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The Turkish Perspective

SEPTEMBER-OCTOBER 2015 ISSUE 30

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

BRIEFING

Digital Marketing in Turkey: Keep Calm and Go Digital

IN DEPTH

Turkish Packaging Industry: Safe and Stowed Out

BRANDS

Aftermarket Manufacturing Base: Sampa

**PUBLIC PRIVATE
PARTNERSHIP**

The way of renewing
Turkey's infrastructure
investments.

For Robot Contest "IT IS NOW YOUR TURN"

The countdown for robot contest organized by Turkish Exporters' Assembly and Intel Turkey has started. Do not hesitate to team up and create your project.

Application conditions and other details are at tim.org.tr and turkiyeinovasyonhaftasi.com. You can find the link of the contest below: robotyarismasi.inovatim.org

Application deadline: 16th October 2015

Winner: 10.000 TRY

Runner Up: 7.500 TRY

Third Place: 5.000 TRY

Besides, all projects among top ten will be awarded 1.000 TRY each.



!NOVATİM

#robotumlagelecege

This project is undertaken by INOVATİM on behalf of Turkish Exporters' Assembly

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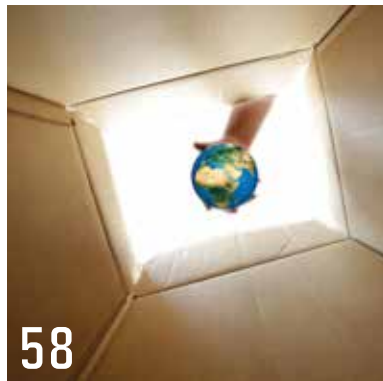
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The Turkish Perspective

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Editorial



MEHMET BÜYÜKEKŞİ
PRESIDENT (TIM)

TURKEY INCREASES ITS MARKET SHARE IN EVER-NARROWING WORLD TRADE

Turkey is working without pausing to show that it is still an important base for high value-added investments.

EXPECTATIONS TOWARDS 2015 are looking as bear market for either developed or developing countries. When we look at the global economic situation, declination risks still survive. On top of them, reduction in world goods trade, low ware prices, and floating exchange rates are the initial risks exporters worldwide try to overcome, and our export is affected negatively from these incidents.

World's export has experienced a decline of 13.8% in the first five months of the year. Germany, which we exported the most, has experienced a decline in import 17% on dollar basis in the first five months, while Italy had 16%, France had 19%, Spain had 16%, Russia had 39%, China had 17%, Netherlands had 20% and Morocco had 23% declines.

Despite the known decrease in global growth, and shrinkage in global trade, our exporters are continuing to increase their export volume on kilogram basis. In July, Turkish agriculture and manufacturing sectors increased their export by 4.1%, and 2.5% in the seven months of 2015 respectively. This shows that Turkey exports more and have more market share in the world economy which has experiencing perpetual decline. Hence, when taking kg and Euro basis numbers into consideration, our export is better than it seems. We expect that our export on value basis will go into recovery.

Therewithal, the fact that Greece crisis did not end up with bankruptcy or GREXIT, recovery in European Union is possible. Growth in Eurozone is crucial for our export. Therefore, these expectations are a ray of sunshine for Turkish exporters. Thus, with the recovery in European economy, EU's import increased by 2%, while our export to EU has increased by 12% on Euro basis in the first five months of 2015.



If we seize the opportunities, Iran's agreement with P5+1 countries may bring many advantages.

On the other hand, with the agreement after series of debates between Iran and P5+1 countries, we expect that sanctions on Iran will gradually be lifted. Therefore the Iranian currency can get stable which may pave the way to the integration of Iran's international banking system. If the opportunities are seized well, Iran's neighbor Turkey is one of the countries that could benefit the most from this situation. For this purpose, we have initiated trade mission preparations after the agreement. We will make a trade mission to Iran on 5-8 October 2015, with the participation of Turkish Airlines. By the end of 2015, we believe that Iran-Turkey foreign trade volume will reach \$16 billion, and it will reach \$35 billion by the end of 2016.

We aim to set sail for the world in 2023 by increasing our export to \$500 billion and our foreign trade volume to \$1.1 trillion. In this manner, we will arrange "Ambassadors Meeting" in Trabzon in September. The meeting will help us to increase the economic capacity with the countries that have embassies in Turkey. We will embark upon to the chief consuls and ambassadors that represent the countries we have foreign trade that Turkey is still an important base for high value-added investments. We are organizing various acts to increase high value-added export and we continue to work without pausing.



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



GE Healthcare



Indesit Company

MANGO



ORACLE



TOYOTA



INVEST IN TURKEY

- One of the fastest growing economies in the world and the fastest growing economy in Europe with an average annual real GDP growth rate of 4.7% over the last twelve years (2002-2014)
- The fastest growing economy among the OECD members with an average annual growth rate of 4.2% (OECD 2014-2030)
- 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 2014, over \$ 1,5 trillion GDP at PPP (IMF 2015)
- Highly competitive investment incentives as well as exclusive R&D support
- Around 610,000 university graduates per year

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



YOUR ONE-STOP-SHOP
IN TURKEY

invest.gov.tr

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First

AVITATION, FINANCE, M&A, REAL ESTATE, E-COMMERCE, R&D, INVESTMENT, AUTOMOTIVE, ENERGY, TRADE...



G20

Aspendos is planned to host a show during the summit.

G20 Leaders Summit

SETTING THE STAGE

Turkey is getting ready for G20 Summit in Belek, in 15-16 October. The preparations are going at the full speed to host the world's most important leaders.

A natural tourist hub, Belek, will be nearly placed under siege during the G-20 summit that will take place under Turkey's presidency in 15 and 16 October. Belek was declared a high security area and only accredited people will be allowed to enter the town that will host leaders of the world's largest 20 economies and leaders invited to the summit.

Coordinated by Turkey's Ministry of Foreign Affairs, all state institutions perform an intense work to warm up the area for the summit. Hundreds of surveillance cameras with face and license plate recognition features will be installed along the 40 kilometer road between Antalya Airport and Belek and thousands of police officers will serve in the area.

Antalya Governor Muammer Türker stated that of the total 46 five-star hotels located in Belek, of 30 were reserved for G-20 summit. Remaining hotels were reserved for business, youth, labor, women, think tank and non-governmental 20 summits. "Even the airspace of the area will be shut down during the summit. All precautions are being



taken to prevent any disruption in telephone, internet and power lines," said the Governor.

Türker emphasized that a concert or a show is being planned in nearby Roman theatre of Aspendos, one of the best remaining antique theater structures. Governor added that separate programs for spouses of the leaders involving tours are also being planned.

AVIATION

TURKISH AIRLINES IN COOPERATION WITH UKRAINE

Turkish Airlines is in cooperation with Ukrainian Chamber of Commerce and Industry (UCCI).

Shelter for the most prominent members of Ukrainian industry, Ukrainian Chamber of Commerce and Industry agreed on a cooperation with Turkish Airlines. The term sheet was signed regarding a cooperation between UCCI and Turkish Airlines, the biggest foreign aviation company in Ukraine.

The term sheet ceremony was held at UCCI in Kiev. Turkey's Kiev Ambassador Can Tezel, Commercial Attache Belkis Gürsel Güleç, UCCI Chairman Gennadiy Chyzhykov, Turkish Airlines Kiev Director Hakan Yilmaz, both UCCI and Turkish Airlines representatives attended to the ceremony.

After hearing speeches from both sides, and having an honorary dinner, the sheet was signed. Both sides spoke of the importance of this cooperation regarding the development of the economic relations.



FINANCE

EBRD Will Invest in Turkish Assets

The bank will channel €300-400 million of investments into Turkish assets this year.



Jean Patrick Marquet,
EBRD Director for Turkey

The European Bank for Reconstruction and Development (EBRD) plans to increase its investments in Turkey, according to EBRD Turkey Country Director, Jean-Patrick Marquet.

The bank will channel €300 million to €400 million of investments into Turkish assets this year, being EBRD's biggest one yet for the country, including acquiring stakes in Borsa Istanbul and renewable energy company, Gama Enerji.

"EBRD's lendings and investments in Turkey are expected to reach €1.75 billion

from 2014's €1.4 billion", Marquet said about the lender's investment plans, adding that the country's fundamentals for long-term growth were strong. EBRD reached an agreement to acquire 10% stakes in Borsa Istanbul last May and is said to be considering buying a \$150 million share in Gama Enerji.

The bank's Turkish portfolio primarily consists of renewable energy projects, including wind farms and geothermal plants. EBRD has recently announced a €180 million funding program for Turkish renewable energy projects through Garanti and Yapı Kredi.

M&A

beIN Media Group Buys Digiturk

beIN Media Group has signed an agreement to buy Digiturk, Turkey's biggest pay-television network, in the latest move by the Qatari government to extend its corporate reach. Digiturk, which has about 3.5m subscribers, is owned by Turkish conglomerate Çukurova Group and Providence Equity Partners, the private equity firm. It has exclusive broadcasting

rights for Turkish Football League games until the end of the 2016-17 season and will become part of an expanding portfolio.

Nasser al-Khelaifi, beIN's chief executive, who also owns Paris Saint-Germain FC, called the acquisition "a key milestone in our global expansion... Expansion into the Turkish market is a natural next step," said al-Khelaifi.

REAL ESTATE

BEST-PERFORMING PROPERTY MARKET IN EUROPE

With a 18.6% rate of increase, Turkey emerged as the top-performing housing market in Europe.

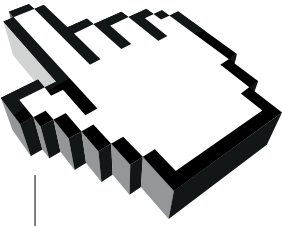
Residential properties in Turkey continue to gain value, with prices rising by 18.6% year-on-year according to Global House Price Index Q1 2015, prepared by international real estate consultancy firm Knight Frank.

Second only to Hong Kong in the 56-location index with a 18.6% rate of increase, Turkey is the best performing housing market in Europe, leaving behind Ireland, Luxembourg, Estonia, and Iceland.

The country has been enjoying increasing demand from foreign realty investors in recent years. Since the easing of regulations related to property ownership by foreign nationals in 2012, tens of thousands of foreigners have acquired properties in the country, most notably in the Marmara and Mediterranean regions, home to Turkey's major finance and tourist hubs.

The amount of purchases by foreigners in Turkey reached \$4.3 billion in 2014, up 41% over the preceding year.

E-COMMERCE



E-COMMERCE POSTS 35% GROWTH

Consumer spending on the internet has risen by 35% in 2014 over the preceding year, according to a report by the Informatics Industry Association of Turkey (TUBISAD). Having reached a volume of about \$7 billion last year, the Turkish e-commerce sector corresponded to 1.6% of the country's total annual retail spending, the report stated.

Speaking on the report's findings in a press conference, TUBISAD Board Member and New Media and E-commerce Commission Head Burak Ertaş said that the sector held enormous growth potential, as a 1.6% share in the total retail spending indicated. "When compared with developed and emerging countries, Turkey's e-commerce sector has ample room to grow," Ertaş remarked. The share of e-commerce in the overall retail business is 6.5% in developed countries and 4.5% in emerging countries.

R&D



The Aerospace Industrial Zone Launched

As a part of the new investments, Turkey's first Specialized Aerospace Industrial Zone has launched in Kazan, Ankara.

Turkey's first Aerospace Industrial Zone has opened in Ankara. A total of 120 companies, mainly from the defense industry, which has achieved record-breaking growth recently, are competing to invest in the zone whose infrastructural cost amounted to \$18 million.

Turkey has expedited investments in organized industrial zones in line with the Science, Industry and Technology Ministry's decision to put 90 new organized industrial zones into operation in 2015 with the objective of clearing the way for innovative sectors.

As a part of the new investments, Turkey's first Specialized Aerospace Industrial Zone has launched in Kazan, Ankara. The founding partners in the zone include the Undersecretariat for Defense Industry, Ankara Chamber of Commerce and the Association of Defense and Aerospace Industry Manufacturers. The zone, which is expected to produce hi-tech goods and be one of the few leading aerospace centers in the world, was established on an area of

7,230 million square meters. The infrastructural cost alone exceeded \$50 million in the zone, which will include Turkey's first space laboratory. Only companies that produce high-added value goods will be allowed to take part in the zone, which has attracted great attention both inside and outside the country.

Ankara is the city's breakthroughs in the defense industry in recent years. Currently, the largest 50 defense firms in terms of the size of their exports, turnover and research and development (R&D) spending are operating in Ankara. Another reason is the record-breaking growth that Turkey has achieved in the defense industry. Ten years ago, the domestic share of the defense industry hovered around 25%; however, it reached around 60% in 2015. Currently, 300 firms are operating as subcontractors in the defense industry in Ankara's OSTİM industrial zone alone, and the number of small and medium-sized enterprises (SMEs) operating in the defense industry exceeds 2,000 in Turkey.

AVIATION

BIGGEST COMPOSITE AUTOCLAVE OF TURKEY

Attention-grabbing with its high value-added products, Akarmak manufactured the biggest composite autoclave of Turkey. The company is currently manufacturing autoclaves for TURKISH TECHNIC, a subsidiary of Turkish Airlines. Akarmak recently performed the delivery of the autoclaves for Turkish Airlines.

Manufacturer of autoclaves for various sectors in Eskişehir, Akarmak's Turkish Airlines manufacturing was a reference project. With this project, the company wants to make its name in the global market of aviation.

Saying that they outdistanced many European and American firms, Sadettin Ak, business developer and sales manager of the company said "This project will pave the way to enter the world league of composite and aviation industry. That is why it was so important for us. Including some of the biggest planes on earth, such as THY Boeing and Airbus planes, will be repaired in TURKISH TECHNIC's Habom facilities. This is an advantage for us because we will be able to work with the suppliers all around the world."

EXPORT

FIRST SHIP DOCKS AT NEWLY BUILT ASYAPORT

Turkey's largest container port, Asyaport, has reached operational stage, with the first vessel docking at its 2000-meter-long quay. The port, built at an investment cost of \$450 million, will handle 2.5 million containers once it reaches full capacity by 2016, becoming Europe's third largest of its kind.

Built on the Marmara Sea coast in Barbaros, Tekirdağ, Asyaport will significantly reduce the workloads of Istanbul and Bursa ports, the main maritime outlets of Turkey's most industrialized region.

Jointly built by Turkish Asyaport and Italian Mediterranean Shipping Company (MSC), Asyaport will create direct employment for 1,200 people. The official opening ceremony of Asyaport will be held on the 29th of October, Republic Day in Turkey.



EXPORT

Exporters are Hopeful Towards 2016

Turkish Exporters' performance indicates that they are still sailing for new markets.

The president of Turkish

Exporters' Assembly, Mehmet Büyükekşi disclosed the export results and expectations on 18 August, 2015.

The tradition of Turkish Exporters' Assembly, "Exporter Tendency Survey" revealed the results of Q2 2015 and the expectations of Q3 2015. According to the survey that 504 companies participated, 40.7% of the companies entered new markets in the second quarter of the year. While 57.7% of the companies gained new customers in current markets, 61.6% of their income was export based.

Turkish companies declared that 25% of them will increase their market variety, and 13% will focus on high value-added export for the markets.

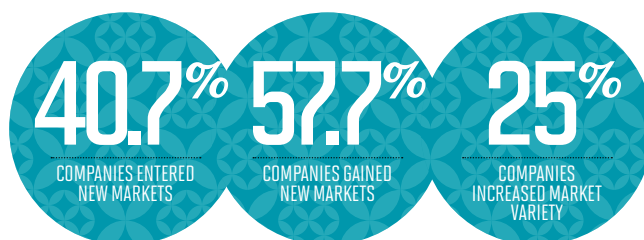
When it comes to the market issues in Q2 2015, the exporters said that the economic status in target

countries is the most challenging problem with 54.6%. It is followed by constraints on competitive prices with 51.2%, and political and bureaucratic obstacles in target countries with 36.1%.

When it comes to exporter issues, forex rates are seen as the most important problem with 49.6%. It is followed by energy costs with 44.4%, and raw material and half-raw prices with 40.3%.

The question of outsourcing for more added-value and cost saving processes, infrastructural outsourcing is on the top of the list with 28%, which is followed by financial support services and HR-education.

Turkish exporters expected that USD-TRY exchange rate will be 2.73, Euro-TRY exchange rate will be 3.00 in July-September term. The exporters also expected that the rate will be 2.82 for USD-TRY and 3.06 for Euro-TRY at the end of the year.



EXPORT

STEEL EXPORTERS SET EYES ON IRANIAN MARKET

Talking about the successful results in the negotiations in Vienna with regard to Iran's nuclear program, Namık Ekinci, the Chairman of the Turkish Steel Exporters Union said, "This will provide positive results for both world trade and for the steel industry in Turkey."

Namık Ekinci remarked that Iran is an important market for the steel industry, however, with the embargo imposed on Iran by the US and EU, steel exports to the country were affected negatively. Iran's steel imports totalled 195,000 mt in 2013, declining to 166,000 mt in 2014, and in the first six months of 2015 decreased by 40% year on year to 51,000 mt.

"In fact, the industries of Iran and Turkey are based on nearly the same products. In addition, Iran is now an important importer of steel products; yet, it is more likely to be a serious exporting country also. Even so, with the lifting of the embargo, the Turkish steel industry will again have a place in Iran and we are aiming to increase our exports to the country," said Ekinci.

FINANCE



AKBANK IS THE BEST DIGITAL BANK IN TURKEY

Akbank was given six awards in the "World's Best Digital Bank Awards". Conducted by Global Finance Magazine, the awards are one of the prestigious honors in the business. Given 6 awards in different categories, Akbank was awarded as "The Best Digital Bank in Turkey".

In Private Banking category, "Best Private Digital Banking in Turkey", "Best Mobile Banking Application", "Best Website Design", "Best Online Deposit, Credit, and Investment Products and Offers", and "Best Data Security Initiatives" awards were given to the Turkish bank.

In addition, in Corporate Banking category, Akbank was chosen as the "Best Mobile Banking in Turkey".

Akbank Direct Banking Deputy CEO Orkun Oğuz said they are proud of getting these awards. 'The Best Digital Bank in Turkey' means much considering the future of finance will be the digital banking sector.

AUTOMOTIVE



The 6th Biggest Automotive Market in Europe

Turkish automotive market has become the sixth largest market in Europe for the first half of 2015.

Strong sales figures have lifted the Turkish automotive market's prospects for 2015, with first half sales going up by 45% year-on-year. The country's automotive market emerged as the sixth largest in Europe for the first half, as a total of 327,000 new vehicles were registered in the period.

The European Union and European Free Trade Association markets have reached a sales volume of 7.4 million in Jan-June 2015, with the largest markets lining up as Germany, Britain and France, all exceeding the one million mark, albeit with modest increase rates of 5.2%, 7.0%, and 6.1%, respectively, when compared with the same period of last year. Italy and Spain came in 4th and 5th in terms of market size.

Industry experts expect the sales of motor vehicles in Turkey to reach at least 825,000 by the year end, as Turkish buyers tend to wait for late-year campaigns to acquire new vehicles. 770,000

vehicles were sold in the country last year.

In terms of production, the Automotive Manufacturers Association (OSD) of Turkey forecasts an output of 1.225 million vehicles for the entire year. A large majority of these vehicles – over 900,000 – will be shipped to markets abroad.

Ford, Fiat, Hyundai, Renault, Toyota, Honda, and other carmakers have production operations in Turkey where they utilize the country's skilled labor force and strategic location to reach regional and global markets. With an edge in manufacturing commercial vehicles of almost every variety, Turkey ranks sixth in Europe and 17th in the world in overall motor vehicle production.

One of the fastest growing industries in world's economy, Turkish automotive industry aims reaching at least 4 million-unit production capacity by 2023, with plans to export 3 million vehicles per year.

AVIATION

TURKISH AIRLINES' SUCCESS STORY CONTINUES

According to the press release of Turkish Airlines dated 17 August 2015, during the period of January-July 2015 number of total passengers carried has increased by 10.7%, reaching to 34.4 million passengers from 31.0 million passengers compared to the same period of 2014. Moreover, according to the public disclosure dated 14 August 2015, LOT Polish Airlines and Turkish Airlines have agreed to enhance their commercial ties. A letter of understanding has been signed by both parties, which will initiate an enhanced cooperation between relevant Polish, Turkish and beyond markets and also deepen commercial cooperation on the existing ones.

And the most recent outstanding news from Turkish Airlines, the company launches a new Venice-Istanbul route starting from August 24, 2015. The company goes full throttle towards its aim: the top.



INVESTMENT

ASIA-BASED FDI TO TURKEY ON THE RISE

Asia-based Foreign Direct Investment (FDI) to Turkey increased by a remarkable 115%.

According to compiled information from the foreign investment data, the effective FDI realized was \$4.9 billion between January and May; while FDI from the EU member countries dropped from \$2.9 billion to \$1.5 billion while FDI from Asian countries jumped from \$488 million to exceed \$1 billion.

By the end of May, the number of internationally-funded companies established in 2015 reached to 1,797, and these operate largely in the wholesale and retail sectors as well as the real estate, logistics, communications and storage service sectors. Of the 1,797 foreign-funded companies established, 938 are partnered by Middle Eastern investors, 436 by EU-based investors and 118 by other European investors.



R&D



Aselsan and Turkcell Join Forces for 5G

The two major companies agree on developing joint projects in 5G technologies.

Turkey's biggest mobile operator Turkcell and defense company Aselsan signed a framework agreement to develop joint projects in 5G technologies, Turkcell said in a written statement July 6.

"Main aim of the deal is to enable Turkey to become a 5G technologies producing country. To realize this target, two local companies, Turkcell and Aselsan, will work together to develop a road map in 5G technologies. For the commercial success of the planned products, both companies will work together in local and global markets," said the statement.

"We have achieved establishing the strongest 3G technologies infrastructure not only in Turkey, but also in the world. Turkcell has become the first and only mobile operator which supports

63.3 Mbps, the highest 3G speed in the world, both on the infrastructural side and in mobile phones with Turkcell Turbo T50, by increasing the speed of the 3G technologies by three-fold," said Turkcell CEO Kaan Terzioğlu, adding that the company has completed its tests for 4G technologies.

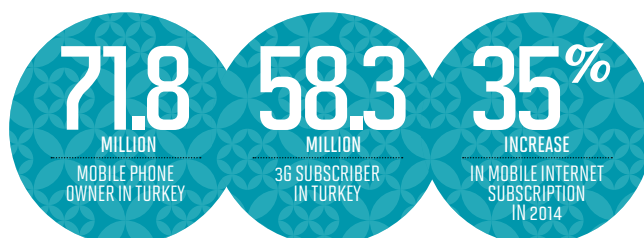
"With Aselsan, we'll make Turkey a hub for the future's 5G technologies, we believe," Terzioğlu noted.

Aselsan, which has already undertaken the 4G/LTE Communication System Development Project (ULAK Project) to develop local 4G technologies, will become the most competent partner in the preparation, design, production and launch process of the 5G technologies, said Aselsan General Manager Dr. Faik Eken.

ENERGY

TURCAS TO PRODUCE GEOTHERMAL ELECTRICITY

Istanbul-based Turcas Petrol aims to start producing electricity from geothermal energy in 2017 as part of the company's joint long-term transformation strategy with Azerbaijan's Azalternativenerji to invest in renewable energy both in Turkey and Azerbaijan, Turcas Petrol CEO Batu Aksoy said. A recent statement released by Turcas Petrol through the Public Disclosure Platform (KAP) on July 21 said the company signed a good-will agreement with Azalternativenerji, which operates within the body of Azerbaijan's State Agency on Alternative and Renewable Energy Sources (SAARES), with the objective of cooperating and developing joint projects to invest in power plants that are based on solar and wind energy and geothermal resources in Turkey and Azerbaijan. Aksoy said, "We had said that we will use our resources in projects that will provide value for our shareholders and will allow us to diversify our electricity generation portfolio. In the first phase of this strategy, we plan an investment worth \$65 million in a geothermal power plant project that we are conducting in Kütüyük, Aydın."



AUTOMOTIVE

SAZAN IS READY FOR MASS PRODUCTION

Died in a car accident after designing assault boats used in the marine forces of 7 countries, Kaan Onuk's another dream is about to be realized. Sketched by Kaan himself, 'Sazan' named cars are developed by his father Dr. Ekber Onuk, in assault boat navy-yard in Tuzla, İstanbul. Dr. Onuk is turning the car into mass production. Modeled as S 56, the car is completely Turkish design. Dr. Onuk said, "The dream of Kaan and I is alive with new S 56 model."

Ekber Onuk was also in part of the design team of the first Turkish car Anadol, known as the first 4-door sedan automobile made of entirely fiberglass body. Now he is turning a Turkish design sports car into mass production. Achieving a major success with manufacturing 126 Kaan class assault boats used in the territorial seas of Georgia, Malaysia, Pakistan, Qatar, UAE, and Egypt, Dr. Ekber Onuk is shaking hands with his former company Ford Otosan, for the sake of performing the mass production.

Ford Otosan will perform the trade of the model to Turkey and the USA by adding its own motor. 20 cars for the USA, 30 cars for Turkey, 50 cars in total will be manufactured for the first phase.

TRADE



First Hazelnut Exchange to Be Built in Giresun

World's first hazelnut exchange market will be the first of its kind where all the transactions will be performed electronically.

Chairman of Giresun

Commodity Exchange Temel Yanıkoğlu announced that the world's first hazelnut exchange to be built in Giresun. Thanks to Giresun Licensed Hazelnut Warehouse and Spot Exchange Project supported by the EU, the hazelnut transactions will be performed electronically.

In addition, Yanıkoğlu said that the project will be totally ready by the year of 2016 and around 17.000 tons hazelnut can be stored. He said further with this project, they are aiming to be in the leading position of the hazelnut market, adding that it is the first time for Turkey and the world as well which hazelnut will be sold out and purchased electronically.

Emphasizing on when there is an oversupply, decline of prices comes afterwards, Yanıkoğlu said, "First and foremost, producer will bring

his hazelnut here to sell.

Samples taken in the labs of the licensed warehouse will be undergone various tests. Hazelnut will wait its buyer in our exchange market afterwards. If the producer agrees on the price, the money will be deposited into his bank account immediately."

