

The Turkish Perspective

MAY 2019 ISSUE 70

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

BRIEFING Galataport İstanbul Showcased in Miami

INDEPTH Turkish Textile Industry Ranks Ahead of China in Competition

INTERVIEW Turkey is an Important Hub for Italy

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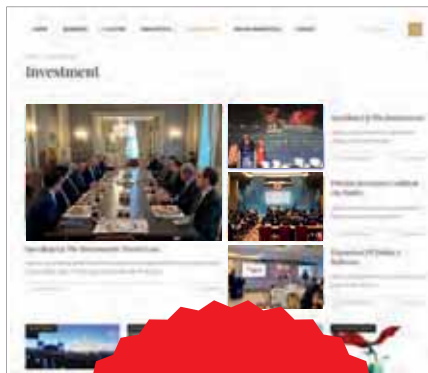
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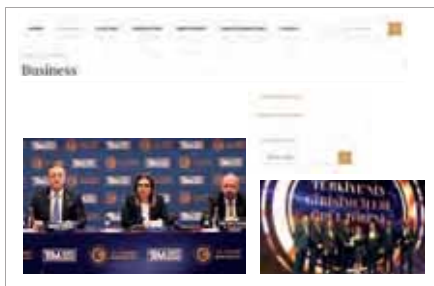
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The Turkish Perspective website is to be launched soon.

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

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We always believe the fact that our future is bright. Our country is strong and our young population has a great potential, even if we have hard times from time to time. In the upcoming period, we should leave the political debates aside and focus on the economy and exports, more. While our state has paved the way for exporters with structural reforms; as exporters and industrialists, we should continue to walk towards large targets by investing more in innovation, design and R&D.

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.



Discover
the potential

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First

FOREIGN TRADE, REPORT, INVESTMENT, REAL ESTATE, COMMUNICATION, E-COMMERCE, BUSINESS



DIPLOMACY

BERAT ALBAYRAK HAD FRUITFUL MEETINGS AT THE WHITE HOUSE

The Minister of Treasury and Finance of the Republic of Turkey, Berat Albayrak was hosted by US President Donald Trump in Washington DC.

MINISTER of Treasury and Finance Berat Albayrak has conducted a series of meetings with US finance officials, including US Secretary of Treasury Steven Mnuchin to advance bilateral economic ties.

During the meeting with US Secretary of Treasury Steve Mnuchin and Trump's senior advisor

Jared Kushner to discuss the steps for boosting cooperation, "we were hosted by US President Donald Trump in Washington", Albayrak said on Twitter.

Albayrak said he held very productive meetings in Washington with international financial institutions, following the unveiling of last

week of Turkey's economic turnaround plan. Albayrak said in a speech to American and Turkish business leaders that he also held a meeting with US Secretary of Treasury Steven Mnuchin that covered many topics and held "fruitful" talks at the White House.

He said the United States and Turkey need to strengthen their

partnership despite policy differences. "The problems between the US and Turkey should not prevent to look positively to the future in the alliance," Albayrak said. Albayrak added that the institutional strength of US-Turkey security alliance "linchpin" of bilateral ties.

The Minister Albayrak also has met

with the White House aide and President Donald Trump's son in law Jared Kushner. Addressing a gathering of business leaders in the US capital, Albayrak said financial ties between the countries must "be just as robust as our traditional security partnership."

"They should play a more active role in determining the future of the relationship between the two countries. I realise this is easier said than done. But I want to assure all of you that this is our vision," Albayrak said, acknowledging that the "historical depth and institutional

strength of the security alliance” have been the “linchpin” in bilateral relations.

“There’s never been a better time to invest in Turkey,” he said, adding the United States and Turkey should do more to boost bilateral trade. He acknowledged the two NATO allies had disagreements.

“We recognize that we have serious differences over a variety of issues. However, we have to address them through a meaningful and sustained dialogue. We need to strengthen our resilient partnership despite our policy disagreements. Punitive measures have never helped our relationship and nor have they been successful. We need our friends on this side of the Atlantic to take our concerns seriously. Regardless of our differences on some matters, we have a great potential to strengthen our economic ties. In the economic sphere, our relationship has never realized its true potential. Our economic ties have to be just as robust as our traditional security partnership. It should be the main stabilizer in the bilateral ties,” he said.

Following his meetings at the White House, Albayrak addressed the American-Turkish Council conference gala dinner before leaving the U.S. for Turkey.

FOREIGN TRADE

Joint Technical Working Group From Turkey and the US

Turkish and American trade authorities are establishing a joint working group to diversify the range of tradable goods in order to ensure a balanced trade volume.



WITH A VIEW to reaching \$75 billion in bilateral trade, a target set by President Recep Tayyip Erdoğan and U.S. President Donald Trump in February, Turkish and American authorities are setting up a joint working up. Organized by the Turkey-U.S. Business Council (TAIK) and America-Turkish Council (ATC), the 37th Annual Conference on Turkey-U.S. Relations in Washington, D.C., last week highlighted that the two allies must expand economic partnerships to fortify their political relations, which have soured in the recent years. Minister of Trade Ruhsar Pekcan said her meetings with U.S. Secretary of Commerce Wilbur Ross and Trump’s senior adviser Jared Kushner were very productive. Pointing to the fact that Turkey and

the U.S. are allies, Pekcan said both countries have major trade relations that carry huge potential.

Minister of Trade Pekcan said that the trade volume between the two countries is currently \$20.7 billion. “We will accelerate our efforts to raise the trade volume to \$75 billion, as agreed by President Erdoğan and President Trump. We agreed with the U.S. secretary of commerce that there is a need to collaborate on the diversification of tradable products and a better use of the existing potential. We are forming a joint technical working group between the U.S. Department of Commerce and our Ministry of Trade, in line with the objective of increasing the trade volume between the two countries to \$75 billion,” she told in a statement.

REPORT



TURKISH ECONOMY TO RECOVER FROM RECESSION

There will be negative growth in Turkey this year but the International Monetary Fund (IMF) are expecting a recovery in 2020 and in fact this recovery is an important part of the element that goes toward the whole global recovery, Gita Gopinath, IMF chief economist, has said.

“We have no reason to think that Turkey is even contemplating to come to the IMF so that’s where we are at this point,” she added.

In the IMF World Economic Outlook report, released on April 9, it forecasts that Turkey’s economy will contract by 2.5 percent this year before growing at the same rate next year. The Turkish economy expanded by 2.6 percent last year. “The (Turkish) New Economic Program provides a framework to deal with complex issues in the economy. Against this backdrop, a comprehensive and credible policy mix is needed to secure macroeconomic stability,” the IMF report said.

“Greater transparency about financial balance sheet health, and further strengthening balance sheets where needed, would be helpful in addressing lingering uncertainties,” it added.

INVESTMENT

TURKEY IS KEY MARKET FOR AIIB

"Turkey is a key market for the Asian Infrastructure Investment Bank (AIIB) and offers huge potential for investing in energy and transport connectivity", has told Joachim von Amsberg, Vice President for Policy and Strategy at the AIIB.

"AIIB's board of directors has approved up to \$800 million in financing to date for two projects: The TSKB Sustainable Energy and Infrastructure On-lending Facility and the Tuz Gölü Gas Storage Expansion Project," von Amsberg said, adding that "Turkey is AIIB's third largest investment market. And we see many additional investment opportunities in Turkey".

Besides the already approved projects, the AIIB is currently reviewing an up to \$100 million investment in the Development and Investment Bank of Turkey's (TKYB) Renewable Energy and Energy Efficiency On-Lending Facility, according to von Amsberg.

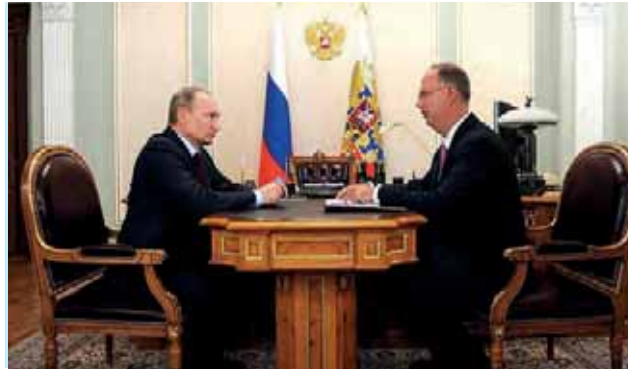
The bank executive said that they recently held an event in Istanbul where they reached out to potential investment partners in energy, transport and sustainable



INVESTMENT

Turkey, Russia Create 900 million Euro Investment Fund

The Fund will further strengthen the relations between Turkey and Russia



THE RUSSIAN Direct Investment Fund (RDIF), Russia's sovereign wealth fund, and Turkey Wealth Fund announced the creation and launch of the Russia-Turkey Investment Fund during Turkish President Recep Tayyip Erdoğan's visit to Moscow on April 8.

"At the initial stage the investments in the funds' projects will amount to 200 million euros. The total size of the Russia-Turkey Investment Fund is 900 million euros," the RDIF said in a statement, adding that the corresponding agreement was signed in the presence of Erdoğan and Russian President Vladimir Putin. The parties have started developing joint projects with a special focus on the technology, healthcare and infrastructure sectors.

"This is an important milestone for Turkey Wealth Fund and we believe initiating investments through RDIF in focused sectors will cement the

relationship of both sovereign investment funds and further strengthen the relationship between Turkey and Russia," said Zafer Sönmez, managing director of the Turkey Wealth Fund. According to Sönmez, the RDIF will play a crucial role in promoting a culture of co-investment, attracting top quality FDI, and catalyzing opportunities for the regional growth of Turkish and Russian companies.

For his part, RDIF CEO Kirill Dmitriev said that the healthcare, infrastructure and technology sectors are some of the most attractive for investment and development of the two countries' domestic economies. The RDIF and Russia's biggest internet search engine Yandex are discussing potential deals in Turkey, Dmitriev saying.

"We see that based on what Yandex has in Turkey, it is possible to increase Russia's technological presence in both Turkey and Arab countries," he added.

INVESTMENT



\$1.8 BILLION INVESTMENT BY SOCAR AND BP

The State Oil Company of the Azerbaijan Republic (SOCAR), the largest direct foreign investor in Turkey, and BP plan to start construction of a new petrochemical plant in Turkey at the end of 2020, according to SOCAR's Turkey Energy Project Director. BP and SOCAR in late 2018 signed a Heads of Agreement (HoA) to evaluate the formation of a joint venture to build and operate a world-class petrochemicals complex in Turkey. The investment cost of the SOCAR-BP joint project is expected to stand around \$1.8 billion and the construction is expected to be completed by 2023. "A tender for the design of the complex has been announced and three companies are taking part in it. Results will be announced next month," Director Emil Alkhasly told.



REAL ESTATE

HOUSING SALES TO FOREIGNERS HIT RECORD LEVELS IN Q1

Turkish government incentives, including a cut in the minimum investment needed to obtain citizenship, have boosted the real estate market.

The Turkish housing market has seen the best first quarter performance in sales to foreigners this year. A total of 9,618 houses were sold to foreigners in the first quarter of the year, the best first quarter figure in history, according to data released by the Turkish Statistical Institute (TurkStat). In the January-March period last year, 5,298 houses were sold to foreigners, an increase of 81.5 percent. In March, foreign residential sales surged by 71.3 percent over the same month the previous year, increasing from 1,827 to 3,129 units. Thus, Turkey's foreign residential sales saw the best first quarter and March figures in history. Accordingly, Istanbul maintains its position as the most preferred city in foreign residential sales.



COMMUNICATION

NUMBER OF MOBILE SUBSCRIBERS REACHES 80 MILLION

The number of mobile subscribers in Turkey increased to 80.12 million last year from 77.8 million in 2017, Minister of Transport and Infrastructure Cahit Turhan has said.

The mobile subscriber penetration rate also reached 99 percent, Turhan told.

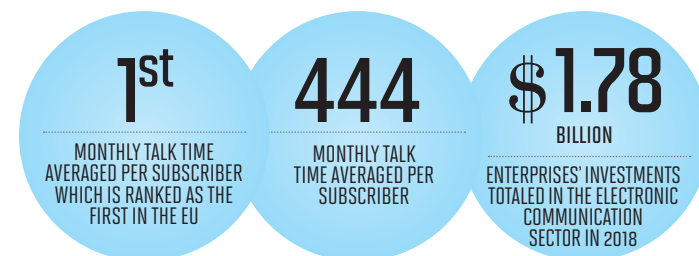
According to the minister, monthly talk time averaged 444 minutes per subscriber in Turkey, which is ranked as the first in the EU. The mobile voice traffic showed a 4.2 percent to reach 267.6 billion minutes, while fixed line voice traffic declined by a sharp 11.8 percent to 6.7 billion minutes, said a report by the Information and Communication Technologies Authority (BTK) released yesterday.

Turkcell, the largest mobile operator, had a total of 33.76 million subscribers as of end-2018, slightly lower than the 34.1 million users a year ago. Vodafone also saw a slight decline in the number of subscribers. Some 24.84 million people used the mobile carrier last year versus 24.22 million subscribers in 2017.

