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YEAR

# The Turkish Perspective

AUGUST 2018 ISSUE 61

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

**BRIEFING** Crucial Meeting  
in Buenos Aires

**IN DEPTH** Developing  
Interest-Free Finance

**BRANDS** World Renowned  
Technology Giant



## FERTILE CRESCENT IS RISING AGAIN

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continues to be one of the key  
player in the region in agriculture  
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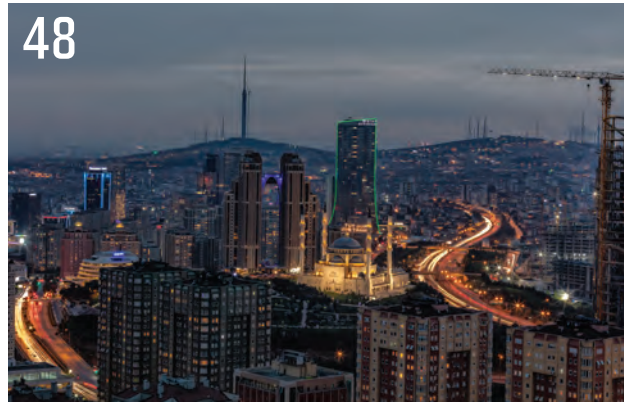
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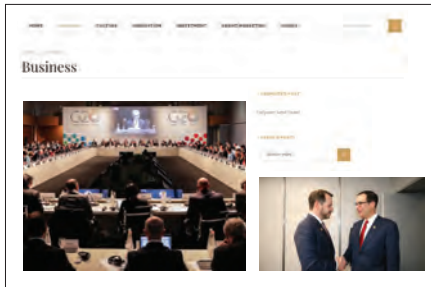
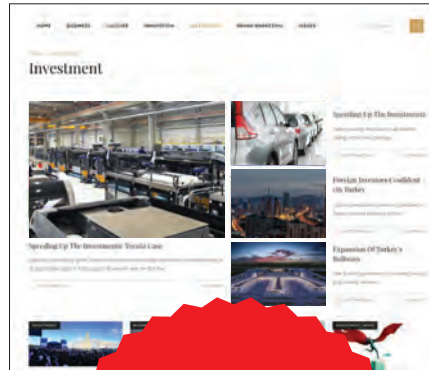
THE BASIC INDICATORS OF TURKEY IN THE JUNE 2018

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## THE TURKISH PERSPECTIVE DIGITAL

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More than a magazine, the Turkish Perspective will now be more interactive and responsive, as expected from Turkey's main voice for international audience.

[info@theturkishperspective.com](mailto:info@theturkishperspective.com)

## The Turkish Perspective

**MANAGEMENT**  
PUBLISHER ON BEHALF OF TURKISH  
EXPORTERS ASSEMBLY / CHAIRMAN OF  
THE TURKISH EXPORTERS ASSEMBLY  
**İSMAİL GÜLLE**

**STRATEGIC PARTNER**  
PRESIDENT OF INVESTMENT SUPPORT  
AND PROMOTION AGENCY  
**ARDA ERMUT**

**MANAGER IN CHARGE**  
**H. BADER ARSLAN PhD**

**PUBLICATION BOARD**  
**M. İLKER AYCI**  
**BİLAL EKŞİ**  
**FURKAN KARAYAKA**

**PUBLICATION MANAGEMENT**  
**PRESIDENT**  
**MEHMET MÜCAHİD DEMİR**  
[mdemir@theturkishperspective.com](mailto:mdemir@theturkishperspective.com)

**VICE PRESIDENT**  
**YAŞAR MAMATİ**

**PROJECT COORDINATOR**  
**AHMET DAMGACIOĞLU**  
[adamgacioglu@theturkishperspective.com](mailto:adamgacioglu@theturkishperspective.com)

**EDITORIAL**  
**EDITORS**  
**MUSTAFA YİĞİT**  
[myigit@theturkishperspective.com](mailto:myigit@theturkishperspective.com)  
**RAMAZAN GÜZYURDU**  
[rguzurdu@theturkishperspective.com](mailto:rguzurdu@theturkishperspective.com)

**EUROPEAN COORDINATOR**  
**İNANÇ ATILGAN**

**CONTRIBUTING REPORTERS**  
**İLHAN ALPAY OĞAN**  
**İBRAHİM AVCI**  
**SERAP KAYA**

**DESIGN**  
**CREATIVE DIRECTOR**  
**AHMET SAİD ÇELİK**  
[acelik@theturkishperspective.com](mailto:acelik@theturkishperspective.com)

**GRAPHIC DESIGNER**  
**UMUT DURUTUNA**  
**JR. GRAPHIC DESIGNER**  
**ÖZCAN AYHAN**

**PRINTING**  
PROMAT BAŞIM YAYIN SAN. VE TİC. A.Ş.  
ORHANGAZİ MAH. 1673 SOK. NO.34  
ESENİYURT - İSTANBUL / TURKEY  
T. +90 212 622 63 63 F. +90 212 605 07 98  
[info@promat.com.tr](mailto:info@promat.com.tr)

## MEDYA®

**CONTACT**  
T. +90 212 216 19 48  
[info@medyatr.com.tr](mailto:info@medyatr.com.tr)  
[www.medyatr.com.tr](http://www.medyatr.com.tr)

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# Editorial



İSMAİL GÜLLE  
CHAIRMAN (TIM)

## COLLABORATIVE ACTION FOR A BRIGHTER FUTURE

We all know that the quality of our exports is one of the keystones to grow our economic power.

**I**T HAS BEEN ONE MONTH since I was elected as the chairman of Turkish Exporters Assembly (TIM) on its 25. General Assembly. I want you to know that; I am fully aware of the responsibility of this duty and I know there are many obstacles on the path that I choose to pave. However, the missions I've undertook for Exporters' Associations and the projects I've conducted in our Sectors Council under TIM; now became such an experience for me to overcome every difficulty on that way. As I always mentioned during the election period, to achieve the export goals of our country, a collaborative action is a must. One man's effort won't be enough for this duty. Accordingly, while making decisions and developing our export strategy, the Board of Directors, Sectors Council and all delegates need to get involved in every stage of these decisions and take responsibility. I believe that value of our service relies on working side by side with every company in Turkey.

A very intense agenda welcomed us after our General Assembly and elections. As the new management, one of our first official events was to attend the oath ceremony of our President Recep Tayyip Erdoğan on 9th of July and met with the new cabinet of Turkish Republic whom will raise our country to its goals for the year 2023. On the 12th of July; we organized our first Sector's Council meeting in

TIM and formed our new Board of Directors. Our new Board immediately took action on discussing new projects to create a sustainable increase in our export figures.

Since the second half of July; starting with our Minister of Trade Ruhsar Pekcan, we gave official visitations to our Minister of Industry and Technology Mustafa Varank, Minister of Agriculture and Forestry Bekir Pakdemirli, and Minister of Health Fahrettin Koca in their offices. We congratulated them on their new mission while presenting our projects that can boost our exports. On the other hand, during the meeting organized under the supervision of our Minister of Treasury and Finance Berat Albayrak, we expressed our projections on our economy on behalf of our exporters. Our official visits to other Ministries will continue on August. And our first official foreign visit was to Africa with our President Recep Tayyip Erdogan.

We all know that the quality of our exports is one of the keystones to grow our economic power. With this consciousness, we develop new projects and modify ongoing ones according to our 2023 projections.

First of all, it's crucial that more companies should be involved in export activities to boost our export figures. Especially we need to investigate those who are producing innovative and qualified products that can compete in foreign markets while exporting none.

And then we need to convince them to become exporters, support and guide them as their mentors in their journey through new markets. Also we have to diversify our services among, cities, sectors and company sizes to analyze the needs and shortcomings and create solutions according to this analysis to every individual firm. Another subject is the trade delegations and expositions. We are going to detect the firms who never participated to an exposition and invite them to experience this kind of events for the first time. We have to spend more time and effort in foreign markets to promote our brand Turkey and our firms. Collaborating with our Ministry of Trade we are going to organize a team for the promotion of our goods, services and firms in foreign markets. Last but not least, we will still be working as a bridge between our exporters and our government and deliver our exporters demands (as logistics, Eximbank etc.) to our government and offer solutions and frame our recommendations to the Ministry of Trade.

As we almost finished the first month in our duty, I am very confident to say that the new administration of Turkish Exporters Assembly will succeed efficient projects that will move forward our exports and economy in the recent future. I carry no doubt that, working collectively with our exporters, we will achieve every goal that has been waiting for us to achieve.

# More than 60,000 companies have INVESTED IN **TURKEY**



## how about you?

average annual real  
GDP growth rate

**5.7%**

2002-2017

**13<sup>th</sup>** largest  
economy in  
the world

GDP at PPP prices, 2017

**800,000**

university graduates  
per year

average annual real GDP  
growth rate forecast in OECD

**4.9%**

2015-2025

**\$851** billion  
of GDP at  
current prices  
2017

**80.8 million**

of population  
with half under the age of 31



**INVEST IN TURKEY**



**Content:** Turkey's Steel Exports up by 34 pct **P06** Turkish Tea Sees Strong Demand **P07** Assan Expand Its Global Presence **P08** The Largest Single Military Export Deal **P09** Turkish Aviation Soars In U.K. **P10** Turkey: Country of Mega-Projects **P11**  
**Editor:** Ramazan Güzyurdu

# First

DIPLOMACY, BUSINESS, ECONOMY, DEFENSE, TECHNOLOGY, EXPORT, TOURISM, AUTOMOTIVE, ENERGY...



**President Recep Tayyip Erdoğan** said Turkey is already spending around two percent of its GDP on defense.

## DIPLOMACY

# WORLD LEADERS ATTEND NATO SUMMIT

President Recep Tayyip Erdoğan is in the Belgian capital city of Brussels to attend the Summit of NATO Heads of State and Government.

**PRESIDENT** Erdoğan first officially inaugurated Turkey's Permanent Mission to NATO at the new NATO headquarters with Minister of Foreign Affairs Mevlüt Çavuşoğlu and Minister of National Defense Hulusi Akar. After

the inauguration, President Recep Tayyip Erdoğan and his retinue attended the reception given in honor of the heads of state and government.

Following the reception, President Recep Tayyip Erdoğan and other leaders, who attended the Summit, were

officially welcomed by Secretary-General Stoltenberg at the NATO headquarters.

Having a sincere conversation for a while with US President Donald Trump, Greek Prime Minister Alexis Tsipras and Hungarian Prime Minister Viktor Orban, President

Erdoğan posed for the family photo with the leaders of the 29 member countries.

Following the family photo, the leaders of the 29 countries watched the air show. Some 26 military helicopters, including Turkish T1229 Atak helicopters, from 23 countries performed a fly-past.

President Erdoğan, afterwards, attended the first session of the NATO Summit of Heads of State and Government, during which he delivered a brief speech. Minister of Foreign Affairs Mevlüt Çavuşoğlu and Minister of National Defense Hulusi Akar also attended to the summit.

## BUSINESS

RENEWAL  
OF THE  
AGREEMENT

Turkey's Oyak and French Renault Group signed an agreement to extend their partnership for 27 years.

The agreement was signed by Süleyman Savaş Erdem, the general manager of Oyak, and Thierry Bollore, the chief operating officer of Renault Group.

Noting that the agreement will provide significant added value to our country's economy, Erdem said: "Automotive is the leading sector with a share of 21 percent of total export volume."

"We believe in the future of Turkey and we will continue our investments without deceleration," Erdem added.

He also added that Oyak-Renault joint venture is in the first place in automobile exports with 288,000 units.

## ECONOMY

Turkey's Steel  
Exports up by 34 pct

The Turkish iron and steel industry has continued to increase exports despite additional U.S. tariffs on steel and aluminum.



**T**URKEY, one of the world's largest steel exporters, increased its total exports by 34 percent in June due to a strong performance in other markets, despite U.S. President Donald Trump's additional tariffs on steel and aluminum imports.

According to Turkish Exporters' Assembly (TİM) data, exports of steel products surged by 34 percent in June this year to \$1.2 billion and by 22 percent in the January-June period to \$7.1 billion compared to the same period last year.

While the highest steel exports were made to Italy and Spain in the first half of the year, the United States, which ranked first last year, tumbled to third place. Exports to the European Union and the Middle East, the traditional markets of the sector, continued to increase significantly.

Companies that lowered their exports to a great extent in April and May following March, when the tariff decision went into effect, entered a recovery period together with June.

## EXPANDING ITS PRESENCE IN WORLD MARKET

The sector continued to increase its total exports in spite of this decision, recovering from the shock in the U.S. market in a short period.

22%

INCREASE IN STEEL  
EXPORT IN THE  
JANUARY-JUNE  
PERIOD

\$1.2

BILLION  
STEEL EXPORT IN THE MONTH  
OF JUNE 2018

\$7.1

BILLION  
EXPORT IN THE PERIOD OF  
JANUARY-JUNE 2018.

## DEFENSE

UKRAINE  
AND TURKEY  
IN TALKS

Ukroboronprom announced that it has held talks with Turkey for the joint production of the new military cargo plane.

The aircraft will be produced by Kiev-based defense company Antonov with a capacity of 50 tons and the Turkish delegation will visit its facilities in Kiev in this regard, according to Ukrainian media.

"In the near future, a Turkish delegation will visit the state-run Antonov to finalize the drafting of legal documents on establishing a joint venture to develop, build and test the AN-188 aircraft. According to the legislation, the documents will be submitted to the Cabinet of Ministers of Ukraine for consideration. The Turkish side will carry out the relevant procedure as well," the press service of Ukraine's state-run military, Ukroboronprom, said in a statement on July 17.

According to the statement, a TAI delegation will soon visit Antonov's facilities in Ukrainian capital city Kiev to prepare official documents to form a partnership for the AN-188 military cargo plane.



## TECHNOLOGY



## TURKCELL JOINS GLOBAL CONSORTIUM

Turkey's leading mobile network operator Turkcell has joined world's fast-growing blockchain consortium.

The U.S.-based company's mobile network operator Sprint Corp., blockchain developer TBCASoft and Japanese mobile services provider Softbank are among the founders of the CBSG, according to a press release issued by Turkcell.

Blockchain – a technology that records and verifies transactions safely based on cryptography – provide solutions in a number of areas, from money transfers to marketing.

Kaan Terzioğlu, Turkcell's CEO said, "Due to blockchain technology, which gives the chance to transfer valuable digital assets via mobile networks safely, the digital economy will grow fast and new generation services will begin to show up."

The CBSG – founded in September 2017 – aims to provide digital services, especially safe digital payment, authentication and internet of things (IoT) applications to its members and customers.

## BUSINESS



## China's Eyes on 'Made in Turkey' Textile Goods

Turkish towel and bathrobe exporters have identified China, which is increasingly interested in Turkish textile goods, as one of its key target markets.

**E**XPORTERS from southwestern Turkey's Denizli, which accounts for almost \$1.5 billion in the country's total \$3.5 billion annual home textile exports, have turned toward alternative markets.

While Denizli exports products mostly to the U.S. and Europe, its textile exports to China in 2017 soared to \$11.73 million, with a two-fold increase compared to the previous year.

Turkish towels and bathrobes are sold as luxury products with the image of European goods in China.

The exporters plan to open a warehouse and hold promotional events in China so that Turkish towels and bathrobes can claim a larger share of the Chinese market.

Chairman of Denizli Exporters' Association, Hüseyin Memişoğlu said that they are planning to participate in the annual Canton Import-Export Fair, to promote Turkish products China.

"Many well-known global brands have stores in China. We can easily find a market there if we open warehouses, stores and brands," he said.

### "TURKISH TOWELS" UNDER THE TURQUALITY PROJECT

Chairman of Denizli Exporters' Association, Hüseyin Memişoğlu said that they are planning to participate in the annual Canton Import-Export Fair, to promote Turkish products China.



## ECONOMY



## TURKISH TEA SEES STRONG DEMAND

Farmers pick tea leaves in Rize province on the eastern Black Sea coast of Turkey.

Turkey earned revenues of over \$4.5 million after exporting tea to 93 countries in the first half of 2018, according to Eastern Black Sea Exporters Association (DKİB) data.

The data shows the top three buyers of Turkish tea are Germany, the Turkish Republic of Northern Cyprus (TRNC) and the U.S. Germany took first place with \$608,071 followed by the TRNC (\$541,890) and the U.S. (\$491,535).

Kalyoncu said recently that there had been a "substantial" increase in tea exports to Saudi Arabia after Arab tourists visiting the Eastern Black Sea region became familiar with Turkish tea. "In the upcoming period, tea exports will continue to increase," he added.

## AUTOMOTIVE



## ASSAN EXPAND ITS GLOBAL PRESENCE

Assan Hanil is looking to acquire a European firm over the next year as it plans to expand its global presence.

The company, a subsidiary of Kibar Holding, recently organized a Technology Day Event. The event showcased Assan Hanil's research and development (R&D) investments in autonomous driving and other products that use state-of-the-art technology that offer special solutions to its customers.

The event also shared the company's production, R&D and middle term investment plans related to seat systems, electronic components, interior and exterior trim components, electronic components and seat mechanisms.

On acquiring a company in Europe, Güner said that doing so will add to Assan Hanil's existing product range.

## ENERGY

## Windfarms in Kosovo and Ukraine

The Turkish company Gürış Holding has announced the construction of new wind power plants in Kosovo and the Ukraine.

The reports said that the company plans to build the plant in Ukraine outside the city of Odessa but do not specify the exact location of the site of the power plant in Kosovo.

Gürış Holding has plans for a wind farm with a total power of 32 MW in Kosovo and a wind power plant of 80 MW in the Ukraine. Turkish daily Dünya reported that construction work on both wind power plants has been started, specifying that work on the 30 MW segments of both facilities was underway.

Müşfik Yamantürk, the general manager of Gürış Holding, which is considered to be one of Turkey's leading renewable energy-based power producers, said that the company had been issued a license for the windfarm outside the city of Odessa which will be built using GE wind generator turbines. The 50 MW segment of that

plant, which is the company's first investment in the Ukraine, is due to be started at the beginning of next year.

He said GE turbines will also be used for the wind power plant in Kosovo, adding that the guaranteed price of power from that windfarm is 8.5 cents per kilowatt-hour.

Yamantürk said that both the 30 MW power plant in Ukraine and the 32 MW plant in Kosovo will be commissioned in August or September of 2018.

Kosovo has faced serious power supply problems in the past years with frequent power outages which is a problem in attracting foreign investments. Kosovo's government has made improvements to the energy sector a priority and has requested assistance from a number of international aid and financial organizations.

## BUSINESS

## DEAL FOR RAILWAY PROJECTS

The world-renowned Turkish construction company Yapı Merkezi has signed a \$100 million loan agreement with World Bank Group member International Finance Corporation (IFC) for high-quality railway projects in Africa, the company said in a statement.