Saying that the exchange will serve hundreds of buyers via the internet, "We are protecting the hazelnut that producer brings here. Then we put our guarantor mask, in exchange for giving the hazelnut in such quality the buyer wants to approach. Quality product equals good price, which equals high efficiency," Yanıkoğlu said.

Yanıkoğlu concluded that producers can consign the goods into the specified warehouses when the prices are declined, and sell later by following the daily rates of the market.

AVIATION

TURKISH AIRLINES SET NEW ROUTE TO SAUDI ARABIA

Already having the world's 4th largest flight network by flying to 276 destinations in 110 countries, Turkish Airlines continues to grow by offering new flight opportunities to its passengers.

Turkish Airlines now adds flights to Dammam as its 22th flight destination operated from/to Sabiha Gökçen International Airport, which will offer an alternative not only for those who want to reach İstanbul, but also for Saudi Arabian travelers who wish to reach destinations beyond, both in Turkey and abroad.

Beginning from July 15th, Dammam flights from/to Sabiha Gökçen International Airport will be operated 7 times per week in both directions.



INVESTMENT

ASELSAN SIGNS A NEW DEAL WITH MINISTRY OF DEFENSE

Turkish defense company Aselsan has signed a \$186 million deal with the Turkish Defense Ministry to supply warfare systems for the army.

"Aselsan inked an agreement worth \$186 million with the National Defense Ministry to supply the Tactical Area Communications System (TASMUS) needs of the Turkish Armed Forces," said the company in a written statement to the Public Disclosure Platform on July 28. Shares in the company jumped more than 5% on July 28 after the statement was made. TASMUS is a tactical area communications system which provides network centric communication infrastructure, according to the company website. The main goal of TASMUS is to provide a "common picture of the battlefield" close to real time, while sharing data among battlefield systems and facilitating information transmission between all commanders. The system also handles the exchange of targeting data from sensors to the weapon system.

aselsan

R&D



Turkey-Cyprus Water Pipeline Project Completed

The water supply the island has been waiting for is now completed.

A pipeline project to deliver fresh water from Turkey to Turkish Cyprus was completed August 7th with the assembly of the last piece to finish an ambitious 107-kilometer-long pipeline.

The project, called Barış Suyu (Peace Water), is now completed after the last pieces of the pipe were assembled with the participation of Turkish Forest and Water Affairs Minister Veysel Eroğlu.

The "Barış Suyu" (Peace Water) project will transport a total of 75 million cubic meters of water annually to the island, which suffers greatly from water shortages.

Half of the amount will be used for irrigation purposes with the rest reserved for drinking water. The project also saw the construction of two dams and two elevation centers.

As a unique project to supply the island with water through sea pipelines, the water taken from Mersin's Alaköprü Dam on the Anamur River will be delivered to the Geçitköy Dam near the shores of Kyrenia with the help of an 80-kilometer-long sea pipeline and a hanging pipeline which is 250 meters below the surface.

An additional 23 kilometer part lies on Turkish soil and a smaller pipeline on land carries the water to a station in Turkish Cyprus. The pipes were pieced together on vessels above the sea and then submerged after they were filled with water. In addition to water delivery, the "smart" pipes will also be able to determine potential damage beforehand with an array of transmitters and sensors inside the pipes for timely intervention.

EXPORT

THE WORLD'S SIXTH TEXTILE EXPORTER

According to the research conducted by the Turkish Statistics Institute (TurkStat), Turkey was named the sixth largest textile and confection exporter of the world by making around 4% of exports globally in 2014.

TurkStat's note released on August 25th indicates that China topped the list with 41%, followed by India with 5.4%, Italy with 5.3% and Germany with 5%.

The share of the sector in Turkey's total exports was 18.7 percent in 2014 in value with around \$29.5 billion, according to the note. This rate was around 40% in 1995, but decreased to 26% in 2005 and 19.3% in 2010, said the note. Today, the leading exporting sector of Turkey is the automotive sector.

The 2014 exports of Turkey increased some 4% last year, reaching \$157.6 billion, a record in the history of the modern republic, according to figures released by the Turkish Exporters' Assembly (TIM). Car sales have been a major driving force, netting \$22.3 billion, along with textiles and chemicals.

There has also been a decrease in the share of textiles trade in the world. While the share of the sector was 7% in global trade in 1995, this rate dropped to 4.6% in 2014.

Panorama



BY EYÜP VURAL AYDIN, PHD

TURKEY

BETWEEN THE POTENTIAL

peak & Valley IRAN AND GREECE

Last summer there has been two important events happened in Turkey's left and right borders. One of them is that Iran nuclear deal has been reached with P5+1 and the other one is that Greece accepted bailout terms, which has harsh conditions, with the European Union after failing to pay its debts to EU.

While Iran deal signs improvement of life standards and easier access to needs after embargo relief, the other country is witnessing harsher living conditions, shattering of hopes for European Union project and unclear economic future.

Today we are facing a period, which is essential to evaluate these two occasions with their causes and effects and their relation to Turkey and to the region.

Let's start the analysis with Iran:

FROM THE PEAK PERSPECTIVE

P5+1 agreement has been a significant mark on how the regional problems, in which Iran and Turkey is included, too, can be solved with diplomatic means. Turkey-Iran relations will be positively affected by discussing problems of Iran-West pair and by deepening currently ongoing partnership processes.

Looking at the data from the table below (Table 1), it is possible to clearly see the negative effects of former periods on economic relations. As stated by business representatives and politicians of both countries that Iran - Turkey potential foreign trade volume should be minimum \$35 billion. Although current value is at \$15 billion range, it can be raised to mentioned levels with economic advancements between two countries. It is necessary to mention

Iran's gains on its way to the peak. We are speaking about a country holding the largest natural gas reserves after Russia, with 18 percent proportion (Scheme 1). The country also holds 9.3 percent of proven reserves of oil worldwide. According to 2014 data, total production of Iran reached out to 2.85 million barrels, the country has an additional 1 million barrel capacity to add to its trading volume.

In terms of Iran, this potential production capacity means spreading to new markets. Iran's exporting energy to a safe and stable economy like Turkey and Turkey's products brand value in Iran market will form basis of these two countries' official trade relations.

Especially when Turkey's increasing energy need is taken into consideration, it is important to discuss natural gas coming from Iran. Iran has annual 34 trillion cubic meters of natural gas reserves. For Turkey, currently consuming 48 billion cubic meters annually of which only 9 percent is supplied by Iran, these reserves mean to meet hundreds of years consumption need (Scheme 2).

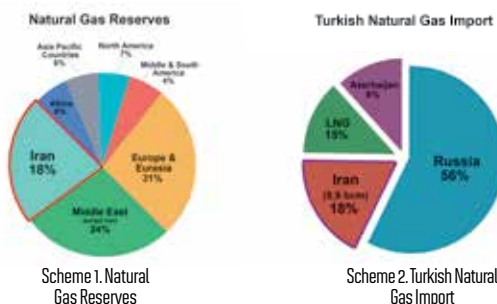
Energy for Iran will be key to new trade traffic. Iran joining to The Southern Gas Corridor Project as a supply source will replenish trade between East and West. In this regard, aforementioned deal carries critical importance for path of Turkey becoming an energy center.

Iran with both its population and structure as a closed market for years made its economy smaller by 15 to 20 percent than it should have been in domestic consumption, investment and commercial fields. Thus, rise of Iran, as the last big market in the world, means opening to international capital. Iran was excluded from financial system since 2012. Now huge cash flow to Iran

TURKEY-IRAN FOREIGN TRADE DATA (THOUSAND DOLLARS)

	2015	2014	2013	2012	2011
Turkey - Iran Export	1.557.235	3.886.190	4.195.511	9.921.602	3.589.635
Turkey - Iran Import	3.002.014	9.833.290	10.383.217	11.964.779	12.461.532

Table 1. Turkey - Iran Foreign Trade Data



economy is expected since Central Bank reserves of \$130 billion is blocked in foreign banks are to be released.

This scenario reveals an utterly different perspective for Turkey. As was foreseen, in strategic cooperation agreements in April 2014 on trade, education, health, environment and family and social policies, a 35 billion dollar potential indicates the intensified and strong cooperation which was weak before.

Following the aforementioned agreement which entered into force on January 1, 2015, Turkey's export to Iran has reached 1.9 billion dollar with 30% increase in the first half of the year, setting a good example of cooperation potential increase (Table 1). In addition, it is important to note that Turkish contracting companies, who entered Iran market in 1983 for the first time, have undertaken 4.1-billion dollar projects in Iran until 2012, when the embargo aggravated. Considering the advantages of Turkey-Iran Preferential Trade Agreement (TTA), Turkey is expected to open 500 chain stores in Iran only in retail industry in the following three years.

Iran has become a more important rival for Turkey in this field as it will clearly open to foreign countries in diplomatic and political sphere as Turkey experienced in the 80s, give importance to production, increase free trade and experience more developments as a result of more liberal management. On the other side of the coin, a period of growth has begun in which economic cooperation will increase, potential will be actualized, bilateral investment and trade relations will deepen.

FROM THE VALLEY PERSPECTIVE

On the other side of the picture, let's take a glance at Greece which accepted harsh conditions of the creditors. Recent developments in Greece have opened Pandora's box for EU and its regional and local funds used for regional development. Choosing to become a country which bases its economy almost completely on service sector instead of placing emphasis on production and industry policies, Greece has become the first developed country which did not pay its debts in IMF history. Over the last 25 years, Greece's

TURKEY-GREECE FOREIGN TRADE DATA (THOUSAND DOLLARS)

	2015	2014	2013	2012	2011
Turkey - Greece Export	962.192	4.043.839	4.206.020	3.539.869	2.568.826
Turkey - Greece Import	548.713	1.536.692	1.437.443	1.401.401	1.553.312

Table 2. Turkey - Greece Foreign Trade Data

economy has witnessed such a sharp transitivity between industry and service sector that 27% percent share of industry sector in the whole economy has decreased by half (13%) and 60% share of service sector has increased to 85%.

When it comes to trade relations between Turkey and Greece, as can be seen in the table below, it is obviously under the potential which is expected to be strong between two neighboring countries which are signatories of customs union even though foreign trade volume is increasing (Table 2).

It is obvious that welfare in Greece will decrease in the upcoming period because of the debt in the agreement which Greece signed. Considering the situation, it can be said that Greek public authority will have difficulty in reserving share for new investments and will have to privatize income-generating assets to a large extent. In short, Greece will have hard times in the upcoming period in terms of macroeconomic data such as new investments and new employment areas.

FROM TURKEY PERSPECTIVE

As a result, Turkey's neighboring countries in the West and the East have signed historical agreements. In consequence of both agreements, two countries, with which Turkey has intensive relations, will witness developments different from usual.

Greece's situation has opened future up for discussion and Iran nuke deal will create an important political rival for Turkey in the region. Being a sole ally of the West in regional problems for years, Turkey will have to develop policies in parallel with Iran which is expected to follow clearer policies in solving regional problems.

As Iran has entered energy market and international energy giants have returned to the country, international investments will shift to this region. While the situation of Iran, in which a considerable increase in consumption expenditures is expected, will create new economic opportunities for Turkish business world, it will also bring harsher conditions of political competition for Turkey.

Turkey should not see its position independent from the developments in these two countries. As one of the agreements is taking a country to the peak and the other one is taking the other country to valley, the parts of big picture are coming together. Nowadays, Turkey unfortunately doesn't have the adequate political stability, which it needs the most where critical economic and political steps should be taken.

Next steps will take us trough the peak or to valley as the region has been witnessing critical developments. It is obvious that a right positioning in the big picture is needed in order to be more powerful and effective for the future in the region.

Content: An Innovation Market **P17** Take Shelter **P20** Keep Calm and Go Digital **P22** Brew the Nature **P25** No Obstacles Ahead **P28** The New Tax Bill Has Passed **P29** Safe and Sound **P31** Extracting the Brand **P34** Best in Europe for Five Years in a Row **P36** Opportunity Knocks: A Lucrative Investment Destination **P38**
Editor: Efe Daşman

Briefing

INNOVATION, INSURANCE, MARKETING, AGRICULTURE, FINANCE, INDUSTRY, BRAND, AVIATION...



The President has visited Tiananmen Square on the first day of his visit to China.

POLITICS

Erdoğan's Visit to China:

BUILDING NEW BRIDGES

President Erdoğan has visited China for the first time in his Presidency. During the three day visit, bilateral trade volume, common currency, and the Silk Road Economic Belt Project were on the agenda.

BY EFE DAŞMAN

The second largest economy in the world, China is expected to compete with the USD by 2030. With its \$11.2 trillion GDP, China is one of the key actors in the global economy. Though it experiences an unpredictably sharp fall. According to the General Administration of Customs, China's export volume declined 8.3% in

July, 2015. Europe's long standing recession, problems in the Middle East market, Russia's depression may be the reasons behind this fall. Similar in terms of markets, Turkey seems to turn towards China. In search of new markets, the two countries are looking to increase bilateral trade volume. In this manner, President Erdoğan has visited

China; seeking to promote bilateral strategic cooperation on the basis of mutual respect and mutual benefit.

A BRAND-NEW ERA

President Recep Tayyip Erdoğan has made an official visit to China on July 29th. Erdoğan was accompanied with Economy Minister Nihat Zeybekçi, Energy Minister

Taner Yıldız, and a group of business councilmen. The President has made a private meeting with Chinese Prime Minister Li Keqiang. Erdoğan later held a meeting with Chinese President Xi Jinping, after which both presidents spoke to the media.

The ties were advancing and becoming ever-more significant, said Erdoğan.

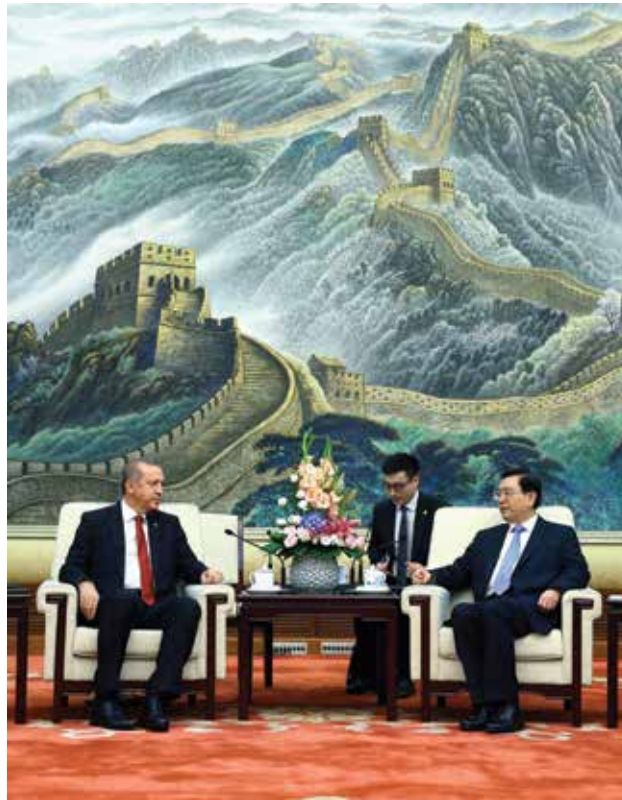
“Our relationship with China has always been dealt from a strategical perspective,” the President said. “The future of China-Turkey relations is very bright and has great potential,” Xi Jinping said in remarks before the media at the Great Hall of the People in central Beijing. Following a two-hour meeting, the two presided over the signing of agreements on trade, investment and boosting dialogue at the vice prime-ministerial level.

A WIN/WIN COOPERATION

Turkey suggests a special free-trade area that will enable Chinese firms to carry out all kinds of trade and production in Turkey, said Economy Minister Nihat Zeybekçi during the bilateral talks he held with Chinese Minister of Commerce Gao Hucheng in Beijing on July 29th.

Turkey wants to initiate a process to remove all the obstacles to trade between Turkey and China, stated the Turkish Minister, adding that both countries want to improve their bilateral relations based on a win-win principle. Underlying Turkey's and China's objective of boosting trade relations with joint activities, Zeybekçi said that they launched work to form a new Chinese Action Plan to be implemented between 2015 and 2018. In reference to the existing trade relations between the two countries, the Turkish Minister also said that Turkey wants to improve its exports to China to the level of China's exports to Turkey.

“As Turkey, we know that we will win not by competing with China, but forming cooperation with it,” said Nihat Zeybekçi, adding that both countries' relevant ministries will form high-level committees that will monitor the steps toward



boosting relations. Trade volume between Turkey and China exceeded \$1 billion in 2000 and it has followed a growing trend ever since. However, the balance has always been to the benefit of China. According to the Turkish Minister, the quickest way to close the foreign trade deficit is Chinese firms' investments in Turkey. He invited Chinese firms to establish logistics centers in Turkey and to invest in food and energy sectors in the

country. “We greatly support the Silk Road Belt Initiative, to which China attaches great importance,” the minister said, stressing that Turkey is one of the major junction points of this project.

Chinese Minister of Commerce Gao Hucheng has also talked about the bilateral trade should increase in order to have mutual growth. Speaking at the conference, Hucheng said trade relations between the two countries are inclined towards a positive trend and the two economies can affectively complement each other. According to the Minister, bilateral trade volume broke a historic record in 2014 and experienced a rapid growth in the first half of 2015. The minister also wants to encourage Chinese companies to invest in Turkey. The establishment of a free trade area for China in Turkey can help the enterprises to go in, the Minister stated. “We are ready to cooperate

President Erdoğan and his Chinese counterpart Xi Jinping have exchanged ideas regarding the socio-economic relations between the two countries.

on big projects in Turkey. For example, we can form a cooperation on the Edirne-Kars High Speed Rail Line and nuclear power plants” the Chinese Minister concluded.

AN INVITATION FROM CHINA

Built a global empire through export, China now wants other countries to invest in. A series of decisions Chinese government declared in June may have tantalized the Turkish exporters. Decline in customs regulations by China could help this number to increase. Having \$2.9 billion export volume to China, Turkish exporters may set eyes on Chinese market.

By June 1, Ministry of Finance of the People's Republic of China have cut down the import duty by 50% on some goods, such as lounge suit, fur, boots, baby stuff, and skin care products. Turkey has exported \$150 million textile and \$53 million apparel products. With the decline on duty, it is expected that Turkey's export in such industries could have the biggest growth. Increase on income per capita and Yuan value incite Chinese people on consumption. According to the numbers of National Bureau of Statistics of China, retail sale was \$1.14 trillion with an increase of 10.8%. Chinese government also wants to increase the number of the variety of the duty-free products in order to increase the domestic consumption. By April, total sales at Sanya and Haikou duty-free stores have reached to \$2.17 billion. The number of duty-free stores are expected to increase in the following months.

“We believe this will help strengthen mutual trust and the friendship between the two peoples.” says the Turkish President.



INNOVATION

Tübitak Martek:

AN INNOVATION MARKET

The initiative of Scientific and Technologic Research Council of Turkey, TÜBİTAK MARTEK is one and only science park in Turkey which has the Free Technology Zone definition with lots of advantages.

BY HALİL KAPLAN

It all started four years ago when science and technology studies departed from the Ministry of Economy, and set up as a divided ministry, the Ministry of Science, Industry and Technology was established in 2011. Technology and informatics operations accelerated ever since. Investments were paid off as Turkish technology startups enter in the world's tech capital, Silicon Valley. The last major M&A was Turkish e-food market Yemeksepeti's acquisition to German food company Delivery Hero for \$589 million. This alone shows the potential of Turkish technology entrepreneurship.

Given the fact that private sector attach greater

importance on developing their own end-products apart from technology import, government aids to make the country an IT exporter, Turkish entrepreneurs are indeed in a land of opportunities when it comes to support. The news was really intriguing as the government finally enacted the Fifth Zone Incentives. The incentives cover high tech investments, and according to the law, now there is a special free develop/trade area for people who develop high technology products. The law lets people to develop and export technology with tax concessions. Another support was from the Scientific and Technological Research Council of Turkey

(TÜBİTAK). According to the newly signed support agenda, TÜBİTAK and Turkish Economy Bank donate \$150,000 for entrepreneurs. When applied, the entrepreneur will be taken in the Entrepreneur Selection StepUP program. If they successfully finish

One of the very first science parks initiatives of Turkey, TÜBİTAK MARTEK has Free Technology Zone which includes small enterprises that can reach investors directly.

the program, TÜBİTAK will donate \$150,000 as well as sending them to ODTÜ T-Jump in Silicon Valley for a week.

TÜBİTAK is not the primary responsible for only scientific research operations in the country, but also the responsible for many science parks which were once none. Science park operations started not very long ago, in 1991. Under the guidance of KOSGEB, The Middle East Technical University (METU) Teknokent was declared as the first science park in Turkey. By establishing Marmara Research Center (MAM), TÜBİTAK started its science park services. Since then, both quality and quantity of the science parks increased rapidly. As of 2015, the number of running 'Technology Developing Areas' reached to 55. While the work is under way in order to increase the number of science parks to 59, TÜBİTAK Marmara Teknokent needs special attention.

ABOUT THE SCIENCE PARK

TÜBİTAK MARTEK was established in Gebze, Kocaeli, as two different and legally divided units which are Free Technology Zone (TEKSEB) and Technology Developing Zone (TEKGEB). The operations in the science park are under the parent company of TÜBİTAK Marmara Research Center, created during the operations of Science Parks Development Agenda, signed in 2001. TÜBİTAK MARTEK is one and only science park in Turkey which has the Free Technology Zone definition and lots of advantages.

Built in an area of 62 hectare, TÜBİTAK MARTEK uses an area of 25.73 ha as its Technology Developing Zone

(TEKGEB) and Technology Free Zone (TEKSEB) operates under 36.27 h.a. of area.

Establishing and operating are under the responsibility of TÜBİTAK Marmara Research Center (MAM). The established science park TÜBİTAK MARTEK was also the first incorporated company in Turkey, legally protected under the wings of the Scientific and Technologic Research Council of Turkey..

The science park's main cause is to create an atmosphere where high tech products can meet high standard buyers and the students or entrepreneurs could have a place to develop and commercialize their high-tech end products.

TURKEY'S VERY FIRST TECHNOLOGY FREE ZONE

TÜBİTAK MARTEK is divided into two units: One of them, Technology Developing Zone, is established in order to develop goods or services for companies that use high technology or new technology, and to turn them into marketable innovative solutions.

Technology Free Zone (TEKSEB) is on the other hand, completely different from any other science parks in Turkey. As the first and only model presenting economic and industries opportunities in R&D field, trading, economic and fiscal administrative regulations are not applied in TÜBİTAK MARTEK Technology Free Zone. In the area, industrial and commercial operations are incited, as well as easing the regulations in order to let foreign investments to enter the country. The zone operates just like a FTA; only developers can also find tax aids and incentives where they may not find in other science

parks.

R&D is the key ingredient during the evolution process of startups to become companies. TÜBİTAK MARTEK Technology Free Zone also attaches great importance on research and development. By getting 'Operation License Document', companies can operate in the park for 49 years.

As of June 2014, Turkish government has passed the Free Zones Law, which includes science parks that could have operations as a Free Trade Area. Having a certificate of a 'Tax-Free or Autonomous Trade Zone', companies can make mass production and disposal in the same area. Without risking the contract during the production process, buyers can have the end-products much cheaper and easier this way.

The science park offers a chance to enterprises that make mass production and have potential to go abroad. Because the foreign trade regime in between this area and other countries (or free areas) do not apply, both developer/seller and the buyer are not restricted in high taxes. Turkey origin goods not exceeding \$5,000 may not be waiver of export. This is good news for small enterprises in the science park, such as COSA and Jani. By having incentives and tax advantages, Turkish startups will meet foreign attention without risking money and the raw material.

DEMO-DAY AIMS TO BRING ENTREPRENEUR AND INVESTOR TOGETHER

The science park in Kocaeli is not important for only its free trade regulations, but also its innovation and R&D organizations. TÜBİTAK



Tübitak MAM
Environment and
Cleaner Production
Institute

MARTEK will run the Demo-Day organization in November. The organization aims to bring entrepreneurs and investors together in a Web Portal. By adding its existing investor ties, Demo-Day will create a development exhibition place for new entrepreneurs and investors.

Dr. Orhan Çömlek, the CEO of TÜBİTAK MARTEK said the Demo-Day will bring businessmen and angel investors together. The CEO stated that organizations running under the chambers of industry, trade and artisans will be invited to the Demo-Day. Indicating that they will be discussing some terms regarding the Demo-Day with 13 key organizations in East Marmara Development Agency (MARKA), "We decided to run the organization by assembling the chambers, industrial parks, universities and science park staff in the MARKA region. We set up committees and sub-committees regarding the organization. With the Demo-Day we will run in November, we hope to bring industrialists, investors, angel investors

R&D is the key ingredient during the evolution process of startups to become companies.



and startups and products of the entrepreneurs. We invite everyone who would like to invest, and support R&D investments. There will be face-to-face interviews between investors and entrepreneurs; where the investors will be able to get the opportunity to the product and the enterprise they would like to invest in, which will accelerate the investment process," said Orhan Çömlek.

Emphasizing on all the participants will be based in Turkey, Çömlek said; "We will organize the foreign leg of the Demo-Day as well. We will add our existing network of investors and entrepreneurs into the Web Portal which will be created by the Demo-Day. Thus entrepreneur will have a chance to present the products that we look for investors. The system will be running 7/24. The hardship here was to bring all the actors together, and we successfully managed to do that. We also open new offices in the United States and Austria. We signed team sheet with regard to run science park operations in these regions. Companies

within the structure of our science park may use the offices in order to reach foreign investors easily."

Speaking of entering new markets, Çömlek stated Africa, Azerbaijan, and East Europe are their foremost targets. "We created the software development cluster Ur-Ge project, which is international competitiveness development project co-opted by Gebze Organized Industrial Zone and the other science parks in the region. The firms that work under the project will be joining in foreign expos as well." Saying they work for reaching Turkey's export target of 4 USD/kilogram, Çömlek said they aim all the existing staff to get higher education at Social Science Institute of Düzce University.

