without receiving any know-how from other companies and distributing third party products.

Manufacturing with its own means, Nanovak exports its products to Middle-East and UK. They sell vacuum equipment to two firms in Europe regularly; they have installed two devices in Egypt National Research Center and received six system orders from the UK, some of which have already been delivered. Nanovak has listed as the third in Innovation Results category.

Thanks to the investments in R&D, information technologies in Turkey will continue to grow. It is expected that in 2023, IT's share of \$2 trillion GNP will be 8% and the size of the sector will be \$71 billion. Globalizing Turkish IT companies share the innovation culture with the world. They also started to participate innovation events to share their ideas and progress. Innovation events in Turkey are important on the way to cultivate an innovation ecosystem. In that context, there will be another Innovation Week in İzmir, on 19-20 March 2015.



ENTREPRENEURSHIP

Entrepreneurship Meets Exchange Market:

BIST PRIVATE MARKET

Borsa Istanbul's new initiative, BIST Private Market, is a unique and innovative market. Bringing a new approach to the entrepreneurship ecosystem of Turkey, BIST Private Market is highlighting its potential with prestigious awards it received short after its establishment.

BY TURGUT ETİNGÜ

Entrepreneur, both the term and the persona, has evolved substantially starting from the very first use of the word in 1723 by Richard Cantillon to its modern, digitalized –with the effect of internet startups in particular– and specified descendant. Moving forward with the global economic paradigm shift, the idea behind “entrepreneurship” and the essentials of it have been analysed and discussed from various perspectives which were belonging to some of the most prominent figures of economics such as Schumpeter, Menger and von Mises. Each study brought a new axis to the term, thus met another intellectual need of which many widely vary, though the needs of the

persona are actually quite the same and still relatively unmet; the number of entrepreneurs is increasing, they need guidance and they need financing.

Turkey is amongst the countries in which the entrepreneurial spirit has a crucial role in terms of economic dynamism whereas according to Turkish Statistical Institute (TUIK) SMEs account for 75.8% of total employment and 59.2% of total export. And the trend is still upwards as the number of SMEs has increased by 1 million 162 thousand in last 9 years and reached to 2 million 965 thousand by the end of 2013. Besides their quantitative performance, they also provide a robust contribution to gross value

added (GVA). OECD's Entrepreneurship at a Glance 2014 issue underlines the fact that Turkey has the smallest gap in the value of average exports between large (more than 50 employees) and small firms (less than 10 employees).

THE MOST INNOVATIVE ENTERPRISE

Turkey's entrepreneurial ecosystem is a matter of utmost gravity for various governmental and non-governmental organizations as well as the private sector. Prime Ministry, Ministry of Economy and Ministry of Science, Industry and Technology are amongst the prominent supporters of entrepreneurs with their various training and incentive programmes. Turkish Exporters Assembly and Turkish Economy Bank are augmenting TIM-TEB Business Incubator for Entrepreneurs (TİM-TEB Girişim Evi) initiative to a new level with the aim of extending through Anatolia. International Entrepreneurship Center, an organization of Ministry of Development, UNDP Istanbul International Center for Private Sector in Development, Habitat Development and Governance Organization, is providing different services to entrepreneurs. Entrepreneurship Foundation, a young organization is aiming at encouraging and guiding the youth to become entrepreneurs. Furthermore, accompanying the numerous private and government-owned banks, there are more than 40 different institutions providing financial support and financing to entrepreneurs. Adding many other institution, companies, service providers and intermediaries to the equation, a rich ecosystem with copious components emerges.

75.8%

SME'S SHARE IN TOTAL EMPLOYMENT

59.2%

SME'S SHARE IN TOTAL EXPORT

**1.2
MILLION**

ENTREPRENEURS
2013

Borsa Istanbul (BIST), which is actually a new enterprise itself after its transformation that is the combination of Istanbul Stock Exchange, the Istanbul Gold Exchange and the Derivatives Exchange of Turkey, has secured a strong and fundamental position in the entrepreneurship ecosystem with its visionary project. "BIST Private Market", an enterprise first of its kind, which received "The Most Innovative Enterprise Award" in Turkey Innovation Week 2014, is now offering a network which systemizes the ecosystem and building germane links between entrepreneurs, investors, intermediaries and service providers. Thanks to Private Market, Borsa Istanbul was awarded by European Business Angels Network (EBAN) with "The Best Stock Exchange Concretely Supporting Startups in South East Europe" regarding the Business Angels Association of Turkey (TBAA) Excellence Awards.

ATO-TO-POINT APPROACH

BIST Private Market, is a web-based platform established on 17th November, 2014. With its different types of membership, BIST Private Market is bringing investors, companies, service providers and intermediaries together. The point is that the companies' shareholders and investors are having the opportunity of trading the shares without the need for the company to go public. The first ever market developed by an exchange market from scratch, BIST Private Market aims at improving the entrepreneurship ecosystem and investment climate while providing a treffpunkt for the international investors and the entrepreneurs looking for domestic and foreign investment.

Thus platform brings solution to the most acute problems of entrepreneurs. According to a survey conducted by Ernst&Young with the participation of 1,500 young entrepreneurs from G20 member countries, 73% of entrepreneurs defined access to sources of financing as the major challenge. Moreover 46% of entrepreneurs stated that they need innovative funding, 41% remarked their need of support from the investors and 29% underlined their need for consultancy regarding regulations and legal context. Another subject has been emphasized by 51% of participants is the need for a more supportive entrepreneurship culture.

SUBSCRIBE, SEEK AND SOLVE

BIST Private Market's main attribute is its efficient function of being an innovative and simplified business network tool. Entrepreneurs all around the world are actually channelizing too much time and energy for reaching investors. Even if an entrepreneur somehow contacts an angel investor or a qualified investor etc. then starts a new challenge; explaining themselves. On the other hand investors are having a hard time distinguishing a serious business venture from an unfeasible or underdeveloped business idea camouflaged with numbers and presentations. And similar to investors, intermediaries and service providers are looking for a better and a more robust way to improve their customer portfolios with promising

companies and again similar to investor they don't have an effective communication and business network regarding existing and new entrepreneurs.

BIST Private Market's web-based membership brings a game changer innovation to the matter. Simply by subscribing on "www.bistozelpazar.com", downloading the membership and user agreements, signing them and posting them to the BIST Private Market office, a company, an investor, a service provider and an intermediary can enlist itself on the BIST

Private Market. After the approval of membership by BIST Private Market, account is generated and a user can seek and contact another user.

There are two types of both the investor and company accounts.

In terms of companies the first account

type is start-ups which are minimum of 6 months and a maximum of 5 years and the second is the rising companies which are of 2 years at least and the minimum amount of the assets or sales revenues must be \$2 million in one of the past two consecutive year's annual or quarterly financial statements. It provides not only a more specific classification but also a basic criterion that ensures a healthier and more credible structure. As for investor account types the options are "certified individual investors (angel investors)" and "qualified investors". Regarding the angel investor account, partaking in an angel investor network is obligatory. In order

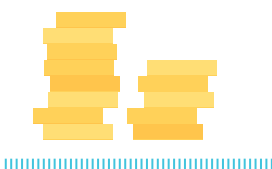
to become a qualified investor, the net worth of applicant's financial assets –including the deposits– should be over \$410,000. Regarding the other types of corporations or legal entities, at least two of the following criteria should be met; \$20 million total assets, \$37 million annual net revenue, \$2 million total equity. BIST Private Market also offers the opportunity of engaging in brokerage activities or providing various services like auditing, evaluation, due diligence and legal consultancy services to companies and investors via intermediary and service provider account.

Furthermore, the second and most challenging level, the interview can be made through a special interface, "Data and Interview Room", and parties can exchange information and negotiate on their agreements. Thanks to this feature a company can expound its attribute easily and the negotiations can be carried out easily and swiftly.

DIGITAL HEAVEN OF ENTREPRENEURSHIP

BIST Private Market is a unique and resourceful platform in many aspects. The trademark system reduces the financing costs and eliminates numerous obstacles mainly based on the problem of business networking regarding entrepreneurs. Moreover, the exemption of companies that are enlisted to BIST Private Market from the regulations and obligations stated in the Capital Markets Board (SPK) legislations saves the entrepreneurs from a series of paperwork and tight supervision.

Having an account in BIST Private Market also means that you can choose your domestic and international partners, thus in some manner "you can go global". Diversifying your investor



Launched with 119 debutant companies, Private Market increased number of its member companies to 200 in first three months.

portfolio is building a defense line against domestic monetary fluctuations while boosting the company's business profile.

Considering the ease of working with the service providers –specialized audit, consultancy, legal services firms etc.- even a young company can institutionalize in a short manner of time and adopt the international governance principles rather smoothly.

On the investor's front, the prominent outcome is tax concessions. Due to the investor's account type, the investor can utilize various exemptions and concessions, thus reduce his/her tax payments arising from investments. Therewithal, BIST Private Market's database is a priceless tool since you can seek a respectable amount of enterprises which are all matching the criteria in a sense which distinguishes them among numberless other business ventures and an investor can do it anytime/ anywhere via the web-based platform. Liquidizing the assets is also a remarkable upside since the trade of shares and transactions are fast, safe and effortless.

BIST Private Market is a strong indication of a robust trend regarding the entrepreneurial ecosystem approach of Turkey, because of the fact that it is the answer for a set of needs. Thanks to its unique and innovative nature, BIST Private Market will not only meet the general needs of entrepreneurs but will give an impetus to whole ecosystem and its actors. Besides being a breakthrough itself, BIST Private Market is like to incubate, catalyze and support further breakthroughs all over the entrepreneurship ecosystem.



RECEP BİLDİK

Director, BIST Private Market

“An Avant-Garde Market”

What is the vision behind the Borsa Istanbul Private Market?

Borsa Istanbul Private Market, has been established with the vision of supporting the entrepreneurship ecosystem which is crucial in terms of sustaining the economic growth and innovation. It aims at improving the entrepreneurship ecosystem which is germinating rapidly. The entrepreneurs' most urgent needs are the capital for growing their businesses and guidance from mentors. On the other hand, investors look for profitable business ventures to invest in, liquidizing their assets after a while and redirect their capitals to new promising enterprises and they can't sustain their investments, lacking the opportunity of liquidizing their assets. The capital-investment cycle highly depends on this dynamism and the growth of the entrepreneurship is in strong correlation with this cycle. Thus, assembling entrepreneurs and investors under the reliable, organized and institutionalized setting of Borsa Istanbul, BIST Private Market has been initiated as an alternative market which brings solution to financing and liquidity problems of entrepreneurs and investors. Moreover, the nature of BIST Private Market is capable of attracting entrepreneurs and investors from the Middle East and Eurasia, hence contributing in Istanbul Financial Centre initiative and the economic development of its neighbouring region. In this regard transaction in multiple currencies is available through an English interface.

What are the main subjects in BIST Private Market's agenda?

Our primary target is expanding the publicity of Private Market. We are organizing promotion in events at different platforms such as chambers of industry, chambers of trade, business associations, techno parks, and universities. Thanks to more than 50 events we organized in the last 6 months, we estimate a rapid growth for 2015 in number of memberships and partnerships. Furthermore, we aim at building new partnerships with foreign platforms with respect to fulfil the financing need of entrepreneurs by drawing more investors. In this sense, the partnership protocol signed with The European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN) and Business Angels Association Turkey (TBAA) was the first step. In addition, Borsa Istanbul and University of California Berkeley reached a consensus on building a regional centre for improvement and encouragement

of entrepreneurship in the region.

Over and above, various education, consultancy and mentorship programmes regarding entrepreneurs and investors will be held. Private Market will offer the opportunity of financing and liquidity to entrepreneurs and investors whilst supporting innovative companies to benefit from various incentives and advantages. In this aspect, Private Market is an avant-garde in its field. In accordance with further international partnership and cooperation agreements, Private Market aims at increasing its sphere of influence and becoming a prominent entrepreneurship hub in its region.

What will be the solid outcomes of BIST Private Market initiative regarding the entrepreneurship ecosystem?

The prominent outcome of BIST Private Market initiative will be its contribution to the entrepreneurship ecosystem which is a key factor regarding a sustainable economic growth and innovation. Uniting all the actors of the entrepreneurship ecosystem under the institutionalized and reliable umbrella of Borsa Istanbul, which will systemize the ecosystem and expand it by bringing in new players, is another valuable upshot. Thus, entrepreneurs will acquire the necessary resources for growing their businesses and creating additional jobs, from the investors looking for profitable investment opportunities in Private Market.



FINANCE

*Rise of a New Era:***NEXT-GEN BANKING**

As the world changes with new technological improvements, traditional banks start to evolve themselves digitally. Thanks to the improvements in electronic service sector, Turkish retail banks now are in the digital league.

BY EFE DASMAN

First, there were banks of merchants of the ancient world, which made grain loans to farmers and traders who carried goods between cities. Later, in ancient Greece and during the Roman Empire, lenders based in temples made loans and added two important innovations: they accepted deposits and changed money. When the art becomes a consumable, banks started to become brands. In the early Renaissance Italy, in the rich cities in the north such as Florence, Venice and Genoa the Bardi and Peruzzi families

dominated banking in 14th century Florence, establishing branches in many other parts of Europe. Perhaps the most famous Italian bank was the Medici bank, established by Giovanni Medici in 1397 who helped one of the grand innovators Leonardo da Vinci to create ideas that would change the world.

Finally in the early 2000s, a brand-new player has entered into the stage: online banking. Across the world, financial institutions are rolling out a broad array of initiatives that place bold bets on new digital

technologies, which they expect will fundamentally change how they attract and retain customers. Most banks are investing heavily in apps for smartphones and digital tablets that make it easy for customers to conduct a wide range of banking activities while on the go. Big banks have to collaborate with global digital companies, such as PayPal, Google Wallet, and Apple Pay.

DIGITAL BANKING IN THE U.S. AND EUROPE

According to the survey conducted by Accenture,

recent promotions of services like mobile check-deposit by major US banks are driving rapid mass market adoption. Use of mobile banking has increased 50% since last year; and nearly one-third of US consumers (32%) now do mobile banking at least once a month. The top 25 US banks spend more than \$50 billion per year to maintain branch networks, where approximately 60% of all products are sold. Sales of mortgages via the Internet increased by 75%, while sales at branches fell to 16%. Online sales of auto

loans nearly doubled, while branch-sales dropped nearly 10% as of 2014. Online sales also increased in checking, savings, personal and home equity loans and money market funds. It is estimated that thirty-five percent of banks' market share in North America could be up for grabs by 2020, as traditional branch banking gives way to digital banking and as new competition areas emerge, with the new non-bank financial institutions.

Across Europe on the other hand, traditional banking moves slowly in digital direction. According to the survey by McKingsley&Company, retail banks have digitized only 20% to 40% of their processes; 90% of European banks invest less than 0.5% of their total spending on digital. As a result, most have relatively shallow digital offerings focused on enabling basic customer transactions. Recent analysis shows that over the next five years, more than two-thirds of banking customers in Europe are likely to be "self-directed" and highly adapted to the online world. The economics of a digital bank will give it a vast competitive edge over a traditional incumbent. It's fair to say that getting digital banking right is a do-or-die challenge.

TURKEY'S ADAPTATION INTO DIGITALIZED BANKING

Perhaps one of the things which keeps banks from innovating is financial regulation. Even in most liberal markets such as United States, strict governmental regulations are made and traditional banks need to follow similar floating system, exchange rate and deposits which enables non-banking financial systems to move past retail banks

which are not easily compatible with free bank charges NBF provides to its customers.

Thanks to the new regulations made in the past ten years, Turkey has made remarkable improvements in banking system which enables both local and global investors to play at the same table. With traditional banks attracting foreign capital, Turkish banks quickly transform themselves digitally. Growing with new technologies, there are 34 million users who use internet banking. The number of people who use mobile banking systems is 11 million. Total transaction volume of mobile banking only is \$9 billion in 2014.



YAKUP DOĞAN

Yapı Kredi Alternative Distribution Channels Deputy General Manager

The world is becoming more and more mobilized and it affects the banking sector just like any other sectors. Today, banks attach great importance to innovation. Recent developments curiously followed, and every new technology put on market is quickly adopted. Alongside with it, change in people's lifestyle increases demands for banking solutions regardless of time and space. Especially in terms of Alternative Distribution Sources (ADK), card and paying systems, Turkish banks are at a much higher level than many countries considered developed markets. Through its innovative features, Yapı Kredi Mobile Branch is awarded as "Best of Europe in Mobile Banking" in the assessment review conducted by Global Finance, one of the most prestigious financial magazines in the world.

These numbers show that Turkish banks started to improve themselves digitally, perhaps faster than Europe.

Turkish retail banks have hastily adopted themselves with mobile technology. Turkish bank Garanti have initiated iGaranti, a collaboration with Apple inc. Slightly different from classic mobile banking, iGaranti enables users to open a mobile credit card account as well as paying via QR codes.

Finansbank initiated Enpara.com in 2012. The first ever branchless-banking project in Turkey, Enpara has been growing quickly, demanding needs of the considerably young customers. Since Enpara does not have any departmental offices, there are no commissions or transaction fees. Turkish customers seem to like branch-free banking as they had over 150 thousand customers and \$1.5 billion depository over two years. Enpara now in collaboration with PayPal, using its EnCard, Enpara users will be able to shop through PayPal contracted shops.

The potential that Turkish banks show has drawn many attractions over the past few years. Foreign investors make major business ventures lately and Turkish traditional banks improve themselves digitally. One of the investments is Yapı Kredi and Unicredit collaboration. A conglomerate of Turkey, Koç Holding made a fifty-fifty partnership with Italian giant Unicredit. The Turkish bank presented Nuvo in 2014. Another digital banking system which provides no transaction fees and low interests. Yapı Kredi has awarded by Global Finance last year as the Best Mobile Bank in Europe.

Denizbank is one of the few banks in Turkey when it



34

MILLION

INTERNET BANKING USERS
2014

\$9

BILLION

MOBILE BANKING TOTAL
TRADE VOLUME
2014

comes to innovation. Started to work under the umbrella of Russia's biggest bank Sberbank in 2012, the bank initiated dijitaldeniz.com, a digital banking platform which provides personal loan credit with using only digital instruments. Customer makes an application and the credit is approved without going to the office. Denizbank selected as the "Most Innovative Bank in the World" by Bank Administration Institute in 2015 and will continue to innovate.

As it is seen, Turkish banks evolve digitally, innovate brand-new features for customers who demand technological revivals. Due to the fact that Turkey has a great portion of young population, over 50% is under 30, who are of course more compatible with the digital world, it seems that by the next ten years Turkish banks revive into more digital applications. Considering the younger generation, new opportunities should be made to satisfy emerging digital demands.



LOGISTICS

The marine transportation is the leading mode of transportation in terms of export value in Turkey.

The Veins of Export: LOGISTICS

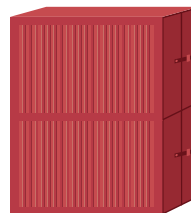
As Turkey is breaking new export records, the Turkish logistics sector is proving its potential with its performance. Thanks to its strong geopolitical and geoeconomic position, Turkey is on the route to become a logistics hub in its region.

BY YAĞIZ ÖZERCAN

The need for supply and transportation has increased with the rising global trade, thus transformed basic transportation into the logistics. Integrated with the international economy in late 1950s, the logistics sector kept growing acceleratedly. The turnover of global logistics sector has reached to \$6 trillion in 2009 and depending on the global

macro-economic conditions, it is expected to exceed \$10 trillion by the end of 2015.

