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**BRIEFING** Turkish Exports  
Broke A New Record

**IN DEPTH** The Different Faces  
of Migration

**BRANDS** Combining Turkish  
Fashion with a Global Vision

# The Turkish Perspective

DECEMBER 2018 ISSUE 65

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

## THE ECONOMY OF THE NEW ISTANBUL AIRPORT

The new İstanbul Airport, the largest infrastructure project in the history of Turkey, will significantly contribute to the national economy in different aspects.

# agility

/ə'dʒɪlɪti/





noun

The productive and dynamic business culture of Turkish exporters which allows them to work with many of the world's leading brands.



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the potential

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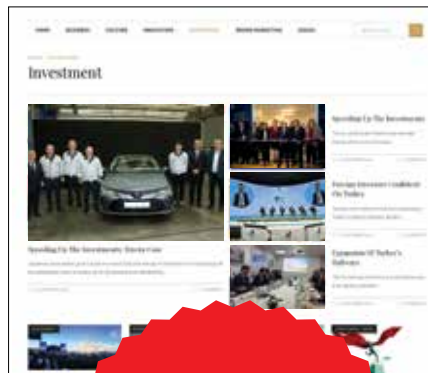
# Online

theturkishperspective.com

## THE TURKISH PERSPECTIVE DIGITAL

The Turkish Perspective website is to be launched soon.

A NEW MEDIUM TO LEARN, ANALYZE AND MONITOR EVERYTHING ABOUT TURKISH ECONOMY AND BUSINESS, IS BORN. THE TURKISH PERSPECTIVE DIGITAL WILL SHARE THE LATEST NEWS, INTERVIEWS WITH DECISION MAKERS, PROVIDE IN-DEPTH ANALYZES AND WILL BE THE FOREIGNER'S GUIDE IN TURKEY REGARDING REGULATIONS AND LEGISLATIONS.



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# Editorial



İSMAİL GÜLLE  
CHAIRMAN (TİM)

## DESIGN WILL BE OUR NEW LEVARAGE ON COMPETITION

According to a research, Turkey has ranked as the seventh country for raising the best designers in the world.

**WE HAVE BEEN FACING A NEW ERA** in international trade since the beginning of trade wars. Every day we are witnessing new sanctions, barriers and new regulations bounding international trade among countries. The trade war between the US and China, now spread all around the world and started to affect every region individually with the rising protectionism. Due to the volatility in Turkish Lira, we started to face difficulties in pricing strategies especially in our export markets. During this turmoil, we always took practical actions to minimize the struggles of our exporters, especially in financing their exports. Moreover, there is one other issue that we always underlined as TİM to our exporters. We said; “Do not take advantage of the discounted value of Lira in competition. Instead, invest in design, innovation and new product development to diversify your product portfolio, while targeting new markets.”

To point out the importance of design, we made a series of design events and exhibitions during this November. The prominent event among them was, undoubtedly, “Design Week Turkey 2018”, which took place between 16-18th November in coordination with the Ministry of Trade and visited by 52.300 design enthusiasts. 27 panels and 16 workshops were held with the

participation of more than 80 panelists. Moreover, projects from more than 100 designers had the chance to be exhibited during the event. This year, the keynote speakers were Oliviero Toscani, Benjamin Hubert, Srinu Srinivasan, Ralph Wiegmann, and Dilara Fındıkoğlu with their marvelous career and works in design ecosystem. This atmosphere was not only in Halic Congress Center, but also took place all around Istanbul to spread the design culture through the city.

While talking about design, the first thing that comes to mind is fashion. However, we must take design in a more exclusive point of view, since design is something solution oriented, simple, efficient and applicable to all kinds of business sectors from automobiles, defense industry to electronics, or textiles.

I always mention in every platform that “Our goal is to achieve a foreign trade surplus in our trade.” Therefore, we need to focus on value added production to compete in international markets. Thus, we need to place the design concept in every product that we produce. Turkey has risen many competent designers in our recent past. According to a research, Turkey has ranked as the seventh country for raising the best designers in the world. We have many distinguished

designers who are carrying our flag around the world. However, we still need to generate a national strategy in design and create a better image for our products. The ideal Turkish product must be known with its creative design and unique structure. With a practical point of view, it would be proper to say that “Design Pays Back”. When we analyze the unit values among sectors, defense industry has 40 dollars, apparel has 15 dollars and automotive industry has 7 dollars per kilogram unit value while Turkey’s average unit value stays around 1,36 dollars. Thus, it is crucial to create an understanding among all our exporters that investing in design pays back well. If our exporters want to achieve a leverage in their target markets, they should become competitive with design. We always support them with all our resources in coordination with our Ministry of Trade.

Last but not least, we attached the utmost importance to the selection of Istanbul as the “City of Design” among UNESCO’s “Creative Cities” in 2018. Accordingly, I believe that “Design Week Turkey 2018” was such an event that deserves this award. Again, I would like to appreciate all of the participants and the organizers of the Design Week Turkey 2018 and I do look forward to meet you all in our upcoming events.

# 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

Presidency of the Republic of Turkey Investment Office, the official investment advisory body of Turkey, is a knowledge-center for foreign direct investments and a solution partner to the global business community at all stages of investments. It provides customized guidance and qualified consulting before, during, and after entry into Turkey.

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# First

DEFENCE, ECONOMY, FINANCE, ENERGY, R&D-INNOVATION, TRADE, INFRASTRUCTURE, EXPORT ...



## ENERGY

# ERDOĞAN-PUTIN ATTENDED TO TURKSTREAM'S COMPLETION CEREMONY

President Recep Tayyip Erdoğan and his Russian counterpart Vladimir Putin on Nov. 19 attended the completion ceremony of the offshore section of the Turkish Stream Project (TurkStream).

**F**OR US, RUSSIA is a friend we can have long term cooperation with and is an important natural gas supplier," the President said, speaking at the ceremony.

He identified that this project is one of the outcomes of a "tested friendship" throughout many years and said Turkey has never judged its relations with Russia over "impositions of other countries."

"Turkish Stream is a project of historic proportions for our bilateral relations and for energy geopolitics in our region, on which we have exerted great efforts with our Russian friends," Erdoğan said.

President Vladimir Putin said the Turkish President had offered to name the pipeline "Turkish Stream" and added that the most difficult part of the project had been completed.

Such an important project would not be realized unless parties had confidence, the Russian President said. He thanked Erdoğan for his "political will and courage" and the Turkish Parliament for immediate permission for Turkish Stream.

TurkStream and the Akkuyu Nuclear Power Plant will be symbols of the development of relations between Turkey and Russia, he said,

noting that his country wants to reach a \$100 billion bilateral trade volume with Turkey.

The TurkStream will deliver Russian natural gas across the Black Sea to Turkey and then onto Europe.

Putin announced the plan to build Turkish Stream in Ankara in December 2014, as a replacement for the South Stream pipeline that was to have been built in cooperation

with European Union countries.

South Stream was scrapped after years of planning, with Putin angrily blaming Brussels for its failure.

Gazprom began construction of the offshore section of the Turkish Stream in May 2017. The Turkish Stream project envisages the construction of two pipelines, each 939 kilometers long.

## ECONOMY

## TURKEY AND BULGARIA SIGNED BILATERAL INVESTMENT PACT

The Turkish and Bulgarian investment offices signed a cooperation agreement on Monday. The pact was signed by Turkey's Trade Minister Ruhsar Pekcan and Bulgaria's Economy Minister Emil Karanikolov in the capital Sofia.

Saying the two countries have balanced bilateral trade, Pekcan added that last year Turkey's exports to Bulgaria were \$2.8 billion, while imports from the country also totaled \$2.8 billion. "But this figures do not reflect the neighboring countries' potential," she said. Pekcan also remarked that Turkish businesspeople have \$2 billion in investments in Bulgaria. "We invite Bulgarian investors to Turkey, and we will be pleased to see more Turkish businesspeople in Bulgaria," she underlined.

During her visit to Sofia, Pekcan also met with Bulgarian Prime Minister Boyko Borisov and Finance Minister Vladislav Goranov.

She also attended the Turkey-Bulgaria Business Forum, with the participation of over 500 Turkish and Bulgarian businesspeople,

## ECONOMY

## Turkey Expects A Record Current Account Surplus

Turkey expects to see "record" current account surplus in October, Minister of Treasury and Finance Berat Albayrak said.



**T**URKEY, which recently faced currency shocks, entered into the process of normalization in October, Berat Albayrak said at the International Business Forum's opening ceremony, held in Istanbul on 19<sup>th</sup> November.

Turkey's inflation figures will be close to its targets in November and December, Albayrak said. "Loan interest rate dropped to below 25 percent level and it will further drop in December," he said, adding: "We will continue

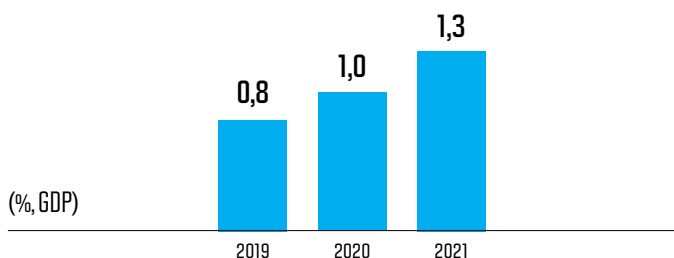
to take strong steps without compromising the budget discipline."

Turkey works on a financial structure to deepen capital market in the country, he noted, and said: "Turkey's recent process is a reflection of problems in international monetary system."

Albayrak stressed the one-currency-dominated monetary system is need to be diversified with regional cooperation between countries to minimize risks.

### PRIMARY SURPLUS TARGET

The New Economy Program, announced in September 2018, estimates an increasing budget surplus over the next 3 years.



## BUSINESS



## TURKISH ECONOMY ENJOYS THE UPSURGE IN NEW BUSINESSES

The number of newly established companies in Turkey rose by 19.7 percent year-on-year in the January-October period, the Turkish Union of Chambers and Commodity Exchanges (TOBB) revealed on Friday.

According to TOBB, a total of 71,907 companies were established in the first 10 months of this year, up from 60,063 in the same period last year.

The figures showed that 9,467 companies went out of business from January to October -- an annual decrease of nearly nine percent.

A total of 11,085 foreign-partnered or foreign-funded new companies were launched between January and October.

In October, 7,081 new companies started doing business in Turkey, rising 2.4 percent on an annual basis, according to the TOBB. October figure was also up 12 percent month-on-month.

The number of foreign-partnered or foreign-funded new companies reached 1,504 in the same period.



## FINANCE

## THE TURK EXIMBANK'S DOORS ARE OPEN TO THE TRNC FIRMS

Turkish Republic of Northern Cyprus' (TRNC) firms should benefit from support extended by Turk Eximbank, Turkish Trade Minister Ruhsar Pekcan said on Friday.

"Turk Eximbank provides credit support to TRNC based firms, its door is open for TRNC's exporters," the minister said, speaking at the Turkey-TRNC Chamber of Commerce Forum in capital Ankara.

Turkey supports TRNC in several areas such as infrastructure and superstructure projects, tourism, and education, Pekcan noted. She said TRNC-origin products are exported to Turkey without any obstacle. "We continue to work to improve trade and economic relations between Turkey and TRNC," she added.

Ozdil Nami, TRNC's economy and energy minister, said TRNC's imports from Turkey were \$1.8 billion last year while exports to Turkey were \$105 million. He said that Turkish lira should be used in bilateral trade between Turkey and TRNC.



## ECONOMY

## OECD Countries' Growth Slows in Q3

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esequam rest, suntibus mo



**T**HE ECONOMIC growth of the Organization for Economic Co-operation and Development (OECD) countries slowed in the third quarter of this year, the Paris-based organization said yesterday. In the July-September period, growth of real gross domestic product (GDP) in the OECD area was 0.5 percent, compared to 0.7 percent in the second quarter of this year. The organization's provisional estimates showed that GDP contracted in Japan and Germany by 0.3 percent and 0.2 percent, respectively, among the world's major seven economies. "GDP growth slowed marginally in the U.S. (to 0.9 percent, from 1 percent) and Italy (to 0 percent, from 0.2 percent)," the organization said.

Pointing to the slight acceleration, the OECD said the U.K. saw a 0.6 percent GDP

growth in the third quarter of this year – up from 0.4 percent – and the French economy grew 0.4 percent, as the growth rate was 0.4 percent in April-June period. "However, GDP growth slowed in the EU and the euro area (to 0.3 percent and 0.2 percent, respectively, compared with 0.5 percent and 0.4 percent in the second quarter)," it said. The eurozone or euro area represents 19 member states of the EU that use a single currency – the euro – while the bloc consists of 28 member countries. On a yearly basis, the OECD area's economic growth also posted a slowdown – falling for the fourth quarter in a row to 2.4 percent in July-September this year. "Among the major seven economies, the U.S. recorded the highest annual growth (3 percent), while Japan recorded the lowest annual growth (0.4 percent)," the OECD added.

## INVESTMENT

## WORLD BANK AND TURKEY FINALIZED \$200 MILLION AGREEMENT

**T**URKEY reached an agreement with the World Bank for \$200 million in funding for public sector energy efficiency investments, Turkey's Energy and Natural Resources Minister Fatih Dönmez on 11th November.

Local municipalities and public institutions via ILBANK will use the long-term finance provided with a low interest rate, Dönmez stated.

Speaking at 5th Extraordinary General Assembly of Energy Efficiency Association, Dönmez declared that energy efficiency is key to lowering consumption, which in turn will enable a cleaner environment.

Energy efficiency is a common target for the whole country to ensure less energy imports and a better economy, he said.

"We saved \$122 million thanks to energy efficiency investments in 2017 and prevented \$500 million worth of gas imports," Dönmez said.

Turkey plans investments of around \$11 billion for energy efficiency projects in all related sectors by 2023 in line with the National Energy Efficiency Action Plan announced earlier this year. The country foresees savings of \$30 billion by 2033 thanks to these investments.

## R&amp;D

## THE R&D EXPENDITURES INCREASED BY 21.2% IN 2017

Turkish Statistical Institute (TurkStat) said gross domestic expenditure on research and development (GERD) in 2017 increased by 21.2 percent and to 29.8 billion TRY on a yearly basis, according to an announcement made on 28th November.

Turkey's GERD to gross domestic production (GDP) ratio was 0.96 percent last year, compared with the 0.94 percent GERD/GDP ratio in 2016. Since the figure was 0.81 percent in 2009, it showed a gradual increase in the last decade.

"Research and development expenditure was financed by financial and non-financial corporations by 49.4 percent in 2017," the institute said.

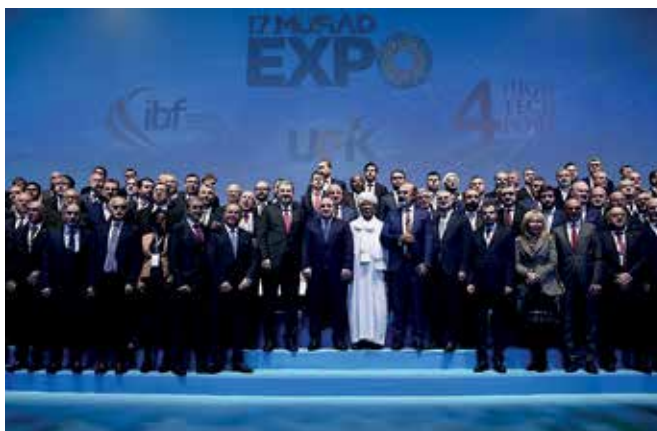
"This financier was followed by general government by 33.6 percent, higher education by 13.3 percent, foreign funds by 3.5 percent and other national sources by 0.1 percent, respectively," it said.

Official report revealed that the total number of full time equivalent of research and development personnel surged 12 percent year-on-year to reach 136,953 last year.

## BUSINESS

## Turkey Invites Foreign Investors with End-to-End Indigenization Program

The end-to-end indigenization program aims at bringing down current account deficit and export of value-added products.



**T**URKEY has attracted around \$201 billion of foreign direct investment (FDI) in the last 16 years. The government's policies and incentives aim to continue attracting foreign investors and new long-term investments that constitute high value-added and qualified employment in the upcoming period.

While global trade wars loom, Turkey is seeking new cooperation in which both sides benefit, according to Industry and Technology Minister Mustafa Varank.

"In trade wars there are no winners," Varank said at the opening ceremony of the 17th Independent Industrialists' and Businessmen's Association (MÜSİAD) EXPO in Istanbul on 21st of November.

"Come and be a part of an end-to-end indigenization program, whose details we will soon announce. Find your

business partners, benefit from our very attractive incentive system, produce in our country and let's win together. In the coming period, our activities will continue to establish industrial zones where high and medium-high technology products will be produced," Varank said, addressing foreign investors.

The end-to-end indigenization program aims at bringing down current account deficit and export of value-added products.

"The program's door is open to foreign investors, every company which invested in Turkey, the same with Turkish companies," Varank said. This October Turkey ranked 17th, up from 43rd, on the World Bank's Ease of Doing Business Index, he added.

The four-day MÜSİAD EXPO hosted international businesspeople, investors and statesmen from 140 countries.

## ECONOMY



## TURKEY'S FOREIGN TRADE DEFICIT DECREASED BY 93% IN OCTOBER

Turkey's foreign trade deficit saw an annual fall of 92.81 percent in October, year-on-year, Trade Minister Ruhsar Pekcan said 22nd of November.

According to Pekcan, last month the country's exports amounted to \$15.73 billion with a 13.1 percent annual hike year-on-year.

The October number was the highest monthly figure in the Turkey's history since founding of the Republic. Meanwhile, imports reached \$16.26 billion, falling 23.5 percent compared to the same month last year.

Exports coverage ratio to imports was 96.7 percent, the minister said. Exports in the last 12 months were up 7.9 percent, reaching \$166.8 billion, while imports rose 3.8 percent to \$234 billion.

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# Briefing

EXPORT, INFRASTRUCTURE, ENTREPRENEURSHIP, STEEL, EVENT, TOURISM...

## EXPORTERS DIARY

# TURKISH EXPORTS BROKE A NEW RECORD

In October, exports increased by 13.1 percent compared to the same month of the previous year and rose \$15.7 billion. Thus, Turkey broke the highest monthly export record in its history.

**CHAIRMAN OF TİM** İsmail Gülle said: "We gave a special present to our country with the highest monthly export value of all time, after the Istanbul Airport which actualized in the 95<sup>th</sup> anniversary of our Republic. We are proud of breaking a new record. 2018 is the record year as we expected. With the exception of the months of June and August, we broke a record every month. I congratulate all our exporters and wish them a continued success."

October export figures were announced by the Minister of Trade Ruhsar Pekcan, Adana Governor Mahmut Demirtaş, Adana Metropolitan Municipality Mayor Hüseyin Sözlü, Chairman of TİM İsmail Gülle at a press conference held in Adana.

Accordingly, in October, exports increased by 13.1 percent compared to the same period last year and rose to \$15.7 billion. Thus, we exceeded the export figure of \$15.5 billion in March 2018 and broke the highest monthly export record in our history.



### EXPORTS HAVE REACHED \$166.8 BILLION ON YEARLY BASIS

Exports increased by 7.9% and reached \$166.8 billion in yearly basis while it grew by 7.6% and reached \$138.8 billion in the first 10 months of the year.

### EXPORT/IMPORT COVERAGE RATIO AT THE PEAK OF THE LAST 20 YEARS

In October, our exports amounted to \$15.7 billion, while our imports amounted to \$16.3 billion. Accordingly,

Export/Import Coverage Ratio rose 96.7 percent and reached the peak of the last 20 years.

### EXPORT FIGURES ON QUANTITATIVE BASIS CONTINUED TO RISE

In October, export figures on quantitative basis increased by 25.1 percent and rose 12.6 million tons which is the second highest export amount so far.

### AUTOMOTIVE SECTOR MAINTAINED ITS LEADERSHIP

In October, automotive was the leading sector

with \$2.9 billion. The sector's exports increased by 11.1 percent compared to the same month of the previous year. Automotive was followed by chemicals with \$1.6 billion and apparels with \$1.6 billion.

### FAR EAST WIND OF STEEL INDUSTRY CONTINUES TO BLOW

Steel sector, which attracted attention with its expansion into the Far East market, increased its exports to the Far East countries by 262 percent in October,

especially in Hong Kong, Singapore and the Philippines.

### GERMANY KEPT ITS FIRST PLACE

Turkey's exports to 159 countries and regions increased in October. Germany is in the first place with \$1.5 billion. Germany was followed by UK with \$1.1 billion, Italia with \$879 million and Iraq with \$853 million.