TT Mobil, the local telecom giant Turk Telekom's mobile unit, managed to increase the number of subscribers to 21.52 million at the end of 2018 from 19.59 million a year ago. Enterprises' investments totaled 9.4 billion Turkish Liras (\$1.78 billion) in the electronic communication sector last year, Turhan also said.

The sector's net sales reached 58 billion Turkish Liras (\$11 billion) in 2018, up by 15.4 percent compared with the previous year, according to the minister. GSM companies' incomes were 45 billion Turkish Liras in 2018, increasing 14.1 percent versus 2017, Turhan added.

Turkcell increased its revenues to 14.2 billion from 12.2 billion Turkish Liras, while the revenues of Vodafone rose from 11 billion in 2017 to 12.9 billion Turkish Liras. TT Mobil's revenues stood at 7.6 billion at the end of 2018 versus 6.6 billion in 2017.



INVESTMENT

EL-KHEREIJI SEEKS TO INVEST \$100M

The Saudi El-Khereiji Group has initiated talks to invest \$100 million in Turkey. While the agriculture and tourism industries come to the fore among planned investments, the group also plans to make hospital investments.

Explaining that they have a budget of up to \$100 million for the investments in question, El-Khereiji stated that they want to make investments through Turkish, Saudi or international partnerships and therefore the amount of investment projects could be much higher.

El-Khereiji said, "We have investment plans in agriculture, health and accommodation. Agriculture and food, in particular, are the areas where the Saudi government supports investments." Pointing out that Saudi Arabia imports about 80 percent of food products, El-Khereiji noted that they have been looking for partnerships and collaborations in Turkey through which they can grow agricultural products and produce meat products and export them.



AWARD

'SULTANS OF TÜRKİYE' WINS ROBOTICS AWARD IN US

A high school robotics club from Istanbul won an international award at the FIRST Robotics Competition (FRC) held in Houston, Texas, in the United States on April 20.

The "Sultans of Türkiye" robotics team from Istanbul's Darüşşafaka High School – a campus open only to orphans and the children of single parents – received the Engineering Inspiration Award. The award honors outstanding success in advancing respect and appreciation for engineering within a team's school and community. The Darüşşafaka High School club named their robot after Belgium cartoonist Herge's famous comic strip hero Tintin.

More than 15,000 students, ages 6-18, from 40 countries attended the four-day event in Houston. The FIRST Championship is the world's largest competition for science, technology, engineering, and math students.

E-COMMERCE

E-commerce Volume on Rise

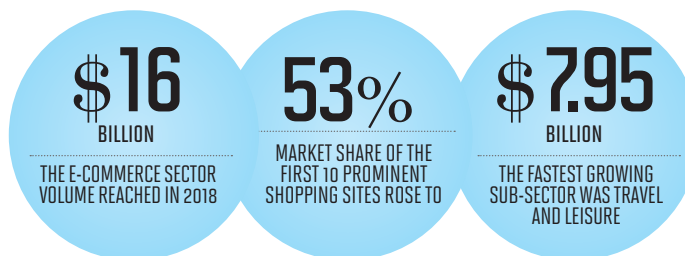
Turkey's e-commerce volume surged 42% year-on-year in 2018, an industrial report said.



THE E-COMMERCE sector volume reached 59.9 Turkish Liras (\$16 billion) last year, it added. The report was a joint effort by Turkey's Informatics Industry Association (TUBISAD), Association of E-commerce Operators (ETID), Deloitte Turkey, Similarweb and Inveon. "The sector maintained its rapid growth even in a challenging year for the Turkish economy," Kubra Erman Karaca, head of TUBISAD.

Alper Gunaydin, a director at Deloitte Turkey, highlighted the high performance of major shopping sites. Market share of the first 10 prominent shopping sites rose to 53% in the last five years from 40%, he noted.

The report showed that the average annual growth rate of the sector was around 33% between 2014 and 2018. The fastest growing sub-sector was travel and leisure which showed a 54% rise, reaching 29.9 billion Turkish Liras (\$7.95 billion).



BUSINESS

BUSINESS SENTIMENT IMPROVES

Turkey showed improvement for the fourth month in a row in April, according to a survey by the Central Bank.

The business confidence index increased by a strong 3.3 percent on a monthly basis to touch 105.5 in the month, the Central Bank said yesterday. That followed 5 percent, 4.5 percent and 1.6 percent increases recorded in March, February and January, respectively.

The 100-point level on the index separates optimism from pessimism. Five of the business sentiment survey's eight main sub-indices rose in April month-on-month, data from the Central Bank also showed.

The sharpest increase was registered in the sub-index for total orders received over the past three months. The related index soared nearly 17 percent from the previous months to stand at 105.7 in April. The sub-index for current orders and export orders in the next three months rose by 6.4 and 7.6 percent, respectively.





Turkey's New Entrepreneur Force

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



TEB

STARTUP HOUSE

timlegirisim.com

Panorama



BY METE HAN DEMİR

WHAT'S THE REAL PICTURE OF THE S-400?

National stance and honor are of paramount importance. The attitude of Turkey is therefore generally correct.



FIRST OF ALL; There is a process of serious military and diplomatic sensitivity. The calendar of the Russian air defense missile system S-400, in which the United States has clearly threatened Turkey by claims “You cannot buy Russian S-400 batteries, you cannot enter NATO radar recognition codes on this missiles, you can only get our Patriots, if you get them from the Russians, this happens, this does not happen, we don't give F-35 planes to you”, is progressing with increasing tension.

As of June and July, pre-delivery of the S-400s starts. In November the installation will come to a certain point significantly. For this reason, the United States, will suppress to prevent delivery during this time and of course to sell their own missiles as well.

This process will be very problematic in terms of Turkish-American relations. There may be sanctions or reprisals from the US. We can already see the facts of this conflict between two country in the case of devaluation of Turkish Liras against American Dollars. Comments are various. If you notice, is this good or is that good? Buying from Russia is an attitude towards America, there are those who simplify the issue as the Russians are better or worse. Therefore, our dear readers, let's bring this matter to the table in real details.

Facts To Know

First of all, Turkey wants to carry out this process with a more common and consensual approach.

In the context of Turkish-American relations, we should make clear that the words of Mr. President Recep Tayyip Erdoğan in his recent statements “we will solve this issue by shared wisdom and common sense. In the recent American-Turkish Council meetings in Washington, the Turkish delegation did not disrupt the national stance and displayed a positive attitude in favor of solution. But we have to describe again the general scene which is actually very obvious. This issue has two sides, one political and one technical.

First, Turkey's purchase of S-400 missiles is entirely in the context of immediate need. Turkey needs regional and air defense systems. Under the category “urgent need”, this work has been already on the agenda since 2006. In fact, at that time, this issue was discussed with the US as well. It's been said to US that “We want to buy these systems, we have deficiencies”.

It is obvious that Turkey's air defense system shortage cost a lot, recently. This had to be fixed. There was no response from the US. Then Turkey went to China. A certain point was reached with China. But then the United States raised hell. Then it was negotiated with Russia and became clear in 2017. And then Turkey raised its decision of direct purchasing.

Which Air Defense System?

An air defense system needs to be taken along with the alternatives. We need to see this as our national requirements. We do not care about Russia, the US or someone else.

We need our own regional air defense system. But when you take the S-400, let's not forget; The possibilities and the capabilities of the S-400s are one pair of the shoes, the possibilities and the capabilities of the Patriots are another. Although the S-400s have pluses, the comparison "this is better, that's better" can be a technical and hasty mistake. S-400 is a good system, Turkey is not making a mistake to get it, but it is an urgent need to buy. When the altitudes are compared, there are various needs at various altitudes. In addition, different systems will eliminate each other.

We may not be eternally friends with Russia and our interests may overlap. You will not know which country you will be in a relationship with in what period. We must have the counter-alternatives.

More importantly, instead of being tied to a resource, we need to have its technology by nationalizing them. In this context, we have a project with Italy and France. Turkey has its own national project. Progress in them is very important, which is being worked with seriously.

S-500 Isn't New, But It's About Technology Transfer

The S-500 debate has recently come up. In fact, President Erdoğan said in October 2017 that he started S-500 negotiations with Russia.

S-400s direct purchase. Another thing Turkey is looking for is technology transfer. That may not be the case in the S-400. But in the S-500, it's going to come up. The S-500 is a system that can be used as a higher altitude anti-ballistic missile. Turkey should want it from Russia, with the guarantee that it wanted from the US. Of course, there's a technology transfer. In such advanced technologies, these countries are not willing to give their technology.

There are other purposes of the United States to break the apocalypse. Let me explain with a striking example. In mid-February, a very important official in the Russian defense industry announced that Russia is nearing the end of a sale of S-400 missiles with one more country.



***An air defense system
needs to be taken along
with the alternatives.
We need to see this
as our national
requirements. We do
not care about Russia,
the US or someone else***

No Word to Say to Saudis

Do you know which country is? I am talking about Saudi Arabia, which has mostly US-made defense systems. The United States should ask Saudi Arabia, "where are our codes going, we sold these weapons to you, how would you share these codes with Russia?"

Indeed, doesn't the United States need to ask Saudi Arabia "what you're doing here?"

No sound. They make a noise wherever they want, they keep quiet when they don't want to. In that respect, it's something else.

What Exactly Can Happen?

What's the situation now? Turkey continues to Patriot negotiations with the US. S-400 and S-500 negotiations continue with Russia. As Turkey needs all systems, it may not even be surprising to reach an agreement on Patriot in the medium and long terms. But America needs to take steps as a constructor in terms of technology transfer or joint production or similar issues. Moreover, one of the reasons why the United States insists on not taking S-400 to Turkey is that Turkey will be a precedent

to other NATO allies in terms of getting Russian missiles. This would mean that the American arms and missile market would shift to Russia.

What can Turkey do? Turkey can pull off by making a national commitment saying I'm going to keep NATO codes called IFF separate from S-400s and I won't share them with you." Which it says.

It seems that the United States does not accept it. So, if we open this up a bit, the compromise might be like this; Turkey may say; "We got it, we really need it - we'll use it, but we won't mix it with F-35s and other critical systems."

In the meantime, if you integrate the NATO codes with the S-400s, you may be confused in the recognition of friends and foes. You don't know that you have friends and enemies on both sides of the radar. It's a little technical to get out of this, but there's going to be a commitment to not interfere with the S-400's and the F-35's technical codes.

The US And Nato

Secondly, Turkey will face a combined attack not only from the US but from NATO. In fact, we will face with discourses that will lead to an exaggeration such as Turkey's dismissal from NATO membership.

But ultimately, the US could say many things about Syria and take different steps. Pragmatism has no end. There will be tensions, but Turkey wants to buy it because the US is trying to sell it, so the US may also say okay if we buy also from them. In the meantime, purchases from Russia values \$ 2.5 billion dollars, from the US values \$ 3.5 billion dollars.

The F-35 embargo is not so easy. The engine maintenance of the F-35s is done in Turkey. Turkey will buy optional 100 plus, 16 plus 20 aircrafts. There are 9 commitments as the founding partner country. We currently have 2 + 2 planes there, so they continue their training in Arizona. The main delivery will begin in November 2019.

Talking about this creates tension in the markets. In the final analysis on the S-400,

Turkey may also showdown and say "Saudi Arabia is taking, India is taking, China is taking, this is taking, that is taking. Is this problem just in Turkey? It's not about S-400 for America. Its technical diplomatic means can be found in strategic ways. Doesn't Russian intelligence have NATO codes already?"

The point is they want to sell the Patriots somehow. The US wants Turkey to do something with a show of power, trying to dissuade and humiliate the Russians and Ankara. Let's not forget the fact that they can do whatever they want after we bow to them. If the crisis further increases, and no one steps back, we can still face a US administration that uses the US Dollar as a leverage against Turkish economy and imposes sanctions. However, national stance and honor are of paramount importance. The attitude of Turkey is therefore generally correct.

I see a little bit of light at the end of the tunnel. Don't forget about America and other serious problems. It seems that even if the S-400 issue will be solved with this country, it will be following a fluctuating course. ■

Content: İstanbul Is Introduced to the World Through Instagram **P14** Galataport İstanbul Showcased in Miami **P16** Turkish Contractor Rönesans to Build Hospitals in Russia **P15** Turkish-German Formula for Tire Production **P19** Turkish Pharmaceutical Sector to Grow 35% **P20** The New Game In Wallets **P22** Turkey is an Important Hub For Italy **P24** Great Move by Turkish Airlines **P28** Investment Office Holds Roadshows In Austria and Italy **P30**

Briefing

TOURISM, CULTURE, MANAGEMENT, INVESTMENT, DIGITALIZATION, ENERGY, INTERVIEW

EXPORT

SATISFACTORY PERFORMANCE BY TURKISH EXPORTERS

Turkey's export revenue continued to rise in March and recorded as 16.9 billion US Dollars.



DIGITAL CONVERSION

WILL SHORTEN EXPORT DURATION

Reminding that they have launched the “Paper-free Export” application with the Minister of Trade, Ruhsar Pekcan in early April, İsmail Güllü said “The Ministry of Commerce, which has implemented or has been carrying out 13 separate digitalization projects, is implementing “Paper-free Export” at all customs as of the end of April. The trial process is completed in selected pilot customs. Thanks to the “Paper-free Export” application, 83 thousand exporters will be able to submit 15+ types of documents related to exports electronically without going to customs.”

