

The Turkish Perspective

MAY-JUNE 2015 ISSUE 28

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

IN DEPTH
Vestel: The Pioneer of Turkish Smart-Tech

BRIEFING
Steady and Strong:
Turkish Automotive Industry

EXCLUSIVE INTERVIEW
Martin Raiser, World Bank
Country Director for Turkey

BRANDS
The Rising Star of Turkey: Torku



MOVING AHEAD OF INTEGRATION: TURKEY & FTAs

Turkey, a role model of integration, aims to carry the political and economic relations with its partners and its success story to the next phase. And free trade agreements are tailor-made for the job.



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LEAGUE

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PRE-APPLICATION

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Editorial



MEHMET BÜYÜKEKŞİ
PRESIDENT (TIM)

TURKISH EXPORTERS ACING THE SLOW-DOWN IN GLOBAL TRADE OUT WITH INNOVATION

Turkey we will achieve the 2023 goal of \$500 billion by commercializing the innovation and R&D ideas which will create high added-value, and promoting R&D, innovation, brand and design in every field.

The latest estimations regarding 2015 indicate that global trade shrinks by 4% to 5% by the end of the year. Implying a possible further decline, “Capsize Dry Index”, a global logistics index, has decreased to the lowest value in the last six years. The export performances of the world’s leading exporter countries are seeming to be validating the outlook. In this regard, whilst Germany experienced a 15% decrease in export in January, Spain’s export decreased by 20.5%, Spain’s by 21.3%, Italy’s by 18.2%, Brazil’s by 14.5%, India’s by 11.2%, Russia’s by 30.5% and China’s export shrunk by 3.3% in the same period.

The figures demonstrate that the 70 countries’ January export volume declined by 8.5% whereas Turkey underwent a 0.7% export decrease. Hence, it gives us courage to observe that Turkey eluded this particular period of trade slow-down rather smoothly and even managed to increase its market share in EU on Euro basis. Despite the increase in the cost per unit and cost per kilogram on Dollar basis in merchandise exports, we predict that, depending on the unit cost, the loss caused by Dollar exchange rate will decrease in forthcoming months and our export will gain an upwards trend once more, by the third quarter.

In spite of the geopolitical conflicts occurring in the region and getting tenser day by day, the recession affecting the



EU overall and the financial instabilities threatening the emerging markets, Turkey managed to grow by 2.9% in 2014. The contribution of net exports in this growth was 1.8%. Assuming that the slow-down took hold of EU, in the second half in particular, wouldn’t have affected Turkey’s export tempo, Turkey would be enjoying a larger growth in which the net export’s contribution was even higher. Our trust in export having positive influence on growth throughout 2015 is complete. With regard to increase the net export’s contribution to growth and Turkey’s competitive power, R&D, design, branding and innovation in

particular, will be occupying a larger space in our 2015 agenda.

Turkish exporters and enterprises are seizing the opportunities arise from the geographic advantage and the dynamic population quite efficiently. We believe that, we will achieve our 2023 goal of \$500 billion by commercializing the innovation and R&D ideas which will create high added-value, and promoting R&D, innovation, brand and design in every field.

Our Turkish Innovation Week, event that we carry out with an incrementing success, is drawing tremendous attention and attracting more participants each year. This year, we kicked-off the second “Anatolia Meetings” once more in İzmir on 19th and 20th March, 2015. Thus, we extended the reach our event over Anatolia while granting an international identity to the event, thanks to the partner country implementation. In this context, Switzerland was our partner country at Izmir Innovation Week events. In April, we made a significant visit to Finland in accordance with collaboration in innovation.

We are pacing up with our efforts for InnoLeague, the first innovation improvement programme of Turkey, which we initiated in 2014. As in the previous year, we aim at strengthening the innovation cultures, cycles and results of Turkey’s innovative companies and award the innovation champions, racing in a marathon-like competition, in years to come.

In this sense, we will carry on swiftly with our 2015 agenda that elevates innovation into a higher position. We wish a year, in which Turkey boosts its growth tempo, accelerates its export via high value-added products and high technology by prioritizing innovation, R&D, design and brand, and it experiences a breakthrough towards achieving its 2023 goals.



More than 41,000 foreign companies have already invested in Turkey.
How about you?



INVEST IN TURKEY

- One of the fastest growing economies in the world and the fastest growing economy in Europe with an average annual real GDP growth rate of 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

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
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Editor: Onur Koçaslan

First

POLITICS, AVIATION, MEETING, ENERGY, EXPORT, R&D, INVESTMENT...



Prime Minister Ahmet Davutoğlu introduced the new economy programme at the meeting.

ECONOMY

New Support Programme Will Boost **TURKISH ECONOMY**

The new economic programme is introduced by Prime Minister Ahmet Davutoğlu. The \$3 billion programme is estimated to create 120 thousand additional jobs.

PRIME MINISTER Ahmet Davutoğlu introduced the new "Support to Production and Employment Programme" with the participations of the ministers responsible for economy. Davutoğlu informed that the programme is consisting of 11

components including tax deductions and professional education support to employers. Implementations are estimated to be able to create additional 120 thousand jobs which will contribute in public interests and the programme's total cost is going to be around \$3 billion.

Highlights of the meeting, carried out with participations of Deputy Prime Minister Ali Babacan, Minister of Finance Mehmet Şimşek, Minister of Labor and Social Security Faruk Çelik and Minister of Development Cevdet Yılmaz, were "R&D investments

will be supported. Further governmental support will be provided for high-tech investments. Pensions will be improved. In accordance with supporting the real economy, education programmes will be actualized and the programmes will be financed by

government. The graduates of the programmes will be benefiting from social security subsidies when they are employed. New investments will be benefiting from tax incentives. Women will be encouraged and supported to join into labor force. Loan terms will be enhanced."

INVESTMENT

BORSAN GROUP INVEST IN NEW TECHNOLOGY

Borsan Group's new acquisition in Italy will enable the company to manufacture specific cables.

Copper and aluminum energy cables manufacturer Borsan Group has made new buys in Europe. Adnan Ölmez, CEO of Borsan Group says that the new plant Borsan purchased in Italy will help the company to progress globally in specific cord manufacturing used for space, military and robotic industry. Indicating that as a Turkish firm, Borsan Cable makes sells to 65 countries in 4 continents, the CEO said: "We were having difficulty in entering niche markets like space, military, and robotic industries. Our researches have been going on for two years. Now we are in a phase of purchasing 75-year-old technological specific cable manufacturing company in Italy. By January 2015, we took over the board of the plant with 75 years of great know-how resources. We will perform the official purchasing transitions of the 70% Borsan Group owned plant in the second half of this year."

POLITICS

Turkey Onwards National Elections

The general national elections will be held on June 7th, 2015. Thirty-two parties will take their places at the polls.



NATIONAL ELECTIONS IN **TURKEY** is going to be held on June 7th, 2015. As the official preparations were allowed from 10th March on, all political parties chose their candidates for the elections. Prominent parties of the forthcoming elections, during which 32 political parties will compete and 56 million citizens will vote, are Justice and Development Party, Republican People's Party, National Movement Party and People's Democratic Party respectively. The favorite of the elections is seen as the incumbent Justice and Development Party. Having gained majority of the votes during 2002, 2007 and 2011 elections, Justice and Development Party's inner code prohibits parliament members to hold the title more than three terms in a row. Former Prime Minister Recep Tayyip Erdoğan is now president and 9 members of cabinet did not apply for a new term, moreover, 70 MPs could not be able to apply again because of the party code. Remaining 233 MPs all applied for a new term, and 133 retained their position in new lists. Main opposition

party Republican People's Party, on the other hand, determined its candidates through a preselection. Focusing on economical debates, Republican People's Party uses large-scale advertising campaigns to gain the vote of the citizens. As to National Movement Party, candidate lists are prepared after a series of inquiries in towns, provinces and finally a national meeting. 20 members of parliament from National Movement Party could not find a place in the new lists. In the lists, candidates with strong economic and social policy experience and backgrounds came into prominence. New names are included in the lists to bring a fresh dynamism to the party. Because of the 10% electoral threshold, People's Democratic Party had participated in the former elections via independent candidates, but now is prepared to participate as a party, for the first time. In order to secure a strong position, it appears that People's Democratic Party added prominent figures of Turkish left to its lists and tried to move its axis out of Kurdish politics to embrace a greater society.

AVIATION



TURKISH AIRLINES WILL FLY WITH İLKER AYCI

İlker Aycı, appointed as the new Chairman of the Board of Turkish Airlines.

During the plenary session of Turkish Airlines İlker Aycı, the President of The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT), was appointed as the new Chairman of the Board. The session was held in headquarters of Turkish Airlines with the participation of shareholders. Temel Kotil Ph.D. was appointed as the vice Chairman while Prof. Mecit Eş, Mehmet Büyükekşi, İsmail Gerçek, Ogün Şanlier, Arzu Akalın, İsmail Cenk Dilberoğlu and Muzaffer Akpınar were elected for the board. İlker Aycı, new Chairman of the Board of Turkish Airlines, stated that it is an honor to take over the banner and he will put his best foot forward for the duty.

AVIATION

GOOD GRADES FOR TURKISH AIRLINES

Moody's and Standard&Poor's verified Turkish Airlines' institutional credit grades as BA1 and BB+ respectively. Which means Turkish Airlines got the second best grade by both Moody's and S&P among global network carriers. "Our decision to assign a Ba1 corporate family rating to Turkish Airlines balances the company's healthy financial profile and role as the national carrier against the execution risks associated with its high-growth strategy." says Rehan Akbar, an Analyst in Moody's corporate finance group and lead analyst for Turkish Airlines.

AVIATION

'AIRLINE OF THE YEAR'

Performance awards of the aviation industry have reached its owners in the 2015 Air Transport News Awards in a ceremony held at BM Ariana in Geneva, Switzerland. The "Airline of the Year" award were given to Turkish Airlines. On behalf of Turkish Airlines, Ayşe Mısırlı Mirza, Turkish Airlines' General Manager in Geneva, received the award. She thanked all the members and said "We are so happy to receive this award. As a shining star of the aviation industry we will shine even more with this award."

MEETING

Exporters Visited President Erdoğan



With leadership of Minister of Economy Nihat Zeybekçi, a delegation consisting of more than 450 exporters have visited President Recep Tayyip Erdoğan at the presidency office. Underlining that Turkey's economy is putting on a prosperous performance despite the global economic and social fluctuations, Büyükekeşi stated that "Comments such as 'the export is declining, exporters losing market share' are of a short term and dim perspective on international affairs. We are determined to put our eyes on the future and opportunities to

come and keep our farseeing point of view" and added that Turkey's potential will be more powerfully unleashed in a near future.

During the meeting, Büyükekeşi invited President Erdoğan to Turkish Innovation Week Istanbul event which will be held on 3-4-5 December 2015. Büyükekeşi remarked that "Our 2023 Export Strategy became a national strategy under your auspices and now it is the time for 2023 Innovation Strategy" and presented his gratitude to Minister of Economy Nihat Zeybekçi and the government.

EXPORT

PHILIP MORRIS INVESTING STEADILY

Tobacco giant accelerates its Turkey operation whereas reaching \$160 million export in 2014.

Philip Morris – Sabancı partnership gave another signal for a new investment. Stating they have made \$600 million investment in Turkey so far, Philip Morris-Sabancı General Manager Enrique Jimenez said "The stability in Turkey encourages us to make

new investments which we will continue to make". Pointing out since 2010 they increased the export volume three times and increased the number of export countries to 22, Jimenez said "Our export volume in 2014 is \$160 million. We are determined to ever increase in 2015." Also stating that Philip

Morris International bought \$2 billion worth tobacco from Turkey, Jimenez said "Since 2009 we are supporting the export oriented Tobacco Farming Development Program in Adiyaman and Hatay provinces. Between 2010 and 2014 70% of the tobacco production in the area was exported."

DEFENSE

BURSA DEFENSE INDUSTRY GAINS PROMINENCE

Every year Bursa province's manufacturers' contribution to defense and aviation industry's total exports. According to Turkish Exporters' Assembly data, Bursa's export volume reached \$7,3 million in 2014, from \$4.8 million in 2013 and \$1.8 million in 2012. Bursa Chamber of Industry and Commerce's Space, Aviation and Defense sector representative board member İlker Duran states that they are planning to make Bursa a national brand in space, aviation and defense fields and says "Bursa Chamber of Industry and Commerce's Space, Aviation and Defense workgroup are working on new projects that will contribute to the province's economy."

Space, Aviation and Defense workgroup's leader Mustafa Hatipoğlu pointed out a thousand civil planes were sold in the previous year and even aviation giants such as Boeing and Airbus could hardly fulfill the demand and said "Turkish aviation industry aims at having \$8 billion turnover and \$2 billion exports. Bursa as in its recent status is able to fulfill the 75% of the defense industry's demand."



ENERGY

THE INAUGURATION OF TANAP TOOK PLACE

With the attendance of Turkish President Recep Tayyip Erdogan and President of Azerbaijan Republic İlham Aliyev the inauguration ceremony of the \$9.5 billion worth Trans-Anatolian gas pipeline project took place in Kars. In his speech at the ceremony Erdogan stated that TANAP's estimated cost will be some \$10 billion and the longitude will be 1850 km, pointing out the singular importance of TANAP with its routing and objective and said "This project is no alternative to another project but also no other project is an alternative to this project". The first gas flow in the four-stage project will begin in 2018. In later stages the gas flow will be increased fractionally and will also be feeding other countries with natural gas.

INVESTMENT

Assan Holding Expands to New Fields

Assan Holding will invest \$800 million in shell plate and raw material manufacturing.



ASSAN HOLDING IS AFTER YET another big venture. Ali Kibar, Chairman of the Board, Hyundai Assan, stated that "We are making a two-phased investment sums up to \$800 million in which \$650 million will be invested in the first phase and \$150 million in the second. We determined Karasu as the location. The negotiations regarding the investment are proceeding. The kick-start will be right after the elections." Highlighting that Assan Aluminum was initiated with 6 thousand tons/year capacity and reaching 260

thousand tons/year today, Kibar underscored the trust in Turkey carried Assan Aluminum into the five largest companies of its sector in Europe. The investment will be made in new operation fields which are new to Turkey. Kibar "Via this investment, we plan to manufacture shell plate and raw material to be used in avant garde industries for Turkey such as defense industry, light industry, machinery industry, maritime manufacturing, submarine manufacturing and automotive, for the first time in Turkey."

EXPORT

Turkish Signature at World's Consumer Products

Deloitte, one of the largest professional services network in the world providing enterprise risk and financial advisory services, has published "Global Powers of Consumer Products 2015" report. This widely distributed report, now in its eighth year, identifies the 250 largest companies in the industry, examines

trends, looks at merger and acquisition activities, and offers perspectives on the global economy. The 250 companies are standing out with \$3.1 trillion worth total sale and 9.6 net profit margin. Arçelik, Anadolu Efes and Vestel Turkey were the brands that made this list as three Turkish companies. Amongst

these, Anadolu Efes ranked 18th amongst the fastest growing consumer products. Arçelik took the 7th place in the furniture and household items category. Samsung won the 1st place for consumer products area for the 7th time. Second place was followed by Apple, while Nestle, Switzerland food company, earned third place.

BUSINESS

CHINA OFFERS PARTNERSHIP TO DERINDERE

One of the world's biggest battery manufacturers, China's public corporation China Aviation Lithium Battery (CALB) asked Derindere Motor Vehicles (DMA), Turkey's first certificated electricity car manufacturer, for technological support. DMA set a strategically partnership with CALB regarding development and production of electric cars. The partnership will develop and manufacture 'model-based' electricity propulsion systems for Chinese brands, and transform the partnership into a \$5 billion worth private company.

INDUSTRY

TURKISH DEFENSE INDUSTRY GROWS

Defense Industry Undersecretary's budget reached a total \$22 billion. According to the data provided, the defense and aviation products' export volume increased 20% compared to 2013 and reached \$1.65 billion. As of 2014, ongoing projects numbered 356 and 225 of these were signed. Besides, bids are called for 16 different projects. R&D also took its share in efforts to develop the defense industry further. Total budget of the R&D projects signed by the ministry reached \$12 million.



R&D

HAVELSAN'S UAV IS GOOD TO FLY

HAVELSAN introduced its unmanned aircraft named "Sezgin", 100% Turkish design, in 2015 CeBIT fair. Bünyamin Kahraman Karadeniz, Development Manager of HAVELSAN replied questions about the UAV. Stating Sezgin was developed by HAVELSAN & National Gendarmerie cooperation, Karadeniz says UAV took its test flights in Ankara and Tunceli provinces and marketing operations are ongoing as serious demand from foreign countries increase steadily. Karadeniz explained the mechanism "We are setting seismic, motion and vibration sensors in stone-looking artificial items which can communicate between themselves and placing them on the routes of the targets. In case of a vibration or motion, sensors give the signal of the coordinates and if the target cannot be identified as civilian or target, Sezgin takes action automatically to record live videos of the target for the headquarters."

ENERGY

Petkim Count the Days for Star Refinery

Petkim kick-started the project for the first oil refinery in Turkey in the last four decades.



KENAN YAVUZ, CEO OF SOCAR **TURKEY** makes a statement regarding the global oil company's situation in Turkey. According to the CEO, Socar is Turkey's biggest direct foreign investor with a sum of \$20 billion investment. Kenan Yavuz states the facility under construction Star Refinery will be coming into operation in 2018. The refinery will be the first privately built refinery and petrochemistry facility of Turkey. Kenan Yavuz indicates that this investment will contribute

Turkey's deficit financing, and become one of the most important energy operations in the region. The first refinery in Turkey after 40 years, Star Refinery will cost \$5.6 billion. The CEO also mentions their other investment Petlim Port. Built with \$400 million worth of investment, the port will be an alternative to Pire Port in Aegean region. The port is able to host the biggest container ships in the world, which is taken over by APM, world's biggest handling company for 28 years.

INNOVATION

ASELSAN and TEMSA On the Same Bus

ASELSAN and TEMSA will manufacture the first domestic electric-motor bus.

ASELSAN AND TEMSA **STARTED** a new collaboration for manufacturing domestic electric-motor bus. The bus will be hundred percent domestic and will solely use electricity. Hasan Canpolat, Chairman of the Board, ASELSAN stated that "Proving itself in military production, ASELSAN now transfers its know-how and experience to electric-motor manufacturing. ASELSAN's state

of the art product spectrum, which is national, unique, highly reliable, cost efficient and effective, will be utilized for manufacturing domestic electric-motor vehicles. Thus, we aim at being a global player in the sector and contribute to Turkey's economy." Mehmet Pekarun, Head of Industry Group, Sabancı Holding, remarked a new era starts in vehicle manufacturing with the cooperation of TEMSA and ASELSAN.

BUSINESS

SARTEN SET A PARTNERSHIP WITH MITSUI & CO

Turkish packaging company Sarten transfers 15% of its assets to Japanese-based Mitsui & Co. Having 16 manufacturing facilities, including Serbia and Russia, Sarten reaches an agreement on partnership with Japanese "sōgō shōsha" company. Zeki Sarıbekir the CEO of Sarten states that they seek for being the biggest packaging company in its region, and the agreement will be beneficial for both companies. One of the biggest specialized trading firms in Japan, Mitsui & Co. is also Europe's third biggest tin packaging company. Hironobu Ishikawa, Managing Director of Mitsui & Co. indicates that Turkey's young and dynamic population is the key factor for the investment decision.



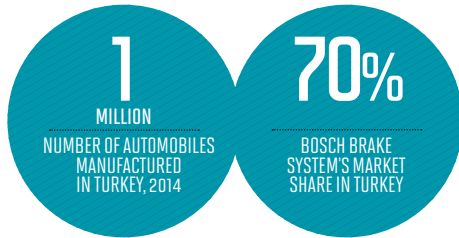
AUTOMOTIVE

BOSCH TO PUT THE AUTOMOBILE BRAKES ON

The leader in its market in Turkey with 70% market share, Bosch brake systems will double its capacity.

BOSCH IS manufacturing brake systems for international markets for around 40 years at its facility established in Bursa Organized Industrial Zone. Following the renewal of the production line and capacity increase, the facility has been reintroduced with the participations of Fikri Işık, Minister of Science, Industry and Technology. Bosch brake systems, thanks to the facility upgrade,

has increased its servo brake manufacturing capacity of 1.3 million vehicles to 2.2 million vehicles, which means some 61% increase in the production capacity, and the anticipated new high-tech brake system Tie-Rod 4 Servo will be manufactured for the first time at its Bursa facility. Bosch brake systems covered 70% of 1 million automobiles manufactured in Turkey over the last year and the new facility is capable of doubling it.



EXPORT

KARSAN WILL EXPORT CONCEPT AND TECHNOLOGY

Developing services and products for meeting the needs of urban population and public transportation modes, Karsan, will continue its operations in Europe under the leadership of their new company established in Turin, Italy. The company's main

motive is marketing the new product spectrum, bringing tailor-made solutions to global needs, in Europe. Thanks to the new venture, Karsan is going to export high standard concepts and new technologies, answering a global scale need, to Europe.

INVESTMENT



TURKEY IN GENERAL ELECTRIC'S INVESTMENT RADAR

General Electric has determined its five prioritized growth markets. Turkey is in the list.

GLOBAL technology giant General Electric, declared that Turkey is amongst their prioritized growth markets. It makes Turkey one of the 5 countries that General Electric will make large investments in. Canan Özsoy, CEO and Chairwoman of the Board, General Electric Turkey, stated that "Turkey is a country initiating projects in many strategic areas like healthcare, aviation, energy and logistics. It has a

robust infrastructure and a skilful labour force. You will not slog away finding squads to work with within any headquarters you build in Turkey. At the same time, Turkey's geographical position plays a big role. Turks are very creative. The youth has so many business ideas." and added "We have spared \$1 billion worth share from our sustainable energy and environmental R&D investments. We have important studies in wind line. The stimulus

package that came with indenisation will support industry development. So we have procured our suppliers to invest in Turkey and created 900 new job opportunities with 2 different firms and factories. We have decided to make Turkey the wind epicentre of 17 countries that involves Middle East and North Africa." There are 900 employees currently working in General Electric since 1940, the year they took action in Turkey.

TURKEY'S ATTRACTION

Turkey is attracting companies with international capital, thanks to its business friendly policies and robust economy.



Panorama



BY N. ÖYKÜ İYİGÜN PhD
Istanbul Commerce University

Economic Integration & Turkey:

A RISING STAR IN THE GLOBAL ECONOMY

Turkey is not only one of the biggest economies in its region, but also one of the most effective political actors. Turkey, as a rising star in the global economy is a source of inspiration for other countries in terms of social, political and economic policies.

FREE TRADE AND ECONOMIC INTEGRATION IN A NUTSHELL: Ever since A. Smith published “The Wealth of Nations” in 1776, the vast majority of economists have accepted the proposition that free trade among nations improves overall economic welfare. Free trade could be defined as the absence of tariffs, quotas, or other governmental impediments to international trade, allows each country to specialize in the goods it can produce cheaply and efficiently relative to other countries. Such specialization enables all countries to achieve higher real incomes. Today it is calculated that, 70% of world trade is realized by the regional trade agreements. Economic integration as a more general term than free trade could be defined as the unification of economic policies between different states through the partial or full abolition of tariff and non-tariff restrictions on trade taking place among them prior to their integration. Economic integration leads to lower prices for distributors and consumers with the goal of increasing the combined economic productivity of the states.

THE BENEFITS OF ECONOMIC INTEGRATION: The economic gains from international trade are reinforced and enhanced when many countries or regions agree to a mutual reduction in trade barriers. By broadening markets, concerted liberalization of trade increases competition and specialization among countries in light of the Theory of Comparative Advantages, thus giving a bigger boost to efficiency and consumer incomes. Multilateral reductions in trade barriers may reduce political opposition to free trade and may increase political cooperation in each of the countries involved. Moreover, it may create “trade” such as presenting a wider selection of goods and services not previously available and encouraging more trade between the countries involved.

In other words, free trade agreements between countries or regions are a useful strategy for liberalizing world trade. Economic integration provides extra benefits for the countries involved in terms of economies of scale, increasing efficiency/productivity, enabling greater consensus among members and attracting foreign direct investments. Economic integration



facilitates the transfer of knowledge, experience and technology, enables fast development in specific industries such as banking, logistics and energy, and eliminates poverty by the helps of economic improvement. Consequently, the countries which are involved in economic integration are assessed as more credible because of having more bargain power in negotiations and having greater political influence.

CURRENT SITUATION: Today, Turkey is not only one of the biggest economies in its region, but also one of the most effective political actors. Turkey, as a rising star in the global economy is a source of inspiration for other countries in terms of social, political and economic policies.