### THE BEST PERFORMANCE IN INCREASE WAS IN KASTAMONU

Top five provinces in exports were; Istanbul with \$6.9 billion, Kocaeli with \$1.3 billion, Bursa with \$1.2 billion, Izmir with \$884 million and Ankara with \$706 million. The highest increase in exports was achieved by Osmaniye with five-fold increase. Also in October, 1611 firms joined the export community for the first time.



# TURKISH EXPORTERS' VISIT TO RUSSIA MARKS A NEW ERA FOR BILATERAL RELATIONS



**T**urkey-Russia Business Forum and bilateral business negotiations, which organized by TIM in coordination with the Ministry of Trade, held in Moscow, the capital of Russian Federation, on November 11-13, 2018.

TİM Chairman İsmail Gülle, bureaucrats of Ministry of Trade, chairmen and board members of Exporters' Associations, representatives of NGO's and 42 Turkish business people from companies operating in 20 varied sectors among construction, automotive, machinery, electric-electronic, plastic, iron-steel, tobacco, electrical appliances, textile, apparel, leather and leather products and fisheries participated in Turkey-Russia Business Forum. Deputy Minister of Trade Fatih Metin was the head of Delegation.

Turkey-Russia Trade Delegation, where Russian



Union of Industrialists and Entrepreneurs (RSPP) was a partner organization of TIM, started with a working breakfast attended by Fatih Metin, Deputy Minister of Trade of Russian Federation Alexey Gruzdev, Deputy Minister of Economic Development of Russian Federation Sergey Gorkov, İsmail Gülle, chairmen of Exporters' Associations and representatives of RSPP.

**GÜLLE: "WE WILL INCREASE OUR FOREIGN TRADE VOLUME WITH THE WIN-WIN PRINCIPLE."**

Gülle, made the first speech, said that Turkish Business People came to Moscow in order to increase trade volume between Turkey and Russia with the win-win principle and this forum is important for both sides to reach the target of 100 billion dollars in bilateral trade.

**METIN: "STRONG TURKEY-STRONG RUSSIA, STRONG RUSSIA-STRONG TURKEY"**

Fatih Metin, Deputy Minister of Trade mentioned that Turkey's primarily goal is to make bilateral trade more balanced and as Ministry, they want to guide Turkish companies about new opportunities in Russia. "Our motto for the new era in our relations is "Strong Turkey-Strong Russia, Strong Russia-Strong Turkey" he said.

**TURKEY-RUSSIA BUSINESS FORUM: THE NEW ERA IN ECONOMIC RELATIONS OF TURKEY AND RUSSIA.**

"Turkey-Russia Economic Relations in the New Era" themed business forum began with the opening speech of Alexander Shokin, President of RSPP. Shokin emphasized Russia has significant trade and investment opportunities for Turkish firms and both countries should create new areas of cooperation, especially in the high-tech sectors.

TİM Chairman Gülle especially indicated the importance of utilization of the local currencies in bilateral trade. He also



added that use of local currencies between Russia and Turkey reached 2.1% in 2018 through mutual agreements and both countries should aim to minimize the speculative pressure of dollar in international trade in the coming period.

**METİN: MUTUAL FOREIGN TRADE ACTION PLAN WILL BE IMPLEMENTED BETWEEN RUSSIA AND TURKEY.**

“We discussed with Russian counterparts about strong partnerships for SMEs, the implementation of the mutual foreign trade action plan, the removal of visas between Russia and Turkey and trade and investment projects carried out in third countries and decided to enlarge on this issues in Joint Economic Commission negotiations next year” Deputy Minister of Trade Fatih Metin said.

Memorandum of Understanding (MOU) was signed to increase the relations between TİM and Russian Direct Investment Fund (RDIF) in the end of forum. After the business forum which ended with the gift ceremony and group photo, B2B meetings session started with the attendance of 42 Turkish companies and 192 Russian companies. During the section, around 350 business meetings were held.

While B2B meetings were in progress, our food, textile & apparel, automotive-ship&yacht industries were introduced to Russian business people in sectoral meetings.

On the last day, our delegation visited Moscow Technopolis R & D and Innovation Center to be informed about the structure and activities of the center.

# ISTANBUL AIRPORT WILL BOOST TURKISH EXPORTS



## **The Turkish Exporters Assembly (TİM)**

initiated a global campaign to announce the grand opening of Istanbul New Airport. Opening on 29th October 2018, housing 1.6m square metres of logistics space and with 5.5m tonnes of cargo capacity, the new airport is aiming to become the new global hub for exports. Speaking at the opening, TİM Chairman İsmail Gülle said: “As Turkish exporters we are delighted to witness the opening of our new airport today. Timely delivery is a key asset in today’s export world and with strong, advanced logistics infrastructure and enormous capacity, Istanbul New Airport will firmly establish Turkey as a global export leader. We are excited for this new platform which will accelerate Turkish goods being delivered around the globe.”

The Turkish Exporters Assembly (TİM) has launched a new international advertising campaign to announce the opening of Istanbul New Airport, which commenced operations on 29th October 2018.

## ***Chairman of TİM Gülle stressed that Istanbul Airport would place Turkey at the forefront of the global export market.***

The global campaign is being managed by Turkey Promotion Group (TPG), an agency of the Turkish Ministry of Trade responsible for promoting Turkey’s economy and investment potential, and highlights the power of Turkish exporters and the potential available to them through increased cargo capacity and an advanced logistics infrastructure.

Launched on the 95<sup>th</sup> anniversary of the Republic of Turkey under the slogan “As the world gets smaller, Turkish exports continue to grow”, the campaign highlights the new airport’s role in enabling Turkish exports to reach an expanding list of global destinations from the airport’s logistics hub.

Attending the grand opening TİM Chairman İsmail Gülle said: “We

are celebrating the 95<sup>th</sup> anniversary of our Republic today with the opening of Istanbul New Airport. As the voice of Turkey’s export family, TİM is delighted with the launch of the new airport, and we are grateful to all those who contributed to delivering this masterpiece. As Turkish exporters we are excited by the prospect of this new airport. Strength in exports comes from being able to deliver on time and by focusing on logistics – and having the right infrastructure in place will keep us ahead of the competition.”

Gülle stressed that Istanbul Airport would place Turkey at the forefront of the global export market, continuing: “Our new airport will enable us to break records, with 1.6m square metres of logistics space and 5.5m tonnes of cargo capacity, it will allow us to bring more Turkish products around the world to more destinations with shorter delivery times. This is a gamechanger – an exciting day for Turkey and for global trade.”



## FINANCE

*The New Collaboration between TİM and BİST***TİM EXPORT INDEX**

Turkish Exporters Assembly (TİM) and Borsa İstanbul initiated a new index, TİM Export Index (TIMEX), which will be beneficial for the exporters, the finance sector and the investors.

**THE ECONOMIC** development level of a country is dependent on various factors. Of course high value-added production occupies one of the top spots of the list, in which there are also the usual suspects like R&D, innovation, branding, qualified human resources, functional entrepreneurship ecosystem. Among these factors, the financial structure and depth has a well-deserved place.

The studies show that financial deepening and economic development are in strong correlation. In the today's world, of which the production means require a strong financial keep up,

the businesses' reach to alternative financing options is one of the decisive source of competitiveness. Whether a big group carrying out mega-projects or a start-up trying to come up with the next big thing, the initial question they are exposed to is pretty much the same; "How are you going to finance it?" In this sense, beyond being a generic argument, the financial deepening is a must for improving the private sectors all around the world.

The need for diversified financing tools is of even higher gravity for the developing countries. Because of the saving gaps, unstable FDI trends, exchange

rate fragilities and similar factors, the businesses in the developing countries need further financial resources to balance their budget and realize their targets.

**A NEW ROLE, A NEW APPROACH**

As being one of the developing countries that are trying to deepen their financial markets, Turkey is putting emphasis on and effort into creating new resources for businesses. And BİST (Istanbul Stock Exchange) is one the leading institutions in this context.

After its reorganization in the beginning of 2013, BİST has gained a new and

more functional structure. While working on improving its with the global finance sector, BİST moved ahead of being only a stock exchange medium and undertook the role of a more active organization, which focuses on encouraging and guiding companies to reach out to investors by enlisting. And starting with 2017 particularly, BİST started work on strategies to increase the number of companies enlisted in the stock exchange while attracting new investors to the stock exchange.

Although the general opinion of Turkish investors regarding the investment



of viable financial resources options is mandatory for a sustainable and secure exports ecosystem.

In the light of these and more, Turkish Exporters Assembly (TİM) and BIST have joined for a new enterprise, which is aiming at drawing new investors to stock exchange market, encouraging new firms for enlisting and bringing a new and progressive financial resource option to the exporters. And under the setup two organizations are quite compatible in terms expectations and potential.

### THE COLLABORATION FOR EXPORT AND FINANCE

TİM Export Index is born out of the collaboration of TİM and BIST for evaluating the performance of exporters and making this performance more visible and distinctive for the finance sector, supporting the increase of the number of exporters enlisted in BIST, and attracting more investors for investing in the stock exchange. On the basis of "Top 1000 Exporters", an annual survey conducted by TİM in order to promote and evaluate the Turkish exporters, the new index has



been created, in which the companies ranking in the "Top 1000 Exporters" and their stock being traded in BIST Stars and BIST main. BIST Stars is the market where shares in BIST-100

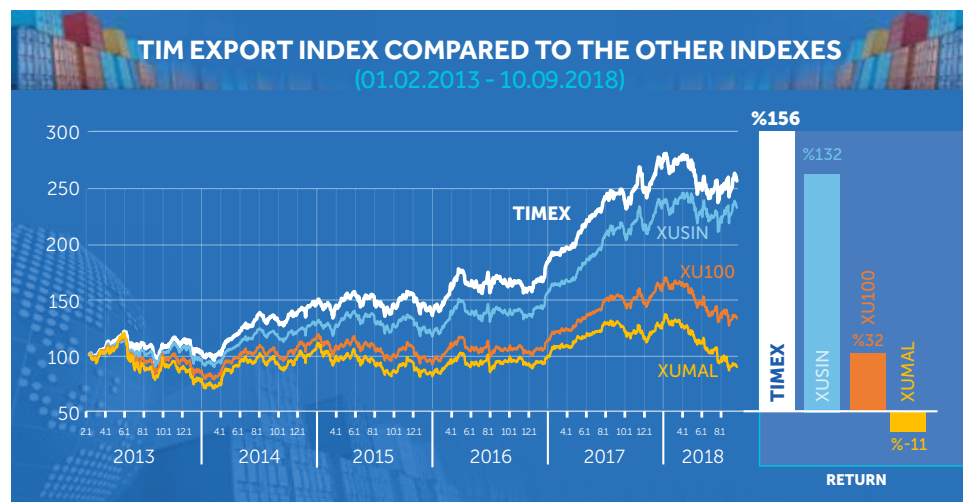
index and shares the market value of which is equal to or above TRY 100,000,000 according to the actual free float are traded, and BIST Main is the market where shares the market value of which is below TRY 100,000,000 according to the actual free float and shares not included in BIST-100 index are traded.

In addition to the two prerequisites, for companies to be enlisted in the TİM Export Index, they have to be valued above \$50 million in average of the last three months. On the other hand, the companies, of which sales registered as export exceed the firms listed in "Top 1000 Exporters" and the stocks are being traded in BIST, are decided to be accepted into the index even though the companies are not ranking in the "Top 1000 Exporters". The companies that will go public, can also be enlisted in the index if they meet the requirements. Currently, there are 55 firms that are accepted into the index (TIMEX).

A 10% weight limitation will be applied to the index. In the first workdays of february, may, august and november the weights in the index will be recalculated

in stocks has suffered from serious problems in pre-2001 era because of various systematic and trust issues, of which the negative perception lingered until the middle of 2000s, the performance of BIST has been increasing steadily after the recovery period of the 2007 global crisis. However, breaking this prejudice, facilitating the investments in stock market and widening the idea that stock exchange is a good alternative for foreign currency, commodity and real estate investments are the main challenges. And the new approach and strategies devised based on it crucial in that sense.

The exports are accounting for an important part of the businesses that require diversified financial resources. Because of the fluctuations and developments in the global economy affect the exporters in terms of both the demand and the means of production, a wide range







not to exceed 10% mark. Furthermore, at the end of each workday the weights will be benchmarked and in case of the presence of at least one lot, of which weight exceeds 13%, the weights will be reduced to 10% before the beginning of the next term.

### HIGH EXPORT PERFORMANCE AND HIGH RETURNS

Turkish export performance is highly strong with its outlook. Over the last decade, Turkish exporters broke 6 records of annual export amount and 2018 is expected to mark a new record.

Looking at the industrial indexes, the comparison graphics show that the exporting companies are also performing remarkably in the stock exchange market. Starting from February 1st 2013, the price and return variants of the index has been calculated on TRY, USD and Euro basis. For instance, if TIMEX was started in the year 2013, the total returns upto today were summing to some 160%, which is a really profitable premium where the return of BIST 100 index for the same period is around 132%



*Chairman of TİM, İsmail Gülle said that as being the umbrella organization of the Turkish financial markets, BIST is an international decision maker with its experience exceeding 30 years, and the successful steps BIST took over the recent years reinforced this profile.*

and BIST Industrial index accounted for 32% total return. These numbers signify that investments in exports are sustainable, steady and profitable.

BIST CEO and Member of the Board Murat Çetinkaya

(not to be confused with President of the Central Bank of the Republic of Turkey) stated that TIMEX is not an ordinary index but a must follow index. Çetinkaya said "As BIST we always want high performing companies to enlist, a debt-free growth for businesses to occur and a wider range of investors to get their shares from this growth. And the members of TİM are remarkable performance wise. To be able to export, to secure a position in the global production processes require a serious set of equipment by itself. Your organizational structure, human resources quality and production processes must be of the global standards. The performance of the index is reflecting it."

### WIN-WIN-WIN-WIN

However, the inclusion of 55 exporting companies out 1000 companies in the top exporters list implies that there are many more steps to be taken in order to boost the number of public offerings. One of the key results projected by BIST and TİM collaboration that is starting from this necessity of further

efforts on this subject is that encouraging the exporters for going public, enlisting in the stock exchange, hence deepening the structure of the market. When this goal is achieved, the new setup will significantly increase the attention of the investors towards the stock exchange, which will help the exporters grow sustainably and robustly by offering them new financial resources.

Conclusively, the limited reach to the alternative financial resources is amongst the leading problems that are affecting the exporters. Up until today, the incentives offered to the exporters, which were funded by the public sector, were make up for the main investment resource for the exporting companies. Thanks to the public offerings, the exporters will have an additional tool in their arsenal for overcoming the financial set backs, and this new financing channel will also help them to grow without unstable debts and with a more diversified risk profile. The stock exchange, in which both private and corporate savings can be turned in to financial resources for companies, will surely help exporters to become more competitive and feel secure for further enterprises, hence increase Turkish exports by leading the exporters to take better more growth-oriented decisions and open up to new markets. The returns will drive more investors into trading stocks, thus the volume and profitability of the market will increase. And BIST will have new and high performing companies enlisted. In that sense TIMEX is a win-win-win-win for the exporters, BIST, investors and of course Turkey.



## INSIGHT

# THE OUTSIDER INSIDE ISTANBUL

If the differences are resolved, Turkey and Austria show a lot of potential for cooperation and improving bilateral relations. And Turkey has a historical success in disproving the prejudices and misconceptions.

BY PAUL DÜRINGER



**I**T IS 7:00 AM and the alarm clock starts beeping – you hit snooze, trying to get a few more minutes of sleep. 7:02 am, the muezzin of the worn-down mosque a few metres away starts to call for the morning prayers; ok, then... time to get up. Still dazzled from a short night's sleep, you stare down at the can of Turkish coffee, bubbling on the smeared ceran stove. A gush of coffee dregs accompanies this tasteful brewage as it is being gulped down, and after a rudimentary brushing of the teeth you try to arrange your fuzzy hair in the few seconds you spend looking into the elevator's opaque mirror. A fresh breeze of Bosphorus-air slaps into your face and slowly crawls down the side of your neck, sending a light shiver down your spine. You pull your collar up and bury your jaw into the jacket, but the scent of the air

remains. It's a unique smell; a mix of bakery, car polish and sewage. The dolmuş waits on the other side of the road, stuffed with people. So you hurry across the street, hoping the five taxis rushing your way have noticed you, and hop into the minibus. Off you go, for another day in Istanbul.

My name is Paul and I came to this city for an internship at Advantage Austria, the foreign Austrian trade office of the economic chamber, an agency to support and promote Austrian businesses around the globe. With about 110 offices in over 70 countries, Turkey hosts two of them in Ankara and Istanbul. Its goals are to strengthen international trade relations between the countries' economies and to help Austrian businesses with import and export matters as well as legal issues – similar to DEIK, the Foreign Economic Relations Board of Turkey.

*Everyone visiting Turkey for the first time, especially those having the expectation to find an extremely conservative country, will be taught otherwise.*

During this time, I got a short insight into the Turkish economy and on Austro-Turkish trade relations, and was asked to share my impressions of the Turkish economy as an unbiased first-time visitor.

But first things first. Before discussing trade relations between Europe and Turkey, the foundation of the Turkish economy needs to be covered: its people. Because as we

all should know, a state or a culture is defined through its citizens. After the World War II a large influx of Turkish workers satisfied the demand for craftsmen in the Austrian economy. Over the decades, they became part of this country as many other nationalities did too. But unfortunately due to missed efforts in integration on the Austrian side, many Austro-Turks were left alone and created their own Turkish sub-culture all over the state. It is clear that social problems as well as tensions arise, creating negative views and prejudices about these factions – which eventually spill over to the image about Turkish citizens, as a result of this yet unresolved integration problem. Breaking the prejudices and changing mistaken opinions are very important for the Turkish reputation abroad and need to be taken into account especially by Turkish entrepreneurs starting to do business in Europe.

Everyone visiting Turkey for the first time, especially those having the expectation to find an extremely conservative country, will be taught otherwise: Turkey and especially Istanbul have their fingers on the pulse of the time. Social media is used everywhere and the young people, especially millennials, are as connected and open-minded as in every other western society. Turkey is a modern country – but inherits a strong history.

As a country which once was a world power spreading its influence far into the heart of Europe, its citizens are still aware of their cultural heritage. The Ottoman regency is memorized by all Turkish people, and is proudly remembered. This pride can be felt while talking and interacting with Turkish people and has to be respected as part of their cultural identity. Austria and other European countries once were superpowers too, but all citizens deal differently with their historical heritage – and you would make a great mistake to judge others by one's own standards. Another historical figure from recent history also left deep marks in today's Turkey: Mustafa Kemal Atatürk, the father of the Turkish nation. His efforts to found the Turkish country out of the declining Ottoman Empire are widely admired too and lead to a new emergence of appreciation in recent times. This movement can be seen everywhere: pictures of Atatürk hanging on the walls, dozens of different books about him in the bookstores, Turkish flags wavering on every corner.

All these unique attributes and much more are taking part in the Turkish culture; even though they may sound a little peculiar at first, they are actually incredibly wonderful while visiting. As far as my experience in this country goes, I was welcomed in a way I had never expected. The kindness and helpfulness as well as their hospitality is almost unmatched and definitely roots in their honour and beliefs. The European image about the Turkish society needs a general makeover, it is time for reconsidering. And to everyone who does not believe me: come and see yourself, then form your own opinion.

## EUROPEAN-TURKISH TRADE RELATIONS

Moving from Turkish cultural idiosyncrasies to international trade, the perspectives among Europeans differ too. Currently, the relations between the European countries and Turkey could be described as variable; this of course notably affects trade as well as the general economic situations in the countries. Regarding Turkey, its biggest problem for the moment is its image. This has two sides – one being the European press and the other Turkey's economic situation. All over Europe, articles, news reports or radio shows communicate a very negative and scary tone. This factor curbs incentives to carry on trade and reduces FDI of foreign firms. But most of all, this negative foreign press coverage damages one sector in a sustained manner, namely tourism. Even brief negative events lead to a long-lasting aversion of a specific country as a tourism destination.