Turkey finished the establishment of logistics infrastructure regarding overland, marine, aerial and railway transportation in late 1980s, and the sector's rapid improvement started in 1990s. With the effects of Turkey's economic growth, its increased international trade volumes, the growth



in retail sector and the rise of E-commerce, logistic became a matter of focus for Turkey in last ten years. Particularly Turkey's 2023 goal of \$500 billion export and the tremendous raise of 5.8 folds of its export in last fifteen years, were amongst the prominent factors which boosted the logistics sector's improvement.

According to Independent Industrialists' and

Businessmen's Association (MÜSİAD), the export goods transportation increased by 80,000 vehicles in comparison with the previous year and reached to 1 million and 543 vehicles in 2013. More than 1.2 million vehicles were belonging to Turkish logistics firms. The latest data indicates that during the first 8 months of 2014, the number of export goods transportation vehicles surpassed the previous year's number with 44 thousand vehicles, reaching 1 million 33 thousand by the end of August 2014. In the same period Turkish companies delivering goods to more than 200 countries, 90% of vehicles were overland transportation vehicles.

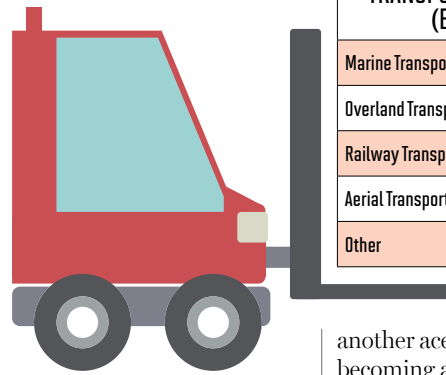
Climbing 5 ranks in last five years, Turkish logistics sector took 27th place in the world. The number of expeditions towards the Western markets, the prominent export markets of Turkey, has increased by 100 thousand in 5 years, thus reaching 500 thousand in 2013. The trade between Turkey and the Western countries like Germany, Netherlands and UK raised by 80% in last decade. The logistics has got its fair share from this trade traffic, thanks to the fact that increased export induced more expeditions in which the vehicles were both delivering goods to foreign countries and from them to Turkey.

ALL IS SET TO BECOME A LOGISTICS HUB

Turkey has a strong hand regarding the attributes needed to become a logistics hub. Geopolitical and geoeconomic position of Turkey is the strongest item in its arsenal. Furthermore the increase of investments in logistics infrastructure is drawing a promising

picture towards the future. The total investment made for logistics infrastructure has raised drastically in the last ten years. Particularly, the total amount of investments made in roads and highways has exceeded \$55 billion in last decade. It remarks an approach which acknowledges the significance of the overland transportation that accounts for 90% of Turkey's logistics expeditions and a potential of a new breakthrough.

Logistics firms mostly determine their own mode of transportation themselves. Albeit the cost-oriented analysis favours the marine transportation, the overland transportation is still the most preferred transportation mode with its time efficiency. Time is a matter of high gravity regarding the nondurable goods (consumable products such



as beverages, agricultural products etc.) transportation. Aerial transportation is also becoming more feasible day by day with reduced costs though there is still much progress to be made for aerial transportation to become a more competitive transportation mode.

In terms of transportation infrastructure Turkey is ready for progressing. The manufacturing capacity and quality is also an important part of this progress since

EXPORT VALUE BY MODES OF TRANSPORTATION IN 2013 (BILLION \$)

Marine Transportation	82.9
Overland Transportation	53.7
Railway Transportation	1
Aerial Transportation	12.9
Other	1.2

another ace in the deck for becoming a logistics hub is becoming a production base. In accordance with its growth policy which prioritizes the high value-added manufacturing and export, Turkey has laid the foundations and building a competitive logistics sector on a strong ground. The increase in FDI, the leading produces choice of making new ventures in Turkey and preferring to establish regional headquarters in it and Turkey's economic performance are solid indicators of the transformation towards becoming a production base.

A NEW ROUTE: E-LOGISTICS

E-commerce is growing rapidly and steadily in correlation with the "zeitnot" problem of the modern and urbanized human. The consumers are looking for easier and faster ways of shopping. In 2014, 12 million sales have been made via e-commerce websites and the sector reached to a turnover of \$50 billion. Together with the rise of E-commerce, new necessities emerge regarding logistics and the e-logistics sector shows a promising potential in terms of investment and growth. A sector requiring time efficiency, specialization and most importantly high-tech investments, e-logistics is likely to make a big leap forwards in upcoming years and already drawing attention.



FATİH ŞENER

Chairman of the Executive Board, International Transporters Association (UND)

We are currently partaking in Electrics-Electronics and Service Exporters Union. But the performance of service export is increasing steadily. Thus The Ministry of Economy and Turkish Exporters Assembly are working on establishing a new exporters union for service industry. This efforts will be very beneficial for service sector, particularly in terms of representation on high level, contacting with various domestic and international institutions and sectoral coordination. While the procedures are concluded, logistics, a service adding value by changing the location of products, will be gaining new aspects.



NILGÜN KELEŞ

CEO, Sertrans Logistics

E-logistics has already secured a respectable position in our agenda with its potential and rapid growth in a short notice. We allocated half of one of our new ventures, a new €20 million depot of 40 thousand m² storage area established in İstanbul in 2013, for e-logistics. It accounts for a capacity of storing 40 million products. We are amongst the pioneering firms that put emphasis on this new area whose share in our total sales is 8%. We aim at increasing this share to 23% starting from 2015. E-logistics is also a remarkable area for exporters. It provides a competitive advantage to companies with the opportunity of increasing their sales and getting them one step ahead of their competitors.

ENERGY

*Renewable Energy:***RE-ACTIVATING TURKEY**

Energy is a must thing in everyday life. So, how do we supply the needs in an environmental friendly way? Thanks to the governmental and private incentives, renewable energy sources come into prominence in Turkey recently.

BY YAĞIZ ÖZERCAN



As demand rise, ever-increasing investments are made in the renewable energy by countries and international corporates. Considering the international politics circumstances, finding and investing in alternate energy sources have become crucial in global economic and political equilibrium.

Including solar, wind, wave, geothermal, biomass, hydrogen energy and hydropower; renewable energy sources come into fame with their considerably low-priced, and environmental-friendly qualities, as they look more profitable and ecologic compared to fossil-fuel exploration costs. Turkey is a resource-rich country in terms of renewables.

TURKEY'S ENERGY IN WATER

According to the Global Renewables report conducted by Renewable Energy Network for 21st century (REN21), in geothermal energy capacity ranking –after New Zealand– Turkey has the second best geothermal



capacity. Turkey has increased its geothermal capacity 23% in 2013. China with its 3.7 GW usage is the highest total geothermal energy use capacity. With its 2.7 GW capacity, Turkey comes into prominence in regard to geothermal energy potential. Turkey has also the second highest hydropower capacity after China.

Adding its energy output 2 GW in 2012, 2.9 GW with 2013, Turkey has managed to increase its year-end geothermal capacity to 22.5 GW in 2013, and to 23.7 GW in 2014.

INCREASE IN WIND POWER

Wind power increases its popularity throughout the world. Regarded as the energy-of-the-future, countries are in a race with regard to establishing systems into the wind power sector. New ventures in the field have been made in order to reduce the fossil-fuel dependency. According to world's established wind power statistics by Global Wind Energy Committee (GWEC), world's wind energy

has increased 12.5% compared to 2012. The data suggest that global wind energy has reached 318,515 MW in 2013 with an increase of 35,467 MW. 2012 increase on the other hand was 45,169 MW.

GWEC data indicate that Turkey's established wind energy has increased by 27.9%, twice as much the world average. Growing 646 MW, Turkey's wind energy has reached 2,958 MW in 2013. This progress made Turkey 7th in Europe, 13rd in the world in regarding new energy establishments.

Wind tribunes cost only 2-6 cents. Wind farms produce energy 17 to 39 times more than they consume. For nuclear and coal plants, the rates are 16 and 11 times respectively.

Instead of fossil-fuels, obtaining 1 MW electricity via wind tribunes, saves the world 1500 tons of CO₂, 6.5 tons of sulfur dioxide, 3.2 tons of nitrogen oxide and 25 kg mercury. The fact that it reduces fossil-fuel dependency, the world is shifting to wind energy recently.

According to the report conducted by Turkish Renewable Energy General Management (YEĞM), regions with 6.5+ M/S wind velocity are taken into account, Turkey has a potential to produce 132,000 MW wind energy. The report suggests that there will be investment area worth of \$27.3 billion en route to 20 GW wind energy goal in 2023.

EASY-TO-INSTALL BIOGAS REDUCES COSTS

Especially in agriculture, renewable systems provide considerably low-priced energy opportunities in many fields. Biogas is a system which produces electricity and heat from greenhouse gases

that cause global warming.

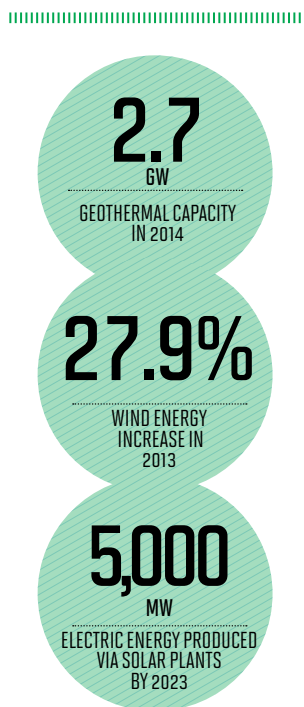
Biogas can be produced not only in the fertilizer plants, but also in all kinds of industry facilities. Including industry and rural areas, bio system can be installed in everywhere in need of electricity and heat.

HIGH QUALITY FUEL PRODUCED BY ANAEROBIC BACTERIA

Becoming a strong venture, the system produce high-quality fuel is provided by anaerobic bacteria. The system needs much more plain tech compared to traditional power plants and occupies less space. The levels of nitrate, phosphor, and potassium remain the same during the process, not to mention their densities arise. Thanks to the high-density fertilizers, farms' production capacity increase. According to the Ministry of Environment and Urban Planning and Turkish Electricity Transmission Company (TEİAŞ) data there's been 244 MW biogas production in Turkey.

SOLAR PLANTS' 2023 AIM IS 5,000 MEGAWATTS

Coming into prominence with its sunshine duration advantage as against northern hemisphere countries, Turkey has a major solar potential as well. According to YEĞM data, Turkey has yearly 2460 hours of sunshine duration. Considering yearly sunshine domination by region, with its 2993 hours of duration South-eastern Anatolia Region comes the first. Followed by Mediterranean Region with 2956 hours, and East Anatolia Region with 2664 hours. Due to the fact that it's clean and unlimited, solar power can answer the needs from heating to electric producing, from illumination to hot water extraction. If the necessary investments are made, Turkey



Turkey's wind energy has reached 2,958 MW in 2013. This progress made Turkey 7th in Europe considering new energy establishments.

**FEHMİ TANRISEVER**

Research Center Director, TENVA

While energy policies are developed in Turkey, settling the deficit as well as maintaining the demand security must be our main concerns. Another crucial point in this regard is the use of national input. Turkey's incentive on solar power is set as 13.3 cent/kWhs. This is a reasonable and feasible price regarding the sustainability of the new ventures.

While renewable energy venture and incentives are planned, long-term effects on other production resources and minimum ten years integrity plans must be made. In this regard, energy storage and incentives for production balancing systems must be prepared in parallel with renewable energy investment incentives. If new investments are planned by taking network balancing problem into consideration, 10% to 15% of Turkey's electricity can be obtained via solar, wind, and other renewable sources (except barrages) without increasing electricity prices too much.

**TÜLİN KESKİN**

Managing Consultant, Yeşil Güç Energy and Environment Consultancy

Turkey has been among the countries whose energy demand increased tremendously. As energy demand increased, new energy generation methods gained importance and thanks to Turkey's unique potential regarding renewable energy resources, this new phenomenon attracted investment and public interest.

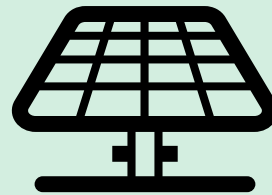
Turkey has been trying to reduce fossil energy usage in accordance with international agreements since 2009, and have set objectives to increase the share of renewable energy. To support this, purchase guarantees and other incentives as well as regulations to provide a convenient infrastructure are put into practice.

The positive developments make us optimistic regarding the future.

Renewable Energy State Guaranteed

Various incentives are presented in order to reduce Turkey's import and fossil-fuel dependency. One of these incentives is that from now on unlicensed electric power producers do not need to apply for a license for any production below 1MW, which increases new demands. According to the Ministry of Environment and Urban Planning, there has been 1275 unlicensed electric power producing appeals have been made since October 2012. 417 projects that are in decision phase are equal to 278 MW. There are 156 unlicensed accepted projects in the past two years which correspond to 56 MW energy power. 1142 people

applied for solar power plants, as 148 of the 156 plants on the run are solar plants. Other production plants include 5 biogas, 2 cogeneration units and one wind plant. Surplus products of renewable plants will be evaluated within the scope of Renewables Support Mechanism by retail sale licensed regional distribution companies. However, there should be a constant consumption in the production area. Renewables Support Mechanism is purchase mechanism under the courtesy of TEİAŞ. The system is not for state-run purchasing, but to guarantee the production flow by the government.



Turkey can produce approximately 100 kWh solar power per square meter a year. This potential makes Turkey the second in Europe.

can produce approximately 100 kWh solar power per square meter a year. This potential makes Turkey the second in Europe.

According to Turkish Minister of Environment and Urban Planning, total installed solar power in the world has reached from 67 GW to 138 GW in 2011-2013. With its yearly 2640 hours of sunshine duration, Turkey shows a great potential. The report conducted by TEİAŞ in 2015 states that 44.8 MW electric energy is

been producing in Turkey thanks to the solar plants. Pulling new ventures in this regard, it's been planned to produce 5,000 MG energy from installed solar plants by 2023.

Turkey makes a claim in hot-watering systems as it's the second highest producer in the world after China. As geopolitical position is crucial in the sector, Turkey occupies the fourth position in terms of capacity and installed power, after China, United States and Germany.



EXPORT

Wood and Forestry
Products Sector's export increased by 13% and reached to \$4.45 billion in 2013

Stylish and Sustainable:

TURKISH WOOD PRODUCTS

Turkey's success in adapting into the development of consumer profile and and the fashion-oriented consumer preferences helped Turkish furniture brands to be one of the top exporters in the world.

BY BERKAN KIŞIN

The world furniture manufacturing industry has reached to a total worth \$437 billion by the end of 2014. This figure indicates an outstanding growth since the industry's total worth was some \$94 billion in 2009 and an annual increase rate exceeding 35% in last five years. In the context of this big leap forward, the rising performance of Turkey is highlighted with the fact that, in average, one of each

hundred furniture sold in the world is a Turkish product.

Furniture and wood products industry of Turkey has finished its industrialization in the 1970s. Starting from the 1980s Turkey's success in adapting into the development of consumer profile and the improvement of quality perception and the fashion-oriented consumer preferences due to globalization, helped Turkish brands to have

strong competitive grounds in international markets. Another indication of a robust growth is the fact that the sector employs approximately 400,000 people directly, whereas the total employment including the supply chain exceeds 1 million.

Turkey, inhabiting in a geography of biodiversity, possesses rich and unique resources in terms of forestry. Thanks to its forest area of 21.7 million hectares, timber

deposit of 1.5 billion cubic meters in which 42.2 million cubic meters of annual increase is observed, Turkey presents a sustainable raw material infrastructure for the sector. The equilibrium maintained, based on elaborate evaluation of both the needs of the sector for further growth and the principles of sustainable forestry, has a crucial role in preserving the nature and establishing a stimulative environment for the sector. Thus, the industrial timber deposit has increased to 15 million cubic meters from 7.3 million cubic meters in the last decade. Therewithal, 29.1 million cubic meters of timber raw material is used by the sector of which 19.7 million cubic meters used for industrial purposes and 9.4 million cubic meters used as firewood. Sector demonstrates a self-sufficient profile, in the light of 85% of raw materials used are domestic products.

The investments and developments are paying off well as the figures show Wood and Forestry Products Sector's export increased by 13% and reached to \$4.45 billion in 2013 and despite the global fluctuations and political turmoil in neighboring regions the sector managed to sustain its export performance and its export amount raised by \$51 million and reached to \$4.51 billion in 2014. The furniture industry is especially had the lion's share in this success. With its excellent performance the furniture sector has altered the name of the exporter union that it partakes from Wood and Forestry Products Exporters Union to Furniture, Paper and Forestry Products Exporters Union.

EIGHT-FOLD IN ELEVEN YEARS

One of the long-established sectors, furniture manufacturing is rising



HALUK YILDIZ

President, Kastamonu Integrated Forest Industry and Trade Inc.

The Wood and Forestry Products sector has managed to grow 8% to 10% over the last decade. The sector has a capacity of employing about 1 million people. In parallel with Turkey's 2023 goals, we will fulfil our part and target a 100% increase. The Wood and Forestry Products sector can be conferred as the highest value-added sector in Turkey. The demand from the neighbouring countries are always stable due to their lack of forestry resources so that we have ongoing export of tables and furniture products. Regions as Gulf, Near East, the Middle East and North Africa are the potential markets our sector have competitive advantage in, hence will reach its targets.



The sector is keeping its profile as an industry generating trade surplus.



Furniture industry's export volume increased to \$2.4 billion by the end of 2014.

with strong a trend in last fifteen years. The sector has developed its position in various aspects, standardization, design, production quality and ergonomics in particular. The production culture in furniture manufacturing is also a matter of significance. The awareness on environment, occupational health&safety and efficiency are adopted as a pillar principle by the all components of the industry.

Ahmet Güleç, President of Furniture, Paper and Forestry Products Exporters Union, put emphasis on the sector's export performance as "Furniture industry is ranking amongst the top export industries of Turkey. Speaking with figures furniture sector's export volume which was \$340 million in 2003 reached to \$2.4 billion by the end of 2014. It means an eight-fold growth in last eleven years. Furthermore the data collected in 2014 underlines another success in which the sector is keeping its profile as an industry generating trade surplus. And the amount of trade surplus raised incrementally with the exception of 2009, the year of the financial global crisis' outbreak."

TURKEY EUROPE'S BIGGEST FIBREBOARD MANUFACTURER

Along with the developments in wood-based sectors such as timber, palette and packing, world-class manufacturing state-of-the-art facilities have also been establishing. Thanks to the recent ventures the sector is becoming one of the prominent sectors in the world when it comes to capacity and manufacturing technology. Fiberboard sector plays a significant role in the transformation from

a sole forest to the furniture; the sector indeed creates the highest added-value products. The fact that it's high value-added, Medium Density Fiberboard industry is one of the key sectors in accordance to reach Turkey's economic goals. The industry has managed to show major progress lately; it increased its manufacturing capacity by 620% between 2002-2014. While MDF industry hits the jackpot with 5.7 million cubic meters manufacturing, increasing 205%, chipboard industry has managed to make 5.5 million cubic meters manufacture. Hence, Turkey is the biggest MDF manufacturer in Europe, second biggest in the world. In chipboard industry on the other hand, Turkey is the third in Europe, and the fifth in the world. Regarding laminate flooring, it is the second biggest in Europe, and the third in the world.