Turkey has been a member of the World Trade Organization (WTO) since 1995. Turkey's commitment as a country to integrating regional and international trade norms can be seen in its participation in and membership of various organizations, including the Economic Cooperation Organization (ECO), the United Nations Conference on Trade and Development (UNCTAD), the Organization of the Black Sea Economic Cooperation (BSEC), the World Customs Organization (WCO), the International Chamber of Commerce (ICC), D-8, and various other organizations.

The European Union (EU) and Turkey are linked by a Customs Union agreement, which came in force on 31st of December, 1995. In addition to the Custom Union with the EU, Turkey has signed Free Trade Agreements with EFTA, Israel, the Former Yugoslav Republic of Macedonia, Croatia, Bosnia-Herzegovina, Tunisia, Morocco, the Palestinian Authority, Syria, Egypt, Georgia, Albania, Montenegro, Serbia, Chile, Jordan and Lebanon. Turkey has been a candidate country to join the European Union since 1999, and is a member of the Euro-Mediterranean Partnership (Euromed), with a view to the creation of a Euro-Mediterranean free trade area. The Euro-Mediterranean Partnership promotes economic integration and democratic reform across 16 neighbors to the EU's south in North Africa and the Middle East. One important part of this work is to achieve mutually satisfactory trading terms for the Euromed region's partners. The Euro-Mediterranean Partnership is an essential component in the pursuit of greater economic integration in the Mediterranean region.

FOREIGN TRADE STATISTICS: In 2014, Turkey's exports reached an all-time high; hitting approximately \$157.6 billion, with an increase of 4%.

Due to the implementation of the liberalization process since the 1980s, Turkish economy has experienced a period of substantial growth. Foreign trade, in respect of both exports and imports, has grown rapidly and notable changes in the structure of exports have been observed. In this regard, industrial

Turkey's commitment to integrating regional and international trade norms should be used more strategically in cooperation with the advancement of technology and communication techniques. Entrepreneurship should be supported to be used as a "new diplomacy tool" for creating collaboration among countries.

products have gained prominence over agricultural products.

TURKEY'S 2023 VISION: Turkey's 2023 Vision could be defined as the goal list of the Prime Minister now President Recep Tayyip Erdogan administration to be achieved by the 100th Anniversary of the Establishment of Republic of Turkey. In light of Turkey's 2023 Vision, there are specific aims to be realized such as being among the top ten economies of the world in terms of the GDP, maintaining a stable reduction in inflation and keeping interest rates low, becoming a full-member in EU, increasing exports to \$500 billion and reducing unemployment rate to 5%.

FUTURE PROSPECTS: It's not so hard to say that this year has started with increase of US dollar, price volatility in oil and electricity and increase in unemployment. In the beginning of June, there will be the general elections and in November Turkey will organize G-20 (The Group of Twenty) Summit because of the G-20 presidency which was taken over

from Australia.

Turkey as a rising star, not only in its region, but also in the global economy, should focus on its core competencies and increase the export amount by creating value-added goods & services. Turkey's 2023 Vision as a strategic plan creates excitement for the country that's why it should be used as an inspiring "public diplomacy tool" for fostering trade. Turkey's commitment to integrating regional and international trade norms should be used more strategically in cooperation with the advancement of technology and communication techniques. Entrepreneurship should be supported to be used as a "new diplomacy tool" for creating collaboration among countries.

FOREIGN TRADE STATISTICS

USD million

2008	132,027	201,964	333,991	-69,936
2009	102,143	140,928	243,071	-38,786
2010	113,883	185,544	299,427	-71,661
2011	134,907	240,842	375,749	-105,935
2012	152,462	236,545	389,007	-84,083
2013	151,803	251,661	403,464	-99,859
2014	157,628	242,183	399,810	-84,555

Source: TurkStat

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Briefing

INFRASTRUCTURE, FINANCE, TOURISM, BRAND, INDUSTRY, AUTOMOTIVE, AVIATION, INVESTMENT...



INNOVATION

Turkey Innovation Week is highly regarded by both private and public sectors.

Turkey Innovation Week 2015 Kicked-Off;

IZMIR LIT THE INNOVATION TORCH

The paramount event of innovation in Turkey started 2015 with its Izmir session. Turkey Innovation Week, being held for the fourth time in 2015, once again brought the young enthusiasts and renowned innovators together.

BY ONUR KOÇASLAN

The first session of the 4th Innovation Week Anatolian Meetings organized by Turkish Exporters' Assembly (TİM) with the contributions of Ministry of Economy and Aegean Exporters' Assembly took place at İzmir Swissotel between the dates of 19th-20th

March this year. Specialists in their fields ranging from scientists to fashion designers, primary school teachers to film producers, politicians to businessmen and war correspondents to innovators gained a lot of attraction from spectators. The "Extraordinary Women"

panel, carried out for the first time, was one of the most barnburner sessions of the event, when young entrepreneurs had seized the opportunity to share their innovative ideas and projects with businessmen who were in the audience.

President of Turkish

Exporters' Assembly (TİM), Mehmet Büyükekşi, said "As a result of our innovation events, that being held for four years now, the context of the events is rather transposing into a whole different level. Every year the attention is getting even higher. In Istanbul our partner was Netherlands. This year in İzmir the partner country was Switzerland with major potential for technology. Innovation is a prerequisite for us now. We need to procure the consistency of the value added producing." And adding to his words that they are working on a strategic document on innovation in association with five different ministries.

President of Aegean Exporters' Assembly Coordinator, Sabri Ünlütürk, stated that "The numbers of this year's Innovation Week complemented a surplus amount of attendance. During the two-days, 9000 visitors, a total of 12 R&D centres, 8 universities, 2 techno parks and 2 science centres joined in the event. More than 400 entrepreneurs applied to meet people from business world to introduce themselves. We broke new ground at reuniting entrepreneurs and business people in bilateral discussions. During the special two-day workshop we organized for İzmir only, 30 designers designed city furniture and after we evaluate them the prominent projects will be used relevantly in various social areas of İzmir."

"INNOVATION IN THE HEART OF OUR LIFE"

People from several sectors and all that are experts in their fields had addressed the young visitors with some



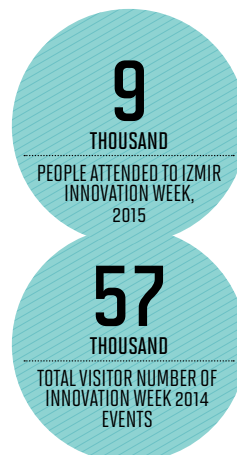
striking advises. The eponym of "Internet of Things" Kevin Ashton, who says that an innovator is always alone, suggested that humanity has the urge to antagonize new ideas but that this could be surpassed over time. As for fashion designer Simay Bülbül who spoke at the Design, Architecture and Fashion Conferences said, "Innovation has a significant meaning in all means. As it is in the heart of our lives within the product process, marketing, fashion, services and cyber world. With a tiny innovation idea you could turn your table into a billiard table or your ladders into a shoe closet. Today, what people need the most is innovation."

The curator Michel Hueter from Switzerland, the partner country of Innovation Week, stated that Switzerland being a poor country in the past has converted into a country of wealth with the innovation appendage. Hueter emphasized that innovation was a mean for inventing a new or better product but also a need to develop something with a meaning to someone or the environment or the economy in some sense.

The extraordinary women have shared their inspirational stories with innovation enthusiasts.

EXTRAORDINARY STORIES FROM EXTRAORDINARY WOMEN

The heaviest attention in the Innovation Week 2015 were drawn to the panel called "Extraordinary Women". Dilek Livaneli, a Turkish teacher who got elected amongst the best 50 teachers in the world over 5000 teachers from 27 countries, with her one of a kind story gave one of the most inspiring speeches of the event. Bilge Demirköz, who works at CERN and the only woman member of Scientific and Technological Research Council of Turkey (TÜBİTAK), said that it was still tough to go to the space however the idea shall never be abandoned. Another speaker of the panel Tennur Yerlisu Lapa, first Turkish woman being the World Taekwondo Champion, said to believe women and children have to take more part in sports and added that they had set an organization for that object in mind. Işınsu Kestelli, first woman president of Turkish stock market, remarked -only half in jest- that the foremost important point was actually to find the extraordinary men. Last speech of the panel was given by the long years' war correspondent, Ayşe Karabat, who recited having worked as a peace journalist.





TURKISH TV SERIES' EXPORT GROWING WITH INNOVATION

Last panel of the first of the event gave wide coverage to "Turkey's New Industry: TV Shows". Speakers discussed the sector in all its parts; studying the correlation between the parameters of sector's branding process and innovation. It has been said that Turkey, who used to import soap operas from Brazil in the 80's, turning the picture upside down and is exporting Turkish TV shows to Brazil, Argentine and Chile nowadays.

TURKEY RUNNING TOWARDS THE FUTURE WITH GREAT BRANDS

The second day event of Innovation Week was commenced by Stefan Lindegaard's Open Innovation conference. Lindegaard, who stated that using the potential needed a global focal, reminded that nobody these days ever spoke about the innovation in Turkey and that in the forthcoming years Turkey would introduce many significant brands to the globe. Our Brands and Branding Panel has left its mark on the panels with its interactive nature throughout the second day. Speakers with participants to the panels

looked for the answers to the questions like "Why can't Turkey create a global brand?", "What should be done to be in the list of global brands?"

RENOVATION AS MUCH AS INNOVATION

The speakers of panel which drawn the intensive attention of young entrepreneurs were Ömer Yüngül, CEO of Zorlu Group and İdil Yiğitbaş, Chairwoman of the Board of Yaşar Holding. Remarking that she believes in renovation more than innovation, İdil Yiğitbaş stated that "Improving and enhancing our fields of operation is of paramount importance. Innovation is crucial for the process as it is for the product. In today's world the change is essential, hence companies must be agile. Consumer needs should be prioritized in innovation.

In this context, our R&D department is vital for us. My advice to young entrepreneurs is first you dream, then you conceptualize and find funds."

"In order to succeed, either you should be different or you should differentiate your business" said Ömer Yüngül, and defined the path to become the leader as investing in technology and mentality. Stating "It is not particularly hard to manufacture a smartphone, however considering the number of patents used in the production, a battle of patents emerges more than a battle of brands. Turkey is further behind in patent league than it ought to be. We must draw Turkey's roadmap of patenting. Whereas patents are regarded as the most important capital, we should embrace patent culture as a daily life approach.", Yüngül remarked that they will

strive for increasing Turkey's exports and the share of high-tech products in total export once more throughout 2015 as in the previous years.

The event continued with the "Mobile Future" panel and was concluded with "Show Yourself" career organization. The career event was carried out with a reciprocal theme, with the participations of Sabri Ünlütürk - Head of Sun Group, Erkan Duyusal - Innovation Director of Arçelik, Devrim Deniz Cengiz - Director of Alternative Distribution Channels of TEB and Cavit Yantaç - Vice General Manager of Software Development Technologies of Microsoft Turkey. At the end of the event in which each speaker conversed with three students, 12 students explained themselves and their ideas the best, earned internship opportunities at the companies of speakers.

32 EMINENT SPEAKERS PARTICIPATED IN THE EVENT, INCLUDING:



Andreas VOGLER
Director, Architecture and Vision



Dilek LİVANELİ
According to Varkey Foundation's Global Teachers Committee, One of the Top 50 Teachers in the World



Bülent EKUKLU
Business Executive, IBM Global Services Smart Cities Solutions



Simay BÜLBÜL
Fashion Designer



Kevin ASHTON
Founder of the 'Internet of Things' concept



Stefan Lindegaard
Innovation Strategist, Author of The Open Innovation Revolution



Bilge DEMİRKOZ
First Turkish Female Scientist in CERN



Michael HUETER
Curator of the Design Prize Switzerland



The cities of future will be built of technology and innovation instead of plain concrete.

INFRASTRUCTURE

Solutions for Everyday Urban Life:

SMART CITIES

The last decade witnessed various equipment getting smart; cellular phones, televisions, even watches are redefined... Now the tech-world goes out on the street to build future's "smart cities" whereas "Istanbul is already on the move".

BY EFE DASMAN

Toto, I have a feeling that we are not in Kansas anymore." says Dorothy Gale, after being swept away from her hometown Kansas farm home in a cyclone, to the Land of Oz. Children's novel with a powerful story written by L. Frank Baum is told of Dorothy Gale, a young girl who lives with her Aunt Em and Uncle Henry and her little dog Toto on a Kansas

farm. One day, Dorothy and Toto are caught up in a cyclone which deposits her farmhouse into Munchkin Country in the magical Land of Oz. The Good Witch of the North tells Dorothy that the only way she can return home is to go to the Emerald City and ask the great and powerful Wizard of Oz to help her. As Dorothy embarks on her journey, the Good Witch of the North

kisses her on the forehead, giving her magical protection from fatal harm. On her way down the yellow brick road, Dorothy frees the Scarecrow from the pole on which he is hanging, applies oil from a can to the rusted connections of the Tin Woodman, then meets the Cowardly Lion, and encourages the three of them to journey with her and Toto to the Emerald City. The Scarecrow wants a brain, the

Tin Woodman wants a heart, and the Cowardly Lion wants courage. All four believe that the Wizard can solve their troubles.

What brings Dorothy into the magical chaos is like we see the transition in our daily lives. This transition happening our cities rather slower than Dorothy had. Still as magical as the Emerald City though. During the glorious days, Rome, the

capital city of Roman Empire, has stood 3 million people. Mayans gathered 2 million people in Machu Picchu at its peak. What we see today is way beyond these numbers: Chinese city Shanghai inhabits 24.1 million people on a total area of 6,340 km². Karachi, capital of Pakistan has 23.5 million inhabitants. Beijing did not just host Olympics, but also 21.5 million daily commuters every day. Turkish metropolitan Istanbul is another city which hosts more than 14 million people. Figures are followed by New York City, Moscow, London, and Tokyo, with more than 10 million citizens.

Cities which have more than 10 million citizens are called “mega cities” and there are 19 mega cities in the world right now. For the first time in history, the number of people living in urban areas has surpassed the rural areas. Which means, the majority of the world are now citizens. By 2050, 70% of the world population will be living in cities. Again, the number of mega cities will be at least 27.

A REVOLUTION GOVERNED BY ONES AND ZEROS

The numbers are scary, if you do not know how to make the cities more sustainable. There are certain aspects

citizens demand, such as education, health, security and transportation. More populated city means more issues to tackle. Thankfully, we are not living in Roman or Mayan age, we have a helpful technology called the Internet of Things (IoT). Now devices communicate with each other. CCTV and self-driving cars are gathering information by themselves. Lighting systems prevent possible traffic accidents and reduce the time we spend on roads. Facial-recognition systems help us to build a much more secure world. When come together, all these miracles of technology are

the parts to make a smarter city. When we get lost on the way like Dorothy, we have GPS devices to tell us where we are. Operation centers command us when we have health issues, by the help of smartphones. We can see the news, the temperature and estimated time of arrival of the upcoming bus or train. These small improvements help us to make a secure and more sustainable city. The things people can only imagine in the 19th century are the so natural to us that we don't even recognize them. As citizens of the world, we are indeed in the Emerald City, and Smart City Operation Centers are the wonderful wizards that make our lives better in a daily basis.

Speaking of big cities, Turkey has 16 metropolises, and the majority of Turkish population are living in the cities. Population is wide-spread among Western parts of Turkey, and İstanbul, Ankara, İzmir, and Bursa have a large amount of people, compared to other cities of Turkey. A metropolis means great needs, and government's responsibility is to create safe and sound land for their citizens. Thanks to the achievements in IoT technologies, it is much easier to sustain haviability. For example, if a possible epidemic happens, CDC can monitorize people's movement via their cell phones, and hence control the disease from spreading. Considering 93% of Turkey population have cell phones, smart city control centers can meet the ever-accelerating demands thanks to the digital revolution.

TURKISH CITIES ARE BECOMING SMARTER

Transportation is perhaps the most important subject to



KEVIN ASHTON

Founder of the 'Internet of Things' Concept

One of the things we see is that human population grows, more and more people concentrated into cities. Cities are becoming the heart and soul of the human race, which has a benefit to the internet of things. But also, it's a result of the Internet of Things. First of all, more people we have in one place, more people can communicate one another and more creative they tend to be. The more innovation they tend to produce. However, some the earliest IoT technologies are being used to manage ever-density human population in cities. For example, we see automated-sensor technology, traffic management, potable water management, better use of electricity thanks to the IoT. There's an enabling feature of IoT when we come to cities. Also, cities enabled the Internet of Things because its congregation of people results are being more innovative and creative.



BÜLENT EKÜKLÜ

IBM Global Services, Business Development Executive, Smarter Cities & Industry Solutions

During 1980s, for the first time in Turkey's history, most Turkish people started living in urban areas. As more people pour into cities, the services they demand from city leaders soared. Currently, with an urban population exceeding over 70%, Turkish leaders need new ways to sustain high service levels to provide high-quality living for citizens and drive economic growth for their cities and for our nation.

Since 1938, IBM has been helping businesses and local governments in Turkey to deploy innovative solutions to tackle their greatest challenges. Today, IBM differentiates itself from competition with its specialized team dedicated for Smarter Cities solutions, strengthened by university



ANDREAS VOGLER

Co-founder and Director, Architecture and Vision

Redesigning a city is not so easy... It is a challenge because city is something that grows over centuries. Sometimes it grows extremely fast, such as İstanbul. And it becomes difficult to manage it. You should manage the growth in the beginning which is often overlooked. Then, they see the mistake, call for architects and designers to solve our problems. You have to change the methodology of how cities are growing much more earlier. It is an important issue now, considering more than half of the population is living in the cities. We have to think that how we can move these people, how we can give them life quality. How we bring nature back to the city. How we can make transportation something which is not pollutant. So, I think we must be much more disruptive in our way how we think of cities, and have the courage to change. We should be more progressive about creating the quality of life in order to redesign our cities.

create smooth-running city. Turkish municipalities now work with independent non-governmental organizations and companies in order to make their city less snarled-up and less pollutant. Founded in 2005, EMBARQ is one of the largest local exchange carriers in the world; providing local, long-distance, high-speed data and wireless services to residential and business customers. Turkish part of the project, EMBARQ Turkey serves 7 cities, providing sustainable transportation results. In order to reduce traffic density, the organization initiated BusLab in 2012. The initiation is based on the integration of bus schedule into the subway schedule. The organization has other programs such as BikeLab, RSLab, and UrbanLab which are collected into 'Solution: Sharing Opportunities for Low Carbon Urban Transportation' scheme. EMBARQ Turkey works with local municipalities in both project and realization phases. Information gathered from users are collated into a big data to make surveys and create solutions about transportation issues in big cities.

On February 10th 1996, an artificial intelligence nicknamed as "Deep Blue" won a chess game, against Gary Kasparov, the world champion. It doesn't mean that computers are yet better decision-makers than human beings, there is another AI solution IBM's Watson now which works as a medical assistance. It aids physicians in the treatment of their patients, once a physician has posed a query to the system describing symptoms and other related factors, Watson first parses the input to identify the most important pieces of information; then mines patient data to find



The high-tech public transportation solutions offers an eco-friendly urban life experience.

facts relevant to the patient's medical and hereditary history; then examines available data sources to form and test hypotheses; and finally provides a list of individualized, confidence-scored recommendations. By the help of Turkish university hospitals, IBM Watson will be in Turkey soon, which your health will be monitored on your smartphones.

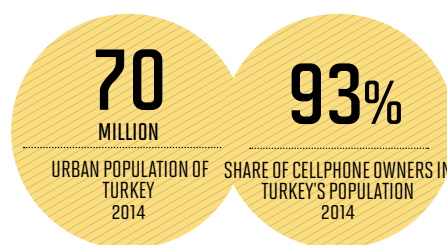
Brought the "Smarter Planet" project to İstanbul in 2008, IBM Turkey operates Smarter Cities Solution Center in İstanbul. Via their dedicated team and university collaborations, basic needs of citizens like water, transportation, ecology, industry, and public security are dealt in one big operation center. Co-operation

of Vodafone Turkey and İstanbul Ulaşım A.Ş. (an affiliate company of İstanbul Metropolitan Municipality), they started the "İstanbul on the move" project. It basically maps the transportation habits of citizens and offers them new shortcuts or other public transportation solutions. The information are sent to users by an application which is updated on every minute. One of the main intends of the project is to reduce CO₂ and greenhouse gas levels which are the cause of Global Warming.

An innovative and futuristic initiative, Turkish telecommunication company Türk Telekom started the fully integrated smart city project in Karaman. Completely local use of research and

development, city issues like energy, water, traffic, lightning, medical services, public security are dealt with an integrated center in Karaman. Providing employment to 250 people, smart junctions, emergency waistbands, audiovisual direction helpings are the solutions monitored in a call center, which makes the whole city fully integrated and operational. For example, when an ambulance is on the road with a patience, information screens on the smart junctions inform other commuters about upcoming ambulance. Such renovations using IoT technologies started in Karaman, the testing ground, before spreading over to every Turkish cities. The project is free of charge for the 3rd party users, which means citizens can download them easily to their smartphones.

The world is changing and not everything comes with rainbows and butterflies. Citizens of the 21st century have issues to tackle with. Such as overpopulation, transportation and health issues... Perhaps the most importantly, sudden changes in climate may cause rise in sea levels or drought that can ruin the harvest. Still, there is a chance. Innovation is key to build a better future, and by the help of the Internet of Things, citizens are now governed by self-using devices to create space for new ideas. After all, machines can even save our lives, but they cannot think as we do, they cannot be innovative. It's our part as citizens to make cities more sustainable. But there is indeed somewhere over the rainbow, and if we follow the yellow path, we will find our Emerald City, which is governed by the Internet of Things. To make the world a better place.





FINANCE

The upcoming technopark will devote 10% of its total area to incubations centers, which is the highest rate yet.

Turkey's First Thematic Technopark:

ESTABLISHMENT OF A FINANCIAL RELAY RACE

Boğaziçi University and Borsa Istanbul come together for a new Financial Technopark. The establishment will cover open innovation and crowdsourcing in the financial league.

BY EFE DAŞMAN

Traditional entrepreneurial thought revolves around the idea of competition, capitalism, and self-exaltation. Success is determined by money in the bank, power, influence, and material possession. We are taught to look out for ourselves and always put the interest of our mission first. This attitude is rapidly changing by the help of the youth. The world is experiencing a rather rapid change, a revolution in business league, which young entrepreneurs come together and collaborate to achieve the greater good. Competition has a new meaning which includes collaboration. Even the most designated brands of the world swiftly altering their innovation process into a more open innovation. Companies

cannot afford to rely entirely on their own research, but should instead buy or license processes or inventions from other parts of the network. There, universities come into play because of their valid crowdsourcing attributes.

Financial structures as well are affected by this innovation terraform. They have to be open and collaborative if they want to stay in the competitive league. In a time where private companies co-operate with universities, Borsa Istanbul and Boğaziçi University build a thematic technopark, which will serve technological infrastructure regarding finance sector. Borsa Istanbul's collaboration with Boğaziçi University intends to bring the conglomerates and SMEs together by the means of crowdsourcing, and raising

the competition and market share in a global level, helping R&D firms to progress, software export, increasing qualified workforce and thus making contribution to Turkish economy.

The new financial technopark project is based on İstanbul international finance center vision, according to 10th Development Plan, "İstanbul Finance Center Primarily Transformation Program" was accepted. The new program includes developing financial software and information technologies, financially supporting the new technoparks to be established. In this regard, a decision regarding building of a financial technopark in collaboration with Boğaziçi University was taken in August 2014,

and the company named "Finans Teknopark A.Ş." was established in January 9th 2015. It's been said that the constructions will start in a few months.

Financial Technopark is just another brick on the wall of Turkey's race of crowdsourcing and open innovation. This project will increase the number of built technoparks in Turkey to 24. In order to achieve the economic targets of Turkey, İstanbul Finance Center program is prominent, and this collaboration may bring the most creative and innovative financial tools together to create a think-tank. As Turkey rises the bar regarding its economic targets, resource initiatives increase on equal footing.



PROF. DR. GÜLAY BARBAROSOĞLU
Boğaziçi University Rector

It's significant for developing countries to create new technologies and transform them into products. Thus, improve the citizens' life quality by their own resources in order to progress. In other saying, citizens' life standards should be enhanced by countries own resources. Whether it is materialistic or vaporous, these resources are important for developing countries. First of all, you should be imaginative, you should be innovative and you should be entrepreneur... Most of all, there should be certain foundation opportunities to perform your qualifications. Technoparks, and technological research centers are established for this purpose. In Turkey, new technoparks are being rapidly established. Which is a great asset for developing countries.



TUNCAY DINC
CEO, Borsa Istanbul

“This synergy will contribute to the competitiveness of Turkey’s finance industry”

What kind of benefits does the new Finans Teknopark have?

