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Editorial

AS TURKEY CONTINUES TO GROW, EXPORTERS PASS NEW MILESTONES WITHOUT CUTTING PACE

With the success and dynamism it has attained, Turkey continues to draw interest in the world today, just as it did yesterday.

We have left behind yet another year that was intense and very full for us. At a time when global trade, manufacturing, and investment took major wounds, Turkey rose to the position of one of the world’s most attention-getting countries with the growth rates and foreign trade figures it achieved. As the world’s economies face the danger of recession, Turkey continues to serve as an example to the whole world with its growth figures. Seeing that the economic indicators we targeted for 2011 were attained continues to inject us with hope and motivation for 2012.

Covering more than 1,000 companies, the Exporter Tendency Survey conducted by the Turkish Exporters Assembly bore results showing that exporters continue to maintain positive expectations for the coming term. According to the Q4 2011 results of our survey, our exporters envision 7.8% growth for 2012. In 2011, our exporters had predicted 8.6% growth. Growth figures are so far expected to come in at 8.3%, showing how well our exporters read our country’s growth.

In an environment in which Turkey’s Medium-Term Program predicts 4% and the IMF 2% growth, our exporters’ positive expectations show that Turkey will continue to grow at a high speed in 2012, too. Turkey’s exporters continue production, investment, and export uninterrupted and without cutting pace.

With the 135-billion-dollar export and 375-billion-dollar foreign trade figures we attained in 2011, Turkey proved once again that it is one of its region’s most important centers of trade. The Turkish exporter aimed to strengthen its manufacturing infrastructure, increase high-tech production, and be more active in new markets, and as a result of this it succeeded in taking Turkish products all over the world via high-level proactive marketing strategies.

As the Turkish Exporters Assembly, we organized many trade delegations and business forums this month in order to increase our global trade and contribute to welfare by way of commerce. We hosted Chinese Vice President Xi Jinping—who came to Turkey as the invitee of our President, Mr. Abdullah Gül—and the business delegation with him at the Turkey-China Economic and Trade Cooperation Forum we held.

The world’s countries are slowly overcoming the convalescence period of the crisis. Positive news has started to come from Greece—euro zone finance ministers agreed to measures that will reduce Greece’s debt to 120.5% of its GDP by 2020. We saw here the best example of how mutual empathy can solve problems. Assessing the risks in the global markets, we might not be expecting a year as bright as 2011, but with the positive news coming from world economies we do believe that 2012 will be positive and are seeing the signs of this.

As it did in 2011, we believe that Turkey’s star will continue to shine through 2012 too. Turkey is coming closer to its ideals with each passing day. It looks toward a bright future with hope, and with the success and dynamism it has attained, it continues to draw interest in the world today, just as it did yesterday.
Around 30,000 international companies have already invested in Turkey. How about you?

INVEST IN TURKEY

- One of the fastest growing economies in the world with robust GDP growth rates of 10.2% in the first half of 2011 and 9% in 2010
- 17th largest economy in the world (IMF-WEO, 2010)
- A population of 74 million, half of which is under the age of 29
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa

- 15th most attractive FDI destination for 2008-2010 period (UNCTAD World Investment Prospects Survey)
- Highly competitive investment incentives as well as exclusive R&D support
- Around 26 million, well-trained and motivated labor force
- Approximately 500,000 students graduate from universities annually
A MEETING OF THE RECORD SETTERS IN GROWTH

China, the 2011’s record setter in growth and Turkey, which ranked second, came together to conceive a collaborative fusion of the joint strengths of their powerful economies.

The Turkey-China Economic and Trade Cooperation Forum held in Istanbul by the Turkish Exporters Assembly (TIM) aims to improve economic, cultural, and intersocietal friendship and cooperation between the two countries. The meeting took place February 22 at the Hilton Convention Center and was attended by Chinese Vice President Xi Jinping, Turkish Deputy Prime Minister Ali Babacan, Economy Minister Zafer Çağlayan, and numerous delegations, businesspeople, and members of the press.

TIM President Mehmet Büyükekşi spoke at the forum hosted by the organization he represents, explaining to Chinese businesspeople the advantages of investing in Turkey with emphasis on the nation’s booming economy, dynamic population of 74 million, innovation-friendly investing environment, incentive opportunities and low tax rates, and large domestic market. “As European countries entered a recession with the crisis, Turkey continued to grow,” he continued.

Xi Jinping expressed a desire for increased economic and trade relations between Turkey and China. Xi offered four proposals to accomplish this, namely the strengthening of political trust between China and Turkey, increased cooperation in energy and mining, the implementation of measures by the state and related authorities to ease trade, and the strengthening of cultural dialogues.

Ali Babacan also spoke at the event, emphasizing that they value cultural as well as political and diplomatic relations between the two countries and noting that this year is the year of China in Turkey and 2013 will be the year of Turkey in China. The forum ended with the signing of mutual agreements.
CLUSTERING

INCREASED COMPETITIVENESS THROUGH CLUSTERING

The Aegean Exporters’ Associations’ clustering project was one of the four projects to receive the support of the European Commission.

SELECTED AS ONE OF THE four projects to receive support from the European Commission within the scope of its Competitiveness and Innovation Framework Programme, the Aegean Exporters’ Associations’ (EİB) “Cluster Management Model and Cluster Manager Educational Program” was realized in the EİB. The two-year-long project has a budget of 385,000 euros. The “Cluster Comparison Tool” prepared by the European Commission will be transferred to Turkey and domestic clustering efforts will be compared to examples from Poland and Iceland. Thanks to the project, Aegean exporters will gain increased competitive ability by benefiting from similar experiences from around the world.

Mehmet Büyükekşi spoke at the project’s promotion meeting, saying, “We need not to walk, but to leap. We need companies that communicate with each other and have developed a culture of working jointly.” He mentioned the successes of countries that practice this model, including China, India, Italy, and the US, and stated that Turkey, too, could develop a unique model of its own. “There are successful examples in clustering of automotive in Bursa, carpets in Gaziantep, and shoes in Konya. There are clustering efforts in some industries in İzmir as well. Our purpose here is for clustering to spread throughout Turkey by means of several projects and be implemented. With projects in this direction, achieving the 500 billion dollar exports target for 2023 will become easier,” said Büyükekşi.

OLIVE AND OLIVE OIL

REDUCED SALT SPURS OLIVE EXPORTS

Turkey started to export olive to the mainlands of olives

Turkey exported 126.8 million dollars’ worth of olives for table consumption in the 2010–2011 season. Black olive exports accounted for 102.31 million of this, with the remaining 24.49 million being that of green olives. Germany was the top importer of Turkey’s olives, receiving 28% of Turkey’s table olive exports to total 28.99 million dollars’ worth of black and 6.05 million dollars’ worth of green olives. Romania, a traditional export market for Turkey’s table olives, imported 19.3 million dollars’ worth of black and 1.23 million dollars’ worth of green olives. Turkey exported black olives to 77 countries and green olives to 69 countries last season. Hidamet Asa, Chairman of Marmarabirlik—the world’s second top producer of table olives and a challenger for the rank of first—noted that they were able to increase the number of countries to which they export from 18 to 36 over the past two years after reducing the amount of salt in olives to 2.5%, adding that they even export olives to Greece—“olive country” itself.

PHOTOGRAPH BY AA
Giants of Turkish Cinema Enjoy Virtual Flight

Yeşilcam stars tasted the excitement of virtual flight thanks to Turkish Airlines

Veteran Stars of Yeşilcam—the Hollywood of Turkey—recently tasted the excitement of virtual flight thanks to Turkish Airlines. Türkan Şoray, Cüneyt Arkın, Hülya Koçyiğit, Kadir İnanır, Ediz Hun, İzzet Günay, Zeki Alasya, Tamer Yiğit, and Çolpan İlhan took part in the event in the company of Hamdi Topçu, chairman of the airline’s board of directors and executive board. The actors experienced a virtual flight to Los Angeles using simulators at the Turkish Airlines Flight Academy. Kadir İnanır expressed great pleasure at being able to sit in the captain’s seat. Türkan Şoray said she felt safe despite a fear of flying and stated that she always uses Turkish Airlines on flights abroad. Zeki Alasya showered praise on the airline, saying, “Have no fear about service or safety.” Following the virtual flight, Hamdi Topçu presented the actors with certificates in memory of the day.

Turkish Airlines Expands to New Destinations

With flights to 189 destinations around the world, Turkish Airlines is now adding Mogadishu as its 190th route. The Mogadishu flights, via Khartoum in Sudan, launch on March 6. Another new route to be added to the airline’s network is Novosibirsk in Siberia, Russia’s third largest city. The flights, which will begin on March 14, are currently slated to run three times a week.

Flying to New York is Easier Than Ever

Turkish Airlines is increasing its flights to New York on the 2012 summer timetable. The flights, direct to New York from Istanbul, will run thrice daily May 28 through September 16, making travel to the Big Apple even more convenient for Turkish Airlines passengers.

Fast Runners in Exports

Jewelry, tobacco, and carpets were the industries to increase their exports the most in January 2012

223% Jewelry
33% Tobacco
32% Carpets

Providing service for more than 40 years as part of Turkish Technic Inc., the Calibration Laboratory recently had its quality accredited by the Turkish Board of Accreditation (TÜRKAK). Calibrations, which are important for testing and measuring instruments to make accurate and reliable measurements, are considered a basic priority of flight safety.

Tourism

The Municipality of Kayseri has embarked on an ambitious project to make Turkey’s Mount Erciyes the world’s second-ranking winter tourism spot after the European Alps.

With a 280-million-euro investment, the “Kayseri Tourism Master Plan” aims to draw tourists for a full 12 months of the year. The income will go toward the construction of ski lifts, snow machines, ski slopes, and hotels.

Kayseri has so far spent 100 million dollars on the project. Preliminary infrastructure is expected to be completed by 2014.
Increased Confidence

The consumer confidence index rose from 92 points in December 2011 to 92.2 in January.

The consumer confidence index, which is calculated based on survey results, can have values ranging from zero to 200. Values greater than 100 indicate positive consumer confidence, while those below 100 are a sign of pessimism. This increase shows that job opportunities and purchasing power are improving.

Russian Taste for Turkish Fish

Russia increased its imports of fish from Turkey 22-fold between 2008 and 2011, according to the Seafood Promotion Committee (STG).

Noting STG’s participation in PRODEXPO 2012, which took place in Moscow February 13-17, STG President Melih İşliel said the Turkish fishing industry shared a dish cooked by chef Özkun Koç with participants at the fair. He said Russia is becoming a huge market for Turkey’s fishing industry, adding, “Russia’s fish imports from Turkey totaled 920,000 dollars in 2008 and increased to 21 million dollars in 2011.”

Economy Minister Zafer Çağlayan announced that his ministry has studied an “imports map” as part of efforts to reverse the foreign trade imbalance.

Imports Map for a Solution to Trade Imbalance

Turkey’s Economy Minister Zafer Çağlayan announced that his ministry has studied an “imports map” as part of efforts to reverse the foreign trade imbalance.

Imports of goods worth 240 billion dollars, while the value of products the country sold overseas reached 135 billion dollars last year, generating a 105-billion-dollar deficit in foreign trade. Recalling that the export figures for 2011 were a historic record for Turkey, Zafer Çağlayan had some reservations. “We are uncomfortable with what happened on the import side. The government is carrying out studies to reverse the foreign trade imbalance,” he explained, referring to government efforts to subsidize domestic production.

 Çağlayan said there were 65,323 import companies in Turkey in 2011, adding that 40% of Turkey’s imports were made by 59 large-size firms alone, only two of which are state owned. This group of 59 firms imported 53% more products last year than in 2010. The minister attributed soaring imports dependency to rapid company growth, which boosted the demand for foreign intermediate goods in new investments. “An uncontrolled expansion in businesses along with a domestic market-oriented growth strategy was behind the surge in imports last year,” he explained.

Trade

ECONOMY MINISTER Zafer Çağlayan called on Turkish manufacturers to make the best of government incentives to upgrade their production quality, speaking at a press conference on February 14 in Istanbul. The minister’s remarks indicated that the government is now speeding up an earlier announced strategy to encourage domestic production in certain industries that are highly dependant on foreign goods as part of efforts to tame a widening current account deficit.

The government last year announced a plan to offer incentives and subsidies to increase production capacity and competitive power in six industries—namely machinery, iron and steel, automotive, chemicals, textiles, and food and agriculture. Studies in this regard have been under way since June. The government says its market research showed these six industries were responsible for the country’s widening current account deficit more than others and that it expects an effective operation here could cut Turkey’s imports by as much as 30 billion dollars a year. Turkey imported goods worth 240 billion dollars, while the value of products the country sold overseas reached 135 billion dollars last year, generating a 105-billion-dollar deficit in foreign trade. Recalling that the export figures for 2011 were a historic record for Turkey, Zafer Çağlayan had some reservations. “We are uncomfortable with what happened on the import side. The government is carrying out studies to reverse the foreign trade imbalance,” he explained, referring to government efforts to subsidize domestic production.

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According to the exporter
Tendency Survey conducted once every three months by the Turkish Exporters Assembly to gauge exporters’ economic expectations, exporters expect to see growth of 7.28% in 2012. The exporters demonstrated their insight last year with a prediction of 8.6% growth in 2011, a figure that exceeded average estimates then but would prove quite accurate. TIM President Mehmet Büyükekşi disclosed at a meeting the results of the survey for Q4 2011. Büyükekşi said, “Our exporters achieved practical pinpoint accuracy by correctly predicting the growth in 2011, which was expected to come in at around 8.3 percent. Now, in an atmosphere in which everyone says Turkey will grow 4 percent, they are predicting 7.28 percent. We, as TIM, think that growth figures will be revised upward to around 5 percent. But our companies are even more optimistic than we are.” In parallel to these expectations, exporters’ targeted contribution to employment in 2012 approaches 180,000 jobs.

“We, as TIM, think that growth figures will be revised upward to around 5 percent. But our companies are even more optimistic than we are,” says Büyükekşi.

Foreign investment in Istanbul increased by 110.77% in 2011 from a year earlier, according to a study released by the Istanbul Chamber of Commerce (ITO). The total number of foreign investors increased by 52% in the same period.

Over the course of 2011, 4,693 foreign investors set up businesses in Istanbul, bringing in roughly 1.7 billion Turkish liras in investments. By contract, in 2010 some 3,044 foreign investors invested 823 million liras in Istanbul. Istanbul attracted more capital investment in 2011 than in the entire three years previous.

Exporters’ growth forecast for 2012 exceeds the common expectations.

According to the exporter
Exporters hold high hopes for growth in 2012
Exporters’ growth forecast for 2012 exceeds the common expectations.

Exporters who state they have achieved growth in production and exports are 51.1% and 52.3% respectively. Companies in the top 500 list are relatively more optimistic concerning exports and export profit margins in Q1 2012 in comparison to other companies.

The rate of companies reporting that they were able to enter new markets in Q4 2011 was 30.6%, with the highest figures being reported by those in machinery, electrical and electronic goods, and IT (44.51%), followed by iron, steel, and nonferrous metals (43.4%), chemicals (36.4%), and grains and legumes (35%).

Russia is the top market that companies expressed intent to enter in Q1 2012. It is believed that the agreements signed between Turkey and Russia over the first months of the year, particularly concerning energy, will create new opportunities for companies to gain easier access to their targets.

The US again held on to second place in targeted markets, followed by the United Arab Emirates, Iraq, and China.

Outstanding performance in 2011
Turkish exporters are rapidly pushing on their 2023 targets

135 billion dollars
Turkey’s total exports in 2011

18.5%
Increase in exports in 2011 over 2010

20.4 billion dollars
Automotive industry exports in 2011

16.3 billion dollars
Chemicals exports in 2011

16.1 billion dollars
Ready-to-wear exports in 2011
COLLECTION PREMIERE ISTANBUL

Ready-to-wear companies received orders totaling 450 million dollars at the fair.

The Collection premiere istanbul Fashion and Ready-to-Wear Fair held simultaneously with Istanbul Fashion Week brought ready-to-wear manufacturers and buyers together. Organized by Istanbul Trade Fairs Inc. in association with IHKIB and IGEDO Co., the fair welcomed a total of 15,286 professionals, 3,552 of whom were foreigners. Buyers placed orders totaling an estimated 450 million dollars from the companies at the fair.

Russian supermarket chain Magnit, Kazakh sportswear brand Zibroo, the purchasing offices of Puma in five countries including Iran and Russia, El Corte Inglés of Spain, Iranian bridalwear store Aroos, German online retailer navabi.de, Charles Vogele of Switzerland, and Nico Spa of Italy were among the major groups of buyers at the fair. The countries that sent the most visitors to CPI were Iran, Russia, Greece, Egypt, Ukraine, and Germany. Among the 55 countries that sent buyers were Bulgaria, Canada, Italy, Australia, the US, Tunisia, Libya, Jordan, Britain, Holland, Israel, Sweden, Qatar, and Kuwait.

A NEW PARTNERSHIP WITH KOREA

The Korea Importers Association (KOIMA) and officials from the South Korean Ministry of Strategy and Finance signed a declaration of intent with Turkish executives in February.

The 20-person delegation sent by KOIMA was hosted by the Turkish Exporters Assembly (TIM), the Istanbul Mineral and Metals Exporters’ Association (İMMİB) and the Uludağ Exporters Association (UIB) in the province of Bursa, where both sides signed a declaration of intent to increase trade relations and cooperation between Korea and Turkey.

Speaking to participants at the signing ceremony, KOIMA Vice Chairman Gyu-Hwa Jang said, “Turkey has a great interest in the automobile and textile industry and we have a lot of knowledge and experience in these industries. For this reason, I believe that bilateral cooperation will benefit both sides,” and added, “The textile, automotive, and machinery industries are very advanced. Turkey also manufactures a lot of popular brands.”

UIB Deputy Chairman Orhan Gençoğlu spoke of the rapid increase in trade volume between Turkey and Korea, saying, “The trade volume was 1.3 billion dollars in 2003, and increased to 6.8 billion dollars in 2011. Our wish is to work collectively to advance bilateral relations and increase the trade volume.” Bursa’s automotive industry exports are worth 20.4 billion dollars, and 72% of its recipients are in the European Union. This shows the high quality and advanced technology used in the automobile industry in Turkey.