PLACING EMPHASIS ON WOMAN ENTREPRENEURSHIP

As the world towards globalization, gender gaps are shrinking alongside with it. The terms like R&D, invention, innovation, design, capitalization, and entrepreneurship are not only in men's dictionary now. Women place much more effort than any other era to build an idea towards an enterprise. In this manner, TÜBİTAK MARTEK is organizing an event that will serve women to contribute the entrepreneurship ecosystem in the science park.

In collaboration with Woman and Democracy Association (KADEM) and TÜBİTAK Marmara Teknokent, Woman Entrepreneurship Camp will be organized by the name of woman in innovation. The project that will support woman entrepreneurs is introduced on July 19th, 2015. KADEM President Sare Aydın, KADEM Vice President Sümeyye Erdoğan, KADEM Board Member Elif Esen, and



DR. ORHAN ÇÖMLEK

CEO, TÜBİTAK MARTEK

The most important aspect of science parks is bringing industry and universities together. Since 1992 startups and then large scale companies performed R&D Works in TÜBİTAK MARTEK. Now TÜBİTAK Marmara Teknokent is one of the largest science parks in the region. The fact that Turkey has a young population and its workforce costs are cheaper than Europe, Turkey attracts foreign interest.

World giant GE Aviation (in partnership with Turkish TEI Aviation) GMTECH firm is within this science park. Ford Otosan has built its R&D center here in 2007 as well. Demo Day '15 will bring industry, investors and entrepreneurs together in order to create an entrepreneurship ecosystem. In this manner, TÜBİTAK MARTEK will be an important base for both trade and innovation actions.

TÜBİTAK MARTEK CEO Dr. Orhan Çömlek attended to the meeting. Giving a keynote speech at the launch, Sare Aydın Yılmaz said, "I believe the project in collaboration with TÜBİTAK MARTEK will be an inspiration for young women." Presenting the details of the project, Yılmaz stated that apart from the five projects will be awarded, 30 entrepreneurs who joined in the programme will have amazing experiences by meeting scientists and investors.

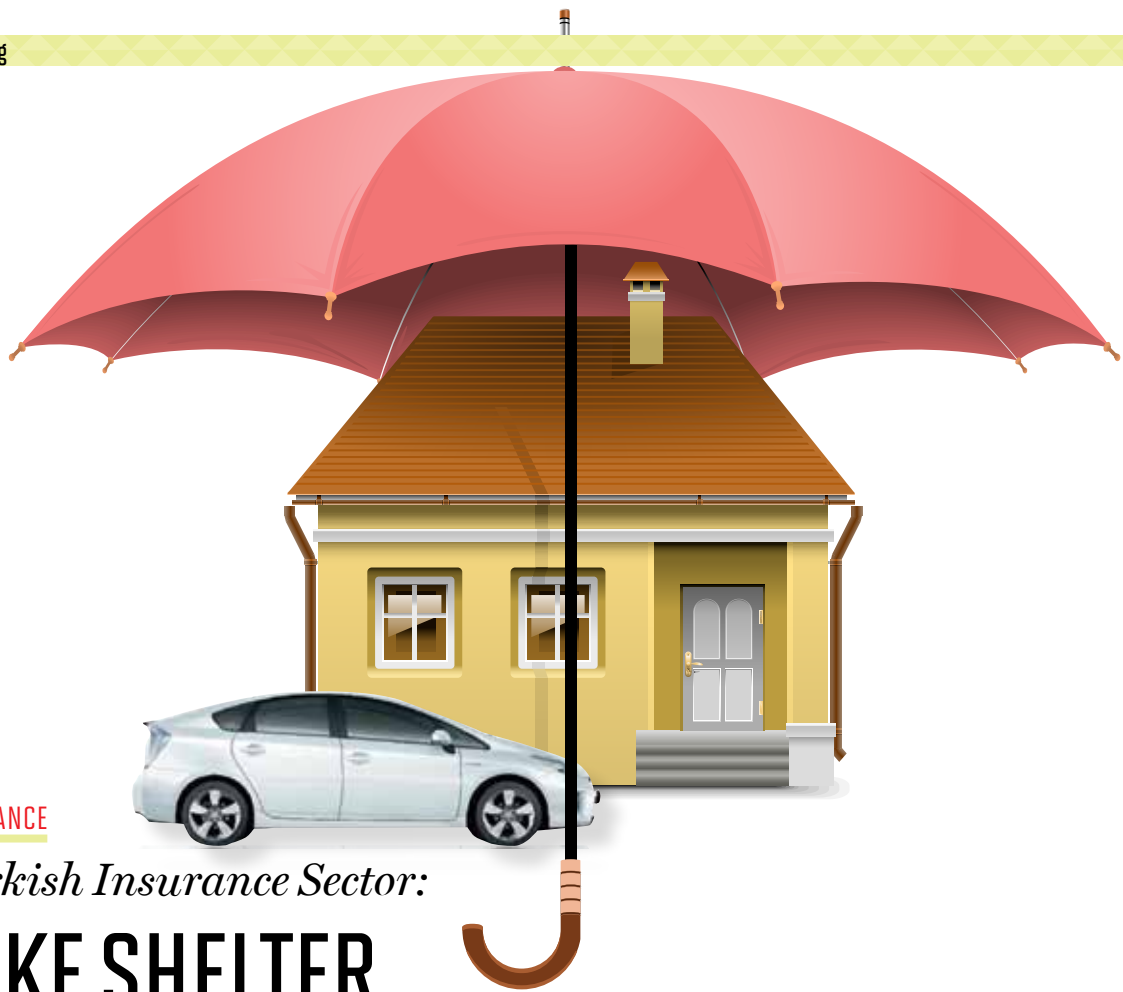
Orhan Çömlek also gave a speech regarding the project. Saying that the project can make major contributions for especially studying or newly graduated women, "We will bring together young women entrepreneurs and investors within the scope of this project.

It is a big step for young entrepreneurs," said Çömlek.

With the Woman Entrepreneurship Camp in collaboration with TÜBİTAK MARTEK and KADEM, a comprehensive study is carried out in order to raise women's entrepreneurship skills and turning them into enterprises that have high potential of qualified employment. In this regard, the camp will be based on three phases. In the first phase, new projects that include R&D, science, technology, and innovation are submitted on July 31. In the second phase, 30 finalist project will be elected by the evaluation of the jury. In the third phase, finalist projects will be invited to the camp and training, experience sharing, and executions will be made during August 31-September 4. The most successful 5 projects will be awarded \$10,000 support.

The project has already gained attention from a variety of universities all around Turkey, and it is expected that the projects will be followed after the camp for future investments.

Science parks are important for a country to develop considering the Silicon Valley was just a science park once. In order to grow both economically and technologically, science parks are the best places where innovation and R&D are brought together with potential investors. As the world economy started to pay much more attention to Public Private-partnerships, science parks bring public and private organs together as well as science persons for a long time. In order to create products for 21st century, open innovation process and free trade areas are crucial. TÜBİTAK MARTEK is a place where open innovation goes without strict trade and tax regulations.



INSURANCE

*Turkish Insurance Sector:***TAKE SHELTER**

The 17th largest economy in the world, Turkey is an attractive market for the insurance sector. With its dedicated law enforcements and low insurance rates, Turkish Insurance Sector will continue to grow.

BY BERKAN KIŞIN

There is a woman behind every successful man. There is a teacher behind every successful student. There is an art director behind every successful editor. There is definitely an insurance company behind every successful enterprise. Thanks to its saving effects, insurance is a preservative system for society in need of social and economic covers for the potential losses. Gaining importance day by day, insurance sector also needs a dynamic structure in order to keep up with its progress. This is why the sector may be the only sector that has to watch out for others at the same time it has to watch out for its own back. In order to carry out its basic targets

such as sustainable growth, yielding, and continue its existence, insurance sectors performs actions in parallel with constantly changing technologic and economic situations.

While world average of gross national product per capita is \$10,376, insurance expense per capita is only \$652. Insurance penetration in the world, in other words, insurance ratio to GNP is around 6.3%, total bonus of non-life insurance is over \$4.5 trillion. In Europe, insurance expense per capita and insurance penetration is higher than the world average. Insurance expense per capita in Europe is three times bigger than the world average. Having a population of 77 million, and \$10,947 gnp

per capita, Turkey's insurance expense per capita is \$166 and insurance penetration is around 1.5%. Though it is expected that Turkey will make these numbers higher due to the performance of Turkish insurance companies and increasing development potential.

Insurance sectors grows in developed and developing countries in parallel with economic growth. In Turkey, 17th largest economy in the world, insurance sector performs a stable growth recently. When compared with the world, insurance sector in Turkey shines out as a developing and having a high potential. Turkey is still an attractive target market because of the low insurance

Insurance ratio to GNP is around 6.3% in the world, while total bonus of non-life insurance is over \$4.5 trillion. This shows the sector is still in its infancy.

ratio despite its young population. With its dynamic structure, qualified workforce, and growth potential, the sector comes into prominence as promising sectors in both Europe and the world.

INSTITUTIVE SINCE 1927

Crucial steps are taken towards corporation of the insurance sectors since the very first years of the establishment of the Turkish Republic. In 1927, the Law Regarding the Inspection of the Insurance Sector and Insurance Companies went into operation. The law basically aimed at inspecting local and foreign insurance companies as well as preventing the outflow. It also helped insurance companies to grow thanks to the governmental level of propection. Following two years after making necessary preparations and inspections, National Reassurance is activated in 1929. In 1939, insurance companies are conjoined into the Ministry of Trade. Aftermath, Turkish insurance companies are conjoined into the Undersecretariat of Wealth and Foreign Trade, and enacted as parts of financial structure.

As of 1990, Free Tariff System is activated for accident, engineering, agricultural, fire, and relocating insurances. As of 1995, in order to bring solutions to the collections of insurance bonuses via commission agency currency account system is abolished. Policy issuing system was activated instead.

In 2000, Turkish Catastrophe Insurance Pool (DASK) was put into practice due to massive destruction of 1999 Earthquakes. On the other hand, compulsory reinsurance era was abolished in 2001. Today Compulsory Earthquake Insurance are

carried out with private insurance companies that are given certificate by DASK. With the Individual Pension Savings and Investment System Law accepted in 2001, individual retirement system went into practice in 2003. With the scope of the plan regarding increasing governmental measures, 25% state support is put into practice to the participation of individual retirement system in 2013. Apart from all these, in order to take insurance for the risks that threatens agriculture, Agricultural Insurances Law is put into practice.

THE FUTURE OF THE MARKET

Considering the growth potential of Turkish market, the country's young and dynamic population could lead foreign investors to show interest, sector representatives believe that the growth will continue in parallel with the foreign investors' efforts of having share in the growing market. Increasing its premium production 7.3% in 2014, Turkish insurance sector provided assurance 40 times more than the national income. Employing over 80,000 people, the sector contributes to closing of saving deficit, and the evolution of risk, security, and quality culture. With its \$10 billion premium production in 2014, the sector is one of the largest markets in the Europe. 2014 year end consolidated contributor number increased by 26.4%, and reached 700,000 people, and total funds invested reached \$2.5 billion with 34.6% increase.

The 2015 Q1 numbers of the insurance industry on the other hand, premium production reached \$2.9 billion, with 12.85% increase, when compared to the same period of the last year.



Growing 12.85% in 2015 Q1, Turkish insurance sector has reached real growth again. \$2.52 billion of the premium production are originated from elemental insurance, while \$338 million is originated from life insurance. Elemental insurance grew 12.18%, life insurance grew 18.06% in the first quarter of 2015.

Directly related to the automotive industry, comprehensive insurance seems to be the leader of the life insurance sector, with a share of 42%. It is followed by health insurance with 14%, and the other insurances cover 27% of the totaled premium production.

As of 2014, including 68 insurance and 2 reinsurance companies, 70 companies are operating under the umbrella term of Turkish Insurance Sector. By 2014 year-end, insurance and reinsurance personnel numbers are over 18,000. Allianz performed the most premium production with \$326 million in the first three months of 2015. It is followed by Axa Sigorta with \$303 million, and Anadolu Sigorta with \$295 million. Ziraat Hayat ve Emeklilik performed the most premium production in life insurance with \$53 million. Halk Hayat ve Emeklilik and Allianz Yaşam ve Emeklilik followed Ziraat's success with \$42 million and \$38 million respectively.

With its young population and low insurance rates, Turkey has the characteristic of being an attractive target market. Thus the sector whets both domestic and foreign investors' appetite. Attention towards the sector and new actors in parallel with it, market competitiveness sharpens day by day. It seems that Turkish insurance sector will make its mark for a while.



\$10.9

THOUSAND

TURKEY'S GNP
PER CAPITA

\$2.9

BILLION

PREMIUM PRODUCTION
IN Q1 2015

12.8%

INCREASE IN PREMIUM
PRODUCTION
IN Q1 2015



MARKETING

*Digital Marketing in Turkey:***KEEP CALM AND GO DIGITAL**

Marketing is an industry where you should be both creative and time-racer. The sector grows in Turkey as they contend in Europe's best awards.

BY EFE DASMAN

Revolutionary term marketing dates back to the emergence of modern cities. When Gutenberg invented press in 1450, he may have thought then press could work in order to share the knowledge and ideas, all and all the basic structure of production was to save the written memories. Then some clever minds looked it to use for advertisement. The age of advertisement advanced

the age of capitalism. When it comes to 20th century, the military used advertisement in order to recruit soldiers for the World Wars, "We Can Do It!" "I Want You!" "Keep Calm and Carry On" posters had drawn so much attention that they are well known even in today's society. Marketing today in the 21st century underwent drastic changes. Expectedly the use of the internet and

mobile technologies has led the advertisers to seek solution in the digital world. Infographics, digital media campaigns, Periscope, Snapchats, and Vines created a vast land of opportunities for marketing agencies. This potential is so big that one can reach 2 billion people by placing an ad on Gangnam Style video on YouTube. The potential of digital in the 21st century has given rise to

digital media campaigns and case studies. The marketing has become digital now, and the traditional marketing cases have become retro marketing.

DIGITAL MARKETING IN THE WORLD

According to Advertising Expenditure Forecast conducted by Zenith Optimedia, in 2017, the internet will be the biggest communication channel of 12 key markets that covers 28% of global marketing expenditures. Four of these markets internet marketing will cover over 50% of the total marketing expenditures. Even though internet is still

the second biggest channel after television, today's 11% market divergence will decrease to 4% in 2017. It means that breaking of the routines of the people's daily live will alter the marketing expenditures.

Zenith Optimedia forecasts that global advertisement expenditures will reach \$531 billion by growing 4.2%. It is also expected that the ratio could be 5% in 2016, considering 2016 Rio Summer Olympics and the

live streaming is the new frontier for social marketing. There is steep competition, but strong adoption since the beginning of 2015. The report shows that streaming app Meerkat attracts 35,000 viewers per day, as well as

1980s



1981
IBM LAUNCHES FIRST PERSONAL COMPUTER.

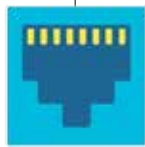


1986
SQL WAS ADOPTED AS A STANDARD BY THE ANSI.



1989
100 MB IS THE STORAGE CAPACITY OF COMPUTERS.

1990s



16 MILLION
THE NUMBER OF INTERNET USERS WORLDWIDE IN 1995



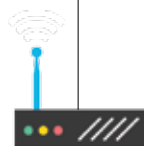
30 MINUTES
THE AVERAGE TIME AMERICANS SPENT ONLINE IN 1996



1999
EKSISOZLUK IS FOUNDED

United States Presidential Elections. It is likely that the change into digital will go rapidly and unpredictably, due to the evolution of mobile technologies. CMO by Adobe has published its Digital Advertising Report for Q1 2015. According to the report,

2000s



2002
558 MILLION INTERNET USERS WORLDWIDE



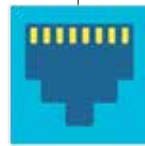
2004
GOOGLE GOES PUBLIC



2007
THE IPHONE IS BORN

Periscope showed more attraction, which has more than 50,000 daily viewers. Social media advertising continues to increase on the other hand. The arms race to post content continues as brands race to post more frequently to try and get as many eyes on their content as possible. The report suggests that overall brand posting in Facebook is up 31% YoY, but

2010s



5 HOURS
THE AVERAGE TIME TURKISH PEOPLE SPENT ONLINE IN 2014



35 MILLION
FACEBOOK USERS IN TURKEY



67%
PEOPLE WHO CHECK THEIR PHONE WITHOUT A NOTIFICATION

down slightly QoQ. When it comes to industries, retail remains the industry with the highest interaction rates, by 4.1% Facebook branded post interaction in Q1 2015, as Travel has the 2nd highest interaction rate by 3.3%. Google shopping ad rates increase steadily; shopping ad spends acceleration spills over from the holders into the first quarter of 2015. Retailer's spend 37% more YoY on Google shopping ads in Q1 2015.

TURKEY AND DIGITAL MARKETING: DISCOVER THE DIGITAL POTENTIAL

As a country that has over 48% Internet penetration, digital marketing has become a niche market

Stat Abi, a social media case study regarding Beşiktaş JK's stadium under construction has reached 1,500,000 fans.



lately. Considering over 50% of Turkish population is under 30, internet and mobile population will increase drastically in the next decade, which brings a grand potential in digital marketing. Considering the studies to build a brand-new infrastructure for 5G mobile networks conducted by TÜBİTAK and Science Ministry, Turkey has a big potential in digital, and marketing has an important part in it. Operating in 42 countries, Interactive Advertising Bureau (IAB) conducts studies in order to enhance interactive marketing and advertisement. Bureau's Turkey joint, IAB Turkey is elected as the Board of IAB Europe. According to IAB Europe AdEx Benchmark 2014 report, digital marketing investments in Europe have reached \$30.4 billion in 2014. The number makes digital marketing as the second biggest advertising field after TV. Turkey follows Europe's digital success exactly as they are the fourth fastest growing country in digital marketing. Expenditures too, indicate Turkey's recent success in digital marketing. IAB Turkey AdEx-TR 2014

Report reveals that, digital ad investments in Turkey in 2014 reached \$540 million with a 20.5% growth. According to IAB Turkey, the biggest growth is observed in mobile display category as 57.7% and in video category as 44.9% when compared to 2013 numbers. The total display advertising investments reached \$190 million and the highest share in display advertising has been recorded as 'advertising based on display/click' sub-category with \$128 million. Video investments have reached \$36 million, as well as sponsorship investments have reached \$14.5 million. Affiliate marketing figures on the other hand reached \$9.8 million in 2014. In 2014, the biggest growing categories compared to 2013 were mobile (57.7%) and video (44.9%). Search engine advertising investments hit \$266 million. The report shows that mobile advertisement ventures reached \$9.5 million, and mobile opt-in SMS/MMS investments reached \$11 million. The persistent expenditure in digital marketing could also increase in Q4 2015, due to the 2015 Turkey General Elections.

TURKISH ADVERTISERS GETTING THE AWARDS

Creativity is on the other side of the industry. Evaluating digital marketing in order for their creativity, Mixx Awards Europe was given in 2014. This year's 29 awards given 24 categories total, and 11 of the 29 awards were given to Turkish digital marketing companies. Meaning, 2 of the every 5 awards were given to Turkish advertisers. In Product Launch category, Mindshare-Mobilike gets the golden award with its Vodafone- Beşiktaş JK Put Your Soul to Jersey campaign. In Online Commercials category, ArnoBrasco,

Mobilike and Open Medya get the golden award as well, with their Yıldız Holding-UNO Don't Let Them Touch to Your Bread campaign. The awards definitely show the potential of digital marketing in Turkey.

The advertising industry is time-racing and creative industry. Digital marketing has to offer more than what traditional marketing had to offer. Hundreds of million people could see your ad, thus your brand if you are successful. Digital marketing could save you from time as well as drain when you do it right. Turkish digital marketers see the potential and implement it their creativity.



GÜNSELİ ÖZEN OCAKOĞLU

Editor-in-chief, Marketing Türkiye

It is not exactly accurate to narrow down digital to only advertising. I think we are bearing witness to the evolution of the way of communication. We are in an era that comes in every 150 years. We are lucky because we are in it; we are unlucky because it progresses rapidly. And the world we are in is not adequately ready for it.

Digital is in the middle of our daily lives. If it is used as a way of communication, it becomes much, quicker, cheaper, and more target oriented than the traditional channels. When digital advertisement is given importance, branding becomes a more important subject which will be spared more time.

Likewise, the quality of our products takes the lion share in stage-gate processes. Digital advertising allows us to use a channel where you reach the target directly and quicker.



DR. MAHMET KURŞUN

President, IAB Turkey

Advertising is essential for the success of the markets in general. It has a key role in accelerating the production figures. Digital is one of the major issues around the world with its impact on marketing communication, media consumption habits, business models and economic growth. Digital advertising enables new marketing models that are far beyond any model used in traditional media. PWC Global Entertainment and Media Outlook Survey estimates the advertising industry to grow from \$515 billion to \$640 billion with a growth rate of 4.4% between 2013 and 2018. But Internet ad spend growth is expected to reach above the average as 10.7%. Turkey is not an exceptional case in this context. Digital ad spend grows by 20-25% on the average since 2011 and reached \$500 million in 2014 being the second biggest advertising medium after TV.



AGRICULTURE

East Black Sea region is known as one of the highest altitudes where tea grows.

Organic Tea Project: BREW THE NATURE

ÇAYKUR, the biggest establishment of Turkish tea sector realized the Organic Tea Project. When completed, it will be the biggest organic tea plain in the world.

BY ENGİN ÖREN

“There is tea if you’d drink, there is me if you’d love...” says Âşık Veysel. One of the most consumed beverages in the world; tea is a bridge that connects cultures. In 2014, Americans consumed over 80 billion servings of tea, or more than 3.60 billion gallons. Not only the consumption, but also the production of tea is important. In 2014, the worldwide production amounted to approximately 5.03 million tonnes of tea. According to FAO, Turkey performed 212,400 tonnes of tea production in 2013. Turkey

is the largest tea producer in Europe, and the fifth largest tea producer in the world, after China, India, Kenya, and Sri Lanka. Turkey is also the largest tea producer in Europe. 5.5% of the world’s tea production is performed by Turkey. The numbers show that production and consumption levels are getting higher. Hence, quality of tea should be taken into great consideration. Organic farming gets involved in the game here. If we want to think of the future of the agriculture, organic farming projects are crucial.



When the project completed, ÇAYKUR will be using the largest organic tea plant.

ORGANIC FARMING IN TURKEY

Organic farming has attracted an increasing attention over the last three decades, because it is seen as a solution to the issues currently besetting the agricultural sectors of industrialized countries. Organic farming has the potential to provide benefits in terms of environmental protection, conservation of non-renewable resources, improved food quality, reduction in output of surplus products and reorientation of agricultural to the regions of market demand.

The first organic tea leaves were sown in Rize.



Until 1959's agricultural practices in Turkey were actually almost completely similar to organic. The introduction of synthetic chemical fertilizers and pesticides started in late 1950's though they were on a small scale. Their usage increased towards the 1960's and made today's levels with a sharp rise in 1970's.

There is considerable interest among farmers in switching over to organic farming in Turkey. Alongside worldwide popularity, activities in the field of organic farming have been increasingly carried out in Turkey for thirty years and there is a solid progress. Almost all of the crops produced by the organic agriculture methods are exported to European Union countries and have a

significant contribution to the Turkey's agricultural exports in general. Moreover, organic agriculture system brings an extra opportunity to Turkish farmers and exporters who still traditional means of production.

THE ORGANIC TEA PROJECT

Çaykur, General Directorate of Tea Enterprises has implemented the Organic Tea Project this year. When the project completed, Çaykur



will be using the largest organic tea plant. The project will make Turkey the largest organic tea producer in the world.

The project aims at producing high quality tea and high incomes for the local farmers through organic farming incentives implemented by both Çaykur and the Turkish government. Thanks to the soil amendments and correct fertilizations will increase the





is completed, we will be the largest organic tea producer in the world. We are unrivaled right now, thanks to the benefits coming from the East Black Sea Region. Snow is falling over Turkish tealeaves. It means the region is insect-repellant by nature. I can easily say that the healthiest tea in the world is produced in Turkey. Turkish tea has a potential to be completely organic, like no country in the world has. The project is running on a volunteer basis. Therefore we enlarge the areas we could serve as organic tea. We have to keep this project together as a social agreement.” Sütçüoğlu said.

Stating that chemical fertilizers are banned or restricted to 15% in many countries in the world, Sütçüoğlu said there is a study in the Ministry of Food, Agriculture and Livestock about a possible restriction. “The organic fertilizers we use are completely domestic. There is no fertilizer shortage as we dispatch both fluid and solid fertilizers to the organic farmers. We are running a comprehensive study with Yeditepe University regarding the practice of fertilizing. I believe the Turkish farmers will run the project in a good fashion.” the CEO said.

ABOUT ÇAYKUR

Çaykur is the biggest and leading establishment of Turkish tea sector with its 47 wet tea processing factories, 1 tea packing factory, 2 regional directorates of marketing and production, 7 regional directorate of marketing, Base Repair Shop, Atatürk Directorate of Tea and Garden Cultures Research Institute with its 16,500 employees and wet tea processing capacity of 6,600 tons/day.

55-60% of wet tea products produced in the region which

vary by years are purchased by Çaykur. Çaykur's market share in domestic dry tea market is approximately 60-65%.

Çaykur being a state-owned enterprise which is domiciled in Rize has been established in order to develop tea agriculture of Turkey in conformity with the Agricultural Policy, to improve tea quality, to execute its processing according to technical principles, to produce dry tea to meet domestic and foreign market needs, to import and export it, to create investment resources by helping capital accumulation through private management policy which is based on efficiency principles.

Çaykur's business line consists of purchasing tea leaves from manufacturers at the quality appropriate for the enterprise, having technological activities to process and make use of it, ensuring blending, packing and marketing of dry teas produced or imported in conformity with needs of domestic and foreign markets.

Çaykur carries on its activities to establish plants necessary for this purpose and to process tea leaves, to make use of by-products arising from production activities and to manufacture auxiliary products, to carry

out necessary researches in order to develop tea products' quality, efficiency and processing technique, to establish and operate institutions and laboratories, to deal with trade, to export and import, to carry out operations which are necessary for tea manufacturers to become a cooperative, to lead participation of tea industrialists in Tea Exchange, to take necessary measures for training of tea experts, to make nationalization, to ensure application of skilling programs organized under employment development works, to guide private small and medium sized enterprises in administrative and technical fields and to fulfill other duties assigned under the legislation.