We expect that collaboration between financial software companies and other financial institutions will make major contributions in finding quicker and more efficient solutions to the needs of the finance industry. Finans Teknopark will be located in the southeast part of Borsa İstanbul’s campus, with its proximity to universities and financial industry; it will be the hub for both local and regional financial companies.

İstanbul International Financial Center strategic vision gives great importance to innovation. Finans Teknopark will host big financial firms as well as SMEs in an innovative ecosystem. In this regard, incubation center will be 10% of total rentable office areas in the project, and we will not charge any rental fee to the companies that will take part at the incubation center. Besides, as we all know, technoparks have a number of tax advantages for R&D operations. These advantages will also apply to Finans Teknopark.

At this point, I would like to mention another project in collaboration with Boğaziçi University. The Center for Applied Research in Finance, which is established within Boğaziçi University, is designed as a complementary institution to Finans Teknopark. Theoretical and empirical research in finance, financial

innovation and finance technology are among the working areas of this center.

What are the most unique sides of the project? In case of benchmarking an equivalent project, what kind of profile emerges?

The most unique side of our project is its finance-oriented structure. This structure is the distinctive future of this project among other 42 technoparks in service in Turkey. Finans Teknopark is the first example of a thematic technopark. As far as I know it is also the first of its kind in the world.

There will be only technology and software companies focusing on finance industry and innovation groups of financial companies in the Finans Teknopark. These companies will have the opportunity to create an efficient ecosystem in R&D operations open to innovation and collaboration with various academic bodies, in addition to Boğaziçi University.

How Finans Teknopark will serve input regarding innovation in financial instruments?

Especially in the last 20-30 years, technology has played a very important role in the development of financial industry. In order to provide solutions to the needs of the financial industry, financial know-how and information technologies must be combined. We know that many entrepreneurs invest

in financial software development. We believe though, these companies need strong communication with each other in order to have international competitive edge. In this context, our project will help in developing new products and services.

Questioning of some financial products and emergence of new priorities, along with the increasing share of emerging countries in the global economy, also brings new opportunities. We also believe that as the fact that countries in our region are mostly at earlier stages of financial development is also a good opportunity for us.

How are the feedbacks and long-term expectations regarding the project?

We have received exceptionally positive feedbacks for the project. Even it is in the phase of project designing, there is already a very high demand from various companies in order to take part in the technopark. We will select the companies who will take part in the technopark after a meticulous assessment of our Evaluation Committee, standing equidistantly to all parties.

I believe our project will have an important multiplier effect in the long term. We will create a great synergy between the large industry companies supporting R&D in finance and entrepreneurs. This synergy will contribute to the competitiveness of Turkey’s finance industry and therefore to increase its market share globally. We expect that start-up companies located in the technopark will also find the opportunity of accessing global markets and of marketing their products globally.

Moreover, such an example of collaboration between academia and business will be a good practice for other sectors as well. By this means, Finans Teknopark could be a role model for various thematic technoparks. Additionally, like other technoparks, Finans Teknopark will have long-term benefits, including contributions to having a highly qualified workforce and contributions to the export of high value-added products.



Sumela Monastery in Trabzon attracts thousands of tourists every year with its unique structure.

TOURISM

THE BIRTHPLACE OF BELIEFS

Turkey is home to sacred temples and places of various religions and sects, which increases the country's appeal for belief tourism.

BY EMRE KURBAN

Belief is a deep phenomenon. At the first stages of the human civilization, even before cities or other structures of human creativity, people had long been used to belief systems. Eventually, no matter how drastic changes humans have gone through, something was always common: Although differing in features and contents, religions always retained their important position in the society. This social value always influenced how people behaved, how they lived and how they were ruled.

As religions evolved and created their intuitions, temples and holy sites emerged as a new dimension. Crowds flocked to these sacred places to seek forgiveness or tranquility.

This importance of holy sites even caused wars between peoples, for instance, Crusades to gain Jerusalem back from Muslims. On the other hand, as it is believed that Prophet Mohammad praised the future conqueror of city of Constantinople, Muslims sieged the city many times in order to gain the glory and praise offered by the prophet. Ottoman Khan Mehmet II. "The Conqueror" managed to do so, hence his nickname.

This importance held by holy sites gave birth to a new dimension besides the religious one: Trade. Religious voyages called pilgrimage became a source of trade and wealth for cities and countries along the route. Especially

during the 20th century, this phenomenon was called "belief tourism".

During previous century, tourism in general developed and expanded. It became the key income source for many countries. For instance, every year one billion people travels for tourism purposes. Tourism income globally reached \$1 trillion. Tourism as a sector constitutes 8% of the global employment, as



Around \$25 billion of global tourism income is made by belief tourism and this share increases steadily.

250 million people employed.

In this giant sector, belief tourism is one of the fastest developing fields. One in three of global touristic travelers state that belief is a motivation for their journey. Around \$25 billion of global tourism income is made by belief tourism and this share increases steadily. This undoubtedly creates a competition between countries and one of these countries is Turkey, which has many advantages to benefit from.

As Turkey is prepared to be one of the five biggest touristic countries in 2023, it is currently 6th in world and 4th in Europe and its share in global tourism market is 1.5%. In order to increase its share, it focuses on activating its potential and advertising. Considering the huge cultural heritage it has, Turkey seems able to reach its goals.

Turkey is founded on lands that has always been religiously important throughout the history. Besides having been home to important temples for three Abrahamic religions, Turkey is home to many pagan temples. For instance, Göbeklitepe in Şanlıurfa province is home to the world's oldest worship house. Built before 10.000 BC, this temple demonstrates the importance of Turkey for history of religions. Temples of Ancient Anatolian Civilizations such as Hittites, Phrygians, Urartians, Lydians and Hellenes had made Turkey a center of religion, the tradition which was retained during the Abrahamic era.

After the Pagan era, monotheistic religions spread through Anatolia. First structure from this early period is Sard Synagogue in Manisa province. This

is followed by Christian temples. All of the first seven churches of Christianity are located in Turkey. Of these, first one is in Selçuk, İzmir province: Church of St. Jean. Being one of twelve apostles, St. Jean came to Ephesus, modern day Selçuk, accompanying St. Maria. It is believed that St. Maria, mother of Jesus, lived her last days here. Six other churches are located in İzmir (Smyrna), Bergama (Pergamon), Salihli (Sardes), Alaşehir (Philadelphia), Denizli (Laodikeia), Akhisar (Thyateria).

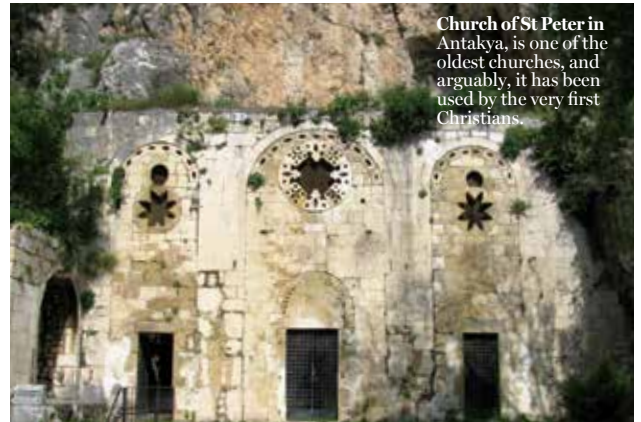
Another important location for Christianity is Hatay, Antakya (Antioch). Christianity took its name in this place. First cathedral was built here. Apostles held their secret meetings here. Besides Antioch, Tarsus is another important location for Christianity. In addition to temples and mounds of saints, the cave of "Seven Sleepers", which are mentioned in Qoran, is located in Tarsus. Cappadocia



BAŞARAN ULUSOY

Turkish Travel Agencies Union
Chairman

As global interest in Belief Tourism expands, Turkey becomes more and more prominent in this subsector of tourism as it is one of the most important niches of Turkey. A country governed with Islamic rules for hundreds of years, having witnessed many early Christianity periods, a shelter for Jews who were forced to immigrate to other geographies, Turkey, has all the resources to become one of the top destinations for belief tourism. There are many places in 44 different provinces of Turkey which hold great value in belief tourism. Ministry of Culture and Tourism leads the efforts of a community consisting both governmental and private organizations to serve the needs of sacred places in terms of restoration and conservation.



Church of St Peter in Antakya, is one of the oldest churches, and arguably, it has been used by the very first Christians.

is also an important location with its unique churches carved into solid rock.

Demre is considered to be the birthplace of Santa, St. Nicholas.

İznik, historical Nicaea, was the city in which the Nicaea Declaration was announced. The Nicaea council played a key role in later developments of Christian theology. Besides, İstanbul is important for Orthodox Christians thanks to Fener Patriarchy and Hagia Sophia, which remained the greatest church in the world for a thousand years.

There are also Islamic holy sites in Turkey. Especially southeastern Turkey is home to many such. Two of the 25 prophets mentioned in Qoran are buried in Diyarbakır, Elyasa and Zülkifl. Şanlıurfa is nicknamed "the city of the prophets", where, according to the belief, Abraham was born and raised, then thrown into the Nemrut's fire. Balıklı Göl, retaining close ties with this legend, is also located in Şanlıurfa, along with tombs of prophets Eyüp and Şuayp. It is believed that Noah's tomb is in Turkey too, in Cizre, Şırnak province.

Ottoman architecture in İstanbul and Anatolia are invaluable to Islamic tradition, with beautiful examples such as Sultanahmet (Blue Mosque), Selimiye, Mevlana Mosques.

It is obvious that Turkey has a lucky history to benefit from belief tourism. Unlike most of other countries, Turkey holds holy sites and temples of many different religions, emerging as a unique target for belief tourism. It is not a surprise that, two of the most visited 20 temples in the world are located in İstanbul: Blue Mosque and Hagia Sophia. Investing in advertisements and other communicational tools, Turkey is on its way to activate its whole potential.



The House of the Virgin Mary in Izmir, is sacred for both Islam and Christianity

BRAND

THE RISE OF 'I' IN BRANDING

You have a brand, whether you want one or not. Your personal brand extends all the way from your handshake and eye contact right up through your professional resume and interview presentation.

BY REYHAN SU ERGUN

Psychologically speaking, most of us care to make a good impression on others. Some of us do it in need of approval, some do it to maintain good relationships at our social life. In a business setting it serves basically for profit purposes. Specific strategies to gain more money and status out of the right combination of self-image and personality is formed in a diehard segment of Marketing and Advertising;

an area called "Personal Branding". "We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be head marketer for the brand called You." –Tom Peters

The term Personal Branding, first discussed in an article by the management guru Tom Peters in 1997, is rather a new practice that's being used by many celebrities, politicians, business people



and even individuals around the world. We can say that it's an emergent line of work that deploys experts as Branding Consultants or Gurus to provide professional guidance to those who are in need of building a personal brand. Besides, with the opportunities that has been granted by the internet and growing technology the practise has become more applicable and rewarding even more so.



Personal identity combined with Personal image enables you a well-organised Personal Brand for a desirable profitable career. In other words, you are polishing/nourishing what you already have as a person and offer it to the market as the best version of you. In other words, the product is your persona. What really makes you a brand that is memorable by others and that actually attracts the trust of others to invest in you or buy your product? Ranging from family, traditions, food, weather, religion, where we grow up makes us who we are today and what makes us different in our social surroundings. Our differences make us unique in an extend that may get us ahead of a strong competition environment and by focusing on those features we build a Personal Brand that creates added value. Your Personal Brand tells other people what you're known for, what you're known as and what you're known for knowing. The most fascinating part of this practise is that almost anyone can engage with it in their professional/social life.

Some of the successful celebrities from the United States such like Donald Trump, David Beckham or Lady Gaga can give a hint to how to construct a public persona or simply figures in the society that make a profit out of their names. These three have one thing in common: Talent. They all have particular talents that they can work with and they have; by putting their talent on the market with some style. So it is possible to say in the process of building one's personal brand, individuals are inclined to discover their own potentials, their authenticity, their talent

so to speak. During his time, Donald Trump has worked in the Real Estate sector and strengthened his financial assets after years of work and then he chose to create a persona in the media by fulfilling certain strategies such as naming all his products by his last name, having a brash and open attitude on television, designating an interest in becoming a candidate for President of the United States in the 2012 election and not running for it and the list goes on. When we have a look at David Beckham and what he's done with his career of football, we see that he wasn't the best player ever born but he has done smart moves by laying himself in the media as the poor guy from suburbs who have made it; the handsome guy who got married to a Spice Girl, Victoria Beckham, and etc. In which resulted him in appearing in ads for Pepsi, Motorola, Adidas, Gillette, Emporio Armani and many others hence becoming one of the most sought after brand ambassadors of his generation. Lady Gaga, besides her fictionalised 'outside the box personality', she lives her brand which contributes to her fame some more every day. She even lectures marketers on how to make brand experiences personal like she has.

In an era of technology marketing is a bliss for today's marketers and that they can reach their target group way faster than before. Yet, what separates marketing from Personal Branding is that the products do not have meetings to attend to or speeches they have to carry out in public. Personal Branding experts prepare and equip you with distinct strategies ranging from the

People buy from people they like or empathize with, yet empathy does not happen with a product.

way you dress, to the way you talk to your connections and even the speech you will make at a business dinner.

Great brands are most likely to be associated with their founders along with the product and are far from being set apart from each other. Would world famous Apple be as significant without Steve Jobs or world's one of the busiest social network platforms Facebook without Mark Zuckerberg? People buy from people they like or empathize with, yet empathy does not happen with a



TUĞÇE ŞAHİN

Personal Branding Expert

Personal Branding will give you the strategic perspective to build up your persona you offer to the market on into the 21st century with your websites, social media and even with your movies. So today, money and technology are no longer the constraint. It's your time and your reputation that you're putting at risk. The democratization of the web gives us all immense opportunity but it also means everybody else has their say about you. You want to make sure the people you're attracting are going to build your brand. The saying used to be that there's no such thing as bad publicity as long as they spell your name correctly.

product. With the right combination of a company's brand, these two brands generate a dynamic duo that support one another. The importance of Personal Branding steps in when the individual associated with the company's brand is powerfully branded. The way the target group feels about that person deciphers to the way they feel about the company and vice versa. At the end of the day, branding is how people experience you and how people experience themselves in relation to you. Having a strong personal brand may help your corporation deliver better results in the long run. Plus everyone enjoys to think they are co-working with a celebrity – thanks to the wide privileges of social media the chance to become a celebrity is much uncomplicated than it was a decade ago.

Turkey, as well as the globe, has great potential for this sector in the corporate business world. Celebrities, CEOs, job-seekers, company representatives, more importantly politicians and even individuals will exploit the outcomes of Personal Branding just as the same way advertising is crucial for a product today. It appears that the sector will both return the demand and supply end of the service. Withstanding marketing companies would set place for experts in this area in the future as people will explore more about a sector that would replicate their market value and prestige in the outside world.

"People come to me and ask me to make them a brand. Well I tell them; You are already a brand. You just have to work on it. Personal Branding is the appliance of product managing into the person.



BRAND

Brand

BREADS GROWTH

The new Turkey logo has found wide usage in many fields. Its affects upon the economic growth is yet to be seen, as brand management appears to be correlated with finance management.

Turkey aims at promoting the logo in various locations all over the world.

BY M. BAHADIRHAN DİNÇASLAN

Year 2014 saw a large-scale launch of the first episode of Turkey brand: Discover the Potential. A new Turkey logo was designed and launched, to be used for all advertising, business and communicating purposes. The slogan of the logo was chosen as “Discover the Potential”, an invitation for all to see Turkey in a new light, at the beginning of a new era in nation’s history. Embracing its cultural and racial heritage in Middle East, Asia and Europe, accepting a prominent role in its religious sphere; Turkey is ready to combine these ingredients to create a vast, deep and modern

identity which will be benefit to not only Turkey, but all countries in the hinterland.

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

At the beginning, there was an ambiguous notion in the collective subconscious of Turkish business world and related institutions. Everybody knew they were close to a turning point, a “milestone”,

were aware of a necessity yet it was undefined and unspoken. The “move” had to be a collective one, as the members of the business world are connected to each other with strong ties and individual attempts would not be effective enough to trigger the long-awaited paradigm shift.

An opportunity arose when Mehmet Büyükekçi, President of Turkish Exporters’ Assembly and Turgay Adıyaman, Saffron Brand Consultants Managing Director of Turkey, started talks about a possible project for TEA. TEA was in pursuit for a thrilling story which would boost the

Turkish export volume and inspire Turkish exporters. As the brainstorm proceeded, under guidance of Mehmet Büyükekçi, the proposal evolved into a wide-scale project, a nationwide story. As the spectrum of participants spread, the idea gradually developed into the current approach. A drastic change was on the way.

This time, as “Made in Turkey” had created the potential, it was time to “package” this potential and introduce it, and create an awareness which would eventually activate the potential and harvest the fruits of efforts of long decades.

The potential is “packaged” and presented to the “customers”. Its message is still being delivered, and now another dimension emerges. As David Haigh, CEO Brand Finance PLC says in 2014 Brand Finance National Brands Report; “The states of the 21st century are participants in a global marketplace, with intense competition for tourists, students, the best workers and investment. The results of this year’s Brand Finance Nation Brands report show the advantages that a strong nation brand can confer; the effect of a country’s image on the brands based there

President Erdoğan launched the new Turkey brand himself.



and the economy as a whole makes a nation brand the most important asset of any state. Governments, trade bodies and businesses must take steps to ensure that their nation brand is strategically appropriate, well-managed and regularly monitored in order to maximize the benefits.

Key findings section of the report demonstrates a key fact: Most valuable nation brands belong to the biggest economies. A country’s rank in list of biggest economies is correlated, if not in a causality relation, with its rank in most valuable national brands list.

On the other hand, Turkey has a goal in accordance with its grand strategic plan: Becoming one of the top ten economies in the world by year 2023. The year 2023 is important for

Turkey, as it marks a century after the proclamation of republic. In year 1923, Turkish Grand National Assembly had abolished the monarchy. After World War I, the Ottoman Empire was already collapsed and Allied-backed Greek forces had invaded the country. Emerging as the leader of the victory following Turkish War of Independence, Turkish Grand National Assembly introduced a new chapter in the nation’s

long history: The republican era. It was a desperate era, as most of the Ottoman lands were lost, the remaining lands were devastated by ongoing wars. Yet the new-born republic had initiated a series of reforms, with baby steps at the beginning. And the reforms have always continued, and the pace has never been so fast: In the last decade, Turkey has went through a great change, economic, social and physical; finally turning its eyes towards the horizon after settling its domestic affairs. And these “masters of change” took the initiative for the new Turkey brand.

It is obvious that the economic growth will have a mutual relationship with the success of branding process. If Turkey wants to become one of the top ten economies of the world, it must invest in branding to increase the national value added. And in order to retain a feasible and sustainable branding plan, Turkey needs a strong economic background.

Surely the national brands are not totally similar to ordinary brands; they act as a sum of “national brand value” and they contribute to the same value, instead of being an individual brand. Hence the national brand can be seen as an “umbrella” of brands; contributed by all and contributing to all. It is the “package” of all national values, a personification. Yet, like all brands, it requires to be backed financial strength to bring income, and the value added creates the growth: Every single penny invested in branding and advertising brings more than it costs. Therefore, new Turkey brand is, in fact, another component of 2023 goals: The main goal can be paraphrased as to become one of the top ten; national brands...



Turkey Brand Observation Committee has been officially set by the notice published in the Official Gazette. Presided by the Undersecretariat of Minister of Economy, the committee consists of various ministerial and public offices, including ISPAT and TIM.



Carbon fiber is used in numerous industries including automotive, aviation, space, textile and medical equipments.

INDUSTRY

Manufacturing the Future's Raw Material:

TURKEY'S GRAND ENTRANCE

Carbon fiber is widely regarded as one of the materials that can change the course of manufacturing. Thanks to the global leader of its sector, Aksa, Turkey became one of the 10 countries producing carbon fiber.

BY TURGUT ETİNGÜ

James Cameron's visual masterpiece, "Avatar" stormed through theatres all around the world in 2009. The beautifully shot sci-fi, albeit having a traditional plot which has parts undeniably similar to a rather familiar story, Pocahontas, told a solid and epic adventure that narrates the struggle between mankind and a peaceful and delicate race "Na'vi" over the future of the alien race's home, Pandora. In context of the story, the discovery of enormous deposits of a fictional element,

"Unobtainium", on the surface of Pandora, leads to a thrilling face-off between human aiming at exploiting the largest vein under a giant and sacred tree named "Vitraya Ramunong"; The Tree of Souls, and Na'vi trying to protect their relic-ish tree they consider as the source of all life on Pandora and the nature of Pandora which they are strongly interconnected, both spiritually and physically.

The course of confrontation of two races basically highlights still unresolved trade-off between

the nature and technology. Thanks to its advanced warfare, future's mankind marches to overpower Na'vi with confidence while Na'vi who only yield primitive weapons are fighting back fiercely with their superior anatomy which enables them to control fierce animals on Pandora, to have lightning reflexes and unmatched strength and so on... Among these attributes of Na'vi, one distinguishes itself with being both interesting and amusing; having a carbon fiber skeletal structure.

Cameron's choice was not just a peculiar sci-fi attraction since carbon fiber has more than a few tricks in its sleeve; it has a very high strength/weight ratio and a low coefficient of thermal expansion, it is non-poisonous and biologically inert, fatigue resistant, heat resistant, radiolucent, a good conductor and much more. These attributes of carbon fiber makes it a widely demanded material and the carbon fiber market as a promising and rapidly growing one.

JACK OF ALL TRADES

Returning to 2015's world from 2154's Pandora, the carbon fiber emerges as a key component in various fields in which some of them are not only large but very strategic. If you ask any individual about today's most critical sectors, the answer set you'll receive is very likely to contain certain sectors such as aerospace, energy, automotive and defense. They have another thing in common else for being strategic; carbon fiber is already an efficient material that these sectors utilize. Furthermore, the vanguard researches and applications show that its potential - regarded as one of the materials that is capable of changing the future of manufacturing- is to be further unleashed in semi-conductor market, medical sciences and environment friendly technologies in a near future.

Besides its chemical and physical specifications, wide range of application techniques and different carbon fiber varieties possessing various qualities increase the affinity of many sectors towards carbon fiber. It can be woven into fabric or bundled into a tow, with addition of different compounds it can form composite plates, sheets and tubes. Carbon fiber can also be utilized in the form of micro chains coated by different elements and it can coat other materials, granting them isolation, strength and durability.

Thanks to these qualities of carbon fiber, calling it "jack of all trades" is apt at least. For instance carbon fiber sheets are being used in concrete buildings and bridges in aspect of increasing their durability. High strength/ weight ratio of the material -which is 3 times stronger and 5 times lighter than steel according to



several studies- grants higher resistance against earthquakes with just a little extra weight on the bearing units.

Regarding medical science, being X-ray permeable CFRP (carbon fiber reinforced polymers) is used in manufacturing of X-ray inspection equipment. In addition the material is efficient in terms of producing artificial limbs, as it is non-hazardous, biologically inert and light.

Defense industry is quite fond of carbon fiber since the material can be given various qualities with addition of different elements. Thus carbon fiber is being used in manufacturing of UAVs (unmanned air vehicles), satellites and tactical military gears.

Unsurprisingly, aerospace industry is also among its distinguished demanders as the sector was accounting for 41% of total carbon fiber produced in 2005. Carbon fiber is widely used in both manufacturing the main structure of space shuttles and the shuttle equipment. The special suits of astronauts also make use of the attributes of the material. Though the share of aerospace industry in total carbon fiber is declining as the commercial use of the material in different fields increased in the last decade, the total volume demanded by the industry is still increasing.

Another field that is highly

Carbon fiber's attributes make the material highly attractive for manufacturing.



interested in carbon fiber is energy. Its weight efficiency makes the material appropriate for fuel saving applications. According to USA Office of Energy Efficiency & Renewable Energy, USA, wider use of carbon fiber in automotive can increase fuel efficiency some 35%. Thus, intense R&D is being made for further application of carbon fiber in vehicle manufacturing. Furthermore, it is one of the most preferred raw materials for wind turbine manufacturing. In fact, according to Siemens AG, wind energy accounted for 40% of total energy and industrial demand of carbon fiber in 2012.

In the light of these and more, it is possible to say that carbon fiber sector is likely to improve both on supply and demand sides. According to AJR Consultant, the carbon demand will be around 65 thousand metric tons in 2015 and the number is expected to be 120 thousand metric tons in 2020 and 160 thousand metric tons in 2025. The total carbon fiber consumption in 2010 was around 42 thousand metric tons.

MICRO CHAINS AND MACRO VISION

Carbon fiber is a material consisting of micro fibers (5-10µm in diameter) made mostly of carbon chains. Though various composites which have different mechanical qualities can be derived, there are two basic types of carbon fiber; PAN (Polyacrylonitrile) type carbon fiber and pitch type carbon fiber.