Korean-Turkish relations are expected to go beyond a simple FTA in the new world economy, in the post-global crisis era, as the level of economic development in Turkey and Korea is now more comparable. Korea’s location in Southeast Asia, and Turkey’s at a global crossroads offer both countries unique opportunities to enter new markets. The market potential of Turkey attracts large foreign investments in addition to offering a high potential return in such diverse industries as energy, health, agriculture, tourism, machinery, iron, steel, transportation, high-speed train manufacturing, and shipping.
**Europe’s Trademark Champion**

The Turkish Patent Institute (TPE) announced that Turkey filed the most applications for trademarks in Europe in 2011 with a total of 120,000 applications.

TPE HEAD HABİP ASAN said the results are the outcome of the hard work done by the institute to increase awareness of trademarks and patents. Turkey placed third in 2009 following Germany, but pulled ahead to rank second in 2010, he said. In 2011, Turkey rose to first place, surpassing 2010 champion France. Trademark applications increased by 28% to 54,000 in the first six months of 2011. The 2011 figure of 120,000 applications represents a 41% increase over 2010. Asan emphasized that such an increase is proof that Turkey is moving in the right direction with respect to overall awareness of intellectual property rights, which are becoming more and more important every year. He added, “Turkey has ranked high in industrial design patent applications for the past five to six years, in contrast to a decline in these applications in many European countries.”

**NEW SECURITY MEASURE**

The restrictions on liquids carried in in-cabin hand luggage during air travel have been revised. Already in effect on international flights, they will now apply on domestic flights as well. The new restrictions will go into effect at Istanbul’s Atatürk and Sabiha Gökçen Airports starting March 1 and on all domestic flights starting April 1. Under the new restrictions, passengers will not be prohibited from carrying liquids; only the quantity of liquid they may carry will be limited. The liquid products that passengers may carry in clear plastic zip-top bags may not exceed 100 ml in volume. Liquid products in containers of more than 100 ml will not be allowed on the plane. Passengers will also be asked to show the liquid products in their hand luggage to inspectors at the final security checkpoint. Passengers may therefore find it convenient to carry their liquid products in their checked luggage.

**GS REVISES ITS FORECAST FOR TURKEY**

Goldman Sachs upped its previous growth forecast for Turkey of 8.1% for 2011 to 8.5%. The firm anticipates 4.5% growth in 2013 for Turkey. The analysis states that the central bank is expected to bring the current maximum lending rate of 12.5% down to 10% in Q2 2012.

**INDUSTRY BREAKDOWN OF TURKEY’S JANUARY EXPORTS**

Agriculture accounted for 15 billion dollars’ worth of exports in January, while industry and mining products exported 8.7 billion and 276 million dollars’ worth respectively.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value</th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>14.4%</td>
</tr>
<tr>
<td>Industry</td>
<td>83%</td>
</tr>
<tr>
<td>Mining</td>
<td>2.6%</td>
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This year Turkey and the Netherlands jointly celebrate the fact that the two nations established diplomatic relations 400 years ago. Focusing on trade and commerce, these uninterrupted relations continue to be very successful today as the two nations have become important economic partners. In 2012 a number of events will take place both in Turkey and the Netherlands, with a focus on political and commercial relations, cultural cooperation, and intersocietal contact.

2012 promises to be a peak year in Dutch-Turkish relations, laying a solid foundation for even deeper cooperation and friendship in the future.

After a journey of more than four months, in March 1612 Dutch envoy Cornelis Haga arrived in Constantinople, marking the start of a long-lasting and remarkable relationship between the Netherlands and Turkey. The young Dutch Republic considered establishing diplomatic relations with the Ottoman Empire as crucial for better safeguarding its commercial interests, the Levantine trade being an important source of income. But political considerations also played their part: as the Dutch Republic was struggling for indepen-
dence with Habsburg Spain, the Ottoman court considered support for the “Batavian rebels” an important piece in the power struggle with their long-standing rivals in Spain.

Cornelis Haga settled in Pera, where other states and nations such as England, France, Poland, and Venice also had established their embassies, and which can be considered the world’s cradle of modern diplomatic representation. Roughly a century later, Dutch envoy Jacobus Colyer bought a plot of land in Pera in the immediate vicinity of the spot where Cornelis Haga lived. Located on İstiklal Avenue in Beyoğlu, the Palais de Hollande presently houses the Dutch Consulate General in Istanbul. The building has come to symbolize the close and long-lasting relations between the Netherlands and Turkey.

So how have these relations survived the ravages of time? Toward the end of the 18th century, trade relations decreased in importance but remained intact. Since the Turkish economy started to boom at the beginning of the new millennium, commerce and trade acquired a new élan and as a result the bilateral relations between our two countries today are very much alive and kicking. These relations go beyond economic dimensions and cover political and cultural cooperation and intersocietal contact. The latter are not only driven by the 1.2 million Dutch tourists visiting Turkey each year, but certainly also by the almost 400,000 people of Turkish origin living and working in the Netherlands. In the political arena, in 2008 a special annual bilateral conference—the Wittenburg Conference—was established to discuss various issues at political level. On the cultural front, bringing Dutch culture to the whole of Turkey is an important tool for deepening our mutual relations. On top of that, as a new “creative city,” Istanbul plays a special role in Dutch international cultural policy.

Meanwhile, trade and commerce—the leitmotif of 400 years of relations—has seen considerable growth during the past decade, with the volume of bilateral trade expanding more than threefold from 2 billion dollars in 2001 to 7 billion dollars in 2011. For six years now, the Netherlands has been one of the top foreign investors in Turkey (ranking first in 2011 with over 1.3 billion dollars in FDI). The Dutch Economic Network Turkey, with the Embassy in Ankara, the Consulate General in Istanbul, and the Netherlands Business Support Office in Izmir as its main pillars, is intensely involved in promoting trade. The Consulate General in Istanbul also hosts the Turkey Office of the Netherlands Foreign Investment Agency, which gives confidential free-of-charge advice to potential Turkish investors in the Netherlands.

The celebration of 400 years of diplomatic relations this year is an excellent opportunity to further deepen our ties. Last year, Dutch Foreign Minister Mr. Uri Rosenthal and his Turkish counterpart Mr. Ahmet Davutoğlu agreed to focus on political, economic, and commercial relations, arts and culture, and intersocietal contact. A great number of activities will take place in 2012 based on this, the most important of which are a state visit in April to the Netherlands by President Gül and a business delegation; a visit in May by Dutch Minister for Economic Affairs, Agriculture, and Innovation Mr. Maxime Verhagen; and a visit of Dutch Prime Minister Mr. Mark Rutte with an economic delegation in November. Notable cultural events include the Pera Museum’s “Sultans, Merchants and Painters,” three exhibitions from the Eindhoven van Abbe Museum at SALT Beyoğlu and SALT Galata; “La La La Human Steps” (of the Rotterdam Boijmans collection) at the Istanbul Modern; and “Rembrandt and His Contemporaries—The Golden Age of Dutch Art” at the Sabancı Museum. In June, the fabulous Netherlands Dance Theater hosted by İKSV—a partner of Turkish Airlines—will enliven Istanbul with modern ballet, and in November the world-famous Royal Concertgebouw Orchestra will play there too. The Netherlands will be guest of honor at the Tiyap Book Fair, and it will be represented at the Istanbul Tulip Festival in Emirgan. CER Modern in Ankara will be hosting a wonderful M.C. Escher exhibition. Many other cultural activities will also take place outside Istanbul: Dutch visual arts, music, theater, and literature will be travelling to Ankara and various cities including Adana, Antalya, Bursa, Diyarbakır, İzmir, and Sinop. Numerous Turkish cultural activities will likewise be taking place in the Netherlands. The fourth “Turkey Now” festival is planning for a special edition in 2012. The festival aims to introduce Turkish art and culture to Dutch people.

In summation, 2012 promises to be a peak year in Dutch-Turkish relations, laying a solid foundation for even deeper cooperation and friendship in the future.
THE CROSSROAD OF RELIGIONS

Turkey draws tourists not just with its range of climates suited to various types of recreation, but also with the religious treasures it houses.

Turkey is one of the world’s leading countries in tourism. The reasons for this include not only the fantastic embodiments of the four seasons found around the nation, but also the trove of cultural treasures it has accumulated as one of the world’s oldest civilized areas—a trove built by the peoples who lived in Anatolia and the rest of the country for millennia. Their lifestyles, their beliefs, and the things they left behind draw intense curiosity today, leading hundreds and thousands to visit the sites where they once lived and see artifacts of how they lived.

The lands today occupied by Turkey and those who lived on it have had reciprocal influences on each other. Having housed dozens of different cultures through time, the land witnessed complex interfaith relations. The influences and artifacts left by all these different faiths make Turkey a unique place in the history of faiths, giving the country an exceptional advantage in faith tourism. Tourists flock from all over the world to Turkey to fulfill the rites required by their beliefs, returning to their homes not just with the satisfaction of having done so, but also under the influence of the artifacts they have seen.

Istanbul, an important center for the three Abrahamic religions

Istanbul—or Constantinople as it was once known—is a leading faith tourism destination thanks to its historic significance and the empires it was part of. A city straddling the continents of Asia and...
Europe, a confluence where Eastern and Western cultures mix, Istanbul is one of the richest locations in Turkey for faith tourism. The silhouette of Istanbul—an imperial capital for centuries, from the Byzantines to the Ottomans—contains the outlines of works of monumental importance to all three Abrahamic religions. One of these is the Hagia Sophia, which is among the world’s oldest cathedrals. It was built on orders by Byzantine Emperor Justinian I between the years 522 and 537, and in 1453 was converted to a mosque following Mehmed II’s conquest of Constantinople. Mehmed II took care to ensure minimal harm to the mosque’s construction: “However many thousands of excellent, masterful builders, workers, stoneworkers, and masons there were in the entire Ottoman realm, they gathered them all and in three years set the bound foundation galley underground. In three more years, the foundation rose to the surface and emerged into a building...”

Istanbul is also home to numerous synagogues including the 17th-century Etz Ahayim Synagogue, the Ashkenazi Synagogue built by Ashkenazi Jews from Austria, and Zulfaris Synagogue in Galata.

**ANATOLIA: A CRADLE OF FAITH AND TOLERANCE**

Antalya draws more international tourists than any other province in Turkey. More than ten million tourists visited Antalya through January–November 2011. In Demre, Antalya, there is the Church of St. Nicholas built in the sixth century to memorialize the saint—known also as Santa Claus in Western Christianity—after his death. In the second half of the century, Italian sailors broke into and raided the contents of St. Nicholas’s sarcophagus, the remaining parts of which are on display in Antalya Museum. The recently reinitiated Christmas Eve services and the International Santa Claus Festival held in Kaş are among the several draws contributing to the approximately 500,000 visitors to Antalya for faith reasons over the past few years, together with the Byzantine-built Church of St. George and the Kale Mosque built on the orders of Seljuk Sultan Aladdin Keykubad I.

Turning southeast, we head to Mardin, one of the region’s most charming cities. It is home to numerous monasteries, mosques, tombs, and churches, but the most prominent is the 1,615-year-old Monastery of St. Gabriel situated in the middle of Tor Abdin plateau. Founded in 397 AD by the monks Mor Samuel and Mor Simon, the monastery gained renown within such a short time that it quickly came to the notice of the emperors in Rome and Constantinople. St. Gabriel’s—once named “second Jerusalem”—has the distinction of being one of the world’s oldest active Christian monasteries as one of the few to have kept the monastic lifestyle and tradition alive for sixteen centuries barring times when it was empty due to wars and conflict. It therefore would be no exaggeration to say that the monastery is one of the most important buildings in the history of the world and in Turkish culture. The monastery’s construction differs noticeably in characteristics in certain areas due to being built piecemeal over several different periods. The eye-catching structures from...
the fifth and sixth centuries, rare mosaics from the Byzantine era, tunnels, bell towers, Midyat stone-cut gate, and the motifs embellishing all of the construction renders the monastery—one of the Syriac Orthodox Church’s most important centers of faith—enchanting to all.

Another Turkish province where Islam, Christianity, and Judaism intertwined and continue to live on together is Hatay, in the very south of the country. In Hatay, outside Antakya (Antioch), carved into the side of Mt. Starius by the road from Antakya to Reyhanlı, is the Grotto of St. Peter—the world’s first cave church. It is believed to have been built around the time when, according to the New Testament, “The disciples were called Christians first at Antioch.” (Acts 11:26), which suggests that it was the very place where this occurred. St. Peter, one of Jesus’s 12 apostles, is known to have worked intensely in Antioch to spread Christianity. In 1963, the Grotto was declared a site of pilgrimage by Pope Paul VI. All that remains of the church’s original décor are pieces of floor mosaics and traces of paint on the walls. The church also notably served as a tunnel to the mountain where Christians would hide from persecution. The water steaming from the rocks was used for baptisms and is considered holy by visitors. Due to earthquakes, flow has fallen considerably in recent years. In the center of the church, there is a stone altar placed there for St. Peter’s Platform Holiday, which used to be celebrated on February 21. The statue of St. Peter on the platform was erected in 1932. The church draws hundreds of local and foreign visitors to Hatay every year, today serving as a museum.
Turkey has 39 hospitals accredited by the Joint Commission International, the global division of the main hospital-accrediting body in the US.

The Turkish Perspective

The health care system has been undergoing an overhaul with the 2003–2013 Health Transformation Program. The purpose of this program is to increase the quality and efficiency of the health care system and enhance access to health care facilities with the introduction of a number of reforms. The reforms touched all areas in the industry from technology to drugs, hospitals, and care providers, collectively making them an industry in which investments continue at a rapid pace. Turkey has been attracting many high profile multinational firms operating in different areas of the health care industry, especially since 2004. Several major Turkish health care companies— for example, Universal Hospitals Group, Medical Park Hospital Group, and Memorial Health Group—have already attracted partnership or buyouts from major equity investors like the US-based Carlyle Group. The latest health care company to attract the attention of global equity investors is Integrated Healthcare Holdings (IHH). Acıbadem Group, one of Turkey’s largest private hospital groups, reached an investment deal with Malaysian-owned IHH to sell 60% of the company with an estimated transaction value of 650 million dollars in late 2011. As the Ministry of Health speedily continues its new hospital investments, the entry of the aforementioned capital interests has contributed additionally to the strong growth exhibited by both public and private hospital enterprises. The ministry’s reforms will be continuing at full throttle this year, through which 44 hospitals are planned to open in 29 provinces. A 750-million-dollar figure has been earmarked for the new hospitals, which are to feature cutting-edge technology. Besides the public’s relatively generous spending, investments on the part of the private sector will continue as well—there are 459 private hospitals currently in operation in Turkey, and 105 new private hospitals granted approval Turkey-wide will be opening as of next year. The number of private hospitals in Turkey will therefore reach 604, with a cumulative capacity of 39,503

WHAT DRAWS INTERNATIONAL FUNDS TO HOSPITALS?

Turkey exhibited great performance in drawing hospital care investments in 2011. The interest shown by international funds is expected to continue into the future.

As the Ministry of Health speedily continues its new hospital investments, the entry of various capital interests has contributed additionally to the strong growth exhibited by hospital enterprises both public and private.

We think the outlook will parallel the spark that has been under way the past few years and that foreigners’ interest in the Turkish health care sector will continue. We are of the opinion that the interest of foreign players in this sector, which is open to new investment opportunities and collaborations, will keep rising.
The health care sector in Turkey has been drawing more and more international interest with the changes made to it in recent years—international funds in particular have had their eyes on companies both large and small. Foreign players have been purchasing shares in growing volume over the past few years, especially in 2011. Private capital funds such as Asia Debt Management, ADM Capital, NGBI, and Turkven have made notable investments in the health care, showing clearly that it as a sector is appreciating in value.

Another source of considerable investment has been from countries based in the Persian Gulf, from which 30 billion dollars’ worth of investments has been channeled to Turkey over the past ten years. Among the industries toward which Gulf investors are showing great interest are health care and hospitals. NBK Capital—a subsidiary of the National Bank of Kuwait—acquired 30% of leading Turkish eye hospital chain Diniyagöz for an undisclosed sum, for example. To provide another, Abraaj Capital invested in Acibadem Hospitals, a leading chain in the country.

Thanks to the resolute initiatives of the Ministry of Health, the outlook for Turkey’s hospital industry is improving in every aspect. Today Turkey counts 39 hospitals accredited by the Joint Commission International, the global division of the main hospital accrediting body in the US—accounting for almost 10% of the worldwide total and more than any other country but the US itself. Although investing in the health care sector is a pricey endeavor that rarely provides returns in the short term, it is profitable in the medium and long term.

The inflow of capital investment provides the means for competition in this respect while also potentially drawing foreign patients—in addition to local patients—due to facilitating the installation of the newest technology in the country’s facilities. As a result of this, Turkey started welcoming medium- to high-income European patients and visitors coming for treatment especially from the Turkish states in Central Asia thanks to the fruits of recent health care investments that are based on cutting-edge technology and the latest of equipment. Back in 2010, Turkey gained close to 100% growth in the number of medical tourists, benefiting from the latest technologies being used, the Turkish hospital industry has become a center of attraction for local and many foreign patients. Foreign investors who saw the economic development and demographic change in Turkey had long shown interest in the hospital groups in our country that provide quality service. In this regard, many foreign investors have partnered with hospitals. Although one can point to some unsuccessful examples among foreigners, the path before the Turkish hospital industry is very clear. Having opened up to the market abroad, the industry now accounts for an important share of medical tourism.

Chief Executive, Memorial Health Group

Turkey has been receiving a lot of interest from foreign investors in the hospitals field in recent years. The most important reasons for this is that Turkey has relatively very good macroeconomic figures; it possesses a very strong and high-quality hospital infrastructure. Thanks to the superb medical schools in our country and to skilled Turkish surgeons, there is a cadre of quality doctors who are very successful in their fields. Adding Turkish hospitality to the latest technologies being used, the Turkish hospital industry has become a center of attraction for local and many foreign patients. Foreign investors who saw the economic development and demographic change in Turkey had long shown interest in the hospital groups in our country that provide quality service. In this regard, many foreign investors have partnered with hospitals. Although one can point to some unsuccessful examples among foreigners, the path before the Turkish hospital industry is very clear. Having opened up to the market abroad, the industry now accounts for an important share of medical tourism.