AUTOMOTIVE TAKES THE LEAD AGAIN IN MARCH EXPORT

In March, the automotive sector took the lead again with 2.9 billion US Dollars. This sector was followed by Chemistry with 1.8 billion US Dollars, Ready-to-wear and Apparel with 1.7 billion US Dollars, respectively. The sectors that increased their exports most were Defense and Aviation sector with a 95.5 percent increase, Ship and Yacht sector with 25.8 percent and Cement, Glass and Ceramic products with 18.9 percent. ■

Monthly export figures announced by the Chairman of Turkish Exporters Assembly, İsmail Güllü and the Minister of Trade, Ruhsar Pekcan. According to the General Trade System records, Turkish export figures reached 16,3 bn US dollars in March 2019. The ratio of exports to imports has also increased to 87,9 percent.

“Monthly export records will continue to support our national growth, welfare and employment. As we announced this year will the Year of Sustainability and Reform in our exports”, said İsmail Güllü.

Among his speech Güllü also referred to the results of the local elections that has been held at the end of March.

Neither the challenges in the global trade nor the local election agenda didn't effect Turkey's exports' performance in March. “From now on, we are looking through a 4,5 year period which don't include any elections. Therefore we have to focus on reforms to prosper our growth, welfare and employment figures. The new architecture in taxes, finance and supply chain systems which is going to be applied under these reforms will consolidate our competitiveness in the global markets”, he said.

THE REFORM PERIOD WILL REINFORCE OUR CLAIM IN GLOBAL COMPETITION
Stating “Working towards 2023 and 2030 and continuing to

increase the young population, we can turn Turkey into the most attractive investment center of Eurasia when we combine our work with a brand new human asset architecture”, İsmail Güllü continued his speech as follows: “A new tax architecture, a new financial architecture and a new supply chain architecture will be operational as of April. Therefore, during this reform period, our economic management will focus on the reforms in production, employment and growth that will enable new models and policies in terms of production costs, and the tax reforms that will strengthen our claim and capability in global competition.”



ISTANBUL IS INTRODUCED TO THE WORLD THROUGH INSTAGRAM

1st Term Second Place,
Abdullah Bilgiç



1st Term Third Place,
Begüm Serra Üstün

Istanbul, the worlds' favorite city becomes more powerful at the social media with "Share Istanbul and Fly" themed contest.

The award ceremony of #Oneistanbul Instagram contest, which has been organized to make Istanbul more visible to the world, took place at Çırağan Palace Kempinski. With the cooperation of Istanbul Metropolitan Municipality, Istanbul Chamber of Commerce, TUGEV and Istanbul Congress and Visitor Bureau (ICVB), #Oneistanbul has been started in social media in 2015 to make the world's favorite city Istanbul more visible to the world with its historical, cultural and natural beauties. The winners of the #Oneistanbul Instagram Contest, which was carried out with the cooperation of Turkish Airlines this year, have been announced at a ceremony organized in Çırağan Palace Kempinski.

With the campaign carried out through @oneistanbul account at Instagram, it is aimed to take Istanbul to the top cities of which photographs shared the most at the social media. More than 610 thousand photographs have been shared with the #Oneistanbul and #istanbul hashtags and the number of followers of the @oneistanbul account has come closer to 100 thousand.

Within the scope of "Share Istanbul and Fly" themed #Oneistanbul Instagram Contest; a jury including Deputy Governor in charge of Tourism İsmail Gültekin, Vice Chairman of the Istanbul Chamber of Commerce İsmail Kuralay, Istanbul Metropolitan Municipality Artistic Director Hüseyin Karaca, SVP, Sales (Domestic) of Turkish Airlines, Emre Menevşe, SVP, Corporate Communications of Turkish Airlines, Seda Kalyoncu, Dean of Istanbul Commerce University Communication



1st Term First Place,
Rüdvân Aras



2nd Term First Place,
Aydm Seribaş

Faculty Prof. Dr. Celalettin Aktaş has chosen the best photographs of “Share Istanbul and Fly” theme. The awards of the contestants whose photographs were chosen, presented at a ceremony organized in Çırağan Palace Kempinski with the participation of guests from business and art world.

“Istanbul ranked 5th in the World Cities Ranking with #Oneistanbul”

Istanbul Chamber of Commerce and Istanbul Congress and Visitor Bureau Chairman of the Board Mr. Şekib Avdagiç stated the happiness he feels to host a beautiful event that will perpetuate Istanbul and said; “We are together at the #Oneistanbul Instagram Photograph Contest organized by Istanbul Chamber of Commerce, TUGEV and ICVB together with Turkish Airlines. We are living in a world that is rapidly getting digital. So much that the era we live is called as digital age. The digital age leaves its mark also in the tourism sector as it does in every field.

The tourists use internet actively. They get the information on the destinations they will go to from the internet, not from the tour operators. The digital world is in our lives with its whole efficiency. We must use this for the advantage of the city that we live in in every field from commerce to tourism. We should especially use Instagram... Because more than 1 billion people use Instagram worldwide and more than 100 million photographs are shared every day.

We have tried to organize an event that will highlight



Istanbul in the world by carrying out the #Oneistanbul Instagram Contest. We wanted to present the most beautiful Istanbul photographs to billions of people and draw their attention.”

Avdagiç emphasized that the interest to the contest was more than expected and continued his words, “It was hard to choose the best from the photographs taken by the testers from Turkey and mostly from abroad. Because they were all beautiful. As a result, we have made our choices from the shots captured by thousands of Istanbul lovers from thousands of different angles. I also want to thank to the ones who have followed our Instagram page. Our official hashtag is #Oneistanbul. Our account became active in April 2015. We ranked 5th at the world cities rankings with more than 610 thousand photographs shared within the last four years. I am sure that the



The winners of the #Oneistanbul Instagram Contest, which was carried out with the cooperation of Turkish Airlines this year, have been announced at a ceremony organized in Çırağan Palace Kempinski

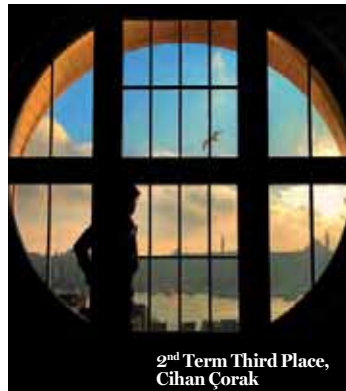


number of the photographs shared in our instagram page will increase rapidly in a very short time and we will reach to top place.”

The #Oneistanbul Winners Took Their Awards

The winners of the contest, which has been organized in two terms with the “Share Istanbul and Fly” motto and draw intense interest, are; 1st Term Third Place Begüm Serra Üstün, 2nd Term Third Place Cihan Çorak, 1st Term Second Place Abdullah Bilgiç, 2nd Term Second Place Soner Akan, 1st Term First Place Rıdvan Aras and 2nd Term First Place Aydın Sertbaş.

The awards of the third place winners were presented by worldwide famous social media phenomenons Mikhail Tenezas from Philippines and Thiago Correa from Brazil, the awards of the second place winners were presented by SVP, Sales (Domestic) of Turkish Airlines, Emre Menevşe and SVP, Corporate Communications of Turkish Airlines, Seda Kalyoncu and the awards of the first place winners were presented by Istanbul Governor Ali Yerlikaya and Istanbul Chamber of Commerce Chairman of the Board Şekib Avdagiç. ■



2nd Term Third Place, Cihan Çorak



2nd Term Second Place, Soner Akan



CRUISE PORT

GALATAPORT İSTANBUL SHOWCASED IN MIAMI

The only main port of Istanbul, Galataport met with the world's giants of the cruise sector, in Miami. Port will start to host cruise ships in March 2020.

THE WORLD'S MOST famous cruise fair, Seatrade Cruise Global 2019 took place in Miami, USA on April 8-11. Galataport Istanbul Cruise Port, which is planned to be opened in March 2020, participated for the first time with a booth to the Seatrade fair where 643 participants from 113 countries and 11 thousand suppliers and buyers participated. Representing Istanbul, an important destination as a starting point, at the fair, Galataport managed to turn the routes of the most important cruise

companies of the world to Istanbul for the 2020-2021 season.

GALATAPORT DREW ATTENTION AS THE ONLY MAIN PORT OF ISTANBUL

Along with the technical details of Galataport Istanbul Cruise Port, Istanbul and the

Galataport project, which is intended to be a new destination in Istanbul and an extension of the historical peninsula of the city, were introduced during the fair organized at Miami Beach Convention Center. Sharing information on Galataport in

the exhibition where Istanbul got great attention, CEO of Galataport Istanbul Port Management and Investments Inc. Erdem Tavas underlined the fact that Istanbul, which is known as one of the most important port cities of the world, will gain this identity back with the completion of the project, construction process which continues rapidly. Erdem Tavas gave the following information about the project:

"Galataport is a port that highly differentiates from similar investments in this sector due to being the historical port of Istanbul and due to its location. The new terminal, which we plan to open in March 2020, is designed under the ground with a project to be implemented for the first time in the world. According to this planning, the customs bonded area is sequestered from the rest of the site with a special 3-meter long rising hatch.





We will make a significant contribution to Istanbul's ship tourism potential with this planning in line with the needs of all cruise ships. Our new terminal is built on a 20 thousand m2 field with high technology and high standards. This unique coastline, which has been closed to access for nearly 200 years, will be opened to the use of Istanbulites and visitors of the city with this plan."

MORE THAN 50 SHIP RESERVATIONS

Figen Ayan, Vice President of Cruise Operation of Galataport Istanbul Port Management and Investments Inc., said a new era in cruise tourism will start with the launch of Galataport in Istanbul and underlined that they started to take reservations for 2020 - 2021 and added:

"The number of confirmed ship reservations for 2020 for the moment has exceeded 50. The majority of these



reservations are homeport reservations, which shows that the cruise lines chose Galataport as the main port. This development is of great importance for the tourism of our country and Istanbul. The cruise companies that have made reservations so far include the Carnival Corporation and the Royal Caribbean -- the top two cruise lines in the world-- as well as such lines as the Holland America Cruise Line, Regent Seven Seas Cruises, Celestial Cruises, Le Ponant, Silversea Cruises, Fred Olsen Cruises, Marella Cruises and Wind Star Cruises."

3 LARGE SHIPS WILL BE ABLE TO DOCK AT THE SAME TIME

Emphasizing that 43 of the 55 ships wandering in the Mediterranean hub until 3 years ago preferred Istanbul, Figen Ayan said, "Istanbul destination, which can appeal to every budget and customer, will be a favorite route for cruise tourism again beginning from 2020." Ayan noted that when the port of Galataport is completed, 3 large ships will be able to dock at the same time and can host an average of 15,000 cruise passengers per day. She said, "We aim to serve 1.5 million passengers including the crew during the year when the Galataport Istanbul Cruise Port is completed." ■

Galataport, which is intended to be a new destination in Istanbul and an extension of the historical peninsula of the city

ABOUT GALATAPORT ISTANBUL



After Doğuş Holding A.Ş. won the Salıpazarı Port Tender, which was made by the Privatization Administration on 16 May 2013, with a bid of \$702 million; the Group got into a partnership with Bilgili Group's affiliate BLG Gayrimenkul Yatırımları ve Ticaret A.Ş. in January 2014. Salıpazarı Port Management and Investments Inc., which was responsible for the development and operation of Galataport, was established thanks to this partnership.

Following the signing of the Transfer of Operating Rights Agreement with The Turkish Maritime Administration in February 2014, the Company took over the management of the pier

and started its operations. The title of the Company was changed to Galataport Istanbul Port Management and Investments Inc. as of February 2018.

Hosting the İstanbul Modern Museum and Mimar Sinan Fine Arts University Painting and Sculpture Museum within its premises, Turkey's best practices in contemporary arts, Galataport Project will become the new arts and culture center of İstanbul upon completion. Galataport Istanbul will host a cruise terminal designed with high technology, an exclusive hotel chain, cafes and restaurants serving local and international delicacies, and many national and international brands.

CONSTRUCTION

Turkish Contractor Rönesans to build 15 HOSPITALS IN RUSSIA

RDIF, the sovereign wealth fund of the Russian Federation, and Turkish company Rönesans Holding have reached an agreement to implement a joint project on building medical units in Russia's regions.



ACCORDING TO RÖNESANS HOLDING statement, the deal was signed during President Recep Tayyip Erdoğan's official visit to Russia to attend the 8th High-Level Cooperation Council Meeting.

Within the scope of the project, state-of-the-art medical training and city hospitals will be established, where a single database and a common technology platform will be used to connect to the medical centers of leading Russian universities and foreign universities. This approach brings together the world-class experience and the most advanced applications with the expertise of Rönesans Holding in infrastructure construction, project



implementation and support.

The RDIF-Rönesans Holding partnership will ensure installation of high-quality medical units as well as support the renewal of medical equipment, consumables, medical devices and medicines. This cooperation will also lead

to the use of new medical equipment, consumables, medical devices and essential medicine in Russia.

"Thanks to the successful partnership between RDIF and Rönesans Holding, we are able to launch a new large-scale project in which we are planning

to establish 15 training and research hospitals in Russian universities," RDIF's CEO Kirill Dmitriev said. "With this project, the quality of medical training at the academic level will be increased, high-level scientific achievements in the fields of biomedical and digital technology will be utilized and targets set in national projects called 'Science' and 'Health' will be realized."