The Turkish tea happens to be one of the most popular tea brands in the world. The crimson red tea with its special glass draws attention from many places in the world. Çaykur's Organic Tea Project will not only make it more popular, but also much healthier. Considering the cultivation sites in China are in the phase of deterioration due to the overploughing, Turkish tea could save our daily addiction. No matter how late it is, there is always time for tea.



product efficiency. The farmer who produces organic tea will be incentivized by both private sectors and Çaykur by granting as kilogram of tea the farmer produces. The project started very fast as they produce in an area of 1000 h.a. The firm plans to increase the number to 3000 h.a towards the end of 2015. In 2016, Çaykur will be producing organic tea in a land of 3800 h.a.

İmdat Sütçüoğlu, the CEO of Çaykur said the Organic Tea Project is one of the most important projects Çaykur ever made. Saying that the project is running on a volunteer basis, “There is no obligation. We provide solutions for the farmers only if they would like to do. Still, the project has attracted so much attention, which is a good thing. When the project

Fırtına River is one of the best rafting locations in the world.



TOURISM

Turkey's Rafting Tourism: NO OBSTACLES AHEAD

A natural rafting location Turkey has shown its potential in rafting tourism.

BY KATYA TURAC

Rafting is one of the newest recreational activities, which use an inflatable raft to navigate a river or other body of water. The point is to pilot the boat using paddles through the rocks and obstacles without falling. It is a team sport consists of 6 to 8 people, and it really needs a team to be successful.

Rafting parkour is divided into six categories with regard to level of hardness. Grade 1 is for very small rough areas, might require slight maneuvering, while level 6 is the hardest parkour. It is considered to be so dangerous that they are effectively unnavigable on a reliably safe basis. Parkour length is 12 km to 20 km approximately. The real excitement is the obstacles.

Rafting is considered as one of the youngest sports with 60 years history. Used by the United States Marine Corps in the WWII, dinghies are sold as army surplus. Rafting comes from using of these boats in purpose of safari. Gained popularity in the US in a short time, today is done by millions of people. Today, 2 million rafting tours are performed in near 15 rivers in the United States.

Turkey has welcomed Rafting in the early 1990s. The first river rafting performed is Çoruh River. A small Israeli rafting team discovered the rafting potential of the river, and introduced the sport to the local people. It is performed as nature sport in Turkey, since 1991. River, seas and canoe

sports are now under newly founded "Developing Sports Branches Federation" (GOSD) in Turkey.

Because it emerged during Quaternary Period, rivers in Turkey are around high mountains and they are high slope rivers. Which makes Turkey a natural host for Rafting Tourism. Turkish rafting tourism has a grand potential which attracts more and more interest day by day.

Considered by the World Wild Fund for Nature and by Conservation International as a biodiversity hotspot, Çoruh River is one of the wildest rivers in the world. It attracts kayakers and rafters from all over the world and was the site of the 4th World Kayak Competition in 1998.

Not only the best rafting river in Turkey, Çoruh is also among the top ten rafting rivers in the world. Having a 169 km long parkour, Çoruh has four grades of parkour, from the Grade 6 to the Grade 3. Çoruh arouses interest mostly during May-June. International competitions are performed especially in the region of Bayburt-Yusufeli/Oltu. It was also the site of Turkey Rafting Championship in 2003. The river is so challenging that only experienced players are able to perform rafting on it. However, beginners can find places to raft in the places of low flow. For example, Köprüllü Kanyon is one of the best rafting places in the world for beginners.

In short, Rafting is a tourism that has a potential. Rafting competitions arouse interest in Turkey, especially for youngsters. Known as an extreme sport, Turkey is the place for adrenaline addicts.

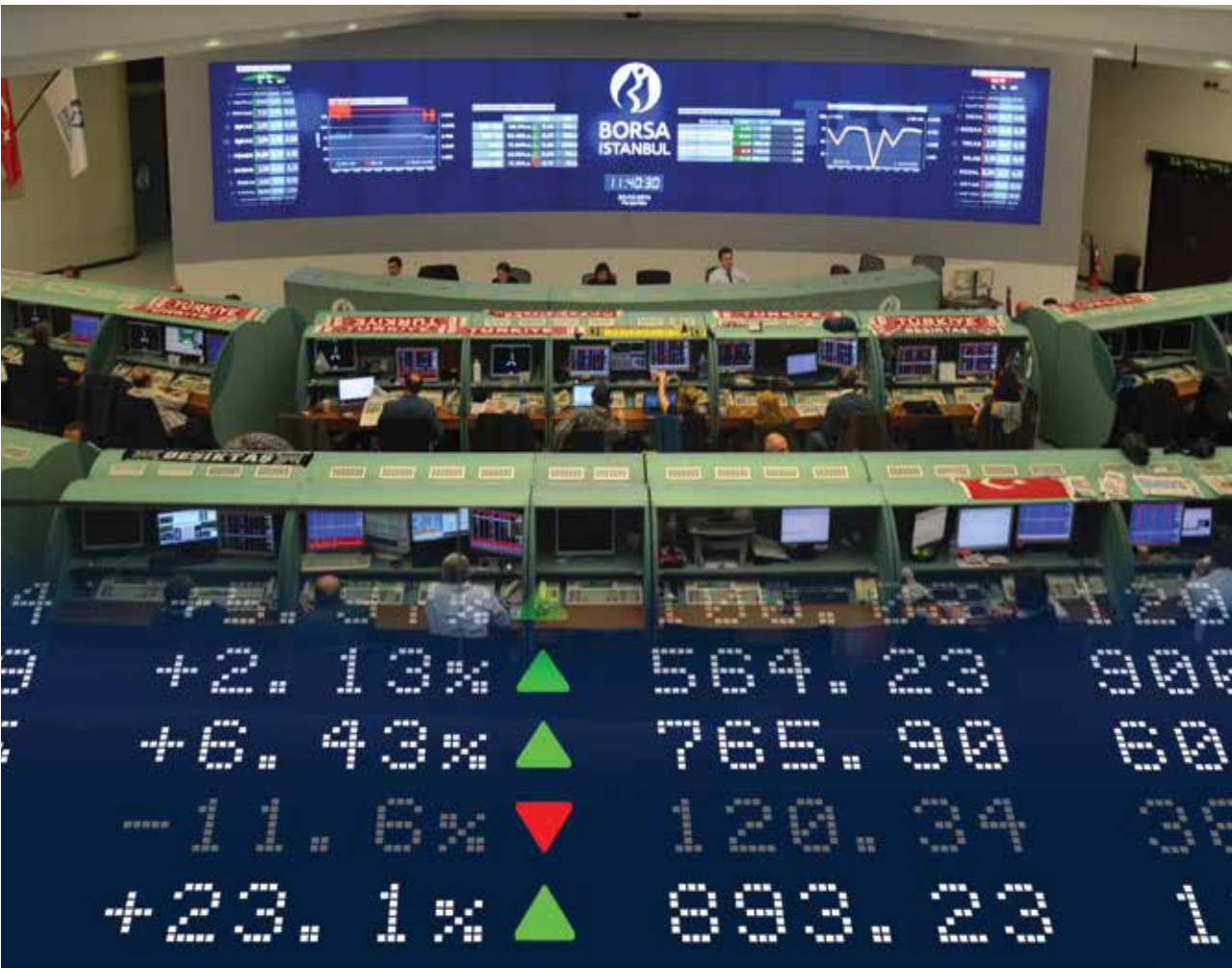


FİKRET YARDIMCI

Rafting Deputy Chairman, GOSD

Rafting is performed widespread in Turkey, especially in Antalya, Muğla, Artvin, Rize, and Düzce. Rafting is a part of nature tourism that increases attraction and potential for the last couple of years. Rafting activities arouse interest especially for the foreigners. Only in Antalya, 1,400 tourists attends Rafting in a year.

Almost all the companies that have tours to Eastern Black sea Region put rafting in their agenda. Artvin, Rize, and Erzurum are natural rafting places in Eastern Black sea Region in Turkey.



FINANCE

The new bill brings many advantages especially for Turkish soccer teams, which are publicly-traded companies.

New Incentives on the Surface:

THE NEW TAX BILL HAS PASSED

The Turkish government has passed the bill regarding additional 50% tax deduction for publicly-traded companies.

BY EFE DAŞMAN

As human beings, our saving habits are not quite persistent. This situation generally reflects upon the companies we run. The saving vehicles are usually not good for the enterprises that are getting bigger and bigger, which makes a booming company a big spender. If they do not forearm themselves regarding

the possible regulations and create sufficient capital levels by excluding tax increases, it is better they liquidate the company before bankruptcy. Tax incentives are crucial at this point; if the government applies new incentives and deductions swiftly, the momentum that new enterprises achieve could save an economy. This is exactly



what has not happened in Greece in the past decade.

If you look at the recent company balance sheets, you will see that many of them finance their assets by foreign borrowing, rather than equity capital. Therefore, the companies become more and more foreign-source dependent. In order to reduce this

dependency, and close the savings gap, Turkish government offered a tax deduction advantage for the incorporated companies that went into cash capital increase. The Republic of Turkey Government Board has passed the bill regarding additional tax deductions for the publicly-traded companies with more than 50% of its shares.



THE BILL WILL BOOST THE EXCHANGE MARKET

According to the law that has passed on July 30th, 2015, the existing 50% pro forma deductions in corporate taxes are improved for the companies that have at least 50% trading stocks in Borsa İstanbul. The bill makes sure that the deduction rate will be 50 percent, and it offers additional tax deductions for publicly-traded companies. At the end of the year; if the ratio of the following stakes to paid or extracted stakes in the market is less than fifty percent, the company gets additional 25% corporate tax deduction. If the ratio is 50 percent or higher, the company gets additional 50% corporate tax deduction. This means that publicly held companies may not pay corporate taxes at all.

The new investment incentives are specifically designed to encourage investments with the potential to reduce dependency on the imports

of intermediate goods vital to the country's strategic sectors. The bill has some other regulations as well. If the cash capital is used for imported machinery and equipment for projects with an investment incentive certificate, limited as of fixed investment amount in the investment incentive certificate, 25 points will be added to the existing deduction rate.

The deduction rate will be non-applicable to the companies that have interests, royalties, license fees, and marketable security sales as its main source, except for commercial, agricultural or liberal profession related companies that have 25% or more of its income coming from stocks, organizations and staff recruitment related corporate actions.

The deduction rate will be N/A again, to the companies that have 50% or more of its shares related to assets/ bonds, subsidiaries, and participation shares, as well as land/real estate investor corporate that invested with the corresponding amount of the invested lands/real estates.

Finance, banking, insurance firms and government business enterprises will be able to benefit from these tax deductions.

A NEW ERA FOR FINANCIAL STABILITY

Mehmet Şimşek, the Minister of Finance stated that the bill will promote corporate organizations to finance with equity capital. Şimşek indicated it will be a brand new era with regard to financial stability.

"The law offers tax deductions for publicly-traded companies. If the ratio of the following stakes to paid or extracted stakes in the market is 50% or higher, the

company gets additional 50% corporate tax deduction. If the ratio is less than 50%, the company gets 25% corporate tax deduction. In addition to this, if the cash capital is used for industry investments with investment incentive certificates, the bill offers a chance to have additional 25% corporate tax deduction." Şimşek said.

The minister stated that the bill will cover cash capital increase or liquid part of the paid capital for new companies, thus, it can reduce the foreign-source dependency of Turkish companies. Şimşek added, there will be additional

incentives with regard to financing of equity capital in the future.

To summarize, the Turkish government tries to open a new window to the publicly-traded companies. The deductions could help the companies to decide more freely, and increase their entrepreneurship capability. Rather than borrowing, depending on equity capital is made more attractive. The bill has advantages on both domestic market and foreign market. Thus, companies act more freely, which makes it easy to sign deals with foreign investors. The focus of the bill is exactly at this point.



ABDULKADİR KAHRAMAN

Head of Tax, KPMG Turkey

By the decision numbered 2015/7910, additional deduction rates have been determined for "publicly-traded stock corporations". The decision approves 25 or 50 points additional deduction rates depending on free float rate. Considering the fact that the free float rate of our companies traded on BIST is 48% on average, it would have been a more useful for capital market's capacity and financial strength in terms of public traded companies if it was provided higher additional deduction rates. For instance, it would have carried us one more step forward, if additional deduction rate had been preferred to be as 50 and 100 points, respectively. We believe that a new step to be taken by Council of Ministers in this respect, will motivate companies in terms of higher free float rates and cash capital increase.



AHMET CANGÖZ

Tax Services Leader, Deloitte Turkey

This incentive brings the maximum benefits to the companies that are over 50% publicly held in the exchange market. On the other hand, the fact that the companies can enjoy the incentives in the forthcoming years as long as the capital is included in the corporate body, it makes the benefit perpetual.

With this regulation, financing with equity capital rather than foreign borrowing is incited. It also may help enterprises to increase their liquidity, going public/increasing the rate of going public, investing with investment incentive certificate, and financing these investments with equity capital.

In short, this incentive taxation based on equity capital increase will provide consistent tax advantage on publicly held companies.



INDUSTRY

Turkish Cement Industry: **SAFE AND SOUND**

The biggest cement producer in Europe, Turkish cement industry is going to secure its place for the next couple of years.

BY BERKAN KİŞİN

Mega buildings had become the tokens of civilizations throughout history. 5000 years ago, Ancient Egyptians used mud mixed with straw to bind dried bricks. Also furthered the discovery of lime and gypsum mortar as a binding agent for building the Pyramids. Again, Ancient Chinese used cementations

materials to hold bamboo together in their boats and in the Great Wall. These were the very first findings that turned the history of world into the history of concrete. Beyond aesthetic concerns, a society needs a sound infrastructure in order to put sustainable growth trend. Quality and quantity of having building blocks,

dams and power plants, highways, and cultural centers are considered as the signs of development. Thus, raw material of the concrete, cement is strongly connected not only to the construction units, but also to the development status of societies.

The world's population is over 7 billion and this

number is expected to be 9 billion by 2020.

Alongside with it, extreme population shift from countryside to cities makes the construction industry very crucial. Considering the ever-increasing income levels, physical infrastructure investments are needed in order to increase the life standards of the citizens. Turkey shows a similar trend when it comes to migration. Also, there are natural reasons for why the industry is so crucial in Turkey. The fact that many regions in Turkey are the first-degree seismic hazard zone, safety of the buildings is a must. In order to get rid

of the buildings at the risk of earthquake collapse, urban transformation projects come into prominence.

Cement industry in Turkey is strongly connected to Turkish Construction Industry, one of the key elements of Turkish economy, and is growing rapidly. Recently implemented Urban Transformation Law turned the country into some kind of open-air worksite. The constructions started the process of transforming slums of the cities into sustainable and livable areas. The new implemented 2B law is creating opportunities for investors in the cement industry. Turkish construction industry has managed to make a record growth last year as 10%. It is foreseen as the industry will be up 5% to 6% in 2015, considering the mega projects will be completed by then. Public investments are already remobilizing the construction industry, new laws are implemented in order to finance the deficit, it seems the industry will grow faster than ever

71.3 MILLION TONS OF CEMENT

When you look at the history of Turkish Cement Industry, you will see there is a gradual growth. The industry has started production in 1911, with 20,000 tons of production capacity. The capacity has reached to 370,000 tons in 1950s, and the industry has satisfied only domestic needs until 1970s. After 1970s, the industry's export volume has been increasing gradually, as well as creating considerable employment increase. Hence, there is a strong correlation between Turkey's economical structure and cement industry. The industry today employs 15,000 people with



Slurry is like a sloppy thin mud, and it needs to be converted into concrete quickly.



ALI ÖZÜNÖ

Cement and Soil Products Industry Councilman, Turkish Exporters' Assembly

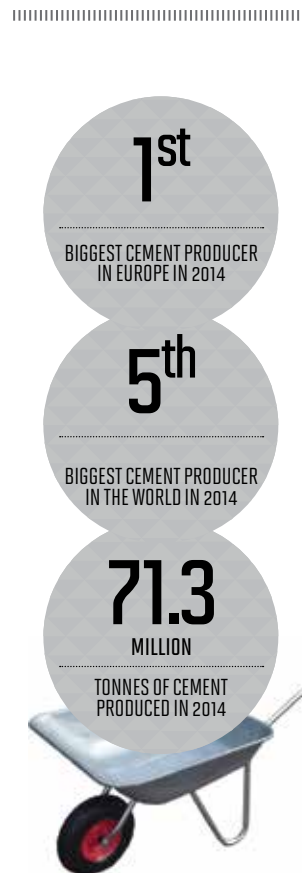
There is a decline in the cement industry considering the past few years. We foresee that our year-end production will decrease by 10%. Recent political and economic tensions in our traditional markets, like Iraq, Syria, Libya, and Russia are affecting our export numbers. Our biggest market, Iraq could go into danger, after Iran's agreement with P5+1 countries. Iran holds a great cement stock, which they might market after the lift of embargo. The fact that especially Western African countries create domestic market rather than import, our export is affected adversely. With the political and economic stabilization in our traditional markets, we expect that Turkish Cement Industry can make a breakout. In order for the industry to make a solid attempt, the economic and political stabilities should be provided. If political developments in the region go in our favor, the sector will make a big leap.

its 68 cement plants (48 integrated facilities and 20 grinding-packaging plants). The cement industry in Turkey uses only domestic raw material and resources, and its production power is well enough to feed the whole country. With its cost decreasing modernization investment, Turkish cement industry matches EU norms-governed production. In 2014, the industry went up 8.97% compared to the last year. The industry has produced 71.3 million tons of cement and 62.2 million tons of clinker in 2014. While 63.2 million of the produced cement is used for local markets, 7.7 million of the produced cement is used for foreign markets in 2014. In other words, 88.7% of the total production satisfied domestic needs, 10.7% is exported.

When increase in demands of developing countries is taken into consideration, it is not surprising that global cement consumption is around 4 million tons. Turkish cement industry is the biggest producer in Europe, and the fifth biggest producer in the world, after China, India, U.S.A. and Iran. Turkey is also the biggest exporter in Europe and East Mediterranean, and the second biggest exporter in the world, after China. It is expected that Turkish cement industry is going to secure its place in export for the next couple of years.

MEGA PROJECTS DRIVE THE INDUSTRY

The reason why the industry is so big in Turkey is not because of export volume, but because of domestic demand. The neighboring region still faces the risks and uncertainties. Ongoing political and economical



uncertainties in the Middle East and North Africa (MENA) region, which is Turkey's top cement market, and recent economical problems in Russia, prompt Turkey to look for new markets. Exporting over 100 countries with its highest quality production, Turkish cement industry will continue to search for new markets. Especially West African and Central Asian countries have become the prominent markets of Turkey lately. Moreover, ongoing building, infrastructure and energy investment, concrete highway, and urban transformation projects can be seen as new opportunities for the industry. The industry aims at turning sustainable growth into an advantage for the sector.

It is expected that the growth will be based on domestic demand in the next couple of years. Cost-cutting modernization measures are crucial for the industry. Besides, considering the oil prices are showing tendency of falling, this could make an additional impact on the industry. Hence, recovery in margins of cement companies is expected in 2015. Recovery in housing sector, urban transformation and ongoing mega projects can turn as booming in the domestic demand. Considering the projects in housing sector, cement industry is expected to go up over 4.5% in 2015, more than the average growth of Turkish economy. Targeting to reach to the every corner of the world, it is forecasted that the production of cement will be 99.8 million tons, and consumption will be 78.9 million tons in 2023.



ŞEFİK TÜZÜN
President, Turkey
Cement Producers Union

“Turkish Cement Industry is well-equipped to fulfill the needs of the society.”

Could you give us some information regarding the Turkish Cement Industry?

Started in 1911, the industry is actually older than the Turkish Republic. Today, thanks to its production capacity, technological infrastructure, product quality, and well-equipped work force, Turkish Cement Industry plays a crucial role in the global market.

One of the top three cement exporters in the world, Turkish Cement Industry makes major impact on Turkish economy especially for export incomes and foreign currency inflow. As of 2014, the industry exported \$640 million to 102 countries. Turkish Cement Industry is the biggest cement producer in Europe, and the fifth biggest cement producer in the world. These numbers mean the industry's production levels meet international standards.

The industry has developed itself much quicker than any other industries. Making a big leap, the industry has reached 45 million tons of production in 2000, then it reached 57 million tons in 2007, and finally it reached 85 million tons by the end of 2014.

What is the correlation between the industry and mega projects?

In parallel with production capacity, cement consumption in Turkey has increased about 90%. While cement consumption per capita in Turkey was 565 kg in 2007, it reached 826 kg today. If the industry continues its current growth performance, it's expected that the number will reach 1000 kg per capita in the next couple of years.

Mega projects like the 3rd Airport and İzmit Bay Bridge, infrastructure investments like high-speed train, underground, and highway projects can be considered as the main factors for such increase. Within the scope of urban transformation projects, 7 million houses are to replace with modern buildings in 20 years.

Alongside mega projects, building renewals, dams and power plants are considered to be the part of a revolution where the industry has signed in. Concrete roads and barriers are getting increasing interest lately, which is another expectation for the industry to grow. When it comes to supply, Turkish Cement Industry is well-equipped to fulfill the needs of the society.

What is the future of Turkish Cement Industry? Is it ready to serve 2023 targets?

Considering the environmental legislations with regard to 2023 vision and EU integration, Turkish Cement Industry has done its part as well. In order to satisfy the need of waste analysis the country and the industry expects, Turkey Cement Producers Union (TÇMB) has realized the 'Waste Analysis Lab' project. Waste Analysis Lab is founded and performs waste analysis which meets EU standards.

As a part of this sustainable industrial ecosystem, Turkish Cement Industry's foremost target is to continue in helping the country's environmental, social, and cultural development. Carrying its socio-economic development forward, Turkey aims at becoming one of the top ten economies in the world by 2023. With their stable growth performance, Turkey's construction, cement, and concrete industries can be the strong parts of this target.

Whenever the geopolitical risks and uncertainties are mended in the neighborhood, global economy will continue its sustainable growth. This is an important issue for the industry because the neighboring region includes the direct markets of Turkish Cement Industry. A recovery in that region will definitely have a huge impact on the industry. Meanwhile, Turkish Cement Industry will continue in searching for potential markets.

BRAND

*The Tale Behind the Logo:***EXTRACTING THE BRAND**

After initial steps, full scale efforts took place in order to make the New Turkey Brand fulfill its functions, by becoming genuinely the “national brand”.

BY M. BAHADIRHAN DİNÇASLAN



he brand processing is a serious job. One needs to be in control of every aspects of the brand if he or she wants to create a unique picture that will represent the job for at least a decade.

Some brands live more than a hundred year, while others disappear quickly, leaving room for newer and modern ones. According to branding expert Kevin Keller, one needs to develop his “brand mantra” if he wants to create his own brand. Basically, the push-off statement is the heart and soul, the foundation of all the branding efforts.

Authenticity and symbiosis are the push-off statements of the new brand of Turkey: Discover the Potential. What the brand says and how it was created include this authenticity and symbiosis. Just like every component of the new logo have asunder meanings, the team behind the brand worked as separate elements of a major block. So, the new Turkey brand was born.

This genuineness can be seen in the new logo as well. Every component of the new logo has a story to tell. However, one can find stories behind the components by looking at the big picture. In order to find a correct statement regarding how the brand was born, the whole story should be taken into consideration.

The new Turkey logo and its slogan, “Discover the Potential” has gone through a progress since its launch in September, 2014. After initial steps, full scale efforts took place in order to make the New Turkey Brand fulfill its functions, by becoming genuinely the “national brand”.

The new Turkey logo, of course, did not emerge out of nothing. Several predecessors of the new era represented by the New Turkey Brand have contributed to the progress, as a result, necessity for a brand and logo to unite them all and take to a new level arose.

Turquality is a good example of these predecessors. Many Turkish brands and companies benefited from the Turquality project, which aimed at creating new Turkish brands and strengthening the existing ones. One of the most successful branding consultancy&incentive projects in the whole globe, Turquality also created an awareness

besides its main services, that brand is a crucial tool to increase the profitability. The brand creates an unseen yet effective added value that increases the profit per kg or per product.

And brand does not come easily, it requires a wide line of sight, a keen focusing, a strategically planned guidance and communicational skills. A brand is a “package” of a “story and promise”, and that story and promise is represented by logos, slogans, other communicational components.

The new Turkish Lira sign, can also be considered another earlier step towards the new Turkey logo. It can be associated with “Brand Repositioning” in terms of brand and advertising strategies. When a brand or company wants to renew its brand image in the eyes of the target group, it uses brand repositioning strategy to have a fresh, young re-start, which brings in novelty and dynamism but not totally independent of the previous image and understanding. The new Turkish lira



In order to improve the recognizability of the Turkish currency, it was decided to create a new symbol. This design by Tülay Lale was the winner among 8,362 entries.



of this capital with highest efficiency.

And what does the new logo represent? How does it function to be a symbol of this new phase in Turkey's history? As Burhan Özkan, founder and chairman of the executive board of Global Connection International Media SA stated at the dinner hosted by Turkish Exporters' Assembly in honor of New Turkey Brand, new logo symbolizes unity and "e pluribus unum". As Turkey inherited a diverse culture thanks to its unique position between the western and eastern cultural hemispheres and thanks to its imperial, multicultural past; many different components, almost

symbol was the forerunner of the change that was to take place, brought in a new image for Turkish lira, which had suffered super-inflation and eventually regulated through a redenomination and six zeroes were removed. As branding is closely correlated with the economy, this change in the economy was to be followed by a change in the understanding in other associated fields, thus the New Turkey Brand was born.

In this regard, the New Turkey Logo and Brand can be considered a "Brand Repositioning" strategy. Through independent and relatively small activities a communicational "capital" had accumulated, and a large-scale operation took place in order to make use

TURQUALITY®

109 global Turkish brands are united in Turquality program whilst 55 brands are supported by Brand Support Program.

can be seen as "opposing" components compose the country. Yet these differences never cause a conflict, instead it creates a harmony in which the differences are functioning as advantages.