Memorial Health Group, too, has been much admired by foreign investors since 2006, and it was receiving copious proposals for partnerships. As the outcome of this, our group sold 40% of its shares in August 2010 to Argus Capital and 20% to Qatar First Investment Bank. And for one- and-a-half years, it has been continuing to grow successfully as it achieves great successes with its partners.
To support SMEs in creating innovative products, we will be establishing design labs within the scope of the Furniture R&D Project Market in cities that are centers of furniture, such as Kayseri, İnegöl, İzmir, Ankara, and Adana. We aim to have five world brands emerge in five years,” said Bülent Aymen, Chairman of the Mediterranean Wood and Forestry Products Exporters’ Association at the “Innovation and Exports in Furniture” seminar held January 9, 2012 in Kayseri, drawing the attention of all listeners to developments expected in the furniture industry. He said that there are companies in Kayseri—an important center of furniture manufacturing and exports—that are engaged in production in every branch of furniture, regard investments with foreign partners warmly, are capable of producing to specifications, and wish to export.

When we ask whether creating five world brands in five years from the Turkish furniture industry is too optimistic a target, Hasan Kara, the President of Masko Furniture City, says, “Certainly not.” Masko Furniture City is characterized as the world’s largest “furniture city,” and it accounts for 10% of Turkey’s furniture exports. Kara states that the brands that won the admiration and attention of the Sochi Chamber of Commerce and Industry Chairman Vadim Levchenko—and the delegation that came with him to visit Masko—command the same attention worldwide as well. Kara points out that this visit to Masko Furniture City by Levchenko and Ildar Fattakhov, Representative of the Chamber of Commerce and Industry of Russia leading up to the Winter Games to be held in Sochi in 2014 preludes the significant opportunity the Games harbor for Masko, adding, “While we had so few brands until a few years ago that they could be counted on your fingers, today you can see Turkish furniture stores lined up in many countries.
from Iraq to China. Our commercial relations develop as a result of the meetings and visits we are conducting, and they will increase our power abroad even more.”

The potential for this power to grow was already evident in the figures for 2011. “Retail prices and consumption figures in our industry—that is to say, business volume—rose 12 percent on the dollar and 30 percent on the Turkish lira in 2011, reaching 9 billion dollars,” says Ramazan Davulcuoğlu, President of the Furniture Industrialists’ Association (MOSDER). The furniture industry exhibited the same performance in access to international markets, succeeding in increasing its exports by 19% in 2011. “That our exports, which totaled 1.4 billion dollars in 2010, exhibited an increase in 2011 to reach 1.8 billion dollars is quite an important development for us,” says Davulcuoğlu, adding that Turkish furniture style is commanding more and more attention worldwide every year.

R&D, innovation, design, and technology were the four principal elements underlying the furniture industry’s push in 2011. Increasing its investments in these elements, the industry simultaneously enlarges its target and claims too. “We have the potential to be Turkey’s third-largest exporting industry after automotive and textiles,” says Hasan Karcı. Ramazan Davulcuoğlu explains the reasoning behind this bold claim with the words, “One of the most important reasons for the rapid development of the furniture industry and its status as one of the national economy’s locomotive industries is the rapid advancement in the fields of design, R&D, and branding.”

R&D, innovation, design, and technology have been the four principal elements underlying the furniture industry’s push in 2011.

Turkey aims to create five global brands in five years via investing in design and innovation

One of the most important reasons for the rapid development of the furniture industry and its status as one of the national economy’s locomotive industries is the rapid advancement in the fields of design, R&D, and branding.

Turkish furniture worldwide was bolstered.”

Memduh Boydak, CEO of the largest producer of Turkish furniture industry with the brands İstikbal, Bellona, Mondi, Deco, and İstikbal Regina explains the importance of R&D, design, and innovation in the furniture industry as follows: “Design assists in branding, through constant change, development, and innovations; design builds dependency in customers and increases their expectations for the product. In how it appeals to the consumer, design facilitates union with the consumer and increases the element of brand loyalty.” Boydak adds, “In an economic sense, design increases demand; it bolsters a brand’s image and recognition in target markets and becomes a reason to choose it. It increases sales and ability to compete against other brands; it strengthens our country’s image and it increases the brand’s market share.”

The efforts of brands in bolstering this reputation should not be overlooked. Masko President Karcı, whose furniture city houses more than 500 companies over 483,000 square meters, says that Turkish companies—which in 2011 increased the number of countries to which they export to 173—have received partnership proposals from abroad, adding that the furniture industry, which is progressing rapidly toward branding, is older than all other industries and—like a sycamore—has roots that stretch deep.

Doğtaş, which is celebrating its 40th anniversary this year, is one of the brands proving Karcı’s words. Exporting to 65 countries, Doğtaş exhibits one of the best examples of a transition from manual labor
to industrialization and from subcontract manufacturing to in-house design. In 2011, the company worked with such famous designers and architects as Atl Kutoğlu, Ece Siikan, and Federico Delrosso. Today, Doğtaş is among Turkey’s top three furniture exporters. It is one of the country’s 500 biggest companies and is among the top three in the furniture category revenuewise as well.

Doğtaş Chairman Davut Doğan says they achieved this success thanks to a crew that is capable of design at international standards, stating, “In addition to creating products of suitable design and price for our target audience, we maintain Doğtaş’s intriguing, colorful, modern, innovative, and functional approach.” He also notes the effect of Turquality—the world’s only state-supported branding program—on the brand’s success and close to 34% growth in 2011. Doğtaş started receiving Turquality support in 2008. “With Turquality certification, we concentrated more on our initiatives abroad. As we did domestically, we are growing and gaining strength abroad, too. Sustaining this improvement at full speed, we progress with sure steps toward becoming a world brand. We are forming growth strategies and continue our efforts to develop new markets abroad,” says Doğan.

The Turkish furniture industry and the brands opening the industry up to the world see the fruits of their performance especially at international fairs and conventions. IMOB—the Istanbul Furniture Fair, one of the world’s largest such fairs—presents significant opportunities to brands in this respect and also allows them to gauge international interest.

MOSDER President Ramazan Davulcuoğlu states that IMOB

THE FURNITURE MAKER’S ROAD MAP IS READY

The representatives of the Turkish furniture industry have already been applying the measures necessary for Turkish furniture brands to exhibit global successes in the future.
2012, which welcomed visitors from places ranging from Europe to America, Africa, Asia, and South America, plays a significant role in exports. Among the countries participating in the fair were Germany, Azerbaijan, the UAE, Belgium, Bulgaria, Algeria, France, Croatia, Holland, Iraq, England, Iran, Ireland, Spain, Qatar, Kazakhstan, Kenya, Libya, Lebanon, Hungary, Egypt, Moldova, Romania, Russia, Saudi Arabia, Turkmenistan, Ukraine, Jordan, and Greece. Additionally, besides purchasing delegations, groups of buyers from neighboring countries like Iran and Russia visited the fair too. “IMOB 2012, the Turkish furniture industry’s showcase opening up to the world, once again brought various industry professionals together such as those representing furniture stores, chain stores, wholesalers, distributors, importers, exporters, architects, interior architects, decorators, industrial designers, and furniture parts and components manufacturers. Welcoming around 100,000 visitors, IMOB 2012 was the meeting point for local and international furniture professionals,” says Davulcuoğlu, nothing that the interest shown toward the fair is an indicator of the ever-greater admiration for Turkish furniture. Davut Doğan’s words about the interest shown toward Doğtaş at IMOB affirm Davulcuoğlu’s statements.

“We attended IMOB, which could be the world’s third-largest furniture fair, this year again as the brand that made the most waves,” says Doğan, adding, “This year is Doğtaş’s 40th, and in this special year, we experienced the joy and excitement of promoting the collections we possess. As Doğtaş, we became the most attention-getting brand with our products and stand among the brands participating in the fair this year, too. We were met by great interest by visitors from abroad and took great steps toward new cooperation.” Memduh Boydak also emphasizes that the interest shown in Turkish furniture increases continually as Turkish furniture companies start becoming brands and adds, “The greatest proof of this is that the number of international visitors attending the IMOB fair held in Istanbul for the past eight years has been increasing constantly. When our companies finish becoming brands and give importance to design and innovation to meet customer expectations, Turkish furniture brands will soon assume their rightful place in the global arena.”

The Turkish furniture industry is resolute about maintaining the performance it exhibited in 2011 in the years to come. The industry aims for 10 billion dollars in exports in the year 2023, the centennial of the Turkish Republic, planning to rise to the rank of tenth worldwide. Notable for a volume approaching 9 billion dollars today, the industry seems like it will utilize an arsenal of quality, design, and great prices to prevail in the global competition with the belief that it will have a say after the likes of China, Italy, the US, Germany, Poland, Canada, Mexico, and France.

**NATURAL STONE**

Turkey is playing for leadership in the natural stone industry, possessing a significant portion of the world’s reserves and a high-quality manufacturing base.

**MARBLE COUNTRY**

Natural stone and marble have been part of human civilization for thousands of years. Historically, natural stones have been used by many different civilizations in their monuments and imposing buildings. Today, interest in natural stone and marble is continually increasing,” said Turkish Exporters Assembly (TIM) President Mehmet Büyükekşi at the opening speech he delivered for the International Marble and Natural Stone Products and Technology Fair. Located on an Alpine belt in which the world’s richest marble beds are found, Turkey ranks among the natural stone industry’s leading countries with its broad selection of colors, its patterns, and its product diversity.

The history of natural stone in Turkey dates back to antiquity. Used to embellish palaces, temples, and monuments since prehistoric times, marble represents the richness and elegance of Anatolian history. The Temple of Artemis in Ephesus, one of the Seven Wonders of the Ancient World, is thought to be the world’s first temple built using marble. Parts of the Temple of Artemis still stand today, signifying the durability and quality of Turkish marble from antiquity all the way up to today.

Natural stone is used

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*By Can Gürsu*

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Natural stone is used

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*By Can Gürsu*
heavily today especially in construction, finishing, flooring, sculpting, gravestone construction, graveling, the porcelain and glass industries, optics, and decorative objects. The industry in Turkey has been gaining momentum lately, especially with the entry of new producers to the market. Interest in Turkish natural stone is increasing daily. TIM, supporting branding and international marketing efforts in the natural stone industry, plays a significant role in this increasing interest. Mehmet Büyükekeş states that their target is to attain stable growth in natural stone. Besides aiming to create a reliable reserve system complying with international standards in natural stone production, Turkey is planning to create a marble exchange market vis-à-vis its goals for 2023, the centennial of the Turkish Republic.

Turkey expects 7 billion dollars in income from the natural stone industry in 2023. In terms of reserves, it ranks among the world’s leading countries, possessing 33% of global marble reserves. Turkey exports natural stone to more than 160 countries, most of all to China, the US, Iraq, and Saudi Arabia. China is the leading recipient of Turkey’s exports, paying 639 million dollars yearly—a figure 7.3% higher than that of the previous year. China is followed by the US with 237 million, Iraq with 83.6 million, Saudi Arabia with 62.8 million, and the UK with 46.5 million dollars’ worth of natural stone imports from Turkey. 2012 is expected to be influenced positively especially in relation to high projected growth for China and its increasing need for raw material.

Signals appeared as of the second half of 2011 that the US economy entered recovery, states Istanbul Mineral Exporters’ Association (IMIB) Chairman Mehmet Özer, adding, “Considering that Turkey has the largest share in imports of processed marble travertine by the US—the biggest importer in the world of natural stone—is Turkey, we could say that our export to the US will exhibit growth over that of 2011.” Recovery in the Chinese and US economies, besides other countries struggling with economic crises, is strengthening Turkey’s hand in this area. In 2011, 50% of Turkey’s mineral exports were to China, the US, and Italy, according to TIM Industries Council Mineral Industry Board Chairman Ahmet Keleş. He states that the 1.85 million tons of processed natural stone exports plays a significant role. The country is gaining strength not only through its reserves, but also thanks to its advanced industry. According to IMIB data, there are 1,100 quarries, 1,500 factories, and 7,500 workshops for natural stone in Turkey. As the economic crisis, whose effects and limits are still uncertain, continues to affect many countries around the world deeply, Turkey aims to continue its stability based on the driving force of exports in the years to come, too.

Turkey aims to grow 7% in 2012. Natural stone, too, is among the industries expected to exhibit growth. IMIB Chairman Mehmet Özer says, “We estimate that the increase in exports in the natural stone industry will be around 10%,” and adds, “Based on this, we expect our natural stone exports for 2012 to total around 1.85 billion dollars.” Turkey has pinpointed strategies to be a net producing—not consuming—country, and in spite of the danger of recession seen in other countries around the world, it is expected to continue growing.

The natural stone industry in Turkey has been launching projects to increase its share in the nation’s total exports as expressed in its goals for 2023. Turkey ranks among the global giants in the construction sector. Mehmet Özer indicates that they aim to promote Turkey’s natural stone among architects, interior architects, designers, and project owners—the people who decide what type of natural stone to use—and to reach foreign architects and project owners via English publications as well. The construction projects it is undertaking all over the world make Turkey quite strong in this respect. Turkish Marble, Natural Stone, and Machineries Manufacturers Association General Secretary notes that significant development is under way worldwide in approaches to the environment and urban planning, adding that large projects and designs will therefore be the case and that Turkey will utilize its advantage in this area as best as it can.

Turkey is coming one step closer to the long-term industry plan it is focusing on and its 7-billion-dollar exports target for 2023. Turkey’s strong economy and the natural stone industry’s production and export figures of previous years support these forecasts.
EYES ON RECIPROCITY IN REAL ESTATE

The change to how reciprocity is addressed in real estate law, which currently limits property purchases by noncitizens, is expected to further increase the input of foreign capital.

IN THE LAST DAYS OF 2011, a number of important developments in the real estate sector headed the list of topics occupying Turkey’s headlines at that time. Changes in urban transformation—regarded as one of the sector’s greatest deficiencies—laws, 2B properties, and reciprocity signified that 2012 would be a very lively year for the sector, and that indeed is the case now. Sector players were also given hope by the presentation of the proposed amendments—especially to the reciprocity section—to parliament for signing. If just that amendment alone would be ratified, around 5 billion dollars in foreign capital is expected to enter the country.

The real intention in the amendments to be made is to make it easier for non-citizens to buy real estate in Turkey. If the amendment is ratified, citizens of countries that do not allow real estate purchases by Turkish citizens will gain the right to buy property in Turkey—that is to say that reciprocity will be abrogated. İşıl Dinçer, General Manager of Industrial Development Bank of Turkey (TSKB) Real Estate Appraisal, noted that citizens of non-European neighboring countries, Persian Gulf countries, and Turkic states are unable to own real estate—or are faced with myriad difficulties when doing so—due to the lack of adequate reciprocity, adding, “Yet (Persian) Gulf and Arab countries and Turkic states wish to buy houses from Turkey, and because they can’t do this as real persons, they end up having to incorporate in Turkey.”

Dinçer says home sales numbered 427,105 in 2008, 531,746 in 2009, and 357,341 in 2010, and that the average over the past three years is 440,000 home sales annually. Achieving an average of 500,000 home sales in the coming future won’t be at all difficult, according to Dinçer. With this assumption, a contribution on average of 5 billion dollars annually from the sale of homes to noncitizens could be expected to benefit the Turkish economy. Dinçer is of the view that this figure will rise even higher with the sale of all types of real estate to noncitizens.

If the amendment in urban transformation law is ratified, around 5 billion dollars in foreign capital is expected to enter Turkey.

If the amendment in urban transformation law is ratified, around 5 billion dollars in foreign capital is expected to enter Turkey.
tion and domestic immigration further catalyzes the sector’s growth. “Furthermore, with reciprocity, it is a time of significant demand in terms of the citizens of countries who wished to buy houses in Turkey from abroad but experienced difficulties in doing so as well. I believe that the flow of capital from abroad—currently around 2.5–3 billion dollars—into the real estate sector will continually increase,” says Sur. With the placement of sound rules, the annual input of foreign capital into the sector in the near term is expected to rise to 5–6 billion dollars and later to 8–9 billion dollars. “It won’t be a surprise if this amount reaches the vicinity of 4–5 billion dollars in 2012,” Sur adds.

İnanlar Construction Chairman Serdar İnan agrees that the change to the law will affect the sector very positively, but assistance in matters of property, development, bureaucracy, and hosting; the preparation of subregulations; and the presentation of success stories for foreign capital are necessary, he says. Uğur Dumankaya, a board member of Dumankaya Construction, is of the view that this transformation is a development that has been expected for years and will contribute to the sector’s medium- to long-term development.

WHY TURKEY?
İşıl Dinçer from TSKB and Dumankaya Construction Board Member Uğur Dumankaya are of the opinion that the people who will show the most interest in Turkey following the amendment—those challenged by the law in its previous state, will be citizens of Azerbaijan, Kazakhstan, Kyrgyzstan, Iran, Russia, and countries in the Persian Gulf, and İnanlar Construction Chairman Serdar İnan believes there will be heavy interest from all over the world except for South America. There are certain special efforts that need to be undertaken to draw South America and Turkey closer together. İnan explains the reasons behind this potential interest in Turkey: “Capital in the West—which is in crisis right now—is seeking an escape to balance its own risks. Turkey is characterized as a stable country that promises profits in this respect. The Middle East, too, due to the effect of the Arab Spring, is seeking a safe harbor for the capital it has at hand, “just in case.” Both religious commonality and past Western experience are causing them to turn their routes to Turkey. Central Asia feels close to us because of our shared lineage. As our country’s power increases, we will observe rapid increases in the inflow of Central Asian capital. Our country is one of the rare beautiful countries worth living in. In terms of its natural environment, people, and business opportunities, Turkey is a comfortable, accessible country.” Dumankaya Construction Board Member Uğur Dumankaya expresses his thoughts on Turkey’s rise as follows: “With its position, the beauties it possesses, and developing economy, Turkey is becoming a star in the world. All these qualities draw the interest of foreigners to our country. Investments in our country, which has a developing economy in spite of the global crisis, are alluring to foreigners.”

ANTALYA COMMANDS THE MOST INTEREST
Although construction firms maintain their focus on Istanbul, buyers from abroad are mostly drawn to Anatolia.

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<th>Province Name</th>
<th>Number of Buyers</th>
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Data: Land and Registration Agency (TKGMT) Statistics on Acquisitions of Immovables by Foreigners

EYES ON TURKEY IN REAL ESTATE
The change to the article on reciprocity is expected to increase the interest shown toward Turkey even more

İşıl Dinçer
General Manager, TSKB Real Estate Appraisal

“Turkey is one of the most alluring investment regions in the real estate sector.”

Serdar İnan
Chairman, İnanlar Construction

“As a stable country that promises profits, Turkey is attracting the attention of all other countries.”

Uğur Dumankaya
Board Member, Dumankaya Construction

“Investments in our country, which is developing in spite of the global crisis, are alluring to foreigners.”