Regarding trade relations and FDI on corporate level, image plays a crucial role too. When entrepreneurs search for new business partners, investment opportunities or long-term contracts, economic stability and expectations are extremely important. When deciding for one alternative or another, forecasts and ratings can be seen as the "rational" part – calculations to measure the overall economic performance of a country. And as with all projections, there is the factor of uncertainty, which according to standard economic theory will be compensated by the risk premium, reflecting the opportunity costs of investing in an option of higher certainty. Apart from arguable ratings and forecasts, there are two problematics regarding economic stability and thus



## EXPORTS AUSTRIA

54% of BIP, of which approx. 30% can be assigned to the export of services and 70% to the export of goods

## FDI 2018/Q1:

#1 Austria  
EUR 256,3 Mio

#2 Netherlands  
EUR 175,8 Mio

#3 Germany  
EUR 44,8 Mio

## RELATIONS TURKEY – EU28 IN 2017

Exports of Goods to EU28  
EUR 84,7 bn

Imports of Goods to EU28  
EUR 69,7 bn

international business relations with turkey: the current period of rapid growth and the fluctuations of the Turkish Lira. Even though a steady rise of real GDP is predicted from the official side, there still roam persisting worries. Moreover, the lately large fluctuations of Turkey's currency represent another instability, especially in the sales market for foreign goods and services. Finally, apart from the numbers, as with recreational vacation, there is an emotional part to expectations – what will happen, if I settle a branch here? Is there enough overall stability in the country, besides the economic environment? Will my partners be more likely to default on their liabilities because of economically unrelated issues?

Apart from these current basic conditions, Turkey actually offers many possibilities and long-term advantages, especially for export-heavy countries like Austria, which generated 54%



of its GDP in 2017 through exports. First, its geographic location is an incredible advantage, as Turkey can be seen as “the gate to the orient”. Connecting Europe to the Middle East, it plays a crucial role as a transit country. Not only does it link Europe to the Middle East, it also represents a section of China’s one-belt-one-road initiative, known as the new silk road. Turkey is a bottleneck, especially Istanbul and the Bosphorus-area. Establishing good economic relations and connections in Turkey early on, especially in sectors as transport and logistics, infrastructure construction or energy, is a far-sighted way of approaching business here. Secondly, Turkey owns a huge and strong economy, despite all current uncertainties. From the world’s 194 countries, it occupies the 17th place if ranked according to GDP. More precisely, its GDP hit USD 851.102 bn in 2017 according to the World Bank. If looked

at Turkey’s sector composition, 6,7% of its GDP originate from the agricultural sector, 31,8% from the industrial sector and 61,4% from the service sector – a well-diversified economy. In the long run and after a stabilization of the exchange rate, it represents a welcoming sales market for European products and technology. But Europe can not only profit from exports to Turkey, but also the other way around: imports. In July 2018, 49% of Turkish exports were shipped to Europe, with a rising outlook. In total, Turkey exported EUR 84,7 bn worth of goods and EUR 11,8 bn worth of services to the EU28 in 2017. Turkey hosts a variety of specialized sectors, offering potential that should be sized. It is one of the world’s leading producers of agricultural products, textiles, automobiles and consumer electronics as well as home appliances. Moreover, the current depreciation of the Lira allows for a cheap purchase of Turkish goods and services –

and even while appreciating, most outlooks predict a lasting weak lira. And last but not least, the persisting customs union between Turkey and the EU represent an advantage in regard to international commerce, enabling goods to travel between the two regions without any customs restrictions – expanding the idea of free trade to where it is most beneficial.

To close off the advantages the Turkish economy offers, there is a recently crucial development that needs to be mentioned as well – the New Economy Program (NEP). As a reaction to the latest concerns where Turkey’s economy will be heading, the Turkish government developed a program which focuses on ensuring overall economic balance, fiscal balance in regard to the current account and the establishment of a value-added focus in production and subsequent exports. According to the program, technology-oriented investments shall be encouraged, new financial incentives for exporters shall be implemented and mega infrastructure projects shall be preferably financed through international funding. Moreover, the import dependency on energy shall be reduced by prioritizing renewable energy production. The predicted numbers are definitely ambitious, but feasible if the program is implemented and pulled through with discipline. It definitely sounds promising and if it holds up to the expectations it sets, then the investment opportunities are vast and profitable – that is safe to say. Overall, the core of the NEP will be exports, in order to increase the supply of Turkish products in foreign markets, creating a sustainable cash flow into the Turkish economy. This way a large part

of Turkey’s future prosperity will be generated through the exporting sector – increasing the GDP and creating wealth in the same way Austria does.

The thing is, a lot could be done to improve bilateral trade between Turkey and the EU. But both sides would be required to work together, to compromise and drop persisting misconceptions. Until then, merchandising is left to those who stand above labels and mistrust, those who seize opportunities despite all the quarrelling. If more and more people break the ice and start moving closer to each other, especially in areas like economic relations, then the outcome for both will be better than the current direction we are heading. Today’s Turkish relations with the EU resemble a prisoner’s dilemma, where cooperation on both sides would lead to a higher combined payoff in the long run. To close this topic, I want to get back to the beginning: in the end, we are all just people. People with different historic backgrounds, with different expectations, with different prejudices. We focus way too much on the differences instead of our similarities. In order to gain the trust of another we should start at ourselves, change our own attitudes towards another and see one another as what we really are, if we finally accept it: partners in turbulent times.

#### FIGURES AND SIDENOTES:

“The population of Turkish people living abroad exceeds 6 million people, around 5,5 million of which live in Western European countries. This number increases to 9 million, taken into account 3 million Turkish migrants who returned Turkey.”

– Republic of Turkey, Ministry of Foreign Affairs

Source: <http://www.mfa.gov.tr/the-expatriate-turkish-citizens.en.mfa>





## EXPORT

# *Turkish Industrial Kitchen Industry Serves the Whole Continent*

Turkish Industrial Kitchen exports now rank second in Europe.

**THE INDUSTRIAL KITCHEN** sector is overlooked mostly, as we do not witness the process that brings the food on our tables; we focus on the final product. Yet it is what enables the giant services industry serve the people, from the restaurants to hotels. It is, therefore, expanding in accordance with the expansion of related industries.

The global commercial kitchen appliances/equipment market size was

estimated at USD 69.82 billion in 2016. Factors such as expanding tourism and the development of railways, growing popularity of Quick Service Restaurants (QSRs) among the youth, and increased working population worldwide have been major factors driving the growth of the commercial kitchen appliances market.

Kitchen equipment included in the scope of the report comprise refrigerators, cooking appliances such as cooktop & cooking ranges

and ovens, dishwashers, and other small appliances such as mixers, juicers, food processors, waffle makers, deep fryers, and coffee & tea vending machines. The prominent end-use segments included in the report are QSR, railway dining, ferry & cruise, institutional canteen, resort & hotel, hospital, and Full-Service Restaurants (FSR). The growth in QSRs, FSRs, and the hospitality business has majorly impacted the demand for commercial appliances globally.

Turkey is one of the most prominent players on the stage when it comes to manufacturing and marketing industrial kitchen products. Having achieved a fast growth in the industrial kitchen products industry, Turkey has outperformed Spain, one of the most important competitors in exports, and ranked second in Europe.

The sector's year-end export target stands at \$2 billion (TL 10.9 billion), according to Istanbul Ferrous and Non-Ferrous Metals Exporters' Association (İDDMİB) Chairman Tahsin Öztiryaki, who said that the sector wants to develop the existing markets and increase this figure with new markets such as the Turkic Republics, Far East and Latin America.

Explaining that the Turkish industrial kitchen products market has been in an upward trend in recent years, Öztiryaki stated that the sector has been exporting goods to 125 countries.





**Turkish industrial kitchen exports** has surpassed Spain in terms of revenues in 2018.

export figure of \$2 billion at the end of the year. In this regard, Turkey ranks second after Italy in Europe and has started to export products to Spain now. "Soon, Italy will also enter our export list," he added.

Öztiryaki underscored that despite the rise in exports, Turkey still has a long way to go in added-value products and branding. Speaking of the figures regarding all the kitchen equipment sectors, a part of the industrial kitchen sector, he said that the size of this sector is \$200 billion worldwide. Recalling that Turkey has a two percent share of this and ranks 10th in the world with \$4 billion in exports, Öztiryaki said, "Our goal is to enter the top five in 10 years."

Germany, the U.K. and France are Turkey's most important export markets and half of the exports are to Europe. Stressing that the objective is to increase the share in these countries and also to reach other markets, Öztiryaki said that Turkic Republics, Far East, Latin America and Africa are

among the target markets. "In recent years, our studies and visits to Latin America have started to bear fruit. Here, we are building a new relationship based on the existing positive perceptions toward Turkey and we expect a 50 percent increase in exports to the region. We have come to the fore with price, quality and fast service in the region," he said.

2

BILLION USD  
THE SECTOR'S YEAR-END  
EXPORT TARGET

2<sup>nd</sup>

THE SECTOR'S RANKING  
IN EUROPE

Öztiryaki also evaluated the 23rd HOSTECH by the Industrial Kitchen, Laundry Service and Catering Equipment Manufacturers and Businessmen Association (Tusid), International Hotel, Restaurant, Cafe and Patisserie Equipment and Technologies Fair, which was attended by some 800 companies, emphasizing that there was intense foreign interest in the fair. Expressing that all the halls were full at the 30,000-square meter fairground, he said, "As members of the association, we put our network in a pool and the association invited visitors from this pool to Turkey."

Supported by the Trade Ministry, the fair was visited by many foreign business people and purchasing delegations. "I think this fair will create a new export opportunity of about \$100 million," Öztiryaki concluded.

The better quality at an affordable price is Turkey's slogan when it comes to marketing such appliances. It offers an affordable yet high quality alternative especially for the European market, and this head start ensures the industry will keep expanding in years to come.

Underlining that the industrial kitchen sector is no longer aimed at tourism alone, he continued, "Turkish domestic tourism is also rapidly developing and diversifying. It was not possible to find hotels to stay in some cities in the past. Now, however, hotels are not enough due to high demand that has been reached at this point."

Stressing that the increased interest in gastronomy also nourishes the sector, Öztiryaki noted that eating and drinking capacities have also changed in Turkey and restaurants have started to increase. "As the fields of interests of young people change, the cafe culture has rapidly developed. As cultures develop, sectors serving this business also begin to grow and all the materials are now being produced in the sector," he noted.

According to the İDDMİB chairman, Turkey has excelled Spain, one of the major competitors, in industrial kitchen exports, reaching an



## ENTREPRENEURSHIP

# PRODUCING THE VEHICLES OF FUTURE: KODECO

KODECO, a Turkish start-up excelling in advanced engineering projects, is designing and prototyping eco-friendly and economic transportation vehicles.



TEB

STARTUP HOUSE

**I**F THE MASLOW'S Hierarchy of Needs was to be modernized based on the contemporary subjects that are affecting our lives, what new "needs" would be included? Internet and mobile devices would probably top the list. Actually, moving ahead of a need, access to internet has already started to be accepted as a "human" right, since France's highest court declared it so with quite a spectacular decision in terms of both



context and content in June 2009.

With the premise of there would be a universal consensus on the champion; it can be said the real hype would be aroused by the runner-up. Although it might not come to mind momentarily, with a little consideration, most of the people around the world who live in urban areas in particular, would give the same answer with a significant ratio. Just to give

a hint; -leaving aside the urgent situations or pressing matters- when do we need the mobile internet the most? What is the most static part of our daily routine, during which we are pretty much paralyzed or imprisoned in a very modest space allocated to us, hence in need of internet access the most?

The runner-up is the 4 Oscar winning production of 2001; Traffic. Transportation is covering a serious amount of our lives to an extent that people are making housing, career and social choices based on the accessibility to the mods of transportation. It affects our work, our recreational activities, our relations and much more so seriously that journey turns into the destination since we mind how we go more than where we go.

### A MULTI-DIMENSIONAL PROBLEM

The most conventional mean of transportation and one of the main urban problems is the fossil-fuel based motor vehicles. It is estimated the number of cars in the traffic worldwide has exceeded 1.2 billion. It means that worst possible traffic jam you can imagine, in which all the cars are waiting in a lane and humbly accepting that the average length of a car is 4 meters, the total length of the traffic jam would be longer than 12 times the distance between earth and moon.

Traffic is proved to be harmful for both physical and psychological health of humans. It is even harmful for the health of the earth since more 15% of the green gas production is caused by motor vehicles according to EPA. This ratio rises to an interval of 50%-90% in urban areas. They are also competing with heavy



*ECOMOD is one of the projects of KODECO, which is expected to commercialize in the near future.*

industries for the main cause of pollution title in some regions of the world. It might come peculiar but motor vehicles are even polluting the time. Although it varies based on the demographics and infrastructure of a city, the time spent in traffic is significantly disturbing in metropolises, particularly. For instance, according to a survey conveyed by a Turkish media company an average İstanbul resident is losing time in traffic that is between 7.5 hours and 9 hours each week. It practically means a workday spent for looking at the brake lights of the car in front of you. In the United Kingdom the time spent in transportation is registered as work hours for the people whose jobs are not in fixed office places.

So, this problem is widely acknowledged and there are lots of organizations, institutions and companies working on the subject. It means a remarkable amount of time -as addition to the time spent in traffic- man power and significant bundle of resources are being allocated for the traffic. In the era of entrepreneurship, of course transportation is in the agenda of some start-ups. Despite not being as ambitious and assertive as Elon Musk's vision of high-speed underground transportation, there are many more innovative and solution-oriented

projects ongoing. Among them there is a Turkish start-up envisioning a more sustainable, ergonomic, economic and eco-friendly transportation for the future.



### A START-UP BORN OUT OF COMPETITION

Kodeco is an enterprise focusing on R&D, innovative ideas and advanced engineering projects, which specializes on vehicle designs and prototyping. The story of the start-up begins when Kerem Odabaşı, the founder of the company, has been selected as the captain of the team, which will represent Ege University in the TÜBİTAK (The Scientific and Technological Research Council of Turkey) Formula G Solar Powered Car Races during the time he was studying at the university for his doctorate degree. After managing to form a roster consisting of engineering students from different partners, the team manufactured their first solar-powered racer. At this point, Odabaşı started to think what else he can do by integrating renewable energy and high-tech into the project.



As the result, a vehicle, which can be utilized in urban transportation, emerged out of the project. Proving its success, the solar-powered tri-wheel vehicle is used in Seferihisar, the first “Citta Slow” (Slow City) of Turkey. Over the course the project secured a financial support in the extent of TÜBİTAK Entrepreneurship Support Program, and commercialized as it marks the founding of KODECO in 2013.

The first commercial product of KODECO was the ultra-light land vehicle, “ECOTour”. Thanks to its trademark chassis design and photovoltaic battery system, ECOTour turned out to be a comfortable and eco-friendly transportation vehicle, and the first ever sale has been made to the largest ice cream factory of Europe in Konya to be used for the transportation of guests and security personnel.

### THE NEXT GENERATION TRANSPORTATION

The first born of the start-up ECOTour is distinguishing itself from other electric-powered vehicles with its advanced photovoltaic technology integrated into its patented design. The power system enables the vehicle function with 100% solar power. The system is cost effective, whereas operating with zero noise and emissions.

ECOMOD is the four-wheeled electrical vehicle with an optional solar power support. The production process is ongoing and the test drives have been initiated. The unique side of this project is its innovative energy management system. KODECO conducted a systematic R&D process



for this project that is in accordance with the L6e light vehicle class in terms of motor power, weight and speed limiting. The project is planned to be commercialized to meet different sectoral needs like transportation, logistics and F&B services. Hence, along with a standardized chassis and energy conduction platform, there are various optional customized parts. Thanks to its pluggable battery system and customizable design options, ECOMOD can be used as in airports as cargo carriers or will be able to serve coffee in university campuses. Subsequent to the approval process, it will also work as a transportation mean in urban areas.

ECOMOD is capable of generating its own energy with its attachable photovoltaic platform. The use of high efficiency (22%) mono crystal silicium cells provides 500W energy. This energy is storable in the battery of vehicle as well as being able to support sound

*ECOTour is the first-born of the start-up, whereas KODECO defines OTOMOD as “the vision project”.*

systems, F&B heating and cooling systems, electrical technical service equipment or any other specific system requirements

OTOMOD is the vision project of the start-up, which is recently initiated. The self-driving electric vehicle will be utilized particularly in campus areas and airports. Working with a barcode system, the passengers will be able to reserve seats or learn about the travel time via a control panel. The charging points will ensure an uninterrupted mobility. The projects test drives will be made in İstanbul Technical University Maslak Campus.

### THE EFFECTS OF A NOURISHING ENTREPRENEURSHIP ECOSYSTEM

During its journey, one of the milestones was getting support from İzmir Entrepreneurship Program, which carried out in the extent of TİM-TEB Start-Up House. Kerem Odabaşı states that, thanks to the program, they moved in the ecosystem they want to be in rapidly. Sharing experience and insights with other entrepreneurs, and getting support in terms of consultancy, business model, target audience, sales&marketing and similar disciplines, has accelerated the operations and development of the start-up. The mentorship given by the start-up house is another key aspect in the development of KODECO, especially in regards with important meetings with potential investors and clients. Furthermore, Odabaşı also acknowledges the positive effects of physical conditions provided by TİM-TEB Start-Up House.

### A GLIMPSE FROM FUTURE

ECOMOD and OTOMOD are expected to be commercialized in a short period of time. Although the start-up has not started to export, there are already several connections with international events, among which use of ECOMOD at FIFA World Cup 2022 in Qatar is looking highly likely.

KODECO is operating with a futuristic vision, in which transportation is improved in terms of economy, ecology and efficiency. One of the key aspects of a sustainable world is undoubtedly an ecofriendly and economic transportation system, and KODECO vehicles are showing a glimpse from the transportation of future.



## HEALTH

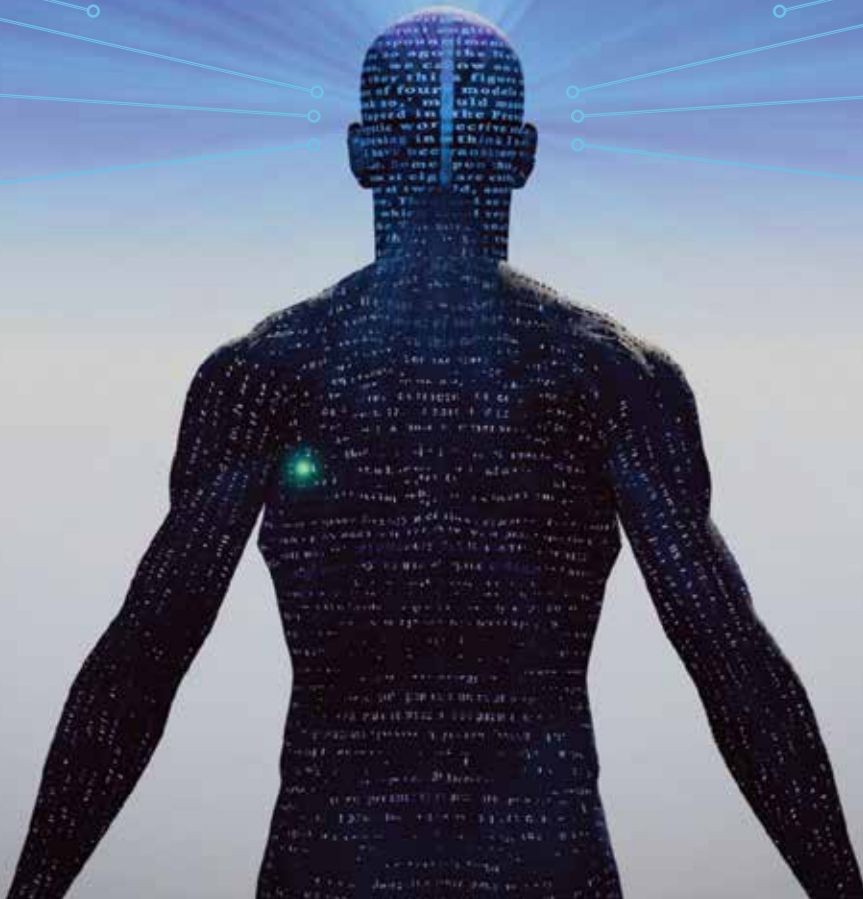
# BIOHACKING: REACHING BEYOND YOUR LIMITS

Biohacking is emerging as an industry and although mostly overlooked, it has potential to change the way we define “human”.

## CYBERNETICS IS A CURIOUS SCIENTIFIC FIELD:

It is, simply put, the science of functions, rather than the content or structure. It does not care about the contents of structural properties of two compared entities, just their functions. In this regard, feather-covered wing of a bird and titanium-covered wing of a high-tech stealth aircraft are the same in the eyes of cybernetics, as both function as devices that keep a body flying thanks to creating air pressure differences around the wings.