TOWARDS 2023

Turkey increased its Wood and Forestry export eight times and become a country that exports to circa 200 countries. The sector's 2023 goal is to reach \$16 billion export. Export increase rate has been determined as 13% in order to reach the goal and when you look at the last year's export numbers, these targets can easily be accomplished. 2023 goal of the Paper Products sub-sector has been set as \$8 billion. Forestry and Non-Timber as well, is aiming to export \$2 billion. Iraq, Libya, Azerbaijan, Germany and close to these Russia, UAE, France and Saudi Arabia are the main export markets. Wood and Forestry sector aims to become in the top ten countries with producing \$25 billion worth of goods.



AHMET GÜLEC

Wood and Forestry Products
Industry Councilman

"The Land of Furniture"

What are the highlights of Turkish Furniture Industry's 2014 performance?

Turkish Furniture Industry is one of those which have managed to detect and seize the global opportunities emerged. In an era of growth for global furniture industry, Turkey surpassed the global trend and experienced a growth double-fold of the world average. Nonetheless, regarding market diversification and depth, Turkey has highlighted its performance with its products reached to almost each and every country in the world. Our ever-improving sector now consists of 60 thousand furniture companies and the numbers is rising incrementally. In the light of all aforementioned developments, I'm proud to say that our sector has written a story of success. A story of success which will encourage and energize us towards 2023 goals.

What are your projections and expectations towards 2015?

As Furniture, Paper and Forestry Products sector, we have a quite optimistic projection towards 2015. Albeit the unfavorable circumstances we experienced in 2014,

the fact that we managed to maintain our export performance indicates that 2015 will be year of success too. The expeditions, trade delegation meetings and visits of globally prestigious supplier firms regarding sectoral purchases will be highly beneficial in terms of our 2015 goals. Considering the \$500 million worth of business deals have been closed during various organizations in 2014, the importance of such events becomes crystallized.

Furthermore, the route to the 2023 goals of our sector passes through effectively utilizing these organizations and incentives. 2023 goal of our sector is \$16 billion export in which the furniture industry accounts for \$10 billion. The export target of furniture industry for 2015 is \$3 billion. Our main objectives are ensuring an increase in R&D investments, strengthening our firms' position in competitive markets and improving the production quality, marketing and branding exercises.

What are the main subjects regarding your sector's 2023 agenda?

In terms of 2023 goals, R&D and innovation are of paramount significance

regarding our agenda. Our sector focused on increasing the export volume and diversifying the market portfolio until today. Now a new challenge lays ahead; increasing value-added manufacturing and branding. R&D and innovation investments are two key factors of besting this new challenge. In other words, our products should be customized in a way which appeals to the customers in both domestic and international niche markets. And in order to make the progress sustainable innovative approaches should be adopted. We, from our part, will work hard to determine the most effective strategies and organize various events to create awareness.

Our union has implemented a Turquality programme with the notion of promoting Turkish products in international markets. In this context we will carry out projects at Switzerland, Italy and China expos that will expound the Turkish furniture industry's progression, capabilities and production quality. We aim at diffusing the image of "Turkey, The Land of Furniture" through the world and extending the reach of our brands. Thanks to such efforts and their outcomes, our determination and faith in achieving our 2023 goals are becoming more and more absolute every year.

AVIATION

Turkish Hospitality Meets Global Quality

TURKISH DO & CO, a subsidiary of Turkish Airlines with Do&Co partnership, operates in airports through the world to offer catering services with Turkish hospitality and high-quality standards.

BY M. BAHADIRHAN DİNÇASLAN

Today, Turkish Airlines is the 2nd largest group in Turkey. Having 17 subsidiaries and partnerships, TURKISH DO & CO, Turkish Technic, Turkish Ground Services, THY Opet and Turkish Cargo are the prominent ones as they have turned into giants whose revenues surpass many independent companies that operate in same sectors. Among these, TURKISH DO & CO outshines as it attracted universal applause.

TURKISH DO & CO, a subsidiary of Turkish Airlines, founded by Do&Co – Turkish Airlines partnership and have been serving to more than 60 local and international airports since 2007. Serving in both airports (Atatürk and Sabiha Gökçen) in İstanbul, also in Ankara, Antalya, Izmir, Bodrum, Trabzon, Dalaman and Adana, TURKISH DO & CO has 70% of the market share.

Prioritizing the high customer satisfaction and quality standards, TURKISH DO & CO modeled its catering concept for Turkish Airlines after unique Turkish hospitality. Menus include both traditional Turkish cuisine delicacies and meals from world cuisines. Each meal is prepared daily, with the freshest ingredients, by chefs and according to the international hygiene regulations.

As a component of this concept, Flying Chefs have been serving in all long-range flights of Turkish Airlines since 2010. Eventually, many of short-range flights and aircraft models were included and as of 2014 number of Flying Chefs reached to 516 regardless of range and aircraft type.

This high quality service did not go unnoticed and brought “Best Business Class Catering Award” by Skytrax in year 2014. Moreover, TURKISH DO & CO service in Turkish Airlines CIP lounge “Lounge İstanbul”



TURKISH DO & CO's high-quality service brought “Best Business Class Catering Award” by Skytrax in year 2014. Moreover, TURKISH DO & CO service in Turkish Airlines CIP lounge “Lounge İstanbul” was awarded with “Best Lounge Catering” by Skytrax.

was awarded with “Best Lounge Catering” by Skytrax.

In order to even develop its catering concept and increase the customer satisfaction, TURKISH DO & CO renewed all its service materials and equipment. New equipment designs show features of Turkish culture, Ottoman and Seljuk motifs in a modern understanding, also focusing on easy and convenient use.

Turkish Airlines CIP lounge “Lounge İstanbul” has served 1.436.000 passengers in 2014, and TURKISH DO & CO undertook all design, operation and service responsibilities of the lounge. Having an area of 6000 square meters and capacity of 1300 passengers, Lounge İstanbul offers resting and shower areas, playgrounds,



TURKISH DO & CO

serves in many international and local airports.

library, billiard saloon, praying quarters, massage services, golf simulator, entertainment stage and teleconference area. In addition, year 2014 saw Moscow Lounge, Atatürk Airport personnel resting lodge “Crew Garden”, Sabiha Gökçen Airport International Flights Departure CIP lounge opened by TURKISH DO & CO.

As a subsidiary of Turkish Airlines which work with 3rd parties, catering services provided by TURKISH DO & CO targets more than 60 airline companies. Catering services tend to be the most difficult operation in the world of aviation, as it requires an excellent customer-oriented communication and operation, yet our surveys indicate that customer satisfaction rate of TURKISH DO & CO is around %97, which makes TURKISH DO & CO unrivaled in the world. Along with other subsidiaries, TURKISH DO & CO contributes to the value added service understanding of Turkish Airlines, and one of its components as it aims at giving an all-round “experience” to its customers, rather than just sales-oriented mentality.

Along with CIP lounges in various airports in Anatolia, TURKISH DO & CO service grounds served 348,049 flights with 68,886,141 meals in 2014. Being a crucial and well-functioning component and complement of its parent company Turkish Airlines, TURKISH DO & CO is growing in accordance with growing airlines industry of Turkey.

348
THOUSAND

FLIGHTS SERVED IN
2014

68.9
MILLION

MEALS SERVED IN
2014

1.4
MILLION

PASSENGERS LOUNGE
ISTANBUL SERVED IN
2014



Delicacies offered by TURKISH DO & CO include best of Turkish cuisine as well as well-known recipes from other parts of the world.

INVESTMENT

ISPAT

Promotes Turkey's Investment Environment and Opportunities on a Global Scale

ISPAT is the official reference point in Turkey for all international investors and continues its promotional events to attract higher added-value and R&D investments to the country.

ISPAT & WAIPA President İlker Ayçi was presented "the Public Executive of 2014" award by Turkey's President Recep Tayyip Erdoğan.



**ISPAT & WAIPA
PRESIDENT AYCI
NAMED 'PUBLIC
EXECUTIVE
OF THE YEAR'**

İLKER AYCI, President of the Investment Support and Promotion Agency of Turkey (ISPAT) and the World Association of Investment Promotion Agencies (WAIPA), **has received the Public Executive of 2014 Award from the Entrepreneurial Businessmen Foundation (GIV).**

Ayçi was presented his award by Turkey's President **Recep Tayyip Erdoğan**. The ceremony was also

attended by Turkey's Minister of Science, Industry and Technology, Fikri Işık.

Held for the 4th time, the GIV Entrepreneurship Awards honors individuals and institutions in six different categories; Public Executive, Media Professional, University Entrepreneurship Club, Project and Idea, Institutional Entrepreneur and Newcomer Entrepreneur.

THE GLOBAL COMPETITIVENESS FORUM (GCF) 2015

RIYADH, SAUDI ARABIA, JANUARY 25-27, 2015



ISPAT and WAIPA President Ilker Ayci participated in the session named "The Legacy of FDI: How Can We Build Partnerships that Maximize Knowledge Transfer to a Society".

THE GLOBAL Competitiveness Forum (GCF) is an annual meeting held for global business leaders, international political leaders, select intellectuals and journalists to create a dialogue with respect to the positive impact organizational and national competitiveness can have on local, regional and global economic and social development.

ISPAT and WAIPA President İlker Aycı participated in the session moderated by BBC's Nik Gowing and named "The Legacy of FDI: How Can We Build Partnerships that Maximize Knowledge Transfer to a Society" with Simon Pete Worden a director at NASA, Ding Shaohua, Senior Vice President of Huawei, Dermot Clohessy, Executive Director of IDA Ireland.

During his speech, İlker Aycı said, "In order to attain sustainable growth rates in the long-run, Foreign Direct Investment (FDI) has a very pivotal role by providing the host economy with not only "tangible" capital

but also "intangible" capital in terms of know-how, R&D capability, science and technology." Moreover, commenting on Turkey's remarkable recent economic performance, Aycı said, "R&D investments have recently been on the rise in Turkey, and as ISPAT, we will focus more on R&D and high-tech industries that will directly help create higher added-value and foster the transfer of technology to Turkey".

During his speech in the "Global Competitiveness Forum 2015", İlker Aycı said, "In order to attain sustainable growth rates in the long-run, FDI has a very pivotal role by providing the host economy with not only "tangible" capital but also "intangible" capital in terms of know-how, R&D capability, science and technology."

INVESTMENT PROMOTION SEMINAR

PARIS, FRANCE, FEBRUARY 6, 2015

ISPAT ORGANIZED AN investment promotion seminar in Paris in cooperation with MEDEF (Association of Industrialists of France), the most representative organization of the French private sector at an international level.

Held in Paris, France, on February 6, the seminar provided the top executives of French companies with a detailed briefing on Turkey's investment environment and investment opportunities in the energy, infrastructure

and transportation sectors from ISPAT President İlker Aycı, Energy Market Regulatory Authority (EMRA) President Mustafa Yılmaz and the Undersecretary of the Ministry of Transport, Maritime Affairs and Communications, Feridun Bilgin.

Moreover, MEDEF France-Turkey Business Council President and BNP Paribas Group Chairman, Jean Lemierre delivered the opening and closing speeches and invited French companies to invest in Turkey.

Prime Minister Davutoğlu came together with business leaders from prominent MNEs, which either have already invested in Turkey or have new investment project in Turkey.



ISPAT CONTINUES TO PROMOTE TURKEY'S INVESTMENT ENVIRONMENT BY PARTICIPATING IN OUTSTANDING ORGANIZATIONS

TURKISH PRIME MINISTER & FINANCE OFFICIALS ON UK VISIT

A TURKISH DELEGATION led by Turkey's Prime Minister Ahmet Davutoğlu, Vice Prime Minister Ali Babacan, Minister of Finance Mehmet Şimşek, Minister of Culture and Tourism Ömer Çelik, President of the Investment Support and Promotion Agency of Turkey, İlker Ayçi, and other

high-level officials visited London, the UK.

The official visit to British capital London focused on business and trade relations between Turkey and the UK, and featured a number of conferences and meetings organized for British and global investors, which showcased Turkey's potential

and investment opportunities. A forum to promote the Istanbul Financial Center project was also on the agenda.

Prime Minister Davutoğlu also attended the signature ceremony of a partnership agreement between Borsa Istanbul and the London Stock Exchange.

ISPAT, the official organization for promoting Turkey's investment opportunities to the global business community and providing assistance to investors in every stage of their investments in Turkey, will continue to coordinate the relations of these MNEs during their investment processes in Turkey.



WORLD ECONOMIC FORUM ANNUAL MEETING 2015

DAVOS-KLOSTERS, SWITZERLAND, JANUARY 21-24, 2015

The World Economic Forum's 45th Annual Meeting in Davos was held on January 21-24, 2015.

Ahmet Davutoğlu delivered several speeches in special sessions during the forum as the Prime Minister of the country which holds the Presidency of G20 in 2015, and participated in special meetings attended by multiple executives of Multinational Enterprises (MNEs) in ISPAT's portfolio.

Prime Minister Davutoğlu came together with business leaders from prominent MNEs, which either have already invested in Turkey or have new investment projects in Turkey. The meetings, coordinated by ISPAT, hosted multiple executives from the USA, Germany, France, India, the UK, Spain, Switzerland, Japan, Canada, Russia and Saudi Arabia in a wide range of sectors, including automotive, energy, machinery, petrochemicals, tourism, finance and banking.

Summing up their talks with company officials,

ISPAT President İlker Ayci said that several investment projects were evaluated with import-reducing and R&D type of projects, in line with Turkey's 2023 vision, being the priority. Prime Minister Davutoğlu, praising projects that make use of Turkey's regional hub status, called on MNEs to expand R&D and high-tech manufacturing operations in Turkey.

Accompanying Prime Minister Davutoğlu, ISPAT Vice President Arda Ermut highlighted the fact that prominent business leaders had reiterated their confidence in Turkey's investment environment and that the country would claim its rightful place as one of the top investment destinations globally in the coming years. Noting that Turkey's G-20 Presidency was actively supported by private sector representatives, Ermut said that some names had even offered their voluntary services to promote Turkey's investment opportunities to the global business community.

ISPAT, the official organization for promoting Turkey's investment opportunities to the global business community and providing assistance to investors in every stage of their investments in Turkey, will continue to coordinate the relations of these MNEs during their investment processes in Turkey.

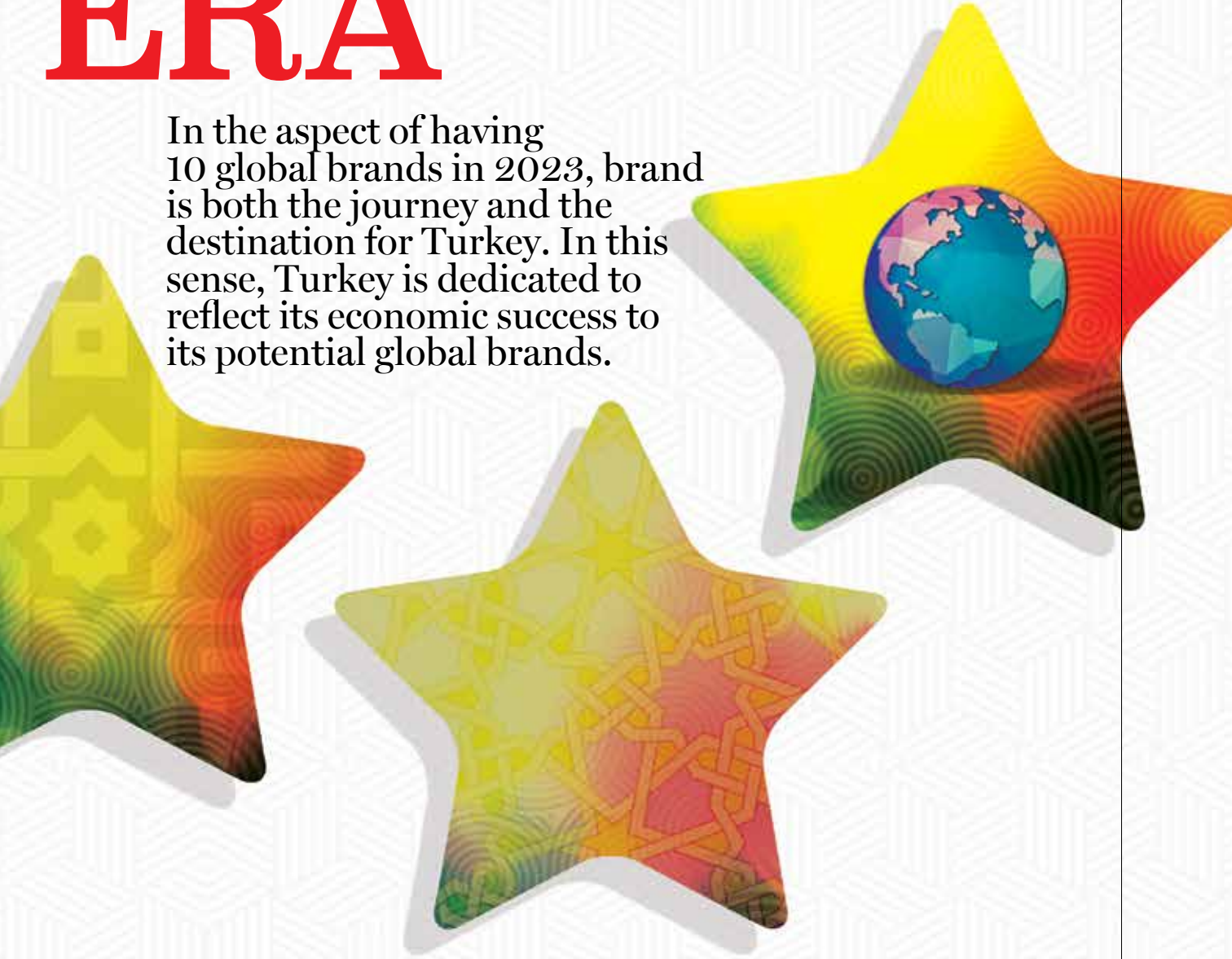


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A B®AND-NEW ERA

In the aspect of having 10 global brands in 2023, brand is both the journey and the destination for Turkey. In this sense, Turkey is dedicated to reflect its economic success to its potential global brands.



BY TURGUT ETİNGÜ & M. BAHADIRHAN DİNÇASLAN BY NECİP ŞAHİN

The value of a company consists of two type of assets; tangibles and intangibles. Tangible assets are companies' physical assets such as cash, equipment and properties whereas the assets like trademarks, copyrights, secret formulas and licenses are categorized as intangible assets. Looking at the share of tangible and intangible assets in a company's value, an overwhelming trend arises. In 1950s the share of tangible assets in total value was some 80%. This share dropped to 60% in 1970s and again declined to 30% in 1990s. And in today's world the intangible assets' share in total value of companies is around 90% in which a particular intangible asset claims the throne; the brand. According to a report issued by Brand Finance, based on tracking of a control group of 53 national stock markets and 37 thousand companies, the brands added together account for one third of the world's wealth.

BRAND, BY THE most mere definition, is a name, a logo, a design or some other feature of a product that distinguishes

it from its peers. It is the first phase of interaction takes place between a consumer and a product since the person is most likely to meet and interact with the brand before the product. Being more than just a visual and/or verbal expression it is the expression which has the obligation of persuading the customer to choose that particular product among its peers. Moving a step forward from distinguishing the product towards the manipulation of consumer behaviours, the brand emerges as the promoter. Consider a cup of coffee and a coffee franchise and think of it as if you first heard about the name of franchise or did you first have its coffee before ever knowing the brand. Whether purchasing a smartphone before ever hearing about the brand or the vice versa sounds more accurate?