PAN type carbon fiber is the mostly preferred one, particularly in aerospace, industry and sports good manufacturing. Pitch type carbon fibers -such as oil/coal based carbon fiber, aramid carbon fiber, Bohr carbon fiber etc.- are rather less preferred

in terms of volume, but wide range of custom qualities this type offers makes them eligible for covering specific needs.

Both for manufacturing two main types a hi-tech equipment set and qualified labor is needed, thus it is adequate to say that carbon fiber manufacturing is a technology and R&D intense production field. In other words it is both literally and figuratively “rocket science”, besides its manufacturing technologies, the material commonly used in space rocket manufacturing. As fiber carbon spreads to new industries which in need of constant innovation and R&D, its product spectrum tends to increase. Hence, developing production techniques and new products will be strengthening correlation between supply and demand.

The profile of sector indicates a robust growth performance. According to The Carbon Fiber Industry Worldwide 2011-2020, the market will reach to \$4.5 billion by 2020, which was around \$2 billion in 2013. Furthermore, carbon fiber reinforced plastics total sale is estimated to reach \$28.2 billion by the end 2015 and \$48.7 billion by 2020. Looking from the perspective carbon fiber's commercial success and R&D works in both carbon fiber and the relative industries, the sector is highly promising.

A NEW CONTESTANT EMERGES

The outlook on the share of suppliers shows six companies are leading the sector. According to a survey conducted by Oak Ridge National Laboratory, a research center managed for the United States Department of Energy, Toray, Toho, Mitsubishi, Hexcel, Cytec, Zoltek were accounting for

some 93% of total output in 2010. Around the same year, a Turkish company which is one of the leading acrylic fiber manufacturers, Aksa, kick-started its carbon fiber manufacturing factory, making Turkey one of the nine carbon fiber producing countries.

Aksa, a member of Akkök Group, has been established in 1971, with the aim of specializing in fiber manufacturing. After growing steadily for four decades, Aksa received the title of the world's largest fiber acrylic fiber manufacturer, thanks to its 16% global market share. The banner carrier of its field started its carbon fiber



MITHAT OKAY
CEO, DowAksa

As DowAksa, we have managed to change the rules of the game by becoming the first company entered to carbon fiber industry in the last 30 years. DowAksa has recently executed a joint development agreement (JDA) with Ford to advance the development of cost effective, high volume manufactured carbon fiber for use in automotive and other industries.

And we did it with 100% domestic technology developed by Turkish engineers. Our total R&D expenditure exceeds \$250 million and we plan to make an investment of \$1 billion in 10 years. We are the first link of a sector chain which offers various opportunities and this is only the initial step. If the sector receives further investments and with the help of public sector regarding the necessary infrastructure, we are determined to take a significant step for Turkey's economy.

manufacturing operation with 1.5 thousand metric tons/year in 2010 as the first company entered the carbon fiber market in the last three decades. Following a deal made between Aksa and The Dow Chemical Company's venture Dow Europe, the new player that aims at increasing its global market share to 10% by 2017, DowAksa emerged in 2012. An investment amount of \$375 million has been made by counterparts for an additional carbon fiber production facility. Together with Aksa's established factory, the total production capacity of DowAksa reached to 3.5 thousand metric tons/year.

Mithat Okay, DowAksa's general manager, is preparing for a new target, 30 thousand metric tons/year production capacity, which will grant DowAksa around 20% global market share. According to company's estimations, achieving 10% global market share means \$15 billion contribution to Turkey's GDP, thanks to carbon fiber's 21% value-added ratio.

In order to achieve such goals, Aksa paced up with new projects in which “Carbon Fiber Industrial Specialization Zone” which is planned to be established in Yalova, Turkey, where Aksa produces 16% of world's total acrylic fiber, shine as the most important one. The Aksa campus in Yalova is the production headquarters of Aksa. Already accounting for \$1 billion, Aksa aims at transforming the campus in to a “Carbon Fiber Industrial Specialization Zone” and eventually transform the establishment into a carbon fiber manufacturing cluster. The infrastructural adjustments already begun including a waste treatment facility and the company is expecting the environmental impact assessment report

soon to be completed. The project expected to have a great influence on Turkish carbon fiber sector and contribute greatly to the value chain.

A MATTER OF LOW WEIGHT AND HIGH GRAVITY

Carbon fiber is considered as one of the materials that can contribute into the transformation of global industry towards becoming more energy efficient, environmental friendly and sustainable. Both supply and demand sides of carbon fiber market is optimal for breakthroughs in various fields from aerospace to medical sciences. As the production techniques and application areas are developing rapidly, the material that takes place in professional gaming gears, prosthetics, space shuttles, vehicles, energy units, textile and many more products is likely to cover a larger part in our daily lives. The fact that in 2005, carbon fiber market was valued at \$900 million in which the aerospace's share in total demand was around 41%, it is expected that it will reach to \$2 billion while commercial use of material will account for 71% of total demand, is a strong indicator regarding carbon fibers future. Whereas Turkey and its flagship company in fiber manufacturing, Aksa, aims at creating a strong competitive profile in the market and taking firm steps towards the goal.

On contrary to Avatar, carbon fiber is not as expensive as Unobtainium and the figures show that, thanks to the new production methods, the cost/unit of material is declining. And again on contrary to Avatar, the future's technology, extensively utilizing carbon fiber, and the mentality behind such eco-friendly technology will be in peace with nature all around the universe.



AUTOMOTIVE

Steady and Strong:

TURKISH AUTOMOTIVE INDUSTRY

Export champion of the last 9 years of Turkey, automotive sector, aims at \$75 billion in 2023. Bursa-based models started to be shown in U.S. streets already.

BY YAĞIZ ÖZERCAN

Transportation of people and goods is perhaps the most important vision of human beings from the beginning of history to today. Ever since the first steam powered auto-mobile capable of human transportation was built by Nicolas-Joseph Cugnot in 1768, the world is transformed into a world of wheels. According to a report from Ward's Auto, the global number of cars exceeded 1.015 billion in 2010, jumping from 980 million the year before. The OECD's International Transport Forum also forecasts that the number of cars worldwide would reach 2.5 billion by

2050. In this regard, Turkey performs its mission well to reach high demands of the consumers in the world.

Turkey has indeed become the "apple of the eye" of foreign investors in automotive sector, due to its geopolitical position and young workforce. Automotive industry in Turkey plays an important role in the manufacturing sector of the Turkish economy. The companies operating in the Turkish automotive sector are mainly located in the Marmara Region. In 2014, Turkey produced more than 1.125K motor vehicles. With a cluster of car-makers and



Turkish automotive sector has become an integral part of the global network of production bases, exporting more than \$22.2 billion worth of motor vehicles and components.

spare parts suppliers, the Turkish automotive sector has become an integral part of the global network of production bases, exporting more than \$22.2 billion worth of motor vehicles and components. Global car manufacturers with production plants include Fiat/Tofaş, Oyak-Renault, Hyundai, Toyota, Honda and Ford/Otosan.

With an increase of 4.5%, the automotive industry exported \$22.3 billion in 2014, which marks it as the highest export performance of the year. The same year sector has managed to take 14% share of the total \$158 billion export. According to



billion. Export champions for 9-year in a row, Turkish automotive industry aims at \$75 billion export in 2023.

Tofaş is a Turkish automaker company which was established in 1968 by Vehbi Koç, who was the founder of Koç Holding, based in Bursa, Turkey where the most of the automotive manufacturing plants in Turkey is located. The company assisted Bursa's \$7 billion export success in 2014 by making contribution of \$2 billion. Expanding its installed capacity as well as work load, Tofaş is making €600 million investment in Turkey in 2015. Determined to secure export prospects as 150,000 to 160,000 folds, Tofaş has assigned

its market expectations as 800,000 sales. Aiming at more manufacturing and export numbers with its increasing capacity, Tofaş has set its Bursa-based 'Doblo' model on outing to U.S. streets. Exporting a country which is well-known with its worldwide car labels, Tofaş makes a prominent effort to show its face in the Atlantic league. The company has already started trial productions of the new 'Sedan' model. The new 'Sedan' model will be presented in Frankfurt expo in September 2015, and 1 of the 3rd will be exported. Predicting to engaging Hatchback and Station models in 2016, Tofaş will be manufacturing 7 models

in Bursa, with its new Fiorino has been put into use. Determined to reach its major targets of both value-added export and manufacturing, Tofaş expects to manufacture 250,000 cars in 2015, and 400,000 cars in 2016.

To meet the ever-increasing demands, the industry has become the producer of the basic needs of human beings, considering almost every family in the world has a car now. Thus, it's not surprising that international companies invest in new manufacturing models and looking for new places to build plants. Extending its original auxiliary equipment and production network, the automotive sector in Turkey continues to grow with its export volume every year, and stands as one of the good examples for new investments.

the benchmarking reports of 2013/2014 era, the industry has grown over 4%, now for the January-March period in 2015, it exported over \$5.2 billion, which indicated 14.5% share in total exports in that period.

EU market is significant for Turkey's automotive export. Last year 74% of the total automotive export was carried through EU countries. In this aspect, it directly involved in the success of EU automotive market, such as private car market growth by 5.7% and commercial car market by 8.8%. The sector has managed to export \$16.4 billion to EU countries, with 20% increase in Germany, 16% increase in UK, 25% increase in Spain, and 11% increase in total. In line with the EU market, Turkey's exports to Middle East increased by 27%, and by 20% to other European countries. The sector's export target for this year is \$23

9 YEARS OF SUCCESS



ÖMER BURHANOĞLU

TİM Board Member,
Vice President of Automotive Industry Exporters Association

EU countries haul 70% of Turkey's automotive export market. The 2015 EU market estimations show growth to be in Turkey's most favour. Albeit the troubles at neighbouring countries, the tendency to alternative markets remain inclining. However, we predict the export losses on the automotive sector this year could be mostly from the Euro/Dollar parity standing still on low levels in 2015. Throughout all the elements affecting the sector we still have designated a \$23 billion export target for this year. Turkey's motor vehicle production would be around 1.2-1.25 million vehicles in which 900-950 thousand vehicles will be exported.

AVIATION

Fueling the Success

Turkish Airlines and Opet joint venture Turkish Opet have quickly evolved into a giant in five years.

BY M. BAHADIRHAN DİNÇASLAN

Operating an Airlines company is not just helping flights reach destinations on time or getting fixed profits. Under the type of the iceberg, there is often a great invisible operation, continuing night and day. While travelers enjoy the comfort and many other amenities over the clouds, they usually never think of the process that enables them to travel these distances. The privilege of the people in the modern world can be possible through various minor operations, each of them being critical for a successful flight. Fuel supply, food service, ground services, technical services, and many other components are the prerequisites of airway operations.

With its 12 affiliates and joint ventures, Turkish Airlines has understood the importance of specialization, since it is not an easy job to manage such a network of widespread components. Affiliates focus and specialize on different areas, and this distribution of work load continuously upgrades Turkish Airlines standards, allowing proper operations of its large fleet.

As one of these affiliates, THY Teknik provides maintenance, repair and technical support to more than 100 domestic and foreign airlines as well as Turkish Airlines. Established in 2006, this company is fully owned by Turkish Airlines. Türk Yer Hizmetleri, established as a joint venture in 2009, provides handling services to 5 airports in Turkey, as well as Istanbul Atatürk Airport. Türk Do&Co provides catering services to sixty domestic and foreign airlines as well as Turkish Airlines. Beginning its operations in 2007, Türk DO&CO is a joint venture of Turkish Airlines and DO&CO Restaurants & Catering AG.

In addition to these featured affiliates, one of them plays a prominent role because it operates in one of the major areas in airway management.

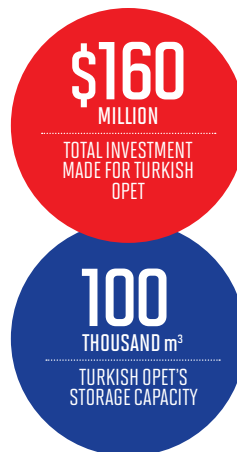
The instability in global petrol market is a fact that affects almost all aspects of the economy, and airlines are probably the most sensitive companies due to their high dependency on fuel. Even a slight change in prices causes a loss of profits for an airline. As well as global petrol market fluctuations;



Turkish Airlines is one of the largest groups in Turkey, thanks to its 12 subsidiaries.

local operations such as fuel transportation and storage comprise a major part of the operations of an airline.

In order to organize such operations and to compensate for the such potential miscellaneous losses, Turkish Airlines established Turkish OPET on September 18th, 2009 as a joint venture of Turkish Airlines and Opet Petroleum Company for meeting jet fuel needs. Responsible for organizing storage and supply chain activities, this company began its supply operations in July 2010. Turkish OPET has quickly set its operational system and provides timely, high-quality and flawless service to its customers with its state-of-the-art equipment. Reaching an investment of more than \$160 million at the end of five years, Turkish OPET





was ranked 25th in Turkey according to 2013 data of Fortune Turkey. Besides Turkish Airlines, it meets the jet fuel requirements of many domestic and foreign companies at all airports in Turkey.

Establishing a joint

Turkish Opet is not only reducing the fuel cost of Turkish Airlines but generating additional income with its service to various airlines.

venture just for operating in a certain area allows the sub-operation to be managed intensely and transparently. The combination of Turkish Airlines standards and the professional experiences of Opet has made Turkish Opet the leading supplier in

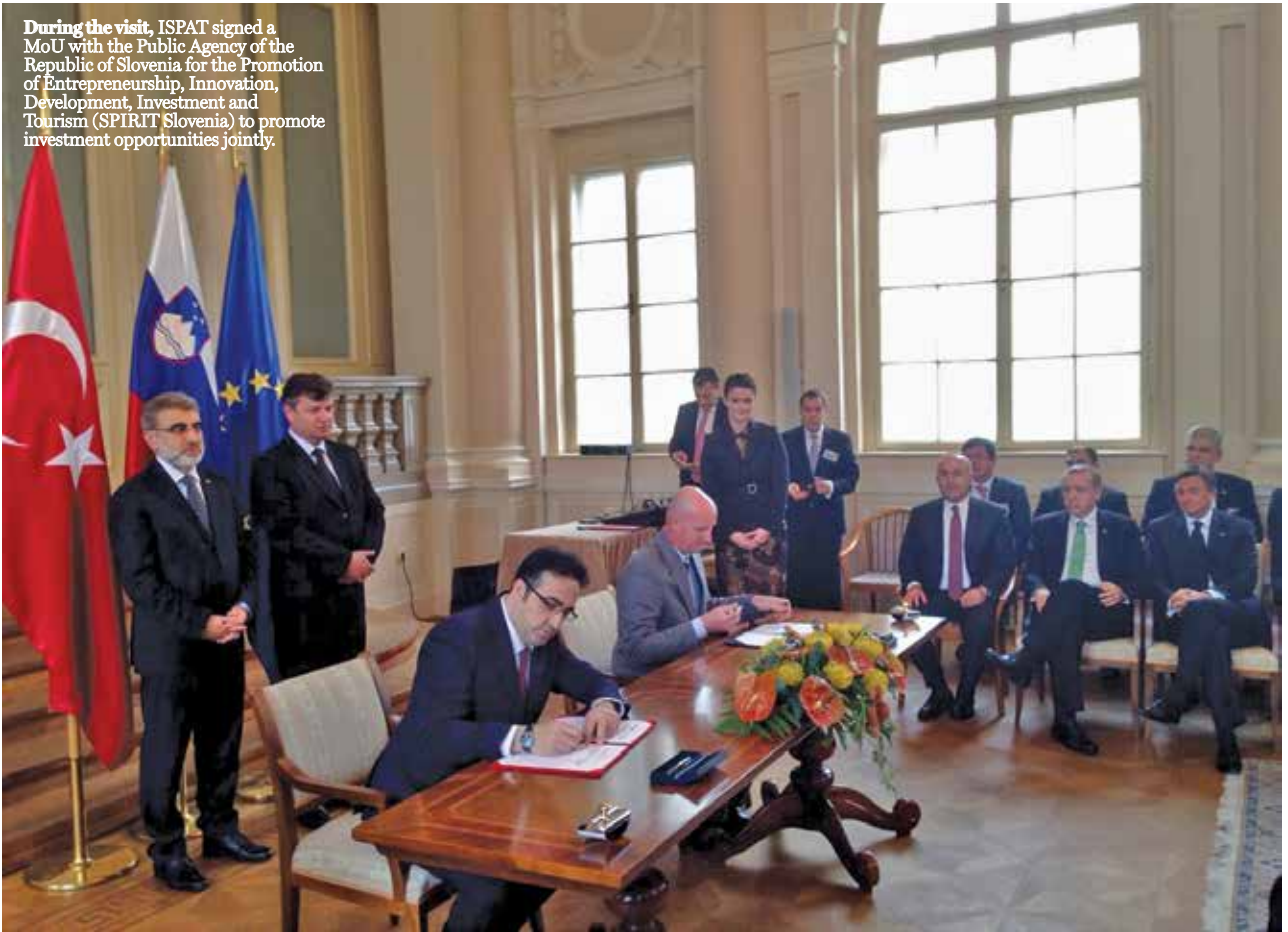
Turkish Opet meets the jet fuel requirements of many domestic and foreign companies.

a short time.

Turkish Opet provides services in international standards with its human health and environment-friendly operations, receiving the “green airport institution” certificate at 11 airports given by Civil Aviation Directorate-General, and ISO 14064-1 certificate for greenhouse gas emission. Turkish Opet, with its more than 100,000 m³ storage capacity, presents its products to consumers with a flawless service and optimum price, through its wide supply and distribution network, providing supplies from 9 main locations.

Turkish Opet will continue to meet jet fuel needs in future, with its infrastructure power and added value.

During the visit, ISPAT signed a MoU with the Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism (SPIRIT Slovenia) to promote investment opportunities jointly.



INVESTMENT

ISPAT AT WORK IN THE FOUR CORNERS OF THE WORLD

The Investment Support and Promotion Agency of Turkey (ISPAT) accompanies President Recep Tayyip Erdoğan in his official visits to Slovenia, Slovakia and Romania.

President Recep Tayyip Erdoğan paid official visits to three European Union countries, namely Slovenia, Slovakia and Romania, on March 30-April 1 to strengthen the economic and commercial ties between Turkey and these countries.

During his visits, Erdoğan was accompanied by **Minister of Foreign Affairs**

Mevlüt Çavuşoğlu, Minister of EU Affairs and Chief Negotiator Volkan Bozkır, Minister of Economy Nihat Zeybekçi, Minister of Energy and Natural Resources Taner Yıldız and Minister of Forestry and Water Affairs Veysel Eroğlu, deputies, bureaucrats, businessmen and reporters. ISPAT President İlker Aycı and ISPAT Vice President Arda Ermut also

accompanied the President in his high-level meetings and business forums.

During the visit, ISPAT signed a Memorandum of Understanding (MoU) with the Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism (SPIRIT Slovenia) to promote

investment opportunities jointly. Signed by ISPAT President İlker Aycı, the MoU will serve to bolster business and trade ties between Turkey and Slovenia.

Moreover, ISPAT promoted Turkey's investment climate and business opportunities in forums held in Slovenia, Slovakia and Romania and invited potential investors to invest in Turkey.



A DELEGATION LED BY TURKISH PRIME MINISTER HELD A NUMBER OF MEETINGS WITH THE WORLD'S LEADING INVESTORS IN NEW YORK.

PRIME MINISTER DAVUTOĞLU'S US VISIT

A Turkish delegation led by Turkey's Prime Minister Ahmet Davutoğlu, Deputy Prime Minister Ali Babacan, Finance Minister Mehmet Şimşek, Economy Minister Nihat Zeybekçi, ISPAT President İlker Aycı, and other high-level officials visited New York, US on March 4-6.

ISPAT President İlker Aycı accompanied Turkish Prime Minister in his round-table meetings with the world's leading investors and other meetings with the Turkish-American associations. Moreover, Turkish Prime Minister held meetings with

CEOs and senior executives of six multinational companies (MNCs) in ISPAT's portfolio which are globally active in a wide variety of sectors, including food processing, renewable energy, machinery, electronics, high-technology and biotechnology. Two of these investors invited Turkish Prime Minister to the inauguration ceremonies of their facilities in Turkey, which will become operational very soon.

During the meetings, world's major investors expressed that there is a consensus among international investors that Turkey is an attractive destination for investments and an island of stability in its region.

FINANCE MINISTER ŞİMŞEK'S INDIA VISIT

Finance Minister Mehmet Şimşek made a landmark first visit to India on February 23-25 with ISPAT Vice President Arda Ermut and his team.

During the comprehensive visit that was coordinated by ISPAT, Turkey and India engaged in several levels

including political, private sector, public sector, industry associations and the media.

The three-day tour started in Mumbai with TV and print media interactions followed by a meeting with TATA Group Chairman Cyrus Mistry and a luncheon with Tata Group CEOs. The discussion revolved around Turkey's status as an important country for the TATA Group and the country's

ISPAT hosted the "Doing Business in Turkey" forum at The Leela Palace Hotel where Mehmet Simsek, Arda Ermut and Burak Akcapar presented Turkey's business-friendly investment environment to an audience of over 120 participants.



Turkish Prime Minister

Ahmet Davutoğlu held meetings with CEOs and senior executives of six multinational companies (MNCs) in ISPAT's portfolio which are globally active in a wide variety of sectors.

significance as an integral part of the group's global strategy. Tata Power has begun to build a regional presence with a hydropower asset in Georgia, which will mainly supply electricity to Turkey.

Minister Şimşek and ISPAT also held one-to-one meetings with India's major conglomerates such as Mahindra & Mahindra, the largest global manufacturer of tractors, and Cipla Pharmaceuticals, the leader in HIV drugs. **On March 23, Minister Mehmet Şimşek, ISPAT Vice President Arda Ermut and the Ambassador of Turkey to India Burak Akcapar addressed over 130 businessmen at the "Doing Business in Turkey" forum hosted by ISPAT at the Taj Mahal Palace.** Commenting on the Turkish economy, Minister Şimşek focused on the economic transformation and ease of doing business in Turkey and the parallels it may hold to India.

Next day, Minister Şimşek and the ISPAT team were in New Delhi to meet with Indian Finance Minister Arun Jaitley and discuss ways to increase bilateral relations between the two countries.

Minister Şimşek also met with the media who were eager to know more about Turkey's business collaborations with India and its role in the European Union. Meetings were also held with the President of the Confederation of Indian Industry (CII), the leading industry association and senior management of the Indian IT giant, HCL. **The highlight of the day was the "Doing Business in Turkey" forum hosted by ISPAT at The Leela Palace Hotel where Mehmet Şimşek, Arda Ermut and Burak Akçapar presented Turkey's**

FINANCE MINISTER ŞİMŞEK'S JAPAN VISIT

The ISPAT team, headed by Finance Minister Mehmet Şimşek and ISPAT Vice President Arda Ermut, was in Japan on February 26-27. During the visit in Japan, the team met with **Japan's Deputy Prime Minister Taro Aso** to discuss issues related to finance between the two countries.

In the meeting held jointly by ISPAT and Mitsubishi UFJ Morgan Stanley Securities on February 26, Minister

bilateral relations between Turkey and Japan. More than 200 executives participated in the seminar where Ermut made a presentation on Turkey's investment climate and ISPAT's function as an investment facilitator. Minister Şimşek then made a keynote presentation entitled "Outlook of Turkey: Towards 2023." The presentations triggered quite a number of questions in the Q&A session.

The seminar was concluded with the presentations by Yasuo Asada, the Deputy President of BTMU Turkey



ISPAT & WAIPA President İlker Aycı attended the General Assembly of the Vienna Economic Forum, where ISPAT was unanimously appointed a board member.

Minister Şimşek made a keynote presentation entitled "Outlook of Turkey: Towards 2023." The presentations triggered quite a number of questions in the Q&A session.



business-friendly investment environment to an audience of over 120 participants.

Minister Şimşek appreciated the Indian government's "Make in India" campaign and said that it was an excellent opportunity for Turkish infrastructure companies to be part of the initiative that seeks to address India's infrastructure deficit and transform it into a global manufacturing hub.

Şimşek briefed the financial community about Turkey's economic outlook and policies.

The next day, **Ambassador of Turkey to Japan Bülent Meriç** opened the investment seminar hosted by ISPAT, the Japan Cooperation Center for the Middle East (JCCME) and The Bank of Tokyo Mitsubishi UFJ (BTMU) with a speech on ways to further improve and develop

and Michi Yamagami, the Attorney of Law at Anderson Mori & Tomotsune.