İstanbul is Essential
İşıl Dinçer believes that the locations that will prove most
The Caspian Sea is located in one of the world's areas richest in oil and natural gas. Lately, it has been affected negatively by the winter chill that has affected much of Europe and Asia—to illustrate, the Caspian shores of Azerbaijan experienced their coldest days in the last 110 years. Even natural gas extracted here and exported to many countries was affected by the rough weather. Shah Deniz 1, the country’s most important natural gas field in the Caspian, experienced technical problems due to the cold weather and its pipeline had to be shut off.

Noncitizens were sold 82,000 square meters of land from 2003 to 2011. In addition, companies gained the right to run 15,000 square kilometers of mining space for leases of 29 or 49 years. When the law no. 5782, an amendment to the Title Deed Law, was ratified by the Constitutional Court on May 12, 2011, all barriers before sales of land to noncitizens were lifted. According to the updated law, noncitizens will be able to buy up to 10% of a province’s land development plan as opposed to 0.005% of the province’s area as it was before. Furthermore, according to the previous regulations, plots of land sold to foreign individuals and companies were not allowed to exceed 300,000 square meters in size, and this limitation has been lifted too.

Updates to Law to Attract Investors

Renewable energy sources (RES) are attracting the interest of Turkish and international companies alike.
tion should be found, and a significant portion of these resources can be supplied," says Önder Karaduman, Chairman of the Electricity Producers Association. A RES-oriented strategy is in place here—by 2023, RES are expected to account for around 30% of electricity production in Turkey.

Many energy companies in Turkey have taken their own measures against potential difficulties with natural gas. The most important of these measures, of course, is to increase the ratio of renewable energy sources within their portfolios. Companies possessing balanced portfolios based on varied resources are in a more advantageous position against risks that could occur in the market. Akenerji, an important actor in the Turkish energy market, is just one of these companies, and it stands out for its successful partnership with Cez—the Czech Republic’s biggest energy company—and its investments in renewable energy. Akenerji CEO Ahmet Ümit Danışman says, "As Akenerji, besides our natural gas investments in particular, we are trying to balance our portfolio with hydroelectric and wind turbine power plants. Renewable sources comprise 46% of our present portfolio. Not being dependent on one source protects against such uncertainties, technical disruptions, or price volatility in the market."

The RES Law that came into effect in 2005 and the Incentive Tariff ratified last year are the ministry’s most important playing cards to encourage new investments. The aforementioned tariffs stand out as important instruments for local companies to plan their investments. Meanwhile, the purchase prices at hand are an important factor for international companies to invest in the Turkish market.

One of these companies is Gehrlicher Solar. The German solar power company established a partnership with Turkish firm Merk Solar to build solar power infrastructure in Turkey.

Nothing Turkey’s rapidly increasing demand for energy, Gehrlicher Solar CEO Klaus Gehrlicher says, “The incentive prices applied to RES by the Turkish government, which are near the general electrical tariff, is turning Turkey into an important place of investment in this field,” and adds, “With our Turkish partner Merk Solar, we aim to realize successful projects in the coming term.”

International companies are expected to increase their investments in renewable energy sources in Turkey. Turkey’s growing energy market and growing interest on behalf of local energy companies in renewable energy sources are seen as the most important reasons for this. Partnerships between Turkish and foreign companies may also increase in the coming term. Such partnerships in the energy market are being discussed more often as of late. Murat Sungur Bursa, CEO of Zorlu Energy Group—one of Turkey’s large energy companies—says, “We consider partnerships with foreign companies if the interests of both sides are compatible.”

By 2023, renewable energy sources are expected to account for around 30% of electricity production in Turkey.

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**BIG OPPORTUNITIES IN WIND**

Turkey has access to some of the best winds among European countries. This potential represents a great opportunity for investors both local and foreign.

<table>
<thead>
<tr>
<th>Country</th>
<th>Installed Wind Power Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>29,060</td>
</tr>
<tr>
<td>Spain</td>
<td>21,674</td>
</tr>
<tr>
<td>France</td>
<td>6,800</td>
</tr>
<tr>
<td>Italy</td>
<td>6,747</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>6,450</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,799</td>
</tr>
</tbody>
</table>
**Playing for Leadership**

**WITH A SPORTSMANLIKE VISION**

Turkish Airlines is Turkey’s face abroad. With the amazingly successful sponsorship agreements it has been signing in sports, it is making its voice heard more and more in the international arena.

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**T**HAT the world’s airline industry lost approximately 5 billion dollars in 2008 and 2009 due to the global economic crisis. Many airline companies, which are trying to increase their competitive ability by cutting costs, are in search of partnerships. The industry is going through a time of transformation – it seems that mergers and buy-outs will be par for the course for the next few years.

The importance of sponsorships is increasing day by day as part of the marketing and communication strategies of globally important brands. Sports sponsorships account for the largest share of large companies’ sponsorship spending. The advancement of technology, rising consumption of sports as a product, and increases in the number of people reached are among the leading forces behind the expansion of sponsorship budgets. While the global crisis’s effects continue to be felt, ever-bigger sponsorship agreements are still signed day after day.

Turkish Airlines is Turkey’s face abroad. With the amazingly successful sponsorship agreements it has been signing in sports, it is making its voice heard more and more in the international arena. The monumental contract signed with FC Barcelona in 2010 was a harbinger of even greater things to come.

Turkish Airlines, which has become a global player in aviation and bears the distinction of being named best airline in Europe by Skytrax, secured the monumental deal with Barcelona’s soccer club with the signing of the contract on the evening January 18, 2010 in Camp Nou Stadium. Within the scope of the agreement, Turkish Airlines flies the team safely to tournaments and camps it attends outside Spain as its official sponsor. Turkish Airlines proved that this contract with FC Barcelona—a team that made history by winning six cups at once in a single season (2008–2009)—was only a start with yet another major agreement it signed four days later.

On January 22, 2010, Turkish Airlines doubled the stakes by signing a three-and-a-half-year sponsorship agreement with Manchester United FC, the world’s most valuable soccer team. Based in Old Trafford, one of the world’s most important soccer stadiums and England’s third largest, the team boasts 11 Federation Cups, 18 Premier League championships, and 3 European Cups, together with 333 million fans worldwide. Trusted by Barcelona FC and preferred by Man-

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**Kobe Bryant, the famous player who is an inspiration to millions of basketball fans across the globe, serves today as the global face of Turkish Airlines**
lines expands its access to a broad range of profiles. Although Turkish Airlines may be gaining global renown today for its international sponsorships, as a flag carrier it plays a pioneering role in helping to organize effective, fruitful sponsorships within Turkey as well. Such investments as primary sponsorship of the Turkish national soccer and basketball teams and transport sponsorship of the clubs Beşiktaş, Bursaspor, Fenerbahçe, Galatasaray, and Trabzonspor help strengthen ties between the brand and its target audience. Turkish Airlines contributes significantly to Turkish sports with the support it gives to 47 federations and second- and third-league soccer teams. Turkish Airlines seems to have succeeded already in its mission to become a global brand thanks to its well-placed strategies and sponsorship activities around the world. The concentrated use of sports in the sponsorships of the airline, which cooperates with the most prestigious faces and teams in order to improve brand awareness, boosts its influence over the target audience. As a significant advantage is obtained in the European market with the sponsorship of the Euroleague, a grand leap is being taken in brand recognition with its sponsorships of world giants Barcelona FC and Manchester United. Potential Business Class passengers are targeted via tennis and golf sponsorships, which also contribute positively to a prestigious perception of the company’s brand. As Turkish Airlines lives up to its slogan—“Globally Yours”—with the sponsorships it undertakes, it ascends surely and rapidly on its path to the very top.

Wanting with the best of the best in sports ranging from basketball to tennis, soccer and golf, Turkish Airlines seems poised to continue its success in the years to come.
A CHANGE
NOT ONLY OF LAW, 
BUT OF MENTALITY TOO

As the date it will come into effect and initiate a deep-rooted change in Turkish business approaches, both debates and informational meetings on the new Turkish Commercial Code are increasing in number and intensity. Investors and businesspeople both local and foreign are waiting for July for a brand-new way of doing business that is shaped by the touch of the new TCC.

By Ceyhan Aksoy
By Sedat Gürdın
Faith gives one pleasure on the cross/And so Jesus was young, I said,” says Ünal Tekinalp, recalling two lines from Turkish poet Yahya Kemal Beyatlı’s poem “Yol Düşüncesi” (Thinking on the Road), adding, “I was quite young too, back then.” What the chair of the commission that prepared the new Turkish Commercial Code (TCC) refers to by “back then” is the year 1999, which is when he started working on the new code. He worked day and night for 13 years on the new TCC, attending 195 meetings and conferences to promote it. He feels great pleasure to have signed his name on such a revolutionary change to Turkish commercial life and of the hot debate surrounding the code. Besides ongoing TCC efforts and his own books, Tekinalp works on many projects including stem cell patents for the European Science Academy Standing Commission for Intellectual Property Rights, digital libraries, Google Settlements, and EU patents.

“This isn’t a law of dusting off or retouching; to the contrary, it is the creation of a new concept in trade—it is a redefinition,” says Professor Ünal Tekinalp, PhD, Chairman of the Commission for the New Turkish Commercial Code, explaining the changes the new code will bring to the Turkish sphere of business. His words are enough to fully express the revolutionary nature of the new TCC. The new 1,535-article Turkish Commercial Code signifies a brand-new approach not just in terms of the rules and regulations it contains, but also in the way in which it was created and drafted. For the first time ever, all concerned NGOs and professional organizations in Turkey were consulted during the preparation of such legislation. The drafted articles were discussed with some 16 institutions and organizations—among them the Turkish Industry and Business Association (TÜSİAD) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

The decision to formulate a new code came in 1999. First, the Ministry of Justice invited commercial law faculty members from universities, members and chairs of the Supreme Court’s 11th and 19th Chambers (which examine business and company law), the Capital Markets Board, the Banking Regulation and Supervision Agency, and representatives of professional organizations including the Union of Turkish Bar Associations, the Union of Notary Publics, and the Union of Chambers and Commodity Exchanges of Turkey (TOBB), creating a commission of 42 individuals. The commission elected as its chair Professor Ünal Tekinalp, PhD, Chairman of the Department of Commercial Law at Istanbul University. Tekinalp also headed the university’s Department of Private Law at time and thus has a very clear familiarity with commercial law.

The new code took a lengthy time to prepare, due largely to the considerable inadequacies in the code that had been in place since 1956. The code today is more than 50 years old and it had already started to exhibit its age and difficulty in adapting to the times in 1999.

Small-scale amendments to it weren’t enough to keep up with contemporary needs. Still, preparing a new draft to follow a perfect code would be something of a heavy responsibility. The TCC Commission and its 45 members therefore started working as soon as it named its chair. Professor Tekinalp’s steadfast discipline naturally influenced the commission’s work—he demanded the commission’s first meeting just five hours after the subcommittees’ chairs were chosen. The commission was dismissed at 11:00 a.m. and reassembled by 4:00 p.m. to have a meeting in which the subcommittees would present their initial aims and suggestions, thus kicking off the story of the new TCC.

The draft of the new code was created with all comments received, past practices, opinions, and the necessities to fully express the revolutionary change to Turkish commercial life and of the hot debate surrounding the code. Besides ongoing TCC efforts and his own books, Tekinalp works on many projects including stem cell patents for the European Science Academy Standing Commission for Intellectual Property Rights, digital libraries, Google Settlements, and EU patents.

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The Turkish Perspective

The Turkish Commercial Code will be changing many business habits at the root. Its biggest contributions are based on transparency. “This transparency is an effective, active transparency,” says Ünal Tekinalp, adding, “and it has been placed in the new Turkish Commercial Code within the context of Information Society Services. The tool through which this is made tangible is the website.” As part of the essential elements of transparency in the new TCC, information of importance to stakeholders, shareholders, and investors must be made available on these websites. There is an additional point Tekinalp wishes to highlight here: there is no requirement to share any information projections, manufacturing secrets, expenses, suppliers, and details of debts owed and due. “I feel the need to explain this repeatedly to overcome misinformation to this effect,” he says. Transparency appears in the new TCC not as just a rule, but as a keystone of corporate governance that embodies the spirit of the new code.

The guiding principle of the new code is corporate governance, or the whole of the rules that will be applied to publicly traded companies. However, due to the need for corporate governance to be applicable to all enterprises, every line of this code was considered as a codex intended to give assurance to investors and facilitate sustainable development. In this way, the new code constitutes the foundation that will support Turkish companies in becoming institutionalized and competitive. Being aimed with the regulations concerning principles of corporate governance, which feature in many of the new code’s articles, is the institution of the criteria of transparency, justness, accountability, and responsibility. The establishment of a website for every company on which there is information about a company’s finances, important decisions it has made, directors’ board and general assembly meeting minutes, and third-party bodies related to the company is one of the requirements of the code geared toward instituting the principle of transparency. Another important matter is the changes brought to the rights of minority interests outlined in the current code to bring them up to date, which offer greater protection not just for the rights of minorities but also all shareholders. For example, minority interests are able in the new code to request special oversight and gain greater say by organizing via the structure of “corporate representation.” When corporate governance therefore prevails in the system with all its parameters, companies will become enterprises that are managed fairly, transparent, accountable, and responsible.

THREE-DIMENSIONAL OVERSIGHT

The International Financial Reporting Standards (IFRS) system and independent oversight are two other important parameters that bolster
The new TCC requires all stock corporations to maintain a website. This requirement is to ensure that the public is informed as best as possible. Users will be able to easily access information, documents, reports, tables, and announcements about companies from their websites. Companies that do not serve the files they are legally required to or provide inaccurate information are faced with the full weight of the penalties for breaking the law, as do their boards for failing to fulfil their responsibilities. The penalties have not been disclosed.

These principles. The new code requires all companies, whether publicly traded or private, to comply with the fully IFRS-compatible Financial Reporting Standards for Turkey (TFRS/TMS) published by the Public Oversight, Accounting, and Auditing Standards Authority of Turkey (TMSK). The homogenization of the current cornucopia of practices will create fiscal savings and facilitate world integration in accounting information systems. This regulation will be in effect as of January 1, 2013. Additionally, to ensure that certain special operations are performed in accordance with the law and to protect both a company’s capital and the rights of concerned parties, transaction auditing will be required of all joint-stock and limited partnerships. To ensure that the principle of transparency is upheld, companies will be subject to independent and internal auditing in addition to transaction auditing. Joint-stock and limited companies will be overseen by independent auditors in compliance with the Auditing Standards of Turkey. What the new TCC aims to do with this practice is to increase competitiveness and universalization. With the same goals, and in line with the principle of transparency, the TCC also envisions a change to the structure of companies’ boards of directors, putting into action here “internal auditing,” another auditing mechanism. The auditing of the institutional system is enshrined among a board of directors’ inalienable, indispensable powers and responsibilities. With the provision of means of oversight and control for the board of directors, the establishment of an internal control system appears before us as an important change in terms of an enterprise’s sustainability. The establishment of an internal control system is aimed to facilitate the productivity of an enterprise’s activities, the preservation of company assets, and the compliance of operations with regulations.

The new TCC also increases the value of holding a company’s shares. New rights are given in the code to shareholders that strengthen their position, including the right to part from a company in the case of a merger, the right to be proposed in the case of conditional capital increase, the appointment of auditors, and cancellation or the right to issue a liability suit in the case of share-splitting and changes to a company’s legal status. The shareholder’s right to be represented in the general assembly is made more useful and dynamic with the right to be informed and to participate in the general assembly.

Tekinalp characterizes all these changes as the “indispensable elements of the European investing climate.” Creating this climate is a primary objective for the code and will be highly influential in drawing foreign investors to Turkey. Tekinalp worries about the dissemination of information pollution regarding this matter, but still, the peace of mind brought by the fact that the new TCC will create a business environment in Turkey that matches up to international standards helps turn the weariness created by manipulative criticisms and by running from meeting to meeting into satisfaction—and even if it accounts for a couple of more gray hairs on Tekinalp’s head, it makes his soul younger.
“THIS IS THE START OF A CHANGE IN MENTALITY”

Dr. Ünal Tekinalp, Chairman of the Commission for the New Turkish Commercial Code (TCC), replies to criticism of the new code that will go into effect in July

WHAT DOES THE NEW CODE BRING TO TURKISH BUSINESS? HOW WILL THE NEW CODE CHANGE THE BUSINESS ENVIRONMENT IN TURKEY AND FOR FOREIGN INVESTORS ESPECIALLY?

The code brings close to ten new things to Turkish business that will also concern foreign investors, above all transparency. This transparency is an effective, active transparency and has been placed in the new Turkish Commercial Code within the context of Information Society Services. The tool through which this is made tangible is the website. Whether public or not, all corporations will establish websites, as will all limited companies both small and large. And on these websites, they will put information especially concerning shareholders, stakeholders, and investors. Investors could be characterized in another way—as users of financial statements, which in fact means a broader definition of investors. So whoever is to invest or change their area of investment, they will be the ones to use this information. This is where transparency assumes its most tangible form. But there are many principles of transparency in the new Turkish Commercial Code. The first is that all Turkish enterprises and companies will use Turkish standards equivalent to the International Financial Reporting Standards. In addition to these, the TCC has legally enshrined the principle of the thorough and fair view translated to Turkish as “fair picture”—that is to say that financial statements will present a fair picture of a company’s financial situation. This picture will, like a passport photo, be unaltered, non-retouched, and clearly visible. The second important point is that all corporations and limited companies have been made subject to auditing by independent auditors. This will be conducted in large companies by independent auditing institutions and in medium- to small-sized companies by at least one sworn financial advisor or independent accounting financial advisor. According to the IFRS and international auditing standards, transparency means for Turkey to speak the language of the international markets. And this language is extremely important especially for the foreign investor, because it is not only those who come here to invest, but also those who will come here for commerce who will find partners that speak the language they understand.

In this case, could we say that the code is bringing the standards of international commerce to Turkey?

Turkey is a country that is engaged in discussions with the European Union for full membership. However slowly these discussions may be progressing, and even if this situation has come to the point where it tests the Turkish people’s patience, like all other legislative arrangements the purpose of the new Turkish Commercial Code is to establish a European investing climate. The European investing climate brings with it a change of mentality in Turkey. The characteristics of the Turkish Commercial Code that we previously mentioned are indeed parts of the European investing climate, too, and they are its indispensable elements. However, the TCC has set this as a purpose of especial importance and therefore, it has brought European directives to the mergers, demergers, and legal entity type changes to Turkish law. The European investing climate has been adopted exactly in the delivery of capital to companies and the preservation of delivered capital. The rights given to stockholders and minorities are exactly equal to those in the European investing climate.