This unique logo composed of different patterns and symbols have already found a wide use. It is visible in fairs, on products and other areas, started to "preach" its mission, inviting people to discover the potential Turkey offers. It bears a unique and curious promise and story that is not "forbidden" to "outsiders", instead embraces everyone who wants to join with the diverse components that form the logo, the new Turkey Brand.



AVIATION

A Turkish Airlines Classic: Best in Europe for 5 Years in a Row

Turkish Airlines awarded again as the Best Airline in Europe, according to Skytrax 2015 World Airport Awards.

BY M. BAHADIRHAN DİNÇASLAN

Turkish Airlines maintained its title as the Best Airline in Europe for five consecutive years according to Skytrax, world's most prestigious airline and airport consultancies. Besides the Best Airline in Europe, Turkish Airlines also received World's Best Business Class Airline Catering, World's Best Business Class Lounge, and World's Best Business Class Lounge Dining titles. The awards were granted by Edward Plaisted, Skytrax CEO, to Temel Kotil PhD., Deputy Chairman and CEO of Turkish Airlines, in Porte de Versailles Passenger Terminal EXPO Hall, Paris.

Established in 1989, Skytrax has been one of the most prominent consultancies in the air transport industry. Based in London, UK, Skytrax undertakes qualitative

Product, Service and Passenger audits and research studies for airlines, airline alliances, airports and related air transport suppliers across the globe.

The consultancy publishes reviews, monitors operating airline companies and grants awards based on choices of passengers and other factors that determine the success of airline companies in various fields.

Previous four years saw Turkish Airlines receive the title "Best Airline in Europe" each year, an outcome of the rapid and flamboyant ascension of Turkish Airlines in the last decade. Various advertising campaigns, subsidiaries specialized in different and most crucial tasks of air transport operation, wise guidance and keen sight resulted in several awards, titles and top ranks in global ratings. In addition



In 2007, Turkish Airlines acquired four stars from Skytrax, which marked a turning point in the course of Turkish giant.



Turkish Airlines also awarded as the World's Best Business Class Catering.



Temel Kotil has received Skytrax Awards on behalf of Turkish Airlines.



to the Best Airline in Europe Award, Turkish Airlines is also among top five, ranking 4th, in Airlines of 2015 in the Globe list by Skytrax.

As Turkish Airlines see airline operation a sophisticated and all-round expertise, embraced a specialist approach towards all aspects of air transport, including catering, lounge services, ground services and others. This approach was a key factor that allowed Turkish Airlines to receive those awards in the last decade. All-round customer satisfaction focus brought all-round awards and enabled the Turkish Airlines call Skytrax Best Airline in Europe award a "classic", having won it five consecutive times now.

Previously in year 2007, Turkish Airlines had acquired four stars from Skytrax, which marked a turning point in the course of Turkish giant. This was followed by awards such as "Best Airline in Southern Europe" and "Best Economy Class Airline Catering". The first "Best Airline in Europe" came in 2011, the year in which impressive and global scale advertising campaigns featuring stars like Kobe Bryant.

Like many other services, air transport industry has several "layers" of customer "appeals" and requirements. At the base level, a company only aims at fulfilling the demand for transportation. It is simply transporting passengers from/to places. A more sophisticated level requires comfort and small privileges. Upper to the top of the appeals pyramid, more and more services, side-promises and fulfillments are required. In order to be both "global" and "prestigious", an airline company has to manage several operations in good cooperation and serve all-round needs of customers.

As Turkish Airlines shaped its visionary strategy, this must-be-done list was included in the operation plan at the very beginning; outstanding effort, wise guidance, sticking to the strategy and institutional values brought the success which has been "certificated" by Skytrax several times. Steadily ascending nowadays, Turkish Airlines aims at reaching the "top" and retain its top rank as it has retained its acceleration so far.

INVESTMENT

STRENGTHENING CONNECTIONS ON THE SILK ROAD

Having previously expressed interest in jointly developing the One Belt, One Road initiative, the visit of Turkish President Recep Tayyip Erdoğan to China represented the first serious opportunity for the two countries to shape a common course for the shared commitment.

CHINA-TURKEY BUSINESS FORUM

BEIJING,
JULY 30, 2015

Turkish President Recep Tayyip Erdoğan attended the Turkey-China Business Forum in Beijing on July 30, 2015, during his recent visit to China.

At Turkey-China Business Forum, where Chinese President Xi Jinping was also present, leaders expressed their opinions on deepening economic ties between both nations. Known to never have attended such forums, Xi Jinping's attendance to Turkey-China Business Forum was an important sign of value given to Turkey as it was his first appearance at such an event.

During the forum Chinese President Xi Jinping expressed his country's intention to expand business cooperation between China and Turkey. In particular, Xi highlighted China's expertise in high-speed railways, wind turbines, and solar panels when mentioning potential areas of collaboration.

Addressing the forum, Xi said that China and Turkey have contributed greatly to exchanges and the prosperity of human civilization as they stood at either end of the ancient Silk Road. **Xi**

Turkish President Recep Tayyip Erdoğan invited Chinese investors to Turkey so that they could experience for themselves the improved business environment for international investors.



noted that both countries have set bold goals for their upcoming centenaries, 2023 for Turkey and 2049 for China, and suggested that they should cooperate to achieve them. Xi proposed a cooperation committee to boost economic, political, and cultural collaboration and spoke of the importance of entrepreneurs to turn the potential for cooperation into concrete results.

Erdoğan took the opportunity to point out that improving economic ties have been an important driving force for the partnership between the two nations. He reiterated Turkey's support for the China-proposed One Belt, One Road network of regional trade and infrastructure. **He invited Chinese investors to Turkey so that they could experience for themselves the improved business environment for**

international investors.

At the end of his business-oriented trip to China, President Erdoğan and accompanying delegation including ISPAT President Arda Ermut also visited in Beijing the R&D base of HUAWEI, a Chinese multinational networking and telecommunications equipment and services company.

State-owned and private Chinese companies are active in a number of sectors in Turkey. The prospect of even tighter ties could be bolstered by Turkish President Recep Tayyip Erdoğan's visit to Beijing last July, which essentially sent a 'go ahead' signal to encourage deeper cooperation.

Several media outlets report that Akbank and China Export & Credit Insurance Corporation (SINOSURE) have signed a cooperation

agreement. SINOSURE is a state-owned enterprise established for promoting China's foreign trade and economic cooperation as well as providing loans to Chinese enterprises for their overseas investments. SINOSURE paid a presidential-level visit to ISPAT and both sides agreed to sign an MOU.

Among Chinese investments in Turkey the most recent is the Industrial and Commercial Bank of China's (ICBC) acquisition of Tekstilbank. This acquisition means ICBC has become the first Chinese lender in the Turkish market.

In the transportation sector, China's expertise in high-speed rail systems is being put to good use in Turkey's Ankara-Istanbul High-Speed Rail Line. These is good possibility that the cooperation will expand to new routes Turkey plans to build over the next decade.

Huawei, the world's leading telecommunications equipment supplier, set up a research and development center in Istanbul, where Huawei's regional headquarters manages operations in the Caucasus and Central Asia regions.

Chinese companies are also active in Turkey's fast-growing energy sector, which is slated to have 120,000 MWs of installed capacity by the year 2023. Turkey plans to supply 30 percent of its power from renewable sources such as hydro, solar, and wind. With this goal in mind Chinese renewable energy companies, by themselves or through partnership, have entered the Turkish market in recent years with an aim to take part in the coming boom.

China and Turkey are also cooperating in the defense industry and currently discussing the joint production of an air defense system.

OPPORTUNITY KNOCKS: A LUCRATIVE INVESTMENT DESTINATION

Over the last decade Turkey has been able to retain sound macroeconomic fundamentals thanks to the structural reforms as part of a pro-business outlook. As a result of these structural reforms, Turkey boasts strong and stable institutions that add to the country's appeal as one of the top investment destinations in the world. The economy has been growing around 5% per year since 2002 while GDP per capita has more than tripled. Turkey managed to increase its exports from USD 36 billion in 2002 to more than USD 150 billion in 2014. Furthermore, after the global financial crisis in 2009 Turkey became a country that managed to show growth for 22 consecutive quarters.

Thanks to all these developments, structural reforms, a strong financial sector, and the confidence in Turkey, the amount of foreign direct investment (FDI), which was about USD 15 billion during the 1923-2002 period, increased to more than USD 150 billion between 2003 and 2015. Also during this 2003-2015 period the number of companies with foreign capital rose from 5,600 to almost 44,000.

This remarkable economic performance combined with factors such as a young and dynamic population, strategic location, and an investor-friendly environment has created plenty of investment opportunities in Turkey and made it one of the most attractive destinations for FDI in the world.

According to the recent provisional data released by the Central Bank of the Republic

of Turkey, Turkey attracted approximately USD 6.3 billion of FDI in the first half of 2015. On a country basis, Russia was the largest investor in Turkey, followed by the Netherlands, China, Qatar, Malaysia and Azerbaijan. Despite the fact that the European Union, the biggest trade partner and conventional FDI source of Turkey, has not fully recovered from the adverse effects of the global financial crisis and has therefore turned out to be a less significant global FDI source, Turkey managed to receive stable FDI inflows in 2014 and in the first half of 2015 thanks to the increased direct investments from Asian and Gulf countries.

As for a sectorial breakdown, the most attractive sector in the first half of 2015 was energy. Energy investments totaled USD 1.275 billion, a 41% year-on-year increase when compared to the first half of 2014. Closely following was the manufacturing sector, accounting for over USD 1 billion in FDI.

Located at the crossroads of Europe, the Caucasus, the Middle East, and North Africa, Turkey offers vast

opportunities to investors in many sectors with its sizeable domestic market and highly-qualified work force. Along with its large and dynamic domestic market, Turkey offers investors a platform with access to emerging opportunities in other countries, particularly in the surrounding regions. Turkey's strategic location means that within a four hour flight from Istanbul investors have access to a potential market of 1.6 billion people with a combined GDP of USD 27 trillion and foreign trade of USD 8 trillion.

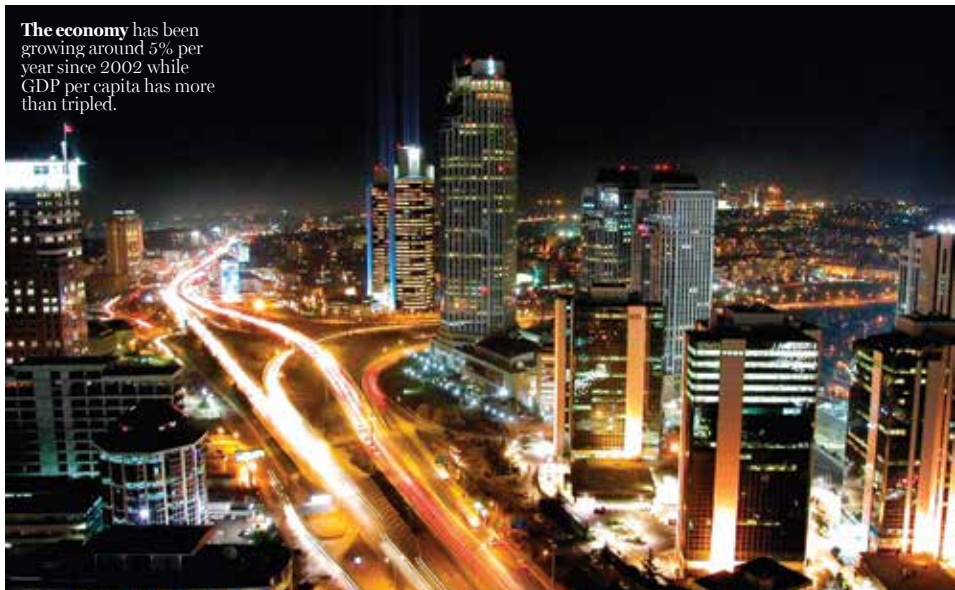
Many multinational companies have either established their manufacturing bases in or moved their regional headquarters to Turkey. The country offers a robust platform for economic expansion on a regional scale, enabling these companies to leverage common qualities and local capabilities in Turkey. For instance, Coca-Cola has already established a regional HQ in Turkey in order to manage its operations in 90 countries. Similarly, GE Healthcare has moved a regional HQ to Istanbul

to manage its operations in 84 countries in four regions - Central Asia, the Middle East, Russia and Africa. Microsoft is also managing 79 countries from Turkey. The Turkish government strongly supports global companies wishing to move their regional/global HQs to Turkey. With an amendment to the FDI legislation, foreign companies can now establish their regional management centers in Turkey under a liaison office structure without paying corporate tax, VAT, personal income, and stamp duty.

Turkey has set specific targets to be achieved by the 2023 centennial of the Republic. These targets include becoming one of the top 10 economies in the world with a GDP of USD 2 trillion; increasing exports revenues to USD 500 billion; upgrading the country's energy, transportation and healthcare infrastructure through the construction of health campuses; more than doubling electricity generation; and building new bridges on the Bosphorus and Dardanelles straits.

In order to provide foreign

The economy has been growing around 5% per year since 2002 while GDP per capita has more than tripled.



investors with better services Turkey established the Investment Support and Promotion Agency of Turkey (ISPAT) (www.invest.gov.tr) in 2006. ISPAT is directly attached to the Prime Minister's office. ISPAT provides investors with assistance before, during, and after their entry into Turkey. The Agency serves as a reference point for international investors and as a point of contact for all institutions engaged in promoting and attracting investments at national, regional and local levels. It works on a fully confidential basis and combines the private sector approach with the backing of all governmental bodies. ISPAT's free-of-charge services include, but are not limited to, providing market information and analyses; industry overviews and comprehensive sector reports; site selection; coordination with the relevant governmental institutions; and facilitating legal procedures and applications, such as establishing business operations, applying for incentives, and obtaining licenses and work/residence permits.

Active on a global scale, ISPAT operates with a network of local consultants in Canada, China, France, Germany, India, Japan, Saudi Arabia, Spain, the Russian Federation, the UK, and the US. ISPAT offers an extensive range of services to investors through a one-stop-shop approach, and assists them in obtaining optimal results from their investments in Turkey. ISPAT's team of professionals can assist investors in Arabic, Chinese, English, French, German, Italian, Japanese, Russian, Spanish as well as Turkish, and ISPAT is dedicated to helping investors successfully develop their business operations in Turkey.



TURKISH CHEMICAL INDUSTRY

- LOOKING INTO THE FUTURE

Considered integral to a number of other industries, the chemicals industry plays a vital role in a modern economy and is indispensable in its many forms in everyday life. From life sciences to petrochemicals, the chemicals industry functions by turning minerals and fossil fuels into essential ingredients in manufacturing, construction, agriculture, consumer products and many other fields.

Global sales of chemicals more than doubled over the last decade, reaching a value of more than USD 5 trillion in 2013. Emerging economies drove a large share of these gains as approximately 80% of new chemical production capacity is being developed in emerging economies.

Domestic demand, low labor cost, economic growth, and advances in telecommunications and transportation have facilitated movement over the past

several decades of a very significant portion of chemical production activity away from developed countries and toward developing countries.

Analysts expect that emerging economies will drive the future growth of the chemicals industry. In the coming decades, the chemical industry is expected to continue to expand with growth of about 3% per year and triple in size from USD 5 trillion sales in 2013 to USD 18.7 trillion by 2050.

SUSTAINABLE GROWTH IN THE FORESEEABLE FUTURE

During this period, Turkey's chemical industry will continue to expand and it is poised for extraordinary growth with exports projected to reach USD 50 billion by 2023. Despite the political and economic uncertainties in some of Turkey's key export markets, the country's exports of chemicals reached the intended target of USD 18 billion in 2014.

Turkey is an attractive investment location for

Located at the crossroads of Europe, the Caucasus, the Middle East, and North Africa, Turkey offers vast opportunities to investors in many sectors with its sizeable domestic market and highly-qualified work force.

chemical companies with its competitive production costs and robust market growth fueled by downstream industries. The sustained growth in consumer industries in Turkey is also a source of strength.

One of the most promising areas in the Turkish chemicals industry is the plastic sector, which accounts for almost 3% of the global plastics production. Turkey ranks as the second largest plastics producer in Europe and the seventh largest in the world. The paint industry is also promising as Turkey stands out as the fourth largest paint producer in Europe.

The Turkish chemical industry is further supported by large demand from end user markets such as automotive and construction, which are expected to grow at 6% and 9% per year respectively between 2013 and 2018. The automotive and construction sectors in Turkey have also grown internationally. Turkey is the 17th largest automotive manufacturer in the world, while 42 of the top 250

international contractors in the construction sector are Turkish. Such strong industries in Turkey create a robust demand for chemical products.

Imperative to the Turkish economy is the petrochemicals sector, especially in terms of its size and relation to the development of other industries. Petrochemicals are a main ingredient of many products; 98% of consumer goods are derived from petrochemicals. As such, the petrochemical market has been expanding with an annual average growth rate of 6.5% over the past decade. Due to the lack of petrochemical related raw materials, Turkey has emerged as the 2nd largest net importer of petrochemicals in the world after China. As the domestic production capacity in petrochemicals is currently unable to keep pace with the growing demand there are ample opportunities available to local or foreign players.



One of the most promising areas in the Turkish chemicals industry is the plastic sector, which accounts for almost 3% of the global plastics production.

The textile and fertilizer sectors are also important drivers for chemical industry in Turkey. Turkey has long been a major player in the textile sector both as a manufacturer and consumer. Being the world's seventh largest agricultural producer, the demand for fertilizers has been rapidly growing. Turkey now ranks as the 10th largest market for fertilizer in the world.

There are also shining opportunities in Turkey's surroundings that investors can tap into by utilizing the country's strategic location and top-notch infrastructure. Petrochemical consumption in surrounding markets, such as Europe and MENA, accounts for one-fourth of the global total.

The combination of a growing economy, large domestic market, advanced infrastructure, and investor-friendly legislation ensures that manufacturers in Turkey's chemicals sector stand to reap the long-time rewards of investing in one of the most promising emerging nations in the world.



PUBLIC PRIVATE PARTNERSHIP TANIMLARI

Turkey started renewing its
infrastructure investments
through Public Private
Partnership projects.



BY İBRAHİM GÖKHAN



During the Cold War, the world economy consisted of two different economic structures. While one of them took private sector as a main source of financing, the other took state-supporting as a financing tool. It does not matter whether one side has won or the other side has lost. What matters is that we are now in an era that the question of who will be the contributor is truly irrelevant.

Since the collapse of Berlin Wall, the two poles are getting closer and closer. Hence, the speed of investments' putting into action increases day by day. As global economy is at risk of growth arrest, both public and private initiatives seek collaboration as a life boat. Public Private Partnerships are indeed a way to change the business manner. While the economic structure of the governments worldwide are looking for increasing the level of economic liberation, it is not overlooked that they also bring the two financing means together to cooperate.

In the last decade, Turkey as well has seen the opportunity of Public Private Partnerships. Turkey has progressed on the struggle of financing and on the unlimited needs and insufficient resources controversy. From grand highways to integrated health campuses, one can see Turkey as an open-air construction site. The country is indeed renewing itself, thanks to the new projects. The main reason for why the upcoming projects are taken into operation so quickly is that the collaboration makes the bureaucracy thinner. This collaboration is the new model of investment that is Public Private Partnership.

Faisons-le ensemble!



ven in the most grotesque forms of utopias, there is always a government because no living thing can survive without a root. When Ayn Rand intrigued on the whereabouts of such root, she insisted on looking at where the money comes from. So the root should be a determined initiator to all things. Whether one is an anarcho-capitalist or showa statist, the question of intervention comes into mind when the financing is at stake.

The dispute between the upholders of interventionism and the supporters of “laissez-faire” has long been driven by the economic structure of government. Yet, with the evolution of state systems in the 20th century, the perception of public governance has changed, since 1980s. Governance is no longer seen as a coercive process that is under the governmental responsibility exclusively. But it is now defined in terms of interaction between the government, markets, and the civil society.

1980s are also notable with the emergence of new schools favoring a New Public Management and promoting the importance of organizing and managing public services in a relational way with the objective of safeguarding the stakeholder's interest. This new train of thought emphasizes on the application of market-oriented decision making, planning and management methods with performing better public services with considerably lower costs. In this manner, Public Private Partnerships is seen as an alternative path to deliver public goods and services by bringing together the strong sides of the public and private sectors. In other words, PPP is driven by the idea that sets eyes on putting such effort in organizational dimension that will bring the maximum performance.

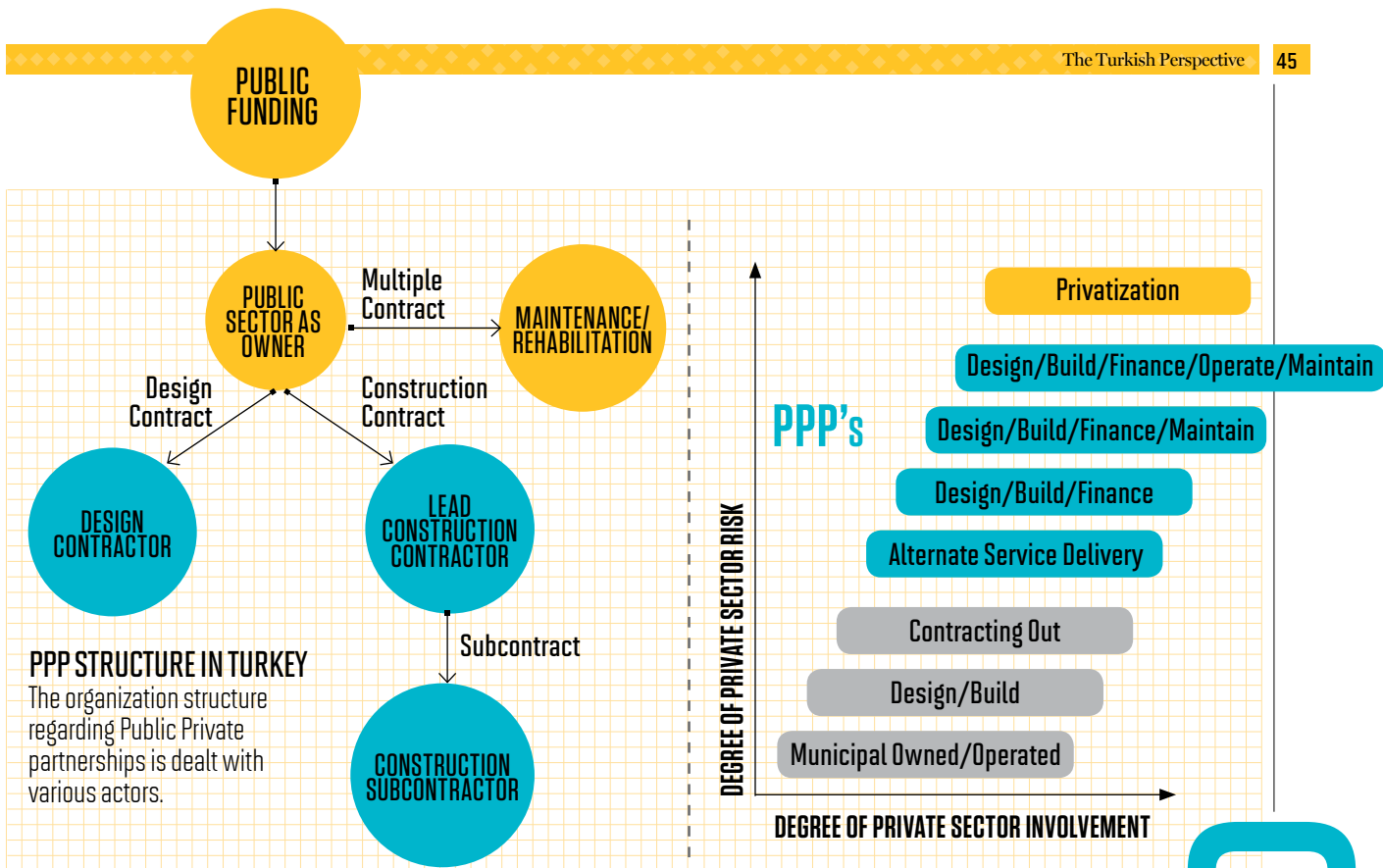
Public Private Partnership (PPP) projects are special

types of projects which draw increasing interest to both public and private sectors. For such projects (e.g. a bridge, tunnel or industrial area), both sectors are the joint participants. Due to the fact that these joint partners have often conflict of interests, the organization of this type of a project requires special attention. To avoid potential drawbacks during the execution phase, more attention should be given. A PPP project also requires a specific organization structure so that the conflicts of interest can be managed. The structure should focus on the constraints and on one common goal.

For classical and neo-classical economists who favor free markets, government intervention is only justified when market fails. For example, namely no rivalry and non-excludability, public goods and services raise issues such as the “free rider” problem. Therefore, private firms seeking maximum profit are hardly interested in producing such goods. The

state could also stay away from investing as joint venture because it may lose a governor's popularity when the project costs dearly. Still, since the collapse of communist regimes, the vision of the welfare state is losing its popularity. On the other hand, the inefficiency of governments and the failure of privatizations in capitalist economies led to a reorientation of the debate. According to Nicole Ballouz Baker, the controversy is no longer about who should be exclusively responsible for the delivery of all public services but how to organize the delivery and management of a particular service, given its complexity, such as to maximize the difference between social benefits and social costs. In other words, from a managerial perspective, the interest is to find the optimal organizational structure for the delivery of each public service or infrastructure project. Thus, should the service or the infrastructure project be carried by the government alone or by a private firm alone or by a public/private mix in the form of a PPP for instance? The choice between these three organizational structures gets complicated because PPP characteristics are project-specific. However, the common features frequently identified in conceptual models, by analogy to the common characteristics of hybrid





FROM A MANAGERIAL PERSPECTIVE, THE INTEREST IS TO FIND THE OPTIMAL ORGANIZATIONAL STRUCTURE FOR THE DELIVERY OF EACH PUBLIC SERVICE OR INFRASTRUCTURE PROJECT.

private structures such as franchises for example are; the sharing of the financing, the construction and the management of a public service or an infrastructure project between the public sector and the private sector; resource pooling, the contractual relationship and the long-term risk transfer to the private partner as well as the implications of sharing the gains on the social benefits and costs of the transaction. More generally, the definitions of PPPs encompass three elements: the allocation of responsibilities and risks, the relationship between partners based on respect and mutual trust, and time or length of contract, since, for it to be qualified as a partnership, the contract between the public sector and the private sector should exist over the long term.