Besides contributing to the expansion of Yapı Merkezi in sub-Saharan Africa, the Middle East, North Africa and Turkey, the loan provided by the IFC to Yapı Merkezi Holding, the parent company of Yapı Merkezi İnşaat ve Sanayi, will help to increase the private sector's role in challenging markets to build transport infrastructure.

The three-year term financing consists of a \$75 million equivalent in a euro and dollar loan from IFC's own account and a \$25 million equivalent in a euro-syndicated loan from Akbank AG under IFC's B-loan structure. The financing package will provide the Turkish company with working capital to allow timely completion of existing transportation infrastructure projects in Africa, the Middle East and North Africa (MENA) and Turkey and further support of the company's expansion in these markets, the statement said.

## EXPORT

## Hazelnut Exports Bring \$1.6B in 10 Months

Turkey sold over 255,000 tons of hazelnuts abroad in the first 10 months of the export season, reaping \$1.6 billion, an industry group said.

The export volume between September 2017 and June 2018 saw a 25.3 percent jump in the same period from a year earlier, the Black Sea Hazelnut and Products Exporters' Association said.

Despite the growing sales volume, the value of exports dropped by around 3.5 percent



over the same period of the previous season, according to data.

The country exported nearly 236,000 tons of hazelnuts and earned \$1.88 billion during the entire 2016-2017 export season, running from September to August. Turkey is the world's largest exporter of hazelnuts.



## TOURISM

FESTIVALS  
BOOST THE  
INDIAN  
VISITORS

Ankara Sanjay Bhattacharyya announced that the embassy plans to organize a festival in Turkey.

The festival will highlight the strong ties between the two countries, the ambassador said, and noted that Indians living in India or anywhere else in the world will prefer Turkey more and more as a destination.

He also strongly emphasized that the festival will immensely contribute to commercial and tourism ties between Turkey and India. Ambassador Bhattacharyya highlighted that bilateral relations between Turkey and India are getting stronger and that the embassy tries to improve ties in all aspects.

To improve economic and cultural relations between the two countries, an Indian festival will be organized in various tourism destinations in Turkey.



## DEFENSE

The Largest Single  
Military Export Deal

Turkey and Pakistan have finalized a deal for Pakistan's purchase of T129 Advanced Attack and Tactical Reconnaissance Helicopters (ATAK).



**30 HELICOPTERS** will be delivered gradually over five years, the sources said. The deal is the biggest single export deal of Turkey's defense industry, the country's defense industry directorate said.

"Contract negotiations on T129 ATAK helicopters between Turkish Aerospace Industries (TAI) and the Pakistani Ministry of Defense Production were finalized," the undersecretariat said in a statement.

With the sales contract, the longstanding cooperation and bilateral relations between Pakistan and Turkey in the defense field gained a new dimension.

In a November 2017 interview with the Anadolu Agency, Pakistani Minister for Defense Production Rana Tanveer Hussain said his country planned to procure 30 attack helicopters and four naval ships from Turkey.

The T129 ATAK helicopter is a new generation, tandem, two-seat, twin-engine helicopter

specifically designed for attack and reconnaissance.

Developed from the combat-proven AgustaWestland A129CBT, the new aircraft incorporates a new system philosophy with a new engine - the LHTEC CTS 800-4A - new avionics, sight systems and weapons, modified airframe, an updated drive train and a new tail rotor.

A series of talks have been held with various countries, including Pakistan, for the export of ATAK helicopters, which have proven themselves during operations with their superior capabilities. In this context, ATAKs have participated in various international events as part of these quests to showcase its capabilities.

The ATAK helicopter's features include high performance and maneuverability, asymmetrical weapon load, low visibility, sound and radar silhouette, high level of impact resistance and ballistic tolerance.



## ENERGY

BP BEGINS  
OPERATING  
\$28B GAS  
PIPELINE

BP has started operating a \$28-billion pipeline in Azerbaijan to supply gas to Turkey and elsewhere in Europe.

The "Shah Deniz 2" development is "the starting point for the Southern Gas Corridor series of pipelines that will for the first time deliver natural gas from the Caspian Sea direct to European markets," it said.

BP group chief executive Bob Dudley said the Shah Deniz 2 is one of the biggest and most complex new energy projects anywhere in the world, comprising major offshore, onshore and pipeline developments.

The project is the company's largest gas discovery ever made, its largest subsea infrastructure worldwide, and the company's first subsea development in the Caspian Sea.



## TOURISM

## VISITORS TO THE ANCIENT CITY NEARLY DOUBLE

The number of visitors to the ancient city of Troy has nearly doubled after Turkey declared 2018 as the Year of Troy.

The ancient city, located in northwestern Turkey's Çanakkale province, was added to UNESCO's World Heritage List 20 years ago in 1998. Turkey is specially marking 2018, as the 20th year anniversary of Troy's recognition by UNESCO.

Çanakkale's Director of Culture and Tourism Kemal Dokuz said that the Year of Troy has boosted the city's visitor numbers even though Çanakkale and Troy were already top destinations for international visitors.

According to Dokuz, more than 233,000 people visited Troy between January and July 2018, while the number for the same period last year was 136,000 people.

## AUTOMOTIVE

## Automotive Exports Reach New Heightst

Automotive exports reached \$16.4 billion in the first half of this year with sales to European countries making up 80 percent of the sector's total exports.

**T**HE TURKISH automotive industry, which picked up some recent losses in the domestic market, has seen a rise in exports – exceeding \$16 billion in the first half of the year – with more than 80 percent going to European countries. According to the Automotive Distributors' Association (ODD) and Turkish Exporters' Association (TİM), the Turkish automotive and light commercial vehicle industry contracted 11.92 percent in the first half of the year compared to the previous year. The industry, however, recorded \$16.4 billion in exports with a 14.5 percent rise compared to the same period of last year.

In accordance with these figures, the automotive exports constituted 20 percent of Turkey's total exports in the first half, which exceeded \$80 billion. Meanwhile in the first half of 2017, automotive exports stood at \$14.3 billion.

The automotive sector's exports to the European Union and other European countries in the first half of the year increased by 15 percent and hit \$13.6 billion, making up 80.5 percent of Turkey's \$16.4 billion automotive exports in the first half of the year.

Europe was followed by the Middle East for the Turkish automotive industry. Car sales to Middle Eastern countries rose by 2.2 percent, reaching \$805.1 million.

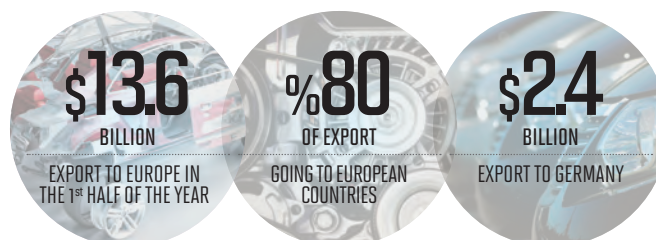
With exports over \$2.4 billion, Germany was the biggest market for Turkish manufacturers. It was followed by Italy with \$1.8 billion and France with \$1.7 billion. The U.K. ranked fourth in Turkey's automotive exports with \$1.4 billion. Accordingly, automotive sales separately to Germany, Italy, France and the U.K. each exceeded \$1 billion.

With these figures, both total automotive and automobile production reached their highest levels in Turkey.



## VOYAGE TO EUROPE

The automotive sector's exports to the European Union and other European countries in the first half of the year increased by 15 percent and hit \$13.6 billion,



## DEFENSE

## TURKISH AVIATION SOARS IN U.K.

Turkey unveiled its light attack/advanced jet trainer aircraft Hürjet at the prominent Farnborough Airshow in the U.K.

Turkish Aerospace Industries (TAI) showcased several other projects along with the mock-up of Hürjet at the week-long airshow at Farnborough Airport southwest of London in Hampshire, England.

Mock-ups belonging to TAI's unmanned aerial vehicle ANKA and the twin engine T625 multirole helicopter were displayed as well.

TAI also promoted its T129 ATAK Combat Helicopter with an impressive demonstration during the event. Pakistan recently made a deal with Turkey to purchase 30 of the helicopters, the largest single military export deal ever for Turkey.

TÜBİTAK Defense Industries Research and Development Institute (TÜBİTAK SAGE) showed its Wing Assisted Guidance and Precision Guidance Kits along with Gökdoğan and Bozdoğan air-to-air missiles.

## BUSINESS

# TURKEY: COUNTRY OF MEGA-PROJECTS

The restructured Ministry of Transportation and Infrastructure has a busy agenda ahead with a number of multibillion-dollar mega-projects that set global examples to be contracted or start operating this year.



Ministry of Transportation and Infrastructure has a full agenda of mega-projects to finalize and launch.

**A**FTER THE restructuring of the Transportation and Infrastructure Ministry, which was formerly Ministry of Transportation, Maritime Affairs and Communication in the parliamentary system, attention has now turned to Turkey's mega-projects that set a worldwide example. The processes of Istanbul's new airport, Kanal Istanbul, the three-story Grand Istanbul Tunnel and the Northern Marmara Highway will be expedited.

Cahit Turan was appointed to the Ministry of Transportation and Infrastructure after the new presidential governance system took effect with President Recep Tayyip Erdoğan taking his oath. Turan has a full agenda of mega-projects to finalize and launch.

One of these projects is Istanbul's new airport, the first phase of which will start operating on Oct. 29. Turkey's largest city's new airport will harbor a living area of 100,000 square meters and have a parking lot that accommodates 25,000 vehicles. The airport will allow landing and taking-off of 3,500 airplanes and will have 143 boarding bridges as well as a baggage system of 42 kilometers. It is estimated that the airport will generate ₺ 73 billion (\$15.29 billion) for



*The processes of Istanbul's new airport, Kanal Istanbul, the three-story Grand Istanbul Tunnel and the Northern Marmara Highway will be expedited.*

## \$15.3

BILLION  
ESTIMATING EARNING  
FROM THE AIRPORT

## 5,5

TONS  
CARGO CAPACITY OF  
THE AIRPORT

## 100

THOUSANDS  
SQUARE-METERS  
THE AREA OF NEW  
AIRPORT

the Turkish economy and provide jobs for 225,000 people when fully operational. It will have a cargo capacity of 5.5 million tons.

The mega project is expected to make Turkey a significant transfer hub for Western Europe and East Asia.

### THREE-STORY GRAND ISTANBUL TUNNEL

The world's first three-story tunnel will ensure transit between Istanbul's European and Asian sides via a single route by combining a metro tunnel, necessary for the traffic flow of the 15 July Martyrs Bridge, and a road tunnel that will help ease traffic for the Fatih Sultan Mehmet Bridge. 6.5 million people will benefit from the project, to which nine different rail systems will be integrated, once complete.

### KANAL ISTANBUL TO BE CONTRACTED THIS YEAR

Announced by Erdoğan in 2011, the Kanal Istanbul project will connect the Black Sea in Istanbul's northern European side with the Marmara Sea.

The 45-kilometer-long project will support the economic, social and urban structure of the region and will extend through Istanbul's Avcılar, Küçükçekmece, Başakşehir and Arnavutköy districts.



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**Editor:** Ramazan Güzyurdu

# Briefing

TURKEY, ECONOMY, EXPORTERS DIARY, TEXTILE, EXPORT, AVIATION, INVESTMENT...

## TURKEY

# TURKEY HAS TURNED OVER A NEW LEAF

Turkey is making a fresh start after the country officially switched to a new presidential system of government, President Recep Tayyip Erdoğan said in his inaugural address on 9 July 2018.



BY İBRAHİM AVCİ

**RECEP TAYYİP ERDOĞAN**, who was re-elected President in the elections on June 24 with 52.59% of the votes, swore in during the plenary session at the Grand National Assembly of Turkey (GNAT). After taking oath at the Grand National Assembly of Turkey (GNAT), and visiting Anıtkabir (Atatürk's Mausoleum), President Erdoğan

headed to the Presidential Complex for his inauguration, in which many heads of state and government participated.

Speaking to a host of Turkish and foreign dignitaries at the presidential complex in the capital Ankara, Erdoğan said: "With a presidential system of government, we are moving to a new system of government which is far

beyond our almost 150-year-long quest for democracy and what we have experienced through the history of our 95-year-old republic."

He added that Turkey is leaving behind a system which cost the country politically, socially, and economically. "We will try to be worthy of our nation with the awareness that we are the president not only of those

who voted for us, but all 81 million citizens of Turkey," Erdoğan said.

The president said the new system makes the marginalization, persecution, and alienation of people a thing of the past. He added that Turkey would go further in every area in the new era, including democracy, fundamental rights, freedoms, the economy, and large investments.

### THOUSANDS PARTICIPATED IN THE CEREMONY

Together with dignitaries and guests, 10,000 people participated in the inauguration ceremony. Turkish citizens from all walks of life -- including teachers, firefighters, muhtar (village headman), tradesmen, miners, and dentists -- were among the invitees. The guests were given a gift of 1 Turkish lira coins specially produced for the occasion. Some of these coins will also be placed on the market. Also, a special stamp was printed to mark the day.

"We will not only actualize our ongoing investments and projects that we have promised to our nation but will also undertake way bigger works. Social policies are our invisible victory. We have covered a huge distance on our way to make Turkey a country in which no one goes hungry and homeless because of poverty, no kid's education is neglected and no one gives up their hopes of the future. We will further consolidate the social state feature of our country in the new era. We will be striving to make our country bigger and stronger in all other fields in accordance with the promises we have given to our nation," President Erdoğan said.

Recep Tayyip Erdoğan announced that all celebrations during the inauguration ceremony would be cancelled due to the train accident in Turkey's northwestern province of Tekirdağ which left at least 24 people killed. At the end of his speech, President Erdoğan wished Allah's blessing and mercy upon those, who lost their lives in the train accident in the Çorlu district of Tekirdağ, speedy recovery to the injured, and offered his condolences to their families and loved ones.



### GREETINGS FROM FOREIGN LEADERS

After taking oath at the Grand National Assembly of Turkey (GNAT), and visiting Anıtkabir (Atatürk's Mausoleum), President Erdoğan headed to the Presidential Complex for his inauguration, in which many heads of state and government participated.

Among those attending the ceremony were President Rumen Radev of

*Turkey is leaving behind a system which cost the country politically, socially, and economically.*

Bulgaria, President Giorgi Margvelashvili of Georgia, President Gjorge Ivanov of Macedonia, President Igor Dodon of Moldova, Presidential Council Chairman Bakir Izetbegovic of Bosnia and Herzegovina, President Aleksandar Vucic of Serbia, President Hashim Thaçi of Kosovo, Emir Sheikh Tamim bin Hamad Al Thani of Qatar, President Mamnoon Hussain of Pakistan, President Mustafa Akıncı of the Turkish Republic of Northern Cyprus (TRNC), President Sooronbay Sharipovich Jeenbekov of Kyrgyzstan, President Omar Al-Bashir of Sudan, President Alpha Conde of Guinea, President Edgar Lungu of Zambia, President Jose Mario Vaz of Guinea-Bissau, President



Teodoro Obiang Nguema Mbasogo of Equatorial Guinea, President Mohamed Abdullahi Mohamed Farmaajo of Somalia, President Mohamed Ould Abdel Aziz of Mauritania, President Ali Bongo Ondimba of Gabon, President Idriss Déby Itno of Chad, President Ismaïl Omar Guelleh of Djibouti and President Nicolás Maduro Moros of the Bolivarian Republic of Venezuela as well as vice presidents, parliament speakers and prime ministers of many countries and representatives of six international organizations. EU heavyweight Germany was represented at the swearing-in ceremony by former Chancellor Gerhard Schröder. "Schröder is taking part at the ceremony on behalf of





the German federal government,” Rainer Breul, German Foreign Ministry deputy spokesman, told reporters in Berlin. Diplomatic sources said German President Frank-Walter Steinmeier was unable to attend due to his scheduled meetings in Berlin with Chinese Premier Li Keqiang.

Erdoğan's re-election in the June 24 polls marked Turkey's transition to an executive presidential system

***Erdoğan's re-election in the June 24 polls marked Turkey's transition to an executive presidential system of government.***

of government, doing away with the prime minister's post, among other changes. Erdoğan won an absolute majority in the presidential election with 52.5 percent of the vote, according to Turkey's Supreme Election Council (YSK).

#### **COUNCILS IN NEW SYSTEM**

Nine councils set up in accordance with the new executive presidential system will closely monitor the road map drawn up by the President in the upcoming term for ministers as the government seeks to abolish any excuses in the bureaucracy.

Under President Recep Tayyip Erdoğan, the first Cabinet meeting of the new system, decided to draw up a calendar on the government

program. In the upcoming days, a road map, the Presidential Program, will be publicly announced. The government's actions will be in line with the calendar.

The program will have an “emergency action plan” for steps to be taken by the end of this year. The councils established in the Presidency will monitor whether the program - with 6-month, 1-year and 5-year targets - is implemented within the specified time frame.

The nine councils recently formed by Presidential Decree No. 1 - Science, Technology and Innovation Policy Council, Education Policies Council, Economic Policy Council, Security and Foreign Policy Council, Legal Policy Council, Culture

and Art Policies Council, the Health and Food Policy Council, the Social Policy Council and Local administration Policies Council - will monitor implementation of actions by ministries, institutions and organizations in terms of compliance with the president's program. The councils will submit regular reports to the president.

The councils will present periodic reports on whether policies set by the president are being implemented by the ministries. These reports will indicate how much progress has been made with regard to the timetable for actions, and new steps will soon be presented to resolve any existing disruptions.

# A NEW ERA IN GOVERNANCE WITH NEW CABINET



President Recep Tayyip Erdoğan has unveiled the new 16-minister Cabinet in the presidential complex in the capital Ankara, the first-ever Cabinet under the new presidential system made a reality on 9 July 2018.

BY İBRAHİM AVCI



## FUAT OKTAY

Vice President

Fuat Oktay was born in 1964 in Turkey's central Anatolian Yozgat province. He served as the head of the Prime Ministry's Disaster and Emergency Management Agency (AFAD) from January 2012 to June 2016. From June 2016 to the present, he has served as an undersecretary in the Prime Ministry. Oktay earned a bachelor's degree in business studies from Çukurova University in 1985. He finished his master's degree in manufacturing engineering and business studies in 1990 at Wayne State University in the U.S. city of Detroit. From 2008 to 2012, Oktay served as the deputy director general responsible for strategic planning, sales and marketing at flag carrier Turkish Airlines. Oktay speaks English, is married and has three children.



## MEVLÜT ÇAVUŞOĞLU

Minister of Foreign Affairs

Mevlüt Çavuşoğlu, 50, kept his former post. He first served as Minister of Foreign Affairs in 2014-15 in the 62nd Cabinet and then in the 64th Cabinet. "In unity and solidarity, we will represent our country all over the world," Çavuşoğlu said in his inauguration speech. Çavuşoğlu highlighted that there are high expectations from the ministry in the new term. He did his doctorate in 1993 at Bilkent University's International Relations department and continued his studies in 1993-95 at the London School of Economics, where he went via a Jean Monnet Scholarship. Çavuşoğlu speaks English, German and Japanese.