Rönesans Holding Chairman Erman Ilıcak said that all cooperation between RDIF and Rönesans is of strategic importance for Russia and Turkey.

Noting that Rönesans has taken part in many important projects in Russia, Ilıcak said they have reached approximately \$1.3 billion in real estate investments in Russia to date, recalling that they have been cooperating with Russia's investment fund since 2017 in different scopes. "Today, we are taking the first steps for 15 training and research hospitals to be built in different parts of Russia," he added.

"With this project, we will carry the experience Rönesans has gained in the health care, medical construction and medical enterprises in Turkey to Russia. As a company with contracting experience in 28 different countries, we believe we will make an important contribution to shaping this project according to the needs of Russia with our know-how formed around advanced technology in healthcare." ■

Rönesans is the contractor for city hospitals in Adana, Yozgat, Bursa, Elazığ and İstanbul's İkitelli district. The group has a diverse portfolio in Russia, including the construction of energy infrastructure, stadiums, housing development projects and shopping malls.

MANUFACTURE

TURKISH-GERMAN FORMULA FOR TIRE PRODUCTION

Together with the CoKoon bonding technology they develop, Kordsa and Continental, offer an alternative to the formula used in the industry for nearly one century.



ONE OF TURKEY'S largest conglomerates, Sabancı Holding's Kordsa and Continental, which aim to transform the tire industry through the open innovation model, developed a new standard of adhesives for bonding textile reinforcement materials with rubber based compounds.

The two companies, which share jointly developed new technology CoKoon, and the details of this innovation, which is intended to be the industry's new standard, say that the method can replace the one-century-old formula used in the industry.

The new technology used in the bonding of textile reinforcement materials offers an alternative solution to formaldehyde and resorcinol used in the

industry. It is stated that Continental aims to realize the first mass production in 2019 by using this technology.



Jaron Wiedmaier and Ali Çalışkan

LINE WORTH 100 MILLIONS TO OPEN

CEO of Kordsa, Ali Çalışkan said "Our R&D teams conducted 11 thousand 240 tests in 9 years to develop this technology and spent 15 thousand 800 work hours. Thanks to Continental's vision in the same direction, we have joined forces. Our new technology CoKoon does not require any additional cost in production. It is possible to bond textile and rubber using existing equipment."

Stating that they adopt the open innovation model as principle, Çalışkan also said "With Continental, we provide CoKoon technology to anyone who wants to be part of the license pool without requiring any license fee. In just one month, 20

Kordsa and Continental have developed a new standard of adhesives by combining R&D forces. As a result of 9 years of work, 11 thousand 240 tests were carried out for the product and 15 thousand 800 work hours were spent.



companies applied for sample requests to use CoKoon technology. We aim to make this technology the new bonding standard of the sector. With the free licensing model we set up to support this, we encourage everyone to easily access and develop this technology."

According to Çalışkan, Kordsa's new line with an investment of 100 million Turkish Liras will be put into use at the end of this month. ■

REPORT

TURKISH PHARMACEUTICAL SECTOR TO GROW 35%

According to KPMG's report, the pharmaceutical sector in Turkey will continue to grow strongly in the next five years.



THE MEDICAL REPORT of the Sectoral Overview series prepared by KPMG Turkey contains striking data on the latest developments in the pharmaceutical industry throughout the world and Turkey. According to the report, when the drug sales in basic treatment areas are examined, it is seen that oncological diseases have the highest share. In 2017, drug sales, which amounted to 104 billion US Dollars in oncology, are expected to reach 233 billion US Dollars in 2024. The most remarkable treatment areas expected to increase sales numbers in the list are vaccines and immunosuppressants. In 2017, it is estimated that the vaccine sales of 28

billion US Dollars will increase to \$ 45 billion in 2024 as the immunosuppressant sales of \$ 14 billion will rise to \$ 38 billion.

EXPECTATIONS CHANGED

Stating that in recent years, the expectations in the pharmaceutical industry has changed as well as in other sectors, KPMG Turkey Pharmaceuticals and Health Sector Leader Hakan Orhan said "The industry must adapt to changes in business models around the world. High supervision and monitoring have a major impact on profitability, resulting in public interventions in the sector's pricing mechanisms and business processes. Innovative approaches to business

processes enable the sector to manage the risks it faces, but it also brings important opportunities."

COOPERATION IS A MUST

Orhan stressed that in the pharmaceutical sector, companies have to cooperate both against high R&D expenditures and demands from regulatory authorities, insurance companies and consumers. He told "These cooperations can be limited to the main functions of the companies and they can be realized in different dimensions from purchasing to mergers. For example, in the pharmaceutical sector, companies can share R&Ds, distribution channels or

production lines."

SUPPORT FOR R&D IS NEEDED

Expressing that in 2019, due to the uncertainties in the market and high financing costs, no strong output is expected in terms of new production facilities and R&D investments, Orhan also said "It is clear that this situation is not positive for increasing international competitiveness in a sector based on advanced technology and efficiency. The sector may need additional support in this respect."

According to the report, R&D expenditures worldwide are expected to continue to increase, though not as fast as in previous years. R&D expenditures calcu-



“Innovative approaches to business processes enable the sector to manage the risks it faces, but it also brings important opportunities”

lated to be 172 billion US Dollars in 2018 are expected to increase to 204 billion US Dollars in 2024.

PHARMACEUTICAL INDUSTRY EXPENDITURES WILL RISE TO \$ 1.5 TRILLION IN 5 YEARS

- In 2018, expenditures for the pharmaceutical industry worldwide amounted to 1 trillion 200 billion dollars. This figure is expected to increase by 5 percent to 1.3 trillion dollars in 2019 and to \$ 1.5 trillion in the next 5 years.

- In the next 5 years, growth is expected to be driven by developed economies and new products, while in emerging economies it's expected to grow more slowly through China, India and Brazil than in the previous 5 years.

- In Turkey, Egypt and Pakistan, it is estimated that the growth of the sector will be strong in the next 5 years, while these economies are defined as pharmerging markets. ■

THE EVOLVING MARKET IN MEDICINE: TURKEY

- North America has the largest share with 64.1 percent in the sale of newly produced drugs. This is followed by the European Union (18.1 percent) and Japan (7.1 percent). In terms of country-based expenditures, while the United States stands out first, China and Japan follow. 5 countries with the largest share hold two-thirds of the world pharmaceutical market, which reached \$ 1.2 trillion by 2018. The US holds almost half of the world pharmaceutical market.
- Prescription drug sales worldwide are projected to grow by 6.4 percent annually on average in the next 5 years.
- The world's top 10 pharmaceutical companies operate in Turkey, including manufacturing. The Turkish pharmaceutical sector, where a large number of domestic and foreign companies operate, is a sector that seeks

to produce high added value and compete worldwide thanks to its advanced production technology. Due to the level of production, employment and foreign trade volume reaching a certain potential, the sector finds an important place to itself in the incentive packages that have been announced in recent years.

- In 2018, the Turkish pharmaceutical market reached a value of 30.9 billion TL and in the box sales reached a volume of 2.3 billion. The reference pharmaceutical market completed 2018 with a value of TRY21,02 billion, and 0.93 billion boxes were sold.
- Within the market, imported products closed 2018 with a value of 16.03 billion Turkish Liras and a volume of 0.38 billion in the box. Domestically produced drugs reached TRY 14.91 billion and 1.92 billion box sales in 2018.

TURKEY, THE INDUSTRY'S COMPETITIVE MARKET

- In 2018, a total of 307 new products penetrated the market, all of them in prescription status. Among these products, the drugs with the highest market share per unit were oncology drugs, and antibiotics followed.
- In 2018, diversity in biotechnological drug category showed significant improvement. Together with the 16 new drugs, the Turkish pharmaceutical market reached 216 forms of reference biotechnological drugs under 100 brands and 47 forms of biosimilar drugs under 19 brands.
- Turkey's pharmaceutical exports increased by 30.7 percent year on year to \$ 1.2 billion in 2018. In the same period, pharmaceutical imports increased by only 0.6 percent to over \$ 5 billion. Thus, while the foreign trade volume of the sector was 6.2 billion dollars, foreign trade balance had a deficit of 3.8 billion US Dollars.
- January 2019 data show that both exports and imports exhibit a weak performance in the sector. In January 2019, pharmaceutical exports contracted by 13.9 percent year-on-year, while imports decreased by 12.2 percent. Total foreign trade volume was realized as \$ 491.7 million with a contraction of 12.5 percent.

- In 2010, the number of R&D centers in Turkish pharmaceutical sector, which was only 4 in 2010, increased to 32 by the end of 2018. R&D expenditures, which amounted to 3.4 billion Turkish Liras in 2010, reached 15.9 billion Turkish Liras at the end of 2017.

TURKEY IS THE NUMBER 1 IN ANTIBIOTIC CONSUMPTION

- As a result of the localization strategy in 2018, the share of manufactured drugs increased compared to imported drugs. In terms of box-sales, 84 percent of the drugs sold manufactured in Turkey, while about half of the drugs sold manufactured in Turkey as well in terms of value. However, most of the raw materials (active ingredient) of drugs manufactured in Turkey are imported from abroad.
- Oncology and blood products consumption increased in parallel with the recent trend, and the consumption of antibiotics and cardiovascular products decreased relatively. Turkey, on the other hand, still ranks first among European countries for antibiotic consumption per capita.
- With the assumption that the number of boxes sold in the previous years, increase in exports and new product trends in the market will continue in 2019, the sector is expected to grow by 32 - 35 percent in 2019 and reach TRY 41 billion accordingly.

PAYMENT TECHNOLOGIES

THE NEW GAME IN WALLET

Replacement of Wallets with Digital Ones

ONE TOPIC that has been covered for more than a decade by many people is digitalization and how it affects our lives. Although, opinions vary, there is one fact that everyone would agree: it challenges the very existence of things and concepts, which have been a part of our lives for a very long time. Even the oldest tools of humanity cannot be exempt from this. One example is our most popular accessories, namely our wallets for carrying cash and plastic cards. The world has been witnessing the rise of mobile phones as our “digital wallets” taking wallets’ place.

To understand how mobile phones as a means of payment have been replacing any other form, one needs to go back to late 1990s, when the concept of “digital wallets” were first introduced. Early phase of what can be called as “digital wallet revolution” started with PayPal in late 1990s in a world where e-commerce started to rise. The digital wallet was revolutionary in that it allowed users to store their card details in one place and removed the burden to enter card number repeatedly when making online purchases.

As time went by and e-commerce has become ever more prevalent in our lives - online retail purchases having reached USD 2.3

trillion by 2017 up from USD 286 billion in 2000-, digital wallets have become more and more popular.* This was thanks to their value proposition: quickness, security and convenience in payment journey.

Then, in early 2000s, the second stage of “digital wallet revolution” started: mobile payments. As the usage of mobile devices became widespread, and the consumers became eager to use their mobile devices in every part of their lives including payments, the concept of digital wallet migrated to mobile platform.



By 2003, there were an estimated 95 million mobile phone users who made a purchase using their mobile devices.** In 2010s, digital wallets were affected by investments from giant technology companies like Apple and Google and they became even more widespread. In 2011 Google Wallet, using “near field communications” technology, was launched to enable shoppers to make payments, earn loyalty points, and redeem coupons. In 2014, Apple launched its first mobile wallet app, “Apple Pay” followed by Samsung and Android just a year later.

Over time, the functional capacity of mobile wallets also expanded from payments and discounts to instant money transfer,

Apart from China and India, nations like Norway (42% usage), the UK (24% usage), and Australia are pursuing the leadership of mobile wallet race.

split fare and other features. Paired with smartphones, the expansion of digital wallet functionality resulted in behavioral change in many countries. Today, according to Global System for Mobile Communications (GSMA), digital wallets have more than 1 billion active users (among 5 billion mobile device users worldwide) with transactions averaging 9 billion dollars per day worldwide as of January 2019.

That means, in about only two decades, mobile wallets has become a part of our daily lives, ultimately causing many people to reposition their conventional wallets in their pockets. According to Merchant Machine, in China it is estimated that nearly half of the mobile phone owners use mobile wallets. Apart from China and India, nations like Norway (42% usage), the UK (24% usage), and Australia are pursuing the leadership of mobile wallet race.

TURKISH CASE FOR DIGITAL WALLETS: BKM EXPRESS

Turkey, as an advanced payments market does not lag behind in this shift in the market. It is actually one of the quick adopters of digital wallets in the world. The digital wallet category was first introduced in Turkey 7 years ago, with the launch of BKM Express by Interbank Card Center (BKM).

As of today, BKM Express has more than 1.7 million users and it enables digital payments at more than 200,000 points of sale. Following its launch, BKM Express was regularly upgraded with innovative features, which extended its purpose to go beyond online payment transactions and offer 24/7 money transfer, QR



code payments, donations to NGOs and in-store payments for making users' lives easier. The digital wallet category was widely embraced in Turkey as nearly all banks offer digital wallet apps to their customers and facilitate a less cash dependent payment ecosystem with awareness campaigns and innovative experiences.