It may sound useless at first, yet emergence of such a way of thinking caused a great paradigm shift in certain areas, especially in robotics technologies. Hypothetical bionic beings, cyborgs, chips that are to be inserted beneath our skins to function for various purposes; they are results of the cybernetic thinking. A chip, for example, is not different than any other body part that would function in the same manner. An artificial cardiac valve is the same with the “organic” one.



How further this could have gone? Well, the newly emerging idea, “biohacking” seems to be the most avant-garde result of cybernetics. In its purest form, biohacking is the conscious control of our external environment to encourage better physical and mental performance across all spectrums.

### WHAT IS THIS “BIOHACKING” PHENOMENON?

Biohacking is a fairly new practice that could lead to major changes in our life. You could it call citizen or do-it-yourself biology. It takes place in small labs — mostly non-university — where all sorts of people get together to explore biology. That could mean figuring out how the DNA in plants affects their growth, or how to manipulate genes from another source to make a plant glow in the dark. It often is aimed at producing a product, like the chairs and building blocks that artist Philip Ross makes by feeding mushrooms a meal of sawdust or peanut shavings. It is experimenting on the cheap, usually without the benefit of a fancy university laboratory, and it often involves DNA and genes. If you don’t know enough biology to take part at first, you learn it along the way.

One of the coolest things about biohacking is that you might already be doing it without even knowing. A few easy biohacks include shifting bedtimes to see if you wake up more refreshed, or starting a meditation practice to get a handle on work stress, says Asprey. Anytime you change something about your lifestyle or diet and monitor the changes you experience, you’re biohacking, he says.

Nutrigenomics is another element of biohacking that you likely do on the reg; it

*One of the coolest things about biohacking is that you might already be doing it without even knowing.*

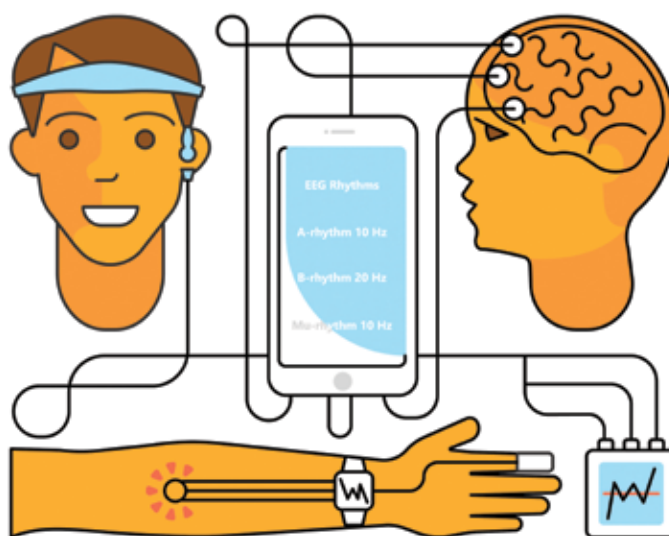
simply refers to switching up the nutrition and activity of your body for optimal results. “If you think some of this just sounds like learning how food, activity, and stimuli change the way your body

that it is both possible and desirable to so fundamentally alter the human condition through the use of technologies as to inaugurate a superior post-human being.

### PREPARE TO BE REDEFINED

And what about the possible impact of biohacking on the economy? It is emerging as an industry, in two dimensions. Firstly, it is an industry in its own right. Secondly, the devices and apparatus needed for individual biohackers are sold in the market, creating

Therefore, it can easily be said that the biohacking will have its first and most serious impact on the wellness sector, probably furthering, expanding and improving it. Regardless of technological innovations, the growing wellness sector will need to remember the benefits of spending time in natural environments. With regard to health, it’s important to consider not just our bodies and genetic makeup, but the external environments where we live. The pioneering companies and NGOs that



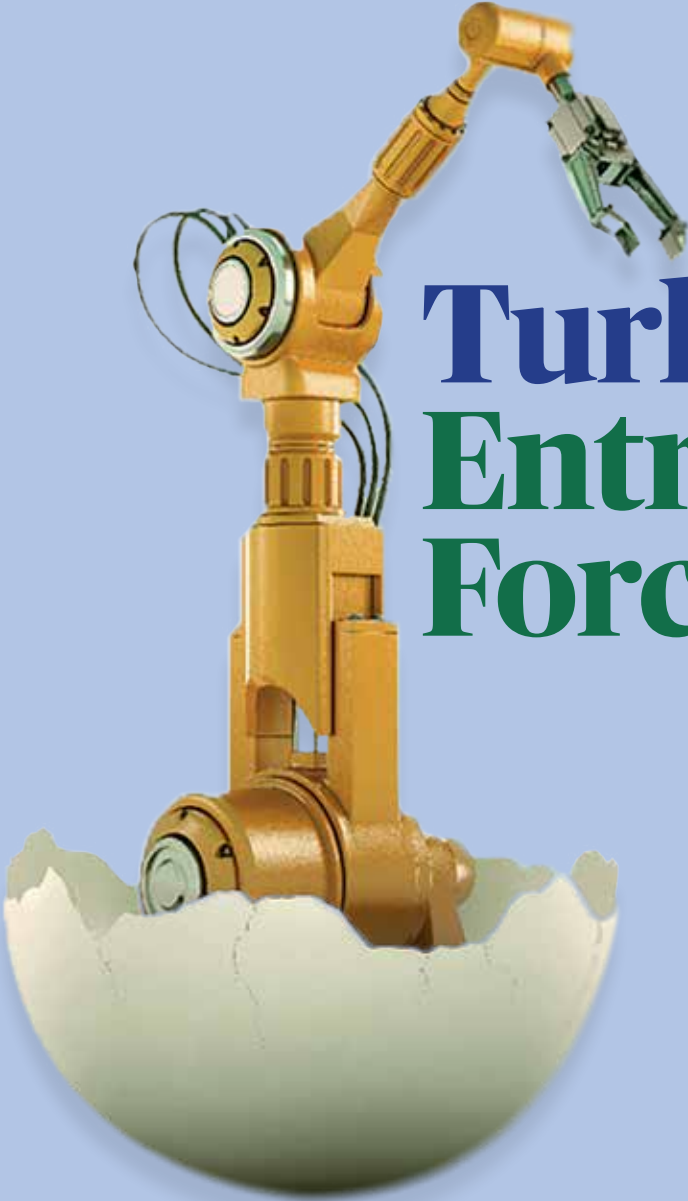
operates, you’re absolutely correct,” says Josh Axe, D.N.M., C.N.S., D.C., founder of Ancient Nutrition and the Keto360 program. “This type of biohacking is really just building on the concept that our bodies are ever-changing, and using these discoveries to ‘live your best life,’ as many biohackers put it.”

Biohacking, thanks to its really radical views on human body and concept of “being a human,” resulted in a new philosophy, or ideology: Transhumanism. Transhumanism is the belief

a sub-industry, not really different than the secondary-supplementary industry of, say, automotive industry.

Although apps now exist to monitor our exercise patterns as well as to optimize our breathing and health regimes, the report predicts that the next generation of wellness technology will infiltrate our bodies and change human nature. This relates to biohacking. It will also replace survey, and will soon be combined with the “big data,” will drastically change the way we collect info.

spread the biohacking lifestyle will play a key role: They will eventually turn into giant providers of biohacking kits and materials, then will evolve into “Facebook’s” or “Twitter’s” of human bodies, a vast network of connected, enhanced, augmented human bodies that interact in a brand new manner apart from conventional means of communication. A new plane of existence is being born, right now, just before our eyes, which is destined to change the meaning of “human” forever.



# 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.



## EVENT

## *The Rising Stars of Global Economy Came Together in İstanbul:* **THE 32<sup>nd</sup> CACCI CONFERENCE**

The annual conference of CACCI (Confederation of Asia-Pacific Chambers of Commerce and Industry) was held in İstanbul on 23rd-24th November. During the event, which hosted 400 business people from 28 countries, the matters regarding the future of the Asia-Pacific economy have been discussed.

**THE SIGNIFICANCE OF** the Asia-Pacific region is increasing in terms of the global trade, and the industries as well. Most of the projections and estimations regarding the future of the global narrate that the upcoming period will be the century of Pacific. Furthermore, the global economic indicators are already implying the gravitational shift of the global economy towards the Eastern hemisphere.

The region accounts for a population of 3 billion, where the countries are summing up to a total GDP of \$5 trillion. The average economic growth of the region in the 5-year period between 2013-2017 is 6%, which is significantly larger than the average growth rate of GWP (gross world product) that is around 3.4% in the same period. The reason behind this gap is the performance of the advanced economies like Eurozone. The advanced economies have seen some 1.8% growth in the same era. Falling behind of the global trend, the Eurozone's average growth performance for the same period was some 1.25%, according to data gathered from the International Monetary Fund World Economic Outlook database.

The robust performance of the developing countries, particularly the Eastern

hemisphere countries, is drawing the attention of the business people from all around the world. Almost all of the companies engaged in international trade are looking forward for opportunities to develop partnerships in terms of both production and market penetration with their Eastern counterparts. It is fair to say that the Asia-Pacific region is the rising star of the global economy, and thanks to streamlining of the economic cooperations and organizations, this profile is getting further consolidated.

Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is one of the organizations, under which the heroes of the new global economy unite. The organization founded in 1966 and is consisting of 47 national trade and industry chambers. Among the members, there are chambers from India, Japan, South Korea, Russia, Indonesia, Malaysia, Turkey and many other countries in the region, which have a prominent place in the global economy.

### **TURKEY HOSTED THE RISING STARS**

Hosted by TOBB (The Union of Chambers and Commodity Exchanges of Turkey) under the auspices of the Presidency of Republic of Turkey, the 32nd CACCI Conference was

held in İstanbul on 23rd – 24th November. More than 400 businessmen, banking professional and representatives of trade bodies from 28 countries came to İstanbul to participate in the conference, in which panels, networking sessions, bilateral meetings and various other events were held. Providing a nourishing environment for the economic figures, business people had the opportunity to build new business links, lay foundations of future collaborations and start new strategic partnerships.

With the ceremony at the event, Indian businessman Samir Modi, the new President of CACCI took over the position from his



*The end-to-end indigenization program aims at bringing down current account deficit and export of value-added products.*

predecessor Jemal Iniaashvili. The President of TOBB Rifat Hisarcıkhoğlu elected as the Vice President once more. Speaking at the press conference Hisarcıkhoğlu stated that the Asia-Pacific region is leading the global economic growth and they want to alter and improve the trade and investment relations with the region.

Minister of Trade Ruhsar Pekcan was amongst the distinguished guests. Underlining her contentedness to take part in the conference, which is held under the auspices of the Presidency of Republic of Turkey, Pekcan pointed out the significance of the participation of young entrepreneurs, woman entrepreneurs and SMEs in the event, and the global economy can't be read accurately without the comprehension regarding the developments in the Asia-Pacific region.

In the extent of the event, the subjects of high importance for the region like woman entrepreneurs, education, health, energy, agriculture, food, trade facilitation, SMEs, ICT and business opportunities were discussed via parallel meetings. During the conference annual awards in different categories have been given, in which Aegean Region Industry chamber received the Best Chamber in the Asia-Pacific zone award.



## EXPORT

*Women's Council:*

# TURKISH WOMEN WILL LEAD THE INNOVATIVE EXPORTS

Turkish Exporter Assembly's Women's Council is founded to increase the participation of women in the economy and exports.

**SCIENTIFIC FINDINGS** point to the fact that the more women are involved in economic activities, the more economic and social improvement is experienced thanks to the increase in the efficiency of utilization of the human capital. A misogynistic approach to work, restricting the economic activities of women, always result in a crippled human capital, hindering the potential contribution that could have been made by women to the overall growth. Humanity has learnt this lesson in the hardest possible way, however, thanks to the efforts of

women's rights organizations, equal pay for equal work and positive discrimination for women to increase their representation in the work force is a global phenomenon.

Turkey was one of the few countries to renounce the infamous attitude towards women and grant universal suffrage as well as employ women in every possible office to create awareness. In the early years of the Republic, pioneering women such as Halide Edip Adıvar and Sabiha Gökçen, took their respectable place among the society, in posts (MP and Wartime Aviator, respectively)

which had been seen as "men's only" before them.

As to today, Turkish women are pioneers of the Turkish economy and innovation, fulfilling their role in the society freely. Bolive Founding Partner Duygu Yılmaz is one of the many examples. The company she founded, Bolive, has introduced an innovative approach to bioplastics: Yılmaz, an engineer, discovered a feasible way to create bioplastics out of olive seeds, and started exporting their high-tech and environment-friendly products to all over the world, thanks to the investment

## 5200

THE NUMBER OF TURKISH  
WOMEN EXPORTERS  
AS OF 2018

from Vestel Ventures. Another woman innovator and exporter, İlayda Büyükdogan, founded Compocket, a company that exports electronic measuring devices.

### STATS: WOMEN IN TURKISH ECONOMY

What do the facts and figures say? Though %34 of all women in Turkey actively work, some 87 percent of women in Turkey want paid employment, exceeding the world average by 17 percent, United Nations International Labor Organization's (ILO) Turkey director Numan Özcan says. Women's employment surpasses men's only in the farming and the services industry, where 55 percent of women with a job work. Nineteen percent of all Turkish women with a job work part-time versus 6.5 percent of men.

While stressing the gap between women and men in Turkey in terms of participation in the labor force is higher than the world average at a meeting organized to introduce the "Gender Mainstreaming Program for SMEs" launched by the ILO, Özcan notes, "some 70 percent of women in the world want to work in paid employment, whereas 87 percent of women in Turkey want to work in paid employment." The ILO director stresses that more work need to be undertaken targeting men to raise awareness regarding the importance of female labor participation.

"There is a slack in the workforce which can be reduced if women participate a lot more. It is important with regards to services sectors like technology," says General Manager and CEO of Albaraka Türk Participation Bank Melikşah Utku at The International Symposium on Financing for Development.

On the other hand, there are

some minor obstacles Turkey should overcome. Contrary to popular belief, Turkish women are not staying out of the labor force because of their level of education or the society's conservatism, says professor İpek İlkkaracan, a prominent economist at Istanbul Technical University (ITU) who is known for research on unpaid care work.

In a striking study, İlkkaracan demonstrated the labor force participation rate among urban, single, female high school graduates in Turkey is 63 percent whereas this rate falls to below 30 percent for their married counterparts.

"The problem is not that women are not entering the labor force, it's that they're leaving once they get married," İlkkaracan says. Therefore, mother-friendly regulations

*"We reach our national targets much faster by increasing our exports in a continuous and permanent manner with the support of women."*

and laws, as well as an awareness campaign would prevent women leaving the workforce once they marry.

### TİM WOMEN'S COUNCIL

In order to increase the share of women in the economy, especially utilizing their innovative talents to increase the overall worth of exports, The Women's Council founded by Turkish Exporters' Assembly will play a key role.

Turkey Exporters Assembly (TİM) has established "TİM Women's Council" in order to increase the number of women exporters. Chairman Of TİM İsmail Gülle said in his announcement "We reach our national targets much faster by increasing our exports in a continuous and permanent manner with the support of women. With our new council, we aim to solve the problems encountered by women exporters in the business world. We also aim to carry out their projects more effectively. Together with this council, we declare mobilization for exports." He continued his speech with the words of Atatürk "Everything we see in the world is the creative work of women."

Gülle stated that there are 5,200 women exporters as of 2018, saying "In other words, only 7,3 percent of total number of our exporters. With our new management, we started to implement reformist policies in order to increase the participation of women. We have a female member on the board of directors, for the first time. Similarly, in the last period, while there were 39 female members in the Board of Directors of our Exporters' Associations, there are 55 female members in this period. We are committed to further increasing these numbers. We aim to increase the number of female exporters and female delegates in the business world. That is why we believe that the establishment of Women's Council will be a milestone for both our country and TİM."

As Turkish Exporters' Assembly has demonstrated its key role in Turkey's economy by pioneering the innovation campaigns, Women's Council will surely take the lead in increasing women's participation and success stories.





## EVENT

# DESIGNING THE FUTURE OF TURKEY

Design Week Turkey was held in İstanbul, receiving tens of thousands of guests to share experiences of world-famous designers.



**T**HE TEXTILE and apparel industry has always been one of the most prominent components of a country's economy, since the antiquity. Fur trade shaped the history of Russia, and wool trade was in the center of mercantile empire of the British. Yet, thanks to the industrial revolution, the main effort in the industry is to create new designs and trends, rather than fighting over raw materials and such. Today, the value of the products are not determined based on the value of raw materials used to manufacture the product, but the creative design value is what determines the price.

Turkey, the country which has abundant raw resources and a well established textile industry, has been striving to seize the trend, the new phase of the industry, design and creativity-oriented. Today, Turkish companies and brands compete with global giants all over the globe, all thanks to the vision that boosted the industry especially in the last decades. The importance of the branding and design was well understood, and Turkish economy managed to create its worldwide design brands, creating the value added.

Turkey Design Week, held in accordance with such a vision, has been hosting more than

DESIGN  
WEEK  
TURKEY

52.300

PEOPLE VISITED DESIGN WEEK 2018

80

SPEAKERS HAVE PARTICIPATED

27

PANELS HELD

160 speakers, 30 national and international fairs, 550 design and workshops since 2016.

Design Week Turkey, which is an essential platform to raise awareness of the power of design, to create a design culture and to emphasize on the potential of the contributions both to Turkish economy and civilization by introducing Turkish designers globally and providing competitive advantage, was organized this year at İstanbul Haliç Congress Center between November 16 – 18, 2018 with a comprehensive program again by Republic of Turkey Ministry of Economy and Turkey Exporters Assembly.



In addition to the panels and conferences of world-renowned names in various fields such as industrial design, fashion, visual communication design and architecture, exhibitions and installations exclusive to Design Week Turkey of designers, domestic and foreign design firms, artists, universities, design schools and design platform were included to the event.

Design Week Turkey regards the issue of creating awareness that the design identity and the economic success of our country could be developed through design and industrial integration is the most important issue. It brings the representatives of the industry and designers together and creates a meeting point in order to produce added value products.

DWT'18 program, which focuses on strengthening creative economies, encourage entrepreneurship, multidisciplinary collaborative projects between industries and meticulous design researches is organized through a comprehensive planning network by national and international shareholders.

Istanbul, which was added to the Unesco Creative Cities Network with the title of 'Design City', hosted the event as one of the

cities that sees creativity as a means of strategic and sustainable development. This year, the DWT'18, which includes panels, conferences, exhibitions, ateliers and award ceremonies in many areas such as; industrial design, fashion, visual communication design and architecture, was organized at the Haliç Congress Center between 16-18th of November. The event took place in different locations and fields; new ways of discovering the country through design are offered to visitors.

27 panels and conferences, more than 80 speakers including world-renowned names like art-photographer Oliviero Toscani, 26 exhibitions and installations, 16 workshops, hundreds of designers and thousands of guests made the event a remarkable one.

***İsmail Gülle,  
Chairman of Turkish  
Exporters' Assembly,  
thanked more than  
52.000 guests who  
attended the event and  
invited all to "design  
the future of Turkey".***

During the event, The Turkish Fashion Fabrics (TFF) Multimedia Show, hosted by the Uludağ Textile Exporters Association (UTİB) at Bursa's Sheraton Hotel on Nov. 14, promoted Bursa, Turkey's "city of textiles," its unrivaled fabrics, talented local designers as well as the city's historical and natural beauty. Among the guests were famous names of the fashion world, businesspeople and members of the press

from around the world. The world premiere of a film on the collection and fabrics used by the four Turkish designers was also held at the pioneering event. The film will promote Turkish textiles and Bursa in advertorial and promotional campaigns abroad.

Various speakers, all experts and pioneers in their respective fields, shared their knowledge and experience with the audience, in three thrilling days.

İsmail Gülle, Chairman of Turkish Exporters' Assembly, thanked more than 52.000 guests who attended the event and invited all to "design the future of Turkey". Design Turkey industrial design awards were also given during the event, winners in different categories, judged by an international jury, took their awards from Mr. Gülle. Design Turkey Industrial Design Awards is a design evaluation program within the TURQUALITY® Program which is organized in collaboration with Ministry of Commerce of Turkey, Turkish Exporters' Assembly and Industrial Design Professional Organization.

Increasing its influence and receiving more visitors every year it is held, Design Week Turkey will be anticipated most by Turkey's design industry in next year.



**Discover the potential of Turkey,  
now on social media!**



**Discover  
the potential**

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## AVIATION

# The Direct Tourism Endeavor Will Boost Turkish Tourism

The fruit of the collaboration between Republic of Turkey Ministry of Culture and Tourism and Turkish Airlines, “Direct Tourism Endeavor”, will pave the way for ‘quality tourism’ to take root and grow in Turkey.