### **RUHSAR PEKCAN**

Minister of Trade

The new Minister of Trade Ruhsar Pekcan, 60, earned both her bachelor's and master's degree from Istanbul University's electrical engineering department. Her career began in 1981 as an electrical engineer at a pipe manufacturing factory, and later she became a board member and general manager at the same company. She stepped down in 2005. Prior to her appointment as a minister, she was the CEO of an engineering company founded in 2005.



### **BERAT ALBAYRAK**

Minister of Treasury and Finance

Berat Albayrak, born in Istanbul in 1978, earned a bachelor's in business administration at Istanbul University and a master's degree at the Lubin School of Business at Pace University in New York. Before his new position, Albayrak was the Minister of Energy and Natural Resources. Albayrak stated that "Ministry of Treasury and Finance is an essential ministry for the country," and added that he will work for a dynamic term to achieve more success.





## ZİYA SELÇUK

Minister of National Education

Ziya Selçuk was born in Ankara in 1961. He studied educational science at Ankara's Hacettepe University and later became a professor at Gazi University. He was President of the Board of Education and took part in Turkey's EU accession negotiations in the fields of education and science. Ziya Selçuk is married and has three children.



## MURAT KURUM

Minister of Environment and Urbanization

Murat Kurum was born in Ankara in 1976. After earning his bachelor's degree in civil engineering at Selçuk University in the central Konya province, Kurum headed Emlak Konut GYO, a real estate developer belonging to the state-backed Housing Development Administration of Turkey (TOKİ). Murat Kurum is married and has two children.

## SÜLEYMAN SOYLU

Minister of Interior

Süleyman Soylu, who is staying at his post as Minister of Interior, put great emphasis on the country's fight against terrorism in his previous term. He accelerated efforts to avert terror threats directed toward Turkey from various terror groups including the Gülenist Terror Group (FETÖ) and the PKK. Soylu was born in Istanbul in 1969. In the 2015 general elections he won a seat as an AK Party lawmaker and served as both labor and social security minister and interior minister.



## MEHMET NURİ ERSOY

Minister of Culture and Tourism

Mehmet Nuri Ersoy, the Chairman of the Executive Board of Etstur that has over 25 years of experience in Turkish tourism sector, was born in 1968 in Istanbul and he is married and has two sons. Entering tourism sector through tour organizations that he had been organizing while being a student in German High School, Ersoy studied Business Management in English at Istanbul University. Mehmet Ersoy, one of the young and successful businessmen in the sector with an innovative and tech-savvy point of view, became the pioneer of the sector.



### ZEHRA ZÜMRÜT SELÇUK

Minister of Labor, Social Services and Family

Zehra Zümrüt Selçuk, 39, is the youngest minister in the Cabinet. She earned a bachelor's in economics at Ankara's Bilkent University. She received her doctorate at the University of Michigan in the U.S. while also pursuing a business doctorate at the University of Texas. She also pursued a master's in accounting and information at the same university. She started working as senior researcher at the Statistical Economic and Social Research and Training Center for Islamic Countries (SESRIC) – under the Organisation of Islamic Cooperation (OIC) – in 2007, and later became Director of Statistics and Information, a title she holds until this day.

### ABDÜLHAMİT GÜL

Minister of Justice



Gül was born in the district of Nizip of Gaziantep province on 12 March 1977. Abdulhamit Gül became justice minister in 2017 and has been re-appointed to the post. Gül has undertaken positions of different degrees at various nongovernmental organizations since the years of his high school education. Having also had different works in the publishing sector, Gül has published a number of articles and essays on political, contemporary and literary issues. Having been appointed as the Minister of Justice under the 65th Government on 19 July 2017, Abdulhamit Gül is married and has three children.

### FATİH DÖNMEZ

Minister of Energy and Natural Resources

Fatih Dönmez, born in the western Bilecik province in 1965, served as undersecretary at the Ministry of Energy before his promotion to minister. Dönmez graduated from Yıldız Technical University in 1987 in Istanbul. In 1994, Dönmez worked at Istanbul Metropolitan Municipality's natural gas distribution company, İGDAŞ. In 2008, he served as a board member for Turkey's Energy Market Regulatory (EPDK). He is married and has 3 children.



### HULUSİ AKAR

Minister of National Defense

Hulusi Akar, the new Minister of National Defense, was appointed Turkish Land Forces commander in 2013 and the country's chief of General Staff in August 2015. In recent years, Akar had been actively inspecting Turkey's cross border operations against terrorist groups. Akar graduated from military academy as an infantry officer in 1972. He served as a commander in Bosnia in 1997-98, for which he was awarded the U.S. Order of Merit, before returning to Turkey to command the Internal Security Brigade. He was given the Courage and Self-Sacrifice Medal for his outstanding achievements in internal security operations.





### MUSTAFA VARANK

Minister of Industry and Technology

Mustafa Varank, 42, earned a bachelor's in political science and public administration at Ankara's Middle East Technical University (METU). He sought his master's degree in computer science at Indiana University in the U.S. He started working at the Prime Ministry in 2005, and served as top adviser in 2011, top adviser to the president in 2014, and became an ambassador in 2016.



### MEHMET KASAPOĞLU

Minister of Youth and Sports

Mehmet Kasapoğlu was born in Istanbul in 1976. He studied economics and administrative sciences at Marmara University and earned a local administration master's from the same university. Kasapoğlu also earned a master's in business administration at Palm Beach Atlantic University in Florida. He was previously the head of Turkey's Spor Toto Organizational Directorate, which regulates the betting system and its financial payouts.



### FAHRETTİN KOCA

Minister of Health

Dr. Fahrettin Koca was born in Konya in 1965. He earned the degree of medical doctor in 1988 after graduating from Istanbul University Medical School. He completed his specialization training at Istanbul University Cerrahpaşa Medical School in the field of Pediatrics and became Pediatrician in 1995. He is a member of Turkish Pediatrics Institution, Pediatric Metabolism and Nutrition Association, Istanbul Chamber of Commerce Health Profession Committee and Association of Private Hospitals and Health Institutions.

### MEHMET CAHİT TURHAN

Minister of Transport and Infrastructure

Minister of Transport and Infrastructure Cahit Turhan was born in 1960. He graduated from Karadeniz Technical University's Construction Engineering Department, and earned his master's from the same department. After stepping down as head of the Highways Directorate, Turhan worked as chief adviser to the president and was a member of the Council of State. He is now the CEO of a consortium which took over the construction of the North Marmara Highway.



### BEKİR PAKDEMİRLİ

Minister of Agriculture and Forestry

Bekir Pakdemirli, 45, earned a bachelor's in management at Ankara's Bilkent University. He also earned his master's in management at Başkent University. Pakdemirli earned a doctorate in economics at Celal Bayar University in Manisa. He was a freelance entrepreneur in the fields of food, agriculture, animal husbandry, technology and automobiles. He has been a founder and administrator in various companies, including cellular service provider Turkcell, discount market chain BİM and the AlBaraka Participation Bank.





## ECONOMY

# CRUCIAL MEETING IN BUENOS AIRES

Minister of Treasury and Finance Berat Albayrak, accompanied by Central Bank of the Republic of Turkey (CBRT) Governor Murat Çetinkaya, is making his first overseas trip for the G20 meetings.

BY RAMAZAN GÜZYURDU

**T**HE MEETING will be attended by ministers and central bank governors of G-20 member countries and representatives of the International Monetary Fund (IMF) and the World Bank. The IMF's G20 assessment report included clues about the summit agenda.

## EXTREMELY FRUITFUL WITH A STRONG COMMUNICATION

The communiqué issued at the close of the Third G20 Meeting Minister of Treasury and Finance and Central Bank Governors in Buenos Aires shows support from the world's main economies to international trade and investment as "important engines of growth, productivity, innovation, job

creation and development."

The document, agreed by all G20 member countries, reads that "global economic growth remains robust and unemployment is at a decade low." However, it acknowledges "downside risks over the short and medium term." These include rising financial vulnerabilities, heightened

*Participants approved a set of pre-investment guidelines for attractive projects for private investors with a focus on efficiency and feasibility.*

trade and geopolitical tensions, global imbalances and inequality. It also points to the fact that "although many emerging market economies are now better prepared to adjust to changing external conditions, they still face challenges including market volatility and reversal of capital flows."

The 57 delegates, including ministers, central bank governors and senior representatives from international organizations, agreed therefore to continue "using all policy tools to support strong, sustainable, balanced and inclusive growth." Among these tools, the communiqué mentions fiscal measures

Turkey's Minister of Treasury and Finance Berat Albayrak told that serious warnings about protectionist trade policies were voiced at the summit.

and monetary policy, the continued implementation of structural reforms, and international trade and investment. Member countries "are working to strengthen the contribution of trade to our economies," the document adds.

The communiqué also covers progress made on the Argentine G20 presidency priorities this year. On the future of work, senior officials endorsed a set of public policies designed to maximize the benefits and overcome the challenges posed by technological transitions." The document also provides 68 examples of related policies carried out by G20 member countries.

As regards infrastructure for development, participants approved a set of pre-investment guidelines for attractive projects for private investors with a focus on efficiency and feasibility. They also addressed issues such as data, risk mitigation and capital markets.

## INTENSE ECONOMIC DIPLOMACY

Turkey's Minister of Treasury and Finance Berat Albayrak told that serious warnings about protectionist trade policies were voiced at the summit.

"The protectionist trade policies are likely to cause new troubles both in the fields of production and employment," he said.

"For us, it was a remarkable and crucial meeting including an intense economic diplomacy," Albayrak said, noting that he had bilateral discussions



with his counterparts from the U.S., EU, China, Germany, France, Brazil, South Korea, Indonesia and other countries.

"In this sense, the G20 summit was extremely fruitful with a strong communication," the minister added.

Pointing out Turkey's domestic, regional and global economic policies, Albayrak stressed that Turkey demonstrated how the country pursues sharing, win-win-based, active and dynamic policies -- thanks to the projects.

"Turkey will experience a much more powerful period in which it will not live what problems it lived in the past with a new development program, budget plan and macro prudential policies," he said.

Albayrak noted that he found the chance to explain Turkey's transformation and development success stories, while he attended a session as a main speaker to talk about Turkey's infrastructure investments (valued more than \$400 billion) over the past 15 years.

#### TURKEY'S ECONOMIC OUTLOOK PROMISING

Turkey is continuing its strong economic growth trend and the foundations of its economy are strong, Albayrak said. The government's recent policies were aimed at maintaining prudent fiscal policies, seeing healthy credit growth, carrying out structural reforms and strengthening Turkey's monetary policy framework.

"Turkey's economy continues its strong growth momentum. Our economic foundations are going to be strong and our outlook is promising," Albayrak said.

Following his appointment, Albayrak said the central

bank is independent and will do whatever economic realities and market conditions necessitate. The central bank's monetary policy committee, which has raised rates by 500 basis points since April in an effort to put a floor under the currency, will meet tomorrow. According to analysts, the central bank is expected to hike rates at the meeting.

Minister Albayrak said the new presidential structure brought structural changes in Turkey's administration, indicating that they reorganized ministries and institutions by reducing the number of ministers in the cabinet from 26 to 16 and changing the ministerial

**"Turkey's economy continues its strong growth momentum. Our economic foundations are going to be strong and our outlook is promising," Albayrak said.**

structure on the economy side from six ministries to three in the new system.

"The Ministry of Treasury and Finance is responsible for financial policies and debt management, the Ministry of Industry and Technology for the real sector and the Ministry of Trade for trade-related matters," he added.

Highlighting that the economy is prioritized for the next period, the minister said they set basic policies to follow decisively in economic policies in this context, focusing on maintaining budget discipline, fighting inflation and implementing well-defined structural reform agenda. "To reach our targets in the Turkish economy, we must establish coordination among all ministries in the economy," he noted.

#### "WE WILL MOVE TOWARD A WIN-WIN RELATIONSHIP"

Speaking to journalists during his return flight from G20 finance ministers' meeting in Buenos Aires, Albayrak stressed: "We will not fight with the markets. We will move toward a win-win relationship."

The minister also reassured that "a noticeable improvement concerning inflation" would be seen in the near future with a program that will not compromise budget discipline.

"We are hoping for an effective central bank. The Central Bank sees the economic life as right. Turkey won't ever be as attractive to foreign investors (as it is now)," Albayrak said.





## THE NEW CHAIRMAN OF EXPORTERS IS İSMAİL GÜLLE

The new chairman of TİM has been elected. 389 out of 439 delegates has participated to election. İsmail Gülle became the 4th Chairman of the TİM with 149 of the votes.

**T**URKISH EXPORTERS' ASSEMBLY (TİM) 25th General Assembly where 3 candidates competed, İsmail Gülle has been elected as a new chairman of TİM with 149 votes of the 398 delegates. The new chairman, Gülle said, "From now on, I will use this job in your best interest. Chair will shrink, services will grow." Also 27 chairman of the sector councils have been elected at the General Assembly.

Turkish Exporters' Assembly (TİM) 25th General Assembly was held at the Haliç Congress Center. The new chairman of TİM has been elected. 389 out of 439 delegates have participated to election. İsmail Gülle became

*"From now on, I will use this job in your best interest. Chair will shrink, services will grow." İsmail Gülle said, the new Chairman of TİM.*

the 4th Chairman of the TİM with 149 of the votes. In the election Tahsin Öztiryaki received 140 votes and Oğuz Satıcı received 109 votes.

### CHAIR WILL SHRINK, SERVICES WILL GROW

Following the election, the new chairman of TİM, İsmail Gülle said that TİM had the most civilized election. Gülle, "I will use this job in your best interest from the moment I start. The chair will shrink, services will grow. Nobody will stay outside the game." he said. Gülle stated that he will make TİM a very different institution as he promised, "I served all levels at TİM for 20 years. After that we will be more powerful, proactive and creative. The winner is the exporter," he said.

### Who's İsmail Gülle?

İsmail Gülle who was born in 1960 in Sivas completed his primary and secondary education in the same city. Graduated from Istanbul Technical University, Faculty of Electrical Engineering in 1982, Gülle completed his specialization program at Istanbul University Business Administration Institute. In 1970, he was appointed as the Chairman of the Board of Directors of Gülle Entegre Tekstil İşletmeleri A.Ş.

Between 1999 - 2003, he was Member of the Board of Istanbul Textile and Raw Materials Exporters' Association and Chairman of the task since 2003 as well as Chairman of the Textile and Raw Materials Sector Committee, Turkey Exporters' Assembly Sector Council Member, Istanbul Chamber of Industry Vice President, Chairman of Industrialists' and Businessmen's Association Group from Sivas. He is also the Chairman of the Board of Directors of the Ergene-2 Organize Free Zone, and the Board Member of the Board of Trustees.

Gülle supports education with the schools he has built in Sivas and also with scholarship opportunities provided by individual and institutional sources to a wide range of secondary and higher education students. İsmail Gülle is married with two children.





### WITH THE NEW CABINET, WE ARE CLOSER TO 2023 TARGETS

Turkish Exporters Assembly (TİM) Chairman, İsmail GÜlle, evaluated the new Presidential Government System.

GÜlle stated that; "Under the leadership of President Erdoğan, the new government that will carry Turkey to 2023 targets, is now certain. With the new system, bureaucracy will be reduced and the decision-making mechanisms will act more effectively."

Chairman of TİM İsmail GÜlle noted that in the new system, TİM will work together with the Ministry of Commerce, which is formed by the merger of the Ministry of Economy and the Ministry of Customs and Trade.

GÜlle continued his words as following:

"Export family has been a source of morale for Turkish economy with the recent increases in exports.

On behalf of exporters, we would like to thank Mr. Nihat Zeybekci, Minister of Economy, who has always been supportive of exporters. We believe that, the new Minister of Trade, Ms. Ruhsar Pekcan, who is now the captain of both domestic and foreign trade, will continue to solve the problems of both merchants and exporters and help them become stronger in the global arena."

*Chairman of TİM İsmail GÜlle noted that in the new system, TİM will work together with the Ministry of Commerce.*

### BOARD OF DIRECTORS HAVE BEEN ELECTED

13 board members have been elected at the meeting after the General Assembly on June 30th. Following the election, the new chairman of TİM, İsmail GÜlle said: "We have appointed our board of directors as of today. We also started our first meeting to discuss important issues that are pending decision. It's time to act now.

### THE NEW BOARD OF DIRECTORS OF TİM



İsmail GÜLLE - Chairman



İbrahim PEKTAŞ - Steel



Mustafa ŞENOCAK  
Leather and Leather Products



Fatih Kemal  
EBİÇLIOĞLU  
Electrical - Electronics



İlyas Edip SEVİNÇ  
Hazelnut and Products



Başaran BAYRAK  
Ship, Yacht and Services



Salahattin KAPLAN  
Carpet



Salih Zeki POYRAZ  
HVAC-R Industry



Kutlu KARAVELİOĞLU  
Machinery and Accessories



Melisa TOKGÖZ MUTLU  
Fruit and Vegetable  
Products



Orhan SABUNCU  
Automotive Industry



Davut ER  
Olive and Olive Oil



Zeki KIVANÇ  
Textile and Raw  
Materials



# TİM DELEGATION VISITS NEW CABINET

The Chairman of TİM İsmail Gülle and TİM Delegation, following the announcement of President Recep Tayyip Erdoğan's first cabinet of the new system met with the new cabinet in Ankara.

**CHAIRMAN OF TİM İSMAİL GÜLLE** said, "We strongly believe that our ministers will be extremely successful in terms of both service and coordination."

Gülle stating that Turkey is now officially in the new system, "This new term is good for all our countries. Now we will see a very different governance and a different conception of government. Under the leadership of our President, the cabinet who will carry our country to the targets of 2023 are now certain. We deeply believe that our ministers will be highly successful in terms of both service and coordination. Our ministers from the private sector will appreciate our firms much better and will evaluate our demands more

accurately. many economic and commercial successes are waiting for us" he said.

## RUHSAR PEKCAN WILL PRODUCE SOLUTIONS TO THE EXPORTERS' PROBLEMS

Chairman of TİM İsmail Gülle, who visited the Minister of Trade Ruhsar Pekcan in her Office with the members

*71 thousand companies have contributed to export in 2017. Nearly all of these companies operate in the domestic market at the same time.*

of the Board of Directors and the Supervisory Board, congratulated Ruhsar Pekcan and exchanged information regarding the forthcoming period and presented her first 100 day action plan proposals.

Given that they will work together with the Ministry of Commerce, which is formed by the merger of the Ministry of Economy and the Ministry of Customs and Trade, in the new system as TİM.