"Turkey, having traditionally been an advanced and innovative payments market, has also been an early adopter of digital wallets" said Soner Canko, the CEO of Interbank Card Center. Highlighting the nation's rapid adoption of new technologies, Mr. Canko had this to say: "Beginning of 2010s, there was an emerging trend in Turkey; e-commerce was on the rise, more on more people wanted to buy online. In parallel to this trend online card payment transactions were boasting at almost 50% yearly, and we could see that there was a high growth potential going forward. In such an environment, a common solution to protect consumers from the risk of cyber attacks and fraud while offering a fast and convenient payment experience was needed. We developed and introduced



"Turkey, having traditionally been an advanced and innovative payments market, has also been an early adopter of digital wallets"

a digital wallet solution, namely BKM Express in 2012 to fulfill this need, initially for e-commerce and later for m-commerce. Backed by a tech-savvy population younger than 20 European countries, high e-commerce and m-commerce penetration rates and investments in new financial technologies, the category of digital wallets in Turkey have evolved rapidly.

Today, almost every bank offers mobile wallet apps to match the expectations of their customers. The mobile platform made the concept of digital wallet not only an experience for an online world but also an integrated element for all payment transactions including in-store payments through mobile phones. With an ever-increasing trend of online and offline integration, digital wallets can accelerate a less cash society and unleash a big potential for a giant payments market such as Turkey by offering the best for both worlds."

One can expect even a brighter future for digital wallets in the world and in Turkey. According to [paymentcardsandmobile.com](https://www.paymentcardsandmobile.com) it is predicted that by 2022, only 17% of payments will be made by cash globally and Turkey stands out with a significant potential in less cash dependent payments. According to the data of Eurostat and Turkish Statistical Institute, Turkey has around 13 million people between the ages of 15 and 24. Turkey not only stands out by having one of the youngest populations in Europe but also embracing a national goal to become a less cash dependent country. Digitalization has been adopted as a key factor to make Turkish economy stronger and more sustainable in the early 2000s. As the leader of European payment card market, Turkey is one of the highest potential markets for the future generation of digital wallets. ■

*Source: Statista (2017 figures), eMarketer (2000 figures)

** <https://techcrunch.com/2016/06/17/the-evolution-of-the-mobile-payment/>



INTERVIEW

TURKEY IS AN IMPORTANT HUB FOR ITALY

While the commercial relations between Italy and Turkey increase day by day, there is mobility in the investment section. We spoke to the ITA Director Aniello Musello and the head of the FDI desk, Ahmet Peçen, about the current relations of these two countries, which knows how to benefit from each other's socio-economic advantages.

BY TAMER İŞİTİR

ITALY HAS A PRIVILEGED POSITION IN INVESTMENTS

Italy ranked first in direct investments in Turkey last year. What kind of investments do Italian companies make in Turkey?

Aniello Musello: Italy generally ranks 6th or 7th in foreign direct investments in Turkey. In 2018, according to the Central Bank data, there was a three-fold increase compared to the previous years. Italy's foreign direct investment in Turkey in 2017 was \$ 123 million. In 2018, this volume rose to \$ 509



million. What's behind this? With this increase, Italy ranked second in 2018, following the top of the Netherlands. We are talking about both financial and productive investments. Investments in the Netherlands are mainly financial investments. Italy, in particular, makes productive investments. In this sense, it has a privileged position. Italy is investing in manufacturing, industry and service sectors. Including areas such as commercial distribution and insurance. When we consider the Italian companies investing

in Turkey, the machinery sector stands out, including automotive and automotive sub-industry.

The exchange rate surged suddenly in August, while Italy's investment growth is seen throughout the year.

Musello: I don't think it's a financial transaction. It's more about the transactions in other sectors. Exporters also experienced problems due to devaluation. As of 2019, I think that future investments in Turkey will increase.

TURKEY TO DOMINATE THE MARKETS

When we consider the investment attractiveness of Turkey, its position and qualified workforce are the most significant advantages. What kind of appeals do Italian companies see in Turkey?

Musello: Turkish and Italian companies in question have previously had commercial relations and exports. Therefore, the companies entering the Turkish market based on this, want to stand in a more permanent way and start production activities, after a point. We are talking about well organized medium and large sized companies. These are internationally organized companies. The reason why they want to produce in Turkey is not because it is a cheaper labor force. Maybe not at all. The main aim is to be able to dominate and control all the markets directly.

Do they think that acquiring Turkish citizenship with the \$ 250,000 of investment is an advantage? There is demand from the Gulf and Arab countries.

Musello: No. I don't think it's a very important element. Italian companies are already entering without visa. In other words,

to be directly active in the market and to benefit from the current incentives, as well as by directly bypassing the possible obstacles that may occur in the customs market to continue to operate in the market... If you think about the importance of Turkey's geography, Turkey is an important center for the Middle East; both Africa and the Balkans as well as the Caucasus and Asia... In addition, the price element is also important. The company that produces here is producing in Turkish Lira while selling to European and other markets and selling it in Euro or American Dollar basis. Of course, we are talking about production that does not require very high-priced components to be imported from Europe and to be included in the production stage. Think about the products where the whole production is made from here. Then the advantage is increasing. The less you bring semi-finished products from abroad, the higher your profit advantage.

There is a recession in Europe, and this is felt in Turkey. Industrial production has decreased. The automotive industry is also one of the most affected sectors. How do Italian automotive and machinery companies evaluate the process?

Musello: Italy has been manufacturing in Turkey for 40 years with a brand like Tofaş. Even if there are difficulties, Tofaş continues to produce here. It can wait 2020 and be able to look into the future. Tofaş witnessed many crises in Turkey. It's accustomed to this. If it was a company that had entered the market in the last 10 years, it might be a little more worrying, but our large brands like Tofaş are able to carry out this process in a healthy way.



ANIELLO MUSELLO

Italy Trade Agency Director

"I've been living in Turkey for 4 years. I don't look at the world from the perspective of an Italian living in Italy. I combine the Italian perspective positively with my own perspective. I recognized this country economically

and socially. I have decided that Turkey is a country that cannot be evaluated as much as necessary and whose value is not understood. Interactions with both institutions and companies have also been decisive. Organizations such

as TIM, DEİK and Invest in Turkey have very important duties in Turkey. They need to advertise Turkey well to the world. Turkey should be introduced to about 100 thousand SMEs, which constitute the infrastructure of Italian economy. Because Italian companies do not know Turkey at all. They have no complete information. The opportunities offered by Turkey should be explained at regular intervals. In February we introduced the major industrial zones in Turkey together with Invest in Turkey, in Milan. We explained that Italian companies may have incentives in certain regions. Most of the audience were companies from Lombardy, and most did not know about these possibilities. We have provided awareness of these companies."

TURKISH EXPORTERS' ASSEMBLY WORKS VERY WELL

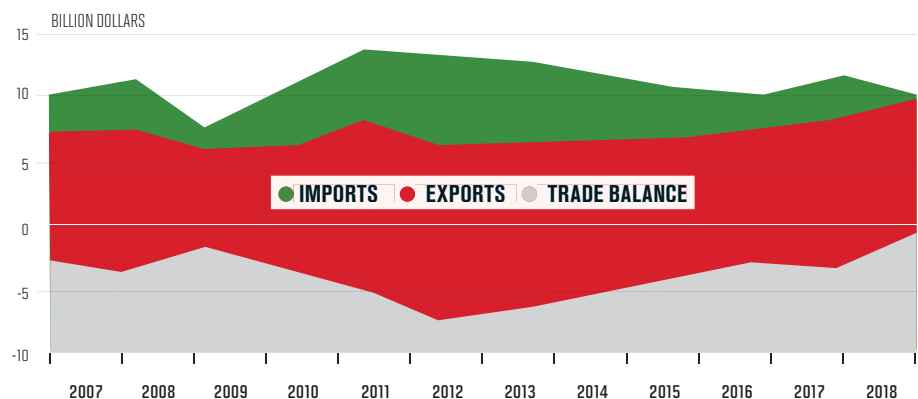
What is currently the case in Turkey-Italy bilateral trade volume?

Musello: In 2018 it was \$ 20 billion. 19 billion 700 thousand exactly. The gap is closed very much. Turkish Exporters' Assembly is working very well in that sense, I can tell this. Traditionally, Turkey's exports

were lower than imports in Turkey-Europe bilateral relations. But it was reversed in 2018. Particularly, TIM's activities and support to the firms have pioneered this. Because if you think of it as the final cost, Turkish firms are very competitive. The slowdown of the economy in Turkey has also affected this balance gradually. Therefore, if you look at all European countries that bill their products on the basis of

Euro, this trend is in favor of Turkey. Turkey has significantly increased its exports. In the first 2 months of 2019, foreign trade is in balance. There are problems in Italy right now. So it's time to work on investments. From a wider perspective, the Italian firms, which have economic relations with a certain scale of financial strength, will further increase their production activities in the coming period.

BILATERAL TRADE TURKEY - ITALY (2007-2018)



Turkey wants to increase its bilateral trade with all countries. For example, it wants to increase the trade volume to US \$ 75 billion. A joint technical working group was formed. Is there such a study within the scope of Italy-Turkey relations?

Musello: We are currently going through a recession in the economy. This is the general problem of Europe. In such a conjuncture, at least it may be necessary to maintain the current situation. In order to accelerate the trade relations between Turkey and the EU, not just Italy, I think that some intergovernmental agreements should be made. Within the scope of these agreements, decisions should be taken to ensure easy circulation of goods and products between Turkey and the EU. For example, expanding the Customs Union which Turkey has get involved since 1996. Agriculture and service sectors are not currently included. If the legislation can be revised to include these two areas, it will provide a more competitive environment between Turkey and EU firms. I'm coming from a liberal culture, therefore the markets are free. The good one wins, get involved since 1996. Agriculture and service sectors are not currently included. If the legislation can be revised to include these two areas, it will provide a more competitive environment between Turkey and EU firms. I'm coming from a liberal culture, therefore the markets are free. The good one wins.

THERE IS A WIN-WIN RELATIONSHIP BETWEEN TURKEY AND ITALY

Turkish companies have many investments in Europe, both regionally and sectorally. We have



a bilateral relationship with Italy. We are a strong country in textiles, so is Italy. Is this partnership between us becoming a competition or fellowship?

Ahmet Peçen: There's a win-win here. There is also competition, but in certain sectors there are also serious collaborations: like machinery, automotive supplier industry. When we look at the investments from Turkey to Italy, most of the port operators, including containers and cruisers, operate in Italy. Global Ports and Arkas are two of the most

important ones. Because Italy is a peninsula. It looks very much like Turkey. It is surrounded by seas on each sides and has access to both seas. There are very serious Turkish investments in textile machinery and machinery used in automotive supplier industry. For example, Fiat cooperation has contributed significantly to the development of the automotive supplier industry in Turkey. So is the furniture industry. Kastamonu Entegre has invested seriously. For instance, Şişecam is one of the examples in the glass industry.

From Turkey's point of view, Italy is almost the first port in Europe's road haulage. When we include sectors such as textile and leather in your examples, we export to Europe via Italy. Therefore, Turkey is a hub for Italy as much as Italy is a hub for Turkey.

Peçen: Italy has a brand advantage. There is a sense of prestige called "Italian Brand". In this sense, there are partnerships that create win-win situations for Turkey; goods are produced in Turkey and sold under the Italian brand. Both sides win.

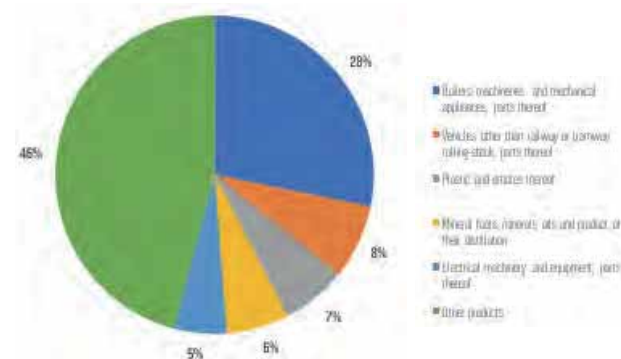
FREE CONSULTING TO TURKISH-ITALIAN INVESTORS

Where do you stand as the ITA FDI desk?

Peçen: If we talk about Italy-Turkey FDI desk, we provide free consultancy services to Turkish companies that want to invest in Italy on behalf of the Italian government. To make life easier there, to help work flow, to provide information flow, to help them to establish contact with the right channels... We give all the necessary information to whom they will meet in which ministry. The Italian Trade Office (ITA) is based in Rome. The FDI department also has a desk in many countries such as Turkey. In fact, when we consider the issue in terms of Turkey-Italy relations, the first desk established abroad is established in Turkey in 2015. This is important to understand the importance that Italy give to Turkey. ITA has existed since 1986. It's one of the most active desks since the Turkish office was opened.

Our goal is to inform Turkish investors that they have a place where they can get investment consultancy. We also want to work together with TIM in this sense. ■

IMPORTS OF TURKEY FROM ITALY MAIN PRODUCTS 2018



Source: TURKSTAT (TUIK)

More than 65.000 companies have INVESTED IN **TURKEY**



how about you?

average annual real
GDP growth rate

5.5%

2002-2018

13th largest
economy in
the world

GDP at PPP prices, 2017

more than

804.000

university graduates
per year

average annual real GDP
growth rate forecast in OECD

5.2%

2015-2025

\$784 billion
of GDP at
current prices
2018

82 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.