In addition to these meetings, the team met with the CEOs of global companies such as Mitsubishi Electric, IHI, Taisei Corporation, Japan Bank of International Cooperation (JBIC) and The Bank of Tokyo Mitsubishi UFJ (BTMU) in a bid to boost investments in Turkey.

AUSTRIA ROADSHOW

The Investment Support and Promotion Agency of Turkey (ISPAT) went on an investment promotion roadshow in Austria on March 9-10.

On March 9, **Ambassador of Turkey to Vienna, Austria Mehmet Hasan Göğüş** hosted a luncheon in honor of ISPAT President İlker Aycı. The ISPAT delegation met with esteemed members of the Austrian business community at this luncheon where İlker Aycı delivered a speech about Turkey's economic performance, investment environment and vision 2023, the centennial of the Republic of Turkey. Following his speech, Aycı answered questions of the top executives of prominent Austrian companies. After the luncheon, **Aycı attended the General Assembly of the Vienna Economic Forum, where ISPAT was unanimously appointed a board member.**

On March 10, the ISPAT delegation participated in the "Invest in Turkey" event hosted by ICS Internationalisierungszentrum Steiermark in Graz where Mehmet Hasan Göğüş



amounts to USD 500 million and was realized with the assistance of the Investment Support and Promotion Agency of Turkey (ISPAT).

On opening the center located in Kavacık, Turkey's Minister of Finance Mehmet Şimşek said that such investments helping Turkey to climb the value chain were strongly supported. "3M's expansion of its operations in our country demonstrates the rapid development Turkey has enjoyed in recent years," he noted.

Meanwhile, 3M Vice President of Central and Eastern Europe Giuseppe Castaldi said, "The 3M Customer Innovation Center in İstanbul is only a small part of our ongoing investments in Turkey. Once the Çorlu production hub reaches operational status, it will serve not only the domestic market but the entire globe." He added that Turkey was the company's second biggest market in the Middle East and Eastern Europe.



ISTANBUL TO TAKE CENTER STAGE AT MIPIM 2015

Turkey's continent-spanning metropolis was represented in all its glory at MIPIM, the premier event of the global property market. **Scheduled to take place in Cannes on March 10-13, MIPIM 2015 featured a number of other Turkish cities as well as Istanbul, foregrounding investment opportunities in one of the hottest real estate markets in the world.**

Visitors to the Turkey pavillion experienced Istanbul's scenic natural beauty and multicultural character via a scale model of the city and its landmarks. **The cities of Ankara, Antalya, and Balıkesir were represented at the show with their latest property projects catering to international investors.**

The Investment Support and Promotion Agency of Turkey (ISPAT) participated in the event, along with several Turkish developers and construction companies. **Turkey was recognized as "Country of Honor" at MIPIM twice in a row, in 2013 and 2014.** The abundance of projects suited to international investors brought real estate purchases **by foreigners in Turkey to USD 4.3 billion in 2014, rising by 41 percent over the preceding year.**

delivered the opening speech, while executives of Styrian Business Promotion Agency and WKO presented facts about Styria and Austrian-Turkish business relations. ISPAT President Ayçi's presentation entitled "Investment Climate in Turkey - Support for Austrian Companies Investing in Turkey" followed the presentations and drew considerable interest.

After the event at ICS, the ISPAT delegation visited the office of Dr. Christian Buchmann, member of the government of Styria in charge of economy and industry. The ISPAT delegation also visited AVL, the largest privately-owned company for the development of powertrain systems as well as instrumentation with internal combustion engines (ICEs) and test systems and also producer of electric powertrains. AVL CEO Helmut List and company executives including General Manager of AVL Turkey made a presentation about AVL's operations and drew attention to their satisfaction with their Turkish branch.

AVL Turkey General Director Umüt Genç

extended their appreciation for ISPAT's support for AVL's new R&D center, which will soon be commissioned in İstanbul. Meanwhile, İlker Ayçi informed AVL about the importance the Turkish government attaches to R&D activities and innovation's role in increasing export revenues to USD 500 billion by 2023. During the meeting, AVL also expressed its intention to open an additional R&D center with the support of ISPAT and the Scientific and Technological Research Council of Turkey (TUBITAK).

3M LAUNCHES INNOVATION CENTER IN İSTANBUL

3M opened a Customer Innovation Center in İstanbul as part of its investment drive in Turkey. The US-based conglomerate is currently building a manufacturing plant in the Çorlu district of Tekirdağ province, and aims to utilize Turkey's strategic location to expedite its plans for growth in the European, Middle Eastern and North African regions. **The production hub investment**

MOVING AHEAD OF INTEGRATION; TURKEY & FTAs

Turkey proved to be “a role-model of economic integration and transformation”, not solely for Middle East but for various emerging markets in different continents. Now, it aims to hit many birds with one stone, on the route to its 2023 targets; and that stone is “FTA”.

BY TURGUT ETİNGÜ BY NECİP ŞAHİN

Starting from the emergence of the socio-economic factors which have led the world to the Industrial Revolution and established the Classical Economics, the world is moving on a certain course. With the strong momentum of the reigning approaches and vision of their age, which is defined as the Modern Era by the late 19th century, the world started to develop not by particular breakthroughs occurring in isolated zones but as an organism consisting of different systems acting collectively. In other words the world, with its all components, started to advance as a whole.

On the route of this advance, it has passed through many critical points which have dramatically changed the course of its history and its future. Though it is considerably hard to foresee the upcoming critical points, thanks to more than ever easy access to the endless data sources and the adequate tools making it possible to analyze the checked milestones and determine new ones, we are getting more and more information about the historical crunches. In fact, we are able to understand the link between the accomplishments and the goals which have a strong predecessor-successor relationship and of course the direction and the attributes of the stream of development. And obviously this is one of the most crucial upshots of the ongoing –if we discard the famous argument of Fukuyama- progress of history.

The progress has different vectors which are substantially and distinctively effecting the global economy and the social structure of world. These component forces constitute the motion of the “Modern World” towards the “Future’s World” as they are touching both individuals and societies at different levels. Although many of them are arguable since they contain subjective claims, one distinguishes itself as “a priori”, considering that empirical conclusions on this fact are well predictable and always emerge as expected.





Türkiye

THE COMMON ATTRIBUTE OF THE “PARADIGM SHIFTERS”

The International Telegraph Union is not the direct ancestor of the first McDonald’s restaurant or invention of television can’t be strictly affiliated to the technology that allows controlled uranium fission. The discovery of Penicillin might somehow have contributed to the launching of the first communication satellite but linking the Spanish flu outbreak with the establishment of the first electronic stock exchange is an ordeal. All these and many other critical points of the history are hard to interrelate, unless you read the events and incidents as a part of a dialect, a stream. Thanks to Dr. Nayef R. F. Al-Rodhan’s detailed work, we can easily see the junction point of seemingly discrete but strongly connected occasions, globalization.

Dr. Nayef R. F. Al-Rodhan is not only a renowned neuroscientist who received various prestigious awards, but also a philosopher and geostrategist. Besides being an honorary fellow at Oxford University, he is working as Senior Fellow and Centre Director of the Geopolitics and Global Futures Programme at the Geneva Centre for Security Policy, Geneva, Switzerland and last but not the least, the author of “Definitions of Globalization: A Comprehensive Overview and a Proposed Definition (2006)” and “Historical Milestones of Globalization (2006)”.

Bringing a universal definition to globalization in terms of human science

and drawing the timeline of it, starting from ‘World System History’ in 2500 BC reaching out to United Arab Emirates Ports Deal in 2006, Dr. Al-Rodhan’s papers looks on the subject through a methodology consisting of political, economic, socio-cultural, security, military an environmental dimensions which are analyzing the particular occasion’s effect on the world from their practice areas perspectives. The main idea behind the paper is basically built on the inspection of international effects of such occasions at a certain time window, their influence at state level and international level and their compliances to the general contemporary pattern of globalization. For example, establishment of the first export processing zone in Ireland is actually a development at state level, in which Ireland has carried out a project in order to boost is foreign trade. Though it was a pioneer, followed by numerous free trade zones, one of the most important breakthroughs in liberalization of global trade. Thus, neglecting collateral effects of any event is actually missing the very point of collective progress of globalization.

AN IFF CASE; INTEGRATION AND LIBERALIZATION

The integration quantum leaps in the recent history were aiming at driving the world to a path which will eventually reach to a homogenous socio-economical structure, in which establishment of multinational organizations constituting

the core of the process. The second generation institutions European Union (the outcome of European Economic Community) and United Nations (the descendant of League of Nations) are the umbrella organizations consisting of various integration and convergence machines, each one building an expertise on a certain dimension of global integration. Varying from the protection of historical monuments to fight the hunger worldwide, numerous agencies are working intensively for bringing global solutions to particular or local problems. The motive here is that problem may look or in fact be local, but its causation and effects concern whole the world and the pattern is quite similar to the stream of progress, keeps simultaneously going on different areas.

Though globalization contains many components such as environment, health, politics, welfare and more, the term is mostly associated with a particular dynamic. It is a robust reading of the dialect under the light of various plot twist of history from the formation of the first society as we understand today to the formation of the Modern World. All these paradigm shifts and more are highly interconnected with economic momentum, which changes the story of human being to the economical being. Thus, amongst many subjects, as being one of the main courses of historical progress since its very foundation, today’s global economy which is highly

“HISTORICAL MILESTONES OF GLOBALIZATION★”

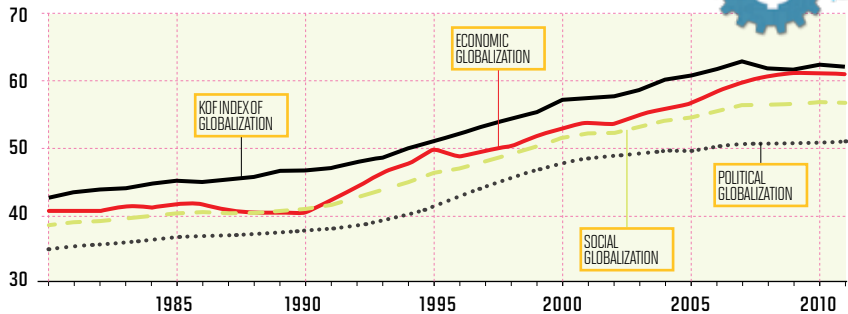
2500 BC.	WORLD SYSTEM HISTORY, TERM COINED BY A. FRANK(1990)	1600S	GOLD/SILVER COST DISPARITY	1765	INVENTION OF THE STEAM ENGINE	1807	INTRODUCTION OF THE STEAMSHIP	1884	GREENWICH MEAN TIME (GMT)	1903	THE FIRST FLIGHT	1927	DEVELOPMENT OF THE TELEVISION	1930	GLOBAL RADIO BROADCAST	1944-1947	BRETTON WOODS AND FOUNDATION OF THE UNITED NATIONS, INTERNATIONAL MONETARY FUND, AND THE WORLD BANK
																	
1200S	ASIAN-EUROPEAN TRADING	1453	THE CONQUEST OF ISTANBUL	1789	THE FRENCH REVOLUTION	1865	FOUNDATION OF THE INTERNATIONAL TELEGRAPH UNION	1901	THE NOBEL PRIZES	1919	THE LEAGUE OF NATIONS	1929	FIRST OFFSHORE ¹⁶ FINANCE ARRANGEMENT	1942	THE INVENTION OF THE COMPUTER	1946	FIRST DIGITAL COMPUTER
																	



fragmental and interactive with its component economies, emerges as the cause, the problem and the solution of many global affairs and occasions. Hence, it is not surprising that the most renowned agencies of global organizations are the ones regarding economy such as World Trade Organization (WTO), Customs Union (CU), European Bank for Reconstruction and Development (EBRD), World Bank Group (WBG) and United Nations Industrial Development Organization (UNIDO) and International Monetary Fund (IMF). Especially starting from the end of the World War II, as Bretton Woods built the international habitat for alike organizations to be inaugurated, the most important and demanding phase of the progress towards an ultimately global world is laying the foundations of its economy that coheres the economies of the world and forms a fractal global economy.

On the other hand, the strong correlation between global integration and economy inducing an “if and only if” (iff) situation whereas further integration requires improvement of economic bonds and taking the economic relation into a more sophisticated level is possible through standardizing and harmonizing international trade. In this regard, economic relations between countries –trade and financial relations in particular– have evolved acceleratedly in the last half century. This phenomenon-like momentum, though getting stronger

KOF INDEX OF GLOBALIZATION WORLDWIDE



Data: KOF Swiss Economic Institute

and stronger by decades to come, has still a long way to go in terms of achieving the ultimate goal as international trade and investment are still facing various obstructions caused by tariffs, custom regulations and similar other implementations.

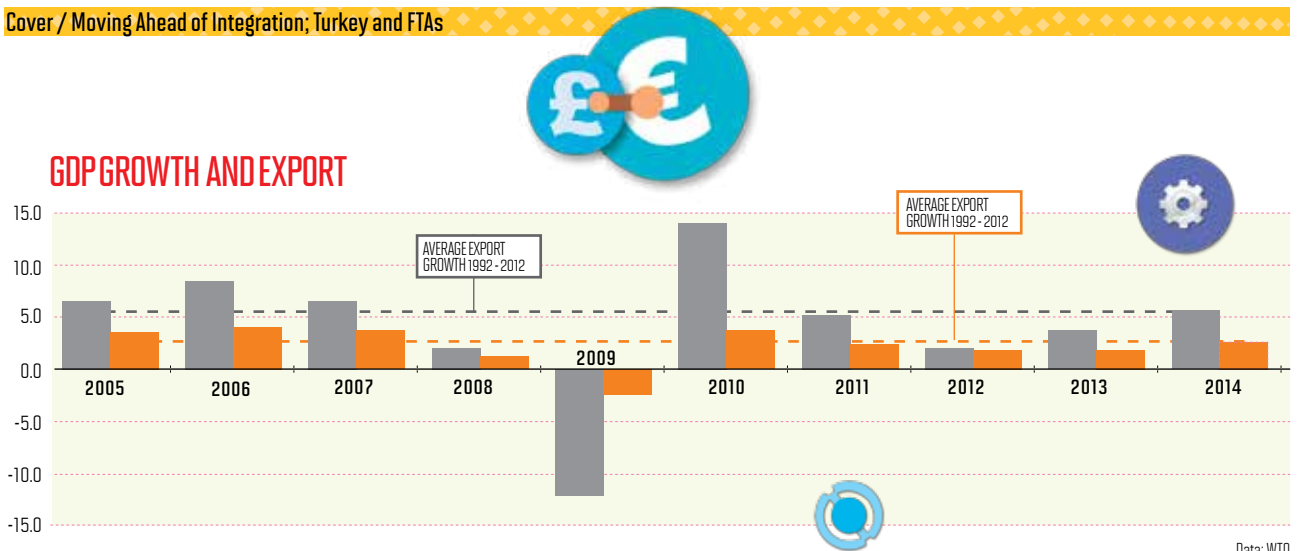
Of course this is one of the natural enemies of a fully integrated global economy and also far from being unexpected or unforeseen. Adopting Protectionist policies, the classical approaches of the early times of modern economics and industrialization were heavily focusing on individual development. Because collateral effects of economic occasions in a particular country were far from creating a global domino effect. But now the countries have strong economic relations whereas a long range of factors of an individual country such as interest rates, financial market

performance and so on has a strong effect on the other. Just by observing the last decade of crises and recoveries, the notion becomes distinctively clear. Hence, trade liberalization emerges as a premise for a globalized economic structure which aims to be totally integrated eventually and contains a strong correlation between its components.

In fact, as well as slowing down the integration process such impeding implementations are actually holding the economic growth back from its potential. According to World Bank's estimation in 2002, the world could be \$830 richer billion by the end of this year if the trade barriers like tariffs and quotas were removed. Considering the fact that trade's share in the gross world product (GWP) was some 61% in 2010, underlines the significance of its liberalization. In the aspect of European Union (EU), European

1947	GENERAL AGREEMENT ON TARIFFS AND TRADE	1954	ESTABLISHMENT OF THE FIRST EXPORT PROCESSING ZONE	1957	EUROPEAN ECONOMIC COMMUNITY (EEC) CREATED	1963	ISSUANCE OF THE FIRST EUROBOND	1969	CREATION OF THE FIRST LARGE-SCALE COMPUTER NETWORK	1976	FIRST DIRECT BROADCAST SATELLITE	1991	THE END OF THE USSR WORLD WIDE WEB	1992	CREATION OF THE EUROPEAN UNION (EU)	1995	FOUNDATION OF THE WORLD TRADE ORGANIZATION (WTO)
1947	CREATION OF THE ORGANISATION FOR EUROPEAN ECONOMIC CO-OPERATION AND THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECC/OECD)	1955	FIRST MCDONALD'S RESTAURANT OPENED	1957	FIRST EURO CURRENCY LOAN	1966	FIRST PHOTOGRAPHS OF PLANET EARTH FROM OUTER SPACE	1971	FIRST ELECTRONIC STOCK EXCHANGE	1987	STOCK-MARKET CRASH	1993	ASIA-PACIFIC ECONOMIC COOPERATION (APEC)	1996	DOLLY THE SHEEP IS BORN		

* FROM THE PAPER OF AL-RODHAN, 2006



Commission states that the finalization of ongoing negotiations on free trade agreements concerning EU means adding €275 billion to EU economy, an amount almost equal to Denmark's or Austria's GDP.

Furthermore, international trade was the antagonist of numerous success stories that narrates the emergence of new economic powers like China, South Korea and India since their foreign trade surplus was the steam engine of their growth. Considering that the developing countries are accounting for more than half of the GWP 2013 –in which it is estimated that their share will reach 60% by 2030– and the World Bank's projection that between 2012–2017 emerging markets will account for 74% of world growth, trade liberalization is a crucial part of providing the necessary global conditions for emerging economies, thus for global growth.

RENOVATING A TOOL

Following the effectuation of the General Agreement on Tariffs and Trade (GATT) with the participation of 23 countries in 1947, the world was introduced a new and more rationalized trade system and a new tool which allows countries to improve their foreign trades. Agreement's preamble refers to its purpose as "substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis". With another saying, the world has recognized the negative effect of trade barriers as an international trade and integration impeding factor. Another attribute of GATT is that the agreement was the foundations of WTO and it the prototype of trade agreements in modern sense.

However the economic and political global conjuncture of that era was taking the matter building a new economic system which will nourish the global economy and stimulate the post-World War II recovery process. Thus, the structural reforms which would rebuilding and reconfiguring the macro-economic climate were the matter of gravity instead of creating multilateral trade partnerships between countries. Another milestone of this era is the founding of European Free Trade Association in 1960, which fits into context as it was the regulatory institution of EU member countries trade relations. Therefore, number of trade agreements have shown a steady though modest increase until the 1990s.

"The Roaring Nineties", as Nobel Prize winner economist Joseph Stiglitz calls it, has witnessed the reinvention of an integration and liberalization tool; free trade agreements. While GATT has received 124 regional trade agreement (RTA) notifications between 1948 and 1995, starting from its establishment WTO received more than 400 notifications in the period of 1995–2015 which regards to a 75 folds increase in the last two decade. Another important factor in such raise is of course the emergence of new trade assets such as intellectual properties, patents and technology and increasing need towards harmonization of policies regarding competition, governmental incentives and

protectionist measures.

Nevertheless, the increase in number of free trade agreements was actually the outcome of renovation a familiar tool which was introduced more than 35 years ago. New trade agreements and their new derivatives stimulated the international trade quite positively which lead to raise of trade's share in GWP while the economic globalization enjoyed an inclining trend and 2000s free trade agreements and partnerships became the hotbed of international trade. For example, entering into force in 1994, North American Free Trade Agreement (NAFTA) (consisting of the United States, Canada and Mexico) accounts for an economy with a total output of \$20 trillion, a combined intra-trade amount of \$1.4 trillion (by the end of 2013) and 450 million population. Another success case is Trans-Pacific Partnership (TPP). The partnership of 12 countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam) accounts for a foreign trade amount of \$1.55 trillion between the United States and other member countries by itself. And the hot prospect of upcoming years, Trans-Atlantic Trade and Investment Partnership (TTIP) will be the focal point of the Western hemisphere's international trade.

TTIP, free trade agreement proposed between the United States and EU, is

While GATT has received 124 regional trade agreement (RTA) notifications between 1948 and 1995, WTO received more than 400 notification in the period of 1995-2015 which regards to a 75 folds increase in the last two decades.

planned to boost economic relations in investment, foreign trade and employment between two counterparts. It will be bringing a new dimension to a trade volume (includes services, goods and investments) of approximately €4 trillion. According to estimations of Centre for Economic and Policy Research, it create an annual growth boost around €68-119 billion to EU's GDP and add €50-95 billion to the United States' GDP by 2027 while the European Commission (EC) underscores that even if the limited version of agreement which only effects tariffs is agreed upon, EU and the United States will be yielding €24 billion and €9 billion additional annual GDP increase by the same date. Another point touched by EC is that the first impact of agreement will also be beneficial for rest of the world, as their estimations indicate some €120 billion for EU, €90 billion for USA and €100 billion surplus for the rest of the world.

As the negotiations moved on to the third round by the end of 2013, another subject which is highly anticipated is the inclusion of third countries to the agreement. EU's bilateral trade agreements with numerous other countries exceed 1400, and it means 1400 other BTAs will be directly affected by the final state of the agreement. The earlier stages of meetings and negotiations were carried out discretely, thus little has been known by EU and US' big trade partners. While the final negotiation rounds start to emerge on the horizon, the question marks regarding inclusion of third parties arise even higher and speculations scale up as

well. The situation has drawn the attention of European Parliament (EP) in which the TTIP's political dimension is as crucial as its economic side, hence intensive debates led to a more transparent approach called TTIP transparency initiative to be adopted and EC started to publish legal texts of TTIP. US' front is still foggy but it is expected that inclusion of Canada and Mexico is high, and EU is u probable, while EU is not likely to leave out countries like Norway and Switzerland which are not a part of European Economic Area. These particular matters give a hint about agreements structure concerning third parties; it will be resilient against "spaghetti bowl effect" which occurs while the parties of a FTA have conflicting regulations or FTA contradicts with other agreements of parties. Nevertheless the matter is not even remotely clear yet but it is clear that parties like BRICS, Southeast Asia and the Gulf countries and African countries are quite eager to partake in agreement. And Turkey, Europe's fourth largest trade partners after the United States, China and Russia with trade volume share of 3.7% is not an exception.

TURKEY'S INTEGRATION AT A GLANCE

The story begun in 1923 with the founding of the Republic of Turkey in which the first integration move into global economy and politics came 9 years after its founding. The first and only country that joined to League of Nations (proto-United Nations) by invitation instead of application, Turkey, was always an economic and geopolitical base but

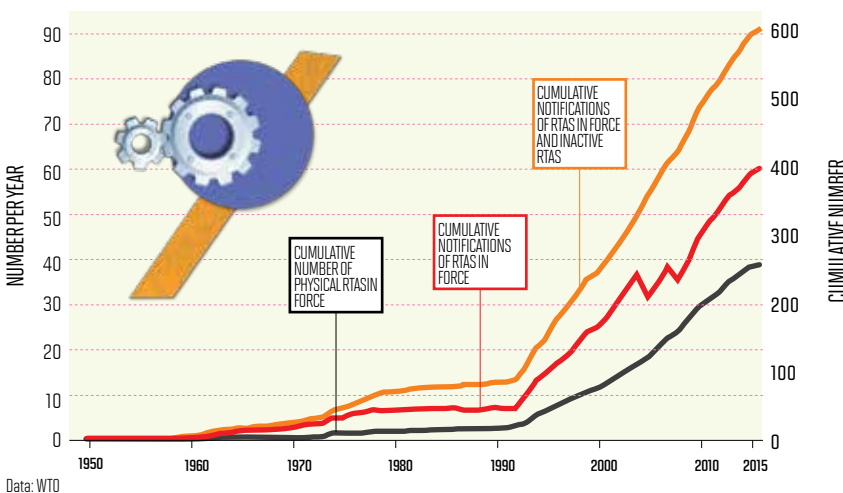
the transformation into an open-access market was not initiated until 1980.

Turkey was still a closed market (which inhibits and/or prohibits international trade, investments, foreign currency exchange etc.) in first 23 days of 1980. The famous reform package known as "January 24th Implementations" and shaped by two historical figures in Turkish politic history, Turgut Özal, the then President of Turkey and Süleyman Demirel, the then Prime Minister, was the declaration of dropping mixed economic system and adopting free market conditions.