"Bureaucratic processes are now gaining momentum, and your government's decision-making mechanisms can be processed faster and more effectively with the Presidential Government System. In this way, our country's process of the economic development will continue strongly. We wish our

Ministers, who are in the first cabinet of our new system, to succeed on behalf of all our exporters. Turkey export family has been a source of moral for our country has implemented in recent periods with continuous increases in exports. We present our gratitude on behalf of the export family to Nihat Zeybekci who support us, increases the courage of exporter with vision. We have no doubt that Ruhsar Pekcan, who came to serve as the Minister of Trade, will find solutions to the problems of our country's traders and exporters and support them to come to a stronger position in global competition." 71 thousand companies have contributed to export in 2017. Nearly all of these companies operate in the domestic market at the same time. The gathering of the two ministries in one sense is a very positive development for us in this sense. Turkey's economic leap we believe that much stronger by ensuring economic stability in our country with the end to the uncertainty in the period ahead. We are confidently moving forward with our export aim of over \$ 170 billion targeted for this year."

TİM delegation visited Minister of Industry and Technology, Mustafa Varank and they exchanged information about innovation, R & D and entrepreneurship.

Then Directors of TİM under the presidency of İsmail Gülle visited the Minister of Agriculture and Forestry Bekir Pakdemirli in his Office and hold consultation about the sector.

The next visit of the TİM Board talks with the Minister of Health Dr. Fahrettin Koca and shared its health reforms and recommendations on service exports.





## TEXTILE

## STRONG IMAGE ACROSS THE WORLD

Turkish textile sector has participated in the Premiere Vision Fair to be held in New York in July 17-18, 2018 with 33 companies consisting of 25 national and 8 individual firms and invite business people across the world to invest in Turkey.

BY SERAP KAYA

**PINAR TAŞDELEN ENGIN**, President of UTIB (Uludağ Textile Exporters' Association) stated that Turkish textiles sector has a very strong image in the global market and said, "The sector comes to the forefront thanks to its machinery park with state-of-the-art technology, flexible production ability, capability of producing special products and high-quality workforce."

Turkish textiles sector confidently prepared for the Premiere Vision Fair to be held in New York between July 17-18, 2018. 33 companies from Turkey, of which 25 are national and 8 are individual firms, will participate the fair where Turkish textiles manufacturers will invite business people from across



*Turkish textile sector paves the way in producing highly admired products of quality for many years.*

the world to invest in Turkey in addition to establishing commercial networks. Pinar Taşdelen Engin, President of Uludağ Textile Exporters' Association (UTIB), which will lead the Turkish business people participating in the fair, said the Turkish textiles sector has a very strong image in the global market.

### EXPORTS TO THE EMERGING MARKETS INCREASING

Engin expressed that the Turkish textiles sector paves the way in producing highly admired products of quality for many years thanks to its strong infrastructure and experience of hundreds of years. She also added, "A lot of people in many countries worldwide use Turkish textiles with pleasure,

especially for their upper segment needs. Our sector has been engaged in exportation to the saturated and rising markets such as Europe and North America, where competition is quite intense. We managed to become the biggest textiles manufacturer in Europe. Our sector will maintain its assertive position in the future."

Stating that they have the machinery park with state-of-the-art technology, flexible production ability, capability of producing special products with the high-quality workforce, Engin remarked that there are Turkish companies that received design awards on an international level and also have a highly positive image thanks to their



**“Our exporter companies now have an R&D and design awareness and we attach great importance to improving it.”**

manufacturing activities conforming to the technical and health standards.

### **WE ARE THE DRIVER OF TURKISH ECONOMY**

Engin also stated that textiles sector is one of the driving sectors of Turkish economy with the added value it produces and its performance and added that the sector is of big importance with regard to the employment opportunities it provides. She said,

“There are approximately 1 million people employed in textiles and ready-made clothing sectors. This number reaches 2 million if the sectors such as retail and merchandising, which are integrated to the aforementioned sectors, are included.”

Highlighting that in January-May period of this year UTIB's export has increased by 12.8% to USD 558 million compared to the previous year, Engin remarked, “In the same period, textiles export performed throughout Turkey reached USD 3.641 million with a 9.2% increase.”

### **WE SHOWCASE TURKEY'S POTENTIAL AT INTERNATIONAL FAIRS**

Stating that they started opening stands and promoting Turkey at the fairs abroad under the leadership of Ministry of Economy and Turkish Exporters Assembly (TİM), Engin continued,

“We are the showcase displaying our country's values and potential at fairs that are one of the most important media to promote our sector abroad, and our activities are highly admired. One of our most significant missions is to ensure that the actors of our sector all around the world embrace this positive perception. Our exporter companies now have an R&D and design awareness and we attach great importance to improving it.”

### **WE ARE THE SECTOR WITH THE HIGHEST FOREIGN TRADE SURPLUS**

Emphasizing that textiles sector is one of the traditional branches of industries in Turkey and among the cornerstones of the success story of industry and export, Engin, President of UTIB, expressed that the Turkish textiles and ready-made clothing sector as a whole is the first sector with the highest foreign trade surplus today. In addition, she said the textiles sector creates employment opportunities and, thus, highly contributes to the decrease in unemployment and public welfare, and added, “Turkish textiles sector has a very special place in the world thanks to its product quality, trendsetting designs and advanced technology. The sector ranks first in our country with its share in the gross domestic product (GDP).”

**“In 2018, the share of Turkey in global textiles export stands at approximately 3%, 4.5% in home and interior textiles and 1.5% in technical textiles.”**

### **WE ARE THE BIGGEST MANUFACTURER IN EUROPE**

Engin drew attention to the fact that Turkey is the biggest textiles manufacturer in the continental Europe and stated that it achieved the status of being the seventh biggest cotton producer in the world. “The machinery park, which was established for the production of broderie and guipure for home textiles, is the biggest machinery park in the world. The biggest factory manufacturing quilt covers is located in Turkey. We are one of the top three towel suppliers in the world. In 2018, the share of Turkey in global textiles export stands at approximately 3%, 4.5% in home and interior textiles and 1.5% in technical textiles.” said Engin.

### **WE WILL PRESENT THE MOST FAVORABLE FABRICS**

In the meantime, Turkey's stand that will be opened at the

Premiere Vision Fair to be held in New York by UTIB is ready to grab attention. At the fair, both cultural and artistic values of Turkey will be exhibited to professionals from New York. Foreign buyers will find a chance to see and examine the most favorable fabrics of the Turkish participants up close through the trend area at the Turkish stand. Turkish fabrics will be exhibited at the fair with a special design. Tastes from Turkish cuisine will be presented at the Turkish stand.

### **TIME TRAVELLING TO THE HISTORY OF TEXTILES WITH VIRTUAL REALITY**

The movie Tekstil (Textile) produced using virtual reality technique, a groundbreaking effort in Turkey, will meet the audience at the New York fair. Different from the standard publicity films, the movie will be watched with special glasses and the audience will find themselves within the scenes. The visitors will witness the history and development of the Turkish textiles by personally experiencing it.

Turkey will be promoted on social media during the fair and potential visitors will be reached out. There will also be a sweepstakes on the last day of the fair for the buyers visiting the Turkish stand. A set of Turkish coffee cups will be gifted to three visitors.







## EXPORT

## DRIED FIG EXCEED THE LIMITS

During the export season of dried fig between October 11, 2017 until June 30, 2018, Turkey has exported 58 thousand tons which calculate to 253 million dollars' worth of products.

BY RAMAZAN GÜZYURDU

**D**URING THE EXPORT SEASON of dried fig between October 11, 2017 until June 30, 2018 in which Turkey is the leader regarding production and exports, Turkey has exported 58 thousand tons which calculate to 253 million dollars' worth of products.

Aegean Dried Fruit and Produces Exporters' Association President Birol Celep said that dried fig exports increased 2% by quantity and 18% by value. Dried fig prices increased from 4 thousand dollars to 4 thousand 950 dollars per ton.

Aegean Dried Fruit and Produces Exporters'

*"As an association we will continue to use our Turquality and Ur-Ge projects to gain new markets for our sector and increase the added value on our products to help our country benefit."*

Association Vice President of the Board Mehmet Ali Işık highlighted the importance of healthy product growth and said that, "We are producing our products with the motto of -We are not going to produce what we can't eat and will not let it out of our factories."

Being responsible for the 98% of total dried fig exports of Turkey and wanting to increase the added value of the products, Aegean Dried Fruit and Produces Exporters' Association recently held together a "Dried Fig Sector Evaluation Summit".

Explaining that they've been focusing on increasing

the dried fig exports sustainably, solving the issues they come across during dried fig exports and the establish a cooperation between the dried fruit sector members both inside and outside of Turkey Aegean Dried Fruit and Produces Exporters' Association President Birol Celep also said that they are aiming for 65 thousand tons of dried fig export by the end of the season.

### DEMAND FOR HEALTHY FOOD ALSO INCREASES THE DEMAND FOR DRIED FRUITS

Pointing out the fact that healthy food is becoming a worldwide trend among many countries, Celep also said that, "Because of the recent interest and demand in healthy food and the costumer consciousness, the interest in dried fruits are peaking. In this parallel where the competition only gets harder, we must change the rules of dried fruit exports that we've been doing for more than 100 years and market our precious products more professionally. In this sense it is very important to increase the plantation levels, product ranges, supporting the businesses with investments by regaining 2B and inefficient forest lands for producers."

Reminding everyone that they've been working for a long time now to stop the formation of aflatoxins in dried figs, Celep continued his words by saying, "On the other hand, EU's research to determine Ochratoxin-A limits in dried fig continues, in this sense Both FRUCOM and our Ministry of Agriculture and Forestry also continue their research. Regarding these researches, the results that indicate there are no scientific reasons to establish a limit has been sent to EU Commission."



### TURQUALITY AND UR-GE PROJECTS WILL INCREASE ADDED VALUE EXPORTS

Informing the attendants of dried fruit exporters regarding their aim to create new production and marketing techniques, increase in competitive power and starting a Dried Fruit Ur-Ge Project, Celep said that they want to increase the exports of added value goods. Celep finished his words by saying, "We believe that it is time to ask something new, new projects and a new aspect in things are keys to solving the problems our sector is facing. We believe that this will end up being beneficial for all the sector for mid-long run rather than personal benefits in the short run. As an association we will continue to use our Turquality and Ur-Ge projects to gain new markets for our sector and increase the added value on our products to help our country benefit."

### "WE ARE NOT GOING TO PRODUCE WHAT WE CAN'T EAT"

Highlighting the fact that there is a pesticide problem in the dried fruits sector, Aegean Dried Fruit and Produces Exporters' Association Vice President of the Board Mehmet Ali Işık stated that they've reached out to 35 thousand producers and that as dried fruit exporters their motto is "We are not going to produce what we can't eat and will not let it out of our factories."

Explaining how they want to prove that Turkish dried fruits are clean from pesticides Işık also said "We are hoping for a climate that won't give our exporters any problems. In order to establish this environment, we decided to form a committee of companies, exchanges, universities and research institutes right before the drying process. We will teach drying techniques land by land. Technical committee will share their experiences right on the field. They will be putting out an action plan to stop Ochratoxing and Aflatoxin formations."

Shedding a light to the matter of making every producer getting what they deserve after their hard work and to make everyone happy. Işık continued his words by saying, "Instead of taking care of things personally we must act more collectively. What we want to do with land basis is to make sure the products are being dried in the healthiest and the best way possible. We have to have clean and healthy storages, there should be some work done there. Since fig is being stored in cold storage units it could be released into the market through a 12-month span. If we can store our products properly we can elongate this duration to 2 years."

2%

INCREASE IN EXPORT BY QUANTITY

253

MILLION DOLLARS

TOTAL EXPORT BETWEEN OCTOBER 11, 2017 UNTIL JUNE 30, 2018

4950

DOLLARS

THE PRICE OF DRIED FIG PER TON

### "WE HAVE TO ESTABLISH 2-YEAR POLICIES FOR FIG"

Işık finished his words by saying, "We have to have sustainability in dried fig sector. IF we can sell this product for 4950 dollars then we should not decrease our prices. We must have the infrastructure to sell 100 thousand tons of dried figs. Licensed storages will give us the opportunity to find products for 24 months. If we can manage the storage of this product we can establish a solid price. We need to move with common mindsets."

Reminding everyone that Aegean Dried Fruit and Produces Exporters' Association has been notorious in stopping exporting figs with aflatoxins and stopping their consumption in the market with exterminating them, Turkish Dried Fruit Sector Committee President Osman Öz suggested a pilot project to accumulate poor quality figs with a similar organization. Öz said that this way, the quality in dried figs will increase even further. Dried fig exporters decided to meet at a summit before the season to talk about solutions to their problems.

*Dried fig exporters decided to meet at a summit before the season to talk about solutions to their problems.*



"Because of the recent interest and demand in healthy food and the costumer consciousness, the interest in dried fruits are peaking."





# AVIATION

## HISTORIC FIRST-EVER LANDING AT ISTANBUL NEW AIRPORT

Due to open on October 29, Istanbul New Airport welcomed its first landing with the airplane carrying H.E. President Recep Tayyip Erdoğan and his retinue. To be the biggest airport built from the ground up when completed, Istanbul New Airport will be the new home of the fast growing flag-carrier Turkish Airlines.

**T**HE AIRCRAFT, registered TC-ANK, carrying President H.E. Recep Tayyip Erdoğan and his retinue, made the first ever landing at Istanbul New Airport, which will become formally operational on October 29 and be the biggest airport built from the ground up in the world.

H.E. President Erdoğan,

delivering a brief speech at the airport, said: "We will inaugurate this magnificent airport on October 29. We have arrived at this point by solidarity, unity and cooperation."

Thanking and congratulating the IGA consortium, the builder and operator of the Istanbul New Airport as well as the workers, engineers and

***"The Istanbul New Airport will be not only our prestige but also our landmark."***

architects, H.E. President Erdoğan said that the airport will have an annual capacity of 90 million passengers in the first phase, and this capacity will rise to 150 million passengers in 2023.

"The Istanbul New Airport will be not only our prestige but also our landmark," H.E. President Erdoğan underlined. With a multi-billion-dollar

***Turkish Airlines will serve passengers in one of the largest transfer centers in the world.***

investment, Istanbul's new airport will be a city on its own and be home to the world's largest duty-free shopping complex.

After completion of the first phase, the airport will have a capacity of 3,500 take-offs and landings per day. It will also include a 100,000 square meter residential area as well as a mega car park with a capacity for 25,000 vehicles, a 42-kilometer-long (26 miles) baggage handling system, and 143 indoor bridges for passengers.

Turkey's 2023 Vision, marking the centenary of the Republic of Turkey, sets specific targets for improvements in the areas of economic activity, energy, healthcare, and transport, including joining the world's



Turkey's President H.E. Recep Tayyip Erdoğan, accompanied by Turkish Airlines Chairman of the Board and the Executive Committee M. Ilker Aycı greeted Turkish Airlines staff after the first landing at the Istanbul New Airport.

top 10 economies.

With Istanbul New Airport, Turkish Airlines will serve passengers in one of the largest transfer centers in the world, equipped with the state-of-the-art technology. At the same time, the airport, which will open up Turkish civil aviation with the capacity of 5 runways and 200 million passengers, will provide further growth for Turkish Airlines.

Flying from its new hub,

Turkish Airlines will expand its route network, already the world's largest in terms of international destinations, even further. Turkish Airlines passenger numbers have swelled from just 14 million in 2005 to 69 million in 2017. To meet the wide-body aircraft need at its new home, Turkish Airlines, the airline flying to more countries and international destinations than any other, had closed deals with both Airbus and

Boeing, acquiring 30 aircraft from each company (10 of which being optional), the first one being delivered on 2019 and the last one on 2024. National flag carrier company also ordered 167 narrow-body aircraft in line with its growth trend and targets.

Turkish Airlines will make its first flights from Istanbul New Airport to Ankara, Turkey's capital and Turkish Republic of Northern Cyprus as well as Azerbaijan.





## PRESIDENTIAL INVESTMENT OFFICE

**I**n line with the transition to the Presidential Government System, Investment Support and Promotion Agency of Turkey was repositioned as the Presidential Investment Office.

Attached directly to the Prime Ministry since its establishment in 2006 and focused on attracting sustainable and value-added FDI into Turkey, Invest in Turkey will continue its efforts by directly reporting to the President beginning from July 2018.



## Turkey Becomes The 7<sup>th</sup> Most Popular FDI Destination In Europe

**F**DI is a lifeblood for economies.

Investment decisions such as establishing plants, R&D centers, and developing other assets are signs of confidence in a country. EY's "Europe Attractiveness Survey" has been tracking these investment decisions since 2000.

According to the EY Attractiveness Survey Europe - June 2018, Turkey became the 7th most popular FDI destination in Europe in 2017 (+3 places from previous year), was home to 229 projects (+66 percent y-o-y) and enjoyed a 3 percent share in all FDI projects across Europe.

These figures once again prove that international investors are confident in the Turkish economy and investment environment at a time when global FDI flows fell by 23.4 percent in 2017 and show fragile growth in 2018.

	2016	2017	Change vs Rank in 2016	Share (2018)	% Change
UK	1,138	1,205	-	18%	6%
GERMANY	1,063	1,124	-	17%	6%
FRANCE	779	1,019	-	15%	31%
NETHERLANDS	409	339	-	5%	-17%
RUSSIA	205	238	2+	4%	16%
SPAIN	308	237	1-	4%	23%
TURKEY	138	229	3+	3%	66%
BELGIUM	200	215	-	3%	8%
POLAND	256	197*	*	3%	*
FINLAND	133	191	1+	3%	44%
IRELAND	141	135	2-	2%	-4%
CZECH REPUBLIC	110	134	1+	2%	22%
ROMANIA	132	126	1-	2%	-5%
SERBIA	46	118	8+	2%	157%
HUNGARY	107	116	1-	2%	8%
OTHERS	876	1030	*	15%	18%
<b>TOTAL</b>	6,041	6,653		100%	10%

## STATE OF EMERGENCY LIFTED IN TURKEY IN JULY

**The State of Emergency**, declared by the Council of Ministers following the coup attempt against the democratically elected Turkish Government on July 15, 2016, was lifted as of July 18, 2018.

The main purpose of the state of emergency was to remove the threats of the failed coup attempt in Turkey and to hold the

coup plotters accountable, ensuring that those involved were identified and brought to justice swiftly. The state of emergency provided for the recovery of free and civil democratic order in Turkey. The state of emergency did not impose any ban on movement, gatherings, or free press, and did not impact the day-to-day lives of individuals.



## China's Alibaba Invests In Turkish E-Commerce Company



**China-based internet giant Alibaba Group** declared that it has decided to invest in Turkish e-commerce company Trendyol at the end of June 2018.

Trendyol is one of the leading e-commerce companies in Turkey and holds a leading position among online fashion

retailers. The Competition Authority approved the deal on June 24.