AVIATION

Great Move by Turkish Airlines

Turkey's flag carrier airline completed the Great Move to its new home, Istanbul Airport.

THE BIGGEST AND MOST COMPLEX transportation operation in the aviation history, Turkish Airlines' Great Move to colossal new Istanbul Airport, which has opened officially on October 29, 2018, has been accomplished successfully.

Finishing 12 hours earlier than planned, transfer operations from the city's old Ataturk Airport to a new international hub began at 3 a.m. on Friday, April 5th. Through this move, the flag carrier airline company got a brand new start to an era in its new home, Istanbul Airport to become a global aviation hub.

More than 10,000 pieces of equipment which would cover the 33 football pitches, from planes to huge aircraft-towing vehicles to fragile security sensors, have been moved from Atatürk to the new airport's location, 46 km. north on the Black Sea. Police and gendarmerie teams have taken tight security measures along the route the trucks traveled. The total distance trucks covered during the operation has been calculated as 400

thousand kilometers, which equals turning around the world for 10 times. In just two days' time, all Turkish Airlines flights has started to arrive and depart from the new site. Over 1,800 personnel took part in the Great Move.

More than 10,000 pieces of equipment have been moved from Atatürk to Istanbul Airport.





Earlier on Saturday, April 6th, 319 passengers and 18 crews on board a Turkish Airlines 777 as TK84 to Singapore were the last to depart the old airport. The departure also marked a temporary closure of Atatürk and Istanbul airports for passenger flights between 2.00 a.m. and 2.00 p.m. In this period Turkish Airlines ferried almost 150 aircraft of its fleet to the new airport. At 8.00 a.m., 94 percent of the transfer operation was completed. This meant that the move planned to take 45 hours was completed in 33 hours.

Istanbul flights resumed at 2.25 pm, with an A321 as TK2154, the first commercial flight to depart Istanbul Airport for Ankara. By now it had got the familiar airport callsign IST, having been called ISL until then. This callsign is now used for Atatürk, which will remain in use for cargo flights and MRO operations until further notice.

Saying goodbye to Atatürk Airport hosted Turkish Airlines for 86 years, Chairman of the Board and the Executive Committee of



Turkish Airlines, M. İlker Aycı evaluated the Great Move to İstanbul Airport dubbed "A Monument to Victory", as follows:

"Our brand's continuous rise and development over

the last 15 years has forced us to take this difficult separation decision. For Turkish Airlines, which has made great progress with effective growth performance, there was a need for a new house

"I am fully confident that the future of global aviation will be shaped at the new home of Turkish Airlines."

M. İlker Aycı

Chairman of the Board and the Executive Committee

to support its growth. I would like to extend my gratitude to all those who have contributed to the realization of this project that will serve not only our brand but also Turkish and global civil aviation; which will also make us fully competent to raise the bar in passenger and flight experience to a whole new level. This new airport will be the most significant driving force for Turkish Airlines to grow even more on the global aviation sector. I am fully confident that the future of global aviation will be shaped at the new home of Turkish Airlines." ■



Istanbul flights resumed with an A321 as TK2154, the first commercial flight to depart Istanbul Airport for Ankara.

INVESTMENT

INVESTMENT OFFICE HOLDS ROADSHOWS IN AUSTRIA AND ITALY

In April, the Investment Office organized a roadshow in Austria and Italy and held several meetings with investors and media representatives.



As part of the roadshow for Austrian company visits, the Investment Office held meetings with investors in Vienna and Graz in the first week of April. Investment Office President Arda Ermut met with Vienna Economic Forum board members and

Austrian investors at a lunch reception hosted by Turkey's Ambassador to Austria Ümit Yardım. Also making a presentation to investors in Vienna, Investment Office President Ermut said that Turkey attracted more than USD 210 billion of FDI during the 2003-2018

period. Companies with Austrian capital invested USD 10.5 billion during that period, he added. "In 2018, when global FDI declined by around 20 percent all over the world, Turkey attracted USD 13.2 billion in FDI, achieving a 14 percent rise compared to

2017," said Ermut.

A series of meetings in Italy in the second week of April saw Investment Office President Arda Ermut briefed the Italian media on the recent set of comprehensive economic reforms that Turkey has undertaken.

ATC ANNUAL CONFERENCE CONVENES IN WASHINGTON D.C.



Minister of Treasury and Finance, Berat Albayrak gave a speech at the 37th Annual Conference on U.S.-Turkey Relations in Washington DC.

Investment Office also delivered opening remarks at the inauguration of the economic plenary at the conference. "Turkey and the US have an advanced and long-term strategic cooperation. We believe that our needs and priorities are largely in line with the US in the economic and commercial fields. As of the end of 2018, the US ranked 5th in our exports and 4th in our imports. Since 2002, we have attracted USD 12 billion of FDI from the US, made by more than 1,800 US companies operating in Turkey," said Dağlıoğlu.

The 37th Annual Conference on U.S.-Turkey Relations of the American Turkish Council was held on April 14-16 in Washington DC. A delegation of high-level officials and businesspeople came together at the yearly conference, where Minister of Treasury and Finance Berat Albayrak, Minister of Defense Hulusi Akar, and Minister of Trade Ruhsar Pekcan were some of the attendees.

A. Burak Dağlıoğlu of the



TURKEY CONTINUES TO LURE FOREIGN DIRECT INVESTMENTS

With the conclusion of the local elections held on March 31, Turkey is now entering a period where the next scheduled elections are more than 4 years away. This should provide for a predictable investment environment as the country continues along its path of political stability. Against this backdrop, April saw plenty of investment announcements in Turkey made by global companies. Some of these announcements included:



SOCAR, currently Turkey's largest foreign direct investor, is planning a USD 1.5 billion R&D investment in the country. Expected to be completed in late 2020, the R&D lab's primary focus will be petrochemicals.

Huawei and Turkey's technology park Informatics Valley signed a cooperation

protocol for smart cities. Speaking at the signing ceremony, the Minister of Industry and Technology Mustafa Varank said, "world's giant Huawei and Informatics Valley will work together in the framework of Turkey's Technological Research Council's Research & Development (R&D) Laboratory Support



Program." Informatics Valley, Turkey's first and largest thematic technopark, hosts over 50 technology companies, added Minister Varank.



Turkey's floating power plant company Karpower International B.V. (Karpowership) and Japanese shipping company **Mitsui O.S.K.** Lines

(MOL) have agreed to collaborate in the liquefied natural gas (LNG)-to-power business under the brand name KARMOL. Karpowership is a subsidiary of Turkish Karadeniz Energy Group; it is the only owner, operator and builder of the first powership fleet in the world.



One of the leading Turkish industrial and services conglomerates Koç Holding's subsidiary KoçSistem, which offers digitalization solutions to Turkey's major brands, has signed a strategic partnership agreement with South Korean giant **Samsung Electronics** aimed at bringing together innovative mobile solutions in IoT, advanced analytics, and security.



Istanbul Technopark, industrial companies C'Tech, Yonga Technology Microelectronics, Anda Technology and the special economic zone (SEZ) **Technopolis Moscow**, a key driver of the new industrial Moscow, have signed an agreement to ensure a mutual exchange of experience, technology transfer, and cooperation.

Partnering with the Algerian national energy company **Sonatrach**, South Korean **GS Engineering and Construction**, Rönasans Holding, and the **Dutch Port of Rotterdam**, the Turkish Ceyhan Petrochemical Industrial Zone project is welcoming a USD 8 billion



petrochemical investment to Turkey's Adana. In his address, Environment and Urbanization Minister Murat Kurum said the annual production capacity of the polypropylene production facility to be realized will be 450,000 tons. It will pave the way for domestic production and decrease foreign dependency on raw materials. Minister Kurum further noted that once completed and once production is running at full capacity, the project will help bring down the account deficit by nearly USD 4 billion while generating revenue of close to USD 5 billion.



Turkish-Japanese joint venture **Inci GS Yuasa**, a player in the automotive supply industry, opened its third factory in Turkey, reaching TRY 120 million in investments over the course of the four-year partnership. Attending the opening ceremony of the new battery factory was Industry and Technology Minister Mustafa Varank, as well as a number of Japanese and Turkish officials and businesspeople.



The Saudi **El-Khereiji Group** has initiated talks to invest USD 100 million in Turkey. While the agriculture and tourism industries come to the fore among planned investments, the group also plans to make hospital investments.

INVEST IN TURKEY ORGANIZED SEVERAL MEETINGS IN TURKEY AND THROUGHOUT THE WORLD IN APRIL

Along with the roadshows in Austria and Italy, in April, the Investment Office also organized several meetings with potential investors throughout the world, from Doha to Seoul and from Tokyo to Milan.

On April 25, Necmettin Kaymaz of the Investment Office presented on the recent economic developments in Turkey at the 7th Annual Invest in Turkey Forum in London, highlighting the Turkish economy's resilience and long-term macro fundamentals. Also, during the 7th Annual Invest in Turkey Forum, Murat Özdemir of the Investment Office moderated a panel on Turkey's investment climate and infrastructure sector outlook.

On April 24, the Investment Office held the first in a series of workshops on the automotive sector, Turkey's

most powerful industry. New technologies in the automotive sector and their potential impacts were discussed in detail with over 30 participants, including academicians, tech companies, and non-governmental organizations.

On April 16-19, the Middle East and North Africa Business and Investment Forum organized by the Investment Office and the Silkroad Development Agency took place in Gaziantep. High-level businessmen from Saudi Arabia, Kuwait, UAE, Qatar, Jordan, Lebanon, Sudan, Pakistan and Yemen attended the forum. Speaking at the forum, Mustafa Rumeli of the Investment Office invited investors to Turkey, adding that Turkey is a leading country in incentives and government support for investments.





On April 17, Investment Office Country Advisor Gino Costa presented on Turkey's startup ecosystem at the ItaliaStartup Meeting in Milan to an audience of innovative startups, scale ups and incubators.

On April 16, Investment Office Country Advisor Taha Saran presented on the investment climate and current economic developments in the Turkish market at an investment seminar co-hosted with the South Korea Industrial Technology Association (KOITA) in Seoul. The seminar opened with a keynote speech by Turkish Ambassador to Seoul Ersin Erçin and KOITA Chairman Ma Chang Hwan. Barış Özistek, EMEA Chairman of the South Korean mobile game giant Netmarble, and Cansu Yağcı, Senior Manager from EY Consulting, also delivered presentations on the Turkish startup ecosystem



and state investment incentives to top executives of South Korean companies during the seminar.

On April 11, Y. Emre Ceylan of the Investment Office presented on Turkey's experience in FDI at the 25th International Junior Diplomats Training Program held by the Diplomacy Academy of the Ministry of Foreign Affairs in Ankara.

On April 10, A. Burak Dağhoğlu of the Investment Office spoke on a panel at Invest Up | Startup



together with Qatari investors, featured a keynote speech by the Investment Office's Ahmet Burak Dağhoğlu and a presentation on Turkey's startup ecosystem by Ahmet Cüneyt Selçuk.

On March 29, Turkey's Investment Office, together with EY and Baker McKenzie, held business seminars in Tokyo and Osaka respectively. In both seminars, the Investment Office's Country Advisor Yuichi Aoki delivered a presentation on the current economic outlook, M&A projects, and investment incentives in Turkey.

On March 28, A. Burak Dağhoğlu of the Investment Office delivered opening remarks at the Turkey M&A and Private Equity Summit 2019 in Istanbul. The summit focused on critical current issues in Turkey for investors seeking to identify lucrative new markets for business growth. ■

Expo held by the Foreign Economic Relations Board (DEİK) in Istanbul. "Investors from the MENA region may consider investing in Turkish Venture Capital funds focused on Turkish startups as well as making direct investments in these companies," said Dağhoğlu.

On April 3, the Turkey Investment Event, held by Commercial Bank of Qatar and Alternatif Bank in Doha in a bid to bring Turkish venture capital funds





RISK or OPPORTUNITY

BRITAIN IS EXPERIENCING ONE OF THE MOST IMPORTANT TURNING POINTS IN ITS HISTORY.

BREXIT WILL PUT THE EMPIRE IN A NEW PHASE. BUT ALSO BREXIT WILL LAUNCH

A NEW ERA FOR BOTH THE UK AND TURKEY FULL OF NEW OPPORTUNITIES.  BY TAMER İŞİTİR



WHEN THE OPENING CEREMONY OF LONDON OLYMPICS WAS OVER IN 2012, the whole world witnessed on air a show of national pride, emphasis on glorious history of the empire, message of leadership for humanity and optimism for the future. One of the most important newspapers of the UK, The Guardian commented on the producer of the show Boyle's success and as followed: "Boyle's Isles Of Wonder spectacular had barely finished before it had become a byword for a new approach, not only to British culture but to Britishness itself. Politicians would soon be referring to it, using it as shorthand for a new kind of patriotism that does not lament a vanished Britain but loves the country that has changed. Boyle's ceremony was hailed from (almost) all sides... for providing a nation that had grown used to mocking its myriad flaws with a new, unfamiliarly positive view of itself ... It was, perhaps, this lack of cynicism that people responded to ... So used to British irony and detachment, it felt refreshing to witness an unembarrassed, positive case for this country." Just 4 years later UK has lost that optimism and ego. Nobody could foresee in four years the whole nation which celebrated her glorious past with a glorious Olympic ceremony, would start a chaos not just for UK but also EU with just one referendum:

BREXIT

ARE THE UNCONSCIOUS LEADERS DRAGGING THE WORLD INTO A STATE OF CHAOS? For example, what was Trump's trade war in 2018, a chaos caused by the unconscious populism of an unpredictable leader? Or, is it the annually increasing current account deficit of the US and the possibility of losing the economic and commercial leadership especially after 2008 crisis, which has led the way to such a leader?