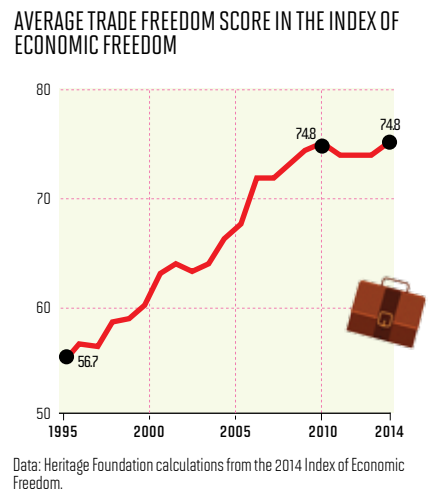
1995 was the year of another critical development in Turkey's integration story. Turkey has signed a treaty with EU regarding Customs Union (CU). By signing the agreement Turkey became one of the three non-EU states entered to Customs Union before receiving EU membership candidate status while it was the first effectuated trade agreement of EU with a non-member state. Furthermore, Turkey's accession to the EU progress has entered to a new phase with the agreement which followed by Turkey's recognition as a candidate in 1999 and initiation of full membership negotiations in 2005.

The early times of transformation had its ups and downs of which the political dispute induced financial crisis of 2001, known as the Black Wednesday, remarks both a rock-bottom and the start of a new rise. The crisis had a devastating effect on Turkish economy whilst 13 banks failed along with numerous financial

EVOLUTION OF REGIONAL TRADE AGREEMENTS IN THE WORLD, 1948-2015



GLOBAL TRADE FREEDOM LEVELS





MEHMET BÜYÜKEŞÇİ
President of Turkish Exporters
Assembly

“FTAs can have a considerable impact on Turkey’s global competitiveness and export power.”

How do you evaluate the role of FTAs in globalization? How will the liberalization of trade contribute to integration?

Free trade, the pillar principles constituted based on the liberalization of convertible currencies, foreign direct investments and capital flows, became the reigning regime of the globalizing world. And the economic system of the globalization has been built on “regional economic integrations” and “economic cooperation agreements”.

Trying to recover from the crisis since 2008, The United States and European Union have realized that they could keep their dominant economic positions not by competing with each other, but by taking actions together. Subsequent to China surpassing the United States in foreign trade volume by the end of 2012, the negotiations of Transatlantic Trade and Investment Partnership (TTIP) have been initiated. As of this

partnership, the significance of free trade agreements (FTAs) raised dramatically and the extent of FTAs farther deepened with strategic partnerships.

Considering the facts that the US and EU together account for nearly the half of gross world product, almost one third of global trade; and the total amount of mutual investments is around \$3.7 trillion, the gravity of the trade and investment partnership between two parties regarding the global economy, trade and liberalization is better understood.

What benefits did Turkey get from its FTAs during the last 15 years, in which it experienced a respectable growth in trade? And how could inclusion to TTIP affect the progress?

FTAs are of an incrementing significance for the global trade as the multilateral trade initiatives have been left uncompleted. Turkey followed the trend and increased

the number of its FTAs in accordance. Turkey benefited from previous FTAs in terms of the trade volume and balance, and in particular its export to countries such as Egypt, Syria, Jordan and Georgia increased rapidly. However the FTAs Turkey signed couldn't provide a comprehensive basis for a FTA with the US as they were made with rather smaller economies. But it is obvious that an agreement between the US and EU which excludes Turkey, would affect our trade's growth and robust improvement negatively. In this sense, we believe that Turkey should definitely take part in TTIP. Nevertheless, by terminating the current implementation, EU's automatically including Turkey to FTAs with third parties is the main priority.

As TİM, what kind of roles did you take in order for existing FTAs to sign and initiation of debates for new agreements?

When the last term is considered, in the light of EU and USA's TTIP negotiations, with the support of Ministry of Economy, we performed an impact analysis study towards analyzing the economic effects of a possible Turkey-USA Free Trade Agreement.

Our studies have been completed in four stages, including the evaluation of the economic, social, environmental subjects and tendencies, assignment of different policy options with analogy work, positive & negative aspects of a new mechanism, and developing new policy suggestions. We performed more than 20 interviews with various shareholders in the business. The competitiveness conjuncture of export to USA and EU, competitive artifact, and possible FTAs competitiveness impacts have been analyzed. A priori effects on export, import and direct foreign investments are disclosed. Moreover, competitive structure of transportation, tourism, construction, insurance, banking, IT, energy, retail, medical sectors' are drawn. And potential FTAs expected impacts are analyzed.

With our project completed in January 2014, we have reached a conclusion that the FTA between Turkey and USA would reflect credit on Turkey regarding to growth and enhancing direct foreign investment. We developed a course of action to help Turkey to dwell on issues like limited competitiveness, low value-added export, high logistic costs, and nonoptimal retail. In order to maximize FTAs effects, we provided solutions about fundamental transformation that carries the value chain at the fullest extent, and taking indispensable innovation steps.

What are the potential impacts of the possible FTA on Turkish exporters who perform well despite the obstacles due to the current regulations?

We believe that it can increase the power of competitiveness and expedite their export developments. Turkey had an export escalation in especially Egypt, Syria, Jordan, and Georgia, thanks to the FTAs signed in the past. For instance, Turkey signed a Free Trade Agreement with Egypt in 2007. Chemistry industry had a huge increase after the FTA. Again, after the FTA chemical products for Jordan, steel for Chile were the main industries that helped them to grow. Turkey's trade balance with partner countries made considerable progress after the FTAs. According to USA FTA Impact Analysis study, it would have been the greatest good for the apparel industry if such an agreement is signed. On the other hand, in case of the decline in non-tariff barriers in automotive, machine, steel, aviation, and defense industries, it would have a positive impact for these industries as well.

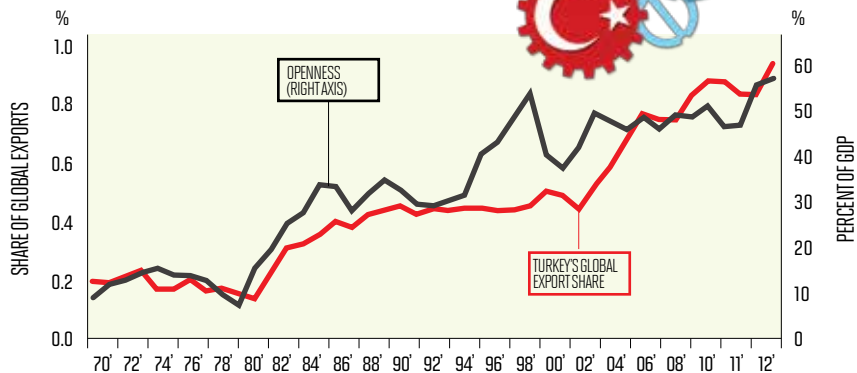
What would be the contributions of FTAs in the course of Turkey's 2023 targets?

On the route to 2023 targets, as well as increase in market share in current markets, emergence in alternative markets are significant. Therewithal, we believe Turkey should utilize every opportunities in this matter. For instance, Turkey has a very limited share in USA's import, the biggest importer of the world with \$2.4 trillion. A possible Turkey-USA Free Trade Agreement, can serve as a catalyser to get benefit from the potential of USA market. Turkey should tailgate the opportunities as such, in order to increase export volume.

What are your projections towards the near future?

Turkey currently has 17 FTAs in effectuation. Turkey's largest FTA partners in terms of trade volume are EFTA and South Korea. On the other hand, the paramount trade zone of Turkey is EU Customs Union which it has been a member since 1996. We expect Turkey to move further with its integration into the global trade and increase its share in the world trade by the effectuation of FTAs that are in the agenda of our Ministry of Economy.

TURKEY'S RISING GLOBAL PRESENCE



Data: World Development Indicators (WDI), WB staff calculations.

intermediaries, overnight interest rates reached to 6200%, aggregate domestic demand shrunk by some 10% and so on. Ali Babacan, the Deputy Prime Minister Responsible for Economy, stated that the total economic damage of the crisis was more than \$100 billion (with today's currency rates), which was roughly 75% of Turkey's GDP in 2001.

On the other hand, upshifting the policies and giving a basis for new and solid implementations, the crisis was a milestone. Turkey was already focusing on taking precautionary measures, learning from the financial crisis of 1994, such as founding of Banking Regulation and Supervision (BRSA) in 2000. But the real deal reforms, Transition to the Strong Economy Programme, declared in April 15th 2001, two months after the Black Wednesday. The programme was supporting privatization and competitive market conditions, regulating taxation and finance sector and changing the public debt policy. Furthermore, investment climate, financial markets, monetary policies and interest rate policies were all readjusted by the programme. In other words it was building the infrastructure of a new Turkish economy -adapting it to global economy by reconfiguring the domestic dynamic- which was stabilized, adopted Western financial discipline and able to compete in international markets.

FROM UNCERTAINTY TO PROSPERITY

2001 was the turning point of the tide. After two decades of open market transition based instabilities and unpredictable crisis caused by political instabilities and unorthodox policies,

Turkey underwent an economic transformation and development era which is still ongoing despite global economic setbacks. Thanks to the momentum based on the new economic profile, Turkey has been enjoying an era of prosperity in which global economic integration process, the robust growth and foreign trade performance secured a 4.9% annual growth between 2002 and 2013 while the average annual GDP growth of the world is around 2.5%, according to World Bank. A performance which has drawn attention of the world whereas twenty delegations from emerging economies including India and Malaysia have visited Turkey to learn about its transition regarding various areas such as banking restructuring, public finance management and health care reforms. Despite the fluctuations in global economy and exchange rate volatilities, regional political conflicts and slow recovery progress in EU, Turkey's biggest trade partner, Turkey managed to grab a modest 2.9% growth by the end of 2014 whereas OECD forecast indicates that Turkey will keep up with 4% growth in 2016. Whereas Turkey's GDP per capita is increased circa threefold, reaching \$10,482 in 2013 from \$3,521 in 2011. IMF estimates that Turkey will keep this trend and GDP per capita will exceed \$11 thousand by the end of 2015.

Finance sector is amongst the protagonists and beneficiaries of the story. Istanbul Stock Exchange (Borsa Istanbul before its transformation) has reached to a trading volume of \$165 billion in 2014 from \$35 billion in 2001. In a similar manner, the amount of foreign direct investments (FDI) to

Turkey increased drastically. While Turkey has received a total sum of circa \$15 billion of FDI over the 20 year window after 1980, in the past decade this amount increased to \$142 billion in which the FDI inflow in 2014 was around \$12.5 by itself. The number of foreign companies operating in Turkey has surpassed 39 thousand by the end of 2014 and the trend is keeping its pace. Banking sector's performance was another booster for finance. The sectors share in GNP which was around 61% in 2002 is increased to 111% by the end of 2013. Furthermore, Turkish banking sector meets Basel II criteria and already surpasses some of the standards defined in Basel III as the leverage ratio 8% and the capital adequacy ratio average of sector is around 15%, according to BRSA statistics.

Foreign trade most certainly is one of the strongholds of Turkey's globalization course. The trade liberalization's early boost has been observed short after the implementation of Transition to the Strong Economy Programme, as the export increased 13% in following six months of the implementation. And thanks to its exporters and policies, Turkey was able to maintain the raise and export volume reached \$157.6 billion in 2014 from \$31 billion export in 2001. These figures indicate a solid 15% annual increase over the last decade meanwhile number of Turkey's export markets –including free zones– hit to 240 and rising over 18 thousand EXPY (unit used to measure a country's sophistication of its export basket) its export sophistication outpaced MENA average, BIC average and EU candidates average. In other saying Turkey increased its export quality and export to whole world. With its incrementing productivity, growing with an annual average of 3.6% between 1995-2011 which exceeds BRICS average and MENA average and only 0.3% below EU average, and approach that prioritizes high value-added manufacturing, net export's share in growth increased to 1.2%. In the light of these developments and more Turkey has set a series of 2023 goals including \$2 trillion GDP, becoming one of the largest 10 economies in the world and \$500 billion export. In order to achieve the goals there are many measures and actions waiting to be taken by Turkey and increasing the number of its free trade agreements, the trade liberalization tool of our age, is certainly one of them.

TURKEY AGREES ON FREE TRADE

The agreement between EU Customs Union and Turkey is the origin and legal basis of Turkey's free trade agreements. The obligations based on CU agreements require Turkey to regulate its customs regulations and trade policies according to the standards defined by EU's Common Commercial Policy. It means Turkey's regulations and implementations are exactly parallel to the Custom Union and Turkey implements the regulations of EU's preferential trade conditions with third countries. These two factors are the two main pillars of Turkey's foreign trade policies and dynamics.

Turkey has effectuated its first ever FTA with EFTA consisting of Switzerland, Liechtenstein, Norway and Iceland in 1991, and it has signed 33 free trade agreements until 2015, in which 11 FTAs made with Central and Eastern Europe countries were revoked following the accession of the countries to EU. Today the number of free trade agreements in effect is 17 whereas the negotiations of 6 free trade agreements were concluded, negotiations regarding 13 FTAs are ongoing and 10 new FTA initiatives have been made. Furthermore 4 FTAs between EU and other partners –Chili, Mexico, South Africa and Korea– and preferential trade agreements with –Andorra, San Marino, Macedonia, Croatia, Montenegro, Serbia, Algeria, Jordan, Lebanon, Morocco and Africa-Caribbeans-Pacific (ACP) group are also affecting Turkey in accordance with CU.

The outcomes of Turkey's FTAs are pretty favorable as figures show. Between

2000 and 2011, the total foreign trade volume of Turkey increased by 357% whilst the trade with FTA countries raised 413%. Nominally, total foreign trade volume of Turkey with such countries increased to \$25.8 billion in 2011 from \$4.9 billion in 2000. On the export front, the total increase to Turkey's FTA partners was 508%, exceeding the increase of 386% in total export, during the same period. It remarks an export increase which reduces the current deficit by surpassing the imports increase. According to Ministry of Economy, the export to FTA partner countries' share in total exports is 9.7%.

One of the recent developments regarding Turkey's FTA portfolio is the approval of Turkey-Malaysia FTA by the Ministerial Cabinet. The agreement signed in April 17th 2014, has passed through the Ministerial Cabinet at the end of this February and is expected to be effectuated in forthcoming months. Furthermore, it has been agreed upon by Turkey and Iran to revoke tariffs on 30 products and agreement will be actualized in June, 2015. On the other hand the FTA negotiations with Singapore is about to be concluded and Turkey will be signing the largest FTA yet. Turkey and Russia conducted a meeting in Antalya for laying the foundations of a new agreement and negotiations with Japan is estimated to be finalized by the end of 2015.

Amongst this busy agenda there are two constant subjects, which are highly relevant to each other, right in the center of the matter; Customs Union and TTIP.

TURKEY'S FTA PANORAMA

IN EFFECT	NEGOTIATIONS CONCLUDED	NEGOTIATIONS CONTINUE	INITIATIVES STARTED
ALBANIA	LEBANON	PERU	THE UNITED STATES
BOSNIA AND HERZEGOVINA	MALAYSIA	UKRAINE	THAILAND
EFTA	FAROE ISLANDS	COLOMBIA,	INDIA
MOROCCO	GHANA	ECUADOR,	INDONESIA
PALESTINE	KOSOVO	MEXICO	VIETNAM
SOUTH KOREA	MOLDOVA	JAPAN	CACM
GEORGIA		SINGAPORE	ACP
MONTENEGRO		DEMOCRATIC REPUBLIC OF CONGO	ALGERIA
MACEDONIA		CAMEROON	SOUTH AFRICA
MAURITIUS		SCHEYSSELLES	
EGYPT		PGCC	
SYRIA*		LIBYA	
SERBIA		MERCOSUR	
TUNUSIA			
JORDAN			
ISRAEL			
CHILI			

Data: Ministry of Economy

*Suspended

FREE TRADE INSTEAD OF ENHANCED STATUS QUO

As mentioned above CU is the main structure of Turkey's foreign trade relations and a milestone of Turkey's international relations. It is a phase and an outcome of Turkey's accession to EU progress. But the current status of the agreement between two parties is causing a debate about the balance of the regulations. Especially Turkey's position at EU's FTA negotiations with other parties is the main point of imbalance. In "Evaluation of the EU-Turkey Customs Union" report, issued by World Bank in March 28, 2014, "parallel track negotiations mirroring the main EU negotiations with third countries which aim to have the EU and Turkey start and conclude FTA negotiations at about the same time" are regarded as the best plausible solution to the matter by the organization. Likewise World Bank recommends "both sides to consider the recognition of the goods originating in Turkey and in free circulation in the CU as the goods originating in the EU, for the purpose of bilateral cumulation provisions of EU FTAs". Though these are effective approaches, especially in short term, like any other solutions by-passing the heart of the problem, instead of leading to further integration of Turkey into Europe, they only enhance the status quo as the clause stands still. And Turkish policy makers are giving great effort to reach to the permanent solution which will accelerate Turkey's accession process and boost its trade relations with its partners.

The other subject with high priority in both public and private sectors' agenda is TTIP. While Turkish NGOs conducting various meetings with the diplomats their counterparts in EU, the Turkish government is making ambitious initiatives at high level. In other saying Turkey, with its businesspeople and policy makers, is determined to get a seat on TTIP's table.

The ongoing negotiations of the agreement was a closed book until recently and even after the new transparency approach adopted by EU Commission, the debates and targets were disclosed to a certain extent and inclusion of other trade partners of the United States and EU still remains ambiguous. In aspect of the agreement's nature, the outcomes are beyond being only economic factors. It is also a stress point/test for international relations as EU Commission realized and

in these sense should be analyzed in two courses; economy and politics.

Political perspective has again two dimensions, each one based on Turkey's relation with Atlantic's two sides. In terms of the US and Turkey relationships, inclusion of Turkey improves the "model partnership" that President Obama advocated, argues Kemal Kirişçi of Brookings Institute. Citing Eizenstat's argument of the transatlantic governance model's success in economic and social structure and TTIP may in fact present the tangible outcomes of the model, Kirişçi underscores the FTAs significance for improving the model partnership of Turkey and the United States, thus, the partnership further converge to its real potential.



Furthermore, being a role model for its hinterland, Turkey's inclusion to TTIP actually may be the beginning of another chapter in Turkey's success story. In this regard role model that Turkey delivered may be more influential in the region and Turkey's input to regional affairs and its geostrategic advantages, which both Turkey and its allies utilize, may flourish.

The other political pillar of the agreement, the Turkey-EU relations, proved to be incremented after in the last decade. Following the initiation of accession negotiations in October 3rd, 2005, Turkey and EU has concluded numerous sections. In the aspect of screening report regarding the free movement of goods is approved at the Council of the European Union with benchmarks and the Minister for EU Affairs and the Chief Negotiator Volkan Bozkır stated that 17. Section (Economic and Monteray Policy) is likely to be initiated in 2015, it is apt to say Turkey and EU is building the economic infrastructure

for Turkey's accession and a great progression has been made. Hence, TTIP could be the fruit of improvement and the fuel for further progression. With an optimistic point of view, it may even refer to a near complete trade liberalization, which is one of the momentous stages towards ultimate economic integration. However, exclusion of Turkey could negatively affect the momentum gained.

Economical dimension is rather easy to read. A paper is issued by the Central Bank of the Republic of Turkey (CBRT), gives a simulation, under different circumstances –such as revocation of tariffs, reduction of non-tariff barriers etc.-, on Turkey's inclusion and exclusion scenarios. In the scenario of Turkey's exclusion the real increase of GNPs of the US and EU emerge as 0.3% and 0.264% respectively. In the scenario of Turkey's inclusion, the figures show 0.304% increase for the US GNP and 0.280% increase for GNP of EU. It refers to a relative increase of 6.1% for EU and 1.3% increase for the US GNP. On Turkey's side inclusion is a net win as the paper demonstrates 3.793% increase in GNP of Turkey and 6.846% increase in Turkey's export. On the other hand exclusion of Turkey may lead to some 0.191% decrease in GNP. Thus, the Turkey's inclusion-exclusion tradeoff accounts for some 4.6% of its GNP.

The figures and the long history of globalization advocates that trade liberalization is contributing to welfare. From the Turkish perspective, FTA, TTIP in particular, is a large ricocheting stone able to take down many birds such as finalization of Turkey's integration success story and moving into the next phase, solidifying its political and economic relations with the dynamic Eastern economies upgrading its partnership with the United States, concluding its accession to EU, boosting its GDP and export hence help it achieving its 2023 goals of \$2 trillion GDP and \$500 billion export.

Despite the setbacks caused by international bureaucracy and the global social and economic fluctuations, Turkey is eager and capable of taking the economic and political relations to a next level. And already fulfilling its responsibilities, now it aims at making farther decisive moves to become a part of a free trade world. And the path to such world goes through trade liberalization instead of an enhanced status quo.

EMERGING TURKEY: A CASE OF SUCCESS

Turkey has been experiencing an economic transformation whose foundations were laid in 1980s. As the transformation process and the economic progress of Turkey continue to accelerate, a success story emerges in Turkey. Martin Raiser, World Bank Country Director for Turkey has evaluated Turkey's integration into the global economy but also provides a "heads-up" to emerging markets regarding capital inflow.

BY TURGUT ETİNGÜ BY MEHMET ÖZTÜRKLER

How do you evaluate Turkey's story of integration into the global economy?

Turkey's integration into the global economy started in the 1980s and though it is not a unique one, it is surely a success case of globalization. It's very similar to the cases of China and India and more recently some countries in Eastern Europe. Turkey's export which was \$3 billion in 1970, is 70 times larger now. Turkey's global share in trade has increased fourfold in the same period. These and other facts are all indicators of a fundamental transformation that integrated Turkey much more closely into the international economy.



Martin Raiser, World Bank Country Director for Turkey, is one of the co-editors of "Golden Growth", the flagship report on the social and economic model and renowned for his expertise on economies in transition.

Turkey's finance sector is also improving, thus it has been attracting a lot of investments over the years. Such investments have also had an impact on the Turkish domestic economy since it stimulated the labour force to move out of agriculture and into the tradable sectors such as industry but also more recently services. This has of course allowed GDP per capita in Turkey to increase as it has led to increases in productivity; it has also led to a gradual convergence of incomes within Turkey, although this remains far from complete. So the poorer regions have increased their incomes faster than more developed areas such as Istanbul. This is all good news in many ways and I think one should give Turkey credit for having achieved a successful integration into the global economy.

Regarding FDI and capital inflows, what are the outlines of the panorama for Turkey and other emerging markets?

Well I think we need to distinguish FDI which is a really long term investment from short term capital flows. FDI comes with new technologies and investments that increase productivity. In the last few years, Turkey has received less FDI. Its share in the global FDI going to emerging markets is now back to around 7%. In the mid 2000's FDI was booming when there was a lot of privatizations. But Turkey hasn't really been able to maintain that market share. So one of the things we are saying to Turkish policy makers is that the country needs take measures to improve its investment climate to attract more long term FDI.

Now the other part of the story is short term inflows which help financing the current account deficit and Turkey has received those as well. The current account deficit in Turkey has traditionally been quite large. It has recently declined which is welcome because of lower oil prices and subdued domestic demand.

While there has been no problem in financing the current account deficit, the risk for any country like Turkey that relies predominantly on short term flows is that those flows may at some point reverse. This is what we had in mind, when we warned in January this year that in the context of the likely increase in interest rates in the United States; it would be prudent if countries were careful to rebuild their buffers and not allow their debts (including of banks and corporates) to increase too much. Now Turkey still has reasonably strong buffers. The banking sector is well capitalised, fiscal policy is disciplined and public debt is low. It is reasonably robust from that point of view. But nonetheless I think Turkey and many other emerging markets have felt the shadow of a possible interest rate increase in the US which has led to asset and currency volatility. So policy makers need to be conscious of the risk and probably manage their policies a little more tightly than they would have liked to do.

Following the tapering decision of the FED, there were rather pessimist estimations and evaluations regarding emerging markets. What do you think about the difference between the early expectations and the actualizations?

Indeed some people called the events of summer 2013 "the Taper Tantrum" when emerging markets' assets lost a lot of value in a short period. However, developments since then suggest that maybe some of the fears were exaggerated. In my opinion, the FED has given emerging markets plenty of time to prepare for a situation in which the extraordinary monetary policies that were put in place during the financial crisis will start to be phased out. And this is important because amongst some emerging markets there is a confusion between the short term implications of massive injections of liquidity by the FED and other central banks, which



have made emerging markets way attractive for short term inflows and the long term attractiveness of emerging markets.

Now the first effect is temporary and if you regard it as an indicator of investor confidence in your long term growth potential you may be getting the wrong message. What you really need to do is to exploit the long term potential for economic convergence by strengthening the structure and the foundation of your growth story. What has been happening as a result of globalization is that the pace at which many emerging markets have been catching up with the advanced economies has accelerated. And that's good news for investors and emerging markets. But that's not the same thing as what was happening in the post-crisis era. And if you confound the two, you may be caught on the wrong foot because you have missed the chance to strengthen the foundations for increased competitiveness and convergence.

What is your opinion on Turkey's growth performance?