There is a rapid increase in the practices of PPPs in development and public service infrastructures. Especially in Europe, various countries have put this process of change, which can be called management reform. The main reason

€22
BILLION

Istanbul third airport BOT project tender

for the inclination of this trend is constant increase of public infrastructural needs in the face of increasing service demands. Moreover, public investment budgets are insufficient in order to meet those needs or not increasing at the same rate. Started with the privatization and concession, this process is gaining a new insight with many different contract formats like build-operate-transfer, lease-transfer, and co-operate.

In conformity with the Private Finance Initiative (PFI) launched in the UK in 1992, in recent term PPPs are referred to as contracts between the two sectors where, unlike procurement contracts, the private partner's involvement is not limited to one task and where, unlike delegation contracts, the private partner is granted by the public authority and not by the users of the service. Procurement contracts are short-term agreements where the private partner's involvement is limited to either building the infrastructure or managing the service. Delegation contracts are agreements where the private partner is in charge of the construction and/or the management of the service and bears the operational risk since he is paid directly by the users. The term "PPP" is then a form of agreement designed to optimize possible risks during the project phase because each partner is responsible of performing the task that he is best capable of.

The organizational structure of Public Private-Partnerships are often considered as unique tasks that changes from one economical size to another. To execute a solid infrastructure, each government enacts the laws regarding the social and economic structures of its components.

Turkey: A Solid Structure

Private initiative in Turkey was not a fully operational finance mechanism for a long time. Although there were initial supports for private initiative during 1950s, private sector has become the main investment machine after 1980. With the introduction of export based economy policies, free market and privatization has been shaping the Turkish economy.

Public Private Partnership is a model we have recently started to often hear about in Turkey, too. It has come to the fore when regional and provincial hospitals were started to be built by private sector in 2007. Since that day, enormous strides were made despite being slowly. As of today, financial closures of important health projects and crucial developments in their construction process were made.

In addition, the most important PPP projects, such as 3rd Airport in İstanbul, Eurasia Tunnel and 3rd Bosphorus Bridge have been launched. These projects are important in terms of both their efficiency and

volume on global level.

On the other hand, while developed

countries has been already using PPP model in infrastructure investments, especially developing countries started to be included in this process with their financial and organization power by contributing their experiences to infrastructure development projects.

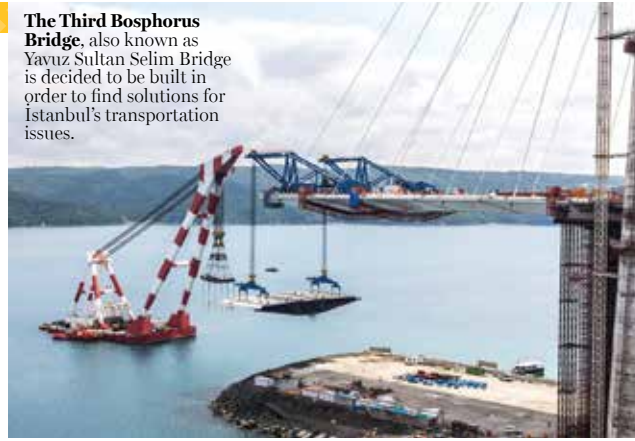
Turkey has also made considerable progress in PPP over the last ten years. Considering the capital flow by European and other national banks through Turkey, and the increasing brand value of İstanbul, it is inevitable that Turkey will be a center for private investments. From this point of view, especially İstanbul can be seen as a capital of PPP in a few years.

The world is witnessing an era in which the game is played by the ones who set it up and companies and even countries are in big competition especially in infrastructure development field. Thus, several governmental and ministerial directorates have launched initiatives in order to move the country even further in this competition.

First of all, the 9th Development Action plan that covers 2007-2013 encouraged Public Private-Partnership in Turkey. Turkey is one of the first countries in the world

THE WORLD IS WITNESSING AN ERA IN WHICH THE GAME IS PLAYED BY THE ONES WHO SET IT UP AND COMPANIES AND EVEN COUNTRIES ARE IN BIG COMPETITION ESPECIALLY IN INFRASTRUCTURE DEVELOPMENT FIELD.

The Third Bosphorus Bridge, also known as Yavuz Sultan Selim Bridge is decided to be built in order to find solutions for İstanbul's transportation issues.



İstanbul Third Airport



**\$2.5
BILLION**

North
Marmara
highway + 3rd
Bosphorus
Bridge

which paved the way for PPP. With the Law numbered 3096 from 1984 the private sector involvement specifically in to power plant projects was allowed. Afterwards, Turkey has enacted in 1994 a general law for BOT (Build-Operate-Transfer), the Law number 3996, for different infrastructure areas like transportation, energy and water supply and treatment. On this legal basis, first implementations of PPP projects in Turkey came on agenda and several projects, mainly for electricity production, drinking water facilities have been realized as BOT and later as BO (Build-Operate) projects. In the energy sector, between 1995 and 2001, thirty power plants with a total capacity of 8500 MW – equaling nearly one fourth of Turkey's power production capacity have been completed under the BOT and BO models.

According to Prime Ministry Privatization Administration, the BOT model has been commonly used in several projects in Turkey. The most well-known completed BOT projects can be listed as the Marmaray Bosphorus Tunnel, the Zafer Airport in Kütahya, İstanbul - İzmir Motorway Project, the Göcek Tunnel Motorway Service Stations the Çeşme Marina in İzmir, the Yuvacık



Izmit Highway



Adana Municipality Hospital

power plant in Kocaeli, the Birecik Power Plant in Şanlıurfa, the Suçatı Power Plant in Kahramanmaraş, and the Yamula Power Plant in Kayseri. As a result of the search for alternative PPP models, Law No. 5396 on the Health Sector under the BL model, was enacted on 15 July 2005. Law No. 5396 sets forth the principles on construction and renovation of health facilities under the BL model. Subsequent to Law No. 5396, the Regulation on the Health Facilities to be Constructed in Return for Lease and Renovation of Health Facilities in Return for Operation of the Services and Areas Other than the Medical Service Areas, entered into force in 2006. The İkitelli Integrated Health Campus, Kayseri Integrated Health Campus and Ankara Bilkent Integrated Health Campus are some of the recent healthcare projects that will be financed under the BL model.

In broad sense the PPP projects can be considered as in-advance privatizations of the future investments. In many cases PPP models are emerging as an integrated part of privatization projects. Privatization Law No 4046 allows the application of all of PPP Models as an in connection of the privatization implementations. Although the PPP models are already in use, in order to accelerate and extend the implementations of the PPP models, the government intends to establish a new legal and administrative framework for so called “Second Generation of the PPP Projects”. The project is still on the table, though it is expected to be accepted in the upcoming years. Some international advisors have been assigned for the preparations and a draft law is expected to be submitted to the parliament .

KERİM ALTINTAŞ
Attorney

“Turkey successfully carries out the processes of PPP projects”

There are many parameters regarding a PPP enforcement in Turkey, which affect results of PPP projects in a positive way. We can consider project management, access to finance, risk sharing, parties' interest in partnership and PPP legislation presence in project locations as important factors.

We can see that the majority of developed countries have PPP legislation. While some developing countries have it, the process has not been completed yet in most of them. Turkey stands out as a developing country which has a lot of PPP experiences.

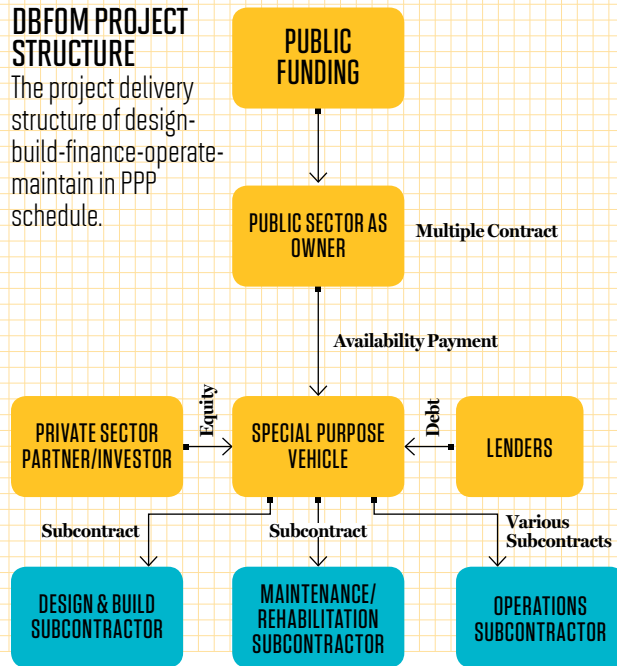
Turkey has successfully carried out bid and construction process of PPP projects in recent years without having any framework laws. However, size of projects, which will be potentially carried out with PPP in the next ten years, is more than \$100 billion. This situation indicates that we seriously need international capital and it seems vital to have a reliable legal ground for foreign capital to be included in the projects in Turkey.

A sub-working group on PPP Legislation was created to prepare a PPP legislation draft including expectations, problems, suggestions and evaluations of private sector. As working group, we decided to create a draft law text until 31.12.2015. Five main points are dealt with PPP Framework Law which was prepared with views from private sector; these are, Administrative Structure and Bureaucracy, Bidding Process, Technical Consultancy, Financing, Insurance, and Insurance System.

When the draft of PPP Framework Law is completed, a text will have been prepared and presented, constituting important data for those who will be responsible for preparing PPP law with the aim of ensuring that the PPP projects are managed by public more efficiently.

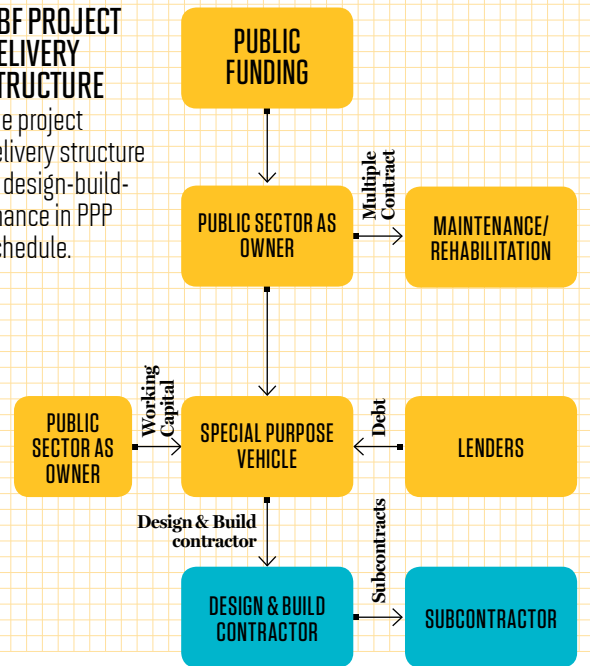
DBFOM PROJECT STRUCTURE

The project delivery structure of design-build-finance-operate-maintain in PPP schedule.



DBF PROJECT DELIVERY STRUCTURE

The project delivery structure of design-build-finance in PPP schedule.



PPP Hospital: Healthcare Sector Investment

Today, the healthcare sector has become the new area for implementation of PPP projects. As Şahin Ardiyok states, the cooperation and the collaboration between the parties often extend throughout the project and the risks and the responsibilities of the parties are identified by the contractual arrangements. Traditional models are still being deployed albeit necessary adjustments for the current needs of the parties are introduced. Projects concerning construction and operation of motorways, nuclear and hydro-power plants, power distribution networks as well as the construction and operation of the third airport and third bridge in İstanbul are the most recent and major examples for PPP projects in Turkey.

The Ministry of Health draft an investment plan in the sphere of the general healthcare reform contributed by The World Bank. High quality hospitals, with 90.000 beds capacity, have been planned to be built till the end of 2018. 50.000 beds of this capacity have been planned to benefit from a PPP model investment.

Why PPP? Because the conventional procurement system is not developed enough to bear high costs and low efficiency for this high profiled project and the budget of the government spared for Ministry of Health was not extensive enough to finance this investment.

A total of 31 projects are planned to be realized within this model. 4 of these projects are already under construction; 9 of these projects are on the contractual negotiation phase while the remaining projects are in the procurement phase.



**\$1.2
BILLION**

Bilkent
Integrated
Healthcare
Campus PPP
project

Moreover, 30 more hospitals are in the pipeline.

Since the main purpose of these investments is decreasing the burden of loan of the Government by extending the source requirement over a period of time, adopting a management culture common for public and private sector players is important. The agreements governing PPP models and projects are really detailed and have many appendixes. For example, in the Kayseri Integrated Health Campus project which was planned as a pilot project by the Ministry of Health to which we have contributed as legal advisers, we had to collaborate with the inventors and financiers in order to draft the documentation for the project. A sui generis investment model was created as the NHS system in the UK and Italian Merloni Act had to be translated in to the legislative and socio-economic background in Turkey.

PPP is very attractive for the investments of public services since it can spread the capital expenditures of government over a period much longer than election terms. But at the same time it also loads the payment burden over the shoulder of the future generations. For this reason feasibilities of the project, contract designing and efficient dispute settlement mechanisms are very central to the success of that PPP project.

“We believe PPP business will continue to play a critical role in Turkey’s development agenda.”

AISHA WILLIAMS
IFC Country Manager for Turkey



Can you summarize Turkey’s IFC & World Bank Group activities briefly?

Currently, the World Bank Group (WBG) continues to discuss with the Government of Turkey to develop specific ways to support the public private partnership (PPP) business in Turkey. Our support as IFC to the private sector would include specific transaction advisory for PPPs, particularly in the areas of health given our support to the overall Health Transformation Program, water and waste water, solid waste, roads and public transport, education facilities, energy and public lighting (as well as other areas Government may request). On the lending side, IFC offers a host of lending products to support private sector sponsors in sectors such as ports, health facilities, transportation. On the policy side, the WBG is in discussion with Turkish authorities to support the Government of Turkey’s capacity to identify, select, develop and manage PPP projects through technical assistance and lending support.

How do you see PPPs and their future in Turkey?

The Government of Turkey in its 10th National Development Plan, has identified PPPs as a critical financing mechanism to address the vast need of infrastructure investments. Over the last three decades Turkey has developed a well-regarded PPP program mostly concentrated on developing assets in infrastructure particularly roads, airports and ports. Given the needs of infrastructure investments and Turkey’s recent track record, we believe PPP

business will continue to play a critical role in Turkey’s development agenda. Going forward it will be important to continue to strengthen Government’s capacity at both the national and subnational level to design, bring to market, and regulate and monitor their implementation in a transparent and fiscally prudent way that enhances international competition.

Can you tell us about your contributions and views on 1st İstanbul PPP Week?

The WBG has a sound global market knowledge and experience as both an advisor and investor. The WBG through its two institutions, the World Bank and IFC can help to design and bring the international best practices together and disseminate between different countries and stakeholders. As a neutral partner, the WBG delivers its services by balancing objectives of government, consumers and investors. The WBG has also a focus on objectivity & transparency of transactions, Risk sharing and long-term commitment, balancing adequate social and environmental safeguards.

In line with the above mentioned experience and knowledge, WBG global experts will provide lectures during the 1st İstanbul PPP Week to the participants of the training from 30 different countries.

Is the World Bank Group involved in any projects in Turkey? Or do they plan to get involved in them?

The WBG’s recent PPP activities in Turkey has been on two fronts: Firstly from a private financing perspective where IFC has a long trajectory supporting projects in various sectors the most recent of which was healthcare facilities and a port. This year, IFC participated in three landmark healthcare PPP projects for the construction of integrated healthcare campuses in Adana, Ankara, and Kayseri, providing a total of €145 million in loans from its own account and mobilizing another €215 million from other financing sources. The projects are expected to increase access to high quality public healthcare

services and set an example for PPPs in other sectors in Turkey enabling public and private sectors to work together. IFC is again very eager to provide financing and technical advice to support PPPs in Turkey and in particular we are looking at opportunities transport and municipal infrastructure as they develop.

On the other hand the World Bank has been an active partner in assisting the development of consistent PPP policies starting from policy advice on implantation, procurement and transaction design, all the way to establishing adequate mechanism for public support within PPPs. Recently, the World Bank has been supporting the MOD in the development of standardized approaches to design, bidding and implementation of PPPs.

As you may know, due date poses a problem in crediting of PPP projects. In Turkey, there is some problems in more than 10-year loan especially in foreign-currency loans. What do you think about it?

The recent PPP projects in Turkey, and most specifically health PPP Projects have shown that robust, bankable PPP models can ‘train’ the market and attract both international and domestic long term financing. The most recent financings provided for the Health PPP projects included 18 year FX denominated loans from both Turkish and international commercial banks and not just the international finance institutions (IFIs). In time, with sufficient track record, the PPP projects are also good candidates to access to other sources of funding, such as capital markets (for example IFC invested \$66 million in a seven-year \$450 million Eurobond issued by Mersin International Port, the first ever infrastructure bond in Turkey). FX denominated financing obviously create currency mismatch for the projects, which should be mitigated through the PPP agreements.

Finally, I would like to restate that the World Bank Group is very eager to support the development of PPPs in Turkey.



SAHİN ARDIYOK
Adjunct Professor, Bilkent
University

“Each PPP model holds a unique feature that needs to be implemented”

PPP stems from the search of the people – more specifically public policymakers – who seek for ways to improve efficiency and quality of the public goods and services. It is vital for these public services to be offered at reasonable prices at a standard quality. The project stock of the governments is beyond the financial frontiers drawn by the annual budgets in the short term and the medium to long term macroeconomic plans.

The World Bank defines PPP as a long-term contract drawn between a private party and a government entity in order to provide a public asset (infrastructure) or service. The private party bears significant risks and holds the responsibility of the management in PPP contracts.

Needless to say, some sort of contractual relationships have to be established between the owner of the service and the private parties who undertake implementation. Traditionally, public service concessions allow private sector players to undertake public services. These concessions – also referenced in the Constitution – concern public contracts concluded between the public and the private parties and they are governed by administrative law. Most recent concession models include BO-BOT-TOOR models. However the law governing these types of contracts has led to great debate in Turkey, ushering amendments to the Constitution. One of the main amendments eliminates legal barriers hindering the provision of public services by private parties based on private law. Since then, additional types of PPP models have been developed and deployed.

In sum, inter alia, the legal aspects of PPP models is mainly based on governing the scope and the terms of the contractual relationship between the public and the private parties, mutual commercial and legal responsibilities and the balance between the public party with privileged powers and the private party. However it is important to bear in mind that each model has a unique feature since the split of aforementioned parameters between the parties varies based on the model.



PPP Summit: Center of Excellence

Another step towards creating an organization structure for PPP in Turkey, İstanbul PPP Center of Excellence (PPP COE) and 1st İstanbul PPP Summit, which is another step to make İstanbul a financial center, will be held in İstanbul between November 2 and 5. Guest of honor of the program will be President Recep Tayyip Erdoğan. and many ministers, decision makers, bureaucrats, business representatives and foreign delegations will attend the program.

Decision makers from more than 30 countries will meet in İstanbul within the scope of “İstanbul PPP Week” in which trainings, conferences, bilateral negotiations and networking meetings will be held. In the event, both the future of the PPP projects will be discussed and a political proposal text will be prepared considering PPP Global Standards.

The exclusive training program, in which academic certificates issued by Boğaziçi University will be given to the participants, will pave the way to gather all PPP experiences on international level under a single roof. The program will include bureaucrats from invited countries, international financial institutions, and academic world representatives in PPP field, public officials in Turkey and Turkish business world representatives.

Three-day trainings, which will be held within the scope of the center, will be provided by experts of international institutions, local and global academists whose works are followed on international level and high-ranking



managers and/or experts who participated continuing PPP projects in Turkey. Within the scope of the program, group discussions will be made on the future of PPP and on PPP, global standards.

Some of the institutions, which will make contribution to the trainings in this 3-day intensive program are Boğaziçi University, International Financial Corporation (IFC), European Bank For Reconstruction and Investment (EBRD), Islamic Development Bank, Turkey's Ministry of Health, Aristotle University of Thessaloniki, and İstanbul Metropolitan Municipality.

Many activities in the İstanbul PPP Week are planned in the first week of November. The İstanbul PPP Week will be closed with PPP Summit. Three main outputs will be reached in the Summit. First one is that invited bureaucrats, who will participate the intensive trainings for three days, make one on one interview and make country presentations, will be given certificates by Recep Tayyip Erdoğan, and the certificates will be accredited by Boğaziçi University.

Contributing a lot to development of İstanbul Finance Center project, providing the opportunity to be provided with every kind of expertise in PPP

field and for all interested persons to meet others, this summit is an outcome of a crucial initiative as it reflects the future vision of Turkish business world and make contributions to main targets.

The program is another step to contribute in Turkey's vision of making İstanbul a finance center and 2023 goals. Turkey wants to be among the largest ten economies in the world by creating 10 global brands and to reach \$500 billion export in 2023. The vision is great. Although it needs extraordinary efforts to implement them. These efforts will not be under the responsibility of public sector. They will also not be under the responsibility of private sector. It needs a collaboration within competition. From governments to NGOs, from conglomerates to SMEs, from directorates to universities, every part in the house should have a role in it. The 21st century is shaped by globalization and cooperation economy. The national road-map includes a grand partnership. Public Private partnerships are the substantial elements in this bigger picture.

In conclusion, the world economy has been going through a phase that the both poles of economic structure get together to make a joint venture. More population demands more infrastructure, which needs more investment. Since the collapse of Berlin Wall, the two poles are getting closer and closer. Hence, the speed of investments' putting into action increases day by day. We are no longer in the world where bureaucracy takes down the work. PPPs are important step towards the new globalization, and Turkey is getting its share.



EYÜP VURAL AYDIN, PHD
Chairman of DEİK PPP
Committee

“Our purpose is to make Turkey an effective base for PPP”

Target audience in this training program was specified as “30 developing countries”. This will be our first event in which senior bureaucrats, working in PPP field from 30 different countries, will come to İstanbul and are provided with PPP trainings.

Of course, we needed to select these 30 countries and aimed bureaucrats for trainings and invitations needed to be properly delivered. At this point, Ministry of Foreign Affairs and Ministry of Economics have come into play and ambassadors, along with commercial counsellors, supported us in determining right participants.

We determined two criteria for the selection of developing countries: the ones which have PPP experience and those which have PPP Legislation. In the second step, we have made our choice considering trade and political relations between these countries and Turkey. Following the letter delivered to our counselors via the Ministry of Economics, 30 senior persons from the invited countries were chosen to attend the trainings. Along with the 30 countries, 30 people determined in institutions, such as African Development Bank, Islamic Development Bank and European Bank for Reconstruction and Development, were included in the trainings.

With these steps, our target audience was determined. Our purpose in this initiative is to move Turkey to a place where it will be a more effective country on international level and undertake more infrastructure investments, and to bring the economic and political cooperation of Turkey, called “soft power”, to measurable results.

The event including trainings, exhibitions, meetings, dinners, project trips will take one week. All these events will create an atmosphere in which business representative and decision-maker bureaucrats from different countries will attend the trainings, talk to each other and have dinners together in İstanbul, which will make a contribution to Turkey's vision to make İstanbul a finance center.

INDUSTRY 4.0

**VERGE
UPON THE
CATALY**

VYST

BY EFE DAŞMAN

- 1. A robot may not injure a human being or, through inaction, allow a human being to come to harm.**
- 2. A robot must obey the orders given it by human beings, except where such orders would conflict with the First Law.**
- 3. A robot must protect its own existence as long as such protection does not conflict with the First or Second Laws.**

When Isaac Asimov govern the three rules of robotic, he may have thought it was a good idea to provide solutions for possible human-robotic conflicts in the future. Although such conflict cannot seem to be inevitable even in his own books, today we believe in a robotic world is not so science-fiction. And definitely not so distant future... Once a dream of science-fiction, cyber-technology is no longer in the dusty pages of the old books. Thanks to the achievements in the Internet of Things and the Big Data, an era of new technology is upon us. The cyber-physical systems have enlightened a path for a new industrial revolution. Started in Germany, Industry 4.0 is a train that cannot be missed. Recent developments show Turkey definitely wants to be on that.



“The Big M” conference was held last year in Detroit, the automotive capital of the United States. In order to find creative manufacturing solutions, the event brought many innovators and business people together. The place of the event was meaningful, considering Detroit was the place where modern mass production, in other words, Fordism is invented. Including this conference, the world now talks about digital assembly lines, aiming at increasing the power of manufacturing even beyond imaginations. As the economists of General Electric put it, it is about a matter of time to transform factories into “Perfect Manufacturing Mechanisms”. The new era is called “Industry 4.0” in Turkey bear witness to extraordinary developments. Started with the Industrial Revolution, going through mechanization, electrical, IT and finally Internet revolution, the Industry 4.0 puts giant smart machines at the center of production lines. The good is manufactured in Smart Factories in terms of predetermined demand, and sold in terms of predetermined customer.

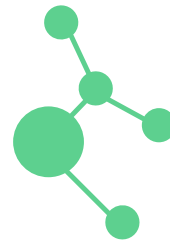
The history of industrialization went through three phases. The first was the mechanization of producing using water and steam power. The second industrial revolution then introduces mass production with the help of electric power, followed by the digital revolution and the use of electronics and IT to further automate production. The term Industrie 4.0 was first used in 2011, at the Hanover Fair in Germany. In October 2012 the Working Group on Industry 4.0 chaired by Siegfried Dais and Kagermann presented a set of Industry 4.0 implementation recommendations to the German federal government. On 8 April 2013 at the Hanover Fair the final report of the Working Group Industry 4.0 was presented.

Soon, the German government started to initiate the report, and put blind faith in it. But why? Why the use of IoT is so important to meet ever-increasing demands? Because when the demand increases, the supply has to go hand in hand with it. In order to satisfy the demand of almost 8 billion people in the world, inconsiderable amount of raw material should be used. Not to mention time and energy which will be used. In order to make up the waste of the 20th century industrialization, scientists have come up with a theory. If they collect the demand through big data, and reshape the supply chain via machines, no time or energy goes to waste. Which is the thing for developed countries like Germany, or developing countries like Turkey.