When the case is Britain and Brexit, it is again the subject of similar confusion and reprimands. As a result of a referendum the UK left the EU which was considered as the greatest triumph in the history of free trade and liberal democracy. Everyone blamed Prime Minister David Cameron for his incompetence and lack of foresight because of this decision of leaving. Two years after the homeland of liberalism betrayed the biggest liberal project in history, the US the current-biggest fortress of Liberalism, betrayed liberal trade. The first response that comes to mind is to blame and condemn the leaders but does it make sense to oversimplify this important issues?

Cameron did not expect that the referendum would result in Brexit when he promised to do a re-referendum for EU membership in the 2015 general elections to eliminate Brexit supporters which even existed in the Conservative Party's group of House of Common. And it resulted in Theresa May as his replacement. If Cameron's policy is a predisposition or incompetence, are those who vote yes for Brexit 51.9% and are incompetent, too?

Or is Theresa May the leader of the Conservative Party, who rejects the referendum as a blow to British democracy and rejects Britain as a submission to the EU's blackmail, is also incompetent and inconsistent? Moreover, the leader of the Labor Party, Jeremy Corbyn agrees with Theresa May on this issue and opposes the repetition of Brexit despite of the MPs at his party who resigned and formed a new party group, Independent Labour. In other words, to see Brexit as a road accident caused by right wing fanaticism in England is an extremely simple and optimistic perspective.

The EU sees the real danger. The anti-EU rightist and leftist movements have gained strength in the last 10 years in Germany, France, Italy, Spain, Greece and the whole EU. So the EU is negotiating very hard with Britain. They regard the matter as not a threat to Britain's membership but as a threat to the existence of the EU. That's what led Theresa May to a stalemate.

WHY BREXIT?

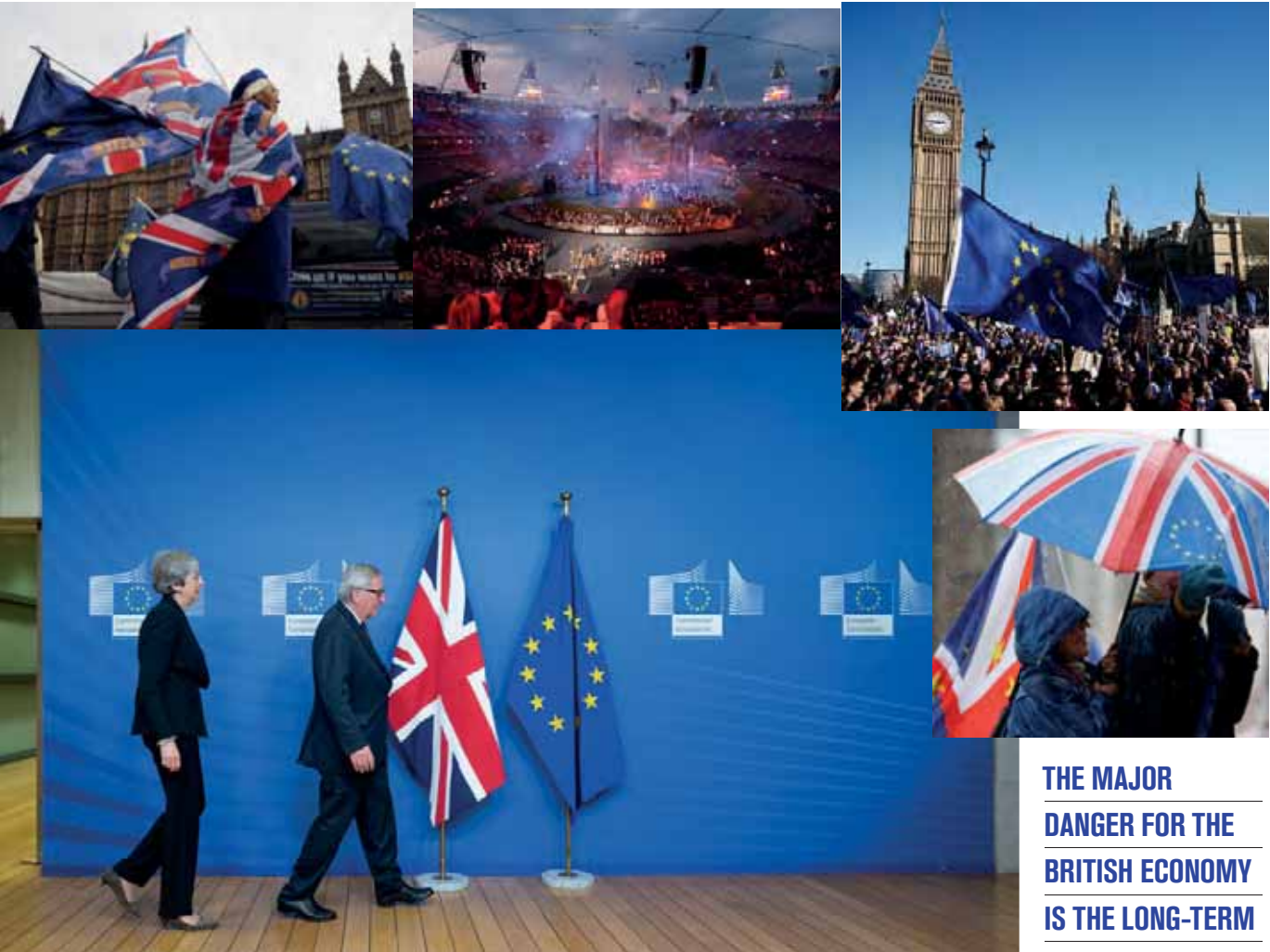
Economists declare that Brexit will be a major loss to the British economy in the medium to long term unequivocally. All the negative and positive scenarios predict the decline in trade volume and GDP for Britain.

Studies have shown that since the referendum, inflation in the UK has already increased by 1.7%, while the national income per capita has decreased by £404. In September 2018, the Brexit vote was already reported to lead to a loss of 2% of the UK economy, and according to the think tank "Centre For European Reform", this loss will reach 2.5%.

According to the Financial Times, the results of the Brexit referendum decreased UK national income by 0.6% to 1.3% as of December 2017.

But it did not occur in the great apocalyptic level of disaster as the Brexit opponents claimed. Unemployment in the UK fell to its lowest level last year since 1975, down to 4.2%.

The major danger for the British economy is the long-term loss of London's characteristics of being the financial capital of the EU and even the whole world, with Brexit. Between June 2016 and



**THE MAJOR
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CAPITAL OF THE EU
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WHOLE WORLD,
WITH BREXIT**

November 2017, when the Brexit vote was held, European Banks removed €350bn of UK-related assets from their balance sheets and this trend will increase by March 31, 2019 Brexit deadline, a deadline which was later extended to 31 October 2019.

The Brexit-related shrinkage in the British economy was mainly due to the shift of the financial sector to Ireland and the Netherlands. Since Thatcher, Britain is not an industry giant but a financial giant. The main dangerous trend is that it loses its leadership in this sector, too. Those who propose a re referendum for Brexit most often suggest this nightmare scenario.

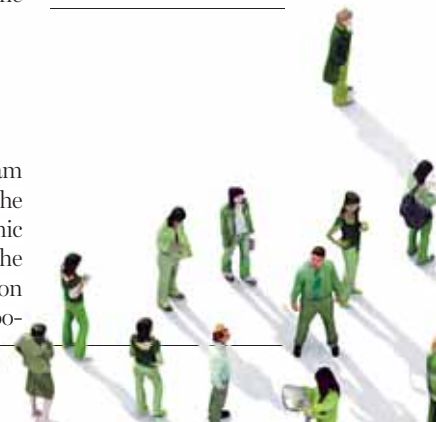
So why does a country take a decision when it is almost 100% certain that it will negatively affect its economy in the short and medium term? And then insist on this decision?

This is not only an economic decision, but also a political decision. The EU can be an economic union but also a political union. However, it has not been able to respond to the political turmoil in recent years and it has almost reached the stage of fragmentation in the face of the first major political crisis in its history.

What is this? A single civil war has fundamentally shaken the EU. Civil War in Syria! The waves of illegal immigration created by economic inequality around the world have been shaking the walls of the EU castle for years, but the Syrian Civil War has almost destroyed these walls. The mythology of economic cooperation and prosperity, which would lead directly to political unity and democracy, and that economic interests would prevent any nationalist, isolationist deviations in Europe, was buried in the wreckage. A single civil war was enough. A great disappointment for the EU! Of course, the Syrian Civil War was just the triggering factor.

REFUGEE CRISIS EXAM: TURKEY AND THE EU

If an extensive refugee crisis can disrupt the dream of a United Europe, it is certainly logical to end the political partnership by maintaining the economic interest partnerships that are assumed to hold the United Europe together. Can it be said that nation states performed more successfully in military, po-





Brexit has also created a "civil war" within Britain. Both the Conservative Party and the Labor Party were divided into two

political and humanitarian crises than in international political unions? In the Syrian crisis, the differences between Turkey's and the EU's humanitarian and political performances, did not signal promising at all for the EU's political vision. Britain's Brexit decision is therefore a danger to become a catalyst. Britain has decided to act as a nation state against the refugee crisis. Taking all kinds of economic risks.

In other words, Britain is making a political decision by considering economic losses. It is necessary to think twice before accusing Britain of incompe-



tence. What could be the huge economic losses to be experienced if the EU, which was shaken by the Syrian crisis, could not handle the next international economic, political or humanitarian crisis and become catastrophically fragmented? Perhaps Britain will have paid this great risk cheaper today.

Britexit may have had a negative impact on the economy in the UK in the short term, but it is another case that the emigration to the UK was 200 thousand in 2018, which has been the lowest level in recent years. In short, the EU, which claims to lead the world and the international community on human rights, has been completely incapacitated by the world's biggest and

FOUR BREXIT SCENARIO ON THE TABLE

The EU did not make the UK Brexit process easier. The domino effect of the UK's smooth separation from the EU with an advantageous agreement would cause the separation of France, Spain, Italy and Greece from the EU, spreads fear. Theresa May is unable to step back because it can be perceived as a compromise that would lead to Northern Ireland and Scotland to be separated from Britain. Theresa May is currently considering four scenarios.

1st SCENARIO NO-DEAL

BREXIT

It's called a disaster scenario. After the last meeting between May and the European Council President Donald Tusk, the EU representative says there are only No-deal options on the table. If there is no agreement by March 29, the EU and the UK should close the borders to each other. This deadline has now been extended to October 31. According to the WTO rules, the UK should contact the EU as a regular trading partner. This is a big problem for the EU as well as for the UK. Because UK is the second largest economy in the EU and the world's fifth largest economy. If by 31st of October no deal is made, the UK may go to the general election or a second Brexit vote.



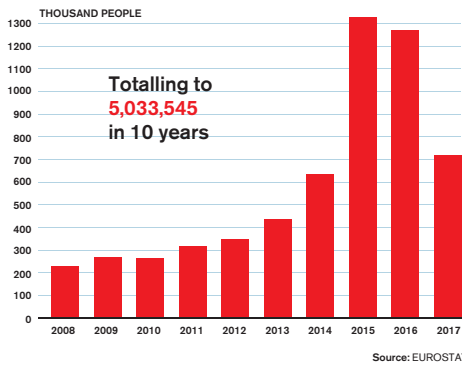
2nd SCENARIO HARD

BREXIT

An agreement is reached between the EU and the UK, but the UK is out of the EU Justice System, the Customs Union and the Free Movement region. Negotiations are made one by one with the EU; customs policies, the residence rights of EU citizens in the UK and UK citizens in the EU. Many of the Conservative Party deputies and May's coalition partner DUP advocates this scenario. But the agreements the EU puts on the table are not concessive at all. If the UK leaves the EU by taking whatever it wants, it can be a bad example to other countries that wants to leave the EU. So in the case of "Hard Brexit" the EU wants a "divorce bill" from the UK summing up to £38 billion for its financial losses.



NUMBER OF REFUGEE APPLICANTS TO THE EU BY YEARS



most important humanitarian crisis. In the last 10 years, asylum applications to the EU have steadily increased. We see that these applications reached a record level in 2015 and 2016 after the Syrian Civil War. The only measure taken by the EU against this crisis was to increase border security. The decrease of asylum in 2017 is indicator of this. From 2008 to 2017, the total asylum applications in the EU had reached 5 million, while Turkey by itself hosted 3.9 million refugees from Syria. Carrying almost all of the economic burdens on its own, despite all the promises of the EU.