The next level is the strict association of ideas. Just a few words would suffice to explain this aspect: coming by to a waving white stripe on a red texture can make you feel thirsty.

Finally and the most importantly the feeling comes from owning a product – a red sports car, per se – which is similar to pleasure and at some level to satisfaction, is the ultimate achievement of a brand.

The Brand-Economy Feedback

All the simple hints given above were

actually impartial but they were strongly linking you to the products they represent. Because the brand, just as in physics, has a gravity in correlation with its mass: larger the brand higher the gravitation. And your thoughts were pulled towards the brand, thanks to its billion dollar gravity.

The product and a distinctive success story are the basic components of a strong gravitation. Of course no matter how catchy is your motto or how memorable is your logo, if your product is of average quality or trapped in the limits of normal, your brand can't worth a fortune. Furthermore, it has been widely agreed that the product itself is not a self-sufficient factor in terms of branding. The story of success regarding the product or the company is just as precious since the "wow factor" is a brand booster, undoubtedly.



There is a strong correlation between a country's brand and its economy. Larger the economy stronger the brand.

But all the reactions that form a brand are not solely but highly dependent on the economic environment in which they occur. The fact that the hundred most valuable brands in the world are of the twenty biggest economies in the world, strongly indicates the effect of economic climate on progress of a brand. And obviously, they are also belonging to the groups and companies which are making the most contribution to their countries' GDP.

Narrowing the scope, eight brands of the top 10 most valuable brands in the world are technology groups or companies. Besides being unsurprising,

it is not even unexpected in the Digital Age as for the economic conjuncture is determining the roadmap of the companies. In the scope of legendary brands like Apple, Microsoft, Google, Verizon and various other tech giants, it is impossible

to read their progress meticulously by neglecting the story of the Silicon Valley. Similarly regarding Mercedes, Audi, Miele, ThyssenKrupp or any other German manufacturer, the industrial profile of Germany is the very impulse behind their improvement in terms of branding. Some of the world's most prestigious brands like Versace, Prada and Gucci are outcomes of a design culture and a textile manufacturing know-how whose foundations were laid in the Renaissance. The last but never the least South Korea's economic quantum leap provided the branding impetus for Samsung and LG, the brands that are leading South Korea's economy today.

Thus, the economy is the ecosystem in which a brand is born and develops while the economy nourishes from its brands. Creating a sustainable environment that would improve this mutual relationship is the key element for a breakthrough in branding. And a country's economy is the flagship of its brand armada that draws the route since a new global brand is



more likely to born in a focus sector of a country and brands' values are in a tight interrelationship with the economies of their countries.

An Outlook on "the Powerhouse of Potential"

With regard to economy-brand relationship Turkey's economy is providing a strong infrastructure for creating new brands and improving the existing ones. Increasing its GDP from \$230 billion in 2002 to \$820 billion in 2013, Turkey is distinguishing itself amidst emerging markets. In the same period, income per capita has reached to \$10.500 in Turkey which corresponds to some three and a half folds raise. Its economic dynamism and stand-strong profile even in the acute era of global crisis have contributed greatly to its reputation. And this reputation is still paying off. According to The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT), Turkey has received \$131.5 billion of FDI between 2005 and 2013. Moreover, the number of foreign-owned companies operating in Turkey has increased to 36,500 from 11,700 in the same interval.

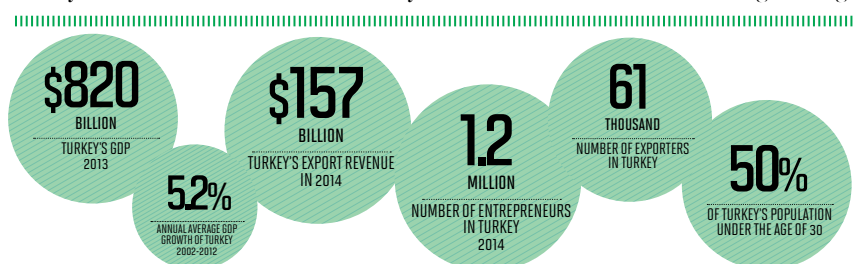
The Turkish export is another success story highlighting Turkey's economic dynamism. Increasing its export to \$157 billion by the end of 2014, which accounts for a 5.8 folds increase in fifteen years, Turkey managed to sell its products to 239 countries and free zones. But the real success in this story is that it well integrated the export codes to its economic DNA by increasing the number exporters to 61 thousand. Furthermore developing a crucial reflex against global macroeconomic shifts and regional fluctuations, the Turkish exporters became more agile at reaching out to new markets in times of economic and political instabilities that affect their existing markets.

Turkey's economic dynamism is a compound of many components. Some are more discernible such as political stability, geopolitical position, young and qualified population and industrial infrastructure. The synergy between the private sector and the public offices has proved to be a valuable contribution to the economy. Thanks to the mutual understanding built on a two-way communication platform between the economic actors of Turkey and its policy makers, Turkey created a more business-friendly

economic environment. In accordance with numerous advantages like a wide range of incentives, tax reductions, low costs of doing business, Special Investment Zones both domestic and foreign businesspeople are seizing various opportunities and conveniences that Turkey offers. Just to give a couple of figures, establishing a company takes six days and solely in December 2014, an incentive amount of \$3 billion has been given to investors in Turkey.

As in the past, the geopolitical position of Turkey will maintain its significance as a game changer. Its strategic location is giving Turkey a series of leverages in terms of becoming an energy hub, an air transportation hub, a logistics hub, a manufacturing hub, a financial center and so on. And Turkey is pulling out all the stops for capitalizing these leverages. There are 22 international energy pipeline projects –which are operational or under construction- passing through Turkey. Furthermore each and every new strategic energy line between the East and the West, remarks Turkey's leverage, thanks to the its position as an energy corridor linking Europe to Russia, the 2nd biggest natural gas producer in the world and Iran, the 4th biggest natural gas producer in the world. And the global energy paradigm indicates that there are more to come.

Another thing to come in near future is the third airport of Istanbul, which will be the largest airport by capacity after the finalization of construction in 2018, surpassing Atlanta Airport which gives service to 94 million passenger in a year. In addition 66% of the world's transit air traffic passes over Turkey and there are 55 countries in 3.5 hours flight range



of Istanbul. Thanks to its 53 airport of which 21 are international, Turkey hosted 166 million air passengers in 2014.

A Hub of Finance and Production

The Istanbul Finance Center Initiative, a project which aims at becoming a regional financial center will be operational by 2018. The colossal campus will host business offices, banks and financial centers, cultural and congress centers and supportive and service buildings in 4 different zones. Turkish banking industry is another protagonist of Turkey's financial sector. Acquiring an annual increase rate of 5%, the sector is growing steadily and its resilience is well above international standards. Meeting Basel II criteria, the sector is strongly capable of implementing Basel III regulations, thanks to the sector's average capital adequacy ratio of 16.3% and leverage ratio of 8%.

While financial sector is up-and-coming, Turkey has already proved its capacity in respect of being a hub of real economy. Various international titans have already established regional headquarters in Turkey. In this regard, Coca-Cola, GE Healthcare, Microsoft, Intel, Unilever, GlaxoSmithKline, Pfizer, Volvo, PepsiCo are constituting only the tip of the iceberg. By the same token, its diversified industrial infrastructure which provides a basis to for new industrial ventures has attracted leading manufacturers in their fields such as Ford, Bayer, Procter and Gamble, Levi's, Hyundai, Foxconn and many more.

In the scope of logistics, Turkey was always the route of the trade and it will always remain as one. The last stop of the Silk Road, the meeting point of Mediterranean and the Black Sea and the gateway of Europe, Asia and the Middle East. Moreover, it is benefiting from its potential more and more as new investments are being made. In the last ten years, \$55 billion has been invested in extension and renewal of the road network of Turkey. The marine transportation is another stronghold of Turkey within the aspect of logistics, the home to Bosphorus. Kanal Istanbul project, which is a new channel project forming a new corridor linking the Marmara Sea and the Black sea, is now in the planning phase.



Bridging the East and the West, Turkey has combined its Eastern cultural codes with the Western business approaches. Hence by creating this unique hybrid, it was able to strengthen its bounds with the East and became more integrated with the Western hemisphere. The facts that Turkey is widely regarded as the natural leader of its eastern hinterland while the 22nd section negotiations has been initiated regarding accession of Turkey to the European Union are strongest indicators of its perspective.

Innovation and R&D for Passing the Critical Point

The conventional economic progress is useful with regard to bring the economy of a country to the critical point of becoming a developed country. It provides the required economic climate for the genuine breakthrough which is becoming a country of high value-added manufacturing and innovation. The successful stories' plot twist comes right at this point in which country is at crossroads of falling into middle income trap or shifting its development to another phase.

In this manner, Turkey is about the reach that critical point and it has elaborated its agenda based on awareness of an upcoming challenge. Turkey depicts this phase as the 2023 goals which are not of a traditional vision but belong to innovative production and high value-added manufacturing. Thus, according to

Bloomberg Rankings the country which ranks 10th in the world regarding manufacturing capacity, Turkey embraced innovation, R&D and entrepreneurial spirit as pillar principals of its approach. This is not a collateral effect of economic growth, but the outcome of reforing the perception of future's Turkey. Acknowledging the requirements of the economic transformation that it is going through, Turkey is taking firm steps towards being a country of innovation as both the public and the private sectors endorsed the objective of cultivating an innovation culture. Turkey Innovation Week, the paramount event of innovation in Turkey, is becoming a traditional event. First organized in 2012, Turkey Innovation Week has attracted 60 thousand people in 2014, which leads to a sum of 120 thousand people in three years. In addition to the innovation enthusiast of all ages, highest level representation of economy and politics is a usual situation. The presidency of the Republic of Turkey, the Prime Ministry, the Ministry of Economy, Koç Group, Sabancı Group, Zorlu Group and Fiba Group are amongst the regular participants. This overview simply underscores the internalization of innovation by all segments of society. Likewise, InnovaLeague, an innovation arena in which the companies compete in terms of innovation performance, has delivered a new sense to the companies from numerous fields. As a part



President Recep Tayyip Erdoğan bestowed their awards to the most innovative companies in Turkey, at Turkey Innovation Week 2014 Istanbul Event.

of IMP3rove programme, an innovation benchmarking and improvement programme of the European Union, Turkish companies now have the opportunity of competing in innovation with their European counterparts in InnovalLeague programme. The top 3 companies of 5 different categories in InnovalLeague 2014 event will be representing Turkey at international level. And considering the 460 applications made for partaking in 2014 InnovalLeague programme, they are all pretty keen about it.

R&D the main dynamic of innovation is another matter of utmost gravity for Turkey. As an outcome of an average annual increase rate of 13% in the last years, by the end of 2013 the share of R&D investments in GNP reached to 1% and Turkey aims at increasing this ratio to 3% in 2023. Thanks to this trend, Turkey ranks the second in the world in aspect of the increase in resources allocated to science and technology. The investments, incentives and policies implemented are surely stimulating the companies in the light of the number of patent applications which has increased ten folds in the last ten years. Furthermore the trend is seeming to keep its pace as the number of R&D employees has reached to 113 thousand in 2013 which remarks an increase of threefold in the last ten years. Particularly, the National Science and Technology Human Resources Strategy has a respectable effect in numbers as these

All the basic prerequisites are fulfilled for the incubation of a niche global brand which would narrate both its own and Turkey's success story to the world.

developments are the outcomes of a systematic approach based on the National R&D and Innovation Strategies prepared in some key sectors such as energy, science and technology.

Whilst the innovators and the R&D professionals are parts of the resultant force behind the economic dynamism, the youth is also the driving force behind them. Turkey, in this sense, is abundant of the most important factor, qualified and dynamic human resources. Thanks to its 77 million population in which 50% is under the age of 30, Turkey has the third largest workforce in Europe after Russia and Germany. And this workforce is well educated as the figures show that the number of people getting higher education has reached to 5.5 million as of March 2014. This number exceeds the population of 11 European countries.

The youth of Turkey also proves itself with respect to entrepreneurship. The number of entrepreneurs has increased to 1 million 223 thousand by August 2014. As the entrepreneurial spirit diffuses through the youth, both the public and private sectors are focused on the optimization of entrepreneurship ecosystem. According to the Ministry of Science, Industry and Technology, 282 thousand entrepreneurs have received entrepreneurship education. Numerous governmental and non-governmental organizations are working intensively for boosting the entrepreneurship in Turkey. Number of education programmes, incentives, seminars, business incubators and to-the-point events are increasing every day while Turkey's entrepreneurship ecosystem is meeting a whole new institution; BIST Private Market. Thanks to the first ever web-based market developed by an exchange market, entrepreneurs, investors, intermediaries and service providers have a network in which companies can trade their shares without going public and investors enjoy various tax advantages and a database of all qualified business ventures.

Combining the potential and economic infrastructure of Turkey with its approach on R&D, innovation and design the fourth key to success emerges; the brand. In a world in which the brand saturation is maintained, the real deal is to be able to create niche and exclusive brands. And all the basic prerequisites are fulfilled for the incubation of a niche global brand which would narrate both its own and Turkey's success story to the world.

Brand and Turkey at a Glance

Moving forward in the light of all these and much more, Turkey is becoming a brand itself with its profile as a star among emerging markets. A growing economy based on a well-established and diversified industrial infrastructure, a young and dynamic population with entrepreneurial spirit, a strong perception of R&D and innovation, a unique geopolitical and geoeconomic position and determination towards achieving the 2023 goal of becoming one of the ten largest economies in the world by reaching \$2 trillion of GDP, \$500 billion export revenue and having 10 global brands. Of course there are still challenges to be met and progress to be made. Especially in terms of branding Turkey is a new player warming up for the tournament which will carry it to the big league. It has a good physical condition, a nice technique and most important factor of them all, the ambition.

Currently the brand performance of Turkey carried it to 19th rank in the world nation brands rankings with \$751 billion of brand value, according to a report issued by Brand Finance. In the report South Korea ranks 16th, Sweden ranks 17th and Spain ranks 18th with brand values of \$997 billion, \$802 billion and \$801 billion respectively, while the USA is the leader with \$19.2 trillion, China is runner up with \$6.3 trillion and Germany is in the third place with \$4.3 trillion.

The national brand ranking of Brand Finance draws a picture in which 18 of the largest 20 economies in the world are also ranking the 20 most valuable national brands with some minor differences in their places in the list. Turkey fits in the trend with being 18th largest economy in the world. Thus, transposing the 2023 goal of becoming one of the world's ten largest economy, Turkey aims at ranking in the top ten national brands list. It refers to a national brand value target of \$1.5 billion, since the current country ranks 10th in the list is Brazil with a national brand value of \$1.4 billion. Though long and hard it might be, the path is clear.

At company level, the volatility in exchange rates effected the Turkish brands rather negatively. Though the numbers still outline another accomplishment. According to Brand Finance, the number of brands with the value of \$1 billion and more has almost tripled in last 7 years reaching to 11 from 4, while the total worth of the top 100 brands increased by 17%, despite the shifts in USD/TRY exchange rate based on macroeconomic conditions. Beko, the international brand of Turkey's largest white appliances and electronics group Arçelik, and Turkish Airlines are the protagonist of this story with their excellent performance. 440 million people from 100 countries in the world are using a Beko appliance while Turkish Airlines has received the Best Airline in Europe award from Skytrax for the fourth consecutive time.

However, before going deeper into the cases, another milestone should be touched upon. The economic transformation that Turkey was going through has created a need for a new dialect, a new way of communication and a new visage. Instead of traditional manifests and explanation attempts, Turkey made a call to the world for creating further synergy with whomever it interacts with.

As Turkey was moving steadily towards 2023, a brand came along to unite them all; "Turkey, Discover the Potential".

Forging the Brand

The cultural context and resources have an impact upon the process of creating brands, as well as the economic infrastructure. The notion of "brand", in fact, is based upon a principle: selling a story. A brand, in brief, is a package of "story"

that enhances the probability of the sale, an invisible, yet effective thing sold along with every piece of product under the brand.

The history of the word itself gives clues regarding the correlation between a brand and a story. Livestock branding is a phenomenon dates back to antiquity, which is simply branding an animal with a burnt metal brand, to distinguish its owner. These brands upon animals, were usually related to the heraldry or family emblems of the owner. And these heral-

dic symbols were a sum of all the history behind a family, a semiotic structure that is more than a mere combination of lines or words. In Turkish culture, for example "tamga"s were used for the same purpose, and each tamga was also a symbol of a family. The word "tamga" eventually evolved into "damga", meaning "seal", or "mark", which proves the genuineness of a document. The English word "mark", also, had a relative use, first emerged as marking stones between borders, meaning "border sign", eventually gained



ALİ SAYDAM

President, Bersay Communications

Firmly Treading the Path

We are joyously observing that three main components of the Turkish social dynamics, the government, non-governmental organizations and private sector have deeply realized this truth: Turkey has to prioritize the high-value added and high-tech products and invest in the most sophisticated outcome of the capitalism: The Brand.

The most obvious sign of this is that Turkish Exporters' Assembly have focused on communication management and innovation for last three years, and projects such as Turquality. Turkish Exporters' Assembly managed to have governmental, private sector and NGOs represented in the same ground thanks to workshops and events it held.

Reaching 2023 goals will be possible when export revenue-export kg ratio increases rapidly, and this can be achieved only via creation of strong brands. Turkey has realized this, thus is firmly treading the path.



TURGAY ADIYAMAN

Managing Partner, Saffron Brands Consultants Turkey

The Better Your Quality, The Stronger Your Brand

Creating a brand sometimes is seen as mere procedures and formulas to be followed. Yet, it is not; and first step to create a brand is to avoid clichés such as "Ten Commandments of Being a Brand". Rather than that, creating a brand requires a "story", but a precise, true, purposive story.

Mostly, there are "fairy tales" told to create a brand, to provide the story necessary for the brand creation. However, a fairy tale can only temporarily attract an audience, and if your story is not consistent with the brand's "reality", you cannot become a real and effective brand.

Thus, technology and quality cannot be neglected; the better your quality, the stronger your brand, and illusion cannot remain long to deceive people. All we need is to increase our quality, embrace high-tech orientation and tell this story to people.



TUNC UZZAN

Founding Partner, UBF

Creating A Brand Is Like Building A Structure

Creating a brand is a long and demanding progress. Even the smallest communication budget is around \$3 to \$4 million in the world, yet financial problems are not the only ones experienced during the "branding" progress.

Many of the companies mistake the brand creation for popularization. Advertising alone can increase the sales temporarily, but brand creation is a long term project which perpetually contributes to sales once achieved.

From its foundations to decorations, creating a brand is like building a structure and consists of various components: Name, logo, slogan, color, communication and competition strategy...

Today, Turkish Airlines is one of the successful examples in Turkey, which increased its brand value 120% in last six years. Although there are no Turkish brands in "Brand Finance Global 500 - 2015", such examples makes us optimistic that in near future there will be Turkish brands in the list.

meaning of “land, enclosure”, hence the name of Denmark, “Land of the Danes”.

This background perhaps did not directly caused modern brands emerge as we understand them today, yet there's undoubtedly an influence. When people started to make their “brands” visible upon their products, these brands, via time, have acquired a “gestalt”. Each product, each feature of the brand's owner, all rumors, talking, and feedbacks about the products created a sum and that sum was represented by the brand. Thus, the age of brands started.