A MATTER OF NECESSITY

Industry 4.0 is a path to put an online bridge through manufacturer and customer. End customers are increasingly able to tell their manufactures directly - via the net - exactly what they want and when. Alternatives can often be found easily and potential business can be lost quickly.

Manufacturers need to respond with significant reduction in their time to market, with massively improved flexibility to enable individualized mass production and all that at reduced energy and resource consumption.



The following 5-10 years will determine the winners and the losers of the industry.

According to the report ‘Industry 4.0: The Future of Productivity and Growth in Manufacturing Industries’ conducted by the Boston Consulting Group, the fourth industrial revolution will be completed in this decade. In this transformation, sensors, machines, work pieces, and IT systems will be connected along the value chain beyond a single enterprise. These connected systems (also referred to as cyber-physical systems) can interact with

one another using standard Internet-based protocols and analyze data to predict failure, configure themselves, and adapt to changes. Industry 4.0 will make it possible to gather and analyze data across machines, enabling faster, more flexible, and more efficient processes to produce higher-quality goods at reduced costs. This in turn will increase manufacturing productivity, shift economics, foster industrial growth, and modify the profile of the workforce—ultimately changing the competitiveness of companies and regions.

Saying that already began in global companies, BCG Turkey partner and Industrial Products Sector Leader Aykan Gökbulut says the competitiveness with putting Industry 4.0 elements into practice will be expanded into all manufacturing lines. “In the following 5-10 years, every aspects of manufacturing including design, production, operation, and service processes will change completely with regard to Industry 4.0. Although such a complete change should take longer, the following 5-10 years are crucial because it will determine the winners and the losers of the industry. The way to win is investing in IT, software, and data analysis. Turkey’s critical industries like automotive or durable goods are completely depended on it. If Turkey competes with the world in order to become a center of manufacturing, being a revolution leader is not a matter of choice, it is a matter of necessity.” Gökbulut said.

WHERE TURKEY STANDS

The transformation begins with Smart Factories. Manufacturing facilities all around the turn into smart factories where digitalized components which every part of the machine will work autonomously, making its own decisions without having need of consulting a human being. Lifeblood of today's economy, Smart Factories are refurbished with the Internet of Things. Especially in the United States, these type of manufacturing is under operation for two decades. Some of the Turkish conglomerates have built their Smart Factories and started operations completely digital.

Vestel is the third biggest TV manufacturer in Europe. With its 1 million square meter mega factory, Vestel City is the biggest factory in Europe built in a sole location. Exporting to 152 countries, Vestel City manufactures 18,000 durable goods and 45,000 TV in a day.

Reaching to these numbers of manufacturing, smart factory operations are crucial. Vestel Chairman Cengiz Utlav explain it is a success of "smart factory miracle".

Saying that Vestel's success strategies are built under three primary columns, "Flexible manufacturing is one of these columns." says Utlav. Smart Factories are considered as the facilities where flexible manufacturing can be done. Just like Vestel does, flexible manufacturing is a mean to satisfy the demand without risking the raw material, time and energy. The good is

manufactured only when the consumer demands. Vestel City is capable of doing that.

Having 14 facilities in Russia, Romania, China, and South Africa, Arçelik's main manufacturing facilities in Turkey are completely digitalized. High-speed manufacturing lines products are aligned sequentially, with the philosophy of "one piece flow", which decreases the time of supplying the customer demands. All quality tests are performed automatically and the collected data are analyzed through giant computers. The collected information goes

through the Big Data, in use of other projects which may increase the level of sublimity.

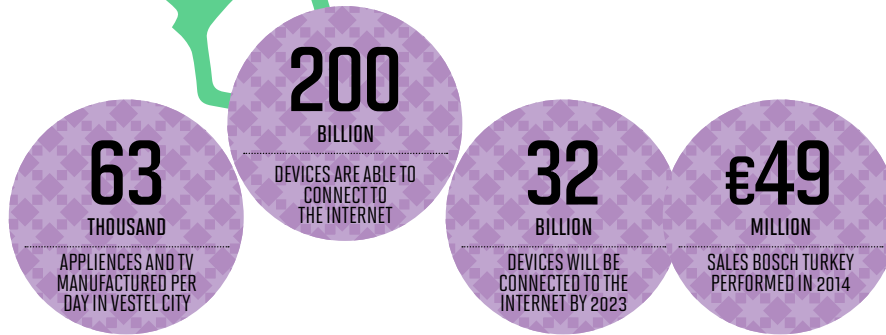
Ford Otosan has made its biggest automotive investment when the company founded Yeniköy Factory in 2012. The factory is one of the biggest factories where almost every operation comes under the computers. New technologies are put into practice in Ford Otosan's Smart Factory, such as Dry-Scrubber technology. Thanks to the new technology, waste coating is desorbed without the need of water. Besides, 130 robots work inside the company. The

robots are used to determine when to manufacture the automobiles.

Having a capacity of 8.2 million liters of water per day, Turkey's biggest water factory Nestlé Waters Turkey Uludağ Water Factory is also the biggest water factory in the world with regard to closed area and output. Big as 14 football fields, only 600 people work in the factory. From securization of resources to production, all process are gone underhand by robotic systems. World's quickest 0.5 liters bottle-maker, the factory makes 72,000 bottles in an hour.

With its 1 million m² area, Vestel's mega factory 'Vestel City' is a smart factory where operates in accordance with flexible manufacturing.





ANOTHER BRICK IN THE BIG DATA

The way to go for Industry 4.0 is wide open. Bosch Turkey and Siemens Turkey have already initiated operations under fully IoT integrated smart facilities. It is a matter of time that these firms can turn their factories into perfect manufacturing mechanisms. In that regard, Bosch Turkey and Siemens Turkey may lead the way of Turkey's Industry 4.0 journey. Steven Young, the CEO of Bosch Turkey says, "According to a research, there are 200 billion devices that can connect to the internet, and 14 billion devices that are already connected to the internet. It is expected that the number

ROUTE MAP FOR TURKEY

In business under TOBB (The Union of Chambers and Commodity Exchanges of Turkey), Turkey Economy Policies Research Foundation (TEPAV) performs studies for easing the process of entering the game. The study's foremost concern is to find a specific skill and analyzing which sectors are capable of transforming themselves into Industry 4.0. Biotechnology and nanotechnology emerges one of the possible sectors. Ozan Acar, one of the analysts of TEPAV warns that if a country opts out of Industry 4.0, it is not only much harder to catch up, but possible to deteriorate. It is almost impossible for countries using traditional manufacturing systems to compete with countries well-equipped for the new industrial revolution.

Ozan Acar put the emphasis on this era of yielding for the environment, "Industry 4.0+" can be considered for Turkey. The plus means biotechnology and nanotechnology.

According to Acar, there are still some constraints

for Turkey's complete shift into Industry 4.0. First and foremost, companies are still not aware of the new course. Especially for SMEs, qualified brain force are limited as well.

"Still, it is possible to reach to an outcome by getting awareness, and determining current capacity," Acar says. Exemplifying the new horizons led by the traditional companies' acquaintance with the new revolution, Acar states: "Think of aviation. Weight is an important issue. If you use nanotechnology instead of metal seatbelts, lesser weight will bring so many advantages. If you make a building that cleans itself, you will make awareness in construction industry. Simply, there are unlimited outcomes, and it is up to us to determine our own way."



"The ability to observe without evaluating is the highest form of intelligence."
Jiddu Krishnamurti

will be 32 billion by 2020. It is inevitable that internet will definitely enter every aspects of the business life."

Who wouldn't have thought that one day people could be displaced by robots? Who wouldn't have thought that no waste in production helps us to leave a better world for our children? It may be a little bit late, considering the outcomes of rapid industrialization in the 20th century turned into Global Warming. Yet, better late than never. The world is currently still in its infancy such a development, step by step the industry will be finding its way.



"The most urgent thing is to set up a national road-map for Industry 4.0"

What are the recent developments in the world regarding Industry 4.0?

The term "Industry 4.0" is introduced in 2011 Hannover Fair, and with a strategy document developed by a study group in Germany in 2013, presented to the German Federal Government. The project is basically an attempt by German Government to protect competitiveness by turning traditional manufacturing tools into IT based high-technology production facilities. With the enforcement strategy published in 2015, a comprehensive roadmap for Germany is revealed.

The forecast of the fourth industrial revolution is to convert technological infrastructure in traditional manufacturing into cyber-systems, artificial intelligence and the internet of things, so that horizontal and vertical value chains are integrated and controlled better. On the other hand, the emphasis on 4th revolution is completing the transformation of high-tech production systems in the next 10 to 20 years. Germany's vision is followed by many developed and developing countries, and they started their own initiatives in order to make a similar attempt. Among these, United States' new advanced manufacture and innovation attempt, and "Revitalize American Manufacturing and Innovation Act of 2014" (which passed into law last year), South Korea's "Manufacturing and Innovation 3.0 Act", China's "Smart Factory 1.0" projects are considerable attempts to follow Germany's move. Countries put an enormous money and effort in this field.

According to a survey conducted by German facilities, half of every investment capital in industry will be devoted to Industry 4.0. It is expected that by 2020, Industry 4.0 investments in Europe will reach \$150 billion.

What kind of developments happening in Turkey regarding Industry 4.0? When could a complete transformation happen?

First of all, there are attempts to make the atmosphere compatible with Industry 4.0. Among these, there are general support programs for information and manufacturing technologies. Especially software sector utilizes these state aids. In this manner, the Ministry of Science, Industry and Technology (BSTB) puts various acts into practice, in order to improve the public-university-industry cooperation, and high-technology improvement in manufacturing sector. The most typical example for this is Technology Developing Regions and Science parks. In Technology Developing Regions, direct IT or hardware-software based projects are implemented with the support of both public and private sectors. Similarly, TÜBİTAK, KOSGEB and BSTB give incentives for innovative enterprises, universities, university students and free entrepreneurs.

About the question of when a complete transformation could happen, this will be based on the performance of public, private and university. However, the most urgent thing to do is to make a national road-map specialized for this transformation, and to determine executional strategies. It is not possible to give an exact date when 4.0 will be implemented in Turkey, because it will be a progressive transformation. Recently, as ministry, we perform facility modernization studies. One of them is energy sustainability project; making traditional and inefficient electric motor systems smarter. In this way, Turkish factories will be smarter.

To conclude, starting from large-scale and international Turkish companies, the implementation of Industry 4.0 in Turkey is possible and will happen. Otherwise, there are competitiveness risks ahead.





PACKAGING INDUSTRY: SAFE AND STOWED OUT

Employing over **100,000** people, Turkish packaging industry is taking its share in the global economy. The **\$19 billion** industry aims at becoming a packaging center of Eurasia.

BY BERKAN KIŞIN

The use of packaging goes way beyond to even prehistory. Of course, they were not as sophisticated as today's colorful quality packages. Though they were primordial; human beings always needed things to cover the goods. People used to wrap their left meat around tree leaves, pour water to animal tissues. Now leaves and animal tissues turned to wooden and plastic conservative packages. Keeping the food unspoiled was –and still is– the very pure need for survival. It has created the ever-increasing demands. Thus, the changing –but not decreasing– demands have constituted today's packaging industry. Considering the international aspects of economy and urbanization factors the industry has become one of the most important sectors in today's economy. Employing over 100,000 people at 2,800 companies, Turkish packaging industry is taking its share in the global economy. The \$19 billion industry is aiming for becoming a packaging center for Eurasia.





\$366

MILLION

FOREIGN TRADE SURPLUS
IN 2014

\$1.5

MILLION

TONS OF PACKAGE EXPORTED
IN 2014

Rapidly changing life standards and increasing consumer awareness have put the packaging industry into an important position. The demand for packaged product increased in especially metropolitans. Apart from the big cities, proliferation in supermarket chains in whole Anatolia, demand for packaged products is increasing day by day. This makes the industry much bigger and more important in Turkey. Food sector satisfies more than half of the total demand of the packaging industry. At this point, hygiene and health come up as the prominent factors for the industry. Considering the recently developing environmental conscience in Turkey, used plastic packages are now considered as separate from other wastes. Therefore, packaging technology is developing as the demand increases. Specific studies are undergone in order to manufacture sustainable yield with using minimum raw material, natural resource and energy. For example, when the first time water sold as packaged, the weight of the bottle was 22 grams. It became 13 grams 7 years ago. Today, a standard water bottle weighs as 10.5 grams. Studies suggest it will be less than 10 grams soon. Considering the cost of packaging weight is around 3.5% of the total product, less weight means low costs.

Smaller costs contribute not only to the producer, but also to the consumer. Today, hundreds of millions of people are unable to get healthy and nutritious food. It is estimated that 1.3 billion tons of food which is equivalent to \$1 trillion is wasted globally per year in our world where 805 million people are suffering from undernourishment (that is the 11.3 % of the world population and 13.5 % of the developing countries population) and approximately 10 millions of people are dying from hunger and malnutrition every year. Considering one of the every eight people in the world is starving, correct packaging means more food can be reached to more people. Packaging is also crucial for fresh fruit and vegetables, cereals, livestock and aqua products. Yearly loss in fruits and vegetables was reached to \$16 billion in 2014. Same can be said about cereal industry. Packaging is a key to decrease the amount of spoilage products all around the world.

The numbers suggest the packaging industry grows because of the worldwide demand. The industry grows approximately 3% each year, and it is expected that the turnover will be \$820 billion in 2016. The United States and China have the biggest part in packaging consumption. It's foreseen that China will be the biggest package consumer in 2017. High population means higher demands. It's expected that India will be one of the top ten package consumers in the world by creating demand of \$24 billion.

THE HISTORY OF TURKISH PACKAGING INDUSTRY

In early 1960s, the packaging industry is consisted of paper, carton, cellophane, glass and wooden products. Wooden box, chests or jute sacks are used during export procedures, other packaging was considered as luxury. After 1970s, packaging came into prominence especially in export. In 1977, Packaging Research Center was founded. Canister was the game-changer for the industry. In this era, grand and independent packaging facilities are started to operate. This situation reflected upon other organs of the industry, such as paper packaging and plastic packaging. The first plastic bottle was made in the very early 1980s. Started using only for water packaging, these bottles have become the parts of our daily lives. The old packaging system glass on the other hand started reshape its technology. Again, aluminum boxes entered the market in 1980s and started producing in Turkey.

The first corrugated cardboard production in Turkey was started in 1954 when Turkey Cellulose and Paper Mills facilities in İzmit started its cardboard production for the first time. Private sector on the other hand interested in investment and production of corrugated cardboard after 1960. The peak of the cardboard sector was around 1981 to 1995. Today, the packaging industry employs a total number of 100,000 people. It's estimated that 2,800 companies operating in packaging industry.

CONSUMPTION INCREASED TWICE IN THE LAST DECADE

Turkey has a solid manufacturing infrastructure that can response possible expansions in demands. Rapid urbanization, population growth, higher life standards, increase in female workforce participation rate, change in consumption habits and shopping malls of recent vintage have caused a trend towards retail sale, which means a massive demand for packaging industry. Considering the increase in export volume, it can be said that the industry is growing faster than ever.

Packaging consumption increased as twice in the last decade in Turkey. With its employment rates, the industry is one of the main contributors of Turkish economy. Focused on value-added production, the industry had \$366 million foreign trade surplus in 2014. By exporting \$2.7

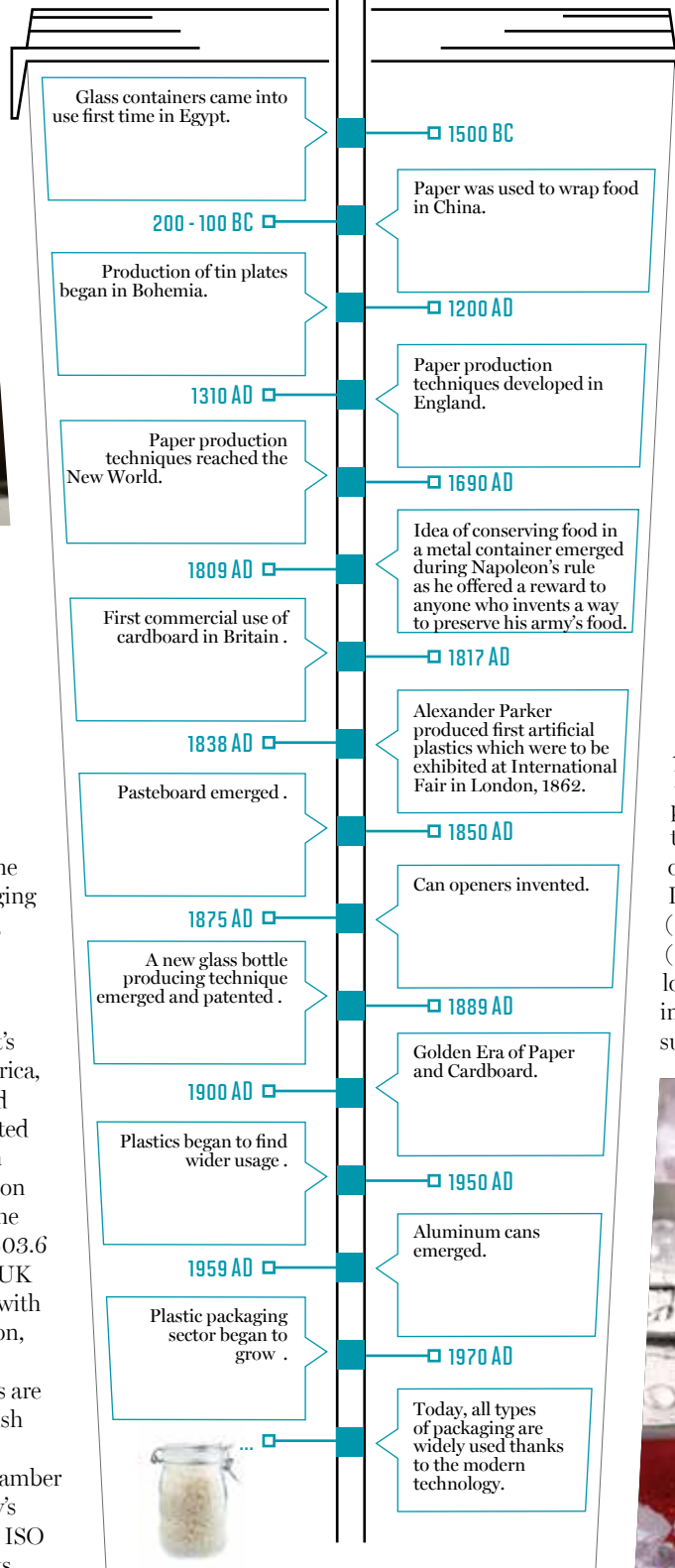




per kilogram in 2014, the industry is having an export performance, above than the average \$1.6/kg.

Turkey is no different than the rest of the world when it comes to middle-class revolution and rural depopulation. The industry has to response to the ever-increasing demands due to the urbanization. Turkish packaging industry is worth \$19 billion, and the number is destined to grow. In 2014, packaging consumption per capita has reached to \$240 in Turkey. It's \$350 to \$400 in North America, \$250 to \$300 in Europe, and \$550 in Japan. Turkey exported 1.5 million tons of package in 2014, which makes it \$4 billion export volume. Germany is the top importer of Turkey by \$303.6 million. It is followed by the UK with \$270 million, and Iraq with \$251 million. European Union, the Middle East and North Africa, Caucasasia, and Balkans are the biggest markets for Turkish packaging industry.

Conducted by İstanbul Chamber of Industry, regarding Turkey's biggest industrial companies ISO 500 and ISO Second 500 lists



shows the contribution of packaging industry to Turkish economy. There are 56 packaging companies on the lists, which over 20,000 people are employed at. Having 53 firms on the 2013 list, the industry has managed to add three more companies on the list. 26 packaging companies were on the ISO 500 2014 list. Based on the sales from manufacturing, Petkim Petrokimya (\$1.70 billion), one of the biggest suppliers of the packaging industry has topped the list. It is followed by Naksan Plastik (\$341 million), Sarten Ambalaj (\$271 million), Köksan (\$269 million), Modern Karton (\$233 million), and Korozo Ambalaj (\$230 million). The ISO Second 500 list also had a packaging company that tops the list: Frimpeks was the top of the list with \$76 million. It is followed by Abdioğulları (\$74.5 million), and Eskapet (\$70.9 million). It is clear that long-term strategies, R&D and innovation are the key factors for such a success.



HAVING FOREIGN TRADE SURPLUS FOR 5 YEARS IN A ROW

One of the exceptional industries when it comes to having foreign trade surplus, the packaging industry is on its way to become the main contributor of closing the deficit in 2015 too. According to the Q1 2014 export data, foreign trade surplus has reached to \$82 million by increasing 23%. The industry aims at utilizing the opportunities in global market. \$20 billion market size and \$4.5 billion export income are among targets for 2015.

European countries are considered as the biggest market for Turkish packaging industry. Hence, the industry is putting the eyes on the new developments in the region. Monthly retail sales in Germany went beyond expectations. Recovery in France and Italy are among positive expectations. Stabilization in energy prices may bring demand increase from Russia, Iran, Azerbaijan, and Iraq markets into the agenda. Turkish packaging industry meets the world standards when it comes to quality and variety. Showing a never-decelerating growth trend, Turkish packaging industry has reached to a volume of \$19 billion in 2014. Turkish packaging products are exported to 177 countries worldwide. Germany, United Kingdom, Iraq, Iran, France, Holland, Italy, Israel, Azerbaijan, and Russia are among the top importers. Plastic packaging gets the biggest share in export with 69%. It is followed by paper packaging with 20%.

The industry also has 2023 targets within the scope of Turkey's 2023 vision. Regarding 2023, the industry aims at reaching \$30 billion in volume, \$300 consumption per capita, and \$10 billion export income.

Turkish packaging industry will continue its progress of 15 years in the quickest pace. The industry seeks new markets and is destined to enter them. With its state-of-the-art facilities, quality products and flexible working conditions, the packaging industry seems to be one of the main competitors in the EU. For the regions looking for more competitive suppliers, Turkish Packagers have a great chance to achieve their goal of becoming Eurasia's Packaging Center.



SADETTİN KORKUT
Packaging
Manufacturers
Association, CEO

Could you give some information regarding Turkish Packaging Industry's current status?

Turkish Packaging Industry is one of precious sectors that performs value-added export and has foreign trade surplus. High competitiveness shapes the market, and the industry enriches brands and products. Promising brands step forward with clever, environment-friendly and more innovative packaging designs. Packaging has become the most important tool to convey products to consumers, and one of the most important issues in global trade course. Growing parallel with the change of consumer habits, Turkish packaging industry attracts notice with its high performance in both domestic and international market.

Having \$19 billion domestic growth in 2014, the industry has closed 2013 with \$365.5 million foreign trade surplus. While Turkey's export increased 4%, the packaging industry performed 9% increase in 2014. With 1.5 million tons, we have reached \$3.95 billion export. Considering the regional issues, these numbers imply of a really good performance for the industry.

When it comes to 2015, we are on the edge of \$20 billion. The numbers show that packaging in Turkey is spent in big chunks. When it comes to package consumption per capita, it is around \$240 to \$250. However, consumption per capita is \$350 to \$400 in North America, \$250 to \$300 in Western Europe, \$550 in Japan. It means that the industry has a big potential. Regional issues are more promising than last year. There is still risk. Yet, we will take measures and look for opportunities.

How is the export performance of the industry?

The industry is expected to reach \$820 billion growth in 2016. The United

States and China are the largest markets of the industry. China is expected to outdistance the USA in 2017. And, there is India. It is expected that India will be doubling its packaging consumption and become one of the top ten packaging consumer countries. According to World Packaging Organization (WPO) data, half of the global packaging production is covered by daily need materials, such as food and beverages, twenty-five percent is covered by non-food consumption materials, and the other twenty-five percent is covered by industrial packages.

In this picture, Turkish Packaging Industry exports almost every country in the world. We export packages to 183 countries, notable EU countries. Germany, the UK, Italy, Iraq, Iran, and France are among our biggest markets. In 2014, we have managed to make the most of export to Germany with \$303.6 million. It is followed by the United Kingdom. Export to Italy have reached a record increase. Export to Italy has risen by as 24% when compared to the last year. The income increased 28%. We are stably towards 2023. Our aim is by growing the current markets, sailing for new regions, and raising the current export numbers.

As Packaging Manufacturers Association, our 2023 targets are certain. We aim to increase the market magnitude to \$30 billion from \$19 billion, increase the consumption per capita to over \$300, and increase export to \$10 billion from \$4 billion.

The industry has an infrastructure that can reply the growth in manufacturing industry in Turkey. We expect that the industry will export \$4.5 billion by the end of 2015. We also expect a \$20 billion market magnitude in 2015. Looking at the figures, it is not false statement to say that the stable growth will continue in Turkish Packaging Industry.

Content: Aftermarket Manufacturing Base: Sampa P65
Editor: M. Bahadırhan Dinçaslan

Brands

EXPORT, AUTOMOTIVE...

Entrepreneurship has always been synonymous with invention and innovation. In order to be successful in the international market, having a good idea is the most necessary of all. Now, you are going to read nine stories of good ideas that count as extreme innovation. You will agree that they are good ideas indeed.

BY KATYA TURAC

EXTREME EXPORTS

Collapsible Portable Parking Lot POLİTEKNİK

As a result of 10 years of R&D studies, Politeknik created the electro-mechanic collapsible parking lot system, Polipark. In order to find a solution for traffic and parking lot problems, Polipark works like a swing carousel. The collapsible and portable system is a practical, economical, and safe solution for reducing the traffic noise in many metropolitans like İstanbul. Thinking of entering into foreign distribution agreements soon, Polipark already comes with 'Park and Charge' system for the electrically driven cars.