Since 2011 we've seen growth trend between 2,5 and 3,5 %. That's clearly



below what Turkey's long term potential ought to be. But it reflects the reality that the country has a large external financing deficit and it needs to be running a careful macroeconomic policy to make sure that it remains sustainably financed. So for that reason, I think Turkish policy makers have been right to emphasize a balanced growth path. Deputy Prime Minister Babacan talks about 'the quality of growth being as important as the quantity of growth'. And I agree with that. But the real question is how you can boost growth back up to 5% or even 6% without leading to external imbalances. The answer to that question is by strengthening the supply side of the economy, making the economy more competitive, making it more productive. And that requires structural reforms. The government has announced 25 transformation programmes that embody a lot of their ideas on structural reforms. Those, hopefully, will be put into place. That is really the route towards boosting growth in the long run. And that's important because Turkey needs to create well over a million jobs a year.



"I THINK TURKISH POLICY MAKERS HAVE BEEN RIGHT TO EMPHASIZE ON A BALANCED GROWTH PATH."

Adopting free market conditions in 1980 is one of the prominent milestones in Turkey's integration story.

In terms of Golden Growth, flagship report on the future of Europe's economic and social model, where does Turkey stand?

In Golden Growth, we put together a balance sheet of the European economy, and we said that the European economy is very strong in the area of integration, trade and finance. It was okay in the area of entrepreneurship, productivity and innovation. And it needed a lot of reform in labour markets, public expenditure and debt policies. Now, we've recently done a book on "Turkey's Transitions", as we call it, a study which tries to apply a similar framework of Turkish economy. Now the verdict is Turkey is clearly a case of successful integration, a part of the European convergence machine. Its story is a very similar story to what's happened in Eastern Europe and it's a very positive one. In the area of enterprises and innovation, Turkey, like a lot of peripheral countries in Europe is struggling. Productivity increases have not been as strong and innovation performance is still lagging behind the advanced economies. Hence those areas are in need for Turkey to catch up. In the area of social policies, the situation in Turkey is quite different than in Europe. It has low public debt, and it has a young population with a rapidly growing labor force. In many ways that is an opportunity. However it's only an opportunity if you manage to bring these people into the labour market and create jobs for them. So that brings you back to the question of how to boost growth and job creation.

One final remark on this: as Europe's economy is now finally recovering, there is a lot of potential to deepen the benefits of integration for Turkey. For instance, if the Customs Union is extended to services, this would extend the boost from increased competition to a sector that now accounts for almost two thirds of GDP. This could ensure that Turkey continues to benefit from Europe's convergence machine in decades to come.





SMEs: THE HEROES OF TURKISH ECONOMY

When you look closely at what is mobilizing the Turkish economy you will see the country-wide gears of SMEs. New projects are put into practice to support SMEs that will turn the new conglomerates at the dawn of 2023.

BY ONUR KOÇASLAN

In 1976, college dropout Steve Jobs and his friend Steve Wozniak worked Jobs' family's garage to build a personal computer. In two months, they managed to build an assembled circuit board which didn't even have a monitor or keyboard. Eventually, 200 of 'Apple Computer I' were made. Even if it is hardly called a personal computers as we use today, this was the first step towards a technological revolu-

tion. Just like Jobs, many other entrepreneurs in global economy knew no phrase as "starting from the top". Even the most well-known brands like Apple or McDonald's were once nothing but small and medium sized enterprises. In 21st century world, SMEs are much more comfortable to realize their dreams of being conglomerates thanks to the governments who recognize and support the SMEs.



HAYRETTİN KAPLAN
CEO, Türk Eximbank

SMEs are essentially the propellant factor in the development of Turkish economy; constituting an innovator and dynamic structure availing production diversity while being a critical element for overarching growth and an inherent in total progress. Considering SMEs' high adjustment abilities and flexible structure during production process and their irrevocable role at possible crisis, the finance sector ought to give them the meticulous and exclusive attention they deserve. SMEs provide 75.8% of the employment of Turkey and 59.2% of export. With such value SMEs come in very importantly and as one of the priorities of Türk Eximbank as well. As one knows it, Türk Eximbank is the official export credit corporation of Turkey operating to develop Turkish export and raise the share of our exporters' foreign market share. We subsidise in the fields of offering the exporter the resources we provide within the best conditions and taking the ownership of the risks of receiving payments from buyers. As of 2015 March, 69% of the firms took loans are SMEs, another fact that our policy was guided correctly.

GOVERNMENTS worldwide increasingly recognize the growing role of SMEs and entrepreneurship as drivers of growth and job creation, and as effective tools for poverty alleviation. Furthermore, new firms, by their nature being innovative, have lent a special impetus to overall innovation: SMEs account for over 95 % of the business population, and are therefore an increasingly dominant form of business organization in all countries. SMEs constitute 60 – 70 % of total employment. Micro-enterprises (<10 employees) represent more than 90% of all business in certain activities, such as computer services, in many OECD countries. Needless to say, SMEs are the strong parts of the 'big wheel'.

SMEs are the milestones in Turkish economy. One of the main contributors of economic and social development of Turkey, SMEs consist 99.6% of the total enterprises in Turkey. In accordance with the consistent growth Turkey realizing in the last 15 years, Turkish SMEs have transformed considerably. Satisfying only domestic demands in the past, Turkish SMEs have adopted themselves into the constantly changing conditions, and made major contributions to export lately. According to the research conducted in 2013 by Turkish Statistical Institute (TurkStat), micro-enterprises takes 17.8%, small-sized enterprises takes 24.1%, medium-sized enterprises takes 24.1%, large-sized enterprises takes 40.7% share on export contribution. Likewise, micro-enterprises takes 5.7%, small-sized enterprises takes 16.2%, medium-sized enterprises takes 17.9%, large-sized enterprises takes 60.1% on import shares.

EXPORTER SMEs ON TOP IN EUROPE

According to The Union of Chambers and Commodity Exchange in Turkey' (TOBB) data, Turkish SMEs performed 59.2% of total export. When foreign trade is analyzed, SMEs exported 45.9% to European countries, 38.7% to Asian countries. SMEs also imported 51.4% from European countries, 38.9% from Asian countries. Clothing, parent metal, and textile are the dominant industries SMEs export, and chemical materials gets the biggest share in SMEs import.

INNOVATIVE SMEs GIVEN IMPORTANCE

During 2010-2013, 48.5% of Turkish micro-size enterprises made innovation. 48% of Turkish small sized enterprises were marked as innovative enterprises whereas 56.1% of Turkish medium sized enterprises innovated during the same period. Also, 26.3% of SMEs managed to do R&D activities, whether it's ongoing or flash in the pan. 43.2% of Turkish SMEs innovated



their marketing and organization business in 2012-2013. In this regard, 31.2% of SMEs performed organization innovation, whereas 34.3% of SMEs performed marketing innovation.

TURKISH SMEs GROW WITH LOAN SUPPORTS

Bank loans and supports play an important role in Turkish SMEs recent success. New incentives and support loan increase are done in order to markup the SMEs. Ziraat Bank, Halk Bank, Türk Eximbank are the state-owned banks which support loans with low interests to SMEs, as well as governmental agencies such as Small and Medium Sized Enterprises Development Organization (KOSGEB) and Prime Ministry Investment Support and Promotion Agency (ISPAT) provide new tools to support Turkish SMEs. Similar leap is seen in private banking as well. At this point, there is another underlying cause in SMEs success. Both invest-



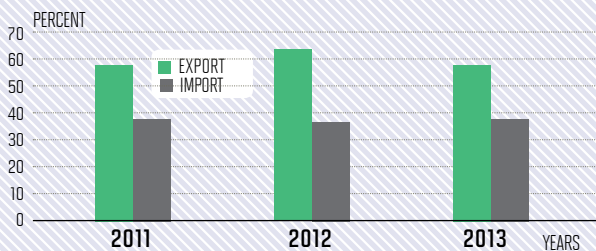
Konya Organized Industrial Zone is one of the powerhouses of Turkish SMEs, the rising economic actors of Anatolia.

IN ORDER TO GROW...

Crossing the critical threshold is very significant for the milestones of Turkish economy. Companies which weren't able to take the right steps to turn them into large holdings are in danger of downsizing. SMEs which escape the danger could find themselves a place in which they can reach significant growth opportunities. Branding and corporation are vital for SMEs that want to grow. Governmental policies support Turkish SMEs with new incentives perpetually. Prime Minister Ahmet Davutoğlu stated that there will be \$1.5 million incentive to the technological incorporations merging of three enterprises. Indicating that they kick started corporation and branding support programme in order for SMEs to expand overseas, Davutoğlu said: “ (...) this is so important that SMEs could succeed one by one, yet if they fail to institutionalize, it would be difficult for them to elevate from small size to medium size, and then even larger sizes. Branding is one of our moves which we care delicately, and propose it as a special item to our agenda in sectorial transformation programmes.”

SMEs are indeed the veins of Turkish economy. From micro size to IT incorporations, they are ready to transform themselves into bigger companies. SMEs contribution to the domestic economy as well as export cannot simply be overlooked in the information age, where a micro enterprise can turn a billion dollar company in one night. SMEs will be one of the channels in Turkish economy that will contribute largely to reach its \$500 billion export in 2023 target.

SMES SHARE IN FOREIGN TRADE, 2011-2013.



Source: TURKSTAT, 2014

ment and business capital making success, SMEs enjoy support from ‘SME Banking’. An initiative from Turkish private banks, SME Banking offers various credit-packages to answer the financing demands of SMEs.

HUGE SUPPORT FROM HEAD OF THE STATE

The economy administration in Turkey fears no sacrifice to be made in order to seek and find the new solutions for SMEs’ financing issues. President Erdoğan’s appeal “Gaining profit should not be the only purpose of public banks. Citizens should be supported in order to get loans with low interests.”

has been returned positively in the sector, and structural steps were taken in order to support Turkish SMEs. In this regard, public banks prepared ‘credit action plan’ in order to fulfill real sector’s financing needs. According to the plan, banks will use more loans for growth and employment as well as lowering the financing and loan costs. Banks will offer region-based loan options, and entrepreneur incentive loans will be versified. For instance Halk Bank will offer loans for young entrepreneurs with no job experience up to \$18,000 with 36 months of payback period, and \$28,000 with 48 months of payback period.



MUSTAFA KOCA

Chairman, Anatolian Businessmen Association

The government started to lean more on SMEs in recent years. That’s why SMEs also started showing more presence in increase trends by taking some development steps that could be considered as significant within their nature. They have been supported in many ways along with the incentives coming into play one after another, ranging from entrepreneurship to finance, employment to guarantee of purchase, and from R&D to mergers. Undoubtedly, these would have come to fruition and they have. Ones who are progressing already will grow and get through to SME vertex. Japanese and Italian economies are in the tendency of growth have SMEs as their dynamos. However integration with big firms is enviable.





VESTEL: THE PIONEER OF TURKISH SMART-TECH

Vestel, the “proudly domestic” Turkish technology giant, is prepared to compete with the global counterparts in all fields, combining the Turkish dynamism and Zorlu Group’s experience.

BY M. BAHADIRHAN DİNÇASLAN

Vestel started its operations in 1984 and eventually joined Zorlu Holding in 1994, since then, with the dynamism and experience provided by Zorlu Group, Vestel has been expanding and growing stronger continuously. Today Vestel is one of the most famous and well-established brands of Turkey with 16.000 employees and its 1.250 own salespoints. Vestel umbrella is constituted by 23 different sub-companies of which 17 are operating in abroad. In addition, 15 central service departments and 318 authorized technical service units serve Vestel customers around the globe. Vestel branded products are sold in 2750 different salespoints in abroad market. With its mega-factory in Manisa province, “VESTEL CITY” officially opened in 2003, main production headquarters of Vestel covers more than one million square meters, and one of the biggest single industry complexes of Europe. We interviewed Turan Erdoğan, CEO of Vestel Group Companies, about the success story of Vestel, its operations and forthcoming projects, exports and more.

How would you define the Vestel's position in Zorlu Group's formation?

As we joined Zorlu Group in 1994, we have quickly folded our growth rate, production power, export rate and market share. Thanks to the dynamism bestowed by Zorlu Group, today we are a global brand in terms of R&D investment, design, production, market share and brand prestige.

VESTEL CITY exports its products to more than 150 countries and have been holding the electronics-durable goods export champion title of Turkey for 17 years. With its 21% market share, Vestel is one of the two biggest players in European TV market. For more than 500 business customers we are producing more than 900 different brands and making 90% of Turkey's total TV, 30% of total white appliances export.

Lately, Vestel was awarded the champion title in "General Electronics", "TV Receivers", "Other Electronic Equipments", was runner up in "Iron-steel Products" and third placed in "White Appliances" categories by Istanbul Minerals and Metals Exporters' Associations in "Export Stars 2014".

Vestel's production mentality in accordance with global standards, innovative and high-quality products and broad vision allowed it to be a key player in not only Turkey but in the global market. Thus, Vestel is representing both Zorlu Group and Turkey on a global stage, being one of the most well-known ten Turkish brands. This makes Vestel a key component of the Group.

Considering Turkey's economic position in the global market and Vestel's innovative approach, how do you see, if there is any, the advantages of Vestel?

We want "Turkish Product" to be related with "technology" in people's subconscious. Combining all the technological experience and power of intelligence, we are working hard to make Turkey a prominent "high-tech producing" country. In order to do so, a huge investment in R&D and innovation is required.



Televisions produced by Vestel has already secured a respectable market share in European market.

We have a new page in our success story with our latest smartphone, Venus, with its domestic design and production. We are aiming at seeing our new campaign's theme, "Proudly Domestic" embraced by other Turkish firms and consumers, and thanks to domestic production, making high-tech products the most important export group of Turkey, allowing the country to be remarked by its power in technology.

Vestel today can compete with global giants thanks to the investment in innovation and technology it produced. In international fairs we are one of the brands that stick in the people's mind thanks to our rich product range and aesthetical design. Being the first Turkish brand appeared on National Geographic's "Mega-Factories" documentary, we are delightfully the pride of our nation and country. We are now harvesting the fruits all the investment we have made so far.



Vestel intensively invests in R&D in order to offer latest technology at an affordable price.



Vestel defines itself as “The Leader of Technology” and Vestel’s main slogan is “Proudly Domestic”. How do define your vision in this context in detail?

Vestel sees its new theme “Proudly Domestic” as a campaign which can be embraced by all domestic brands and consumers, and we are determined to make high-tech products the most important export group of Turkey thanks to domestic production, allowing the country to be remarked by its power in technology.

Following the production of TVs and tablets, as our Multi Screen system was completed, our smart phone, Venus, designed and produced by Turkish engineers and resources, was launched. With Venus, one of our goals is to reduce the current account deficit of Turkey by decreasing the number of smart phones purchased from foreign countries and increase the export range of the country.

There was a prejudice, “Turks cannot produce high-tech products”. We managed to break it and do the things that was said to be impossible. Have become a brand that is pride of its nation thanks to its specialization in high-tech, and a brand that represents its country. This progress have been made thanks to a well-grounded strategic plan, self-confidence and cooperation between universities-industry-government.

Today, we are a global player competing with giants, receiving awards in various fields and selling products to all corners of the world. This success is born in Turkey, hence “Proudly Domestic”.

What is Vestel’s policy regarding the specialization?

We have to think and plan in long term with a strategic approach. In this regard, we are determining the fields we are specializing in through inquiries with our customers. It is also important for us to offer the high-tech, design-oriented products via an affordable pricing policy.

Thanks to our investment in innovation and R&D, we have received total 357 awards from national and international contests in last seven years. In 2014 only, we received 66 prestigious international design awards from “Good Design Awards”, “Plus X Design Awards”, “A Design Awards” and national “Design Turkey”. Among these, our smart phone Venus received total 14 awards, especially in design and easy-to-use branches.

As to white appliances, we remain loyal to our R&D-first policy to reinforce our competitive power. As a result of our investments, we have been very successful in this field too; for instance, we acquired VDE approval from German Deutsche Kommission Elektrotechnik Elektronik Informationstechnik for our Ekomax dishwashing machine and our Pyrojet technology for washing machines. Besides, our washing machine models have the approval of Allergy UK.

Today, Vestel is one of the three Turkish firms that found a place in “World’s Most R&D Investing Firms top 1000”, being the pride of the domestic production and technology.

1 million m²

TOTAL AREA COVERED BY VESTEL CITY, VESTEL’S MEGA-FACTORY

66

NUMBER OF DESIGN AWARDS VESTEL RECEIVED IN 2014





Venus, the smartphone designed and produced by Vestel, is the first total domestic smartphone produced by a Turkish brand.

What are the competitive advantages of Venus smartphone compared to other available brands?

Being the first Turkish brand to produce a smartphone, we are one of the few firms in Europe able to produce a smartphone with its own design and technology.

Venus offers a smartphone to Turkish consumers with an affordable price and global standards. This will also have a positive impact upon the social change in the community towards a "information society" and accelerate the Turkish people's progress.

One of the main advantages of the Venus is that it has many local, unique features such as ring tones inspired by Turkish folk music. This will allow Turkish users to have cultural ties with the world of technology.

How will you manage your export strategy in the future? Which dynamics and parameters will have an influence over it? What are your short, middle and long term plans?

As I mentioned before, we see our new theme "Proudly Domestic" as a campaign which can be embraced by all domestic brands and consumers, and we are determined to make high-tech products the most important export group of Turkey thanks to domestic production, allowing the country to be remarked by its power in technology.

Creation of smartphone Venus was a reflection of our assertive approach. In September 2014, Venus, designed and created by Turkish engineers in VESTEL CITY, our production headquarters in Manisa province, was presented to our customers. One of the side effects of this launch will be a reduction in current account deficit, as it will decrease the number of foreign smart phones purchased.

As we will launch a new model of Venus in 2015, we will strengthen our position and become more assertive,

moreover, we will increase the employment as production and sales volume will expand.

The society's integration with the latest technology and world of information is crucial for national success. Venus, lacking nothing compared to its counterparts and being more affordable as domestic product, will allow more Turkish people to embrace the new information culture.

While we are investing to develop our mobile technology even better, we also continue investing in our TV technology. One of Turkey's first and world's prominent 4K resolution projects was started with VESTEL, Turkish

National Television (TRT) and Türksat Satellite Communications and Cable TV Operations Company cooperation. Thanks to the project, Turkey will be introduced to hybrid broadcasting concept. Participating in the project with its domestic technology and R&D experience, Vestel developed 4K compatible Ultra HD TV models as well as 4K satellite receivers. It is expected that at least 30% of the watchers will use 4K compatible TV in two years.

Besides 4K and hybrid broadcasting, Vestel will also undertake sub-projects with TRT such as Vocal Figuration Broadcasting for the visually impaired and Visual Figuration Broadcasting for the hearing impaired.

Another subgroup of Vestel's product range is smart machines branch. We have "smart home systems" consisting Vestel Smart TV, Tablet and air-conditioner, oven, refrigerator, washing and dish machines all can be controlled by a smart phone.

Our next goal is to take a further step with Vestel Cloud after Vestel Smart Tv and Venus. We will continue our efforts by developing our software-based substructure and application platform Smart Center.



Vestel's production headquarters in Manisa is one of the biggest in Europe.

Content: The Rising Star of Turkey: TORKU P61 Nude: Stuff As Dreams Are Made On P64 "A refreshing breeze"Alarko-Carrier P66
Editor: M. Bahadırhan Dinçaslan

Brands

FOOD, GLASS, HVAC/R...



100% of beet sugar,
 natural and first class
 quality Torku products

The Rising Star of Turkey:

TORKU

The journey began in 1952 with the farmer community of Konya, and after long steady years of gleaning, Torku took a big and single-hearted step into the industrial life form and continues to outgrow markets since then...

BY REYHAN SU ERGUN

Torku is the youngest and one of the most dynamic food brands of Turkish food industry with over a half century worth experience. Still a vital word 'torku' was first used on festive chocolate products by Konya Şeker in 2006, meaning silken solid, pure and clean. Just

about 9 years ago in the branding process of the corporation, first started as a special occasion chocolate manufacturer, Konya Şeker Torku has advanced its fabrication with a wide range of products such like packed cube sugar, crystal sugar, hard and soft candy,

chocolate nonpareils and filled chocolate over 100 kinds, wafers and chocolate wafers, meat and meat products, frosted finger potatoes, potato croquettes, potato wedges, onion rings, refined sun flower oil, and the list goes on until 1000 items on the market shelves.

WITH TURKEY'S MOST EXTRAORDINARY STORY

"A brand is as big as the story behind it." once stated a senior executive at a global panel about advertising. Torku as likely as not has Turkey's most influential and impressive and what is more an extraordinary story behind its success.

The foundation of Konya Şeker's branding process was first laid in 1952 and during those dates the farmers of Konya were only aiming



RECEP KONUK

CEO, Konya Şeker

We are proud of the place where Torku stands today. We believe that quality has buyers. In all of our facilities we preferred the newest technologies consigned to the quality and trained personnel which ranks Torku products among the top ring hence our assertion to produce the best quality and our endless respect for the consumer. As in, we never dared anyone to drive an Ferrari without a licence or a F1 pilot ride a tumbrel and win the 1st place. We buy the Ferrari and seat the F1 pilot in the driver's cab. Konya Şeker does not only produce for profit purposes as our products stand for our dignity. I would never produce anything I would shy away from feeding my grandsons with or the 900.000 beet growers we work with. Our facilities and products are off the hook from anything unnatural or that could cause a thread to wellness. We produce everything we use in our products and of 100% beet sugar. Anything with a Konya Şeker stamp, all the ingredients in our products ranging from the oil, cacao, nuts or pistachios are all first class manufactured.



to start producing sugar beet that had never been cultivated in Konya before. And there, the Konya Sugar Factory was built under the shareholding of Konya Beet Growers Cooperative.

Between the years of 1954 and 2004 the cooperative had never stretched a point except a few and never gone out of their operation routine. Over the course of that half century, a forage plant with highly limited production capacity was built with the capacity enhancements. As a result of the SEK Dairy Plant privatization Konya Şeker has incorporated Konya Dairy Factory into its structure and carried its first long-term strategic planning into effect in 1999 after fully

renewing its administration. As for one of the most critical factors in cooperatives where the administration is determined with an election system without going into populist impositions, Konya Şeker has started the rehabilitation investments in 2000. With the new technological settlements, the automatization in production has allowed lower operating cost and higher amount of sugar stock thus increased their operational efficiency. Fractional amounts of instaurations within the rehabilitation studies, procured Konya Şeker an additional profit of some \$30 million every year which attained them a steady finance source;

carrying their pit balance-sheets to positive towards the 2000s; finally commencing production with their second sugar company Çumra Sugar Factory in September, 2004 with the saved equities and without the need of using any credits building it.

VALUABLE PERSONNEL FOR A BETTER PRODUCTION PROCESS

One of the most distinctive facets of Konya Şeker is hidden in their work ethics such as supporting the personnel to the moon and back since they are the keystones of the whole foundation. Even before seeds hitting the cropland until the harvest period the shareholders ensure to make often advanced



Konya Şeker has 35 production facilities on a total area of 250 thousand hectares.



payments to the producers and again before the delivery of products, almost half of the payment is made as a retainer fee. Yet more, Konya Şeker actualizes the best pricing in Turkey in order to make the producer happy.

KONYA ŞEKER IN THE BRANDING PROCESS WITH TORKU

“The first change in Konya Şeker was a matter of change in mentality. We have implemented a set of mind that goes by the trading world facts and be the part that serves the customer in need and not bring them to us even they are the part in need. This change is the biggest change that has integrated Konya Şeker into real life and had us meet with

the marketplace. It is also the beginning of an expansion in other value added areas that contain sugar as input which also led the branding process of Torku begin.” says Recep Konuk, the head of Konya Şeker. It is clear that the regulations in the operation terms have allowed them to reach flexible production ability the way that the food industry and the consumer ask ditto the sector and the market. The new mentality encapsulated a company that would have the right fitting not only to analyse the market and the sector well but also be able to give a rapid response to the market needs in change.

TAKING FIRM STEPS FORWARD TO FOREIGN MARKETS

Konya Şeker, after such investments in production structure and quality producing, have taken the hint, which refers to exponential growth, decided not to take the pot luck in the domestic market and proudly placed Torku overseas. Torku is endeavouring now to gain the loyalty of foreign market consumers too and has covered a lot of ground so far. And this is not only limited with our nearby geography but also including Europe and the United States as their target group. Statistically, the outcomes of

this step shows up the clear strike that has happened over a year. Five hundred and thirty Torku products were exported to 45 countries in 2013 whereas just after one year these numbers jack-knifed bringing in \$20 million revenue in 2014.