Initially, brands were not sophisticated, but as the economic system grow bigger and more complicated, brands were required to seize the change; rivals and alternatives were flourishing and increasing in numbers, thus necessity to distinguish was gaining importance. Moreover, following the industrial age, the “fordist” marketing&production model fell out of favor, and post-fordist model began to shape the nature of the production and marketing. Thus, brands became more and more crucial to “persuade” the customers to buy a certain product.

This is also affected by another phenomenon: People of the post-industrial age are “busier” than their predecessors, therefore have little time to have their own, unique stories. This led to a boost in entertainment sector, and as TVs and PCs became widespread, this enabled people to satisfy their need to have a story via “catharsis”. In the meanwhile, brands started to serve the same need: Each brand's semiotic value helped people to identify, express and realize themselves.

Thus, the “brand” phenomenon is related with the cultural context: Each person is affected by his/her own culture, each culture has different features and dynamics. Cultural values and extensions have an impact upon the brands and vice versa. Some brands, for example, act as a “tool” to spread a culture: Popularly, McDonalds is considered as an American Cultural icon and sometimes seen as a medium which spreads American cultural values. Additionally, when McDonalds faces detrimental effects of a certain local culture, it embraces it and creates a synthesis: The green logo & theme and vegetarian menu in India is a good example.

As brands themselves are central elements of a “corporate culture”, they allow the marketing operation to have cus-



tomers loyalty, increase sales and benefit from the culture woven around the brand to persuade the customers at the point of sale. This operation has direct and indirect tools, sometimes a direct call to “buy” and sometimes an invisible, softer and indirect message addressing mostly the subconscious of the customer. Besides national and regional cultures, modern human lives surrounded by cultural islands of brands, each giving unique promises and trying to “convert” the person through cultural “extensions”.

Turkish products and their reflection from the consumers, has created an awareness and has woven an identity around Made in Turkey logo.

For instance, besides McDonalds, Turkish Airlines have embraced a unique communication strategy: Designs and slogans inspired by Turkish culture, putting emphasis on “Turkish cuisine”, advertising campaigns using local cultural elements and featuring Turkish National Anthem. This strategy undoubtedly contributed well to the brand's success: It enables the customer to be a “part of a greater story” and promises a secondary satisfaction, rather than merely fulfilling main demand. This secondary satisfaction cannot replace the main goal: Turkish Airlines “have to” transport passengers by its planes, the main demand from the company is to fulfill this duty; but when there are more than one company which offer the similar prices more or less and function basically in the same way, this secondary satisfaction makes

the difference.

Besides brands founding their own culture around themselves and brands using cultural values to create their own stories; another phenomenon is the “country brand”. Similar to ordinary brands, countries themselves have “brand values”, their “story” emerge as a country brand in the global perception. For example, China is usually considered as a “land of cheap, easy-to-produce yet tend-to-malfunction products”. It can be said that Germany is usually associated with engineering, Italy with fashion and sports cars, Japan with high-tech robotics. These can be viewed as prejudgment, yet research shows that they have an influence over countries' export, trade and economy, as well as the companies and brands operate within these countries.

Realizing the importance of this “leverage” effect, Turkey have taken a big step: Turkey Brand, initially started as a Turkish Exporters' Assembly project, “Turkey: Discover the Potential” as a national brand which will unite all components of Turkey's story in a single brand and contribute to each Turkish brand's communicational performance, is created.

Turkish brands, such as Beko, have already been successful in many parts of the world, yet Turkey's brand-management was not going quite at the same pace with its fast-growing economy. As the conditions were now ripe, Turkey took the step to bring a new dynamism to create well-renowned and successful Turkish brands, enhance the performance of current brands and elevate the country to a new level.

As the Turkey's export volume and circulation of Turkish goods in the global market increased, former “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



JACOB BENBUNAN
CEO, Saffron Brand Consultants

“Turkey Will Write Its Own Success Story Based On Its Own Attributes”

What is the importance of a global brand for country?

Defining a global brand is a different thing. A brand can be international and rather famous. But a global brand is something requires long term efforts to create a cumulative entity. Turkey is home to İstanbul, a global city and a global brand. It is a must-visit city and seeing İstanbul is certainly an item which should be in everyone's bucket list. Mustafa Kemal Atatürk is also a historical figure. On the other hand, is it important having global brands? To me, being global is not important. What's really important is having successful brands. And Turkey has created successful a brand of its own with a surprising economic performance. Maintaining such stability in an era of uncertainties is even more spectacular.

What are the outlines of the story narrated by “Turkey, Discover the Potential”, Turkey's new slogan and logo?

The whole point here is that this is not just a logo but a programme. The message behind which should articulated inside and outside Turkey, is there is a great potential waiting to be discovered. Thus, we believe that the notion suits Turkey well. Turkish companies and sectors were already successful in certain fields, such as textile, agriculture, automotive and tourism. Furthermore, Turkey, thanks to its unique location, is bridging the East and the West, understanding both their

cultures. This is a great potential nobody else can claim. 77 million population with 50% under the age of 30, is another rare opportunity. What we did was to merge and forge these independent success stories and strengths into a collective, all-embracing brand, to potential in other areas be activated via already outshining aspects of Turkey. In this regard, Turkey is similar to China of ten years ago, a country with high potential proving itself after focusing its manufacturing capacity to producing high tech and value-added goods. In this sense, Turkey will write its own success story based on its own attributes.

What should Turkey do in order to activate its own potential?

Turkey is already a renowned manufacturer which produces goods for some of the most prominent brands in the world. At this point, all Turkey needs to do is to create its own successful brands which will eventually turn into global brands, thanks to merging the old power and the new power. The old power is industrial infrastructure, and the new power is innovation and R&D. Combining these two components is vital for successful brands' transformations into global brands. When Turkey's manufacturing experience meets a good perception of brand management, Turkey will attract foreign investments even more, and will go through a domestic paradigm shift, thus will have big leap into reaching its 2023 export target of \$500 billion.

an awareness and has woven an identity around Made in Turkey logo. And “Turkey: Discover the Potential” was a step towards an “active brand-management”, this time actively addressing the “audience” to tell the story of Turkey and change their mind and attitude, in order to enable all Turkish brands to benefit from this positive view.

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”.

This new story-telling phase was a well prepared and launched operation: Surveys, workshops and brainstorming gave birth to a new country logo which would replace the obsolete Made in Turkey mark, and would be used in other promotional purposes to create a new interest in Turkey, change the attitudes and bestow leverage upon Turkish companies to promote and position their products in a better way. Creators of the logo are perhaps the most competent people to tell the tale behind the progress.

Reverse-engineering the Brand

Deal-making is the “real deal” now. Economists and analysts argue that, at pure number terms, the global economic activity is almost reaching the boom-times level. It is not only an “hype” to pursue mergers and acquisitions but it is a strategic action. Last year global merger and acquisition volume has reached the pre-crisis levels. So, it seems that economists and analysts have a solid argument. However, it should be highlighted that emerging multina-

tionals have done their homework and outweighed cast of strong giants.

It is fair to say that the catch phrase for Turkish companies has been “It’s our time now.” Especially in mergers and acquisitions Turkish market is blossoming at an unprecedented rate. Turkish companies’ appetite for investing abroad has grown for some time now. During the years that followed the global financial crisis, big Turkish business groups have acquired many firms in the Balkans, Russia, and Canada, the UK. And some of these Turkish companies have adopted a new approach in their acquisitions of multinationals. They tried to seduce powerful brands, and they were successful.

As the largest consumer goods company in the Turkish food industry, Ülker, acquired the iconic Belgian chocolate maker, Godiva, in 2007. The deal was featured as a characteristic example of a reverse takeover, revealing that a company born in an emerging country can win the takeover race.

Perhaps the most important thing Ülker did after taking over Godiva was to make it clear that they would retain the management. It was very critical for the post-merger success. Ülker has already increased its chances globally as they acquired a premium brand like Godiva, but the killer global act came last year. In 2014, Ülker’s acquisition of United Biscuits made it the world’s third largest biscuit producer. Godiva, as a luxury retail brand, has met with United Biscuits, a highly regarded producer, under Yıldız Holding’s umbrella.

Turkish companies’ global merger and acquisition activities cover wide range of industries. In 2009, Turkish household appliances manufacturer Arcelik has merged with Grundig in order to increase their competitiveness. Arcelik, then, acquired Defy, a South African white goods maker. Arcelik has increased its revenues in Africa. And acquisition of Defy by Arcelik facilitated its journey towards becoming a successful global brand.

In 2012, owner of the growing domestic shoe stores chain FLO and Polaris, Ziyilan Group, has acquired Lumberjack, the famous Italian brand. The Lumberjack acquisition was not seen as a simple taking over the management of a global brand whose design and quality are acknowledged all over

Acquiring a global player and reverse engineering its brand has been a vision-driven process Turkish companies preferred, rather than careless and unplanned show-off.

the world. It also meant a great deal for Ziyilan Group toward their goal of becoming a major player in the world shoe industry. The acquisition has been a new learning process for the group in order to get a big-name brand and have strong foundations.

Turkish companies’ global acquisition approach does not only mean to gain widespread recognition coupled with a broad network, it also offers new prospects to learn global brand management. Taking over a great brand and making it better is a crucial learning process. And Turkish companies are taking step to learn it by managing the global brands.

Hacking the Brand Making

Turkish companies’ appetite for investing abroad is an outcome of current economic conditions and sector-specific trends. Yet, their partnering strategy has kept acquisition structurally separate and maintained acquired companies’ own identity and organization.

The new approach in acquiring global brands is an important opportunity for Turkish companies in “hacking” the brand making process. Acquiring a global player and reverse engineering its brand has been a vision-driven process Turkish companies preferred, rather than careless and unplanned show-off. They are organizing and retaining the existing management to extract the knowledge and design information from global brands in order to become one.

Creating a global brand is a challenging and diversified process. And recent global merger and acquisition activities by Turkish companies can facilitate them to start with the perfect brand experience and then work backward. Reverse engineering a global brand can be a novel business strategy in brand making for emerging multinational companies. During the crisis era merger and acquisition market has stagnated as well, however, Turkish companies seized the opportunity and acquired global brands, learned the inner processes, and started to incubate for creating a successful global brand.

Optimizing the Environment

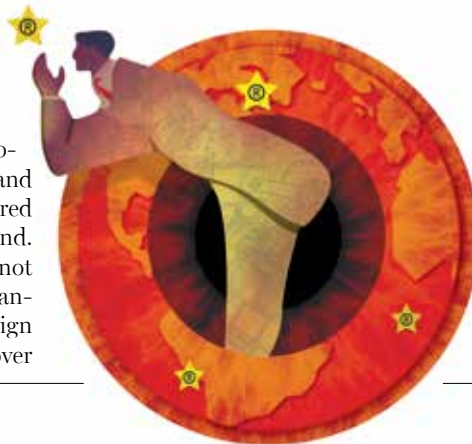
Creating a global brand is a demanding challenge. Furthermore, having 10 global brands is even more demanding to be set as an objective. Yet, as a brand is not a coincidence but a consequence of a regulated and purposive progress, demanding does not mean impossible.

As Turkey’s facts and figures indicate that the conditions are ripe for global brands to emerge if managed and regulated properly; all Turkey need is to embrace a focusing approach, meet the requirements of the path that leads to 2023 targets and realize and capitalize its potential by R&D, design and innovation.

As there are different models and approaches to create a brand and turn a brand into a global one, the key point is to understand the local situation and transpose it into a global dialect. Thus, Turkey needs to discover its very self to define its potential by finding out its pros and cons, in order to summon people to join the discovery. As Turkey has already been through the discovering the self phase, a long progress is behind.

Overall, it can be observed that the economic, cultural and mental environment is established.

Considering the keywords potential, dynamic economy and ambition, where do you think the next global brand will most probably be born in?





Kaan Class
Intervention Crafts
are serving in Turkish
Coast Guard as well as
in foreign countries.

ONU K COMPETITION DEVELOPMENT: A MEMORIAL OF SUCCESS

Onuk Competition Development have been one of the most successful private enterprises of Turkey serving in defense industry, finding inspiration in its unique company history.

BY M. BAHADIRHAN DİNÇASLAN

Onuk Competition Development has been one of the most successful companies of Turkey, owing its success to its competitive spirit as obvious in the company's name. Founded by Ekber Onuk, inspired by his deceased son whose sweet memory all employees of the company keep vivid, Onuk Competition Development has proved itself as a flamboyant and purposive designer, engineer and producer.

According to Ekber Onuk, the CEO of the company, the firm's establishment and involvement in fast intervention & attack craft production goes back to Kaan Onuk's predictions in the early 90s. Ekber Onuk's son, Kaan had foreseen that, after the end of the Cold War, naval warfare doctrines were bound to change, to advantage of smaller, faster and multifunctional crafts than heavy battleships of the previous era. As he and his schoolmates started to design a more convenient and purposive fast craft model, Kaan, then a university student, died in a car accident to the great grief of his father and friends.

But the story would not end. As Ekber Onuk already had applied to several contract biddings, one was considered to be awarded to them thanks to innovative design and purpose-oriented, affordable domestic production. His partner persuaded him, and Ekber Onuk decided to go on with the bidding and produce fast intervention crafts for the military, to keep Kaan's memory alive. He summoned Kaan's schoolmates and created a team of inexperienced but devout and intelligent young people, and they managed to design, produce and sell their crafts. Since then, Onuk Competition Development has been producing several types of vessels and involved in other fields such as advanced composite technologies for military use and sports car design&production, always aiming at becoming the pioneer and the leader.

Since the modernization of the army along with NATO membership, Turkey has strived to establish a well-functioning military industry to provide needs of the army and contribute to the national economy via military export. Governmental involvement led to establishment of several institutions and private sector followed. Onuk Competitive Development has been one of the most successful private enterprises as it serves both domestic needs and export to various countries.

Remembering the days during Operation Atilla, Turkish intervention to Cyprus crisis, Ekber Onuk states that Turkey has shown a great development as country lacked even sufficient numbers of landing vessels. Today, institutions such as ASELSAN, HAVELSAN and others serve well the country's needs, and private sector is emerging as a key player. As Turkish Defence Industry's 2023 goal is \$25 billion export volume, with current export volume being around \$1.5 billion, a strong and well-developed private sector is crucial in order to reach these goals.

However, private sector enterprises suffer a great deal of inconvenience since producing for military has many restrictions, demands a huge investment and a vast industrial infrastructure. For emerging enterprises, it is very difficult to overcome the inconvenience and manage a profitable, thus feasible and sustainable business. This leaves –almost– only one way to become a successful private-owned military producer: Innovation, creativity and purposiveness.

Onuk Competitive Development makes a good role-model in this scope. Kaan's foresight and

"Sazan", the first Turkish sports car is valued at €300,000.



employees' devoutness under the right guidance allowed the company to produce innovative, purposive and affordable products, such as fast intervention crafts faster and more manoeuvrable when compared to others. These crafts serve for Turkish military and to honour Kaan's memory, Turkish Armed Forces officially named the crafts as "Kaan Class". These crafts also serve for other countries, especially Arabic gulf countries, and more are on assembly line to be used both domestic and foreign use.

Ekber Onuk, during our interview, stated their key principle to achieve their goals, quoting Arie de Geus, former Corporate Planning Director of Royal Dutch Shell: "The sole sustainable competitive advantage is to learn faster than competitors." In this manner, the company depends on "reconnaissance", to catch the hints of the future, notice unseen needs of the industry or military before everyone else, create a solution in a purposive way combined with innovation; thus always having the upper hand compared to their competitors.

The company produces small and medium sized crafts; patrol crafts, intervention & attack crafts, rescue & missile crafts all serve for Special Forces

or coast guards in many countries. As Mr. Onuk states, their boats boast a higher manoeuvrability and speed than their competitors and can perform all tasks they can perform and load all missiles and other weapons required, thus have a unique advantage. Yonca&Onuk joint venture enlarges the company's production capability and serve for both military and commercial demands.

In addition to boats, the company is also involved in sports car production. As Kaan was fond of car sports and Onuk family, including Mr. Onuk's daughter Dila and Mr. Onuk himself enjoyed car sports activities together; the company entered the business. Their first sports car design, "Onuk Sazan", was named after Kaan's nickname among his friends, "carp", acquired after his carps in the aquarium he owned, with Sazan literally

meaning "carp". The car's prototype is produced and several improvement and re-design processes are still ongoing, and as Mr. Onuk states, company also considers to produce a lesser-level, smaller automobile for casual use, affordable for most of the consumers. Onuk Competition Development also produces advanced composite materials for military use, artillery cupolas with stealth features, lighter but tougher than its counterparts.

Company's inner culture is one of the dynamics behind the success: Almost all employees call Mr. Onuk "Uncle Onuk", since Kaan's friends, since then, have been working in the company, all started as newly graduated or still student engineers, now directors of different departments. The company values are summarized by Michael Jordan's words and visible everywhere in the faculties: "Never say never. Because limits, like fears, are often just an illusion." The harmony and bonds between high level employees are the seeds of the culture and embraced by all level employees to constitute one of the most unique and successful marine engineering companies of Turkey.

As Turkey's strategic goals include having self-sufficient and exporting military industry, which will positively contribute to the national economy as it will decrease foreign dependence and increase the export rates; private sector's involvement is crucial to give Turkey an advantage in the global competition. Onuk Competition Development, no doubt, is already a key component of the Turkish military industry and will have an influence over the industry's future.





Ekber Onuk is both owner and the head designer of Onuk Competition Development.

Firstly, we would like to talk about Kaan, whose memory laid the foundations of the company's culture and his influence is still visible.

What's the story behind Kaan and Onuk Competition Development?

Kaan had predicted that smaller crafts would gain importance and naval warfare would change in favour of multi-role, fast and manoeuvrable ships. Kaan, as a university student, had designed some of crafts along with his friends, and we had started talks with Coast Guard Command, alas Kaan died in a car accident. Then I wanted to quit all, yet my partner insisted to go on with the project to keep his memory alive. So we went on, and Turkish Armed Forces named the craft class as "Kaan Class Intervention Boat". Moreover, as Kaan was fond of car sports, we named our sports car after his nickname: "Sazan" (carp). He had had several carps in his aquarium and his mates had nicknamed him carp.

What are the company values and your vision? How do you define your spirit of innovation?

Our principle is simple. Arie de Geus, former Corporate Planning Director of Royal Dutch Shell says: "The sole sustainable competitive advantage is to learn faster than competitors." Thus, we always do our best to define problems before everyone else, to create

precise solutions before everyone else. Kaan, for example, had suggested that a change in the boat's machine gun's placement would increase its speed, such a small change allowed us to create intervention boats faster than its counterparts. When you are the leader, your only true rival is yourself, thus we always compete with ourselves, hence the company name: Onuk Competition Development.

Kaan Onuk, died in a traffic accident in 1994, still inspires Onuk Competition Development.



What about your foresight? Do you have any estimations regarding the naval warfare's future?

I believe that the trend will remain, that smaller and faster crafts will replace bigger platforms. Stealth technologies, speed and manoeuvrability will gain even more importance. This will require technological developments and innovative designs.

As we witness in documentaries, small creatures such as ants, are able to take down huge targets thanks to their collaboration and speed. This is achieved thanks to communication and harmony, therefore hardware and software developments will play a key role in terms of communication.