Previously, President Recep Tayyip Erdoğan has received founder of Alibaba Jack Ma on the occasion of his official visit to New York to attend the 72nd United Nations General Assembly meetings in September 2017.

## TURKVEN INVESTS IN TURKISH ELIF PLASTIC

**Turkven, the leading private equity company** in Turkey with a track record of billions of dollars of FDI inflow into the country, has bought a majority stake in the Turkish packaging company Elif Holding.

Established in 2000, Turkven is the first independent private equity company in Turkey. It currently has USD 2 billion of assets under management, and funds advised by Turkven have led 20 investments in Turkey,

including equity and debt financing. The international investors in funds advised by Turkven provide the company with a unique global network.

Turkven's investments in Turkey included Medical Park (hospital chain), Flo (footwear), Koton (apparel retailer), Mavi (denim), Mikro Yazılım (software), Doğtaş-Kelebek (furniture), Domino's Pizza Turkey and Russia, Golf (ice cream), and Migros (food retailer).





## US-BASED ENTERPRISE CAR RENTAL SET TO INVEST IN TURKEY

**U**S-based car rental company **Enterprise** is set to invest TRY 1bn (USD 210mn) in Turkey this year. The US giant, which has the largest fleet in the car rental industry with around 2 million vehicles in 95 countries, signed an agreement with the national flag carrier Turkish Airlines last year.



Enterprise Turkey CEO Ozarslan Tangun stated that the company currently operates with around 10,000 vehicles in Turkey, with plans to triple this figure, as well as the number of offices, within the next 5 years. CEO Tangun added that Enterprise has plans in the works for Istanbul's new airport.

## EUROPEAN INSTITUTE FOR EURASIAN DIALOGUE RECOGNIZES INVEST IN TURKEY'S SUCCESS

**I**taly-based European Institute for Eurasian Dialogue (EIEAD) carried out a comparative study of the FDI incentive schemes of several countries in the Eurasia region (namely, Azerbaijan, Armenia, Iran, Israel, Lebanon, and Turkey) so that entrepreneurs could assess the best location for their investments and for establishing their presence in the area. The result of this research revealed that Turkey is the country with the most advantageous incentives system and that Invest in Turkey was the most successful investment promotion agency in the region. The award ceremony held in Lerici, Italy on June 22.

EIEAD aims to increase the political and economic/industrial cooperation between the EU countries (Italy in particular) and the Eurasian region.



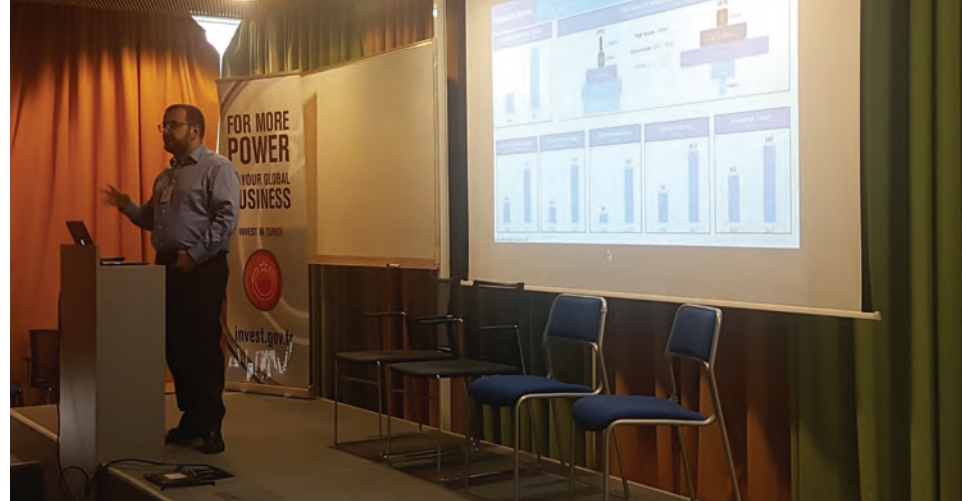
***Invest in Turkey was  
the most successful  
investment promotion  
agency in the region.***



## TURKEY'S STARTUP ECOSYSTEM PROMOTED IN PARIS

**Invest in Turkey Country Advisor** in UK Murat Özdemir and Hackquarters Startup Accelerator CEO Kaan Akin presented on Turkey's startup ecosystem at the MCAA Workshop on Driving Solutions for Science in Business held in Saclay University in Paris by the Marie Curie Alumni Association in conjunction with Université Paris-Saclay, Université Paris-Sud, the European Commission, and supported by Invest in Turkey.

Among the nearly 100 attendees were management of the



Saclay ecosystem, companies and institutions such as Thales, Nokia, CEA, startup accelerator SATT

***Invest in Turkey presented Turkey's startup ecosystem.***

(Sociétés d'Accélération du Transfert de Technologie), and PHD and post-doctoral candidates.

## INVEST IN TURKEY HOLDS **AUTOMOTIVE SEMINAR IN JAPAN**

**To give an insight into** Turkey's rapidly-growing automotive industry and business opportunities available to investors, Invest in Turkey and JETRO organized a joint seminar on July 5 in Tokyo.

The seminar featured presentations on Turkey's investment climate and current outlook of the automotive industry by Invest in Turkey Country Advisor in Japan Yuichi Aoki, Invest in Turkey Project Director Ethem Tokgözlü, Aisin Turkey President Murat Ayabakan and Itochu GM Ryutaro Mashiko.

Given its unique



***Turkey is a manufacturing home to Ford, Fiat, Hyundai, Renault, Toyota, Honda, and several other leading automotive companies.***




advantages such as large domestic market and lucrative export opportunities, Turkey is a manufacturing home to Ford, Fiat, Hyundai,

Renault, Toyota, Honda, and several other leading automotive companies. These brands use the Turkish market as a hub to export to Europe and Asia.



*Fertile Crescent*  
**IS RISING AGAIN**





*The Fertile Crescent is the boomerang-shaped region of the Middle East that was home to some of the earliest human civilizations. Also known as the “Cradle of Civilization,” this area was the birthplace of a number of technological innovations, including writing, the wheel, agriculture, and the use of irrigation. **With its potential, Turkey continues to be one of the key player in the region in agriculture and livestock.***

BY RAMAZAN GÜZYURDU



# T

**HANKS**

**TO ITS CONVENIENT** geographical conditions and climate, Turkey is a leading country in food and agriculture sector. Together with re-structuring efforts, privatization and a series of reforms such as reducing trade restrictions in agriculture sector starting in early 1980s resulted in creating present day domestic market, which is an integral part of the world economy.

Among the features which make the sector stronger, market size –which is closely related to the country's young population–, dynamic private sector economy, high tourism revenues and favorable climate conditions can be mentioned.

Food sector has steadily grown in Turkey during recent years thanks to consumers who create increasing demand due to diversity of options presented by big retail centres. Increase in disposable incomes, change in consumption habits, increase in numbers of women employed in full-time jobs, resulted in an increase in demand for packaged and processed products such as delicatessen and frozen food.

Turkey is the leading producer of hazelnuts, dried apricots, seedless dried grapes and dried figs. Also, Turkey happens to be the strongest country in milk and dairy products production in the region. Additionally, while 11.500 is the total number of plant species in entire European continent, Turkey alone is estimated to host around 11.000 plant species.

While Turkey becomes one of the biggest markets for bakery products due to bread, which is one of the important parts of the eating habits in Turkey; dairy products such as milk, yoghurt, cheese, kefir and ayran, constitute irreplaceable parts



***Turkey's goal to become one of the 10-largest global economies has led to the launch of a new set of programs for industry and agriculture.***

of traditional Turkish cuisine. Although non-packaged products dominate the Turkish dairy products market traditionally and prevented a widely extended growth so far, they created an opportunity for the potential investors in the sector.

This potential make Turkey have a place among the best in the world as a place to choose as regional headquarters and supply center. Turkey asserts considerable hegemony over production and exportation of a variety of agricultural products such as hazelnuts, dried

apricots, seedless dried grapes and dried figs in the international area. Aside from these, Turkish food industry is much better developed compared to Turkey's neighbors. Additionally, Turkey is one of the biggest agricultural product exporters in Eastern Europe, Middle East and North Africa (EMEA); thus, it has a great foreign trade surplus in this sector.

Turkey provides a series of incentives for investors in agriculture and food sector. Support mechanism provided by the Turkish government includes advantageous regulations, taxing system, competitive work force and investment incentives.

Turkey's goal to become one of the 10-largest global economies has led to the launch of a new set of programs for industry and agriculture. Recently, the government has taken major steps to improve livestock and agriculture in Turkey. As part of this expansive program, organic agriculture will be supported with government incentives and farmers will be provided low-interest loans. The overall purpose of the program is to nurture agriculture in the country as the population continues to increase and reduce the share of imports.



### R&D AND INNOVATION STUDIES

The competitiveness of agricultural producers in the world is directly related to the knowledge they have developed along with the natural resources they possess and the technology they produce. In this context, R&D is a key factor in ensuring sustainability and food safety with the impact on productivity and the added value it creates. The Ministry of Agriculture and Forestry has included R&D activities as a policy priority and has designated this area as a strategic priority. In this context, the General Directorate of Agricultural Research and Policies (TAGEM) carries on their activities with 50 research institutes, with 6,235 employees in these institutions and 284 laboratories in 200 thousand decares, which is the largest research organization in Turkey. In the last 10 years, the infrastructure of the Research Institutes has been renewed and 21 advanced R&D and Training Centers, with the latest technology and specialized on the basis of subject, have been established. Besides, 15 new centers are also under construction.

Within the scope of R&D activities, important studies continue in the institutes to meet the needs of animal and plant production sector. These institutes have developed 940 seed varieties, corresponding to 31% of the varieties registered in the seed sector, which made significant breakthroughs in recent years.

In addition to the research done by the Ministry's research institutes, the development of information and technology, in the priority issues of the Ministry and the agriculture sector, is supported under the R&D Support Program since 2007. At the same time, R&D projects prepared by universities, non-governmental organizations and the private sector are supported in order to develop the R&D capacities of the institutions in agriculture sector. Up to now 413 projects have been supported and 61.2 million TL has been paid to these projects. As of 2017, radical changes have been made in the program and the most noteworthy of these changes is to raise the upper limit of support given per project from ten times to 3,000,000 TL from 300,000 TL. Thus, it is aimed to

provide more attractive support for the realization of large-scale projects.

In addition to these, one each R&D Office has been established in 50 research institutes spread over 35 provinces inhere in TAGEM, which can be used free of charge by the private sector and other organizations working or working in agriculture R&D and innovation fields, in order to accelerate the public-private sector business cooperation. Everyone who comes to these offices is able to benefit from the infrastructure and technical support facilities of the institutes, so that they have the chance to make on their dreams come true without having to make high-cost expenditures on project ideas.

### "COME TO TURKEY"

Turkey is an attractive country is the need for both national and international investors. In this context, significant studies are being done, to encourage investments and to prepare appropriate conditions for investors, and serious transfer of funds is provided. As a result, investments in many sectors are increasing and agriculture is at the forefront of these sectors.



Our country has great investment opportunities in agriculture sector with its growing demand and proximity to important markets in the livestock sector; appropriate coastal and facilitating legal infrastructure for large-scale farms in the fisheries and aquaculture sector; the potential to become a regional supply center with its rich raw material presence and advanced processing technology in the food sector; proximity to important markets in the halal food sector; convenient marketing export opportunities in the fresh fruit and vegetable sector; the 4th in the world and 1st in Europe in production amount and large geothermal energy sources in greenhouse sector and with approximately 12,000 plant species, including 4,000 endemic species, and rich genetic resources.

Foreign investors are subject to equal treatment with domestic investors as a result of establishing a company in our country or partnering with an existing company. In this context, foreign investors to invest in agriculture in Turkey can benefit from the supports and incentives provided by the Ministry and other public institutions if they are registered with the National Taxation System. Investments made in the field of agriculture are encouraged by incentive packages implemented by the Ministry of Treasury and Finance, support programs implemented by the Ministry of Agriculture and Forestry, interest-deductible loans applied by Ziraat Bank and Agricultural Credit Cooperatives.

As of the end of April 2018, 54,585 companies with international capital have been established and 6,914 companies with domestic capital have participated in international capital participation. There are 1,468 companies operating in the food, agriculture, hunting, forestry and fishery sectors among the 61,499 companies with international capital established in our country in total. Ministry of Agriculture and Forestry will continue to support the producers for their works as aware of the burden of responsibility for the sector and that it is up to the present to take care of the nation's well-being and the nation's welfare in this sensitive period.

## INVESTMENT OPPORTUNITIES



Clear opportunity for investment in Turkey

**LIVESTOCK**



Turkish coasts and regulations allow for large-scale farms

**AQUACULTURE**



Effective and efficient inspection system monitored production from the farm to the fork

**FOOD SAFETY**



Certification bodies 70 halal food premises

**HALAL FOOD**



The best ecological conditions, Contractual manufacturing, Easy marketing to the food processing sector and export opportunities

**FRESH FRUIT VEGETABLE SECTOR**

**R&D**

Promotion of Modern Technologies and Innovation



**ENVIRONMENT**

Resource efficient production and support resilience to climate change



**RICH GENETIC RESOURCES**

12,000 plant species 4,000 of them are endemic



**GREENHOUSE SECTOR**

4th in the World and 1st in the Europe



**ORGANIC FARMING**

The best ecological conditions, Contractual manufacturing, Easy marketing to the food processing sector export opportunities



## TURKEY AT A GLANCE



Member of the OECD,  
the G20 and in the ongoing  
EU accession process

# 6<sup>th</sup>

largest economy in  
Europe  
17<sup>th</sup> largest economy  
in the world  
6<sup>th</sup> most visited  
holiday destination

TOTAL FDI INFLOW IN 2017

# \$11

  
billion

Total Investment inflow into  
agriculture, food  
and beverages and tobacco  
products sector in the past 15  
years is: \$9,3 billion

IN 2017 AGRICULTURAL GDP

# \$52.1

  
billion

IN 2017 AGRICULTURAL EXPORT

# \$17.6

  
billion

IMPORT

# 18.3

  
USD billion

# 3<sup>rd</sup>

The most attractive real  
estate investment destination

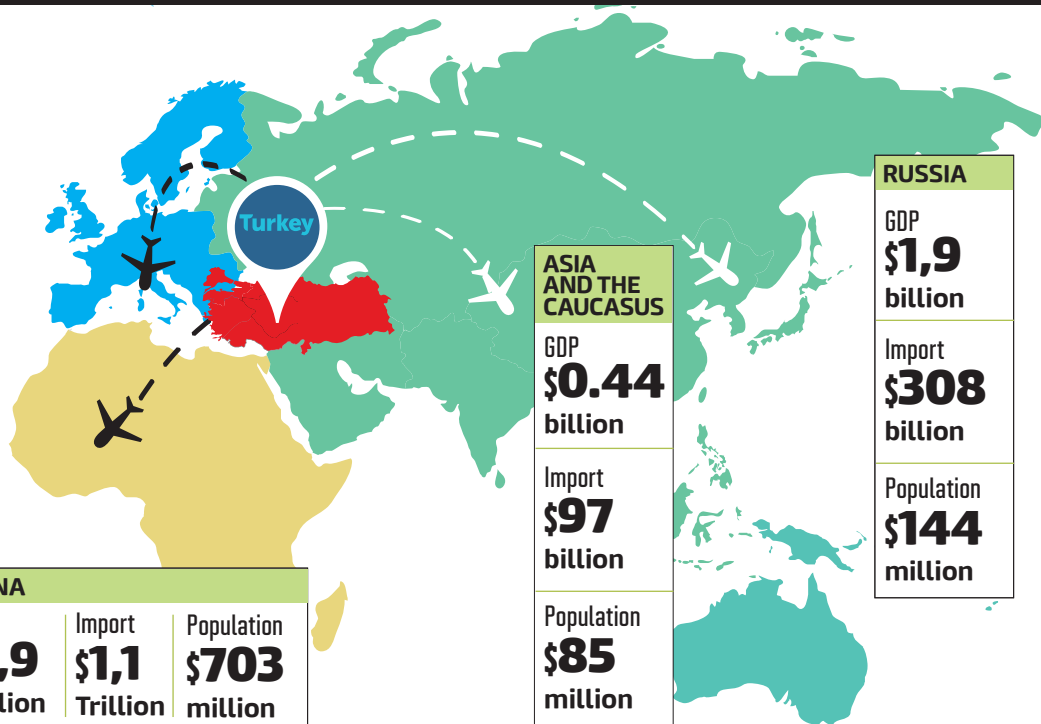
## A REGIONAL POWER AND FOR TRADE BRIDGE

## EUROPE

GDP  
**\$20.8**  
Trillion

Import  
**\$6.7**  
Trillion

Population  
**\$670**  
million



## RUSSIA

GDP  
**\$1,9**  
billion

Import  
**\$308**  
billion

Population  
**\$144**  
million

ASIA  
AND THE  
CAUCASUS

GDP  
**\$0.44**  
billion

Import  
**\$97**  
billion

Population  
**\$85**  
million

## MENA

GDP  
**\$3,9**  
Trillion

Import  
**\$1,1**  
Trillion

Population  
**\$703**  
million

## TURKEY IN THE WORLD

## IN PRODUCTION

# 1<sup>st</sup>

Nut, Apricot, Fig and Cherry

## IN EXPORT

# 1<sup>st</sup>

Nut, Apricot,  
grapes, fig and  
quince

# 2<sup>nd</sup> - 5<sup>th</sup>

Melon, Water Melon, Strawberry, Lentil,  
Olive, Apple, Tomatoes, Tea, Pistachio,  
Walnut, Eggplant, Sheep Milk, Sugar Beet  
and Honey

# 2<sup>nd</sup> - 5<sup>th</sup>

Cherry, Yoghurt, Macaroni, Lentil,  
Lemon, Mandarin, Chickpea,  
Orange, Olive and Tomato

TURKEY'S GEOGRAPHIC LOCATION IS VERY CONVENIENT  
TO ACCESS TO MAJOR MARKETS

People

# 1.5

  
billion

GDP

# \$27

  
Trillion

Trade Volume

# \$8.2

  
Trillion

Abundant land combined with its strategic location

55 airports, 23 international airports with the 2016 best airline of the world,  
which is Turkish Airlines, easy access to 299 destinations and over 120  
countries in the world

Surrounded by the three seas, as a Peninsula, Anatolia is very well suited  
for sea transportation. There are 68 customs and many of them are autho-  
rized for plant and animal movement.