**THE SIGNING CEREMONY OF** “Direct Tourism Endeavor”, which includes direct scheduled flights from Antalya, İzmir, Dalaman and Bodrum-Milas airports, located in prominent tourism centers of Turkey, to 34 destinations in 11 countries with 67 frequencies, was held in Turkish Airlines’ headquarters in İstanbul.

Republic of Turkey Minister of Culture and Tourism Mehmet Nuri Ersoy and Turkish Airlines Chairman of the Board and the Executive Committee M. İlker Ayçi have signed the protocol aimed at facilitating the transportation between cities from Europe and

Middle East that present high potential for quality tourism and Turkey’s internationally renowned tourism beauties.

In scope of the 2019 projection of Turkish Airlines, the distribution of flights from Turkish airports to various destinations are: 50 frequencies from Antalya to 13 destinations, 5 frequencies from Bodrum-Milas to 4 destinations, 9 frequencies from İzmir to 5 destinations and 3 frequencies from Dalaman to 2 destinations.

The distribution of the frequencies for the new flight schedules by the country is consisting of 8 frequencies

to UK, 14 to Germany, 14 to Russia, 7 to Azerbaijan, 3 to Kingdom of Saudi Arabia, 4 to Kuwait, 4 to Jordan, 1 to Ukraine, 3 to Algeria, 5 to Israel and 4 frequencies to Lebanon.

## DECISION MAKERS OF THE TURKISH AVIATION CAME TOGETHER

Underscoring that Minister Ersoy is one of the prominent decision makers for the Turkish Aviation, Turkish Airlines Chairman of the Board and the Executive Committee M. İlker Ayçi stated that they frequently meet and discuss about what can be done for further development of the sector.

Putting emphasis on the notion of “Quality Tourism”, Minister Ersoy said: “Presenting high quality transportation options is occupying one of the top spots in the agenda for promoting the touristic richness of Turkey to potential tourists with high income. Through various collaborations we carried out with Turkish Airlines, we reached a complete agreement. Our national flag carrier is starting Business Class flights from the central cities like Berlin, London and Moscow to Antalya, Bodrum, Dalaman, İzmir airports with 67

frequencies by April 2019. We aim to increase this number to 143 over the next five years.” Minister Ersoy also gave his tanks to the whole Turkish Airlines family for their support to the Direct Tourism Endeavor.

Expounding that quality tourism means extending the availability of tourism to 12 months, Minister Ersoy said that the Ministry will hold biddings for the new allotment areas which will be held before the end of 2018 and will offer high quality services throughout the year. Stating that the Ministry will support quality tourism centers with golf, sports, congress and thermal attributes, Ersoy said: “In order to avoid the trained personnel from drifting away from the tourism sector, we need to create a business environment, evergreen and ever growing. Similarly we need to activate investments which will be able to attract tourists every season of the year, that will also enable the airlines, which we encourage to organize charter flights, to carry passengers. The twelve-month operational facilities are of paramount importance for human resources, transportation and sustainable tourism.”

Pointing out that an environment, in which endeavors and initiatives can be undertaken for the Turkish aviation, is being prepared, Turkish Airlines Chairman of the Board and the Executive Committee M. İlker Ayçi stated: “We formed our vision with the approach brought in by our Minister, and we have taken action in order to contribute to the development of Turkish tourism with new direct lines.” and underscored the efforts of Turkish Airlines in expanding the scope of Turkish tourism and its role of being the flag carrier of Turkey.



Ayçi said that “The Direct Tourism Endeavor is meaningful and befitting, and in terms of meeting the requirements of the Turkish Airlines family and the balance sheet, it is a step towards the right goal. Especially during the summer season we will be flying to 13 international destinations with 50 frequencies from Antalya Airport. These new destinations and frequencies are additions to the existing ones. We plan to enable a total of 67 weekly frequencies, consisting of flights from our tourism centers to different routes around the world. Thanks to these new flights, we estimate that we will be carrying

1 million new passengers. Which means the new routes we open will present the Turkish tourism with 1 million new and quality tourists.”

#### AS WE COME TO THE END OF A SUCCESSFUL YEAR

Ayçi stated that Turkish Airlines broke the seat occupancy rate record of the company's history with 85.6% in August, and secured a 13% increase in the total passenger number over the first 8 months of the year compared to the last year.

Touching upon the high importance of the recent developments regarding Turkish Airlines' contribution to Turkish economy, Ayçi stated:

**Turkish Airlines Chairman** of the Board and the Executive Committee M. İlker Ayçi stated that the Direct Tourism Endeavor is both meaningful and befitting for Turkish Airlines.

“Our end-of-year passenger goal has been revised as 75 million passengers. As you may remember, our goal for 2018 was 74 million passengers, but the course implies that we will reach 75 million. In this sense we will have a year full of records, which will be an important leap forward for us.”

Addressing that 76% tourists coming to Turkey prefers Turkish Airlines, Ayçi underlined the importance of this ratio for Turkish tourism. Adding that Turkey is steadily moving towards its goal of hosting 40 million tourists this year, Ayçi expressed the happiness of Turkish Airlines for its contribution to Turkey in reaching this goal. Mr. Ayçi also said that Turkish Airlines marketing staff continuously analyze the current situation for possible revisions in order to close the gap between the summer and the winter passenger numbers and create new projects for efficient and productive utilization of the Turkish Airlines fleet.



## INVESTMENT

# TURKEY EARNS SPOT AMONG TOP 10 GLOBAL IMPROVERS ACCORDING TO WORLD BANK

The World Bank recently published “Doing Business 2019 Report”. Turkey, having carried out a record number of business reforms over the past year, has earned a spot among the top 10 global improvers.

**R**anking 60<sup>th</sup> in the previous year’s report, Turkey advanced 17 spots to 43<sup>rd</sup> in the World Bank’s Ease of Doing Business ranking for 2019.

The report tracks economic reforms made between June 2, 2017 and May 1, 2018 and covers issues in 190 economies, such as starting a business, dealing with construction permits, getting credit, paying taxes, trading across borders, enforcing contracts, and resolving insolvency, which are essential in employment, stimulating investments, and supporting growth.

With seven reforms implemented by the Turkish government, Turkey gained 4.34 points since last year and received 74.33 out of 100 in 2019. With this advancement, Turkey is placed 9<sup>th</sup> among the top 10 improvers on the list.



# TOYOTA BEGINS MASS PRODUCTION OF NEW COROLLA HYBRID IN TURKEY

**S**tarting next year, Japanese automotive giant Toyota will begin mass production of its new Corolla hybrid in Turkey. The hybrid version of the automaker’s iconic Corolla will make its global debut when it rolls off the production line in Turkey in Q1 2019.

Toyota Corolla’s hybrid version will benefit from Turkey’s newly-unveiled special consumption tax incentive, becoming a source of pride for Turkey and a driving force for



Toyota in today’s highly-competitive auto market. Industry and Technology Minister Mustafa Varank

announced that the new fuel-efficient model will be exported to 100 countries from Turkey. “I had the

opportunity to drive Toyota Corolla’s sedan hybrid. A hybrid car of this type will be produced in Turkey for the first time. Electric and hybrid vehicles are becoming widespread and are replacing conventional engines. With these new models of hybrid vehicles, which provide fuel savings of up to 50 percent, Turkey will see declines in fuel imports and thus reduce its foreign trade deficit,” said Varank.



# General Electric to Develop Manufacturing Tech for Aviation in Turkey

**G**eneral Electric Aviation opened the Additive Manufacturing Technologies R&D Laboratory in TÜBİTAK Marmara Technopark Free Zone in a bid to support Turkey's R&D know-how, develop state-of-the-art technologies, and thus foster competent engineers and researchers. Over 15 Turkish engineers have been recruited from the US, Germany, Netherlands, and Switzerland for US-based General Electric's new lab in Gebze, south of Istanbul.

Industry and Technology Minister Mustafa Varank,



Deputy Trade Minister Gonca Işık Yılmaz Batur, TÜBİTAK President Prof. Dr. Hasan Mandal, Investment Office President Arda Ermut, and GE Turkey Chairwoman and

General Manager Canan Özsoy attended the opening ceremony.

Speaking at the ceremony, Minister Varank stated that this facility was one of GE's three global laboratories.

He added that one of the goals of the Ministry is to position Turkey as a leading production hub in industry and technology. "We have embarked on our National Technology, Strong Industry vision. Our ultimate goal is to make Turkey a leading production hub in industry and technology. GE's laboratory will be a milestone in making Turkey one of the future tech centers," said Varank.

With the new R&D laboratory, GE's total investment in Turkey exceeds USD 15 million.

## Pirelli's Licensed Manufacturer Prometeon Invests in Turkey

**I**talian-based tire producer Pirelli's licensed manufacturer Prometeon will be investing USD 115 million in its factory in northwestern Turkey.

Speaking at the launching meeting, Prometeon's Chief Operations Officer Gregorio Borgo said that Pirelli has invested USD 500 million in Turkey so far and will contribute an additional USD 115 million during 2018-2020 period. He added that the company's investments

will boost production at the factory through the use of high technology.

In the wake of the meeting, COO Borgo was received by Minister of Industry and Technology Mustafa Varank, where the minister stated that the company will double its exports from Turkey to 75 countries, rising to USD 250 million from USD 125 million.

Operating for more than 60 years in Turkey under the Pirelli brand, Prometeon is also the owner of the first tire factory in Turkey.

## Turkey and Bulgaria Sign Agreement to Develop Cooperation

**W**ithin the scope of DEİK Turkey-Bulgaria Business Forum, Trade Minister Ruhsar Pekcan and the Bulgarian Economy Minister Emil Karanikolov signed a cooperation agreement aimed at further improving bilateral trade, on November 18 in Sofia.

Commenting on the agreement, Minister Pekcan said that business forums are crucial for creating new dynamism for bilateral economic relations. "We gathered more than 500

businesspeople from both countries. Moreover, we have signed a MoU between Invest in Turkey and Bulgarian Investment Agency, to develop our cooperation," said Pekcan.

Turkey's exports to Bulgaria were USD 2.8 billion in 2017 while imports from the country stood at USD 2.8 billion. Regarding recent trade figures, Minister Pekcan stated "these do not reflect the neighboring countries' potential," and called on both sides to boost their trade operations.

## Events



**November 4**  
Kuwait

Investment Office President Arda Ermut met with a group of CEOs at an exclusive briefing held in Kuwait. The meeting was focused on Turkey's investment climate and business opportunities, and was also attended by Ayşe Hilal Sayan Koytak, Ambassador of the Republic of Turkey in Kuwait.



**November 6**  
Istanbul

The Investment Office's A. Burak Dağlıoğlu spoke at a seminar jointly held by the Istanbul Chamber of Commerce and the Arab-Turkish Businessmen's Association - ARTIAD. He focused on past and current Arab investments in Turkey with a look towards future prospects coming from the GCC.



**November 8**  
Istanbul

Investment Office President Arda Ermut was a speaker at the 3rd Istanbul PPP Week | Presidential System and Turkish Investment Climate panel held in Istanbul by the Foreign Economic Relations Board (DEİK) and the Istanbul Public-Private Partnership Center of Excellence (Istanbul PPPCoE). More than 40 bureaucrats and academics from over 25 countries were in attendance.



**November 6**  
Istanbul

The Investment Office's Necmettin Kaymaz elaborated on the importance of the Belt and Road Initiative and the opportunities it may create in terms of FDI diversification for Turkey at the Bonds, Loans & Sukuk Turkey 2018 conference being held in Istanbul.



**November 11**  
Spain

The Investment Office's Yasemen Korukçu contributed to the Turkish Working Day at the ChemPlast Expo in Madrid. She provided insight into Turkey's investment climate and opportunities in the chemicals sector.



**November 15**  
Istanbul

Speaking at the Turkish Capital Markets Summit, Investment Office President Arda Ermut reiterated Turkey's commitment to continuous reform policies aimed at improving the investment climate. Ermut also highlighted recent achievements that enabled Turkey to jump 17 positions to 43rd place in the World Bank's Ease of Doing Business 2019 ranking.



**November 19**  
Spain

Investment Office and the Spanish Wind Energy Association (AEE) jointly held a roundtable meeting in Madrid with Spain's major energy companies to brief investors about updates on Turkey's wind energy market. Ahmet İhsan Erdem, Fatih Altunyuva and Zeynel Kılınc of the Investment Office attended the meeting.

The team delivered a presentation on the wind business structure and the upcoming investment opportunities under different renewable energy investment models.

The Investment Office underlined Turkey's ambitions to reach 16 GW of installed wind capacity with new capacity additions of at least 10 GW by 2027 through YEKA-based and licensed tenders. They emphasized the country's strong commitment to local and renewable energy resources.

The Spanish companies were also informed about a 1 GW onshore tender announced in the Official Gazette on November 7, for which financial offers will be accepted until March 7, 2019.



**November 20**  
Japan

Yuichi Aoki of the Investment Office presented on Turkey's investment climate to 130 Japanese business people at a seminar held by Japan's H.I.S. Group and supported by JETRO and Toyo Kohan. Main topics included the recent political and economic situation and living in Turkey.



**November 23**  
Istanbul

Investment Office President Arda Ermut held a meeting with MEDEF International at the iconic Palais de France in Istanbul during the French delegation's visit in Turkey led by BNP Paribas President Jean Lemierre.

Attended by representatives from 20 companies, the meeting focused on the evolving economic and financial situation, as well as on current and future bilateral investment opportunities.







# THE ECONOMY OF THE NEW ISTANBUL AIRPORT

The new İstanbul Airport, the largest infrastructure project in the history of Turkey, will significantly contribute to the national economy in different aspects.

“The world is getting smaller” and “the global economy is getting bigger”. These are practically the most used conceptions over the last years.

Among the post-global crisis economic dynamism, which is widely driven by the developing countries, the uncertainties and tensions, which are mainly originated by the developed countries, the global economic system is undergoing a fundamental alternation. The industrial leaders are changing, tech giants are meeting with new competition, technologic advantages are dissipating... Even the approaches regarding the global trade are moving out of the charted territories. While G20 countries, which are the largest 20 economies in the world, have implemented 40 trade-restrictory regulations, which are summing up to some \$480 billion, the Eastern countries are focusing on developing new economical relations, and for the first time the gross Pacific trade has surpassed the total trade made over the Atlantic. It means that as the gravitational center of is shifting. And this shift of course will affect

the future of businesses and industries.

In the fog of trade wars it is hard to read economic indicators or make accurate estimations regarding which are the promising sectors. Any kind of unprecedented or unexpected adverse development can result in changing the overview of an industry drastically. This situation is challenging investors and researchers as well, since the risks and

**According to IATA (International Air Transport Association) as of the end of 2018, the total revenue generated by the commercial airlines, which was \$754 billion in 2017, will be around \$835 billion.**

number of incalculable variables are increasing.

In this global context there is a sector, which is addressing to both the stated conceptions; the global aviation sector. There more aircrafts on the air than ever before in the history of the world. Each year a number of passengers – including the repetitive flyers-, which is approximately more than double the population of China, is using air transportation and the numbers are estimated to be higher over the years to come.

Thanks to its large economic volume, the global aviation sector is practically a member of G20. According to IATA (International Air Transport Association) as of the end of 2018, the total revenue generated by the commercial airlines, which was \$754 billion in 2017, will be around \$835 billion. Including the subsidiary services, cargo services in







**350**  
Destinations



**200**  
Million  
Passenger Capacity



**6**  
Runways

## THE AVIATION MEGA-CITY AND THE AVIATION MEGA-PROJECT

İstanbul is a historical natural hub for almost all of the transportation types. It is the only city that connects two continents in the world and holds one of the most important –and also famous– straits. In accordance with the geographical attributes, İstanbul was the gateway for the historical trade routes, the Silk Road in particular.

Thanks to its unmatched geographical, there are more than 60 capital cities, 120 countries and 130 destinations in the 3-hour flight range of İstanbul. This range accounts for some 1.6 billion population and \$30 trillion dollar consolidated GDP. This particular features are some of the main factors behind success of the Turkish aviation, which outperformed the 5.6% growth average of global aviation with a growth rate of 10%. And the flight network of the city grew by 591% in the same period. And today the national flag carrier of Turkey, Turkish Airlines, is the airlines flying to the highest number of destinations around the world.

Marking the beginning of the national aviation sector, actually the first airport built in Turkey is older than the republic itself by 11 years. Established as a military airport in 1912, with the name Yeşilköy Airport, the project has been opened to international commercial flights in 1953, and reached to its final form and gained its world-renowned name, İstanbul Atatürk Airport, after the renovations made in 1985. And along with its flight code “IST”, İstanbul Atatürk Airport is passing the torch to its successor, the new İstanbul Airport.

İstanbul Airport is on of the largest projects in Turkey's history, whereas claiming the biggest infrastructure investment title. In 2013 after a competitive tender process the Cengiz, Mapa, Limak, Koling, Kalyon Consortium undertook the operation and construction of project with a record €22.152 billion bid –€26.142 billion including VAT– and founded İGA, the company that's running the airport. Besides from being one of the biggest biddings in the history of Turkey, with an amount of circa €10.25 billion the project becomes the largest infrastructure investment made in the

particular, the number is well exceeding \$1.5 trillion. The number of passengers used air transportation increased with a stunning additional 280 million and exceeded 4.1 billion in 2017 and initial data is expecting a similar increase for 2018 too.

Another interesting aspect of the aviation sector is its resilience against external shocks. The sectors steady growth was barely affected by the major shocks, which shook the global economy heavily. During the periods of global turmoil, which includes shocks like 1990 Gulf Crisis, 1997 Asian Crisis, 2008 Global Financial Crisis, the sector has grown by 200% in terms of RPK (revenue passenger kilometers), the key indicator for the sector. Furthermore, IATA states that today an average person is flying once in 22 months where they were flying once in 43 months in 2000, and there are 20.000 thousand city pairs, which are connected by scheduled flights.

What is more interesting than the past and current numbers is the estimations. According to a report issued by Airbus, the number of passengers is expected to be more than doubled in the next 20 years. In the same manner, the RPK of global aviation will keep its “2x per 15 years” trend in the same period. The fleet size of the global aviation sector is expected to increase by 130%, which accounts for an approximate worth of a stunning \$5.8 trillion.

This robust growth comes with the requirement of capable aviation hubs, which can carry the weight of robustly growing sector. The increasing number of passengers, aircrafts and flights will require bigger airport capacities and improved infrastructural attributes. Parallel to this fact, the report estimates that the number of aviation mega-cities will increase to 91 by 2037 from 65 in 2018. Among the aviation mega-cities, one has already started to reinforce its quality as an aviation hub and invest in the future.

country. İstanbul Airport is consisting of 3 stages summing up to 150 million annual passenger capacity when completed, and an optional upgrade, which will further expand the capacity to 200 million per year if needed.

When compared to its competitors, İstanbul Airport has a significant lead as the top 3 ranks in the world's largest airports by capacity belong to Hartsfield-Jackson Atlanta Airport with 94.4 million, Beijing Capital Airport with 83.7 million and London Heathrow Airport with 73.3 million passenger capacities. The project is built on 76.5 million square meters. Over this gigantic area, there are 165 passenger bridges, 4 terminal buildings, 8 control towers, 6 runways, 16 taxi ways, which are enabling a capacity of 500 aircrafts. Furthermore there is also a parking lot that may contain 70 thousand vehicles. Thanks to these attributes, İstanbul Airport is expected to offer 350 destinations and serve 150 airline companies. The daily landing-take off number is expected be around 3500.

In this sense it is obvious that İstanbul Airport will remarkably increase the performance of the Turkish aviation sector. The project's attributes are strongly correlated with the requirements regarding the future of the global aviation, and it can be said it is the outcome of a proactive approach, which aims at being ready before the challenging quantitative and qualitative requirements emerge and able to meet them in a way that will create competitive advantages in the scope of global aviation. The trends, estimations and insights show that the number of airline passengers will double over the next twenty years and in the extent of this increase the weight of flights between the Eastern and the Western hemispheres will be very high, which will be also highly beneficial for an aviation hub like İstanbul. Considering these facts and more, such a project will provide a significant economic boost not only for the aviation but also for the overall economy.

### MAKING THE ECONOMY FLY

As mentioned above, the new İstanbul

Airport is the biggest infrastructure investment in the history of the republic. Its attributes in terms of construction, IT, engineering, strategic planning and many other aspects are components of a multi-layered investment consisting of and cooperating with high-value added production and services. Hence, it can be said that the project already created a significant economy even before it started to operate.