As Turkey brings a somewhat lighter version of the European investing environment, it also projects penalties regarding commercial crimes for the first time in its laws. And this is an important matter for the European investing
Does the Republic of Turkey treat its citizens and foreigners differently in the code?

This is a very important matter—in this code, Turkey has not discriminated between Turks and foreigners in investing, company partnership, and company management. There is no kind of discrimination whatsoever. Perhaps the only matter that could be perceived as discrimination is the requirement for at least one member of a board of directors to be Turkish and reside in Turkey. But this is not a discriminatory clause—it was set only in order to find a legal address in situations where a liability suit is launched against shareholders and creditors and to make it possible to file such suits, and there are similar clauses in other countries. Other than that, there is no clause that could be deemed discriminatory. Care was taken specifically to avoid imposing clauses that could be interpreted as being discriminatory.

What are the advantages that single-partner companies will create for foreigners in terms of being able to work in Turkey?

The single-partner company means that foreign capital will be able to invest in Turkey in their direct investments without having to seek and obtain a partner. Until now, this situation was not so clearly obvious. In the new Code, if a foreign company were to establish a limited company in Turkey, there isn’t even a requirement for the company’s administrator to be Turkish. The requirement for a Turkish member on boards of directors is only imposed on limited companies. Foreign law firms, too, state that the regulations in the new code concerning single-partner companies will play quite an important role in attracting foreign capital.

The new Turkish Commercial Code was much debated domestically. How was it perceived abroad? What kind of responses have you so far received from abroad?

I can speak of several different sources on this matter. Most notably in the Financial Times, many positive articles were published in the foreign press about the TCC. Secondly, the new TCC was covered quite extensively in the OECD publication Corporate Governance in Turkey. The new TCC has placed special importance on corporate governance, and the OECD’s evaluation of the draft was very positive. I’d like to read some things to you. The new things brought by the code are explained in detail in this report.

Turkey is a country whose economy is formed in large part by SMEs. As the new code is being debated, one of the matters raised most frequently is whether or not SMEs will have difficulty adapting.

The Turkish Commercial Code is being subject to much debate and I, as commission president, am very pleased. And the commission I represent is very pleased too. There is a very small segment made uneasy by the new TCC—part of this small circle is people who wish to use their companies’ safes as personal safes. The first group is made up of these people. This is being forbidden definitively for the first time in Turkey. Just as in America and Europe, it is treated as “robbing the company”—it is considered embezzling or funneling funds from the company. This legal aberration is so internalized that some businessmen are objecting to this. In this opposing minority, there are also certain financial advisors who find it easier to work via the account we call a

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BOARD OF DIRECTORS

The new regulations for companies’ boards of directors diverge in several notable ways from the present system. Corporate governance principles were given specific importance in the new regulations and changes were made to the structure of the board system with the intent of promoting professional governance and facilitating transparency. The new TCC emphasizes professionalism in the board of directors and promotes even greater administrative functioning in companies. The “professional executive” concept successfully practiced for years in the US and EU countries is expected to become widespread in Turkey with the new TCC. The board of directors will shed its superficiality and gain a more functional quality, making decisions about the company more transparent. Furthermore, the legal and penal measures in the new TCC that relate to board members’ responsibilities will encourage effective, careful practices.

Notable changes brought by the new TCC can be listed as follows:

- The current stipulation that a board of directors should consist of at least three members is abandoned, thus making it possible to have a one-person board of directors paralleling sole proprietorship. Administration is expected to become simpler in practice due especially to this flexibility.
- The single-partner company means that foreign capital will be able to invest in Turkey in their direct investments without having to seek and obtain a partner. Until now, this situation was not so clearly obvious. In the new Code, if a foreign company were to establish a limited company in Turkey, there isn’t even a requirement for the company’s administrator to be Turkish. The requirement for a Turkish member on boards of directors is only imposed on limited companies. Foreign law firms, too, state that the regulations in the new code concerning single-partner companies will play quite an important role in attracting foreign capital.

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MARCH-APRIL 2012 ISSUE 9

exclusive interview / dr. Ünal tekinalp
I would also like to note that the Union of Chambers and Commodity Exchanges of Turkey (TOBB), a constitutionally founded organization, should support the state. As I said, TOBB is a constitutionally founded organization and collects dues. Where it should spend this income is not indicated by law. TOBB can use this income in this area. For instance, I think TOBB should sponsor the creation of software relating to IFRS and international auditing standards and distribute these to limited companies free of charge. This would be of great benefit for the establishment and unified application of this new system. What limited companies are requesting from TOBB is as easy as it is for a pianist to fulfill a request for a standard—just as no cost is incurred on behalf of the pianist to do so, fulfilling this request represents no expense for TOBB.

were transplanted directly from the existing law, the remaining 15 crimes are penalized with a fine of around 20,000 liras. Here, just as with the website matter, a sort of information pollution is being spread around with claims that everyone could be jailed. This isn’t true either. And furthermore, the penalties are so light as to be incomparable to penalties in countries I have had the chance to examine in Europe, particularly France, Germany, and Austria. This information pollution works to frighten people and create confusion. But this air is now dissipating.

Limited companies, too, are subject to financial reporting and auditing. Limited-liability companies are the prototypes of SMEs. The state in Turkey provides great financial possibilities to limited companies. They want to move limited companies out of the scope of auditing and use the incentives in an unchecked fashion, and for this they claim that the auditing of limited companies imposes new expenses. There is an element of truth in this criticism of its expense, but don’t forget that the state could award a small part of the incentives as payment of fees for SME auditors. And in places that don’t have large revenues, capital, and employees—like limited companies—auditing fees will be lower. If the state pays this (and I am of the opinion that it should) the expense for this won’t be that high.

Does the TCC envision heavy penalties for commercial crimes?
While a jail penalty is envisioned in only five cases in the TCC, three of which

The processes of establishing and restructuring companies have been streamlined. They are also backed by stronger guarantees.

Limited companies and joint-stock companies have been brought closer together logically.

Every aspect of conglomerates has been codified fully.

The establishment of companies is based on a rational, fluid, transparent system.

The protection of capital is guaranteed by many-sides rules.

Various alternatives regarding the structure of governance and executive organization are introduced.

Partners and executives will not be able to use company resources at their own discretion.

Reorganization—mergers and demergers especially—has been codified clearly.
MARCH-APRIL 2012  ISSUE 9

THE ECONOMY IS SAFE, SOUND AND SUFFICIENT

Milton Friedman would probably be proud. Finance Minister Mehmet Şimşek—one of the most active ministers in the cabinet—believes sincerely in the power of the market and the importance of foreign capital. As one of the architects of its financial strength, Şimşek explained Turkey’s economy to The Turkish Perspective.

The new Turkish Commercial Code that comes into effect in July 2012 imposes additional financial burdens on enterprises. Should these obligations are not fulfilled; companies may face the risk of being shut down. Do you believe that the market and enterprises are ready to meet these financial obligations? After more than 5 years of deliberations, the New Turkish Commercial Code was approved by the parliament in January 2011. Considering that the law comes into effect from July 2012 and onwards, enterprises had plenty of time to adjust. However, we are aware that some micro companies may need time, financial and administrative capacity to adapt to these changes. We hear them and we will support them. The purpose of the new code is to improve investment climate, enhance transparency, increase competition and productivity, and improve public confidence in Turkish companies. More importantly, enhanced accountability and transparency is the main pillar of the new code, and it should help SMEs access bank credit more easily. Despite some reservations expressed by SMEs, we do not plan to water down an important structural reform. The new code replaces an outdated and more than half a century old law. Turkey cannot compete on a global scale with an a la Turea commercial code.
It is all about being more transparent, preparing financial statements in line with international accounting and auditing standards, paving the way for mergers and acquisitions, and making it easier to establish and operate companies.

Estimates for Turkey’s growth in 2012 exhibit considerable variance, ranging from 2% shrinkage to 4% growth. Although you say you don’t believe in point estimates, wouldn’t you agree that such a broad range of growth estimates are a source of confusion in the markets and especially for investors?

Following a rapid recovery from a deep recession, growth is likely to moderate in 2012. Ensuing a 9 percent GDP growth in 2010, the Turkish economy is likely to have expanded by around 8 percent last year, underlined by strong domestic demand. This past two years’ growth rate has been substantially higher than the Turkish potential growth rate. Hence some sort of moderation of growth rate from cyclical highs is likely. The slowdown is also driven by an overall slowdown of the global economy. Finally, the moderation is likely to be exacerbated by the euro area debt crisis.

We believe that Turkey will grow around 4 percent this year, managing a soft landing. The labor market is in good shape. While the pace of credit expansion is slowing, there is no deleveraging. Barring the risk of substantial deterioration in global financial and economic conditions, the risk of a contraction in GDP growth is extremely low. Furthermore, we have fiscal space to respond should growth slowdown more than expected. Finally, we are about to introduce a generous investment scheme to increase private sector investments and employment.

Market estimates of growth probably reflect uncertainty surrounding the euro zone crisis and possible fall out from a generalized slowdown in the global economy. We have noticed that consensus estimates have begun edging up in the past few weeks on the back of strong momentum and rising confidence in EU’s ability to fix its problem as well as better than expected macro data from the US.

We believe that investors should continue to focus on the medium and long-term growth prospects in Turkey. Favorable demographics combined with structural reforms aimed at boosting productivity should keep Turkey on a strong growth trajectory over the next few decades.

Again in relation with growth estimates, it is stated in a report issued recently by Merrill Lynch that growth will not occur in the first half of 2012 and that the economy could even shrink, but that the total yearly growth of around 2.3% will be based on performance in the second half of the year. Are precautions or policy changes being considered for the first half of the year? What kind of measures will be taken against the risk of shrinkage?

As I have mentioned earlier, we do not expect the Turkish economy to experience even a mild recession in the absence of a 2008-style global financial shock.

We recognize that Turkey has strong trade and financial linkages with the euro zone (accounting for 47 percent of our exports, 60 percent of tourist arrivals, and nearly 80 percent of FDI inflows) representing a substantial downside risk for the Turkish economy.

Nevertheless, Turkey’s fundamentals are strong and we have sufficient fiscal space to limit a possible (but not likely) shock from the euro area.

On the fiscal front, we are already back at the pre-crisis levels. Fiscal consolidation along with strong economic growth let us improve our fiscal indicators considerably. I expect last year’s general government debt to GDP to be around 39.8 percent and budget balance around 0.6 percent. These figures are around the pre-crisis levels of 2007. Further, our fiscal prudence lets us almost nullify net external debt, which used to be close to the level of net domestic debt in 2002.

Having kept our house in order would allow us to provide fiscal stimulus in case the fire gets out of control in Europe. Similar to what we did in 2009, we have room to provide temporary tax breaks to incentivize consumption and investment.

Banking sector is safe and sound. Unlike a majority of the advanced economies, we did not need to save any of our banks during the global financial crisis. Our banks have sufficient capital, more than twice the 8 percent level that is required by Basel II, and nearly two times what will be required by Basel III.

[Graphs and charts are included here, showing debt-to-GDP ratios, budget balances, net domestic and external debt changes over time, and the relationship between various fiscal indicators.]

Source: Treasury, Medium-Term Program *Projections
in 2019. They are profitable and have low NPLs. Our banks have good insulation against a bad weather outside.

We have created jobs improving household balance sheets. Household liabilities increased in line with financial development and economic stability that we demonstrated post-2002. However, household liabilities remain low at 18.8 percent of GDP as of June 2011, much lower than the 60 percent average of the EU member states. Strong job creation that accompanied the successful rebound from the crisis has helped reduce household’s interest payment as a share of their disposable income from 5.2 percent in 2009 to 4.2 percent as of September 2011.

Thanks to our macroprudential policies, household balance sheets are not exposed to exchange rate risk. Our macro-prudential policies do not allow households to borrow in foreign exchange (fx). Hence, we have managed to reduce the share of fx and fx-indexed loans in total consumer loans from 13 percent in 2002 to less than 0.8 percent in December 2011.

The new “industrial policy” would also bring fresh blood to the economy. As the news is spread out, we have been working on a new industrial policy to reduce regional development gaps and the current account deficit. The new scheme will bring investment incentives to produce high value-added and import-intensive products in Turkey and more so in less developed regions. Such incentives would help private sector gain its momentum in case of an unexpected slowdown.

We have a Medium-Term Program ensuring prudent policies. Thanks to these policies, we have ensured fiscal discipline and we adopted structural policies investing in our people, our future.

But most of all, we have political stability. During the global financial crisis, our government has proved that we can get our act together. We can appropriately applied necessary policies in a timely manner. Likewise, the same government is here and ready to extinguish any flames that may spill over to our economy.

The Central Bank’s monetary policies are subject to frequent criticism. What is your assessment of the CBRT’s policies?

First of all the Central Bank is independent. It is managed by smart and experienced economist and in principle, I do not comment on the appropriateness of monetary policy.

In late 2010, the Central Bank began pursuing an unorthodox monetary policy, on the back of substation capital flows to emerging markets. It has adopted a broader macro-financial framework aimed at limiting capital flows and keeping inflation at its target. For this, the CBRT has started to target both the policy rate and the policy corridor.

There is an ongoing debate on the effectiveness of unconventional monetary policy; however, we are going through uncharted territories requiring unconventional thinking and employment of unorthodox tools.

While the new policy increased Central Bank’s flexibility, admittedly it also limited predictability for the market player. That does not mean that the policy is inappropriate. On the contrary, I would say that the monetary policy has been effective in rebalancing of the economy, in particular, since the second half of last year. Market interest rates have risen significantly, reducing domestic demand. Credit growth declined from the peaks of 50 percent in the first half of last year to less than 10 percent more recently.

The new constitutional reform process is expected to gain momentum in 2012. How will it affect Turkey’s economic prospects?

Political stability has been critical to the success of the Turkish economy over the past decade. The work on a new constitution, which began late last year, is likely to enhance the standards of Turkish democracy, further boost fundamental rights and freedoms, and strengthen Turkey’s institutional framework.

We advocate a progressive, contemporary and pro-business constitution. Our main goal is to reform our institutional infrastructure. One must note that economic growth cannot nurture without its main anchor, i.e. the good and sound institutions. One can clearly see the relevance by glancing at Scandinavia, the land of rich and stable countries, versus Zimbabwe, a country that has managed to shrink over the last two decades.

The Turkish Perspective
A well-functioning and sound legal system is the main pillar of an institutional infrastructure, the main pillar of democracy, human rights and freedom.

In that regard a new constitution is a must for Turkey. It is the way to the league of advanced countries. It is a step further in ensuring the fundamental rights and freedom of our people.

I believe the constitutional reform will also help Turkish economy transition to a more market-friendly and competitive environment. It will be significant in transitioning Turkey towards a performance-based culture, encouraging entrepreneurship and promoting economic activity.

We believe that the new constitution would improve Turkey’s standing in the international arena.

In international investor surveys, there is a concern on the complexity of Turkish tax system, on high taxes, especially in industries such as communications and auto, and a relatively narrow tax base. Do you plan to reform the system?

Our tax system is not perfect but the gap between perception and reality is unfortunately wide.

First of all, we have been reforming our tax system, bringing it in line with international best practices. For example, we did a corporate tax reform in 2006, simplifying the rules and regulations as well as reducing the average tax burden on corporate earnings (corporate tax plus withholding tax on income) from 65 percent in 2002 to 34 percent. Currently, Turkey has one of the lowest corporate tax burden among OECD countries. Furthermore, for new investments we have lowered corporate income tax rate as low as 2 percent.

Similarly, we have reduced the income tax burden over the past several years. Highest marginal income tax bracket was cut down from 49.5 percent to 35 percent and the lowest bracket from 22 percent to 15 percent, and the number of tax brackets were reduced from 6 to 4.

We are currently working on a major overhaul of personal income tax. We are hoping to submit the PIT reform to the parliament by July.

In 2008, we introduced an R&D reform, providing special incentives for R&D investment projects if a minimum of 50 personnel are employed in an R&D center. It allows up to 225 percent deduction of R&D expenditures from the tax base. In addition, it includes up to 90 percent income withholding tax exemption for employees, and 50 percent of social security premium exemption for employers for a period of 5 years. Tax exemptions also include stamp duty. These incentives within the new law will remain in effect until 2024.
Corporate wage bill was eased to endorse further employment. We have reduced employer’s contribution to the employee’s insurance premium by a quarter, from 19.5 percent to 14.5 percent. Since 2008 we have established the minimum wage subsidy, easing the tax burden on the poor. The subsidy keeps at least half of the minimum wage earners income outside the taxable income depending on his/her marital status and number of kids. For instance, we have nullified the income tax for a minimum wage earner who is married and has four kids.

As a result, we have reduced the average tax burden on wages, including social security premiums, from 42.5 percent in 2002 to 35.9 percent. Hence Turkish wage earners do not any more carry the highest tax burden among their OECD peers; we moved 9 steps down in this ranking.

We also reduced the burden on indirect taxes.
• Helping the consumption basket of the poor,
• Supporting the need for health and education
• Stimulating investment and overall economic activity,
• Supporting exports.
Following these reductions, effective VAT rate in Turkey declined from 16 percent to 14.4 percent. This is an outstanding reform considering that average VAT rate increased from 19.8 percent to 20.7 percent in the European Union in the aftermath of the global financial crisis.

The perception that the tax burden in Turkey is high is due to the relatively high taxation in autos, alcoholic beverages, tobacco products and a special tax on communications.

With the reduction of the credit scores of many European countries, credit rating agencies are a hot topic once again. What are your expectations for 2012 concerning Turkey in this regard? With recent cuts in sovereign ratings of some European countries, rating agencies are on the agenda once again.

Turkey has been one of the very few countries which have experienced multiple grade upgrades during the global financial crisis. Thanks to political stability, structural reforms and strong macroeconomic performance, Turkey’s sovereign ratings have improved since my government took the office. Rating agencies have upgraded Turkey from B- in 2002 to BB- in 2007. Post-Lehman crisis, further upgrades have followed by two notches taking us to BB while many advanced markets have been downgraded.

Despite these upgrades, we believe that ratings remain laggard in assessing the fundamental economic and political transformation of Turkey. Markets continue to rate Turkey higher as reflected in Turkey’s risk premium.

Turkey has strong macro fundamentals.
• First we satisfy Maastricht criteria on debt and deficit. Last year’s debt-to-GDP is around 40 percent, and budget deficit-to-GDP around 0.6 percent.
• Second banking sector is strong and healthy. Turkey was one of the few countries that did not need to bailout banks.
• Third, we have strong growth and job creation. We have created 3.7 million jobs since 2007.
• Last, we have political stability.