What are your statements regarding Turkish Military Industry? What you think about the private sector's role?

War is much like Formula 1 races. Both are a race of technology. However, in Formula 1, the second and the third are celebrated along with the first, but in war, only the first survives, the rest are dead. This makes it an obligation to create "perfect" systems, to prevent "the other" from attacking you.

We are in collaboration with Turkish Armed Forces and institutions such as ASELSAN and HAVELSAN, well integrated with the governmental organizations. Although, private sector is subject to stress of competition more than the governmental institutions, this is both an advantage and disadvantage. Disadvantage is, private sector faces difficulties to secure its profits while competing against already well-established, huge firms. But the advantage is the key: Competition forces you to become better, faster, cheaper. For example, we are exporting artillery copulas for a renowned international military company, and our copulas are 45% lighter than their Italian counterparts, having stealth feature, made of high-tech composite. This dynamism causes us to better ourselves, in order to gain profit; which also benefits the country's military.



Female Gaze

The world starts to change as the gender gap shrinks. Turkish women's increasing share in the executive part of business gives clues about the future. As Turkey runs towards 2023, Turkish women are ready for countdown...



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There was a time when things were simpler, desires and demands were simpler and boundaries were much more simple. Woman's role was predetermined. It was not a matter of capacity, and most definitely not a matter of power. That era though, is slowly beginning to fade away. Along with some revolutionary milestones in history that happened in the favour of female empowerment, as well as a new generation emerging as time goes by, a generation that is driven more by their values than by money, have turned most finance dynamics upside down and as things stand, have yet to do more henceforth. Today, our lives are more complex, our products are more complex, women's roles are more complex and ironically even the word 'complex' cannot be distanced from the perception of woman.

Over the last decade statistics globally show that women secure a worthier share in the economic cycle than in the past. Women can no longer be unseen and should not be taken for granted in the marketing strategy agenda of any corporation or organization. "Women are not a niche market, nor are they a new market. They are **the** market," highlights Stephanie Holland, the founder of 'sheconomy' concept. The 'she' in the new term is referring to any potential product or market that is driven by women. The second part 'economy' merely means that the economical growth will not occur unless there is a **she** factor in it.

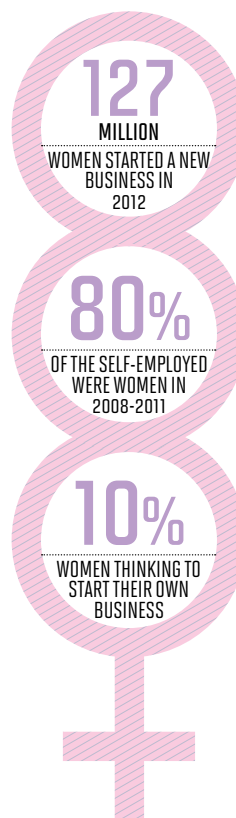
GLOBALLY ACTIVE WOMEN

As the world evolves digitally, women's share in the new world increases in accordance with it. Today on the LinkedIn network, women represent 41% of the active workforce. The percentage of women in the workforce has increased from 37% to 41% in the last 10 years while the percentage of women in sales has increased from 36% to 39%. Women represent 74% professionals in administrative roles. For sales roles in particular, women represent 39% of the entire workforce. How about industries? Healthcare and Pharmaceutical industries have the highest percentage of women across all functions while Technology&Hardware industries have the lowest percentage of women across all functions. The average percent of women in director positions is 30%.

COURSE OF ACTION: INVEST IN WOMEN

"Forget China, India and the Internet: Economic growth is driven by women." – *The Economist, 2006*

Why invest in women? Woman, as in the nature of things, multiplies the impact of an investment made in her future by extending benefits to the world around her, creating a better life for her family and building a strong community. Economic growth is inevitable and sustainable while women take complete part in the market. A better job for women leads better salaries and greater decision-making also; makes a positive influence on money spent on children's nutrition, households, health, and education. Meanwhile, companies invest in women's employment gain an important competitive advantage.



Recent report conducted by UNESCO suggests that 600 million more women online can boost global GDP by \$13 to \$18 billion along with companies with the most female managers turned a 34% higher profit. Politically speaking, studies show countries where women's share of seats in political bodies is greater than 30% are more inclusive, egalitarian and democratic.

LEADING COMPANIES SUPPORTING WOMEN'S EMPLOYMENT

Companies like Coca-Cola have put this matter in their agenda and started campaigns like "Empowering millions, one woman at a time" aspiring to engage more women into business and with a goal of empowering 5 million women entrepreneurs by 2020. Whereas Dell, the computer company, launched the Pay it Forward campaign,

a corporate initiative to leverage its network to help 1 million women entrepreneurs by the year 2015. "Unleashing the power of female entrepreneurship can have a dramatic effect on a country's economy," said Karen Quintos, Dell's chief marketing officer and senior vice president. "Increased access to knowledge, networks, capital and technology are critical if countries are to empower female entrepreneurship and create a culture of success." In conjunction with it, there are some organizations building up over time that support 'invest in women' concept and one of them is a Non-Governmental Organization, trying to lead point projects targeted to economically empower Muslim women, called IMW (Invest in Muslim Women), a special project of Global Fund for Women (GFW).

WHO/WHAT DRIVES WOMEN TO BUY?

A marketing agency called Cherry London asked a sample of 1000 women at a survey who and what impacts and influences them to choose brands. These are a few discoveries they recorded:

Recommendations; 1 in 3 say a recommendation from someone they know is the most important influence on brand choice. 1 in 10 say a recommendation from a trusted brand is the most important influence on brand choice. A Trusted Brand; 1 in 4 women have been introduced to a brand by another brand. Influence; recommendations have 5 times more influence than marketing. Rewards; almost half said giving them rewards influences them to buy. Caring; 49% said that showing you care influence them to buy. Contact; one-half said regular contact throughout the year matter.

TURKISH WOMAN CHOOSING SELF-EMPLOYMENT

The scenario happening globally is no different to Turkey's economical path. Turkish women tend to run their own business these days, originating concerns about their mediocre work environment, the uncertainty of promotion along with the positive changes in their social status and the advancement in their educational level. They would like to be their own boss rather than keep working within a middle management staff.

Turkey tries to bond its ties regarding woman-in-business with new governmental supports. Especially with the new law drafts out from

Turkish Parliament in the last ten years, supporting women entrepreneurs, they can contribute to the local and national economy a lot more and make more impact than their female ancestors.

Firstly, the provision was made in the Turkish Constitution regarding affirmative actions cannot be construed as against the principle of equality. Then new laws initiated as women are provided financial aids and incentives. Conducted by the Turkish Ministry of Labour and Social Security (ÇSGB), a new legislation was enforced in 2010, as companies will obtain 100% discount for employing of debutant women. The incentive covers three years and both women and employers will receive governmental support in terms of investment.



Recent increase in educational level and income balance contribute women as they start new enterprises.

Last month, the European Bank for Reconstruction and Development (EBRD) partnered with six Turkish banks and the European Union to support Turkey's woman-led businesses. The new program, titled "Finance and Advice for Women in Business," provides about \$420 million of credit for female entrepreneurs.

TURKISH WOMEN IN STATISTICS

The Turkish Statistics Institute (TurkStat) 2012 'Women in Statistics' figures show that higher level education enrollments generate more females than males according to the data gathered between the years 2000-2012, sourced out from the Student Selection and Placement Centre (ÖSYM). There are 2.27 million women take higher education in 2014. Also, the workforce participation ratio of females has increased from 23.3 % to 29.5% in the same period.

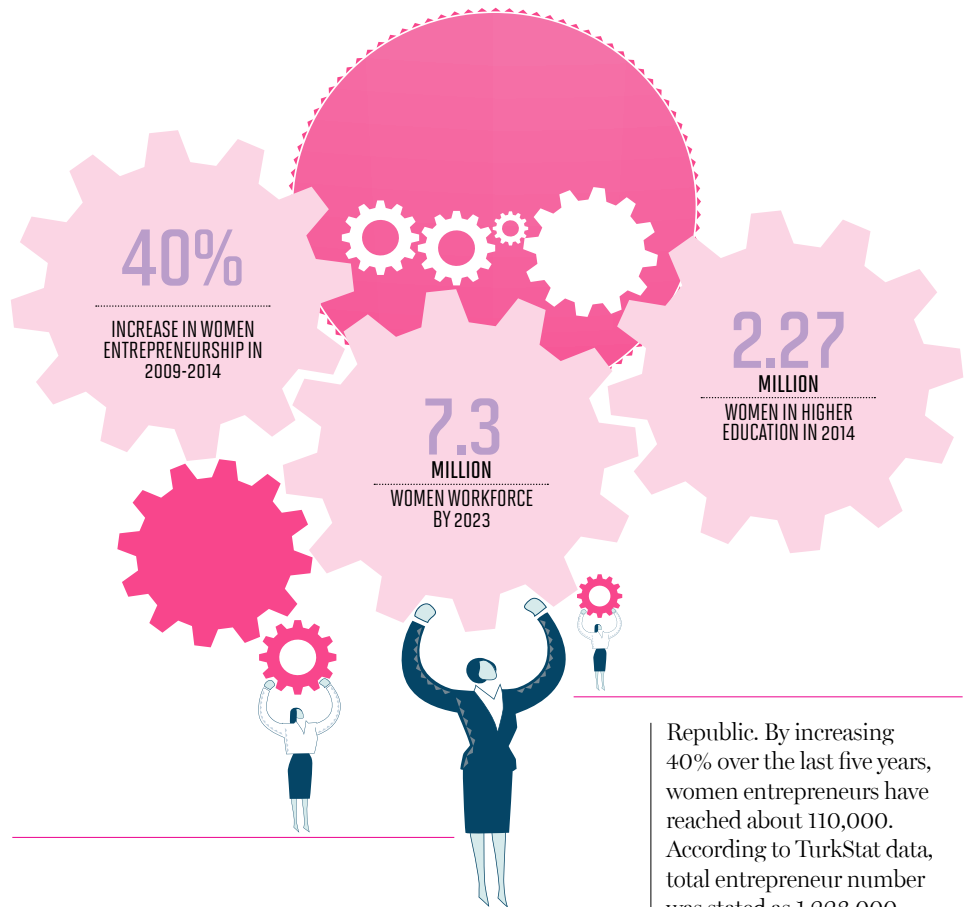
Apart from that, The Economic Policy Research Foundation of Turkey figures show that social insurant-paid female workforce participation has increased 7.7% compared to last year and has reached 3.3 million. On sectorial basis, structural and environmental planning seems to be the leading sector at this increase, followed by retail business and education, and lastly the food and beverage services.

In terms of woman participation in politics, out of 26 ministers there is only one woman, while there are 26 female mayors out of 2924 total, one female governor out of 81, 21 female ambassadors out of 185 and no female undersecretaries out of 26.

Females participate political domain less than males. However, the proportion of woman representatives was 4.5 % in the Grand National Assembly of Turkey in 1935, it has increased to 14.4 % in 2012.

THE FEMININE SPIRIT: WOMEN ENTREPRENEURS IN TURKEY

As new legislations are made on the course of 2023. Turkish woman has shown remarkable improvements regarding entrepreneurship. The number of women entrepreneurs exceeds 100,000 for the first time in the history of Turkish



Republic. By increasing 40% over the last five years, women entrepreneurs have reached about 110,000. According to TurkStat data, total entrepreneur number was stated as 1,223,000 people. 109,000 of them are women whereas 1,114,000 are male. Even though it is seen as a male-domination, the numbers also show that the number of male entrepreneurs drop while females are quickly moving up. During 2009-2014, the number of male entrepreneurs has dropped 1.7% with 18,000 as women increase 42% with 32,000 entrepreneurs.

There were only 49 women entrepreneurs 10 years ago whereas the share of women in total was 4.5%. These numbers make a strong claim that Turkey is starting to become a woman-oriented economy. NGOs also promote women-in-business. Founded in 2004, Turkish Businesswomen Association (TİKAD) works on the course of achieving Turkey's 2023 goals by giving weight to women entrepreneurship. TİKAD is establishing the first ever 'Woman Banking' in



RUKEN MIZRAKLI

Chief Executive of Turkish Leather Foundation

As women realize that they are their own liberators, we will see more women in the business world. And there will be dramatic changes, far beyond the expectations. In that regard, I am one of the Cofounders of Women Entrepreneurs Association of Turkey and I try to support women in almost every possible platform. Solidarity of women is crucial in this sense but men should realize the potential as well. In both employment and entrepreneurship, it's important for men to support Turkish women. As a natural gift, women tend to focus on multiple subjects at the same time. This has a big influence on their success in business world.



SEVDA KAYHAN YILMAZ

Machinery Exporters' Association Board Member

I believe education is necessary in order to transform the understanding that wealth is something to earn by working. If women are emboldened for business life, we still have a chance for thrive. In our sector there are few women. Especially, men are dominant in the production. Women in the machinery field are more active at the official and managerial side. Women have some advantages over men as in means of loyalty at the workplace and better organizational skills. When there is an active woman in the business with a managerial role; people are easily devoted for the business because I think women are better in human relations than most men.



SULTAN TEPE

Istanbul Textile and Apparel Exporters' Assoc. Board Member

Women were always outdistanced in the past, thanks to the traditional discourses such as "Behind every great man, there is a woman." This dreadful blinkering starts to change as women gets well educated. I have witnessed that women started taking important roles in business in Turkey and I consider this as a good sign. In order to become one of the biggest countries in the world, and secure our position socially and economically amongst developed countries, a country policy based on the equality of women and men should be established. Therefore, the potential women have could be extracted into the business world.

Turkey. The Board Director Nülüfer Bulut announced that the Woman Banking Project is ready to be established. According to TİKAD Director, Woman Banking will smooth the way for women entrepreneurship. The project will provide solutions for sustainable operation models for women-in-business, as it will ease Turkish women's access to finance.

TURKISH WOMAN SECURING THE CAPITAL

As women entrepreneurs are promoted, Turkish women tend to do more banking business. According to Turkish Banks Association data, Turkish woman bankers overhaul their male workfellows. In 2014, 51% of the people who work in banking are women. The Turkish banks promote women entrepreneurs and SMEs as well. With its Entrepreneur Banking, Turkish Economy Bank (TEB) creates consultancy services and work schemes for women entrepreneurs. Women meet their capital needs thanks to the note loans up to \$200,000.

Garanti is another Turkish bank which supports women entrepreneurs. In order to find a solution for assurance shortages, Garanti has signed an agreement with Credit Guarantee Fund. Women entrepreneurs who are in active work below 40, and women who are active below 50 will be able to make use of the bailment support as agreed.



NİLÜFER BULUT

President of Turkish Businesswomen Association

Women have been occupying the business more than ever through the last decade. How does it affect the Turkish economy?

As women's share increases in accession, national economy grows in parallel with it. This is one of the main reasons for why Turkey is not affected by the global depression. If we look at the latest statistics, although 49.8% of the population is women, we have not fully reflected the numeral equality into the social domain yet. 109,000 of the 1 million 223 thousand total entrepreneurs are women, whereas only 25.09% of the total employment in Turkey are women. Roughly speaking, 1 in every 4 working person is woman. These are the standing realistic figures.

Yet when we look into the past, we did actually leap forward, and considering our growth rate, I think these numbers will increase and the difference between developed economics will get smaller in the next decade. Turkish women got their share from the progress and growth rate Turkey achieved in the last 12 years. Women employment increase rate is quite high. For instance, every 45 of the new 100 employments are women in 2014. There is an increase over 1.5 million in workingwomen number in the last 6 years. This is a ray of sunshine concerning the future.

Who is Turkish Businesswomen Association? What are your main activities?

Undoubtedly the increase of women in the control center and maximization of the women in decision-making positions will accelerate the growth of both economy and democracy in a country. In order to produce solutions regarding these subjects, lots of non-governmental organizations work devotedly. Turkish Businesswomen Association (TİKAD) as well, is aware of its responsibility as an NGO, carrying out its activities. TİKAD's strategy consists of two baselines.

Firstly, creating new job opportunities for women, ensuring better working conditions, briefly we are working for the women employment issues. The second is to evaluate the current economic

situations in the sense of women employer. TİKAD conducts actions in order to raise leader women who steel the future.

As TİKAD, we move along with the idea of that prominent women will increase the growth rate and the prestige of Turkey, co-operating with various universities, developing projects for increasing the number of women in management boards.

What will be the long-term effects of Women Banking Project?

I believe Women Banking will lead a way for women who are –or desire to be– in the business world in Turkey. It will create a breathing device for women who get stuck in the harsh business world. One other reason is that it has an impulse potential for women-led SMEs who desire to grow. It should be noted that the companies in which women are in charge have the highest growth rates. Besides, Turkey's 2023 goal of becoming amongst the top ten economies in the world can only be achieved by equalizing the women's share in active workforce in Turkey to the shares of developed countries. In order to actualize this, we should make policies towards women.

NATURAL HOSTS OF TURKISH ECONOMY: WOMAN EXECUTIVES

Born with a great control mechanism, women enjoy their acquired success in recent years by becoming the new executives of businesses. Now that the educational levels of women escalate to such an extent, Turkish women are able to accomplish higher positions on the corporate ladder along with the systematic hierarchy. In other words, women are more likely to go for the top. Latest study in 2013 by Yenibiris.com, one of the most popular recruitment platforms in Turkey, suggests that women now have more saying in the line of business. 25% of women entering a new career appear in senior management roles such as CEO or General Manager.

Women constitute 27% of the managers' roles according to the data and 14% of them happen to be in pharmaceuticals. Over half the pharmaceutical assignments were fulfilled by women, beating last year's rates. The IT sector is one of the prominent sectors which has most women workforce in top management positions since last year.

Tourism sector too, a sector with an annual turnover of circa \$26 billion, is in the tendency of placing more women on their top management. 12% of the Tourism sector has women in power at the board level this year. When



Women's story is not a drama anymore, rather a thriller. As they emerge in the final steps of the skyscrapers, national economy grows along with it.

the workforce distribution is considered, 37% of the newly appointed executives are women. The numbers clearly suggest that even the most traditionally male-oriented business lines start to include woman executives. The rate of woman general directors is also good, 33% of the directors are women in tourism sector.

Human Resources has always been the sector where women are in charge. In 2012, 68% of the sector's manager volume includes women. With its appointment rate of 23%, HR comes on top of the list. Additionally, 20% of the total position exchange has been women.

As they become more self-sufficient, Turkish women will continue to get higher chairs at the skyscrapers. For instance, there are 42 woman executives in Turkish Exporters' Assembly Board. The fact that woman starting to show her face in even the most traditionally male-dominated sectors like export is another example of why next decade is going to be the decade of the businesswomen.

2023 THROUGH THE LOOKING GLASS

"Capabilities are clearly manifested only when they have been realized." - Simone de Beauvoir
The number of Turkish women who receives higher education is 2.27 million

in 2014. Well-educated women will definitely contribute Turkey's 2023 goals, as they start to take more part in the business world. Stated in the 10th Development Plan, Turkey set the target of female workforce participation rate as 36% by 2018, and 41% by 2023. Women entrepreneurs realize their potential in the past decade, increase their duty in the business world day by day. Enfin, women will definitely contribute to Turkey's 2023 targets of \$2 trillion GDP, and \$500 million export.