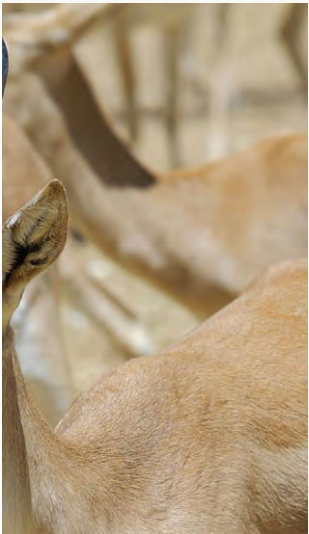




# “TİGEM IS NOT JUST A COMMERCIAL ORGANIZATION ALSO AN ADMINISTRATIVE INSTRUMENT.”

TİGEM's (Turkey's General Directorate of Agricultural Enterprises) is continuing its support to strengthen Turkey's agriculture and livestock industry at home and abroad.

TİGEM is one of the advanced organization in agriculture and livestock industry of our country. We had an exclusive interview with İsmail Şanlı, Director General and the Head of the Board, to speak TİGEM's history, future projects, and receive their opinion about current state of the industry.





**TİGEM's history dates back to the old days of Anatolia. What about the mission and vision of TİGEM in the world today?**

We learned that the decimal system was a system created and utilized by the Turks as a structure of rankings for their military. The history of TİGEM is based on another value that the Turks have brought to the world state tradition. Holding such important and vital missions, the history of TİGEM has been documented in the Ottoman and Republic Archives and has found its spirit in the historical texture of its farms scattered around all parts of Anatolia. The foundation of TİGEM takes its source from independent farms established during Seljuk and Ottoman times. These farms were established to meet the food and victuals of the army during wartimes. When the armies of other states looted the villages they found on the



way, we have brought such an organization to the world because our own culture is different. Most of our currently active farms are from the Ottoman period and one of our farm among them, Bursa Karacabey, continues to work for over 650 years. However, this system began to deteriorate as The Ottoman Empire began to decline in the late 18th century. TİGEM is the pioneer and leading organization, which undertook important missions during the first years of The Republic;

*"Holding such important and vital missions, the history of TİGEM has been documented in the Ottoman and Republic Archives."*

working through its farms which were established on infertile lands requiring rehabilitation, such as producing certified seeds and breeding animals being the two main items of agricultural production and, supplying them to the farmers. Today, TİGEM is aiming to increase the quality of our animals and seeds as well as these duties. Sometimes some people criticize us and say that the state is farming. We are not farming, but we produce the seed material that the farmer needs. TİGEM, provides a very important social state service in this regard. So, we sell the seeds that we produce almost unprofitably to our farmers. For example, we are selling close to 150 thousand different varieties of seeds in different categories in Turkey. The main mission of TİGEM is to bring our seeds safely to our farmers in order to produce the food that our people need. TİGEM started to share its experiences with different countries in the countries we have established relations with abroad in the new period, while protecting this traditional mission from the past. In this regard, our bilateral relations with Central Asian countries and African countries are developing. We also export seeds abroad and protect our position as an exporting country. We started a project with Sudan but we also have contacts with different countries. We are also cooperating with European countries to increase our capacity, which we have in our main activities. In this period, we also have a very important cooperation with Austria. As a third country partner

**"We are selling close to 150 thousand different varieties of seeds in different categories in Turkey."**



we have a route map that aims to produce and sell sperm. TİGEM is not just a commercial activity of our country but it is also an administrative instrument.

**Agriculture and livestock have always been one of the locomotives of the national economy in our country for centuries. Could you inform us about Turkey's potential in this field?**

We must discover and uncover the potential in our own land in Turkey. My perspective about food sector is more universal. Because the earth is a universal heritage and these areas are getting smaller and smaller. That's why we need to protect this. If we do an innovation about the earth and agriculture, we will do it for the whole humanity. Because the population of the world is increasing rapidly, but the agricultural land is also rapidly decreasing. In the face of this situation, our soil value is increasing day by day. In the face of this situation, the value of our land is increasing day by day. We are obliged to protect this value as a national wealth. And when we examine our land structure, we see an Anatolian geography fragmented through inheritance. The main problem we are experiencing is that our land is so fragmented that it causes our access costs to stay too high. I have encountered this similar problem before when i was district governor. We reunited the fields in the village and removed the borders and planned a production as if it were a single field. I can say that we do not have a resource problem as a country. We need to increase productivity



by reuniting these fields together. In recent years, many people from different professions in our country have left their jobs and turned to agriculture and animal husbandry after a while. At this point, we can be a country that produces food for the world and increases its investments in this regard. Today, we want to lead the private sector in their agricultural activities abroad.

**What are your studies to increase the number of cattle and small cattle? Do you have any international connections? Are you conducting joint projects together?**

TİGEM has about 43 thousand cattle and 230 thousand small cattle and the main goal of this animal existence is to produce breeding animals. We want to increase our capacity and provide a regular income channel for our rural people. We launched a project named "300 Sheep" in order

***"We want to increase our capacity and to provide a regular income channel for our rural people."***

to make their activities comfortable. Here we want to transform production into an economic form. If we provide 300 sheep and a year later they give birth to 300 lambs, breeders will keep those lambs and the state will buy back the sheep to redistribute to other farmers. We will also pay for the veterinary costs, social security and the minimum wage. Because the main factor behind the high meat prices problem today is the decline in animal population. Urban migration, lack of agricultural land suitable for small cattle, the terror problem in rural areas reduced Turkey's animal existence from 60 million to

45 million. Within this scope, we aim to distribute 500 thousand ewes. We will also increase the current capacity of the TİGEM with our own investment opportunities.

**Your office looks like a laboratory. You are personally interested in the use of algae feed-focused. How do you see the importance of R & D and innovation for increasing agricultural and livestock production? What are your projects in this regard?**

R&D is an indispensable part of every business. The most important building block of fastest growing economies is development is R&D. We also created a separate branch office in order to make R & D more powerful. Besides, we are working to increase the international standards of our laboratories and to obtain accreditation from the Turkish Accreditation Agency. We are also working on R & D for algae production, one of the lesser known heroes of the world. Algae also play an important role in oxygen



**We are also** working on R & D for algae production, one of the lesser known heroes of the world

production. Algae are grown in the world as an alternative to the scarcity and food problem in general. These studies have been increasing over the last 50 years. Algae has a wide range of uses, from cosmetics, human food, animal feed production, to seed coating, fertilizer industry, fuel industry especially in jet fuels. Spain has very good works on algae. They only want to use fuels produced from algae on some machines and vehicles. Nasa also has pioneering projects in this area. Some countries In the Far East have significant production with sea effect. Algae that contain twice as much protein as soy is important to provide proteins for human. Algae can also be grown vertically. This is a very important advantage nowadays when the agricultural fields are declining. Algae are also used in waste treatment and zero waste projects. We started the production of algae on an area of 3000 m2 in Dalaman, Muğla. In the next few months we will have doubled our workspace here. We have both local and international negotiations for our algal project there.

**There is an area of 12 thousand hectares under used by TİGEM in Sudan. What kind of work are you doing in this area? What are your goals for the future?**

It is an ongoing project that lasts for more than 4 years but we have achieved a significant milestone in the



last 6 months. Thanks to this farm, we aimed to establish a partnership between Turkey and the Sudanese government. We are transferring the knowledge and know-how of Turkey to Sudan. Secondly, we are leading the companies that will invest in Sudan. We will open a branch there. We have an important mission and vision in Sudan. The main goal is to increase bilateral relations between the two countries. Throughout this project, we want to uncover Sudan's agricultural potential. Thanks to geographical advantages, agriculture can be done for 12 months in Sudan. We want to use this potential to meet the increasing food need in the next 20 to 30 years of our country. I would also underline that this project in Sudan will not affect our farmers negatively in Turkey. In Sudan, we will grow agricultural products not manufactured in Turkey such as date palm. We also want to be able to trade agricultural products in

*"Thanks to this farm, we aimed to establish a partnership between Turkey and the Sudanese government."*

both that country and third countries, the world market. We invite audience of The Turkish Perspective and investors to Africa thanks to this interview. TİGEM will be a strong partner for them because we have a high potential. Apart from the Sudan project, we sell seeds to Iraq. We have a plan to produce seeds there too. We also have work in some Central Asian countries at the idea stage.

**TİGEM has facilities and centers to carry out hippo therapy treatment. Could you inform us about this project?**

Thanks to these projects, we want to create places in the

city centers where people can ride horses and take a walk with their children comfortably. In our digital and urban world, young people can meet with nature, sports and animal love through the centers of hippo therapy. There was a center of hippo therapy in the city where I served as district governor. I have observed that a large number of children with disabilities, down's syndrome, or MS patients have been treated and discovered the beauty of nature in these centers. Therefore, we have a sample project for municipalities in order to spread the centers of hippo therapy throughout the whole country. We would like to cooperate with municipalities to provide services such as syce, horse care and horse breeding that they need. We share this information with you first. I believe that if the municipalities carry out such a project, they can achieve significant economic benefits in a humanistic frame.

# Together We Innovate



## !NOVATİM

InovaTİM is a family of **2256** students full of spirit of development and change who puts innovation in the center in Turkey's **156** different departments of **150** universities in **72** cities.



[www.inovatim.org](http://www.inovatim.org)



Development of Participation Banking component no 7 was added to the Istanbul Finance Centre Program.



# *Participation Banking:* DEVELOPING INTEREST-FREE FINANCE

**Islamic finance will be one of the sectors with the highest growth rate on a global scale in many countries.**

**I**slamic finance dates back to long time ago in history when humans' financing needs emerged. However, the process of Islamic finance becoming an alternative financial sector in the world as understood today in its modern form started about 60 years ago, this sector has been present in Turkey for the last 30 years. The sector has made steady growth up to day and total assets reached US \$ 2.1 trillion by the end of 2017 at global level (*S&P Global Ratings, Islamic Finance Outlook 2018 Edition*). In the last decade when globalization accelerated due to technological developments, the Islamic finance sector grew approximately 15 folds in the world and has by far outperformed the conventional financial sector.

Islamic financial institutions were regulated in Turkey as Special Financial House (SFH) for the first time in the year 1983 with the Decision of Council of Ministers (Nr. 831/7506). Following this decision, Albaraka started to operate in 1984, Faisal Finans in 1985, Kuveyt Turk in 1988, Anadolu Finans in 1991 and Ihlas Finance in 1995. SFHs had been operated based on the decision of the Council of Ministers mentioned above until they were taken under the scope of the Banking Law No. 4389 in 1999. With the Banking Law No. 5411, (January 1, 2006), they have taken the name "participation banks" and as a bank type they became subject to all the banking regulations.

According to the projections and assessments of international institutions and organizations, the Islamic financial sector is expected to continue its steady growth and to exceed 3 trillion US dollars in size within a few years. Acting on the expectation that Islamic finance will be one of the sectors with the highest growth rate on a global scale, many countries are currently making strategic decisions for Islamic finance and have even been applying these decisions carefully for some time. It is mentioned in several sources of reference that Turkey, cited as one of the top contributors to growth for future, is set to become a regional centre in this process. Its geopolitical position, sociological and demographic structure, track record of Islamic finance, strong political and bureaucratic support for this field, increased reputation garnered after the global financial crisis, sound banking system and the recently forged image of a leading country raise positive expectations for Turkey in Islamic finance.

In response to the expectations in question, Turkish participation banks have made significant progress since 2005, when they were recognized as banks. Operating with 292 branches and 5,747 personnel 13 years ago, participation banks turned into an alternative finance sector with 1,049 branches and 15,252 employees by end of the May 2018. Its total assets, 9.9 billion TL in 2005, reached 181.2 billion TL in May 2018. In parallel, their share within the banking sector also increased from 2.4% to 5%.



However, it is also a fact that Turkey has not yet sufficiently capitalized on its potential. This situation has been taken into consideration by policy makers and sector representatives in Turkey and the development of Islamic finance has already become one of Turkey's top priorities. Tripling the asset size of the participation banking sector so that it reaches 100 billion US Dollars within 10 years' time and therefore increasing the sector share to 15% is one of the main objectives of the Participation Banks Association of Turkey (PBAT) strategy document prepared in 2015.

With its unique principles and activity structure, the Islamic finance system has significant benefits to bring to Turkey in individual and social sense. The most important and outstanding aspects of the Islamic finance model include; the fact that financial assets grow in parallel with and dependent on the real economy, it does not allow excessive speculation and risk appetite, is based on risk sharing and contributes significantly to financial participation.

To clarify; the Islamic finance system being based on risk sharing instead of risk transfer establishes a balance between risks and returns in financial activities, which serves for establishing economic and social justice as well as income distribution and economic stability. On the other hand, Islamic finance is a system based on the principle of financing things that are real. Indeed, it is not possible to get financing from Islamic financial institutions unless a sale, lease or ownership partnership is established on a good, service or right. In addition, investors or service providers are not allowed to undertake excessive risk, to exclusively focus on speculative return and likewise, transactions involving excessive uncertainty are not approved either in interest-free finance. For this reason, the Islamic finance system



allocates relatively more resources for real investments and therefore development. The Islamic finance system increases financial participation by attracting people who do not participate in the conventional finance system because of their religious sensitivities, thus contributing to the reduction of informality and transfer of savings into the economy.

**THE ISLAMIC FINANCE SYSTEM HAS SIGNIFICANT BENEFITS TO BRING TO TURKEY IN INDIVIDUAL AND SOCIAL SENSE.**

It is envisaged that the progress to be made in the field of Islamic finance will also make a great contribution to Istanbul becoming an international financial centre. Bearing this in mind, "Development of Participation Banking and Interest-Free Finance" component no 7 was added to the Istanbul Finance Centre Program under 10th the Development Plan for 2014-2018 through the decision of High Planning Council dated 16/02/2015 no 2015/3, thus turning the target in question into a national strategy.

Under the 7th component, 31 actions were identified within the framework of 4 policies listed as improving perception, human resources, institutional and legal structure and increasing product and service diversity. The majority of these actions have been put into practice thanks to the dedicated works conducted by various institutions for about 3 years. Among the most concrete steps that have been taken are the establishment

of state owned participation banks and private non-bank interest-free financial institutions, the increase of public and private sector sukuk issuance, the enactment of various legal regulations, the opening of academic departments and research centers and the increase awareness of the sector in wider masses are taking place. On the other hand the most important initiatives taken recently by BRSA in the name of the development of Islamic finance sector is the establishment of a central sharia advisory board. In addition to participation banks, other institutions that carry out Islamic finance activities will lead them to operate in accordance with the Islamic principles. All the necessary measures have been taken for the independence of the board and it has been ensured that their decisions are binding for the participation banks.





## “TURKEY IS THE SEVENTH BIGGEST COUNTRY IN THE GLOBAL ISLAMIC FINANCE SECTOR”

Turkey is expected to be one of the leading countries in Islamic Finance Sector. Because there is an important political support to the sector.

BY SERAP KAYA    BY İLHAN ALPAY OĞAN

**WE MADE INTERVIEW WITH** Mehmet İrfan Kurt, Vice Chairman of Banking Regulation and Supervision Agency, and talked about Participation Banking, the Islamic Banking Sector.

**What are your views on the general situation of the participation banking sector? What are the major challenges of Participation Banks in Turkey?**

In Turkey, Islamic banks were included in the 1999 banking law for the first time. In 2005, these institutions were named as participation banks and took into the scope of deposit insurance scheme of Turkey. Currently, 5% of the assets of the Turkish banking sector belongs to Islamic banks. They are continuously increasing their share in the Turkish banking sector, which is a highly competitive market.

Average growth rates of Islamic banks are higher than conventional banks, with an average growth rate of 25%. This high growth rate has been driven by some external factors. For example two new state-owned participation banks (Ziraat Participation Bank and Vakıf Participation Bank) have entered to the market in the last three years. In addition, there has been a government strategy for the development of Islamic financial markets and instruments since 2013. In order to support the strategy, Interest-Free Finance Coordination Board, headed by the Deputy Prime Minister responsible for economy, was established. This gave the opportunity to the government to bring together all the stakeholders representative of the sector to make performance follow-up, feedback on needs. In this context, the Islamic

financial activities are provided with the necessary political support from the government. The dedicated department established within the BRSA is responsible for the tasks aiming to develop the sector. Conversely, there are challenges for Islamic banks in terms of product development, strengthening corporate governance and Shariah compliance issues. These obstacles stem from the legal constraints, dependence on conventional business models and inadequate awareness about Islamic banking. The current strategies include the elimination of these constraints. It is expected that the Islamic Banks will attract more investors by strengthening the structure of corporate and Shariah governance system. For the development of Islamic finance, the government and the BRSA act in full cooperation with the sector players.

**What are the main differences of Islamic banking from conventional banking?**

**What are the benefits of participation banking provide to economy?**

Basically, there are Islamic ban on interest on the basis of finance. Accordingly, Islamic financial institutions are prohibited from receiving deposit for a predetermined amount or rate. In addition, the areas financed by Islamic banks must also comply with the Shariah rules. The prohibition of interest and other restrictions cause the financing transactions of the Islamic banks to be based on the purchase and sale of goods. Or these organizations can provide financing through profit-loss partnership contracts. In this respect, Islamic banks are expected to offer more financial support to real sector institutions than conventional banks. As a matter of fact, the share of SME loans of the Turkish participation banks in the balance sheet is higher than that of conventional banks. Another potential benefit of Islamic finance is to increase resilience against financial shocks. Many studies suggest that asset-based financing of Islamic banks contributes positively to financial soundness. In addition, financing based on commercial transactions is a factor restricting excessive financialization, which is the main reason for the recent crisis. Moreover, those who do not have a relationship with conventional banks due to religious sensitivity can benefit from the



financial sector through Islamic banks. In this way, Islamic finance contributes to enhancing financial inclusion. On the other hand, the high correlation between interest rates of Islamic banks and market interest rates is criticized. However, it should be taken into consideration that the Islamic banks are still developing and not fully independent of the market. With the development of the Islamic finance sector and especially the spread of profit and loss partnership financing, it will be possible to differentiate the yield rates of Islamic financial products from market rates. It is expected that the increase of Islamic banking in the Turkish banking sector will increase the resilience of the general economy to financial and economic crises.

**What are the financial instruments offered by participation banks? We know that efforts have been made to develop different Islamic finance products and instruments in recent years. In your opinion, are the products offered and development efforts sufficient for the financial needs of the customers?**

Interest-free finance principles do not allow interest, speculation and prohibited products to be financed. Beside Interest-free finance is based on the idea that there is profit-loss or risk-sharing principle in both assets and liabilities, furthermore, all financial transactions are derived from real commercial activities. The theoretical models of Islamic banking mainly recommend partnership contracts such as "mudaraba" and "musharaka". However, current Islamic financing practices are based largely on interest-free financial instruments which operate in a manner similar to conventional financial instruments. Majority of Islamic banking transactions are based on murabaha (cost plus sale), ijara (leasing), selem (forward sale) and istisna (manufacturing contract) contracts. Partnership based on equity financing (musharaka), which has recently started to develop. In the future, we expect to increase the share of products based on profit-loss sharing within total assets. In this way, start-up firms and SMEs, which are crucial for Turkey's Economy, will have more access to the financial system. BRSA has close cooperation with Participation Banks Association of Turkey (PBAT) and

each participation banks in relation to the development of different Islamic financial products. Under the oversight of the Interest-Free Finance Coordination Board and with the cooperation other relevant regulatory bodies, the BRSA continues its activities to meet the legal infrastructure requirements of the Islamic banking sector.