Nano Boron Miracle in Heating

ENOVER

ENOVER is a technology company founded to serve in the sectors of energy, heating and cooling. It aims to manufacture and develop alternative and new technologies in these areas. The first product ENOVER built is Estove, a heating machine using the boron element. Company's special liquid (EHP) transmits the heat in a short time; closed areas reach the desired comfort heat soon. Thermostat shuts the power of the heater in a little while and thus electricity is saved. It spreads the heat in the closed area conventionally. It enables the heat to be felt almost similarly on the body and enables a quality heating. After closing the heater down, thanks to the special liquid (EHP), it conserves its heat for a long time.



Spiro-Plus

SALIH BERK İLHAN

The Pulmonary Function Test (PFT) has an important role in diagnosis of respiratory diseases. It is applied with test operators to measure lung capacity and airflow speed through a challenging manoeuvre. Most respiratory patients experience difficulties in carrying out the test and feel uncomfortable during the process. Spiro-Plus is an advanced PFT device designed to be used in clinical environments. The hand piece of Spiro-Plus has a Bluetooth feature that captures and transmits spirometer data to the test operator's tablet PC. The base unit serves as a charging dock for the hand piece and a focal point for the LED candles, which are expected to be 'blown out' by patients in order to accomplish the test.





Smart Lighting Pole

VERISUN

Verisun, one of the leading application developing companies, has developed Endirek, a solar-powered iBeacon supported lighting system. Endirek is basically a smart lighting pole. Having three 20 watts solar panels, Endirek can be used as a smartphone charger and LAN port. Alongside with its LED lighting, it serves charger ports up to 6 phones, and wireless network access point for an area of 100 meters, the most important thing comes with Endirek is its iBeacon support. Via iBeacon, Endirek serves Bluetooth, camera, and dynamic content management features.



jani
Janify Your Doors

Jani

ONUR KILIÇ

Smart Entrance System Jani is developed this month and currently raising money in IndieGogo. Jani uses Bluetooth signal and knows when you approach the door and open it for you - without you even having to take your phone out of your pocket. With the code in the Jani box, you can start administrating the system through the app. It is enough for the people living in the building to get the permission from the administrator to active their user accounts when Jani application is ready. Jani can adjust opening the building door, garage door, parking barrier automatically or manually.

Qua

HILAL COŞKUN

In dormitories and sports halls, public showering areas and dressing rooms have always presented problems such as lack of privacy, time and safety. Qua aims to motivate people to use these public facilities in corporations. In order to satisfy the needs of users, Qua brings showering and dressing room facilities physically closer to one another, so as to make their associated activities more private, quick and secure. As a technologically advanced locker room facility, Qua allows showering and dressing to be combined in a minimum area. It has one inside sliding door and two outside doors. When exiting, these doors are left clean and dry for the next person through the action of wipers.



Tick-repellant Sock

PAKTAŞ

Paktaş is a textile company based in İstanbul. The company was founded by Nazif Gönültaş in 1959, is carrying the heritage taken over by the 2nd and 3rd generation to the future. As a result of R&D works ongoing for two years, Paktaş has managed to invent 'tick-repellant' sock, the first time in the world. The socks hit the marketplace in this summer, and are expected to export over 30 countries. Onur Kaya, the 3rd generation CEO of Paktaş said the company is a brand in Turkey, and now it is time to become a global brand in the world.



Solar Plant Drying System

ARKSOLAR

M Prof. Dr. Işık Tarakçıoğlu, the inventor of Textile-based Heating Solar Collectors that won golden award and environmental award in World Inventors Fair, has built the Solar Plant Drying System. The drying system is running with air heating solar collectors. He managed to dry "Stevia" plant. Arksolar solar plant company took the patent of the heating system. Duran Bozkurt, co-owner of Arksolar Ecologic Farm and Alternate Energy Products Company, said dried stevia can be substitute for artificial sweaters.



Chicken Feather Plucking Machine

MELTEM

Meltem Plucking Machines is a company based in Uşak creates machines for plucking the feathers of barnyard fowls without doing any harm. The machine that provides a great convenience in plucking chicken for small and medium-scale poultry producers, organic chicken growers, natural chicken producers, chicken breeding farms for commercial purposes, restaurants and other private chicken breeders that carve often.

The job of hand - plucking chicken is difficult and laborious for the reasons such as taking a long time and plucking not being fully provided. Plucking seven chickens in 15 or 30 seconds at a time with an electric chicken-plucking machine is an innovation that meets a large need of poultry producers.



Sampa exports to 116 countries in the world.

AUTOMOTIVE

Aftermarket Manufacturing Base:

SAMPA

Sampa is not just a spare part manufacturer, but also a giant R&D firm. Exporting to 116 countries, Sampa will carry through a big portion of Turkey's 2023 goals by themselves.

BY BERKAN KIŞIN

A vehicle is like a human body: Perfectly designed on the outside. But when you look at the inside, you will see the organs that give us life are ill-designed. The organs and veins are just there, complicated, manufactured to provide us the very things to stay alive. Just like human bodies, vehicles look perfect on the outside, and if you are not a petrolhead, a good-looking car on the outside would make you to buy, apart from any features under the coat. Yet, these features may

determine whether you can be stranded or not. That is why, OEMs and spare parts are incredibly important for transportation industry.

As a spare part distributor, Sampa is founded in 1994 by Tarık Altuncu, Tayfun Altuncu, and Ulaş Şahinkaya in a small office consists of 100m². The company started manufacturing spare parts for many heavy duty vehicles, trailers and buses. After two years of its establishment, they set up their first countertop manufacturing.

When the manufacturing



experience of the family combined with the new generation sales strategy, making a high quality manufacture and distribution base that would serve the world was inevitable. The market was in need of a solid exporter at that time. In 1998, Sampa has taken its first step towards being an export champion by exporting to the United Kingdom; one of the countries that export is really difficult due to its procedures. The early success led the company to invest in



research and development in a short time.

The main success of the company is to carry towards different factors synchronously. Endorsements are generally put into manufacture facilities. Branding, recognition, sustainability, quality and innovation are paid significant attention. This is why the company withholds 2.5% of its revenue for its R&D center.

Today, Sampa has become sales and manufacturing giant with its integrated facilities consist of nine separate plants. Being away from Marmara Region which automotive industry is predominantly located, has made a major contribution to emergence of these plants. As the spokespeople of the company states, "Because we had to manufacture the semi-product we need by ourselves, it helped us to grow."

They realized the importance of branding in the very first years of manufacturing. Sampa's place in the sector was to manufacture with regard to the needs of different brands from Europe to Russia at that time. By the time they had realized the disadvantages of contract manufacturing, the company executives decided on creating "Sampa" brand. When the brand was established, it puts the products in the map in a short time. Thanks to the know-how of the company executives, Sampa becomes a notable brand in the aftermarket.

OVER 3,300 MACHINE PARKOUR

Sampa has a modern manufacturing facility equipped with the latest technology and over 3,300 machine parkour. In the facilities in Samsun, Sampa carries spare



34.17%

2013-2014
GROWTH RATE

116

COUNTRIES
SAMPA EXPORTS

268th

IN TIM FIRST 1000 EXPORTERS LIST

Sampa has a
3,000 m² R&D
center.

part manufacturing and distribution compatible with many heavy vehicle, bus, tow truck, and trailer brands of Europe and the United States. By making cooperation with international oem brands, the company keeps connected with the aftermarket industry.

OVER 30,000 PART MANUFACTURING

In heavy vehicle spare part industry, Sampa carries over the manufacturing 30,000 products, including rubber part and a variety of 24 product groups and distribution to the global market. The company is now the third biggest heavy vehicle spare part





manufacturer in the world. Sampa aims to become a market leader in the industry in ten years by outdistancing its German rivals.

FIRST R&D CENTER IN THE BLACK SEA REGION

Sampa has the first research and development facility in the Black Sea Region that is officially registered by the Ministry of Science. With its 81 qualified personnel, Sampa develops unique projects and innovative productions in parallel with the needs and developments of the industry in the R&D center.

Attaching major importance to intellectual property, Sampa works with a team of experts in this manner. Apart from the

scientific research performed with the leadership of patent engineers, Sampa creates new and distinctive products labeled as "Sampa Design" and takes their patents immediately.

\$10 MILLION R&D CENTER INVESTMENT

Sampa has built an R&D center in 3,000 m² area in 2012. The company invested \$10 million in the center and now employs 1000 workers. Performing export to 116 countries, Sampa grows 35% each year. According to the spokespeople, the reason behind the growth is the ever-increasing global market share and creating quality products.

By setting technical values of the products with precise measuring, thermal and mechanical material characterization of the products are performed in the Sampa R&D labs. In addition, CES Selector software is used during the material analysis and design. New material designs developed with this procedure are achieved as Sampa products. It's been confirmed that Sampa will make another \$2.5 million equipment investment in its R&D center.

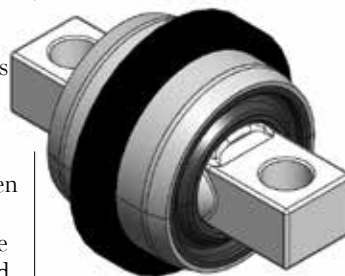
As a result of all this detailed work principle, Sampa R&D Center has been supporting by the Ministry of Industry within the scope of 'Supporting Research and Development Activities Law' since 2013. Over 40 projects are realized ever since the center had the certificate. Besides, 7 of these projects are publicly supported projects. Sampa has taken 4 Technology and Innovation Support Programme Administration (TEYDEB), 1 Research Support Programme Administration



TARIK ALTUNCU
CEO, Sampa

Sampa constantly tries to discover and manufacture increasingly by turning trust into high satisfaction, establishing a global business network based on long-lasting strong friendship. This is a never-ending journey. There is no arrival in this journey, but being constantly on this road, discovering determinedly.

Sampa aims to go beyond being just a choice in the aftermarket sector, but dreams with the science of spare parts, creates the most beautiful artwork with its own unique language, captures the most unreachable harmony of quality and most importantly, pursue to continuously do much better than its capability. Because it is actually all about a mysterious journey of discovery based on being "better, stronger" and "the most compatible." These are the pillar principles that lead the company to success.



The reason behind the growth is the ever-increasing global market share and creating quality products.

(ARDEB), and Industry Thesis Programme (SANTEZ) projects. One of the very rare TÜBİTAK 3001 projects, that only three R&D centers in Turkey have, is carried by Sampa R&D Center. This shows the determination R&D works Sampa put faith in.

RECOGNITION IN EVERY CONTINENT

Apart from performing world class manufacturing in heavy vehicle spare part industry, recognition in the market is crucial as well. This is why Sampa has offices, warehouses, and contacts in multiple continents, including United Arab Emirates, Germany, Russia, Kazakhstan, Nigeria, South Africa, USA, China, and Ireland offices.

Performing manufacture by using a variety of technologies, Sampa Automotive have requests from OEM or aftermarket distribution. For the demands coming from global aftermarkets, designs that will increase the performance of the products are made by carrying out various benchmark studies.

Sampa places importance to university-private sector collaborations as well. Alongside the collaboration with Samsun Ondokuz Mayıs University, many projects with various universities all around Turkey are carried attentively.

In short, Sampa is not only a spare part developer, but also an R&D home base which almost every possible projects regarding the automotive industry are carried. It's expected that Sampa will carry the torch of stability and quality forward thanks to its experience, branding, recognition, and innovation.

Agenda

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



21 - 23 OCTOBER, 2015 – CNR EXPO

Première Vision Istanbul

Middle East & Eastern Europe Fashion 3rd edition

For 40 years, Première Vision, a subsidiary of the Association Première Vision and the GL Events Group, has been organising shows and events for professionals in the international fashion and textile industry. By constantly adapting to the needs of international markets, the Première Vision shows remain true to the same high goals: to provide its visitors a selective, quality and creative offer and services, and unique fashion information.

With the creation of the PV Manufacturing company in 2013, and following the announcement in January 2014 of the launch of a new show in Istanbul in October 2014 through the founding of a joint-venture company with the Turkish group CNR Holding, Première Vision will now be organising 32 shows around the world each year; 18 shows in France, and 14 international shows including Istanbul. Première Vision Istanbul will be organized on October 21-23, in Istanbul CNR Expo Center.

SEPTEMBER



IPACK TURKEY

Istanbul Expo Center

SEPTEMBER 3-6, 2015

IPack Turkey is the country's longest running packaging event, featuring a wide range of food processing, storing, packaging supplies and equipment from around the world. The exhibition brings together international producers and provides them with an invaluable platform to share their products and to develop and increase their business in Eurasia.



WORLD FOOD ISTANBUL

Istanbul Expo Center

SEPTEMBER 3-6, 2015

WorldFood Istanbul is the largest and most successful food and drink exhibition in Turkey. The event annually attracts over 360 domestic and international food producers, who converge in Istanbul to network, negotiate and conclude business with Turkey's food industry buyers.



SIGN ISTANBUL

TUYAP Istanbul

SEPTEMBER 10-13, 2015

After 16 successful years, SIGN Istanbul has established itself as the leading regional hub for developing advertising, sign making and digital printing sector. Strategically located at the intersection of these major commercial trade routes, SIGN Istanbul hosts hundreds of leading and innovative suppliers and thousands of key buyers from Eurasia.

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BOAT SHOW

Marinturk Istanbul

OCTOBER 6-11, 2015

International Boat Show, the first and only Boat Show exhibition organized on the sea, brings distinguished sea lovers from around the world together under a single roof every year and is preferred by thousands of industry professionals and quality visitors. By visiting the International Boat Show, visitors can easily find everything related to maritime industry under a single roof, develop business connections, and see the latest products before everyone else.



INTERMOB

TUYAP Istanbul

OCTOBER 10-14, 2015

Being the most important trade fair of the furniture subsidiary industry in Turkey, Intermob offers an extensive range of products such as wood and forestry products, furniture accessories, chemicals, manufacturing tools and equipment and brings together local and international companies that operate in different branches of the industry.



ISTANBUL FOOD-TECH

TUYAP Istanbul

OCTOBER 22-25, 2015

Staged annually in Istanbul, Istanbul Food-Tech Fair, co-located with Eurasia Packaging Fair, is the leading showcase for processing, filling, packaging and marketing solutions to the fast growing food and beverage sector in Turkey and its Eurasian neighbours. Istanbul Food-Tech Fair which will take place between the dates October 22nd-25th, 2015 at Tüyap Fair, Convention and Congress Center Istanbul, Turkey is the right place for exhibitors, who have innovative machinery and technologies for food and beverage manufacturers and want to showcase their latest products to the professional buyers coming from established and emerging target markets.

OCTOBER



SEPTEMBER

OCTOBER

OCTOBER 5 | ISTANBUL

Turkey Will Host OECD /G20 Global Forum On International Investment

IT WILL BE ORGANIZED BY TURKISH MINISTRY OF ECONOMY, ON OCTOBER 5 IN ISTANBUL

Organized by the OECD in partnership with the G20 and hosted by the Turkish Ministry of Economy, the 2015 OECD-G20 Global Forum on International Investment will take place back-to-back with the G20 Trade Ministers Meeting in Istanbul. The aim of the Global Forum on International Investment is to support global efforts to promote open, transparent and rules-based investment policy frameworks for growth and sustainable development.

The forum will bring together Ministers and high-level officials from governments and international organizations, as well high-level representatives and experts from business, academia and civil society.

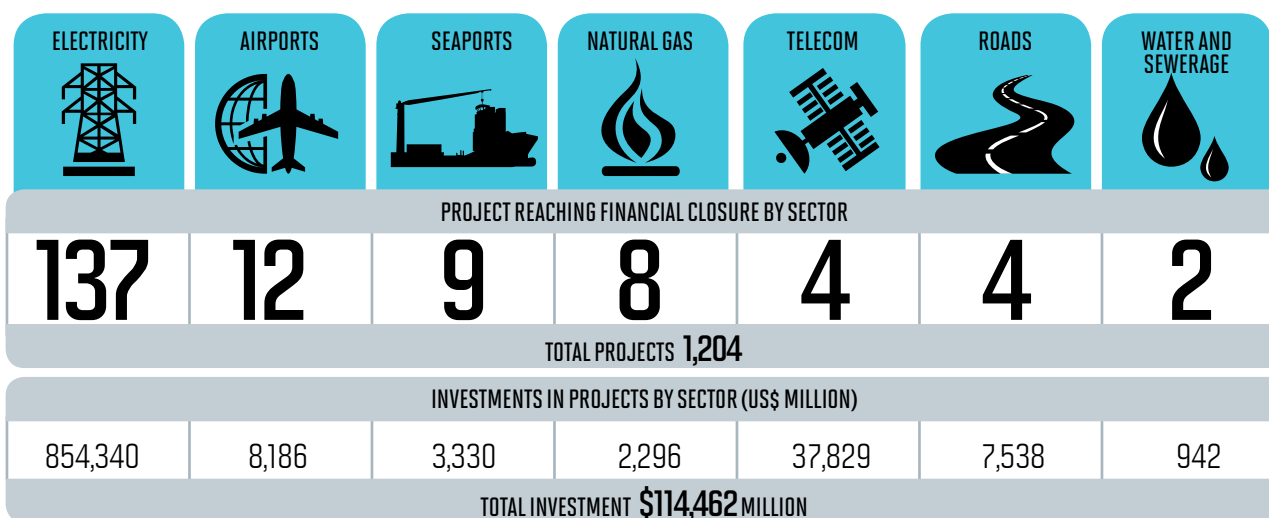
SEP 1-3 IZMIR ENERGY SUSTAINABILITY WORKING GROUP MEETING #3	SEP 3-4 ANKARA G20 LABOUR AND EMPLOYMENT MINISTERS' MEETING	SEP 3-4 ANKARA FINANCE AND CENTRAL BANK DEPUTIES MEETING #5	SEP 4 ANKARA JOINT MEETING OF G20 FINANCE AND LABOUR AND EMPLOYMENT MINISTERS
SEP 4-5 ANKARA FINANCE MINISTERS AND CENTRAL BANK GOVERNORS MEETING #3	SEP 6 ANKARA WOMEN-20 OFFICIAL LAUNCH	SEP 7-9 ANTALYA RESPONSIBLE FINANCE FORUM #5	SEP 10 ANTALYA WORKSHOP ON SME FINANCE COMPACT
SEP 11-12 ANTALYA GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION FORUM AND PLENARY	SEP 14-16 ANTALYA DEVELOPMENT WORKING GROUP MEETING	SEP 15-16 ISTANBUL CIVIL-20 SUMMIT	SEP 17-18 SEOUL FRAMEWORK WORKING GROUP MEETING #4
OCT 1 ISTANBUL HIGH LEVEL CONFERENCE ON ACCESS TO ENERGY IN SUB-SAHARAN AFRICA	OCT 2 ISTANBUL G20 ENERGY MINISTERS MEETING	OCT 5-6 ISTANBUL G20 TRADE MINISTERS MEETING	OCT 7-8 ISTANBUL WOMEN-20 SUMMIT
	OCT 8 PERU FINANCE MINISTERS AND CENTRAL BANK GOVERNORS DINNER	OCT 13-14 ANKARA SHERPA MEETING #4	

Figures

THE BASIC INDICATORS OF TURKEY: COMPETITIVENESS, WELFARE, EXPORT

TURKEY HAULED BY PRIVATE SECTOR

The reason behind Turkey's ever-increasing infrastructure projects in such an era of conflict and recession, is Turkey's private sector investments.

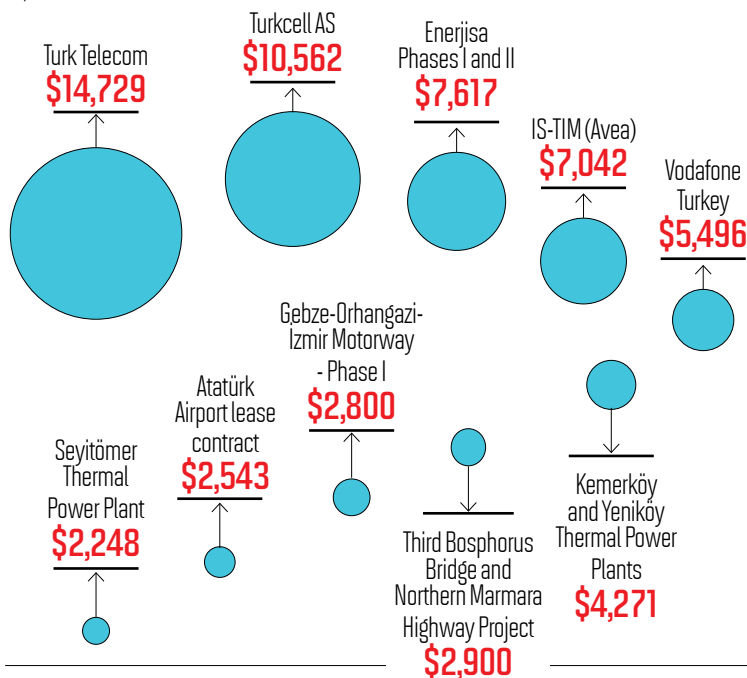


Data: Worldbank Private Participation in Infrastructure Database, 2014

TOP 10 PROJECTS

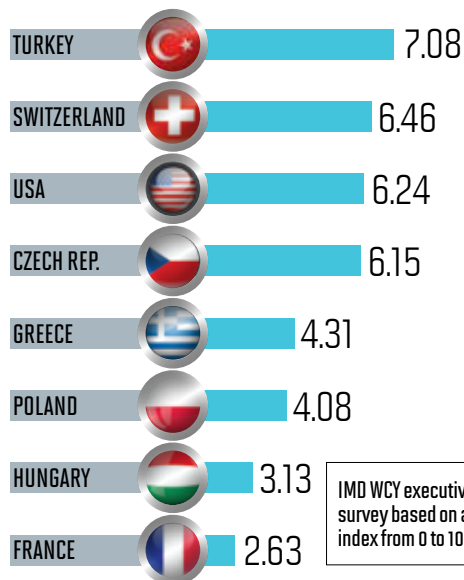
The key factor in Turkey's breakthrough in infrastructure lies on a good variety of public-private partnership.

\$MILLION



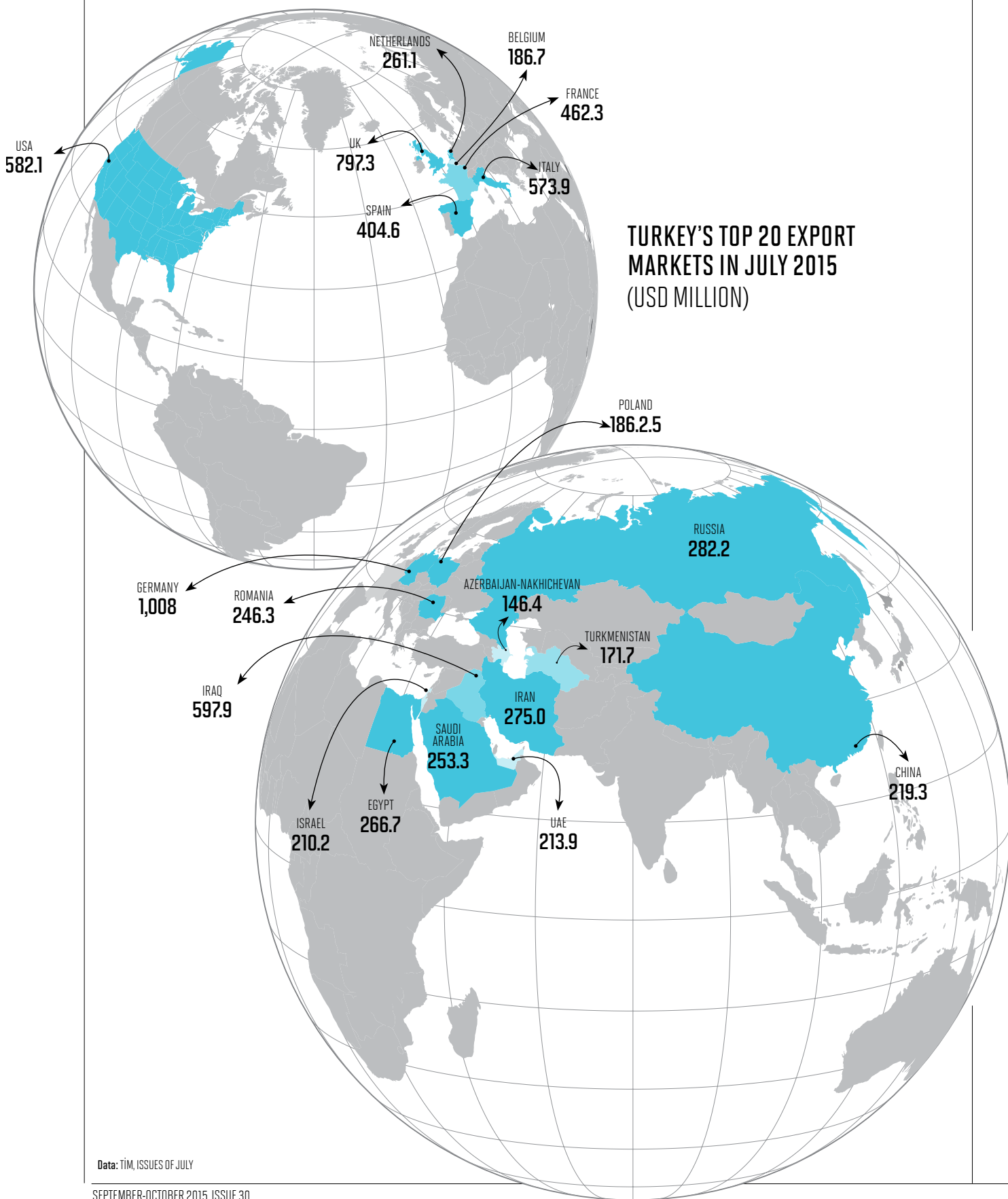
TURKEY TOWARDS GLOBALIZATION

Albeit the certain setbacks of global economy, Turkey is on its way towards globalization.



IMD WCY executive survey based on an index from 0 to 10

Data: The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT)



BENEFITS AND BEYOND

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For the 5th 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 years, the answer has always been the same. Turkish Airlines remains the best airline in Europe.

This year Turkish Airlines has also been awarded with Best Airline in Southern Europe, World's Best Business Class Airline Lounge and World's Best Business Class Lounge Dining.

We would like to thank you and congratulate our employees for making this possible.

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