New incentives on the course of gender equality, well-educated woman taking in new positions, balanced income and expenses are the steps Turkey is likely to take in the next decade. Innovations in IT sector and increasing purchase power could create new business lines where women market to women by employing women as in eCommerce sector. A new generation indeed, is emerging as the time goes by; a generation which will rise together with the Turkish economy. Turkish women are now more comfortable with the business world and they do not hesitate to take their chances. We will see what the future will bring on the course of 2023. One final note to all the women devotedly building a brighter and more beautiful future:

Thank you, and Happy Women's Day!

Brands

COSMETICS, FOOD...



JEWELRY

Arpaş has been one of the most successful goldsmiths not only in Turkey but in the whole world thanks to its large collection.

Ornamenting the world:

ARPAŞ

With a large collection of 500,000 models, Arpaş has become a prominent goldsmith and designer in the globe, exporting various gold jewellery pieces to countries in all continents.



BY M. BAHADIRHAN DİNÇASLAN

Golden ornaments are traditional components of Turkish culture. In addition to its ordinary use, golden jewellery pieces are gifted to the groom and bride during wedding ceremonies, and other unique uses are still alive within the cultural context.

This importance of jewellery led Turkey to be

home of the most creative and productive craftsmen. Goldsmithing dates back to prehistory in Anatolia, and İstanbul was famous for its goldsmiths during imperial era, the Grand Bazaar district in particular.

Rıfat Kemahlı and Raşit Hoşgör were two of these craftsmen, running a jewellery shop in the Grand

Bazaar district, during 1970s. As their partnership worked well and they established the firm in 1982, focusing on production and export, became the first firm to produce golden jewellery via assembly line, rather than handwork benches and first firm to export golden ornaments.

Arpaş's growth was a rapid



Fatih Kemahlı,
the CEO of Arpaş
states that their aim
is to export in five
continents.

one, first exported to Middle Eastern countries. Their first office was opened in USA in 1988 and today, USA market has a 20% share in the company's total exports.

As the company has been export-oriented only till 1993, after that year, Arpaş also opened to domestic market and began selling products to Turkish consumers. This growth proved well as year 2013 saw Arpaş was operating in its new factory in Esenyurt, with 28,000 square meters closed area, 1,200 personnel being the Europe's biggest; exporting to 74 countries with a collection of 500,000 different models.

Four headquarters direct the exports of the company in four regions: New York office is responsible of Americas, Antalya office of Mediterranean, İstanbul office of Turkey and general headquarters responsible of the rest. According to 2013 reports of Turkish Exporters' Assembly, Arpaş is 103rd among top 500 exporting



FATİH KEMAHLI

CEO of Arpaş

Our firm's foundations were laid by Rifat Kemahlı and Raşit Hoşgör, as they decided to focus on exports rather than serve the domestic market. Since then, being the first goldsmith company totally export-oriented, we have established our trade in 74 countries. A decade ago, we also decided to serve the domestic market and presented our products to Turkish consumers.

Our main strategy depends upon the diversity of product range. The more available designs and alternatives, the stronger your position in especially foreign markets. Thus, we benefit from the advantage of our wide trade net, which reaches many countries in all continents. Since we encounter different cultures, traditions and styles in these countries, we find inspiration in these cultures for our new models.

Ever growing and ever expanding the collection of 500,000 different pieces, already one of the most prominent producers, we are on our way to reach the top and become a Turkish brand of which the rest of world will be in awe.

firms with \$133.8 million revenue; world's fifth biggest gold jewellery producer.

This growth and success did not come out of nothing. Arpaş's combination of high-tech instruments and pioneering production methods and company values such as environmentalism and high-quality standards brought the success. All waste products are subject to recycling, in accordance with the regulations of Ministry of Environment and Urban planning; thus Arpaş pays the respect to the nature which granted the valuable minerals on which the company depend. Besides, R&D efforts to minimize the pollution and increase the quality keep Arpaş at the top.

Regarding the future, Arpaş is determined to further grow its production and increase its quality standards even higher. Already one of the top goldsmiths in the world, the company recently started producing golden watches, which is a very prestigious product group in scope of goldsmithing.

The company's main strategy is to increase its trade in the current markets rather than seeking new markets. As the company has the largest collection of product models in the world, 500,000 different pieces, it also finds inspiration from the local cultures it exports to, which contributes to the diversity of its products.

Consumer reactions in fairs, surveys and other feedbacks will have an impact upon the company's strategy and Arpaş, thanks to the diversity of its products and high-quality standards, marketing strategies and R&D understanding, is on the way to become one of the Turkey's most successful brands in the global market.



4

CONSECUTIVE TIMES EXPORT
CHAMPION OF JEWELLERY SECTOR

500

THOUSAND
NUMBER OF MODELS IN
ARPAŞ COLLECTION



COSMETICS

Ninety-two Year JOURNEY

“The Scent of the Republic”, Eyüp Sabri Tuncer is born with the Republic of Turkey and grew along with it. The leading company in cologne production, exports a Turkish traditional item to more than 40 countries in 5 continents.

BY EMRE KURBAN

The famous cologne brand Eyüp Sabri Tuncer was founded in the year 1923 in a different concept other than we know of it today. The brand that carries the name of its founder started its journey as a small workshop in Ankara, marketing shirts and haberdashery products at the beginning. Afterwards, Eyüp Sabri Tuncer aroused an interest in cologne production, arranged a couple of discount brochures by his own hands, and he managed to create a considerable demand in the Marketplace.

Cologne was always a product that is of more than only personal usage

in the Turkish culture; it is traditionally used in the eid/hospital visits, and also for daily sanitation. Gaining a wide range of diversity in accordance with customers' expectations and demands, the usage of cologne reached today's societies in several modernized ways and manners. Eyüp Sabri Tuncer –as a major company in the sector – owes its spectacular success to the particular attention that is paid in the research and development activities; leading to creation of new concepts and styles. In consideration of those demands and expectations, the company is producing



Eyüp Sabri Tuncer's product spectrum of 700 varieties, combines tradition with innovation.



ENGİN TUNCER

Chairman of the Board, Eyüp Sabri Tuncer

Our completely computer based production system is an example of the most modern ones. Our company is no longer merely a cologne producer. Besides the colognes; EST 1923 that is designed with an organic and natural concept, Gizli Bahçe containing innovatively featured product range, Perfume Jewels with energetic style, and with more than 650 other special kinds of products, we are a doyen of scents in the way of becoming a world brand. This is no surprise as we are a company that has 92 year-long experience and the greatest market-share with 20% in the sector. We aim at getting into the international markets, expanding the potential of our export to Europe and the United States accordingly. Our products are expected to be seen in the Duty Free areas in Oman and Saudi Arabia in near future. On all occasions, we emphasize our goal of being a world brand that is rooted in these lands.

more than 2 million liter cologne with 30 different scents per year via totally computer based system upon 7000 m² area in Ankara; containing many special types, the product group with the stamps of 'Eyüp Sabri Tuncer' and 'EST 1923' is submitted to the credit of consumers. Besides in the categories of personal care, textile and spa, more than 650 types of output, 20% marketshare in the sector, 92 year-long experience are the proof of its position as a doyen of scents.



Engin Tuncer is grandson of Eyüp Sabri Tuncer, the founder of the company.

INSIDE THE CULTURAL CODES

Eyüp Sabri Tuncer broadens its scale of marketing in an innovative and competitive manner, under various names of sub-brands. The company implements a labour policy that is nature-friendly and respectful to all employees who get involved in the process of production. The main target is claimed to be an outstanding, distinguished and assuring representative of Turkish cosmetics in the international arena, having inspiration from the deep roots of its own. On the basis of social responsibility and sustainability; the management of Eyüp Sabri Tuncer adopts such an approach that considers social, environmental, administrative integrity as of utmost importance.

Besides the innovative character of the current products, classic types of outputs are also brought into contemporary market by some minor alterations. For instance, the vintage sort of lemon cologne has always preserved its place in the market throughout decades, and keeps going to do so. It probably stems from the public demand related to the culturally codified occasions as we mentioned before. That classical line of products can be seen as

follows: "Limon, Lavanta, Paris Gecesi, Hatıralar, Altın Damla, Kadın Teni, Menekşe, Beyaz Zambak, and Fujer". In addition, another group of products that are created out of fabulous local fruits are now the new series: "Çeşme Limonu, Bodrum Mandalinası, Diyarbakır Karpuz Çiçeği, Ayvalık Zeytin Çiçeği, Küba Tütünü" etc. They all contain the diverse and special atmosphere of the Anatolian periphery.

The new specially-featured products such as EST 1923, Gizli Bahçe and Perfume Jewels seem to be the indications that Eyüp Sabri Tuncer no longer stays within the national borders. EST 1923 has had a paradigm-changing effect in the sector; EST 1923 Eau de Cologne series enrich our understanding of cologne usage with modern variegations. The series which are wrapped in the elegant boxes and with 12 different scent profiles may clearly be a good choice for souvenir. The kinds of scents regarding the series can be enumerated as follows: 'Amber, Bodrum Mandarin, Cuban Tobacco, Çeşme Limonu, Japanese Cherry Blossom, Lavender Flower, Pink Grapefruit, Wild Fig, Verbena Citrus, Millions of Roses, Indian Oud, Alaçatı Lavender' etc. The series is

confident of success on a world-wide scale.

Kudra that has been founded by Atilla Akıncı in 2010 aims at increasing the efficiency of Eyüp Sabri Tuncer, EST 1923 and Perfume Jewels brands in retail, institutional and abroad marketing. The abroad retail operations are of a prioritized status in making of a world-wide known brand. It has a strategy of

opening new Perfume Jewels stores in several countries of the Middle East, and acquiring new populace' familiarity of Perfume Jewels. Raising the familiarity and awareness of the populace is seen as a critical step towards the main goal because the efficiency of marketing process highly depends on people's attraction. By that way, Kudra becomes a substantial companion to Eyüp Sabri Tuncer in its labor policy and strategies.

Furthermore, Eyüp Sabri Tuncer takes the notice of age-groups and gender of the consumers: 'Baby Pink, Baby Blue and Baby Cologne' is on the market now. The recently produced shaving cologne that contains four types of odors attracts close attention in positive ways.

THE ESSENCE OF NEW ENTERPRISES

Within the framework for becoming an international brand –as the starting essence of EST 1923– Eyüp Sabri Tuncer sets sight on enhancing the export level to the European countries and United States. Besides, Eyüp Sabri Tuncer products are being located in the Duty Free areas of airports such as İstanbul Atatürk, Ankara Esenboğa, Antalya Gazipaşa, Bodrum ve Dalaman; and also the seaway ports, namely Galataport and BTA'S. Hopefully, we will also see these products in the Duty Free areas of Saudi Arabia and Oman in the near future. The management emphasizes that to be a major player in domestic market is –in no sense– enough for them; unless they showed the same achievement in the international market arena; and that aim is apparent in their 10 years of research and development activity and innovative investment plans.



21%

INCREASE IN NET REVENUE
2014

1st

RANK OF THE COMPANY IN TERMS OF
MARKET SHARE
2014

13%

INCREASE IN EXPORT
2014

FOOD

Crushing THE FOOD INDUSTRY

A natural-born exporter Turkish brand, made a storming entrance to the market, drawing some of the world's largest retailers' attention such as Tesco and Compass Group.

BY REYHAN SU ERGUN

Today, entrepreneurs can change our life standards by providing wealth causing economic growth; and innovation causing self-comfort. In short, in order to have a prosperous living, the entrepreneurship should be validated and encouraged as much as the companies with most revenues that contribute to Turkey's 2023 goal of \$500 billion export.

"Love At First Sight" they call it, the three cousins Jeffy&Cem&Cem and Semi as the 4th partner of Kuzin Gıda, have brought the two indispensable of our daily lives together and created CRUSH; the new healthy snack that could change the trends of many's munch habit...

The story of Crush has its roots in Miami, USA. Jeffy Gülcan, the founder of the product, first saw a banana sprinkle pop at a food stand in Miami in 2010 and got his aspiration for creating a new line of business for himself and the right motivation to have a true-homecoming in the year 2012. The idea came from Jeffy Gülcan but to develop it he needed his two cousins called by the same name: Cem Gülcan, who have helped him upgrade Crush in means of branding and promotion. After setting the family company in 2012, Kuzin Gıda, the first one and a half years were spent only on the R&D process of



Entrepreneurship and innovation are the pillar principles of Crush's approach.



The upscale product fits in the conscious consumer group; not only a snack for kids but also their mothers and the people with glucose intolerance.

the product and the creation of the brand. Throughout the pursuit of best product in hand, they have met Semi Konfidan, a family friend also an R&D enthusiast who is developing food projects at his own house lab. Konfidan, joining the enterprise in 2014, gave Crush its ultimate taste and durability.

FRESH AS NEW FOR ONE YEAR STRAIGHT

Additive-free, healthy and natural snack hit the stores steadily with shelf-life of 1 year; still as fresh as the first day of production; and made its debut; ensuring its place in the



JEFFY GÜLCAN

CEO, Kuzin Gıda

Since the first day of Kuzin Gıda, the sales showed a 120% annual increase with Crush. The product is recreated in Turkey as a result of our R&D processes that lasted about 2 years. Finally, we managed to develop a fresher, durable and totally additive-free product. Beyond achieving success in international markets, Crush aims at creating its own product segment. Our new facility is a milestone on our way to reach our export target of 1 million products per month.

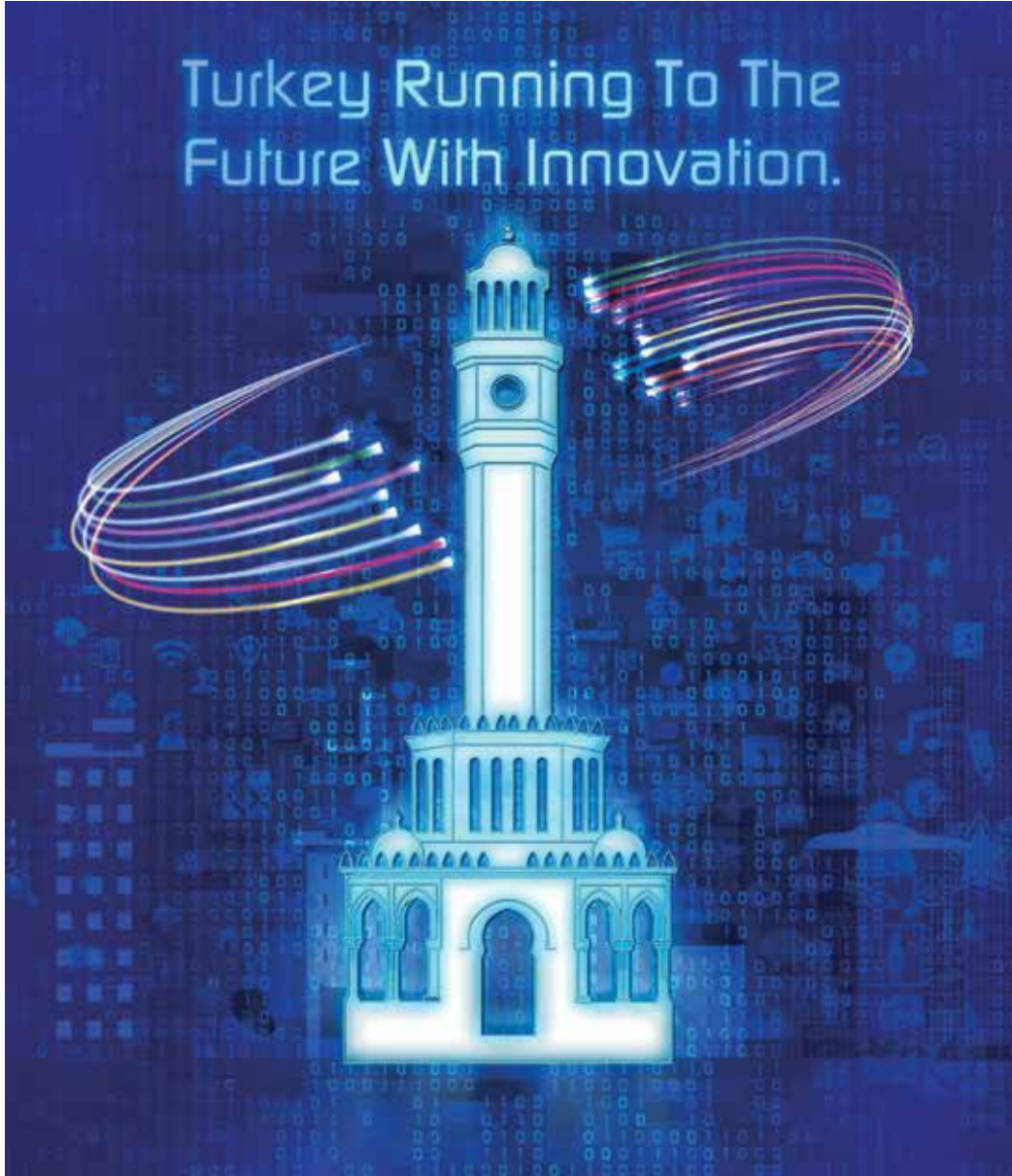
shelves of 120 stores at the very start. During the first 2 years of establishment, they have seized the chance to observe the targeted consumer. In time, they had the impression that Turkish markets were not ready yet for this product and so they have begun their business affairs with countries like United Arab Emirates, France, Cyprus, Iran, Iraq and Israel. On top of that, they have attracted TESCO and Compass Group, two of the largest retailers in the world, which gave them the push to build-up their export target to 1.000.000 monthly-sale.

In order to reach their goals set for both domestic and foreign markets, the owners of Kuzin Gıda have invested in building a new facility of 40.000 daily production capacity. They have started their journey in Istanbul and are determined to spread Crush around Turkey, especially in the coastal region.

Crush aims at being the "Apple" of the food industry and is willing to not only create a new product but also a new product segment of its own.

Agenda

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



MARCH 19-20, İZMİR

TURKEY INNOVATION WEEK

Turkey Innovation Week 2015, the paramount event of innovation in Turkey, kicks off in İzmir, at Swissotel Büyük Efes. The first leg will be held on 19-20 March, 2015.

MARCH

LÜTFİ KIRDAR CONVENTION CENTER

IFSEC

MARCH 5-7, 2015

IFSEC Istanbul is the only event in the region where you can find a full range of expertise and guidance within regional state of the nation briefings, alongside displays of innovations across the latest security and fire from suppliers, manufacturers and distributors under one roof.

HILTON İSTANBUL

AKARE STUDY ABROAD FAIR

MARCH 6-8, 2015

Akare Study Abroad Fair, which have been held every year, targeting undergraduates that would like to have information about abroad universities and studying abroad starts at April 6th.



EXPOSHIPPING EUROPORT İSTANBUL

IFM YEŞİLKÖY

MARCH 18-21, 2015

13th International Maritime Exhibition is being organised between 11th and 14th March 2015 at the Istanbul Exhibition Centre on behalf of the IMEAK Maritime Chamber of Commerce with the cooperation of UBM NTSR International Exhibition and Congress Organisations and AHOY ROTTERDAM.



EXPOMED EURASIA

TÜYAP İSTANBUL

MARCH 26-29, 2015

expoMED Eurasia is a meeting place for healthcare in Turkey and the surrounding countries of Eurasia. Every year, global medical device and equipment suppliers meet with distributors and healthcare professionals from the fast growing economies of South East Europe, North Africa, Middle East, Russia and the CIS region.