*Exporters should take the unique feature of Islamic banks into consideration.*

**Do The Participation Banks have incentives for Turkish businessmen? Are policies followed to exporter oriented?**

As everybody knows that export financing is a specialization-required section within the financing activities. It has own financing methods such as cash in advance, letters of credit, documentary collection, forfaiting etc. and requires a good network of correspondent banks. When we look at the Turkey's exporter companies, it is seen that the almost half of our exports are carried out by top 500 companies. These companies are either group companies of Turkish leading banks or working just with them, because those banks supply them good services with their expertise and their global network. The competition between the banks for the rest is very tough and the Turkish Islamic banks are also carrying on their business in this area. Compared

with ten years ago, our Islamic banks have already raised into a good stage in terms of export financing. There are certain factors for not being sufficiently in this field in the past. Due to the fact that Islamic banks had not opportunity to get rediscount credit from the central bank in an Islamic way, they could not offer reasonable financing cost to their customers. Apart from that, exporters were minority within their customer portfolio and it was difficult to finance exporters without collateral. They were not able to use the Eximbank financing models until about five years ago. But these problems are now far away and today they are capable to compete in an every aspect with other banks when considered the services that they supply to their exporter customers. Eximbank financing facilities, Credit Guarantee Fund and other receivables insurance, a comprehensive corresponding network, deep expertise in export etc. are now available in Islamic banks of Turkey.

Apart from all of them, exporters should take the unique feature of Islamic banks into consideration. They are expert enough for risk-free countries such as the US and Europe like other banks. But different from other banks they also have a huge business conduct on a very large geographical area which extends from Africa and the Middle East up to India, Bangladesh, Pakistan and other Muslim East Asian countries. They are waiting for customers exporting or planning to export to such countries with their huge potential.

**Is enough being introduced Islamic Finance in Turkey? How do you see people's view of the Islamic economy?**

The first action in the Islamic finance program under the 10th Development Plan which consist of 31 actions is improving the perception against the sector. In the past, public relations in this field was seen just for commercial advertising purposes. But the advertisements of Islamic banks by them own did not enable to the sectoral growth over their conventional counterparts. A strategy was developed to tell the philosophy of the Islamic finance system and a huge financial resource was allocated to carry out it by the PBAT

In this regard Turkey hosted many international conferences, workshops

and other such organizations in recent years. The BRSA fulfils its responsibilities within the strategy in every occasion such as sponsoring for the latest summit of the General Council for Islamic Banks and Institutions in May 2018.

When we look at the target group demanding Islamic financial services it is seen two different groups. To the personal account owners, it is important to tell the philosophy and the principles of the system and not acting just for commercial purposes as mentioned before. On the other hand, as the second type of the group for the foreign capital owner, it should be established a robust governance and legal infrastructure within the country. As the BRSA, all our efforts are aiming to set such an environment. For instance we established a Central Sharia Advisory Board and made compulsory being complied with the decisions of the Board for participation banks. Addition to this, participating banks will have to have its sharia governance system including sharia board according to our regulation soon. Regarding with the legal infrastructure, we are making considerable changes in our regulations for more exclusive to the favor of participation banking.

**What kind of work is being done to be an important actor in Turkey's Islamic finance? Where is the industry compared to other countries, especially in England?**

We had largely accomplished the actions under The 10th Development Plan (2014–2018). It was accepted in 2015 for three years. Within the context of the 10th Development Plan, two participation banks were established by the Turkish government and Islamic financial transactions were launched by the non-bank financial institutions such as takaful, capital market and consumer finance. The sukuk issuances were very low before 2015 and both sovereign and corporate sukuk issuances increased considerably in this period. Specifically for Islamic finance, critical amendments have been made by different authorities in a variety of sub-regulations. Academic departments and research centers have been opened in many universities. In the upcoming period as BRSA we will concentrate on being compliance with the international



standards. We are the council member of the Islamic Financial Services Board and the collaboration will increase further in the coming period with it.

In terms of the asset size, Turkey is the seventh biggest country in the global Islamic finance sector with its 2,9% market share. When we look at its Islamic capital market share, Turkey is rising into the fifth rank with its 5,7% share in Sukuk issuances. On the contrary to the common belief, England is not an Islamic financial center actually when we take into account especially its asset size and its share globally. The top countries today in this field are Malaysia, Saudi Arabia and Bahrain. However the Islamic finance approaches adopted by the countries are very important when ranking Islamic Finance. To be clear, although window banking and the tavarruq transactions are very common in the top countries which are the determinant factor for the size of the local sector. Whereas window banking is not allowed legally and tavarruq is not used without exceptional condition in Turkey. As Turkey we are trying to develop our own business model based on financing just real transactions adhering to the principles of the Islamic finance.

**Do we have enough expertise in Islamic Finance? Are regional studies being made, in particular, to attract investment from Arab countries?**

The BRSA does not have such a function and the efforts in this context are mostly carried out by the private sector. There are now three participation banks which shareholders from GCC countries and

**Mehmet İrfan Kurt,**  
Vice Chairman of  
Banking Regulation and  
Supervision Agency.

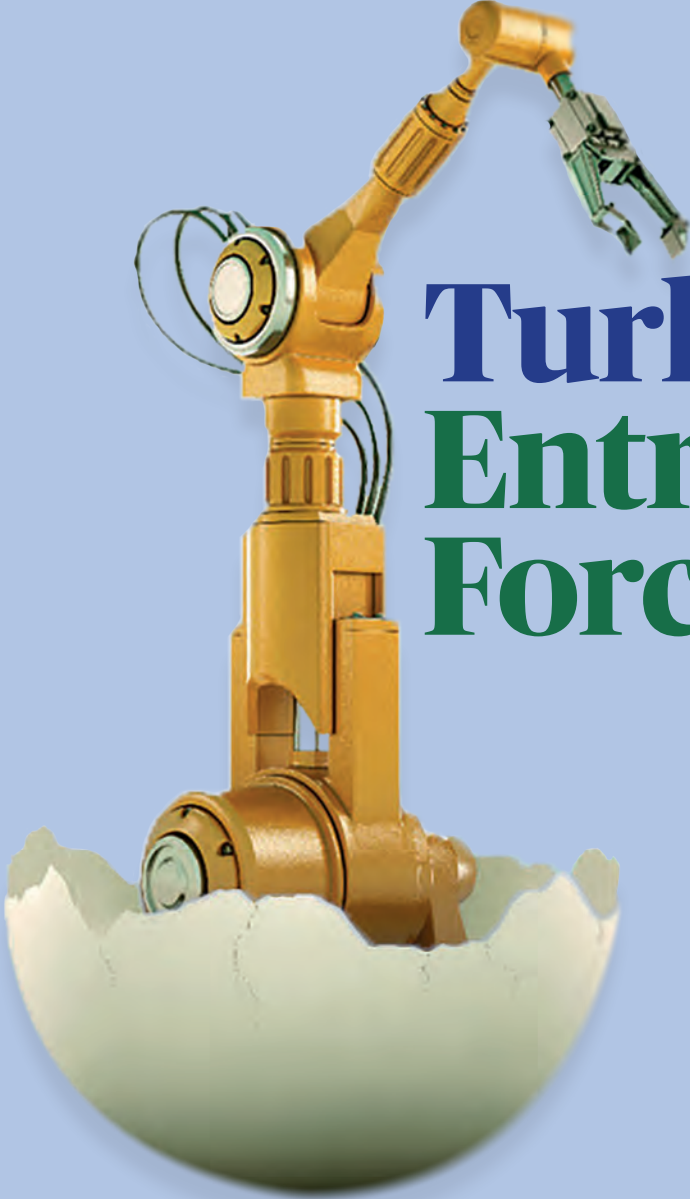
they do not have difficulty about finding financial resources from that region.

Unfortunately we do not have enough specialist on Islamic finance. Because this is a multi-disciplined field namely knowledge in both theology and finance are needed for that. Until recent few years the specialists were mostly just theologians in this area and the fatwa that they gave based on generally theoretical knowledge and hence did not respond to the system necessities. For this reason the system could not have been developed as it is expected. On the contrary to the past experience, nowadays many Islamic finance experts are being educated in different academic degrees which opened in ten universities in recent years.

**How do you see the future of this system? Can it grow to be an alternative to other banks?**

Global Islamic finance assets has grown 15 times in the last 10 years and it is expected to continue in this way. Turkey is also expected to be one of the leading countries in this field. Because there is an important political support to the sector in Turkey. In this regard, PBAT set a course for increasing Islamic banking share within the Turkish banking sector from 5% to 15% until the year 2025 and carries out various projects in order to achieve this goal. This strategy was endorsed by bureaucracy and political will.





# Turkey's New Entrepreneur Force

TİM-TEB Global Houses are intended to encourage, develop and strengthen **innovative entrepreneurs and start-up businesses** that generate high added value and have export potential.



**Content:** Vestel: World-Renowned Technology Giant **P55** Tamek: Turkey's Most Preferred Brand In Food Sector **P57** Artemis: Artemis Rugs: Create A New Touch **P58** Bozankaya: Client Technology In The Transportation **P60** **Editor:** Serap Kaya

# Brands

TECHNOLOGY, BEVERAGE, RUGS, TRANSPORTATION...



TECHNOLOGY

## VESTEL

### WORLD-RENOUNDED TECHNOLOGY GIANT

*Having rapidly accumulated market share, Vestel has attained global significance thanks to its flourishing export activity and enormous production capacity.*

İLHAN ALPAY OĞAN



## *Vestel is the export champion of Turkey for 20 years in the electronics industry by exporting its technology to 155 countries.*

**V**ESTEL GROUP OF COMPANIES is consisted of total 26 companies, including 16 companies at overseas. Vestel is a company with a strong profile directing the market not only in our country, but also in the global markets with its world-class production understanding, innovative and high-quality products and a broad vision.

Representing an importance force for the Turkish economy by employing 16 thousand people and with its technology development competency and its share in export, Vestel is among top 2 manufacturers in the TV market and among top 5 manufacturers in the white goods market in Europe.

### PRODUCTIVITY AND OPERATIONS IN TURKEY

Vestel carries out its entire production operation at the Vestel City in Manisa, which is one of the biggest factories established on a single area in Europe. At these factories with an annual production capacity of 9,4 million units, Vestel produces the products developed and designed by our

Turkish engineers. R&D and innovation are very important for Vestel. Vestel has 8 R&D centers and 1.600 R&D engineers globally. It is one of top 3 Turkish companies among the first 1.000 companies in the world with highest R&D spending. Furthermore, in 2017, Vestel entered the top 50, as the only Turkish company, to



*Vestel entered the top 50, as the only Turkish company, to the list of 100 companies with highest number of applications to the European Patent Office.*

the list of 100 companies with highest number of applications to the European Patent Office. This indicates the success of Turkish engineers.

On the other hand, in addition to its production operations, Vestel also contributes to the Turkish economy. One of the most important items causing current deficit is the importing of smartphones. Vestel produced Venus, the first domestic smartphone of Turkey, in 2014 and contributes to closing this gap. Smartphone and tablet factory in the Vestel City has an annual production capacity of 10 million units. Venus improves itself day by day and challenges the competitors around the world. Z20 model put on the market in June has gained a significant position in the market with its design, technical specifications and price. The washing machine and drying machine factory, which the foundations were laid last year and recently started with the production, features

modern production and Industry 4.0 practices.

Industry 4.0 transformation is the top priority of Vestel. With this transformation, Vestel will digitize from production stage to order stage, increase its productivity, and will be able to respond faster to the consumers' expectations. For the future vision of Vestel in long term, Industry 4.0 concept as well as "Mobility" and "Connectivity" technologies constitute an important part of the R&D efforts. Services offered under the concept of Smart Houses, Smart Cities and Internet of Things will be areas which Vestel will win a name for itself. The efforts continue for making Vestel City the first factory in Turkey with Industry 4.0 transformation. There are areas which a significant adaptation is provided. Today, production operations are carried out without human intervention and we witness robot-human cooperation at the Vestel factories.

### EXPORT FIGURES AND EXPORT COUNTRIES

Vestel supplies its technology to three quarters of the world. Vestel exports to 155 countries as the export champion of Turkey for the last 20 years in the electric-electronic. The primary export market is Europe. Smart products are also the leading export products in this geography. Today, Vestel is the second largest producer in the European TV market. And ranks in top 5 in white goods. Vestel receives 70 percent of its sales revenues from export.

Exporting of Venus, the first domestic smartphone of Turkey, continues increasingly since 2016. Smartphone export is carried out to 8 countries in nearby geography. Still in the beginning of its journey, Vestel aims increasing the export figures of smartphone as in other products.



Vestel has 8 R&D centers and 1.600 R&D engineers globally.



## BEVERAGE

# Tamek: TURKEY'S MOST PREFERRED BRAND IN FOOD SECTOR

Tamek both inspects the production chain thanks to this practice, and supports the Turkish farmers with the guarantee of purchase it offers.

BY RAMAZAN GÜZYURDU

**TAMEK, A FOOD AND** beverage producer of 100% Turkish-origin, has been doing business with the enthusiasm and innovative spirit of the first day for 63 years since its establishment on March 31, 1955. Examples to the main group of products available in the food and fruit juice categories of Tamek include fruit juice, jam, boiled food, canned (ready to serve) food, corn, pickle, sauce, paste-tomato products, peas and garniture.

The food and fruit juice category of Tamek includes a total of 329 products in its portfolio with the brand name of Tamek; 266 of which are offered to the consumers in the domestic market and 63 are exported, without compromising the freshness, quality and taste. Tamek is a brand known as a breakthrough producer. Some

of the popular goods produced for the first time by Tamek which introduced a number of products into Turkish food sector include: the first ketchup and mayonnaise of Turkey, the first ready to eat and stuffed food, the first boiled legumes/beans, the first jam for diabetics, the first tin canned fruit juice, the first paste in cardboard box, the first canned food with no additives or preservatives.

### BY LATE 2018, A GROWTH BY 67 PERCENT WILL BE ACHIEVED

Tamek carries out production with a total of 1,100 employees at 3 plants based in Karacabey, Kiziksa and Salihli across Turkey. On the whole, Tamek has a capacity of producing 338 tons of fruits and vegetables per year; and 67 percent of this capacity is actively used.

Tamek has always achieved a consistent growth since

its establishment. And still today, we keep growing in all categories we are involved and expanding our share of the cake. To take a look at the performance figures of Tamek; we had an increase by 20 percent in the financial turnover in 2017, as compared to 2016. On the other hand, when we look at the performance that Tamek has

displayed since 2015, we see that it registered a growth by 40 percent in the revenues in 2017, as against 2 years ago. If we stick to our schedule, we will have achieved a growth by 67 percent in total in late 2018, compared to 2015.

### TAMEK EXPORTS 16 PERCENT OF ITS PRODUCTION

We are striving to boost our sales in the countries, such as USA, Japan, Australia, Canada, Denmark and Germany. We export 16 percent of our production. We mostly sell fruit juice in almost all of our markets. We also seek to increase the export share of our products in the food group. We actively export to some 57 countries, including such as Japan, USA, Germany, UK, France and African countries. We considered 2016 as a year to import less and export more and we took actions accordingly. Likewise, in 2017 we increased our export by 51 with our existing and new products in the current markets. To speak of the export in figures; we wrapped up 2017 with a turnover worth of \$20 million, with the aim of achieving \$25 million in 2018.

#### DISCLAIMER

In the Brands section of the June issue of our magazine, the photo of Tamek CEO, Cem Kurt is not his own and is used incorrectly. With this issue, the error is corrected and right photograph is used.

**CEO of Tamek,** Cem Kurt, said that Tamek has always achieved a consistent growth.





RUGS

# ARTEMIS RUGS: CREATE A NEW TOUCH

Artemis provide major contributions to the economies of Gaziantep and Turkey both through their production and employment figures.

IBRAHİM AVCI

**A**rtemis Rugs is an affiliate of Acme Group, which was established by my decedent father, Mr. Mehmet Batalli, in 2002 and which operates in the business fields of textiles, vehicle inspection stations, warehousing services, rug manufacturing and e-trading via its industrial corporations and manufacturing sites in the provinces Gaziantep, Mersin, Kilis and Yalova.

Artemis Rugs, the foundations of Artemis Rugs laid in 2012 in Gaziantep, exhibited a swift and stable growth profile and gained significant momentum despite being a fresh and young brand. Artemis Rugs have maintained growth in 2018 through both investments and employment. Artemis Rugs conduct manufacturing operations in factories with a total area of 36 thousand-meter squares and an open area of 25 thousand-meter squares. By the hand of our main dealer operating throughout Turkey, Artemis brand rugs is sold at more than 1,500 points of sale. Artemis Rugs provide major contributions to the economies

of Gaziantep and Turkey both through our production and employment figures. Artemis Rugs welcome to customers with a collection addressing each and every style and budget.

The Acme Group incorporating brands such as Acme Textiles, Etrofil, Artemis Rugs, Armis Bedding, Prato Exclusive Rugs, and Dogu Vehicles, has been amongst the well-established corporations of Turkey from past to today.

## FULLY MEETS THE EXPECTATIONS

Artemis Rugs has been proceeding with our operations as a company which fully meets the expectations of its customers in Turkey and around the world; provides limitless accountability in customer relations; and is always aware of customer needs; focuses on development; incessantly

enhances the quality; and follows the cutting-edge technology. Last year, Artemis Rugs made new investments at the amount of 5 million Euros in order to increase our production capacity. This year Artemis Rugs also made a further investment of 3 million Euros to expand our Premium and Luxury series that are in high demand. With the purpose of strengthening

*Artemis brand rugs is sold at more than 1,500 points of sale. Artemis Rugs provide major contributions to the economies of Gaziantep and Turkey both through our production and employment figures.*





*The Acme Group aims to accomplish an export target of 15 million US Dollars within 5 years. The company concluded new agreements with particularly American and European countries.*

our export network and to initiate operations with new countries, the company have been particularly making R&D investments. In order to add value to their products, company have been working with specialist teams from both within and outside our country. Artemis Rugs collaborated with the world-famous rug designer, Mr. Thibault Van Renne to demonstrate the difference of Artemis. The company produced a new line with the Artemis Premium brand which comprises two collections designed by him for us. The company also made a highly remarkable



cooperation with the British rug designer, Mr. Luke Irwin. Inspired by mosaics dating 2,000 years back, he designed rugs for the series named Artemis Luxury Collections, which is the luxurious segment of Artemis Rugs. Our such special products are also being displayed in shops.

Besides Artemis Rugs, the company created a new brand. With this young brand

of ours, Prato Exclusive, the company bring a different and novel impulse to the rug business.