To draw an overview, when the project is completed, it is expected to create around 194-225 thousand jobs, which is almost equal to the labor capacity of a city of 750.000 population. The additional household income created will be between 3.8 – 4.4 billion US dollars, which will account for some 4.2% to 4.9% contribution to the national income. On the other hand IA is capable of hosting more than 30 wide-body freight planes simultaneously. The airport initially will have the cargo capacity of 2.5 million tonnes, which is doubling İstanbul Atatürk Airport, where subsequent to the

conclusion of the last stage the capacity will increase to some 5.5 million tonnes. Thanks to its capacity, the airport already signed 6 contracts with various logistics firms summing up to €250 million.

Digging deeper into the subject, the report issued by EDAM (The Centre for Economics and Foreign Policy Studies), one of the leading think-tanks in Turkey, explains the possible economic impacts of the project on the Turkish



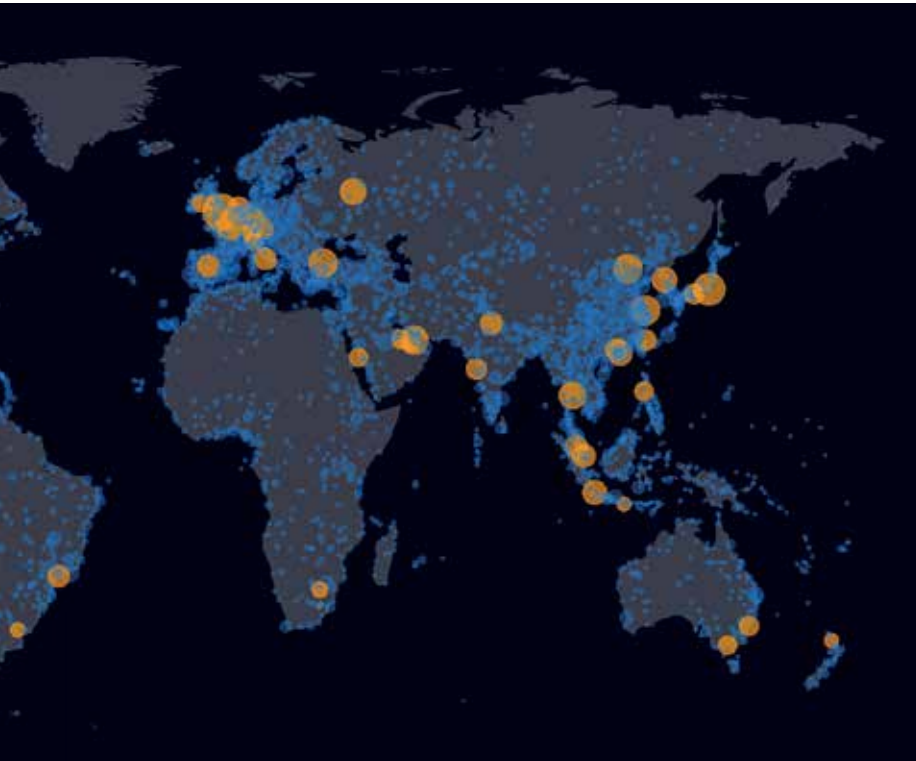
economy. Drawing different scenarios based on probable global developments, the report analyzes the economic impact in the scope of the direct effects, indirect effects, trigger effects and accelerator effects.

The direct effects mean the airport and primary level related operations, which include air transportation revenues, airport employees and similar factors. The indirect effects refer to the subsidiary sectors and work branches like logistics, technical services and such. The trigger effects explain the

### CONSEQUENCES OF SCENARIO – FOR 2025

SCENARIO	OPTIMISTIC (GLOBAL GROWTH)	PESSIMISTIC (FRAGMENTED WORLD)	REALISTIC (GROWTH UNDER REGULATION)
Employment	225,677	194,295	212,695
Income – TL million	7,802	6,723	7,357
Income – million dollar	4,358	3,756	4,110
Value added – TL million	72,802	62,829	68,722
Value added – million dollar	40,671	35,099	38,391
GNP	4.89%	4.22%	4.61%

Source: EDAM, İstanbul Airport Economic Impact Analysis Report



boost on consumption caused by the income of employees, whereas the accelerator effects include the stimulation, facilitation or increase of efficiency of other macroeconomic axes like investments, tourism and foreign trade.

Between the possible scenarios, the one that EDAM defines as the safest approach, accepts the global air traffic will increase with an annual of average 4.4% until 2025 based on the data provided by Eurocontrol

*According to Airbus Global Market Forecast 2018-2037 report, the number aviation mega cities, which is 65 in 2018, will increase to 91, as of 2037.*

(The European Organisation for the Safety of Air Navigation, although the Turkish aviation sector exceeded the global aviation in terms of growth performance. This scenario assumes that the airport will host 115 million passengers and 690 thousand aircrafts will land/take off from the facility, which means 1884 planes each day, through out the year of 2025.

The report estimates that the overall operations carried out in the extent of the new İstanbul Airport will account for 38 billion TRY as of 2025. This amount will be equal to 2.76% of the GNP. The number of jobs created as the result of the cluster of economic activities will reach to some 107 thousand by the end of period between the airport's date of becoming operational and the target year of 2025. The employment opportunities created by the airport will inject 5.3 billion to the household income.

The scenarios' indirect effects are expected to gift 32 thousand employment to the Turkish economy. The value-added generation of the activities in the indirect effects segment will be 8.2 billion TRY, which will correspond to 0.55% of the national income and also create an additional 1 billion TRY house-hold income.

As the result of the trigger economic effects, the airport will contribute in the national economy with value-added generation of 19.4 billion TRY. The report finds that this economic boost will create jobs for 73 thousand people, which is going to create an additional house-hold income of 1 billion TRY.

#### GROWTH UNDER REGULATION SCENARIO – TRAFFIC

	TOTAL PASSENER	LOAD	AIRPLANE INT.	AIRPLANE DOM.	PASSENGER INT.	PASSENGER DOM.
2019	78,609,817	917,336	372,699	158,508	53,939,507	24,670,310
2020	83,710,022	957,698	389,098	165,483	57,439,102	26,270,920
2021	89,141,128	999,837	406,218	172,764	61,165,751	27,975,377
2022	94,924,605	1,043,830	424,091	180,366	65,134,185	29,790,419
2023	101,083,313	1,089,758	442,751	188,302	69,360,091	31,723,222
2024	107,641,598	1,137,708	462,233	196,587	73,860,174	33,781,424
2025	114,625,385	1,187,767	482,571	205,237	78,652,222	35,973,163



# "THE NEW AIRPORT IS SET TO CONTRIBUTE SIGNIFICANTLY TO THE DEVELOPMENT OF THE TURKISH ECONOMY."

Answering the questions of The Turkish Perspective, Sinan Ülgen, Chairman of EDAM (The Centre for Economics and Foreign Policy Studies), evaluated the possible economic effects of the new İstanbul Airport.



**SINAN ÜLGEN**  
CHAIRMAN, EDAM

## Considering the global trends in the international transportation sector, how would you describe the position of İstanbul Airport in the extent of international aviation?

The new İstanbul Airport is a critical dimension of Turkey's strategy to become a global connectivity hub. With a capacity that will gradually increased to 150 million passenger per year, the new airport will enable İstanbul to fully take advantage of its geographic location between continents as a hub connecting various geographical markets. It will also enhance the competitive position of Turkish Airlines. As a result of these dynamics, the new airport is set to contribute significantly to the development of the Turkish economy

## What kind of strategic benefits does İstanbul Airport offer to the Turkish Aviation?

THY operates with a wide network structure in accordance with the differentiation strategy it has adopted until now. İstanbul constitutes a natural and structural focus at the center of this network. International and transit passenger capacity growth to be achieved by utilizing this focus seems critically important in terms of the strategy of

THY. Growing as a global brand in international flights shall enable THY to have a position that would not be influenced by economic fluctuations. This will also give rise to the possibility of utilizing the economies of scale to maximum extent. THY needs a large scale center of operations that provides significant growth possibilities and depth in terms of service and infrastructure, also in order to operate the double-decker wide body airplanes it will need to include in its next inventory due to the necessity of increasing its foreign flights traffic. Considering the global orientations and the predominant trends of the sector, Turkey needs strategies that would increase its global competitive power in parallel with its growing economy. A particular track supporting this objective will be an approach based on competition, quality and safety in the airline sector of Turkey. The new İstanbul Airport therefore constitutes a significant opportunity in terms of leveraging the global brand value of the country and will pave the path for new business models to be created around this concept.

## Regarding the subsidiary industries like logistics, ground services, technical services etc., which sectors will be stimulated by the airport?

The economic contribution of subsidiary activities to airport operation is captured by the adopted definition for Direct economic impact. In our case, Direct economic impact is composed of employment, income and value added associated with execution and management of the activities in airports including airport related establishments located at or near to an

airport. These include the operations of airport operator, airlines, airport traffic controller, general aviation services, ground attendants, airport security, immigration and customs authorities, airplane maintenance companies and other enterprises in the airport such as duty free and retail stores.

The enterprises which are closely related with airport operations but not located in the airport (or just partially located in the airport) such as airline company offices, logistic operators and air cargo are also included in the direct impact. These enterprises are an integral part of airport operations even though they are located outside the airport.

## What will be the overall contribution of İstanbul Airport to the Turkish economy? How would you describe the direct and indirect economic effects?

Economic impact is the measure of effect of employment, expense and similar economic activities related with a sector of economy on general economy. In scope of this study, economic impact shall be addressed as the contributions of activities associated with the airport in the national economy. Economic impact does not only measure the effects of final product/service but also take into account the activities of all stakeholders contributing in the value chain. Therefore, the economic plus value of the airports as well as relevant economic activities such as supply chain, ground services, air traffic control, in-terminal retailing shall also be analyzed in this study conducted with respect to the airport. The variables of employment, income and value added are commonly used in calculation of economic impact.

The economic impact related with the ecosystem expected to be created by the new airport in Istanbul as of 2025 under three different scenario assumptions which are based in long term air traffic estimations made by Eurocontrol may be summed up as follows as per the result of the economic impact study of Istanbul Economics.

**What attributes of Istanbul Airport will facilitate and support the Turkish exports? Can the airport create a measurable difference for the export performance of Turkey?**

Air transportation plays a critical role in facilitating international trade. Airway freight shipment corresponds to 0.5% of global commercial shipments in volume, however it corresponds to 35% in terms of value; namely the freights carried by airway are high value, mostly corruptible goods or goods sensitive to time. Passenger aviation services facilitate both goods and services trade. Face to face meetings play a significant role in making sales and providing services and support. The ability of standing by the customer in a rapid and cost-effective way is greatly important for many sectors. These functions usually may not be substituted sufficiently through teleconference or other ways of communication. Air transportation connects enterprises to a wide variety of global markets, and provides a customer base considerably wider than the one accessible in another way for their products.

A research carried out by Frontier Economics in 2012 and focused on British foreign trade demonstrated that a 10% increase in flight frequencies leads to 7% increase in export made to non-OECD countries. It was seen that highly similar relations exist for the other European countries. The correlations have been calculated as 0.5 for Spain, 0.7 for France, 0.8 for the Netherlands and 1.0 for Germany.

Air transportation is especially important for suppliers of high technology and knowledge-based sectors and of the goods sensitive to time. This observation has a special importance for Turkey that is intent on transitioning to a to a higher value added export profile.

## INDIRECT ECONOMIC IMPACT OF AIRPORT AND ASSOCIATED AVIATION ACTIVITIES CHARLES DE GAULLE EXAMPLE

*"In the year 2013, the consortium composed of Paris Roissy – Charles De Gaulle regional entities has performed an analysis of the economic impact generated by the air transport services in Charles De Gaulle (CDG) and Le Bourget airports.(15) The study has determined that more than 1.000 products and services are used to prepare for a flight or during a flight. For example, Air France has about 1,000 suppliers 500 of which are located in Ile de France region. 91,000 meals of food are produced for airlines every day that corresponds to 16,300 tons food being delivered annually. Additionally, the company cleans 68,800 seats every day and delivers 53 million newspapers and 8.5 million journals every year. By means of all these operations, Paris Charles De Gaulle airport generates approximately 86,000 direct jobs and provides 9.5 billion € contribution in GDP of France. When we include the indirect and supplementary impacts, it is supposed that the employment impact of the airport is over 195,000 jobs and it contributes 17.0 billion Euro contribution in GDP."*

From: EDAM, Istanbul Airport Economic Impact Analysis Report

### THE POSITIVE SIDE EFFECTS

Moving ahead of the figures, the project will create a synergy that will nourish various other ecosystems. The integration into global network in any field is playing a key role in the world of today. Having such a facility that will make Istanbul even more connected to the world will undeniable increase the integration of the activities, sectors and economic figures.

Tourism is the usual suspect. The aviation facilitates tourism in terms of operation as well as being an element to affect preferences of the potential tourists. Increasing the accessibility of the city, offering better and cheaper transportation options to tourists and helping certain tourism types to be more competitive – particularly business tourism- the airport will form an axis of advantages for the Turkish tourism.

Foreign direct investment is occupying one of the top spots in the agenda of any developing country in the world. Considering the correlation, which is subjected to numerous studies, the new Istanbul Airport will be a factor for attracting FDI. Underscoring that the

cities with the higher numbers of direct long distance flight destinations are hosting more international companies, thus receiving more FDI.

Furthermore, a higher level of connectivity contributes in the efficiency of a national economy by enabling the reach to new foreign markets and facilitating the logistics in terms of economic activities in existing markets. It also diversifies and enriches the supply chains of the companies, where the labor productivity also benefits from the increased connectivity. Bringing countries and economies together, hence the different ecosystems, the airline connections is also showing a positive impact on innovation capacity of the countries by making it easier to attract scientists, professionals, R&D personnel etc., who can make difference making contributions to a country's innovation ecosystem. In addition such connectivity is also accelerating the development of existing innovation centers and technology clusters and improving the infrastructure for new ones to be established.

Another infrastructure that enjoys the better connectivity is the industrial infrastructure. A facility of such qualities will have a significant effect on region's industrial infrastructure, in which the companies that are utilizing air transportation will become more competitive. Furthermore, the financial sector, the sector that is using air transportation significantly higher than the real sector, will be among the benefiter as the share of aviation costs in the expenses are 5 times bigger than of the manufacturing companies'. Several studies also show that improved aviation abilities and capacities are even contributing to the development higher education.

It is practically impossible to touch upon each and every field that will be affected by the new İstanbul Airport. However, the heart of the Turkish economy, exports will certainly enjoy a having such a facility in their arsenal.

### AN EASY ALLIANCE: EXPORTS AND AVIATION

The air transportation is unsurprisingly a factor that is strongly interconnected with the exports. The sector has an impact on both the production and the market aspects of the exports. In terms of production aviation is directly affecting the

capabilities with enlarged and diversified logistics chains, labor efficiency, attracting investments, an improved innovation environment and other crucial factors, where enabling exporters to reach out to foreign markets for carrying out commercial and promotional activities in an easier and more cost effective way.

There are various studies implying that air transportation provides a measurable input to the international trade. Although

*A study regarding the foreign trade performance of the UK found out that some 10% increase in the flight frequencies resulted in a 7% increase in exports to a nonOECD country with the establishment of additional airline transportation connections.*

the shipment via airway freight has a 0.5% share in terms volume in the global trade, on the basis of value the goods transported with airways are accounting for 35%.

The report solidifies this correlation with two examples. Subsequent to the connection of Amsterdam with 15 new countries through new routes, in a period of 5 years the Neatherlands' exports to those countries increase by 26%, thanks to the improved connectivity. This increase is exceeding the growth in exports of the Netherlands to the countries from the rest of the Western Europe.

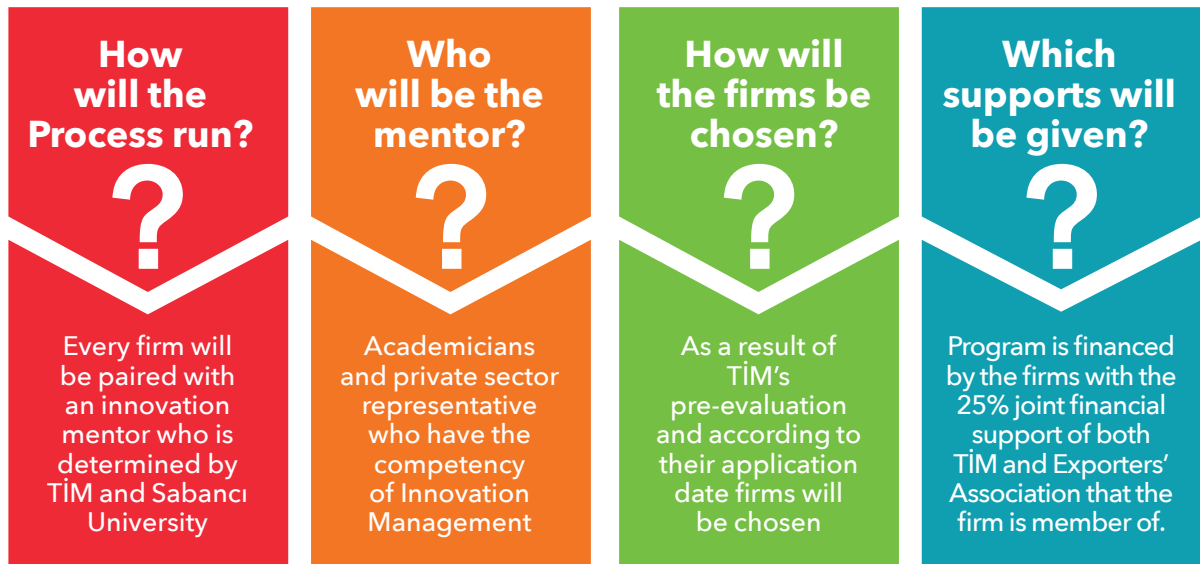
In the same manner, a study subjecting the foreign trade performance of the UK found out that some 10% increase in the flight frequencies resulted in a 7% increase in exports to a nonOECD country with the establishment of additional airline transportation connections.

Conclusively, the new İstanbul Airport will have a remarkable set of effects on the Turkish economy, and those effects are of strategic importance. It is obvious that there lots of factors that will make a country's economy fly, and a new airport is not a decisive factor by itself. However, it is also obvious that it is the right step to take in order to follow the trends in the global economy and aviation. In that sense, when the time comes for the Turkish economy to fly, it will take off from the new İstanbul Airport.





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# *Social Learning:* A NEW APPROACH TO EMPLOYEE DEVELOPMENT

**Latest concepts of psychology offer new and employee-friendly approaches to spread a work ethic and behavioral code.**

**I**t is no mere coincidence the Word “Gesellschaft” in Tönnies’ theory, Gesellschaft und Gemeinschaft, both means “society” and “company” in German. Companies are indeed like small cultures, thriving, developing and expanding like cultures do, having their own icons, values, behavioral patterns and so on.

In order to increase the efficiency in a company, all employees have to be infused with the same, effective and well-oriented institutional culture. This increases their teamwork skills, reduces the energy loss due to errors in cooperative work, and overall boosts the company profits in the end. However the main and crucial question here is, how to achieve this? There are certain learning approaches to the matter, and one of the latest and most influential is “social learning theory”.

Social learning, in psychological theory, learning behavior that is controlled by environmental influences rather than by innate or internal forces. The leading exponent of the concept of social learning, often called modeling, is the American psychologist Albert Bandura, who has undertaken innumerable studies showing that when children watch others they learn many forms of behavior, such as sharing, aggression, cooperation, social interaction, and delay of gratification. In Bandura’s classic study of imitation learning, children who saw a model punished for aggressive behavior tended to exhibit fewer aggressive responses than children who saw the model rewarded for such behavior, or than those who saw the model neither rewarded nor punished. Bandura’s research has led some psychologists to question the potential “learning experiences” offered children by popular television shows and motion pictures, particularly those shows in which antisocial or violent behavior is presented. Subsequent research on the effects of violence in the media has been controversial. Two opposing theories have been propagated; one claims that the viewing of violence will allow such drives to be sublimated (experienced vicariously, thereby lessening the drive), while the other claims that such viewing merely increases the drive. Evidence appears to favour the latter theory.

Psychologists following Bandura have stated that social learning based on observation is a complex process that involves three stages: exposure to the responses of others; acquisition of what an individual sees; and subsequent acceptance of the modeled acts as a guide for one’s own behavior.