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PETROLEUM İSTANBUL

IFM YEŞİLKÖY

APRIL 2-5, 2015

The Petroleum Istanbul is the largest fair for petroleum and petrochemical products in Eurasia. As the demand for oil and gas in Asia is rising, it increases the demand regarding equipment and machinery for filling stations and refineries.



TEXWORLD İSTANBUL

LÜTFİ KIRDAR CONVENTION CENTER

APRIL 7-9, 2015

After a successful launch of the first Texworld Istanbul in November 2014, the textile industry in Turkey and in the surrounding countries, is already looking forward to the next edition on 7-9th of April, 2015, of a sourcing event for apparel fabrics, new product developments, trends and merchandise.

SOLAREX

IFM YEŞİLKÖY

APRIL 9-11, 2015

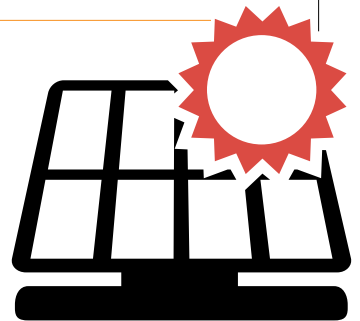
The 7th International Solar Energy and Technologies Fair was the venue where professionals came together with the number of 144 exhibitors of which 93 from the home, 51 ones abroad and 17.165 visitors.

ESTETİK 2015

HILTON İSTANBUL

APRIL 17-19, 2015

BeautyEurasia 2014 was the largest and most successful edition up to now reflecting 15% increase in exhibitors number. 550 exhibitors from 44 countries and 9.383 industry professionals from 104 countries made the BeautyEurasia 2014 event in Istanbul such an enjoyable success.



APRIL

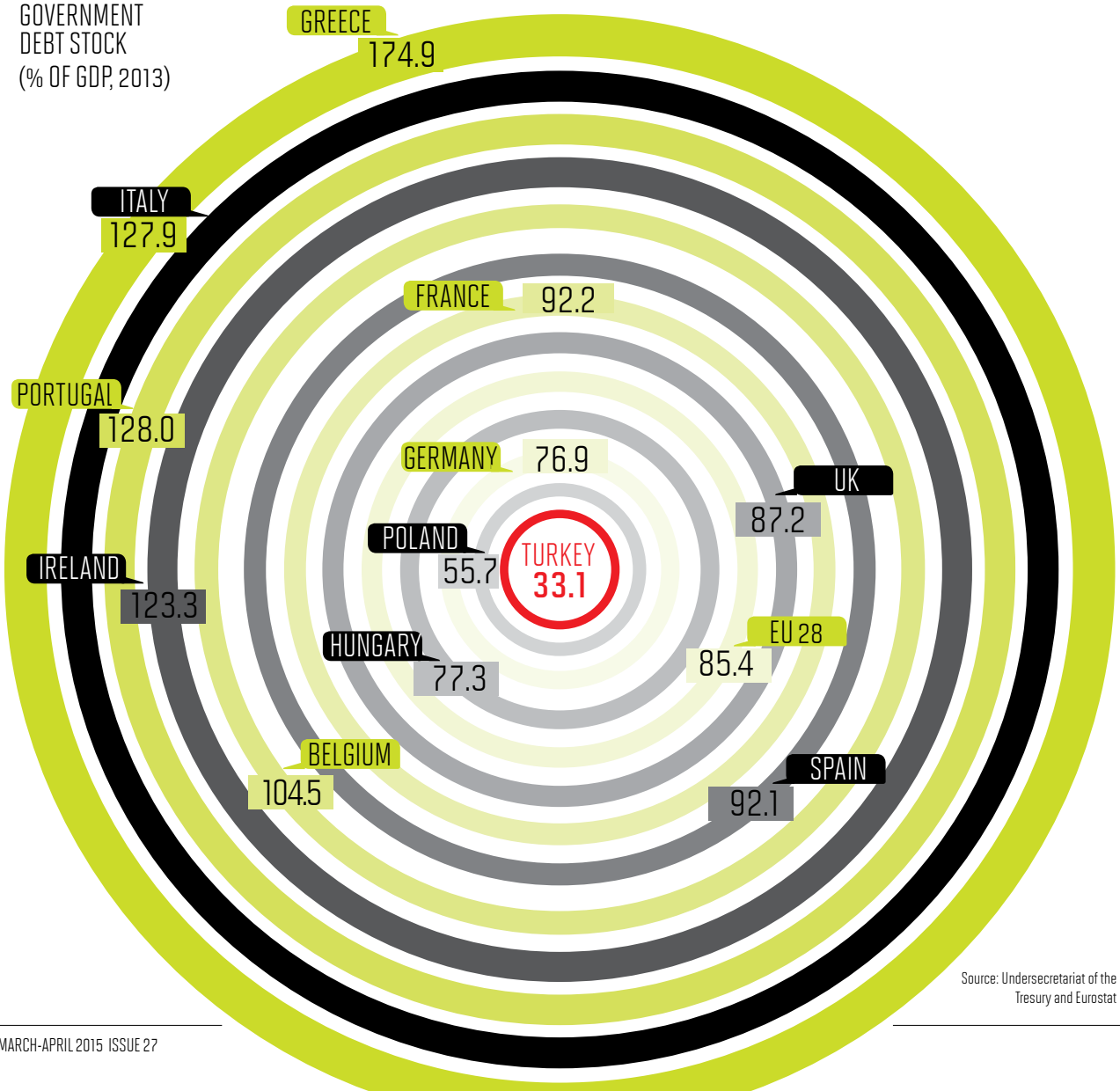
Figures

DEBT, GROWTH, LABOUR, LOGISTICS, INFRASTRUCTURE

TURKEY STANDS STABLE

Albeit the risks and uncertainties affecting the global macroeconomic conditions, Turkey keeps its stable profile. Thanks to the policies implemented and its dynamic economy, Turkey maintains its fiscal sustainability.

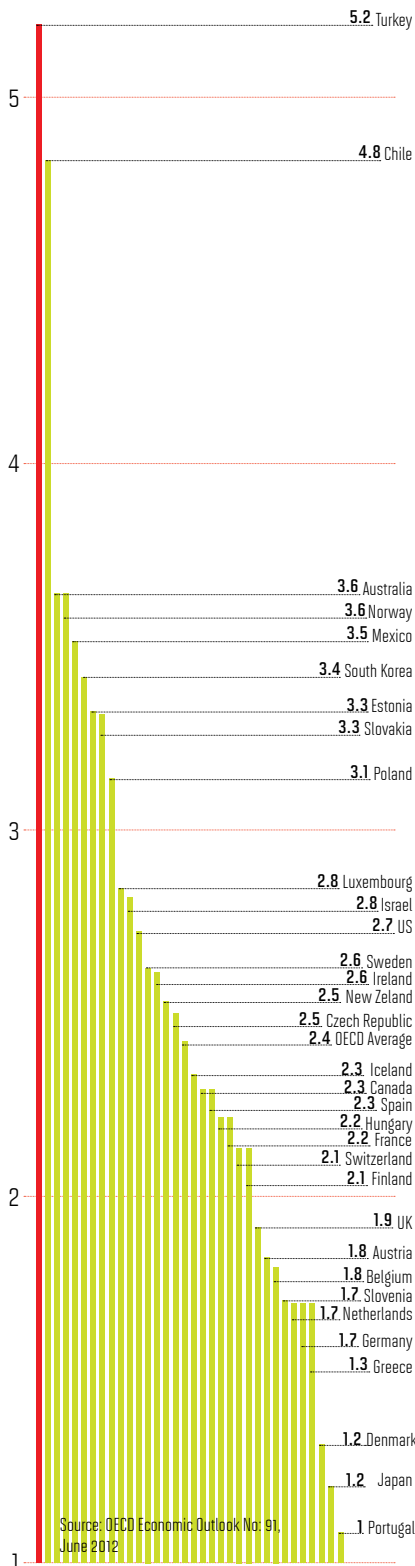
GENERAL
GOVERNMENT
DEBT STOCK
(% OF GDP, 2013)



Source: Undersecretariat of the
Treasury and Eurostat

TURKEY: A COUNTRY OF GROWTH

ANNUAL AVERAGE REAL GDP GROWTH (%) FORECAST IN OECD COUNTRIES 2012-2017



A COMPETITIVE AND QUALIFIED WORKFORCE

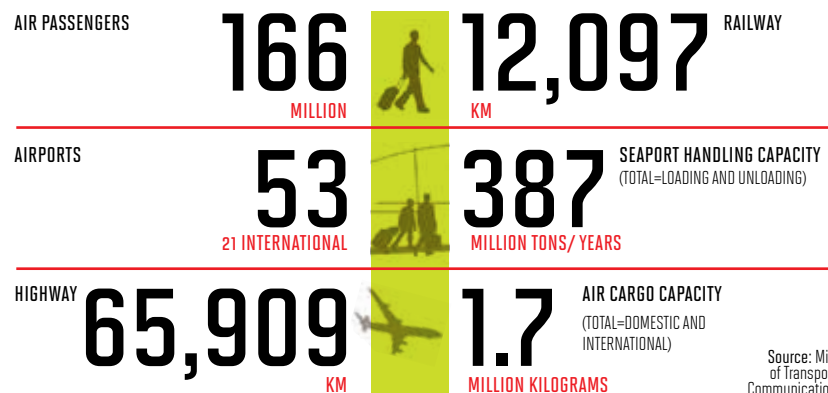
Its qualifications, dedication, skills and the motivation make the Turkish labour market one of the most competitive labour markets in the world.

	SKILLED LABOUR	QUALIFIED ENGINEERS	COMPONENT SENIOR MANAGERS	IT SKILLS	AVERAGE SCORE
TURKEY	5.96	7.08	6.00	7.42	6.6
CZECH REP.	5.78	6.22	5.20	7.60	6.2
ROMANIA	5.94	6.70	5.17	6.70	6.1
POLAND	5.42	5.58	5.15	7.54	5.9
CHINA	5.02	5.96	4.83	6.92	5.7
HUNGARY	4.72	6.77	4.12	7.00	5.6
BULGARIA	3.09	3.89	2.73	7.20	4.2

Source: IMD World Competitiveness Yearbook, 2014
Scores (0: Not Available 10: Available)

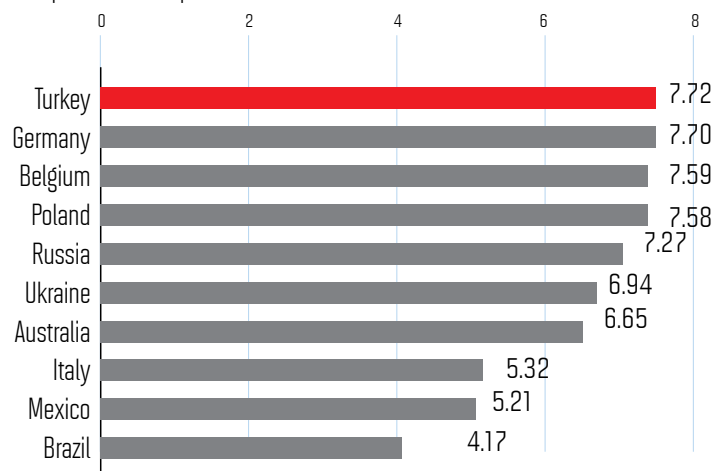
BECOMING A LOGISTICS HUB

Thanks to its unique location and the investments made in the last 10 years, Turkey's logistics industry is growing rapidly.

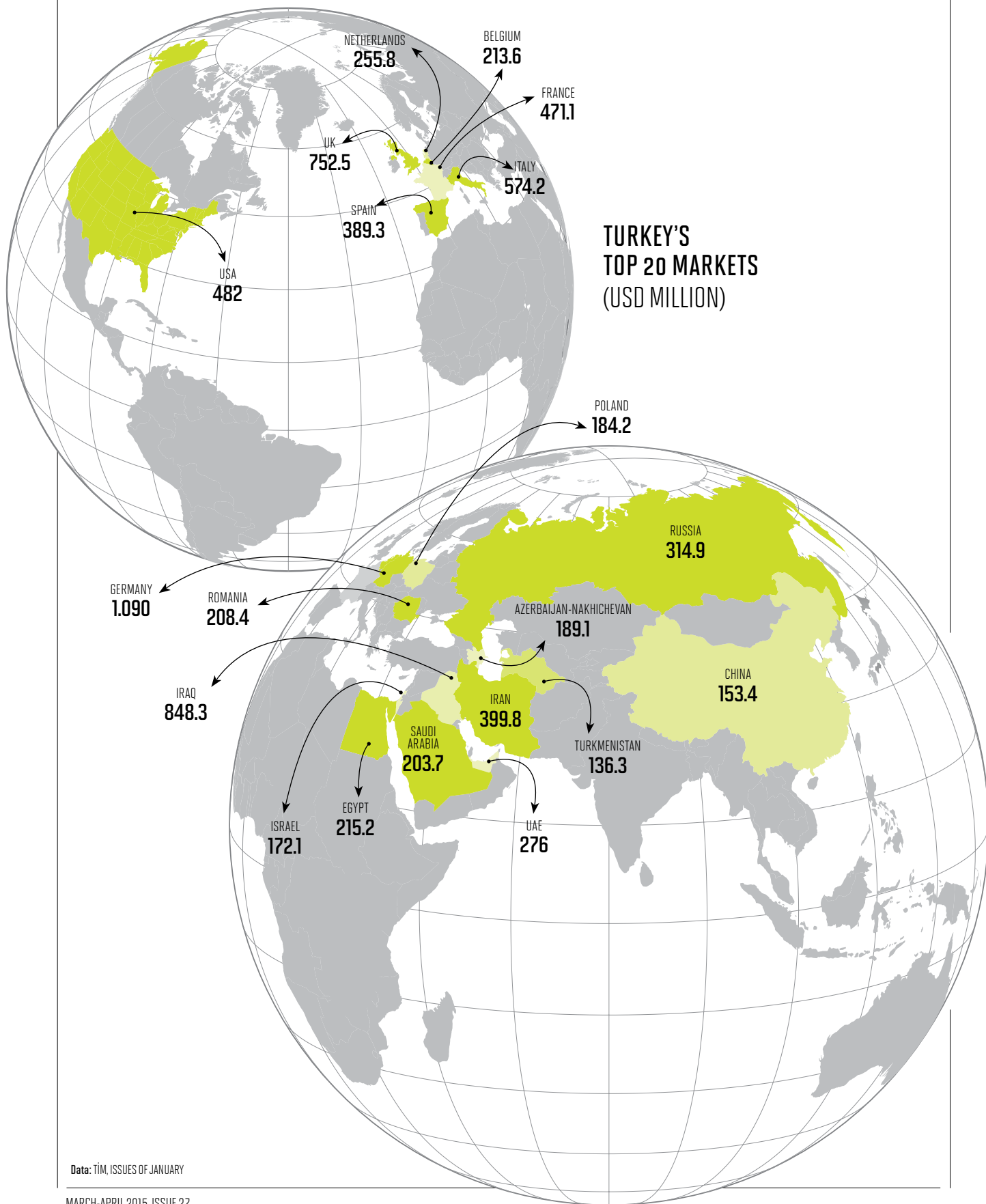


BEST FOR BUSINESS IN THE DIGITAL AGE


Turkey's communications infrastructure, which is among the best in the world, is one of the prominent component of its optimal business environment.



Source: IMD World Competitiveness Yearbook, 2014
Score 0: Does not Meet Business Requirements 10: Meets Business Requirements

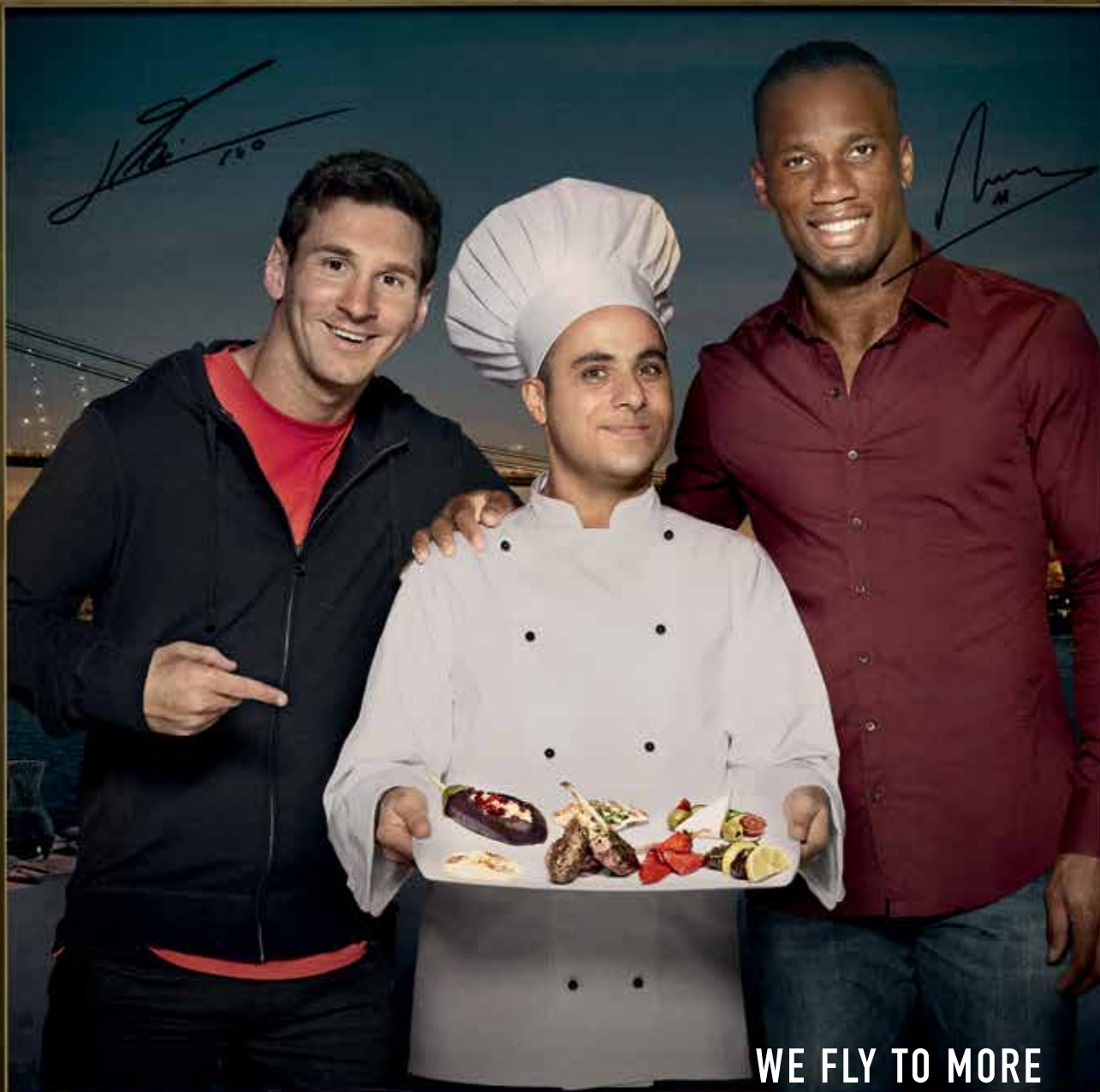


Data: TİM, ISSUES OF JANUARY

A STAR ALLIANCE MEMBER 

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WORLD

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WE FLY TO MORE
FLAVOURS THAN
ANY OTHER AIRLINE

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

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

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WORLD**

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