#### CREATING INNOVATIONAL LIFE SPACES

Artemis Rugs are bold enough to exhibit all shades of all colors in our designs, so authentic as to reflect the mood of lands company was born in, and a world brand capturing the global fashion trends in its designs. Company not only aims to sell rugs but also creates innovational life spaces to our both local and global consumers where they can express themselves.

Acme Group puts signature yet under another business via new investment, Armis Bedding. Acme Group now has another brand to which can transfer the know-how and experiences company has gained so far in Artemis Rugs. Artemis Rugs has taken such a decision upon the researches company conducted throughout Turkey as well as the demand parallel with our professional and innovational understanding of rug manufacture. Following

rug business, the company has stepped in as a manufacturer of beds and bed bases. The Acme Group placed an investment with a budget of 15 million Euros on a currently active site in Yalova with a capacity of manufacturing 400 beds daily in order to initiate the manufacturing process of the Armis Bedding brand. The company started manufacturing beds, bed cases, bed headboards and textiles by our state-of-the-art machinery line. In line with the prospective demand, the company will be making new investments for increasing production capacity. The main reasons why the company chooses Yalova as the center of production include regional advantages and logistic benefits arising from its location connecting it to 65% of the market. In the first place, we have been employing 90 personnel at the factory. The production of the company will be sold in shops by the end of the year.

Artemis Rugs produces rugs covering an area of 2,000,000-meter squares per year and export 10% of the same. The company's exports reach to an annual sum of 5 million US Dollars. Artemis Rugs conducts all export operations under the name of our own brand. The company aims to accomplish an export target of 15 million US Dollars within 5 years. The company plans to reach this target through our brand operations and connections with new countries increasing day by day.

For years, Artemis Rugs has been working with countries such as Iran, Germany, Oman, Morocco, Russia and Montenegro. This year, the company concluded new agreements with particularly American and European countries and thus expanded their export range.





## TRANSPORTATION

*Bozankaya:*

# CLIENT TECHNOLOGY IN THE TRANSPORTATION

Bozankaya own the intellectual property rights to the vehicles produced at its facilities in Ankara and proud to have produced the first 100% electrical bus in Turkey.



**F**ounded nearly three decades ago, Bozankaya has a strong track record as an innovator in developing and manufacturing environmentally friendly, energy saving, low-noise vehicles, offering clients an advantageous combination of attractive investment and operating costs.

Bozankaya was founded in 1989 in Germany as a R&D company with 100% Turkish capital. In 2003, the company expanded to Turkey, where it became a powerful domestic brand, building on its R&D investments of the previous years. Bozankaya started out in Turkey with initially 20 employees, and has now grown to around 1,000 total employees, including nearly 100 R&D engineers in its R&D

Center. Bozankaya own the intellectual property rights to the vehicles produced at its facilities in Ankara.

In 2018, Bozankaya expanded further with the new, 100,000m<sup>2</sup> production center in Sincan 1st Organized Industrial Zone. This facility was specifically designed and commissioned for the production of rail system vehicles such as metro trains, trams as well as electrical commercial vehicles such as the Bozankaya trambus and Sileo e-bus. Our domestically designed vehicles have provided outstanding customer service and comfort in Turkey and in European markets. Bozankaya is proud to have produced the first 100% electrical bus in Turkey.

## STRONG FOCUS ON R&D

Bozankaya continue to maintain a strong focus on R&D: We have completed 10 R&D projects completed between 2012 and 2017. Six projects are ongoing, and another six are in the assessment stage. Based on its in-house research, Bozankaya has been developing a prototype of the first Turkish metro train, and will export the first metro train in 2018. The total budget for R&D from 2012 to date is approximately EURO25m.

Our products create innovative, environmentally friendly solutions for Turkey's public transport needs and help bolster the country's export earnings. Bozankaya is proud of its contributions to the development of the rail industry in Turkey, and is a board member of Anatolian Rail Transportation Systems Association.

Bozankaya trams are an environmentally friendly, low-noise transport solution. Our pioneer design combines high passenger capacity with low energy consumption, zero emissions and modern design.

Produced with the most advanced technology, Bozankaya trams are an ideal solution for urban transport due to their outstanding performance and effectiveness.



The 100% low floor design ensures ease of access while a comfortable and well-lit passenger space provides for a pleasant travel experience. The conventional bogie design minimises noise and vibrations while ensuring driver and passenger comfort. Bozankaya trams are suited for diverse urban conditions and the modular design provides for flexibility. Our trams combine passenger comfort with maximum safety.

Sileo electric bus is a 100% electrical, environmentally friendly, low-noise bus for municipal transport. Four different versions, with a length of 10 m, 12 m, 18m or 25m respectively, offer a passenger capacity of 75 to 232 persons. A 100% low floor ensures quick passenger pick up and drop off. The Sileo complies with the requirements of the Italian CUNA and the German VDV and StVZO.

Sileo e-buses provide clean, quiet transport and are therefore perfectly suited for busy city traffic: Their electrical drives help protect the microclimate, lower harmful emissions, reduce noise levels in cities, and meet the European Union's strict air pollution standards.





Sileo recuperates up to 75% of its brake energy, which increases the bus's range significantly. On average, Sileo consumes 0.8kWh/km under ordinary operating conditions.

Bozankaya introduced the new generation Sileo at the Busworld Europe 2017 Exhibition. The new Sileos will be available from 2018.

Bozankaya Trambus obtains power from an overhead electricity line (catenary) along the route, and falls back on its battery system where there is no electricity line. As its body is modeled on railway carriages, it has higher passenger capacity. Infrastructure costs are lower as it does not require railways

**Bozankaya will be the supplier of 105 more metro wagons for a further project in Thailand.**



and, by using the roads, offers more flexibility with respect to routes.

#### **OFFERING SAFE AND COMFORTABLE JOURNEYS**

Bozankaya's trambus is a zero-emission, environmentally friendly electric transport system with higher passenger



capacity than conventional diesel engines (trambus electric engine and transmission - cardan shaft - organs do not occupy any place), offering safe and comfortable journeys: The 18m vehicles can accommodate up to 140 passengers, and the 25m vehicles up to 240 passengers. It is also eminently suited for hilly areas as it can climb inclines of up to 18%.

The trambus combines low investment costs with economic operating costs. The most important difference between trams, metro trains, trambus and conventional buses is that they are driven by multiple shafts. Buses are driven by a single shaft in a single engine since it is not possible to control the speed of multiple diesel engines.

Bozankaya was founded as a research and development (R&D) company 29 years ago, and has generated more than EUR100m from the sale of the vehicles and technologies the company has developed between 2012 and 2017. In Turkey, 90% of the revenue were generated domestically, and 10% are export revenues.

Our R&D expense to revenue ratio for 2016 was 11%, up from an average

7.4% for 2012 to 2015. This compares to an industry average of 1 % in Turkey and 2.4% in OECD countries.

Bozankaya's R&D budget for the period of 2012 to 2017 was approximately EUR20m. During this period, the company completed 10 R&D projects. Six projects are still ongoing, and another six are in the assessment stage.

Bozankaya's focus on innovation is reflected in its investment in its R&D infrastructure: Bozankaya has set up an R&D center with an R&D team of 70 engineers in 2015.

Bozankaya currently has %7 of e-bus market share in Europe, while maintaining %100 market share in Turkey. So far 89 more SILEO e-buses are on order for European market in 2018, 3 for Luxembourg, 37 for Germany and 49 for Turkey. What is more, Bozankaya will start delivering metro cars to Bangkok / Thailand in 2018. In total, 88 metro cars will be delivered by mid-2019, and these will be the first metro cars that are made in Turkey and exported. Additionally, Bozankaya will be the supplier of 105 more metro wagons for a further project in Thailand.





# Agenda

FAIRS, EXHIBITIONS, SUMMITS AND MEETINGS IN THE NEXT MONTH



06 - 08 JUNE 2018

## ICONMEAS 2018

8 AUGUST 2018 - ISTANBUL AYDIN UNIVERSITY (IAU) - ISTANBUL

The IConMEAS 2018 is the premier forum for the presentation of new advances and research results in the fields of the Materials Engineering and Science. The conference will bring together leading researchers, engineers and scientists in the domain of interest from around the world.

The main objective of IConMEAS 2018 is to provide a comprehensive global forum for experts and participants from academia and Industry to exchange ideas and present results of ongoing research. Researchers and practitioners are invited to submit their contributions to IConMEAS 2018.

IHC 2018  
ISTANBUL CONGRESS CENTER  
12 - 16 AUGUST

IHC2018 provides an excellent platform for scientists, technicians, students, consultants, engineers, extension agents, growers, industry, trade and consumer organizations, policy makers and other professionals having an interest in horticulture. XXX. International Horticultural Congress (IHC2018) which will be held in Istanbul, Turkey between 12 16 August 2018.



CNR FOOD İSTANBUL  
CNR EXPO YEŞİLKÖY / İSTANBUL  
05 - 08 SEPTEMBER



FOOD Istanbul Expo will be held on September 05-08, 2018 at CNR Expo Yesilkoy, with the aim of being the largest trade platform of the Turkish food industry. CNR Holding continues to expand with "FOOD Istanbul Expo" which was previously organized under the well-known name "CNR GIDA Fair". Turkish food and beverage industry, which maintains its remarkable position with productivity and dynamism, achieved success in the past decade.

TISSUE WORLD İSTANBUL  
ISTANBUL CONGRESS CENTER  
04- 06 SEPTEMBER

The hugely successful Tissue World Istanbul is set to make its return from 4 - 6 September 2018 at the Istanbul Congress Center, Turkey.

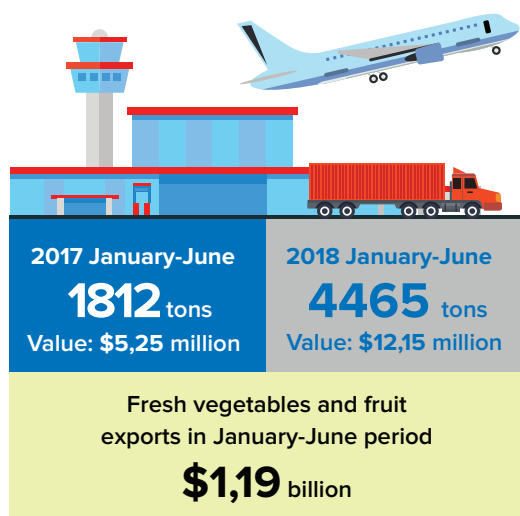
Strongly supported by the regional tissue industry, the show floor featured leading tissue manufacturers and industry suppliers which accounted for over 40% of the regional tissue business.



# Figures

## FLYING TO "50" COUNTRIES

In the first half of the year in Turkey, the fresh fruit and vegetable exports, carried out by aircraft cargo, increased by 146 percent compared to the same period last year.



### COUNTRIES WITH THE HIGHEST EXPORT OF FRESH FRUITS AND VEGETABLE CARRIED OUT BY AIR CARGO

	Quantity (tons)	Export (thousand \$)
Norway	475	1,995
Hong Kong	382	1,122
France	35	989
Singapore	222	907
Switzerland	21	882

### TOP 5 PRODUCTS CARRIED OUT BY AIR CARGO

	Quantity (tons)	Export (thousand \$)
Cherry	1814	5,938
Mushroom	74	2,607
Strawberry	520	822
Tomato	429	555
Apricot	239	505

Data: AA

## DEFENSE EXPENDITURES OF NATO COUNTRIES



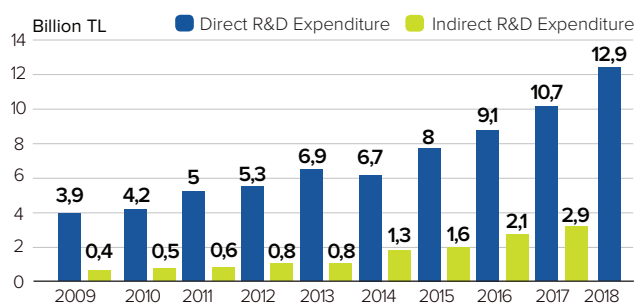
The following infographic shows how much money NATO members spend on defense as well as its estimated share of GDP in 2017. (in million U.S. Dollars)

		% of GDP
United States	685,957	3.6
United Kingdom	55,237	2.1
France	45,927	1.8
Germany	45,472	1.2
Italy	23,369	1.1
Canada	21,275	1.3
Turkey	12,118	1.5
Spain	12,074	0.9
Poland	10,337	2.0
Netherlands	9,765	1.2

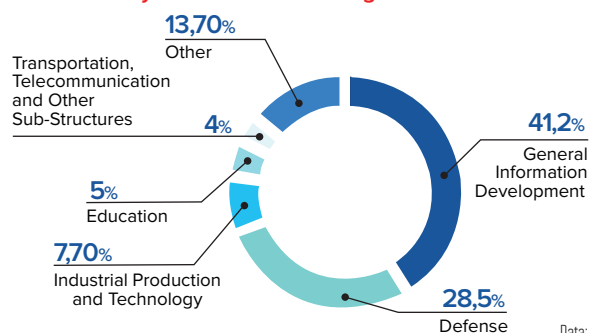
Data: NATO

## EVER-INCREASING SUPPORT FOR R&D

The central government budget spending for R&D activities last year, showed the importance given to R&D in Turkey.

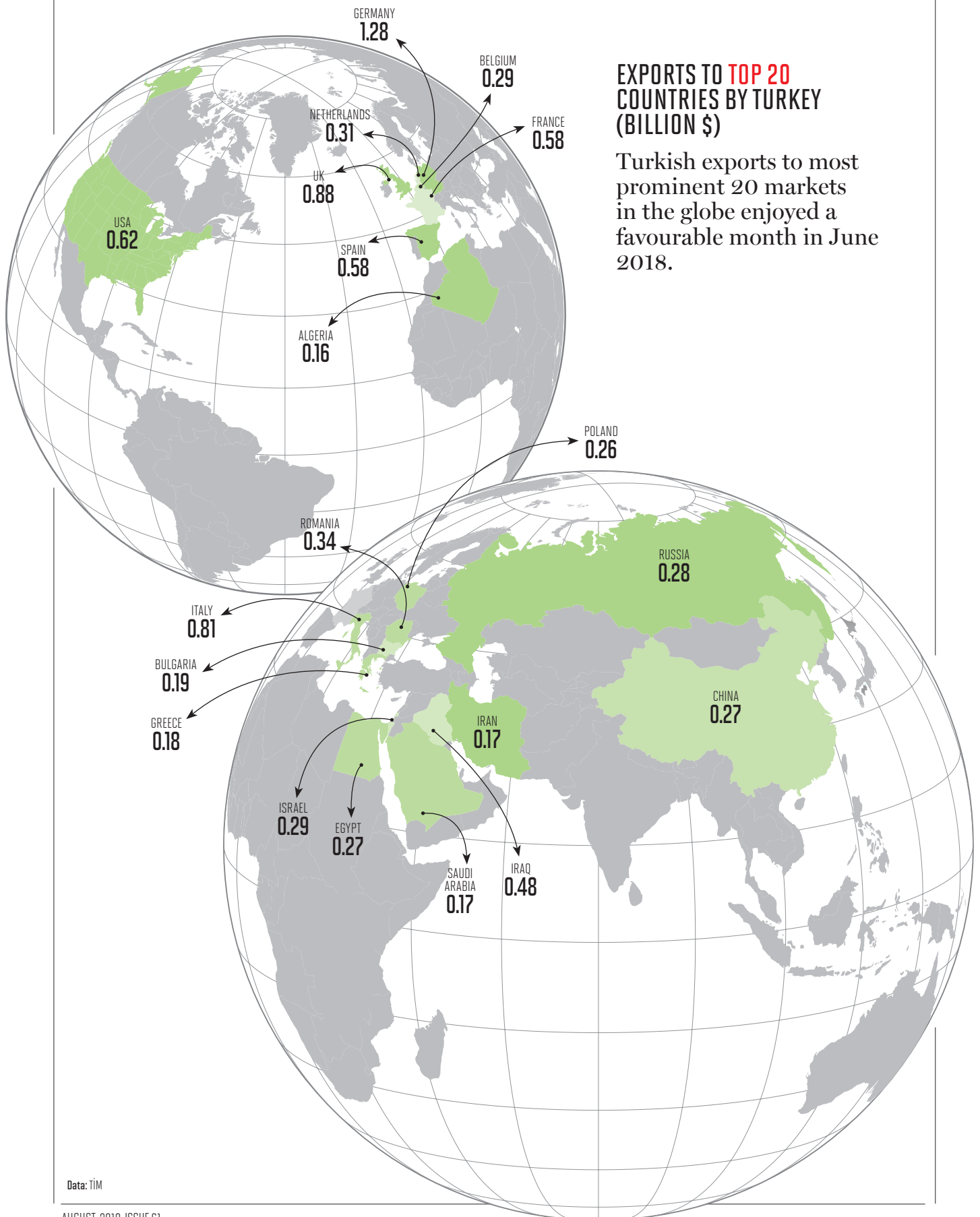


### Distribution by socio-economic targets



Data: TURKSTAT







# HOSPITALITY MORE THAN JUST A WORD

Our Business Class experience is made of true hospitality which comes from our hearts.  
It is central to everything we do.

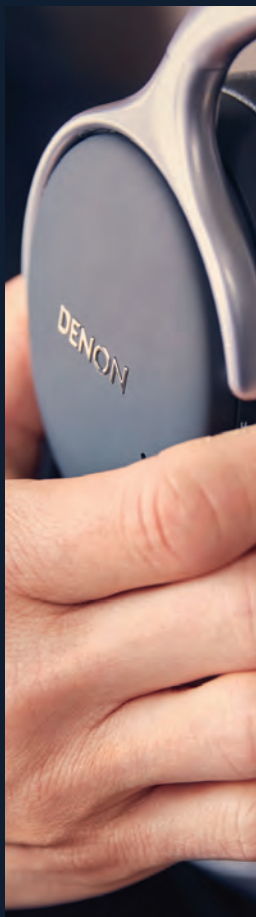


## MORE THAN JUST A TRANSFER

With the Exclusive Drive\* service, private chauffeur driven vehicles will take you to or from the airport, with a pleasant, luxury ride.

## MORE THAN JUST MOVIES AND GAMES

Hundreds of movies and music albums, Live TV, free Wi-Fi connection and much more will be at your fingertips.



## MORE THAN JUST A VISIT

'The Best Business Class Lounge' will refresh you before your meetings with five-star facilities such as gourmet dining, suite rooms, shower, piano, massage therapy and mini golf.

## MORE THAN JUST A MEAL

During your flight, an award winning fine dining experience will take your taste buds above the clouds.



## MORE THAN JUST A SEAT

A special seat that turns into a fully flat bed, an abundant legroom, seat separators for your privacy, luxury amenity kits and more. All for your comfort.

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