Do you have any messages for foreign investors who plan to invest in Turkey in 2012? Over the past nine years FDI inflows amounted to 109.4 billion dollars, much higher than the average 769 million dollars received during 1984–2002. This shows that we must be doing something right.

Why invest in Turkey?
• We are a sizable economy. We are the 16th largest economy in the world with a GDP of $770 billion and 18th in the world with a population of 74 million. More importantly, Turkey is to be the second largest in Europe and 10th largest in the world by 2023.
• We have business-friendly environment. According to the World Bank Doing Business 2012 Survey, Turkey ranks 71st out of 183 economies in terms of ease of doing business. With this ranking, we are ahead of Italy (87), Argentina (113), Russia (120), Brazil (126), and China (191). This is a great improvement noting that Turkey’s ranking has improved from 93 in 2006 among 155 countries.
• We have a business-friendly environment. One can start up a business in Turkey in 6 days on average—it exceeds 14 days in the OECD countries.
• We are getting more competitive. The Global Competitiveness Report shows that we are climbing up the ladders. In 2009 global competitiveness index, we ranked 61st among 139 countries; in 2011, we ranked 59th among 142 countries.
• We have a Medium-Term Program investing in the future of our country. With our economic agenda, we are improving our business and investment environment, advancing infrastructure, reducing energy dependence, and moving up the value-added chain.
• We have a pro-active government supporting cooperation internationally. We have eliminated reciprocity to facilitate real estate sales to foreigners;
• We are keen on attracting foreign investment in Turkey through various projects such as the “New Investment Scheme” and the “Fatih Project.”
• And most importantly, we have economic and political stability. So my message to foreign investors is “invest to Turkey.”
Robert Fisk has witnessed nearly all aspects of life in the Middle East. “History goes forever,” says the illustrious journalist, in summation of his statement on the unique nature of the events occurring in the region today and his view that one shouldn’t expect results from it in the short term. History’s fingers never relax their grip; they never leave us unmolested and they can touch us even when we would never imagine their presence.

“I don’t like the definition ‘war correspondent’. It is history—not journalism—that has condemned the Middle East to war. I think ‘war correspondent’ smells a bit, reeking of false romanticism: it has too much of the whiff of Victorian reporters who would view battles from hilltops in the company of ladies, immune to suffering, only occasionally glancing towards the distant pop-pop of cannon fire,” says Robert Fisk, the British journalist who writes for The Independent, questioning the nature of a descriptor often applied to him.

He was in Afghanistan during Russia’s invasion, in Kuwait during Iraq’s invasion, and in Baghdad when the US invaded in response to Iraq’s Kuwaiti incursion, and he interviewed recently killed al-Qaeda boss Osama bin Laden three times. Following these experiences, Fisk started questioning not only the definition of journalism, but also the common Western perception of the Middle East. The journalist approaches the Middle East—a land whose history is mired in battle and blood—from a point of view that official eyes are unable to see. Today, the journalist again takes the spotlight in Turkey with the recent reprint of the Turkish edition of his 2005 book “The Great War of Civilization.” As the rather stiff winds of change brought by the Arab Spring are interpreted by some as a new move toward democratization in the Middle East, Fisk approaches such ideas with the same suspicion he reserves for the concepts of civilization and terror. Fisk explains his views on the region, Turkey’s rising image, and the role played by the US in this transformation to The Turkish Perspective.
As the aftermath of the wind of change that began in Tunisia, Egypt, Libya, and Syria—the “Arab Spring,” as it has been termed—what foundations do you believe will come to underlie the balances in the region in the short to medium term?

I don’t like the term “Arab Spring”; I prefer “Arab Awakening,” which was the title of George Antonius’s fine book on the 1916 Arab Revolt. It seems to me there are no more “balances” in the region and that we are approaching—certainly in Tunisia and Egypt—the first real experiment in “Islamist” party rule. The FIS (Islamic Salvation Front) would have won the elections in Algeria but the poll was suspended by the army and led to civil war in the 1990s. Of course, the military could insist on clinging to power in Egypt (I don’t think it will succeed) and the US would far prefer to deal with unelected generals with a facade of democracy rather than real democracy. But I don’t think that works anymore. One of the most remarkable elements to the revolutions of the past year has been the way in which each uprising remained within its own national boundaries laid down largely by the post-First World War colonial powers (Britain and France). The Tunisians didn’t rush to join the Egyptian revolution or the Libyan revolution. The Egyptians didn’t go and fight for the anti-Gadhafi forces and the Jordanians are not trying to help the Syrian resistance. Maybe that is the “balance” we will see in the future...

Will democracy truly come to Arab states at the end of the Arab Spring? Or, like Hammurabi of Babylon, will one “Hammurabi” be deposed only to be replaced by another in Arab states, as has happened repeatedly throughout history?

I would like to think that there will be democracy of a kind that will last—though we should not expect the Arabs to model their future on French democracy or British democracy (or Turkish democracy, for that matter). It’s interesting that each uprising has demanded “justice” rather than democracy, dignity rather than new political parties. But all have demanded an end to one-party rule, dictators, corruption, et cetera.

I think that after these expressions of self-rule—for that is what the uprisings are—it will be difficult to reinstall another set of Hammurabis, as you put it. What the Arabs wanted—and want—is to own their own countries, not to have them treated as the personal property of their respective autocrats and their families—and of their Western backers.

Are the movements in the region truly revolutionary in nature? Is there not a risk that the forces that led these changes will monopolize power and fall away from just, democratic approaches to governance? Do you believe it is possible for the region to settle in to stability in the short term if this becomes the case?

Nothing is short term. History goes on forever. And the “Arab Awakening” may not be fully completed until we have long ago died of old age. All these revolutions are individual; they are not the same as each other and they will not develop in the same way. Egypt was not Tunisia, Bahrain was not Egypt, Yemen was not Bahrain, and Libya was not Yemen—and Syria is not Libya.

When you were in Turkey, you wrote, “there was much discussion of (…) whether Turkey should be a ‘role model’ for the Arab world (another 24-hour wonder produced by the Washington dream team).” What do you mean by “produced by the Washington dream team?” Do you believe the idea of Turkey as a role model for the Arab world is an artificial construct?

No. What I was saying is that the idea of the Turkish “role model” was pedaled by the columnists, pseudo think-tank experts and State Department “sources” in Washington—who are often highly partial towards Israel. As far as I know, no prominent Turkish politicians suggested that Turkey should be a role model. America’s allegiance to this kind of fantasy is in the same bracket as “war
on terror,” “axis of evil,” and other US grotesqueries.

Views that Turkey doesn’t need the EU have started to gain traction as of late. How do you see Turkey’s relations with the European Union? Economically, Turkey is doing relatively well today in comparison to several EU countries. Also in light of talk of an EU breakup, do you think Turkey’s EU bid could be losing its significance in terms of the country’s democratization efforts too? Or does Turkey need to become a member of the EU to democratize no matter what?

If I were a Turk, I would certainly be re-examining my earlier enthusiasm to join the EU. And given the Turkish economy, I would—as a European—want to re-examine the EU’s earlier reluctance to accept Turkish membership. I believe that Turkey should be a full member of the EU. But it MUST adhere to all the stringent rules on human rights. But again, I repeat that Turkey should be a full member of the EU. It is utter hypocrisy for Europeans to resent Turkish Muslim immigrants on the grounds that they want to live away from Westerners in Muslim ghettos—and then refuse Turkey when it actually wants to be part of the European community!

What kind of government do you expect will emerge in Iraq following the withdrawal of the US? Will we see a sovereign, united government in Iraq in the medium term? Or will sectarian conflicts really be able to draw the country into civil war?

The latter, I fear. Iraq is now a Shiite-dominated country and, up to a point, an Iranian-influenced country. Thanks to George Bush and Tony Blair, of course! I fear sectarian conflict will continue. But al-Qaeda’s efforts to reignite sectarian hatred are not very successful. It’s important to remember, by the way, that in all the Arab revolutions, there wasn’t a single picture of bin Laden or an al-Qaeda poster on the streets.

How do you view the rise of Asia in parallel with the global crisis affecting the West and especially developed countries? Do you believe this is a short-term trend, or will it take many years for the West to recover? Is speculation that world economies and politics will be shifting eastward realistic, in your opinion?

Yes. Indeed, China’s desire to be involved in the Middle East is an expression of her demand for political power commensurate to her economic power. But since China is no more interested in “justice” in the Middle East than were the Western powers, I wouldn’t recommend a Chinese overlordship in the region.

Does China, which has become the world’s fastest-growing economy, have the potential to shape the future of the world?

You need a Bertrand Russell or an Einstein (or an Atatürk) to answer this question!

You have met with many leaders in the Middle East over the years and you are intimately familiar with the region and its cultures. Based on your years of experience and knowledge, how would you assess Prime Minister Recep Tayyip Erdoğan as a leader?

Having never met Erdoğan—though I would dearly wish to—I can’t really answer your question. What is most interesting about him was that he was very quick to realize the changes in the Middle East—far faster than the Israelis (if, indeed, they have yet done so)—and it was an extraordinary achievement to have the Arabs waving the Turkish flag over popular demonstrations in the old Ottoman Empire.

**BIOGRAPHY**

Born in 1946, English journalist and author Robert Fisk is Middle East correspondent for British paper *The Independent*. Fisk has been living in Beirut for more than 30 years. He is the recipient of more international awards than any other journalist in the UK and was once characterized by the New York Times as “probably the most famous foreign correspondent in Britain.”

In 1991, he won Jacob’s Award for his coverage of the first Gulf War on RTE Radio. He won the Amnesty International UK Press Award for his coverage from Algeria in 1998 and for his reporting of NATO’s aerial campaign against Yugoslavia in 1999; in the latter year, he also received the Orwell Journalism Award. The journalist has written several books, perhaps the best known of which is “The Great war for Civilisation: The Conquest of the Middle East.”

Fisk was named International Journalist of the Year at the British Press Awards seven times. In 2002, he became the fourth recipient of the Martha Gellhorn Prize for Journalism. He was bestowed with an honorary doctorate from St. Andrews University in 2004. In 2006, the University of Ghent in Belgium awarded him a doctorate in politics and social sciences. The American University of Beirut also gave him an honorary doctorate in 2006, and in 2008 his alma mater, Trinity College Dublin, presented him with a second (honorary) doctorate.
The air of spring prevailing in the economy of Turkey for quite some time has facilitated the birth and growth of many new business ideas that will be key in sustainable growth.

Fatih İşbecer noted on his 1994 visit to the US through the AFS student exchange program that the technological revolution under way there would eventually affect Turkey, too. İşbecer also noticed an opportunity emerging with the growing spread of the Internet and software in Turkey in those years, taking his first step toward exploiting this in 1997. The skilled young man was then a student at Istanbul Technical University’s Department of Physical Engineering. He met with schoolmates studying in the same department in the school’s snack bar, telling them in a single breath how they could adapt what he saw in the States to Turkey and fill in a gap that existed in the local market. They all listened to İşbecer earnestly, and all were convinced by the end of discussions. Dividing into work straight away, the students first started by taking on software-oriented freelance projects. After three years passed, İşbecer and his friends were proven correct about the potential they saw in Turkey through the projects they completed, but further growth in that fashion did not seem possible. “And thus Pozitron was born,” says İşbecer, telling us the story of the foundation of a company that today is playing for leadership in the mobile software field in Turkey. This
birth, however, was quite a laborious affair—when İşbecer first shared the idea with his family members, they suggested taking on a job that would secure his future and provide him a regular income. The feedback he received in those days were either entirely against his idea or excessively polite. Today, he complaints of not having received intelligent criticism, describing his resolve to continue in spite all he faced as almost some kind of “sickness.” İşbecer would not rest easy until he could realize the idea that occupied his thoughts. He founded Pozitron with money he and his friends collected from their allowances. Now in its tenth year, Pozitron resolutely moved forward, having been growing at a rate of 50% since 2007. In 2008, the company received the Harvard Business School Award and was a finalist in the Blackberry Innovation Awards. In 2010, İşbecer attended the Presidential Summit on Entrepreneurship in the US and even had the chance to meet with President Barack Obama with the support of Endeavor Turkey. Had the young entrepreneur taken the advice he received when starting to heart, he might not have been able to even dream of these.

Increased activity abroad by Turkish entrepreneurs fosters the value they create in both the regional and global sense.

Together with the rise in unemployment since the global economic crisis upended the jobs market, entrepreneurs have taken on the role of saviors. A recent report from the International Labor Organization (ILO), Global Employment Trends 2012, highlighted a number of challenges in the global labor market. The world will need to create 600 million jobs over the next decade to provide 400 million new jobs for the growing global labor force and eradicate worldwide
Entrepreneurial activity is an important precondition for economic growth. Increased activity abroad by Turkish entrepreneurs fosters the value they create in both the regional and global sense. According to the Union of Chambers and Commodity Exchanges of Turkey's statistics for October 2011 concerning business establishment and closure, the number of companies founded increased by 7.54% relative to the previous year and the number of natural person-run commercial enterprises increased by 20.11%. Among the triggers of this continuing increase are not only rapid growth but also the long-running efforts by the Turkish government to promote entrepreneurship. The Turkish government recognizes the importance of entrepreneurship and tries to foster an entrepreneur-friendly environment in order to encourage people to start businesses by cutting down on red tape, lowering taxes, and providing incentives.

Table: Entrepreneurial Activity, 2010

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Entrepreneurial activity is a crucial measure for Turkey as the country aims for a transition from being an efficiency-driven economy to being an innovation-driven economy.
and earned 5 billion dollars in revenue. That is high impact! As an organization, we’ve entered a new phase we like to affectionately call “Endeavor 3.0,” in which we plan to expand and improve services to high-impact entrepreneurs and fast-track our global presence. And indeed our global presence is expanding! Endeavor opened two new offices in 2011—in Lebanon and Indonesia—and our teams are currently scouting in Saudi Arabia, Morocco, United Arab Emirates, Malaysia, Vietnam, the Philippines, Peru, Poland, and Greece. From January 2010 to June 2011, we screened over 6,000 entrepreneurs and selected 128 with the most high-impact potential.

Significant improvement has taken place in women’s entrepreneurship, too, together with the concrete steps that have been taken with regard to improving the situation of women’s employment in recent years. Thanks to this, women entrepreneurs in Turkey today outnumber those in the US. Support for women’s entrepreneurship gained momentum as a result of the harmonization of Turkey with the EU. Turkish women are encouraged to be entrepreneurs and earn their own money. Together with organizations that provide microcredit to women in Turkey, institutions and NGOs like the Young Executives and Businessmen’s Association (GYİAD), the bank TEB, and the United Nations Development Program are supporting a highly significant project titled “Golden Bracelet.” The goal of the unique project is to ensure microcredit for young entrepreneurs aged 18 to 35. Female entrepreneurs who are graduates of universities and vocational high schools are a target group in the project. While TEB is responsible for the funding and the supervision of the project, the UNDP provides technical staff and GYİAD offers educational support.

Can you make a general assessment about the year 2011 in terms of entrepreneurial activities within Endeavor?

I’ve always felt that Endeavor’s impact is best shown through the success of our entrepreneurs: in 2011, our 632 entrepreneurs employed 200,000 people and earned 5 billion dollars in revenue. That is high impact!

As an organization, we’ve entered a new phase we like to affectionately call “Endeavor 3.0,” in which we plan to expand and improve services to high-impact entrepreneurs and fast-track our global presence. And indeed our global presence is expanding! Endeavor opened two new offices in 2011—in Lebanon and Indonesia—and our teams are currently scouting in Saudi Arabia, Morocco, United Arab Emirates, Malaysia, Vietnam, the Philippines, Peru, Poland, and Greece. From January 2010 to June 2011, we screened over 6,000 entrepreneurs and selected 128 with the most high-impact potential.

We’ve also expanded our services. Once selected, Endeavor entrepreneurs will receive a custom-built advisory board, an initiative that began several years ago in Mexico but was this year made mandatory for all Endeavor offices. Another groundbreaking program, the Investor Network, connects venture capitalists with our entrepreneurs. In less than six months, 17 top-tier Silicon Valley and international firms joined as members. Last June, we also held the 2011 Endeavor Entrepreneur Summit in San Francisco. The single largest...
gathering of Endeavor Entrepreneurs to date, the Summit welcomed high-profile speakers like Scott McNealy of Sun Microsystems, Marc Benioff of Salesforce.com, and our own board member Reid Hoffman of LinkedIn, and coordinated 223 one-on-one mentoring sessions for entrepreneurs.

Finally, at our 2011 Endeavor Gala in November we announced the launch of what is possibly the most exciting development of the year. Though Endeavor Entrepreneurs give back by donating funds and a percentage of equity, we’ve felt for a long time that we could do more to reach our goal of long-term sustainability. After many heated debates, we finally cracked the code: Catalyst. Catalyst is a revolutionary philanthropic vehicle that uses donated capital to co-invest in entrepreneurs. When these investments produce returns, proceeds will support Endeavor’s operations, as well as go back into the Catalyst fund. To date we’ve raised 6 million of our 50-million-dollar target.

Besides the influence of the crisis, we also see that Internet and recent technological developments made a tremendous change in the way that we do business. Can we say that these two have been the industries where a majority of entrepreneurial activity has been focused worldwide and in the US? From which other industries have the majority of entrepreneurial activities sprung, in emerging markets especially?

High technology and the Internet continue to be two of the most exciting industries for entrepreneurs, and many of Endeavor’s highest-impact entrepreneurs innovate in this area. We’ve found that tech entrepreneurs contribute most to the “ripple effect” of entrepreneurship: they are most likely to have successful exits and to give back to the next generation by mentoring and investing in rising stars.

At the same time, it’s important to remember the amazing innovation taking place in traditional industries like manufacturing. These companies may not be quite as glamorous as the Googles or Facebooks of the world, but they create an enormous number of jobs and are often surprisingly groundbreaking.

How do you see Turkey’s entrepreneur portfolio? How is it performing relative to other developing countries?

Many entrepreneurs from highly populated countries like Turkey aim to build national businesses, but our Turkish entrepreneurs want to have a global impact. In fact, over 75% are doing business outside of Turkey, notably in Europe and the Middle East. Not surprisingly, these companies are growing in leaps and bounds: average CAGR since selection of our entrepreneur companies is 51%

On a personal note, I consider Endeavor Turkey Entrepreneurs to be some of the most creative in our portfolio. The genius of Alemsah Ozturk’s innovative digital marketing campaigns is astounding. Mehtap and Hasan Obuz’s beautiful designs for Ilio have garnered many fans through Gilt, a well-known American flash sale website. (Even before we connected them with Gilt’s founders!)