More importantly than the contributions to the country with the driven export activities, Konya Şeker is coming off to gear down Turkey’s need for foreign agricultural and agricultural origin products. Within this scope, they have kicked-off a production line in the two sugar derivatives; medication sugar and potato starch that had not been produced until then. Along with these, Turkey’s first drip irrigation system was implemented by Konya Şeker which gave potential to Konya Plain to reduce the explicit of oil and oily seeds – \$2-3.5 billion spared for the plain every year- and led to an investment of building the Raw Oil Factory. Assumingly when the capacities of these investments reach their highest and best use, the producers will make a major profit out of it which will give a huge boost to the Turkish economy. Numerically, the austerities will be some \$5.5 million from medication sugar, \$13.2 million from bioethanol, \$30 million from potato starch, \$25 million from drip irrigation system and finally \$750 million (when reached to 700 thousand processing capacity) from the Raw Oil Factory which will redeem some \$423.7 million from Turkey’s foreign trade deficit.





Nude:

STUFF AS DREAMS ARE MADE ON

Şişecam Group creates a global glass brand: Nude. Working with the best designers in the world, Nude offers the most simplistic mood of glass.

From chalice to home flowerpots, Nude offers a variety of elegant designs.

BY EFE DAŞMAN

Almost coetaneous with civilization, glass is a true blessing of humanity. Once a rare and prized art, manufacturing glass has become an endeavor which brings design and industry together. Creating a daily life product made of the two meritorious elements in the universe, quartz sand and fire, take form into the hands of glass-smiths, making a product so valuable that we can't even think a world without it.

Turkish glass also dates back to the foundation of Republic of Turkey. The Şişecam Group started its operations with its first glassworks facilities in 1935 in response to the directive of Atatürk for the establishment and development of the glass industry in Turkey. In a small district surrounded by the forests of Istanbul, Paşabağçe has become first step towards one of the biggest glass-makers in the world. Focusing on global markets and achieving



continuous growth from the beginning of the 60s, the Group has taken its place among the most distinguished manufacturers in Europe and around the world, thanks to its specialization and competitiveness.

Working with the top designers all around the world, Şişecam created its first global brand: Nude. Şişecam Group's first designing brand Nude started its journey to become a global in the upper ring. Emerging with three years of

devoted work, Nude started its international run from İstanbul. Bringing it back to where it has started, "Simple is beautiful" is their motto. As Nude starts to bring simplicity in our tangled daily life, and shines out as an elegant glass brand.

Making its world premiere in Paris Maison Objet in January 2014, Nude is presented to the most important designers in various fairs, such as Frankfurt Ambiente and Milano Salone del Mobile. An international team of designers came together to create both modern and chic style Nude has. The creative team includes many well-known designers from both Turkey and the world. Under the tutelage of Emre Bozbeyli, world-famous designers Ron Arad, Rony Plesl, Alev Ebüzziya, Erdem Akan, Koray Özgen, and Ali Bakova come together to create both modern and simplistic glass design.

Not only design, production of Nude is also unique. Having over 250 different designs in its miscellany, half of the Nude models are hand-mined by the most talented glass-makers in Turkey. One of the most notable of these artful designs is 'DecanteRing'. Created by the design genius Ron Arad, this iconic design is defying the laws of physics. One of the hardest possible ways to create, each carafe is made by the hands of glass-masters which lasts a whole day. That is why, 365 items can be produced in a year.

Nude has three collections in its inventory. While 'Signature' and 'Timeless' collections mainly carries liquids, Loft collection dedicated to have a utilitarian use. From jewel case to plain vase, Nude designs certainly look like the world is reshaped by the hands of glass-makers. Şişecam Group is a world's giant glass maker. Having a capacity of producing 22,000 tons weighing Nude,

the group has 12% share of home glass market which has \$7 billion worth worldwide. Turkey is the second best glass producer in the world, after France.

85% of Nude collections are presented in international markets. The brand aims at offering professionals, top ring deployment stores, and furniture and decoration stores. Nude is sold in Paşabahçe Stores in İstanbul. Introduced in the most important design expos in the world, the United States stands out as the main possible market of Nude. Europe, the Middle East and the Far East markets are the other specific targets Nude has set.



Nude brand communication director Ülkü Berna answered our questions regarding the brand story and current capacity of Nude:

"Nude has an authenticity based on having both Mediterranean and Scandinavian simplicity, time independent, modern and design-focused. Bringing all these together, the bridge to the East and West, İstanbul is where Nude brand was born. In this regard, on bottom of the designs, "Designed in İstanbul" signature is appended. Şişecam produce 22,000 tons of Nude in a year. Developed by its own R&D works, Nude is produced by the most lustrous crystal glass of the world. Apart from the 'Signature' collection, there

'Loft' and 'Timeless' collections as well.

Our investments in brand-making phase are around \$3 million. This includes a consultations from an international brand agency, product-ranging experts, design costs, and new product pattern costs. However, when we see it as the production technology and craftsman Nude glass has; new production technology investments and know-how value our fabrics have, we can say there is \$150 million worth of investment is made in total. Our ventures are continuing swiftly in 2015 as well."

We live in a world full of noise and images, crowded and complicated. Nude finds a solution, that is being 'simple'. Bringing the pure beauty of nature, new design is emerging to let the light comes in smoothly. One of the biggest glass-making corporations in the world, Şişecam takes home-use glass to whole new level. Once unseparated, manufacturing and art are assembled again under the same roof. Sand is melted into thin air, all which it inherit is dissolving. Leaving not a rack behind. And such stuff as dreams are made on, is rounded with fire.



Loft collection offers contemporary designs for home use.

Nude has 250 different designs in its collection, which most of all are hand-mined by glassmakers in Turkey.



“A refreshing breeze”

ALARKO-CARRIER

Alarko-Carrier has quickly turned into a renowned brand producing air-conditioners for both domestic and foreign markets.

BY M. BAHADIRHAN DİNÇASLAN

Founded in 1954, Alarko had been active in heating, aeration, cooling, water treatment and pressurizing systems till 1998, the year in which Alarko merged with global leader Carrier and changed its name to Alarko Carrier. Besides heating, cooling and pressurizing systems, automatization systems became an expertise of the company.

While investing in R&D and focusing on increasing the product quality in terms of industry; sales, engineering-project management services and exports constitute the business&marketing structure of the company.

With its main production quarters located in Gebze Organized Industrial Zone, covering 60,000 m² of which 20,000 m² is enclosed, including testing grounds, R&D, educational and social facilities, Alarko Carrier is a giant serving demands of both domestic and foreign markets, producing air-conditioning stations, roof top air conditioners, combi-heaters, burners and pumps.

Besides the main production facilities, Alarko Carrier's Panel Radiator production facility located in İstanbul Dudullu Organized Industrial Zone, covering 18.000 m², has a production capacity of



Alarko Carrier is a leading producer of air-conditioning stations, roof top air conditioners, combi-heaters, burners and pumps.

1,000,000 a year, under Alarko label for the domestic market, under Carrier and other OEM labels for foreign markets. Employing 600 people, Alarko Carrier is the Turkish giant in air-conditioning sector.

BORN BIG

Alarko was already a prominent manufacturer in Turkey. Thus, the child of the Alarko-Carrier merger can be considered “born big”, as the know-how and a century old experience of Carrier combined with the dynamism and resources of Alarko, the company managed to rapidly become a well-established manufacturer and seller in air-



With 20.000 m² closed area, Alarko-Carrier's huge facilities serve the consumers' demand.



ÖNDER ŞAHİN
General Manager

With two large production facilities in Gebze and İstanbul, Alarko-Carrier is a prominent manufacturer and seller in both domestic and foreign markets. In accordance with Turkish Exporters' Assembly's 2023 Export Goals, Alarko-Carrier is determined to seize the opportunity of growing market and increase its share of exports.

R&D holds a key importance of our success and in our R&D centers we collaborate with Universities and TÜBİTAK to increase our standards, moreover, the ACE project which is applied by United Technologies allows us to see our status compared to other companies in the same project, and improve ourselves even better.

We are operating well in developing countries of Asia and Africa, and we aim at seizing more opportunities in more countries, collaborating local distributors and creating proactive strategic plans to increase the export rate of our company.

Azerbaijan and Pakistan. In Asia and Africa, submersible pumps manufactured by the company attracts high demand from governments, to be used in agricultural and other activities.

While the company was growing even bigger, the air-conditioning sector in the globe was also expanding. The consumer demand for air-conditioning systems increase each year at an accelerated rate. This unsurprisingly causes a dense competition, attracting more and more players each year. Moreover, recent economical crisis in the globe granted Turkey a chance: Production slipped towards Turkey and new markets arouse in different parts of the world.

Seizing the opportunity, Alarko-Carrier serves the foreign market with high-quality and affordable products. Having 12% market share in general air-conditioning sector in Turkey, the company also secured quite satisfying market shares in each sub-segment of air-conditioning sector in Europe and globe. Yet, Alarko Carrier's main goal is not to be the one who sells most, but be the one who remains long: The company sees producing durable and reliable products and high customer satisfaction a long-term investment.

INNOVATING THE FUTURE

Operating in a sector with many players and a huge product array, Alarko-Carrier's main principle is to gain the trust of the customers, which makes a company invulnerable to tides of the economical crisis or competition. In addition, operating in a sector that involves technology and in which the latest, easiest and cheapest always bring the most profit forces all players to keep up with the

trends. Another matter an air-conditioning firm should consider is the environmental care. The world population is growing more and more aware about the detrimental effects of the obsolete technologies on the environment, and demand nature-friendly products.

In order to meet all requirements of becoming a prominent manufacturer-seller and retaining the position, Alarko-Carrier acknowledges the importance of R&D and innovation, which is the key to produce nature friendly, more satisfying and affordable products. Implementing the Carrier's parent group United Technologies' "Achieving the Competitive Excellence" project ACE, Alarko-Carrier also compares itself to other brands, manufacturers and companies in other parts of the world adopted the same system and increased its ACE rating, which is determined as "silver" so far.

Acquiring Science, Industry and Technolgy Ministry's "R&D Center" certificate, Alarko-Carrier also cooperates with universities and TÜBİTAK, The Scientific and Technological Research Council of Turkey.

With its Turkish dynamism combined with Carrier's experience and network, embracing the spirit of innovation, Alarko-Carrier is prepared to face the forthcoming economical uncertainties. As exports constitute more than 10% of the company's turnover, Alarko-Carrier will be one of the most prominent companies that will contribute to Turkish Exporters' Assembly's 2023 export goals, which is \$25 billion export volume for air-conditioning sector. Asian and African countries are hot targets for the company, and maintaining the remarkable status in Europe is an important objective as well.

conditioning sector.

This merger have proven fruitful also in terms of export. By the end of 2014, the company is exporting its products to 57 different countries, recently adding countries such as Hungary, Macedonia, Philippines, Ukraine and Oman to the list.

Besides the Carrier offices acting as the main export nodes of the company's products, several different labels sell the OEM products of Alarko-Carrier. In order to seize the best distribution network and export efficiency, Alarko-Carrier cooperates with local distributors in many different regions such as UK, Germany, Bosnia,

Agenda

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



MAY 5-8, 2015

IDEF 15'

12th International Defence Industry Fair

IDEF, as a high technology defence industry fair, incorporating main defence industry branches and their subordinates, is an essential international marketing arena for defence industry companies. IDEF is the biggest defence industry fair in Eurasian region and one of the top four in the world with an increasing trend in terms of the number of participating countries, delegations and companies.

MAY



BOAT SHOW GOLDEN HORN 2015 HALIÇ CONGRESS CENTER ISTANBUL

MAY 6-10, 2015

BOAT SHOW HALIÇ which is going to arrive on 6-10th May at Haliç Kongre Merkezi, İstanbul, Türkiye a B2B event organized by UBM NTSR Fuar ve Gösteri Hizmetleri A.Ş and focussed on Boats and Boat Accessories industries.



ICC ISTANBUL Food Ingredients Global

MAY 13-15, 2015

The Food Ingredients Global conference offer a unique opportunity to learn from and hear the strategic, research and development insights of industry heavyweights from companies such as Coca Cola, Kraft and Unilever along with incomparable partnership and speaker possibilities and engagement chance with the niche audiences that can significantly grow one's business.



TUYAP ISTANBUL Autoshow Istanbul

MAY 22-31, 2015

The International Istanbul Autoshow will be held between May 22-31, 2015 at the Tüyap Fair Convention and Congress Center, Büyükdere. Automotive brands and fair organizers have already started to prepare the most attractive booths and pleasant experiences, respectively. The fair, bringing together customers and industry players under the same roof, will continue to impress with its new wonders.

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GAPSHOES GAZIANTEP

JUNE 10-13, 2015

GAPSHOES Footwear, Slipper, Saddlery and Footwear Industry Suppliers Fair, of which the 1st one was realized in 2003, expanded consistently since that date and turned out to be a fair which directed the sector. In addition to the companies from Gaziantep, the participants from many cities such as Adana, Kayseri, İstanbul, Kahramanmaraş, Şanlıurfa also participate in the fair.



GAS TURKEY 2015 IFM YEŞİLKÖY

JUNE 11-14, 2015

Offering economical and ecologist solutions to Gas sector and sustaining increasingly its improvement with each passing year, Gas Turkey will hold a great meeting in its 7th year. Organized by Senexpo International Fairs Incorporation, Gas Turkey, the one and only LPG, CNG, LNG Exhibition in Turkey, will be organized in CNR Expo Fairground between the dates of 11-14 JUNE 2015.

VIV TURKEY IFM YEŞİLKÖY

JUNE 11-13, 2015

VIV TURKEY, which is organized by HKF Trade Fairs, is a member of the VIV World Wide Exhibitions owned by VNU Exhibitions Europe in the Netherlands and was honoured on 10 - 13 June 2004 as the 22nd WPCA World Congress Exhibition and on 25 - 27 August 2005 as the 14th World's Veterinary Poultry Congress Exhibition. VIV TURKEY, the leading international trade fair of its kind in the region, is an UFI (The Global Association of the Exhibition Industry) approved event and is recognized throughout the sector as the sole International Poultry Trade Fair of Turkey.



JUNE



MAY **G20** JUNE

MAY 06-08

ISTANBUL

G-20 International Tax Symposium

**TURKEY WILL HOST G20 INTERNATIONAL TAX SYMPOSIUM,
WHICH WILL BE ORGANIZED BY TURKISH MINISTRY OF FINANCE, ON 6-8 MAY IN ISTANBUL**

The aim of the symposium is to discuss developments in international taxation that focus on key items of the G20 tax agenda by gathering together a broad range of stakeholders. The event also aims to ensure that developing and low-income countries benefit from the G20's work on tax and other related matters.

The event will mainly focus on Base Erosion and Profit Shifting (BEPS) and developments in exchange of information between tax administrations. The symposium will provide a broad perspective to the participants about delivered and currently

progressing BEPS Action Items. In this context, an indicative list of the sessions is outlined below:

- Addressing BEPS in the digital economy
- Interest deductibility and hybrid mismatch arrangements
- Transfer pricing and its relevance for developing countries
- Data, economic analyses and spill-over effects
- Automatic Exchange of Information
- International consensus on BEPS

MAY 07-09

ISTANBUL

EMPLOYMENT WORKING GROUP MEETING #2

JUNE 01-03

İZMİR

GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION (GPFI): FINANCING ENTREPRENEURSHIP - INNOVATIVE SOLUTIONS

JUNE 04-05

İZMİR

DEVELOPMENT WORKING GROUP MEETING #3

JUNE 16-17

BODRUM

SHERPA MEETING #3

JUNE 25-26

ISTANBUL

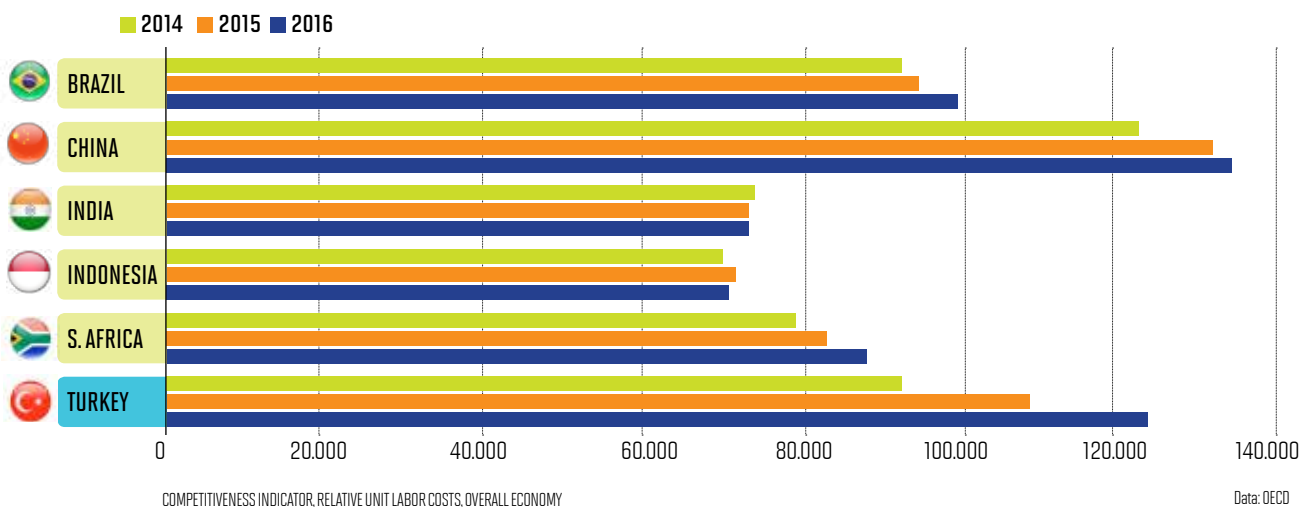
ENERGY SUSTAINABILITY WORKING GROUP MEETING #2

Figures

THE BASIC INDICATORS OF TURKEY: COMPETITIVENESS, WELFARE, EXPORT

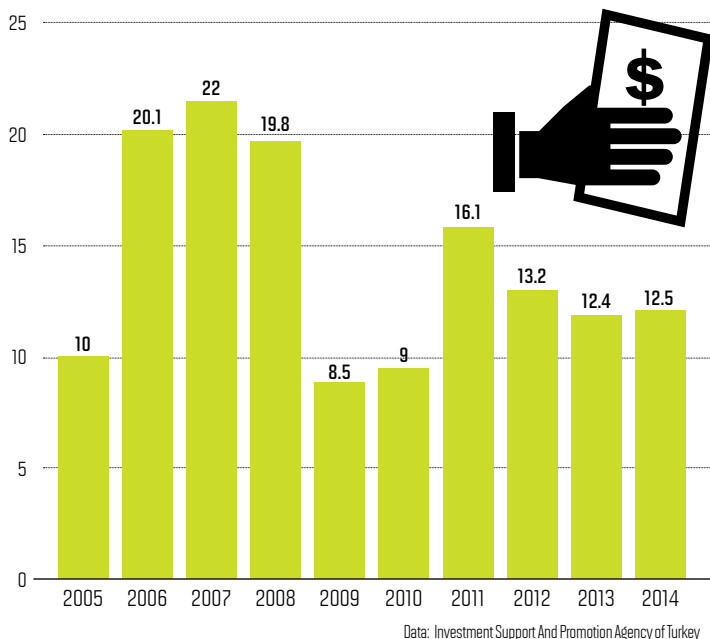
TURKEY LOVES COMPETITION

Thanks to its well-educated, young and dynamic labour force, its infrastructure and its business friendly environment, Turkey gets more and more competitive by the years to come.



TURKEY'S FDI PANORAMA

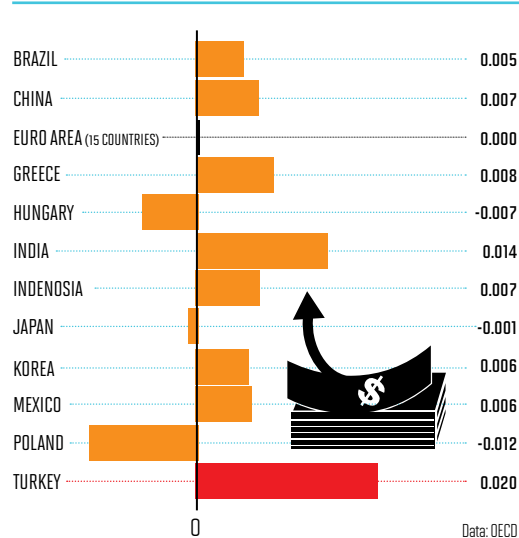
Despite the serious setbacks in the global economy, Turkey received a FDI amount \$143.6 billion in the last decade.

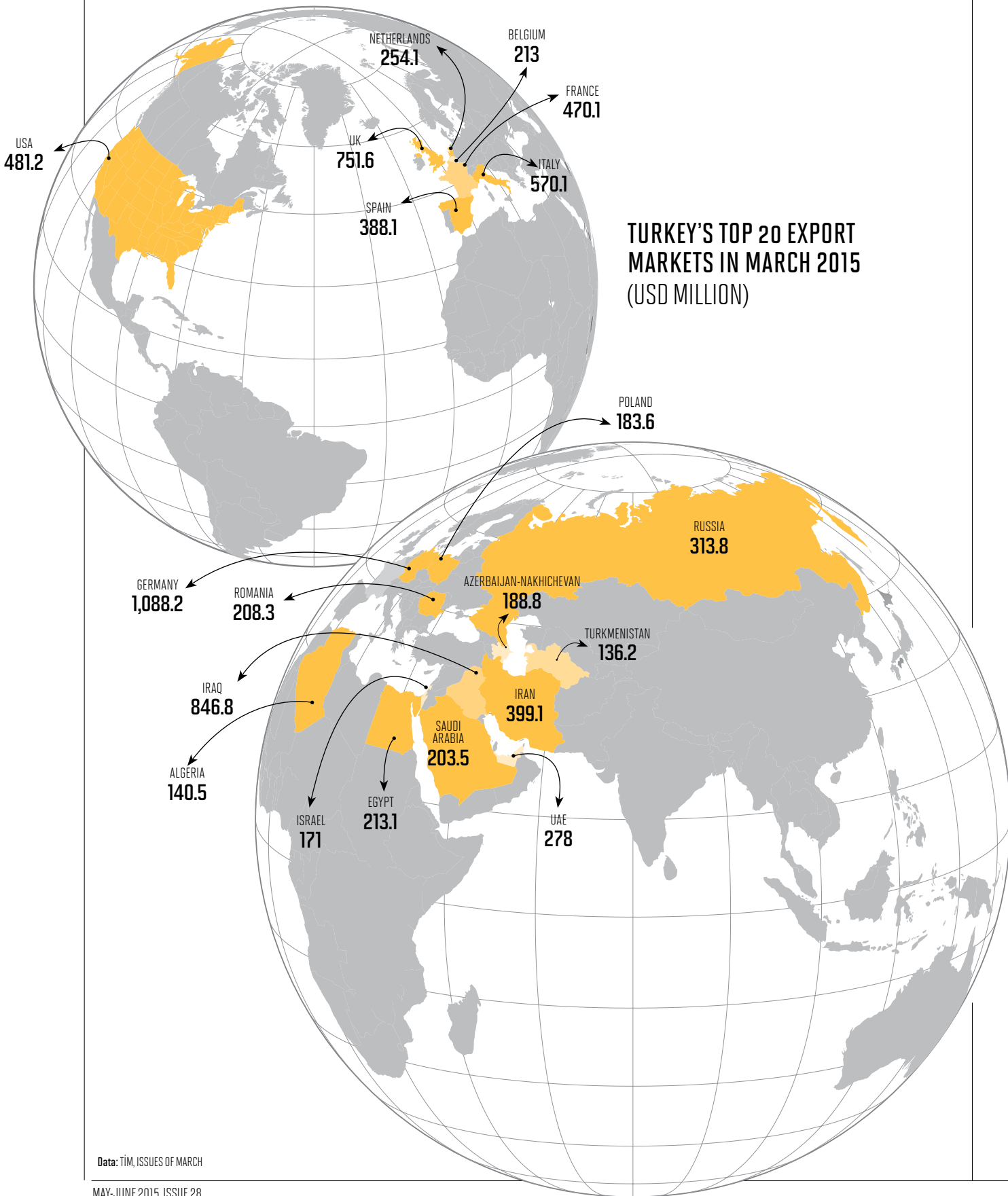


TURKEY GROWS WITH EXPORT

Turkey is a country of export in every aspect. Export is one of the main components of the rise of Turkey's global presence and growth performance.

NET EXPORTS, CONTRIBUTION TO GROWTH IN REAL GDP, 2014





Data: TİM, ISSUES OF MARCH

TURKISH AIRLINES CHALLENGE



WATCH THE BIRTH OF NEW LEGENDS

7 - 10 MAY 2015

Gloria Golf Club Antalya

turkishairlines.com/golf



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

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

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

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

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WORLD**

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