## Three Core Concepts of Social Learning

There are three core concepts at the heart of social learning theory. First is the idea that people can learn through observation. Next is the notion that internal mental states are an essential part of this process. Finally, this theory recognizes that just because something has been learned, it does not mean that it will result in a change in behavior.

“Learning would be exceedingly laborious, not to mention hazardous, if people had to rely solely on the effects of their own actions to inform them what to do,” Bandura explained in his 1977 book *Social Learning Theory*. “Fortunately, most human behavior is learned observationally through modeling: from observing others one forms an idea of how new behaviors are performed, and on later occasions this coded information serves as a guide for action.”

### 1. People can learn through observation.

In one of the best-known experiments in the history of psychology, Bandura demonstrated that children learn and imitate behaviors they have observed in other people. The children in Bandura’s studies observed an adult acting violently toward a Bobo doll. When the children were later allowed to play in a room with the Bobo doll, they began to imitate the aggressive actions they had previously observed.

Bandura identified three basic models of observational learning:

- A live model, which involves an actual individual demonstrating or acting out a behavior.
- A verbal instructional model, which involves descriptions and explanations of a behavior.
- A symbolic model, which involves real or fictional characters displaying behaviors in books, films, television programs, or online media.

As one can see, observational learning does not even necessarily require watching another person engage in an activity. Hearing verbal instructions, such as listening to a podcast, can lead to learning. We can also learn by reading, hearing, or watching the actions of characters in books and films.

As one can imagine, it is this type of observational learning that has become a lightning rod for controversy as parents and psychologists debate the impact that pop culture media has on kids. Many worry that kids can learn bad behaviors such as aggression from violent video games, movies, television programs, and online videos.

Just observing someone else’s actions is not always enough to lead to learning. Your own mental state and motivation play an important role in determining whether a behavior is learned or not.



### 2. Mental states are important to learning.

Just observing someone else’s actions is not always enough to lead to learning. Your own mental state and motivation play an important role in determining whether a behavior is learned or not.

While the behavioral theories of learning suggested that it was external reinforcement that created learning, Bandura realized that reinforcement does not always come from outside sources.

Bandura noted that external, environmental reinforcement was not the only factor to influence learning and behavior. He described intrinsic reinforcement as a form of internal reward, such as pride, satisfaction, and a sense of accomplishment. This emphasis on internal thoughts and cognitions helps connect learning theories to cognitive developmental theories. While many textbooks place social learning theory with behavioral theories, Bandura himself describes his approach as a ‘social cognitive theory.’



### 3. Learning does not necessarily lead to a change in behavior.

So how do we determine when something has been learned? In many cases, learning can be seen immediately when the new behavior is displayed. When you teach a child to ride a bicycle, you can quickly determine if learning has occurred by having the child ride his or her bike unassisted.

But sometimes we are able to learn things even though that learning might not be immediately obvious. While behaviorists believed that learning led to a permanent change in behavior, observational learning demonstrates that people can learn new information without demonstrating new behaviors.

### *How to Implement Social Learning in Companies*

Your employees are the most valuable resource you have in your business, and not just because they contribute their knowledge to a specific area of your

business, but because they have the potential to contribute that knowledge in many other ways that would benefit your organization.

But how often do we really take advantage of this? How often do we rely on outside sources to find the answer to something, despite the fact that the person sitting next door may have the very answer we seek?

How many times do we see individuals and teams learn things or discover things that other individuals and teams in the business have already learnt?

Social learning and on the job learning are absolutely key for professional development, and with the ever expanding technological advances that are making it easier than ever to communicate, it should be that social learning within a business is booming.

Social learning within a business is of immense value to both the individuals and business as a whole. But how do you promote it?

Active facilitation is key. People are busy; that fact cannot be denied, and constantly having to pop by the desk of colleagues to answer simple questions is not practical or productive. In addition, many employees now work remotely, so face-to-face interaction is made even more challenging.

The use of technology is critical to support knowledge sharing. There are hundreds of tools available to facilitate this – it could be something as simple as setting up a team group on a messaging app, or you may decide to implement a company-wide communication tool.

Whatever you choose it has to be user friendly, fit the purpose, and be accessible; and in terms of accessibility, it's not just about whether someone can physically access the app you choose.

It's also about making it clear that this form of interaction is actively promoted within your business; if you are a business leader, then lead from the front and show people this approach is not only allowed, but encouraged. Show the benefits of being able to communicate quickly and seamlessly with your team and the wider business.

Your employees need to know what is expected and allowed of them if they are to engage with this method, and they also need to know how to do it. So if you are rolling out a new system, or implementing a new policy/approach to technology-enabled communication, then make sure you train people on it, and raise awareness.

Social learning is essentially about building your connections, and encouraging a sense of community amongst employees via technology is an effective way to do this.

Thanks to this approach, you can create a work environment in which your employees can fulfill themselves, utilizing their highest potential while avoiding side-effects of other, more hierarchical and restricting approaches.

# *The Different Faces of* **Migration**





## Undoubtedly, one of the most pressing matters in the global agenda is migration. Having a double-edged nature, migration comes with risks to assess and opportunities to seize.

BY PROF. DR. M. MURAT EROĞAN

TURKISH-GERMAN UNIVERSITY MIGRATION AND INTEGRATION RESEARCH CENTER-TAGU, DIRECTOR / TAU DEPT. OF POLITICAL SCIENCE & INT. RELATIONS, HEAD OF DEPARTMENT

**T**he migration, usually describes demographic mobility. However, factors such as distance, motive, being cross-border or not, being short term or long terms, the most whether it is forced or voluntary cause significant differences and effects. On the other hand, demographic relocation is one of the crucial elements of economical, social and environmental development. Mass demographic relocation is regarded as one of the key constituents of the social conversion. There is a strong coherence between the development of civilizations and the mobility of individuals or communities that are seeking better life standards. It is possible to construe the invention of wheel or the domestication of horses as the products of the pursuing a better life. In this context, demographic mobility is one of the vital components of a better life as well as the development.

The magnitude, density and length of the demographic mobility that countries experience internally, which is defined as “domestic migration” forms social, economic, environmental and political aspects of that country. In that sense, Turkey is one of the remarkable demographic mobility areas. Over the last years, the people whose numbers reach to 2-2.5 million per year, leave the cities they reside with the expectation of a better life and move in to an other city in the country. This dynamism induced the urban population to increase to some 80%, which was around 25% in the 1950s. Moving ahead of being solely quantitative, it is obvious that the domestic migrations plays a key role in the social, economical, cultural, environmental and mental changes in Turkey. The substantiality of the migration qualities in Turkey can be acknowledged by analyzing the parental birth-places of the people living in mega cities like İstanbul, Ankara and İzmir. This demographic mobility/migration correlation, from which migration and development coherence emerges automatically, constitutes a balance with the pursuit of a better life and human resources requirement of the economy/industry, and the industrialized/commercialized cities are becoming centers of attraction not only with the job opportunities they present but also with the appeal of

other components of development. This mobility, which was occurring from the East to the West and mostly in the axis of İstanbul in the past, is highly diversified in the last years. As a matter of fact, the number of people who migrated from İstanbul has exceeded the number of people who migrated to the city in 2016. Turkey’s unhindering/borderless approach regarding the demographic mobility, which can be defined as “liberal”, is defining the priorities of the economical development of the country in a way that also involves politics.

The people are the main factor of the development of countries in terms of physical or mental resources. It is the primary reason behind the fact that even the countries with high performing economic indicators, thanks to the significant advantages that natural resources provide, can fall behind in the development indexes. Hence, developed countries and/or countries with high potential of development open their doors to the people from other countries seasonally or constantly. It can be said that typical migration intake countries like Canada, Australia, New Zealand and the US created development-oriented migration policies and in that sense “directing” the migration. There are also countries, which need migration intake seasonally. The Western Europe countries, which opened their doors to immigrants in 1960s, particularly Germany, with development based purposes presents an example for the situation. However, the developed countries are not neglecting the implementation of tight protection policies in the light of the fact that they are receiving uncontrolled, unsteady and unwanted type of migration that they can’t manage along with qualified human resources migration flow. Which means those countries, which are trying to attract highest possible quality human resources for their development, does not hesitate to establish the biggest obstacles against the victims of forced migration. Nonetheless, a fact should be underscored. The “brain migration” mobility in the world works on the behalf of the developed countries. The distribution of the ordinary immigrants, which are also called “economical migrants”, and the refugees is highly varying. According to the data presented by International Organization for Migration, as of 2015

there are 257 million immigrants. At least the 80% of the immigrants are in developed countries and playing a key role for the development of those countries. However, when we look at the distribution of 65 million refugees in the world, this table changes. Only 10-15% of the refugees are able to reach to the developed countries and 85% of them are residing in neighboring countries, which are mostly below average in terms of economical development. In other words “manageable immigrants” are welcome and refugees are being rejected and prevented from ever returning.

One the most significant attributes of the last century is “the brain migration” that developed countries are utilizing qualified foreigners for further improving the development and making it sustainable. Almost all of the developed or developing countries are following this trend in a form of competition. The one the important purposes Turkey’s institutions like Interior Directorate General of Migration Management and Presidency for Turks Abroad and Related Communities and legal framework like Foreigners and International Protection Law and International Labor Law is drawing brain migration to Turkey. Similar to the other developed countries, Turkey also wants to open its doors to the qualified migration and avoid uncontrollable and unqualified migration waves via implementations.

Sometimes, international migration may become significant for political or social agenda. For instance, the mutual migration that was induced by Turkey via the agreement made with Greece in 1923, was deemed as a medium for peace in the region as well as a tool for building a nation state. This migration policy of Turkey, which was aiming at winning the cognates, and the Housing Law enacted in 1934, proved to be important sources for development.

### **TURKEY’S TRIAL WITH IMMIGRANTS AND MIGRATION**

The land of Anatolia was always one the main stages for each type of migration. However, in terms of the demographic mobility towards Turkey, the period starting from April 2011 is undeniably new and unique. Turkey was seen as a transit country by many refugees after the World War II, and lots of refugees



### **THE SYRIANS LIVING IN TURKEY STARTED TENS OF THOUSANDS OF BUSINESSES AND AT LEAST 1 MILLION SYRIAN IS CONTRIBUTING TO THE TURKISH ECONOMY, AS OF 2018.**

or victims of forced migration from all around the world tried to cross to Europe and other developed countries over Turkey. Nonetheless, we observe that the numbers are quite modest until after 2011. In 2011 the number people who were granted international protection was only 58.018. This number belonged to the people from more than 80 countries. Anyhow, after 29th April 2011, in which first refugee group of 252 people entered Turkey, the number of both Syrian and non-Syrian immigrants migrating to Turkey has grown beyond any example in the country’s history.

The civil war of Syria, which is ongoing since March 2011 and still remains

unresolved, we are experiencing one of the most exceptional crisis in the world history. This drama, which is defined by United Nations High Commissioner for Refugees as “the largest migration wave seen in the near history”, is ongoing for people who were forced to leave their countries with all the pain and for the people still living there as well. In Syria, of which the population was 22.4 million in 2011, at least 465 thousand people died, hundreds of thousands were injured, more than 6.5 million people left the country and 7-8 million people were forced to relocate within the country. This number, which is high rare in the world history, means that 25% of the population was forced to leave the country and became refugees. The 85% of the 6.5 million people who were forced to flee the civil war stayed in the neighboring region. Turkey is hosting 55% of the 6.5 million people alone. In this conditions Turkey became the country that hosts the highest amount of refugees in the world, as of 2014. Lebanon, Jordan, (North) Iraq and Egypt follow Turkey with 952 thousand, 672 thousand, 250 thousand and 131 thousand, respectively. On the other hand, 15% of the people who fled from Syria (some 950 thousand) is living in Europe where 50 thousand is living in



the countries like Canada and the US.

One of the crucial parties of the crisis we have been living in for 8 years is Turkey, which has 911 kilometers long border with Syria. The approach of Turkish government; “the borders are open and will stay open for people running from oppression and war, the refugees basic needs will be provided in Turkey and no one will be forced to return”, has been preserved over the process. According to the Interior Directorate General of Migration Management, the number of people who migrated to Turkey between 29th April 2011 and 15th November 2018, which has a 911 kilometer long border with Syria, 3.597.938. This number is of registered and gained temporary protection status Syrians. The real number is estimated to be bigger. Over the 7 years, along with people who seek refuge in Turkey, this number includes the Syrians born in Turkey. Until today, the number of “Turkey-born Syrian babies has exceeded 375 thousand. It means that, 395 are being born each day as of 2018. In İstanbul alone, this number reaches to 60 babies per day. Over 95% of the Syrians are living in cities, thus turned into “urban refugees”. The number of Syrian children getting education in Turkey is around 600

thousand. It is also estimated that there 1 million Syrian workers. The overall picture, which is hard to see anywhere else in the world, is the outcome of the extraordinary altruism and support of the Turkish society.

The time passed has changed the expectations and conditions as well. The tendency of Syrians regarding staying in Turkey permanently is increasing day by day. This situation is of the nature of the subject that can be observed in other places in the world. In any case, if the refugees arrived are not being held on the border of the country they are coming from and the crisis continue actively, the steps in accordance with permanent stay start to be taken. The people who are being attached each they to the country they live in, and have worse conditions –war in particular- in the countries that they have migrated from, they tend to stay in the country they are currently living in. Even if the Syrians in Turkey say that if the peace is established in their home country they might go back, they also accept that this is practically impossible in the short and mid term. Which means that the foresight of 80% of the Syrians who are residing in Turkey will not ever return to their country does no longer seem exaggerate. The acknowledgement and inclusion of this fact in policy making is crucially important. Without a doubt, the return of Syrians to their native countries if it is possible will be more preferable for both Turkey and Syria. Hence, the policy regarding the Syrians should have a dynamic structure, and involve the possibilities temporary and permanent conditions. Only 5% of the Syrians living in the refugee camps and 95% of them living in urban areas is situation that helps the integration of Syrians into the Turkish society, however, complicates the return of Syrians to their homes. Since an important part of the Syrians living in Turkey will remain here permanently, the initiation of integration policies is mandatory in terms of both basic human rights and development. Even though the integration policies may encourage preferring the permanent stay option, the time lost comes with various risks. All of the indicators show that the Syrians in Turkey are stabilized. Turkey needs to face this face for a peaceful common inhabitation.

Receiving more than 4 million refugees, of which 3.6 million is from Syria, in the last 7 years, Turkey showed a success at both society and government level that no other country can manage to. The process is continuing almost with zero problems. The high but fragile social approval rate is the most important element. But the potential risks are ascending. Turkey hardly devised a totally extensive immigrant policy in the end of the 7 years period. It is also possible that it was a political choice. Turkey is showing a passive resistance on the permanency factuality. But this situation is causing Turkey to lose time and resource, and risks to arise. It is a big chance that the situation is not a serious problem taking place in the daily political agenda. However, the economical, social, political and security risks of more than 4 million Syrians being undermined or even ignored to some extent is a significant problem that should be resolved. Turkey has to face the factuality, take strategic decision, accept Syrians as not “guests” but people who will live here, include the refugees in the decision making mechanisms and create realistic policies instead of emotional ones. Although the integration policy is a risk to be assessed, it should be reminded that the risk of not devising this policy in case of Syrians staying permanently is even bigger.

Unfortunately, the Syrian refugee crisis had adverse effects on Turkey-EU relations and Turkey-EU relations have been altered. The general misconception of “a cheap buffer zone” regarding Turkey, is boosting anti-Europe and anti-West tendencies in Turkey. It seems that 80-90% of the Syrians will never leave Turkey. However, the process will dynamically continue and apparently sooner or later another crises wave will emerge. Hence, the requirement for EU to mend the relations with Turkey and improve them on a more extensive and realistic basis is obvious.

Mass demographic mobility can be divided into two categories as migration, which is in coherence with voluntary relocation and refuge. Almost all of the developed countries in the world are devising migration policies based on their specific conditions in order further improvement of the development and ensuring the sustainability. In this sense the contribution of immigrants to development, particularly economic



development, is obvious. International immigrants do not only contribute to the country they are living as they also contribute to their homeland. The foreign denominations transferred to the homelands by the immigrant (for instance during the 1960-1980 period, the most important foreign currency source of Turkey was its diaspora) and the political support they provide through diasporisation over the process can become very effective in terms of the new world order. The refugee situation is rather unclear and problematic compared to the economic migration. An emergency management, which limits the economic and social development, gets implemented because of the fact that the migrants enter the country during the mass immigrant flow can't be identified, classified or estimated in terms of their stay time. For example even the intra-country travel limitation averts economical activities in terms of entrepreneurship. It is known that the Syrians living in Turkey started tens of thousands of businesses and at least 1 million Syrian is contributing to the Turkish economy. However, one of the main problems here is the growth of shadow economy. According to Turkish Statistical Institute, with the refugees entering the market, the shadow economy reached to 34.5% as of August 2018. But it is very hard if not impossible to create jobs for such a high number of refugees in a country with high unemployment rates. It might contribute in the short term economic development but refers to a situation, which is problematic, tense and unsustainable in terms of social development.

The relation between migration and development should be taken into account not only with voluntary-economic migration but also with forced migration and refuge. It means that a more development-oriented policy should be established. For that actions like:

- 1) A healthy and detailed registry system,
- 2) Skill mapping in order to identify the qualifications of refugees
- 3) The prevention of child labor and education of the children who are of mandatory education age,
- 4) Strategic planning based on sectorial and regional needs,
- 5) The inclusion of the economical figures of the country, trade-industry-



## THE NUMBER OF SYRIAN CHILDREN GETTING EDUCATION IN TURKEY IS AROUND 600 THOUSAND.

**\$ 6.7**  
Trillion

### CONTRIBUTION

Migrants contributed 6.7 trillion US dollars to global GDP in 2015 – a share of 9.4% of the total global GDP that year.

**150.3**  
Million

**MIGRANT WORKERS**  
were counted globally in 2015.

**\$466**  
Billion

**OF REMITTANCES**  
were sent to low- and middle-income countries in 2017. This is more than three times the size of official development assistance.

**5**  
Million

### FOREIGN-BORN PERSONS

entered OECD countries in 2016.

**258**  
Million

### INTERNATIONAL MIGRANTS

were counted globally in 2017 – people residing in a country other than their country of birth. This represented 3.4% of the world's total population.

**14%**

### CHILDREN

In 2017, children represented 14 per cent of the stock of international migrants.

business chambers and real sector in particular;

6) Short, mid and long term plans,  
7) Development of capacity with a close cooperation with the economic actors in the areas such as language, education, professional training,

8) The precautions which will avoid the local people to lose their jobs to the “new comers”,

9) Support to entrepreneurship,  
10) Inclusion of refugees to decision making processes,

11) The revocation of obstructions in working and entrepreneurship (travel, banking, loans, property etc.)

12) Swift reduction of shadow economy,

13) Strengthening the local economic integration processes,

14) Informing the Turkish population robustly and reinforcing the positive opinions regarding the refugees in order to ensure the society's support is sustainable. should be taken.

In order to turn the crisis into an opportunity, acting with a development-oriented perspective, which will help overcoming the process with the minimum risk and losses, instead of over-optimistic and emotional approaches is necessary. It should be acknowledged that the policies that involve immigrant and refugees are the crucial for a peaceful and developing Turkey. Even if it varies based on the type, voluntary or forced in particular, migration is not good or bad, per se. The important thing is managing it on the axes of development and peace.

Source: International Organization for Migration

**Content:** The Local Leader and International Hot-Shot; TEMSA Buses Are On A Roll **P60**

# Brands

READY WEAR, AUTOMOTIVE...

## READY WEAR

# Combining Turkish Fashion with a Global Vision

One of the prominent men's fashion brands of Turkey, Kığılı is drawing attention in the international markets with its stylish collection, thanks to its innovative and visionary approaches.



**KİĞİLİ WAS ESTABLISHED IN 1938.** In that period, ready wear concept did not appear yet; consumers bought cloth and gave to tailor for sewing. Family of Kığılı dealt with cloth trade. Mr. Abdullah, the grandson of the family, has been working in this sector since childhood. After completing his studies, he began to head works with the decision of their elders.

Until 1965, it continued to serve as a store selling cloth of suits for men. In 1965, first shirt was produced with the initiative of Mr. Abdullah. For the first time in the store, ready wear shirt with Kığılı label was sold. Then came the production of trousers, suits and coats. In 1969, it opened the first Kığılı shop on İstiklal Street, which serves only for ready wear.