I can’t wait to welcome more Turkish entrepreneurs into the Endeavor family.

What are the main risks that entrepreneurs face in emerging countries lately? Is sustainability a big challenge for the business environment along these countries?

At Endeavor we say that emerging market entrepreneurs face six major barriers to growth: the high cost of failure, lack of role models, limited management expertise, lack of contacts or mentors, lack of trust, and limited access to smart capital. Entrepreneurial ecosystems have begun to develop in emerging markets, breaking down some of these barriers, but there is still a long way to go.

What can be said about the future trends of innovation by observing the entrepreneurs of today?

Entrepreneurship has become sexy. An increasing number of entrepreneurs aren’t simply founding mom-and-pop businesses; they’re aiming big. They’re looking to build innovative, rapid-growth businesses that have the potential to scale, creating hundreds if not thousands of jobs and fostering cultures of innovation. Though tomorrow’s entrepreneurs will likely be heavily focused in the tech industry, where there is enormous opportunity, I think we can expect to see many more high-impact entrepreneurs across industries and borders. High-impact entrepreneurs see opportunity where most people see “status quo.”

Linda Rottenberg: “I consider Endeavor Turkey entrepreneurs to be some of the most creative in our portfolio.”
TIME FOR TURKEY TO SHINE

Big-budget research funds are still responsible for a great number of discoveries, but small, well-constructed, agile research groups are today significant producers of them as well. Turkey, with the smart steps taken by the public and private sectors, is rising confidently in the rankings of R&D studies.

The company he founded with 15,000 dollars in capital he got from his father and the government today has an estimated market value of over 14 billion dollars. The point reached in 20 years by the mobile technology giant founded by three young entrepreneurs once again proves the importance of R&D and investment. Mike Lazaridis—the Turkish-born founder and CEO of BlackBerry maker Research in Motion—spoke at the Turkish Innovation Conference in Istanbul last December, noting that innovation is the oxygen of economic development and that all of these constituted the foundation of the BlackBerry story, adding, “What it’s important is to update today’s technology and to invest not in today, but in the future.” Innovation has been the greatest driving force behind Research in Motion’s present position. Lazaridis says he alternated between four months of academic study and four months of internship when in college and indicates that the college-industry cooperation he benefited from was the most important factor in the founding of RIM. He says Turkey is important not just for himself but also for RIM, adding that BlackBerry’s first true banking application was developed in Turkey. Today, RIM develops projects with 12 universities in Turkey and 600 globally, working with more than 4,000 research personnel.

Today, R&D is practiced to improve human quality of life, comfort, and safety, and to create a cleaner environment. Innovative products that avoid wasteful consumption—instead emphasizing conservative resource usage and recycling—are replacing high-pollution, high-consumption items. The importance of R&D investments for the development of innovative, creative products that can be competitive in future markets and ensure sustainable development is therefore continually rising.

Turkey is preparing to design its future through R&D. Today, countries are judged not just by what they produce or by their commercial activities, but also by the intellectual base and brainpower backing their production capability. According to a 2010 report by the Organization for Economic Co-operation and Development (OECD), Turkey is a much younger country than EU countries and the US with a mean age of 27.5, as compared to 40 and 38.2 for the latter two respectively. Turkey is in an advantageous position relative to many of the world’s leading countries with its young population, and through educational reforms and state incentives, it plans to take its advantage to the next level.

Turkey has been accelerating its R&D investments and activities in recent years. Foremost among these investments is the Fatih Project, a project aimed to improve technology usage at schools in Turkey by distributing notebook and tablet computers to all preschool, primary, and high school students and facilitating the interaction of these computers with smartboards in the classroom. Lazaridis says the Fatih Project will prove to be a good investment for...
children and indicates that Turkey’s focus on innovation and education gives him confidence in Turkey’s future. Turkey has been making tangible progress in R&D thanks both to public incentives and to private sector support.

In the EU Commission’s Progress Report 2010, in the section titled “Science and Technology,” it is stated that Turkey is “well prepared” in science and research and that it has made “good progress” with respect to preparations for joining the European Research Area and the Innovation Union. The report highlights the fact that R&D spending in Turkey increased by more than 10% from 2000 to 2009 and stated that Turkey is the fourth fastest-growing European country in this area. The Science and Technology Policies Implementation Plan (BTP-UP) 2005–2010 created by the Information and Communications Technologies Authority of Turkey (BYTK)—an organization that includes many public representatives—played a large role in Turkey’s performance so far. Turkey aims to continue its stable growth in the area through the National Science, Technology, and Innovation Strategy (UBTYS) 2011–2016. Prime Minister Recep Tayyip Erdoğan stated in the 23rd BYTK meeting, over which he presided, that Turkey aims to be one of the world’s most advanced countries in R&D within the next ten years. One can immediately see the effects of Turkey’s R&D initiative when looking at patent statistics, too.

According to information released by the Turkish Patent Institute, patent applications increased by 25% from 3,250 patents in 2010 to 4,087 in 2011. Adding utility model applications to these patent applications, the figure approaches the threshold of 10,000. Adres Patent General Manager Ali Çavuşoğlu notes that 15,000 local patent applications can be expected in Turkey based on last year’s increase and says, “Looking at industry developments, I can say that we will easily exceed 7,000 patents in 2012.” With the R&D law Turkey put into effect in 2008 and its investment initiatives, Turkey is climbing up the ladder in a race it admittedly was late to enter.

With the law that came into effect in March 2008, the scope and volume of incentives for R&D investments in Turkey were expanded. Since then, R&D activities have been on the rise in the private sector. R&D centers employing 50 or more personnel and located within companies’ organizational charts separately as per law, companies with fewer than 50 R&D personnel, public organizations like the Scientific and Technological Research Council of Turkey (TÜBİTAK), nonprofits like the Technology Development Foundation of Turkey or R&D and innovation projects supported by international funds such as the European Union 7th Framework Program, and startups created by young entrepreneurs were made eligible for a tax break of not 40%, but a full 100%. Since the law came into effect, thanks to stable public policies, Turkish companies have been playing for world leadership with rapid development and spectacular growth rates.

Two Turkish companies ranked within the top ten of the Deloitte Technology Fast 500 EMEA 2011 program, which determines the 500 fastest-growing tech companies in the Europe, Middle East, and Africa region. One of these two companies, Logic Bilişim, ranked first, growing 28,617% over the past five years. The other, Elkotek, was ninth with 7,093% growth. Logic Bilişim CEO Fatih Özkentli says, “Logic Bilişim is a company that is developing in the growing technology sector,” and adds, “We regularly invest in our business and employees.” Twenty-seven

**Based on the current outlook, Turkey is expected to field more than 7,000 patents in 2012**

**AVERAGE AGE IN OECD COUNTRIES**

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Age</th>
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<td>Turkey</td>
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R&D spending in Turkey increased by more than 10% from 2000 to 2009, Turkey is the fourth fastest-growing European country in this area.
industry and technological incubation centers provides more benefit to large companies than the R&D activities they conduct on their own. Hakan Gürsu, founder of leading Turkish design and innovation company Designnobis, says, “We live in a world order in which is not enough to developing technology alone.” He states that every new discovery, invention, technology, or patentworthy piece of information must enter the lives of the average person on the street so that it can deliver added value to its owner, company, region, and country. Putting innovations into people’s lives is only possible through industry cooperation. The private sector provided 41% of total financing for R&D activities in Turkey alone, while the public sector accounted for 34%. With the economic stability it exhibits, Turkey is providing an opportunity for international players to invest in Turkey and expand their existing investments in the country.

According to the results of global professional services network Grant Thornton’s Q4 2011 business optimism study, Turkey is far ahead of many European countries in that area. In the same study, upon inspection of answers by participating executives from Turkey, it is noted that there will be an increase in R&D investments in coming years, and that profitability and investments in new factories and machinery will grow considerably. Together with advancing technology, equal access to opportunities is increasing in Turkey day by day. As difficulties in accessing information disappear, individuals are gaining greater advantages daily. Turkey, which has decoupled positively from the economic crises under way throughout the world, continues confidently on its path. To paraphrase Turkcell CEO Şüeyyra Ciliv, “Now, it’s time for Turkey to shine; it’s time for the region to shine.”

Turkish companies appeared in 2011’s Fast500 list for the EMEA region, pushing Turkey ahead of Germany and Israel to rank sixth as a country. The many companies founded in technology incubation centers and R&D centers are of great significance as driving forces in Turkey’s economy.

As of 2011, Turkey had 102 R&D centers employing more than 15,000 R&D personnel. Minister of Science, Industry, and Technology Nihat Ergün says that while there were just two installed technology incubation centers in Turkey, today this figure has reached 43. He adds, “And more than half of the close to 2,000 companies established in these technology incubation centers are active in the IT and software fields.” METU Technopolis in Ankara is one of the many such incubation centers in Turkey. Ufuk Batum, Deputy General Manager of METU Technopolis, states that 3,750 people are employed there. Of the companies in the center, 56% are involved with IT; 22% with electronics; 6% with telecommunications; 2% with medical-biomedical-biotechnology fields; and 14% with other fields like advanced materials, aviation and space flight, energy, automotive, and environmental sciences, according to Batum. Studies show that cooperation between industry and technological incubation centers provides more benefit to large companies than the R&D activities they conduct on their own. Hakan Gürsu, founder of leading Turkish design and innovation company Designnobis, says, “We live in a world order in which is not enough to developing technology alone.” He states that every new discovery, invention, technology, or patentworthy piece of information must enter the lives of the average person on the street so that it can deliver added value to its owner, company, region, and country. Putting innovations into people’s lives is only possible through industry cooperation. The private sector provided 41% of total financing for R&D activities in Turkey alone, while the public sector accounted for 34%. With the economic stability it exhibits, Turkey is providing an opportunity for international players to invest in Turkey and expand their existing investments in the country.

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**At the 4th International Textile and Apparel R&D Project Market, 235 innovative projects both local and foreign, were presented to Economy Minister Zafer Çağlayan.**

**DELLOITE TECHNOLOGY FAST 500 PROGRAM 2011**

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Country</th>
<th>Growth Rate</th>
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<tr>
<td>1</td>
<td>Logic Bilişim</td>
<td>Turkey</td>
<td>28,617%</td>
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<tr>
<td>2</td>
<td>Fixnetix</td>
<td>UK</td>
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<td>UK</td>
<td>9,314%</td>
</tr>
<tr>
<td>9</td>
<td>Elkotek</td>
<td>Turkey</td>
<td>7,093%</td>
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Brands

PORCELAIN, KITCHENWARE, DESIGN, GASTRONOMY...

A Global Brand in PORCELAIN

Porcelain, once an imported good, is now becoming an industry in which Turkey is known as a brand.

By Aynur Şenol Altım
In Turkey, which occupies a rather enviable position among developing countries, each advancing industry triggers progress in the other. The porcelain industry, too, is subject to this rule. Especially with the rapid development of the construction sector, interest in ceramics and porcelain, part of the ceramic family, is increasing continually. As local industry develops, demand from abroad likewise grows exponentially. Porcelain, once an imported good, is now becoming an industry in which Turkey is known as a brand. Behind this ascent is not only the products’ quality, but also the success of their designs. Turkey, now an exporter to countries around the world, competes against countries rivaling it in the international arena with designs that appeal to consumers with a broad range of tastes. The numbers back up the reality of this growth, too—the Turkish ceramics industry exported 1.53 million tons of product in 2010 and 1.67 million tons in 2011. Porcelain flatware and kitchenware accounted for a 24,395-ton share of this in 2010 and 27,486 tons in 2011. These figures equaled 67.2 million dollars in 2010 and 74.38 million dollars in 2011.

One of the most important actors in this success is Kütahya Porselen, the well-deserved pride of the land in which it was born. The province of Kütahya is one of the first places to come to mind on mention of ceramics, chinaware, and porcelain in Turkey. Founded in Kütahya, Kütahya Porselen has played an important role in the province’s ascent to a household name.

Turning its home city into a brand
One of Turkey’s most venerable porcelain brands, Kütahya Porcelain was founded in 1970. In 1984, 75% of the company entered the control of the Gür family; 25% of its shares are traded on the Istanbul Stock Exchange today. Every year, Kütahya Porselen manufactures on a product basis more than 100 forms, at least two collections for hotels, and close to 1,000 designs. For years, it has been investing in cutting-edge infrastructure and R&D. Kütahya Porselen doesn’t just make porcelain—the company produces floor and wall tiles, porcelain machines, and even turnkey factories. Boasting more than 160,000 square meters of indoor space, the company possesses six factories and numerous awards. Having appeared in the Turkish Exporters Assembly’s (TIM) list of Turkish companies that exported the most in 2010, Kütahya Porselen’s 2010 exports exceeded 20 million Turkish liras in value.

With close to 150 pattern options, Kütahya Porselen is among the top ten producers in the world says Gülden Gür, one of the company’s board members. “We managed to reach the level of quality attained by Europe in 300 years in as short a time as 41 years,” she says. She states that “stability” is the most important of the steps Kütahya Porselen has taken toward being a brand, and she highlights the importance of practicing brand positioning correctly.

An exporter to 52 countries
Kütahya Porselen launched its exports initiative in the 1990s. Today, it continues this effort in 114 locations in 52 countries. The primary recipients of its exports are European Union countries, which boast high expectations of quality and purchasing power, as well as the US, Canada, Japan, and North European and North African countries. The manufacturer maintains a market share in France, Spain, the Netherlands, Italy, and the UK as well, engaging all producers and brands in establishing cooperation. Kütahya Porselen products are found worldwide on the shelves of such giant chain stores and supermarkets as Carrefour, IKEA, Auchan, El Corte Ingles, and Hiper Core.

Kütahya Porselen exports more than 60% of its production. According to Gülden Gür, this alone is enough to justify the influence of global gastronomic culture. Gürsel explains how this interaction influences the company’s designs as follows: “In our products you will encounter the minimalist lines of the Far East as well as the effects of Italy’s coffee culture. To say that we produce a synthesis of other countries’ gastronomic
cultures with our own would therefore not be incorrect. Changing standards of living and tastes reflect directly upon our products. We have a broad product range that parallels our capacity’s greatness. Our saying, “We continue to produce goods for every wallet and taste, but always at the quality you know us for” says a lot, actually.”

The transformation of people’s approach to food is as influential as their tastes and professional users’ demands in the creation of products. Kütahya Porselen is supporting its design crew with the investments in cutting-edge technologies it has been making over the years. These technologies significantly improved design speed and quality. In addition to its own crew, Kütahya Porselen Works intensely with German, Italian, and French designers and design teams.

THE IMPORTANCE OF SOCIAL PROJECTS
Kütahya Porselen has been concentrating on its social projects recently as well—Gülden Güral says that the positivity brought by such projects to the brand are at least as influential as the quality of the products.

Specifically, the educational foundation named for Kütahya Porselen Chairman Nafi Güral is being used for projects especially concerning education. Additionally, respect to the environment is very important for the company, which is backed up by the fact that it is the sole company in possession of the TS ISO 14000 Environmental Management System Certificate. Kütahya Porselen also holds activities with several great foundations and associations with which it engages in warm dialogues. In recent years, the brand created a platform on Facebook through which it is able to engage its customers directly. Through the fun contests it has been holding via its account, it has increased its number of visitors considerably.

AIMING FOR FURTHER GROWTH IN 2012
Kütahya Porselen is a leader in the world market and shapes the direction of the market today says Gülden Güral, noting that the company aims to grow in existing markets and increase their export figures by entering new markets.

Preparing to introduce its fire-resistant “Porflame” product to consumers in 2012, the company will soon be releasing pots and pans utilizing this technology. The plainness that has been in vogue recently is a hallmark of this product group—pearly white, the entire series is based on modern design, featuring porcelain in close to every component. Additionally, the company will be appearing before customers with brand-new series designed by Defne Koz for the professional segment and the Horeca series, which is claimed to bring an end to edge-chipping in porcelain items.

With close to 150 pattern options, Kütahya Porselen is among the top ten producers in the world, appearing in 114 locations in 52 countries.
JEWELS ILLUMINATING LUXURY

As the definition of luxury changes, Bee Goddess’s jewelry aims to reflect the concept of “enlightened luxury,” meaning the shift from status symbols to symbols of the soul.

With its collections and philosophy, Bee Goddess as a jewelry producer has taken great strides toward changing the understanding of brands in Turkey and in the world. According to Ece Şirin, Bee Goddess is a brand that has a deep philosophy. While most brands emphasize superficial qualities, Bee Goddess’s aim is to emphasize the strength and energy inside people. The world is transforming from a place in which people are separated from one another by boundaries to a place of unity. Values are changing, and as these values change, people can gain the opportunity to put their creativity in the spotlight. Together with these changing values, the definition of luxury is changing, and Bee Goddess’s jewelry is the best to explain the concept of “enlightened luxury,” meaning the shift from status symbols to symbols of the soul. Bee Goddess became trendy within a short time as a jewelry brand bringing enlightenment to luxury. Its founder, Ece Şirin, was deemed a “true creator” by Swiss luxury and jewelry authority Gold’Or, and this year she received the jewelry designer of the year award at the Elle Style Wards.

After receiving this award, Ece Şirin seized the chance to reach more people through the store she opened in Akmerkez, an upmarket mall in Istanbul. “This is very much against the traditional rules of marketing, but we never had something like a target audience. Our audience is everyone; we appeal to all people of various economic statuses,” she says, adding, “Luxury has now changed. We have 30,000-dollar items as well as 100-dollar items. The person who buys Bee Goddess jewelry represents a philosophy. What’s important is not what customers buy for how much, it’s what they want to get.”

Likened to the Chanel of the 21st century by noted American trend expert Robyn Waters, Bee Goddess has a significant customer base abroad. Its creations have been exhibited and sold in countries ranging from the US to Greece. And through this, many famous individuals had the opportunity to familiarize themselves with Bee Goddess—many celebrities reflect their inner light through the jewelry designed by Şirin, including the likes of Kevin Costner, Kylie Minogue, and Kate Moss.

Şirin says her main source of inspiration when designing was the Mother Goddess of Anatolia: “The place we call Anatolia is a mosaic and the world’s oldest treasure. Instead of promoting Turkey’s destinations, Turkish delight, or coffee, I’m trying to promote Turkey’s soul. We constantly think about what we should export from Turkey. The world requires spiritual values like distinctness and unity, and all of these are in the essence of Anatolia. Until today, we as Turkey were unable to express this, but we have started to express it with Bee Goddess.”

Bee Goddess interprets the energies that will excite us and amplify our light with utmost elegance, using the most valuable of stones in this task. Ece Şirin does with her jewels what Rumi did with his poems and Beethoven did with his music.
DESIGNS THAT PAUSE TIME

Upon introducing her new ready-to-wear clothing collection in upcoming days, Dilek Hanif aims to develop a more active presence abroad.

DILEK HANIF COMES

from a family that has been involved actively with the fashion industry for quite some time. She has been familiar with the designs of various periods since a young age. This background played a significant role in the formation of her codes of fashion when she grew older. For the designer, who maintains absolute loyalty to the principles she has determined as her own, design is “timeless, plain chic.” Her objective is to propel feminine elegance to the forefront with classic elements that have maintained a strong stance. “What’s important to me is for someone to be able to wear something they buy today in combination with another item with great ease; such designs become classic and never let you down,” she says. For Dilek Hanif, who presents her designs with a person’s identity, stance on life, and style in mind rather than what fashion offers alone, uncovering the elegance within a woman with plain stylishness is paramount. Having adopted for herself the mission of avoiding designs that do not suit a woman’s body and style, not even for the sake of fashion, the designer says, “What’s important is to sew self-updating designs that will become classics for the right people.”

Dilek Hanif has been stamping her name on Paris Couture Week since 2004.

THE FIRST FEMALE TURKISH DESIGNER AT PARIS HAUTE COUTURE WEEK

Dilek Hanif took her first
step in fashion with her release of the Dilek Hanif Line—a collection featuring both ready-to-wear and haute couture clothing—in 1990. She had her first fashion show in 2002, at the church of Hagia Irene in Istanbul. The idea to participate in Paris Haute Couture Week started to form after this show. At a time when few designers practiced couture in Turkey—a time when almost no Turk dared to take steps in the international arena—Hanif applied to Paris Haute Couture Week by her own means.

“Just think—you tell them you want to participate with your designs as a fashion designer from Turkey. But because they have never had such an application, they first want to see who you are and what kind of work you have done. For them to understand you—and vice versa—you then realize that you need a crew.” Hanif says that participating in the fashion week was no easy task, adding, “To see your capacity and what you are able to do more clearly, people sent by the fashion week come to see you and your workshop.”

INCREASED STATE INCENTIVES FOR FASHION

It has become significantly easier for designers today to introduce their collections to customers from various countries and participate in fashion weeks. Hanif says she realized her dream of taking her collection abroad entirely with her own means. “I was responsible for the entire financial aspect of the task, but now, for the past ten years, it’s not as tiring as it once was for designers to appear on catwalks in various countries and promote their collections thanks to state-offered incentives.”

AN OTTOMAN TOUCH

Dilek Hanif says she has always been influenced greatly by the rich texture of the Ottoman and Anatolian civilizations. “In 2004, when it became certain that I was to participate in Paris Haute Couture Week, I started wondering how I could make a difference and present something extraordinary within the broad spectrum of things presented by big designers. It then came to my mind to turn to our roots and add details from that culture,” says Hanif. The Ottoman theme that made great waves when it first appeared on stage received so much positive feedback that the successful fashion designer continued in her fusion of East and West in her later collections, perhaps with a design, sometimes with a mold, or maybe with a caftan.

Dilek Hanif has been stamping her name on Paris Couture Week since 2004. Today a global brand, she ranks among the most sought-after designers in Europe’s leading boutiques. Hanif, known by top fashion critics as a designer who elegantly synthesizes East and West, participated in the 17th Paris Haute Couture Fashion Week with her 2012 Spring-Summer Haute Couture designs presented at Hôtel d’Évreux. Having started out with the eye-catching feminine styles of the ‘90s, the designer says she likes to emphasize forms that are as splendid as they are refined. “In my designs that feature transparent tulle, plunging low backs, and handcrafted embroidery, pastel tones like off-white, aquamarine, and beige are dominant. The collection that I prepared based on the contrasts between embroidery and the tones of fabric places the embroidery at the forefront.” The designer believes that every woman’s stance requires different expectations and thus takes this principle as a foundation when preparing her individualized designs.
The World’s Kitchens
ARE MADE IN TURKEY

The number of companies active in the industrial kitchen furnishings industry in Turkey is increasing day by day. Launched in the ‘80s, the industry now rides on a massive wave of growth.

**Öztiryakiler Has**

Öztiryakiler has gained renown not just in Turkey but all over the world with its close to 50 years of experience and quality in the kitchen furnishings industry. Manufacturing furnishings from copper, aluminum, and today stainless steel, Öztiryakiler makes turnkey kitchen solutions for hotels, restaurants, hospitals, and military kitchens in Turkey and around the world.

Öztiryakiler Metal Goods Industry and Trade Inc. was the first member in its industry of Turquality, the program created by the Turkish Exporters Assembly (TIM) to transform Turkish brands into world trademarks. Öztiryakiler, which is guiding efforts to create a world brand in the field of industrial kitchen furnishings, ranked among Turkey’s top 500 exporting companies in 2011.

Having started with just 10–12 people in a 50-square-meter space, the company now operates with a staff of 1,200 over 100,000 square meters. Tahsin Öztiryaki, Chairman of Öztiryakiler, says, “Supplying any kind of material you might think of for hotels, restaurants, hospitals, or military kitchen, both for machines and counter devices, and also products we don’t produce, we work turnkey.” The company founded by and named after Muharrem Öztiryaki on June 21, 1958 is as Öztiryakiler Metal Goods Industry and Trade Inc. one of Turkey’s and the world’s leading brands in industrial kitchens today.

Öztiryakiler conducts most of its manufacturing at its 80,000-square-meter-plus factory in Hadımköy, Istanbul. Its other production centers are located in the Antalya Organized Industrial Zone in Turkey.

With its world-renowned brands, Turkey today prepares to be a big player in industrial kitchenware.
Öztiryakiler supplies 150 countries and top hotel chains including Hilton, Mövenpick, and Four Seasons

Distances can be overcome in trade and emphasizes that his company is one that engages in or is ready to engage in production all over the world, being a global brand.

And indeed, Öztiryakiler’s production capacity is spread all over the world. Chile, Uruguay, Paraguay, Venezuela, Australia, China, New Zealand, and at least 10–12 African countries are part of Öztiryakiler’s market, and the company maintains distributorships in Cyprus, Tunisia, Morocco, Israel, Egypt, Saudi Arabia, and Dubai.

Öztiryakiler manufactures 5,000 kinds of items with the 400–500 tons of stainless steel it uses monthly. In 2011, its revenues totaled 150 million Turkish lira, with exports accounting for more than half of this. Öztiryakiler continues its steadfast in its efforts to repeat or beat the 35% increase they attained last year in 2012, too, as it prepares to enter new markets.

Another pioneer in the blossoming Turkish industrial kitchen furnishings industry is Inoksan. One of the industry’s leading companies today with its world-class, high-quality products and exports, Inoksan proudly represents Turkey in many countries as part of the industry it entered in 1980. Inoksan makes hundreds of kinds of industrial kitchen equipment and devices for professional kitchens, from prep to cooking, serving, and dishwashing units. It also produces 4,000 kinds of kitchen, cafeteria, fast food, and bar equipment, offering unlimited options by fusing stainless steel, chrome nickel, sheet iron, and local components. Operating with a full-service approach covering project planning to service, Inoksan conducts all its production in its 20,000-square-meter factory in Bursa. Inoksan gained the privilege of receiving brand support within the scope of the Turquality project in the year 2011, and for the coming years, it aims to expand its distribution network rapidly. Inoksan exports to five continents today. Every month, its operations consume 150,000 tons of stainless steel, fueling the production of 4,000 different kinds of items. Around 25% of Inoksan’s revenues come from exports bound primarily to Europe, the Balkans, Caucasia, Central Asia, the Middle East, and North Africa. Inoksan Chairman Vehbi Varlık says, “Azerbaijan, Germany, Russia, Kazakhstan, Turkmenistan, India, Brazil, and Italy are markets in which we have attained high export figures,” noting that they plan to grow in parallel with the developing markets of the east and foster partnerships in developed countries (particularly with Western European manufacturers) in 2012.

Turkey’s growing construction and tourism industries contribute to the burgeoning of such industries that include industrial kitchen furnishings too. The Turkish economy’s stable, exporter-friendly stance is among the top factors influencing the industry positively. With its world-renowned brands, Turkey today prepares to be a big player in industrial kitchenware.

and in Rostov, Russia. Tahsin Öztiryaki explains their reasons for choosing Russia as follows: “Russia is among our important markets, and there we generally produce oversize items that are difficult to carry and can be problematic at customs.” The company makes its dishwasher parts in Turkey, but for items destined for distant markets, assembly takes place in Thailand, after which sales are conducted via their distributor in the Thai market.

Öztiryakiler exports to 150 countries. It provides full service to the kitchens of such well-known global hotel chains as the Hilton, Mövenpick, and Four Seasons. It also supplies the kitchens of the militaries of several countries including Iraq, the US, Russia, Indonesia, and Malaysia. Tahsin Öztiryaki states that long

Tahsin Öztiryaki
Chairman, Öztiryakiler

Turkey is one of the countries that can see its future. The tourism industry is developing speedily. Living standards and standards of places serving food in public—shopping centers, schools, and hotels for example—are changing and developing. And naturally, this situation acts as a trigger for our industry to go forward too. Meanwhile, the rise in the construction industry facilitates parallel growth in the kitchen industry. The path before us is cleared, and the fact that the products we make receive full marks from consumers is the clearest proof of this.

Vehbi Varlık
Chairman, Inoksan

New designs and innovative approaches are now indispensable parts of our companies’ agendas. We have designers who are ready to head with the world in project design. Of course, in this, our industry association TUSİD (Turkish Food Service, Laundry and Service Equipment Manufacturers and Businessmen Association) is a driving force. In 2012, with our R&D department, we aim to work on energy and develop environment friendly products that consume less energy and operate more efficiently. The Turkish kitchen industry’s flag will fly around the world.
The Making of baklava is a task as pleasing as it is arduous for the masters and apprentices who delicately knead the dough stretched out on pearly white marble slabs. Layers and layers of thin dough combine with vibrantly colored ingredients as the ovens emit an enchanting smell that draws one toward them. With its butter and its dough, baklava emerges as a different delicacy out of the hands of every master.

The dessert, made by filling paper-thin layers of dough with ingredients such as walnuts, pistachios, or almonds according to the region in which it is made, is one of the most admired of the elements that constitute Turkish cuisine. Baklava dough, made from 40 paper-thin layers, requires the most mastery out of all baked goods.

Raising chefs able to make the dessert is as challenging as making the dessert itself. To raise such a chef takes six years, and for a chef to rise in the craft and gain recognition can take decades.

A part of Turkish tradition for centuries, baklava is an indispensable element of holidays, weddings, and other events in the country. Various claims have been made as to the origin of baklava, but the prevailing view is that it is a dessert of Central Asian provenance. The experienced chefs of the Ottoman court were responsible for bringing baklava up to present day and developing the form in which we enjoy it today. The oldest mention in Ottoman records of the dessert appears in the cookbooks of the Topkapı Palace during the time of Sultan Mehmed II, where it is stated that baklava was cooked and distributed to the masses for the festivities held in the palace in the year 1473. Turkish traveler Evliya Çelebi, too, wrote in his mid-17th century travelogues that he ate baklava at the mansion of the Bey of Bitlis. In Vehbi’s “Sur-name,” which relates the circumcision ceremony conducted for Sultan Ahmed IV’s four sons in 1720, baklava is again mentioned as being served to guests. Ottoman records show that baklava was a dessert appearing mostly at the tables of those in positions of wealth and power. Its status as a dessert of the upper crust elevated baklava from being a simple baked good and was instrumental in its survival to the present day.

In time, baklava entered Ottoman state traditions and practices too. The “Baklava Parade” tradition that emerged in the late 17th century is the clearest example of this—in mid-Ramadan, the sultan would send baklava from the palace to the Janisary Headquarters as a compliment to the soldiers, and the masses of Istanbul would pour into the streets to watch the so-called Baklava Parade. For the people, who would lavish the sultan and soldiers with displays of admiration, this became a traditional cer-
Güllüoğlu aims to increase its number of locations domestically and internationally to 100 by 2015 and to be listed on the global market in 2023. Nejat Güllü states that their annual revenues increase daily: “They were 24.6 million Turkish liras in 2009, and we raised this to 26.2 million in 2010 and 16.3 million over the first six months of 2011.” He notes that the company has applied to Turquality, the state-run program providing funding to brands that wish to enter or have entered the international market, adding, “After we gain this support, it will be even easier for us to increase our exports by distributing to all of Europe.”

Serdar Seyidoğlu says they have decided to establish a primary warehouse in Germany, which is considered the center of Europe. “We earn 10 percent of our yearly revenues from exports. Through a warehouse to be situated in Germany, we aim to increase our exports by distributing to all of Europe,” says Serdar Seyidoğlu.

Güllüoğlu, which celebrated its 140th anniversary in 2011, is one of the first brands to open up to the world and conduct significant exports.
TEXBRIDGE, organized by Istanbul Trade Fairs Inc. with the support of UTIB, brings over 250 selected exhibitors together with more than 10,000 buyers from the Middle East, the Balkans, Europe, Russia, the CIS, and Africa.

Turkey, the eighth biggest textile exporter, will showcase its variety in basic raw materials at TEXBRIDGE this year. The range of product groups by local and international exhibitors will encourage professional visitors to make new business contacts.

The latest trends in fabrics and accessories for the ready-to-wear industry are being set at TEXBRIDGE. The Trend Area at the fair will provide a glimpse of the next season’s highlights. With the contributions of the exhibitors, the creative items in the Trend Area will be inspiring industry professionals. The Trend Area at the last fair was designed by Michel Minne within a concept titled “Impulsive”. Vibrant color and fabric combinations proved to be a big draw. Seminars will be held during the fair with participation by fashion industry trendsetters.
MARCH

MARCH 8-11
Lightech 5th International Electricity, Lighting, and Installation Fair
CNR EXPO CENTER
The fifth Lightech fair—the largest platform of the electricity and lighting industry—will be held March 8–11 at CNR Expo. As the hub of international business connections, the fair will again be bringing together the industry’s leading companies this year. It is organized by Senesco International Fairs Inc., one of Turkey’s first international fair and convention organizations.

MARCH 22–25
Istanbul Jewelry Show 34th International Jewelry, Watch, And Equipment Fair
CNR EXPO CENTER
Held for 26 uninterrupted years by its experienced, professional team, Istanbul Jewelry Show presents opportunities for information-sharing and business to jewelry industry professionals with scores of buyers from Eastern Europe to the Near East and from Russia to North Africa.

MARCH 29-APRIL 1
Gas Turkey 5th International LPG, CHG, LNG Exhibition
CNR EXPO CENTER
Gas Turkey, which shaped the industry’s agenda each year that it’s held, is bringing together the industry’s leaders March 29 through April 1, 2012, at CNR Expo. Gas Turkey, the center of gas and gas equipment trade as it provides the means for Turkey to export to all around the world, is organized by Senesco International Fairs Inc.

APRIL 6–8
Farmavizyon Pharmacy Fair
CNR EXPO CENTER
The Farmavizyon Pharmacy Fair held jointly by the Turkish Pharmacists’ Association (TEB) and the Association of All Pharmacists Cooperatives bears the distinction of being the only fair in Turkey created by pharmacists’ associations. It will be held April 6–8, 2012 at Istanbul CNR Expo Center.

APRIL 19–21
Busworld Turkey 4th International Trade Fair For Bus Industry And Accessories
ISTANBUL EXPO CENTER
Busworld Turkey is the Turkish version of Busworld Kortrijk, the world’s most prestigious international bus industry fair. It is being held by HKF Fairs Inc. on April 19–21 at Istanbul Expo Center. So far, 110 companies have registered to appear at the fair.

APRIL 19–22
Aymod 8th International Footwear Fashion Fair
CNR EXPO CENTER
The Turkish footwear industry exports to 156 countries, having increased its strength with its added focus on design and R&D. AYMOD, the International Footwear Fashion Fair, is where footwear and leather fashion takes shape.
UNEMPLOYMENT FALLS

Unemployment dropped to 9.1% in the final quarter of 2011.
The reported rate in Q4 2010 was 11%.

49.4%  Workforce Participation Rate Q4 2011
71.3%  Men’s Workforce Participation Rate
28.3%  Women’s Workforce Participation Rate Q4 2011
17%   Youth Unemployment

SEASONALLY ADJUSTED NONAGRICULTURAL EMPLOYMENT FALLS

According to data with seasonal effects filtered, the nonagricultural workforce grew by 78,000 from October to November to reach 20.672 million. Nonagricultural employment increased by 113,000 to 18.327 million. As a result of these developments, nonagricultural unemployment fell by 35,000 and the rate of seasonally adjusted nonagricultural unemployment fell from 11.6 to 11.3%.
SERVICES SECTOR EMPLOYMENT RISES

Services employment rose by 158,000 from October to November. This increase can be said to be the largest recorded monthly increase since the start of 2005.

FDI RISES

Foreign direct investment rose to 15 billion dollars in 2011. By comparison, FDI totaled 9 billion dollars in 2010.

INDUSTRIAL PRODUCTION INDEX

Considered the locomotive of growth, the industrial production index continued to rise in 2011.
The 20 countries to which Turkey exports the most and the export share of these countries.

Data: Turkish Exporters Assembly
Europe’s best airline.

18.8 million voted. One was named.

Every year, Skytrax, the world’s civil aviation audit and service benchmarking programme, announces the best in the airline business. They do this by simply asking frequent flyers. In 2010, 18.8 million passengers were asked to choose their favorite airline in Europe. Turkish Airlines was their favorite.

Is it our network that takes you to more than 190 cities around the world?
Is it our hub, Istanbul, the world’s most attractive city to connect Europe to the world? Is it our globally awarded cuisine?
Is it our warmhearted welcome on board? Is it our sponsorship of the world’s best teams and athletes? Most likely all.
Next time, fly with Europe’s best airline and discover it for yourself.
The journey of unique luxury starts here. lounge Istanbul

Europe’s Best Airline

Experience the luxury of Turkish Airlines’ exclusive waiting lounge, Lounge Istanbul. Complimentary services include Business Centre, Media and News Centre with WLAN, prayer room, movie theatre and a delicious catering service.

turkishairlines.com

Caroline Wozniacki
World’s #1 in Women’s Tennis.

Globally Yours