In 1980 Kığılı's garment factory was established. In that period, the company continued to sell products it produced and also carried out special production preparing collections for leading man wear brands in Turkey. In that process, consumers noticed special cloth preferences, designs and product quality of Kığılı and investments increased in proportion to

increase in demand. Thus, with the investments, 25000-square logistics office in Gebze-Şekerpınar in 2005 began to operate, which is another milestone. In 2006, Abdullah Kığılı name was made brand and Abdullah Kığılı Exclusive Cut stores opened and the service area enlarged. In 2007, the company established Kığılı Education Academy as an important turning point for



management and development of human resources. Looking at the past of Kışılı, Kışılı comes forth as one of the leading ready wear sectors in Turkey since 20th century. As a result of steps taken with a futurist, innovative and progressive perspective.

### ***A Story Behind Each Collection***

The company has a large number of target groups. A great number of Turkish men have absolutely a memory with Kışılı in their life. Though generations change, Kışılı continues to be near them taking contemporary steps. Its product diversity supports this case. The company in its collections the product groups which men from any age and any pleasure can comfortably wear in any moment of the day and which appeal to different styles. Kışılı is always with the men even from weddings, receptions, invitations where one must wear the must elegant to a weekend picnic or a business meeting. The company offers lifestyle collection for both weekday and weekend. Within this context, I think Kışılı is firstly in heart of men, and has a special place in ready-wear sector.

Kışılı provides all products a man needs ranging from suit, jacket, coat, shoes, accessories, beach products to perfumery. The brand prepares two main collections and intermediate collections in a year. There are chic and comfortable products that can be worn comfortably every day and place in the collections prepared in a large range from classics, casual and sportive styles. Kışılı renews its color range every season according to trends. When the company prepares its collections, first it creates the story of collection. Then, Kışılı prepares the color range of that collection by deciding

on the colors most suitable to the story by preparing theme boards. In the spring-summer collection of this year the brand used the colors symbolizing the nature's recycle from the light earth colors to the vivid green shades revive with the spring, from the night blue to the pale blues at the dawn. The brand used a color range contained most of the color in the nature from the shades of sea reflection to the greyish daylight shades brought by the summer sun. Kışılı produces the products with the highest technology in textile industry, it makes a difference in the sector thanks to the functional and innovative products. Anti-bacterial products, non-sweaty products keeping cool by enabling the body to breath, fabrics used with nanotechnology, stainproof or non-iron materials are among them. Of course, the power of the experience is undeniable. Through the company's broad experience in retail sale, it plans processes from supply chain to customer in the best way and realizes this formula successfully.

### ***The Attributes of Exclusive Fashion***

One of the most powerful elements distinguishing Kışılı is that we prepare a large variety of products for every size. We have an oversize scale from size 40 to size 70. Our 7 XL King Size collection fills the big gap in the market. Kışılı is the only man wear brand in Turkey producing up to size 70.

Kışılı creates difference in ready wear sector with Abdullah Kışılı Exclusive Cut

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***Kışılı is the only brand using cashmere cloths that are produced with Thermo Eco Hydro Tech in design of coat and jacket during winter time.***

brand. It designs exclusive cloths and provides exclusive services with exclusive sewing service. The company provides men with a charismatic and chic appearance in specially sewed groom's suit via our exclusive service. Kışılı gains appreciation of its customers with the cashmere products. Abdullah Kışılı Exclusive Cut is a man wear brand using cashmere most in products. To sustain quality at top level, Kışılı works with Colombo that is the best cashmere producer in the world. Kışılı is the only brand using cashmere cloths that are produced with Thermo Eco Hydro Tech in design of coat and jacket during winter time. Coats produced with this technology keep body heat at the same level and provide comfort with its waterproof feature. Cashmere cloths produced with Thermo Eco Hydro Tech eliminates elbow mark and wrinkle problem.

In addition, Kışılı excels in developing appropriate collection, establishing appropriate supply chain, a fruitful, rapid and trouble-free operation. In terms of







**HİRAL SUERDEM**  
Kigili CEO

We did not stop investment in the last 80 years and did not decelerate store opening in any period. We continued to develop in direction of our target to provide a quality in an affordable way. Our investment-oriented soul provides us with having many advantages in the sector when merged with our flexible structure making us act rapidly and actively in accordance with the soul of the related period. This flexibility in structuring and approach for work provides us with accepting cases occurring apart from our expectation and managing processes in the best way.

When we look at the past of Kigili, it attracts attention as one of the brands contributing so much to development of ready-wear sector in Turkey with its leading steps in 20st century. As a result of steps taken with a progressive perspective, we take contemporary steps today. With top quality, diversity, style and affordable prices for every one of our collections, we have advantages in the sector.

was appreciated with 3rd Award as program design in education at the competition of "6th Innovations in International For Future Learning Field Future Learning" held at İstanbul University. The brand took first prize in 2011 abroad, in APRCE (Asia Pacific Retailers Convention Exhibition) in category of "Customer Service Excellency.

### ***A Stylish Success in Exports***

Kigili, exports most to Middle East, Balkans and Middle Asia. It has carried out

more researches on clothing habits in those areas, and thus has more command of those regions. The brand's geographical and cultural connections are effective in the high export performance to those regions.

The company has total 26 sale stores in 15 countries. It opened the latest store in Cyprus. One of the biggest advantages of Kigili in foreign investments is that it always works as having stocks and thus provides customers abroad with new orders every month. In countries where the shopping and sale points are available in such as France, Azerbaijan, Saudi Arabia and Austria, the brand gets a great deal of demand.

One of the most important criteria in the brand's success is that it always focuses on the customer firstly. In whatever market it serves, the brand observes expectations of consumers in related place with no stop.

Kigili keeps carrying out its services with its experience of approximately 80 years in retail and product quality. This experience makes the brand powerful both in Turkey and abroad. Kigili is willing to open to new markets. The company sustains its works with no stop for markets there are demand and need.

The company sees the Kigili brand so advanced abroad in the future. Its vision on this matter is so broad. In next five years, Kigili plans to open total 150 shops and 100 of them will be abroad.

Also, the company plans a transformation in the brand vision abroad. It has introduced its products as "Made in Turkey". However, they will change this as "Brand of Turkey", because it produces fashion of Turkish people. In every meaning, Kigili is a brand having risen in Turkey..

marketing and customer satisfaction, the company performs with the world standards.

Kigili has taken many awards so far with innovations and applications in retailing, human resources and technology. It took the latest award in July from Turkey "İtibar (Dignity) Academy". The brand has been selected as the most influential brand in Men Wear Category. Also, it has taken many awards in years with both the services and projects. Among the latest prominent awards Kigili won there are: Retailing Foundation of the Year, Technology Application of the Year, First prize of Window Dressing, Top Success Award in Customer Services, Award of Men Wear Brand preferred most in Shopping Malls, Award of Respect for Human, Super brand award in international area, Bronze Award in category of 2017 Crystal Apple Institutional Image with its digital film #YakışırMı (Does that suit?).

Kigili Academy, established for the company's employees,







## AUTOMOTIVE

### *The Local Leader and International Hot-Shot*

# TEMSA BUSES ARE ON A ROLL

Preserving the title of the champion of its segment in Turkey for 4 consecutive years, TEMSA set eyes upon the global markets, as which it already became a major player in some of the most competitive markets in the world.

**T**URKISH AUTOMOTIVE industry has always managed to be in the exports highlights. Having a strong foundation, high production capacity, R&D and innovation approach, and a unique set of industrial skills, Turkish automotive is reaching out to almost all of the markets in the world, whereas keeping the well-deserved title of Turkish exports champion for a long time.

Turkish automotive companies are of course the

heroes behind this success. The diversified product profile of the sector is enabling companies to specialize in different branches, thus naturally balancing the competition and help brands to arise as global brands.

TEMSA, without a doubt, is one of those brands. Being born out of one of the largest groups in Turkey, TEMSA is the leader of bus segment and incrementally increasing its share in the world's most competitive markets. Pointing

out the key factors in its success and explaining the vision of TEMSA, General Manager of TEMSA, Hasan Yıldırım, answered the questions of The Turkish Perspective.

#### **What is the history of TEMSA brand?**

The establishment of TEMSA, one of the most important industrial enterprises in the Turkish economy, dates back 50 years.

In fact, after it was established under the umbrella

of Sabancı Group of companies in 1968, one of the largest conglomerates in Turkey, TEMSA undergoes a real evolution. Its activities in the automotive sector have been going on since a technical license and distributorship agreement was signed with Mitsubishi Motors Corporation, Japan in 1984. The first vehicle rolled off the production line in 1987 at the Adana plant.

#### **What are the production capacity and attributes of TEMSA?**

Today, TEMSA boasts of an overall annual production capacity of 12,000 vehicles at single shift, including 4,500 buses and midibuses and 7,500 light trucks, all produced at our manufacturing plant in Adana, which is set up on 510 thousand square meters of land.

The buses produced for the domestic and European markets at our Adana plant include the Maraton, Safir



Plus, H, HD RHD for the long-distance passenger and tourism bus categories, the LD and Prestige midibuses, MD9 and MD7 in the Midi Coach segment, LD SB Plus and Avenue buses for urban public transportation, along with TS45, TS35E, and TS30E buses for the US market. We believe that in addition to our value-added production in the bus and midibus categories, we also play a very important role in leading Turkey to the future with our tailor-designed solutions for our customers and new technologies in the automotive sector developed by Turkish engineers.

Being aware of this important responsibility, we shape all our future investment plans around the 'Smart Mobility' vision, which sets the future stage for the automotive industry.

To achieve this goal, we allocate about 5 percent of our annual revenue to R&D activities. We use each available opportunity to look

for ways to improve ourselves and to meet the demands of our customers which change at the speed of light.

#### **What are the key aspects and unique sides of TEMSA buses and production?**

To be one of the building blocks of a smarter, safer, and more interactive future is the most important component of our future vision. To this end, we have stepped up our efforts to design electrical and autonomous vehicles.

Today, we are proud and excited to start to reap the fruits of our hi-tech investments and our production strategy based on R&D.

I feel particularly proud to announce that we are the leader in electrical vehicles, not only in Turkey, but worldwide.

In addition to our 9-meter long MD9 electriCITY model, our 12-meter Avenue Electron bus recently rolled off the production line and both are ready for serial production.

Looking from a wider perspective, we are one of the few companies globally that can offer multiple electrical vehicle models ready for serial production.

We, at TEMSA, believe that our product portfolio will provide significant contributions to 'smart mobility' solutions that will shape the future of automotive industry.

Our investments and efforts related to driverless vehicles, another component of the same vision, have been going on ceaselessly for the last 2 years.

Our plan is to make our electrical and driverless MD9 electriCITY vehicle ready for serial production by 2022.

#### **How about the sales? How is TEMSA performing in the local and international market?**

In parallel to these efforts, we've also taken steps to reinforce our ongoing market

***TEMSA always prioritizes R&D and innovation, which are key factors behind the brand's success.***

leadership for the last 4 consecutive years in Turkey and expand our market share and territorial penetration abroad.

With regard to international markets, our vision of global expansion and our market diversification efforts helped us to increase our export volume by 70 percent since 2014.

As of today, we have exported almost 15 thousand vehicles, which were manufactured at the Adana plant, to 66 different countries.

As one of the most popular brands in Europe, the most competitive market in the industry, there is today a significant increase in TEMSA vehicle density in France, the UK, and Germany. We also made an ambitious entry to the Spanish market. Our sales volume in Italy is also increasing steadily.

On the other hand, the North American market has one of the highest volumes worldwide, and thus, is one of our main targets. Here, we have set up our affiliate TEMSA North America company which, has engaged in sales and maintenance activities without interruption since 2018. As of today, we have a presence with three different products in the US market and already reached a sales volume of more than 1,000 vehicles. In the US, we have reached almost 10 percent market share and have become one of the major players. We believe that our market share will keep on increasing in the days to come.



# Agenda

FAIRS, EXHIBITIONS, SUMMITS AND MEETINGS IN THE NEXT MONTH

13-16 DECEMBER 2018

## MINING TURKEY 2018

TUYAP, İSTANBUL

Turkey has increased its mining industry export by 262% in the last 10 years. Mining Turkey 2016, Mining Turkey 7<sup>th</sup> International Mining, Tunneling, Machinery Equipment, and Heavy Duty Vehicles Fair drew attention of both domestic and foreign sector companies. The fair helped the sector to gain an efficient, competitive and sustainable marketing power and brought together many areas from mineral exploration services to processing and operation technology services.

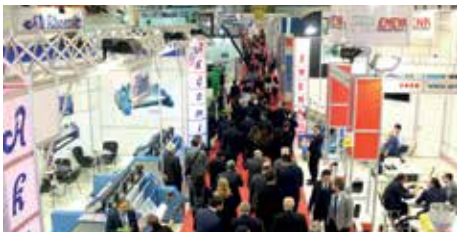


Mining Turkey 2016, 7<sup>th</sup> International Mining, Tunneling, Machinery Equipments, and Heavy Duty Vehicles Fair opened its doors for the sector professionals at Tüyap Fair Convention and Congress Center on 24 - 27 November 2016 and it continued to be an international sales and marketing platform for the leading companies from Turkey as well as worldwide, where the production potential and capabilities of the industry exhibited. And it will continue its mission of be an international sales and marketing platform in 2018.

PLAST EURASIA İSTANBUL 2018  
TUYAP, İSTANBUL  
05-08 DECEMBER

Plast Eurasia is the best trading organization for plastics industry professionals, held annually in Eurasia. Turkish plastics industry, which is one of the fastest and most consistently growing industries of Turkish economy with its process capacity reaching 9 million tonnes, has the 6<sup>th</sup> largest plastics production in the world and 2<sup>nd</sup> in Europe.

Fair topics; plastic machinery, machinery and auxiliary industry, hydraulic and pneumatic, recycling, heat and control equipment, chemicals and raw materials, mould...



PHARMA İSTANBUL 2018  
İSTANBUL CROWNE PLAZA  
06-08 DECEMBER



The opportunity to introduce your new products to Middle East, Caucasus and North Africa markets with ideas for product innovation, supplier contact information with Pharma Istanbul Fair!

The most effective way to take part in Turkey's market.

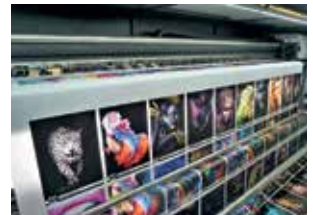
You can establish partnerships to sell your products, meet with industry leading organizations, and get the views of government representatives to open up a door to future trade.

DECEMBER  
06-09

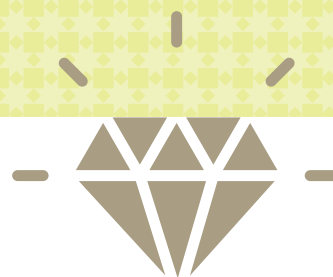
FESPA EURASIA 2018  
İFM-YEŞİLKÖY, İSTANBUL

FESPA Eurasia is the leading event for printing and signage industries with more than 120 exhibitors and 500 brands represented.

Including large format digital printing, textile printing, screen printing, signage, print software and consumables, FESPA Eurasia is the official event of FESPA for the Eurasia region for professionals to discover the best solutions for their businesses.



# Figures



## TURKISH JEWELRY IS SHINING

Already one of the 5 largest markets in the world, Turkish jewelry keeps growing robustly.



### Top 10 Export Markets (2017)

① UAE ② IRAQ ③ THE US ④ HONG KONG ⑤ GERMANY ⑥ BELGIUM ⑦ ISRAEL ⑧ LIBYA ⑨ LEBANON ⑩ MOROCCO

### One of the 5 largest jewelry producers in the world

INDIA

CHINA

TURKEY

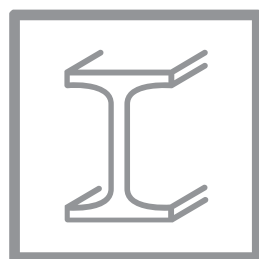
THE US

RUSSIA

Source: Ministry of Trade

## THE STEEL SOLID SECTOR

Turkish steel sector is on the rise in terms of both production capacity and exports.



**\$13.8 billion**  
TOTAL EXPORTS



### PRODUCTION CAPACITY

**51**  
million tonnes

### CAPACITY USAGE

**72%**

### TOTAL PRODUCTION

**37.5**  
million tonnes

### THE NUMBER OF FOUNDRIES

**1200**



### PRODUCTION CAPACITY INCREASE

**32.2%**

### THE NUMBER OF LARGE COMPANIES

**50**

### Top 10 Markets

ITALY

GERMANY

THE US

ISRAEL

UK

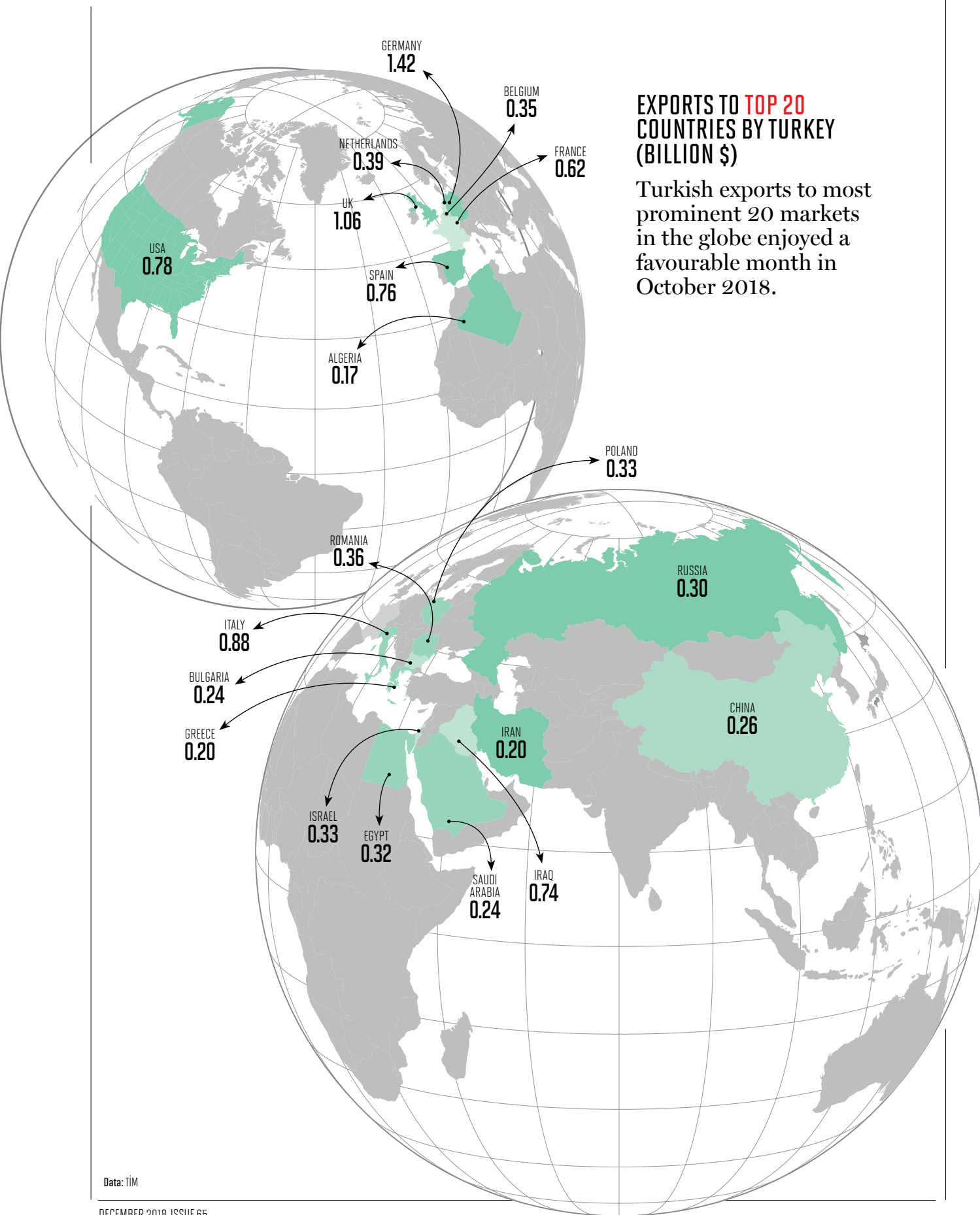
SPAIN

ROMANIA

BELGIUM

NETHERLANDS

YEMEN







**85 YEARS  
ALWAYS IN STYLE**



**TURKISH AIRLINES**  
WIDEN YOUR WORLD





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A STAR ALLIANCE MEMBER