The failure of the EU in this crisis has resulted for Britain in a complete separation from the EU. It also raised the question marks on the future of the EU.

THE EU – UK BREXIT CONFLICT

2018 was marked by two tremendous events. The first was the trade war between the US and China, the second was the Brexit conflict between the UK and the EU. Brexit has also created a civil war within Britain. Both the Conservative Party and the Labor Party were divided into two. The Greens and the Liberal Democrat Party are in favor of remaining, but their representation in the House of Commons is very low. Neither strategy nor the program of the two major parties is clear.

The division is not only between parties and within parties. Scotland, Wales and Northern Ireland voted to stay in the Brexit elections. The Scottish National Party, the largest party in Scotland, wants the independence referendum again, which was rejected by 55% in September 2014, and thus Scotland would be separated from Britain and join the EU.

In Northern Ireland, the situation is much more critical. The separatist Catholic majority here voted for a stay in the Brexit referendum, while the pro-British loyalist Protestant minority voted for a leave in the Brexit referendum. The Democratic Unionist Party (DUP), the party of the Protestant minority, vetoes any maneuver of Theresa May as a coalition partner to redo a new Brexit referendum or to soften the leave deal with the EU in case of Northern Ireland.

In 1998, however, the peace agreement signed between Britain and the IRA's political wing, Sinn Féin, was based on an important phenomenon such as the UK and Ireland being a member of the



DIFFERENT ATTITUDES BY REGIONS

The division is not only between parties and within parties. Scotland, Wales and Northern Ireland voted to stay in the Brexit elections.

3rd SCENARIO

SOFT

BREXIT

The Conservative Party MPs defending this scenario are proposing the "Super Canada" plan. There is no free movement between the EU and Canada and the Customs Union, but with the agreement, the customs rate in all trade products is reduced to 0%. Corbyn, Labor Party Leader defending the Soft Brexit, and the MPs are defending the "Super Norway" plan. Accordingly, the UK will remain outside the EU like Norway, but will remain within the Customs Union and Free Movement system. Soft Brexit is actually perceived as the removal of Brexit from the shelf by some critics, so it encounters objections in the Common House. If the UK could not control its immigration policy of the country, why did it decide on Brexit take a risk of economic loss?

4th SCENARIO

RE-REFERENDUM

BREXIT

Theresa May is looking for a new solution between Hard Brexit and Soft-Brexit, but neither the EU is reaching a new agreement, nor her parliamentary group and coalition partner accept the agreement imposed by the EU. The last meeting between Theresa May and the European Council President Donald Tusk has failed. The EU has not stepped back, demanding a £38 billion divorce bill, citing the financial damage caused by the UK's departure from the EU. Theresa May resorted to the distraction tactic on both fronts to overcome this crisis. The Brexit Agreement, which was ended up with a complete defeat in January, was scheduled for February. But

Theresa May canceled it. The new vote will be held on 12 March. So only 19 days before March 29, the last day for Brexit. Labor leader Corbyn suggested that this was a blackmail strategy by May against the House of Commons. A strategy of voting what she can obtain from the EU until the March 12, by scaring the House of Commons with No Deal Brexit disaster. Therefore, the Labor Party leader, who categorically opposed the Brexit referendum, announced for the first time on 25 February that a second Brexit referendum could be held if necessary. Now that the deadline has been extended to 31st of October 2019, Brexit chaos in March has been postponed to October.

**\$2,9
billion**

The UK was the second largest country that Turkey ran a trade surplus.

Data: Turkish Ministry of Trade

EU at the same time. Thus, the border between Northern Ireland and Ireland was virtually eliminated, the sectarian civil war that started in 1968 and led to death of 3600 people was over.

Currently, the biggest fear is the possibility of no-deal Brexit. In other words, by the deadline of Brexit on 31 October 2019, the UK exits the EU without signing an agreement between the EU and the UK. In this case, the only land border between the UK and the EU will be the old border between Northern Ireland and Ireland. Since the free movement and the customs union are over, the border will be reopened to police and military control. It is feared that it will create an environment of sectarian violence again.

The EU knows that this is the weak spot of Britain. And they didn't step back. Theresa May tried to find a middle way solution. This was called Northern Ireland Back-Up plan. In other words, the UK would leave the EU, but Northern Ireland would have a special status. However, both the coalition partner DUP and the Conservative Party opposed to this agreement, as it could practically mean that Northern Ireland would be separated from Britain and connected to Ireland via the EU.

And on January 15, 2019, Theresa May's agreement with the EU along with the votes of MPs from its own party was rejected by the House of Commons. This is the biggest defeat of a prime minis-

ter in the history of UK. Only 202 yes votes against 432 no votes. She immediately obtained a confidence vote of the government, and she remained to be the prime minister still, with 306 votes against 325. Theresa In March 2019, Theresa May committed to stepping down as Prime Minister if Parliament passed her Brexit deal,

to make way for a new leader in the second phase of Brexit. If that's the case May will be the second Conservative Prime Minister after Cameron, that Brexit process took out of position. Let's see how many more prime ministers will be off because of this crisis. There's only one thing on Brexit front right now. On March 29, 2019, the deadline for a deal before Brexit, the UK Parliament could not reach a solution. So the deadline has been extended to extended

to 31 October 2019 for the last time. A very little time left to that date when the UK will officially leave the EU, and there is still no separation agreement between the UK and the EU.

A NEW ERA FOR TURKEY AND THE UK

After the Brexit referendum, Turkish President Recep Tayyip Erdoğan was the first leader that Foreign Minister Boris Johnson visited, who ran campaigns in favor of leaving the UK despite the party leader Cameron. Erdoğan and Johnson have agreed on increasing trade relations. Johnson was the biggest advocate of Brexit during the campaigns and his most powerful rethoric was if Britain remained in the EU, 77 million Turks could invade the UK. A claim which was criticised a lot by his critics for not being true,

Former UK Foreign Minister Boris Johnson visited Turkish President Recep Tayyip Erdoğan just after Brexit vote for new trade deals between two countries.



It can be said that, Brexit launched a new era for both the UK and Turkey, and full of new opportunities in this respect.



UK's Ambassador Dominick Chilcott to Turkey, "We are Turkey's second largest export market. Our total trade volume grew by 9.9% in 2018."

and provoking feelings of fear amongst voters. In his Ankara visit Johnson was very joyful about new opportunities between to parties after Brexit. Now that Britain was about to exit the EU, "a jumbo free trade agreement between the UK and Turkey" he stated could be signed.

Britain has already started to develop an independent and new strategy of partnerships in international trade for the last 2 years, regardless of how the chaos of Brexit ends. No matter what anyone says, UK is Europe's second largest market after Germany. Britain's number one trading partner is Germany with an annual volume of \$135 billion. In the worst case scenario, even in the case of No-Deal Brexit on October 31st the EU has to make new trade agreements with the UK.

Some economists in the UK -currently few tough-say that Brexit may harm the UK economy in the medium term, but in a new world arena which long-term trade wars have already begun, much more advantageous trade agreements can be made between the UK and the US and the UK and China, separately from the EU.

Of course, no matter what anyone says, Britain, which is still the world's 5th economy giant, has to shift from the finance sector, which is the engine of its economy for 25 years, back to industry. The first impact of Brexit was that London could no longer be a suitable financial capital for the EU. All these phenomena creates many new partnership opportunities between the UK and Turkey. In fact, Turkey may establish more balanced political and commercial relations with the UK, regardless of its relationship with the EU which was rough, disappointed and lengthened out. Even now, the UK is the second largest country that Turkey has a trade surplus after Iraq. Turkey be-

came the 15th country that the UK imports most from with the figure of \$9.5 billion. The UK was the second largest country that Turkey ran a trade surplus, with the figure of \$2,9 billion in 2017. Brexit chaos will further increase the commercial and economic relations between Turkey and the UK. Both Turkey and Britain are two countries as being located on the opposite sides of the European geographically, may converge on each other to solve their problems with the EU.

On February 15, speaking at a panel entitled "Brexit: The European Union and Turkey", UK's Ambassador Dominick Chilcott, stated that Brexit would not affect the strategic importance of Turkey in any way. Expressing that a separated UK can make mutual investments in domains of economy, defense and security with Turkey in a much more comfortable way. Chilcott said the relationship would continue at an advanced level. Stressing the importance of trade relations with Turkey, Chilcott told "We are Turkey's second largest export market. Our total trade volume grew by 9.9% in 2018." He also stated that Turkey

is an important market for the UK: "Brexit process is fraught with uncertainty. This was the message that the public was not happy with politicians."

Chilcott continued his speech by saying that Brexit vote was a response to the changes brought by globalization. Chilcott stressed that if Brexit happens, the UK will continue to be together with Turkey in many organizations, especially in NATO, the European Council, G20 and the OECD.

In short, the world is changing. This change can be expected

to be painful and even conflicting, but no one can assert that the established new world will not lead to more balanced commercial, economic and political relations. Within this scope, it can be said that Brexit launched a new era for both the UK and Turkey full of new opportunities. ■

UK IS THE 2 nd COUNTRY WHICH TURKEY HAS A TRADE SURPLUS TO	
COUNTRIES	\$ MILLION (2017)
Iraq	8,070
UK	2,925
UAE	2,371
Slovenia	1,695
Israel	1,390
Belgium	1,370



Although campaign time for Brexit vote is over Britain still stays as a country deeply polarized and divided over the subject.

TURKISH TEXTILE RANKS AHEAD OF CHINA

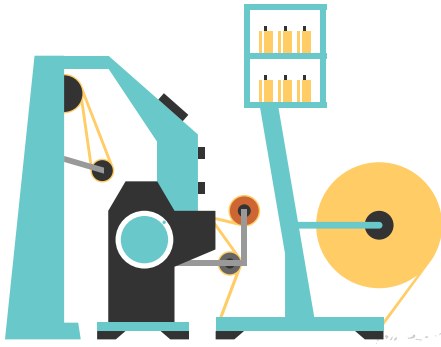


According to the global textile sector research of
companies do not have the advantage of doing their
through its supply duration and cost advantage, is exp

TEXTILE INDUSTRY TURKEY IN COMPETITION



of McKinsey Global Institute (MGI), Western large
r production in the Far East. Turkey, which stands out
ected to further increase this advantage by automation.



Mc Kinsey's research arm The McKinsey Global Institute's research on apparel, luxury and fashion industry, "Is Apparel Manufacturing Coming Home?" reveals striking changes in global textile trade.

US and European ready-to-wear companies are making most of their production in China and other Asian countries to benefit from low labor costs. According to the study, this traditional model is not compatible with the speed requirement in the markets. The average shipping time from Asia to Western markets is 30 days. Such a long delivery time eliminates the possibility of flexibility and differentiation. Air transportation is expensive and not eco-friendly.

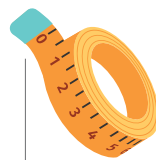
The benefits of this model are likely to be further reduced due to trade constraints and geopolitical tensions which increase the uncertainty in exchange rates. According to the study, the cost of taxes, which are around 9 to 12 percent, can play a much more important role in trade.

Here, the findings revealed by the McKinsey Global Institute's research "Is Apparel Manufacturing Coming Home?", as follows:

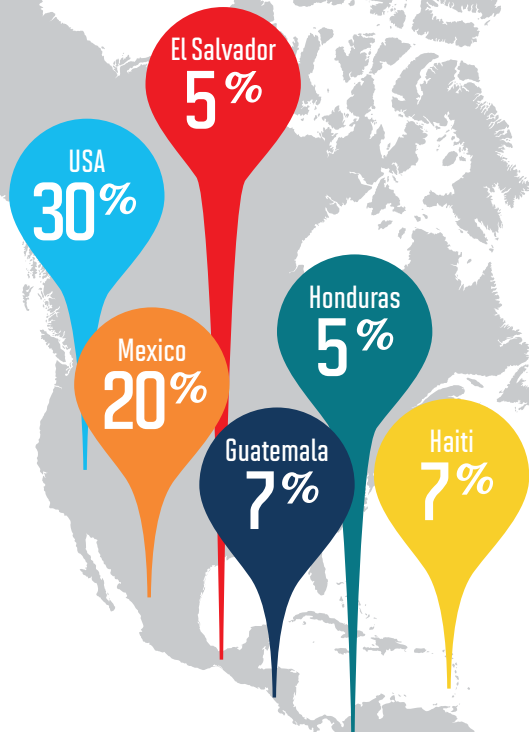
Overseas expansion strategies of the US and European high-production companies are under pressure for many reasons. The strong demand coming from the Western developed markets in the past for clothing industry is now coming from other parts of the world, mainly the Far East and Southern Hemisphere.

It is estimated that clothing sales in Asia will increase by 6 percent every year as consumers buy more clothes than ever before. This accounts for about 40 percent of global sales foreseen in 2025. This rising domestic demand creates competition for Asian apparel production capacity and changes the export balance. Many Chinese manufacturers are changing the focus and producing it for the local market because the demand is very high.

In the Far East, production brings no longer cost advantage as much as it used to be. Labor costs are increasing across Asia, as they converge. In 2005, for example, labor costs in China amounted to about one-tenth of the United States, reaching about one-third today. Mexico, which nearshoring to the

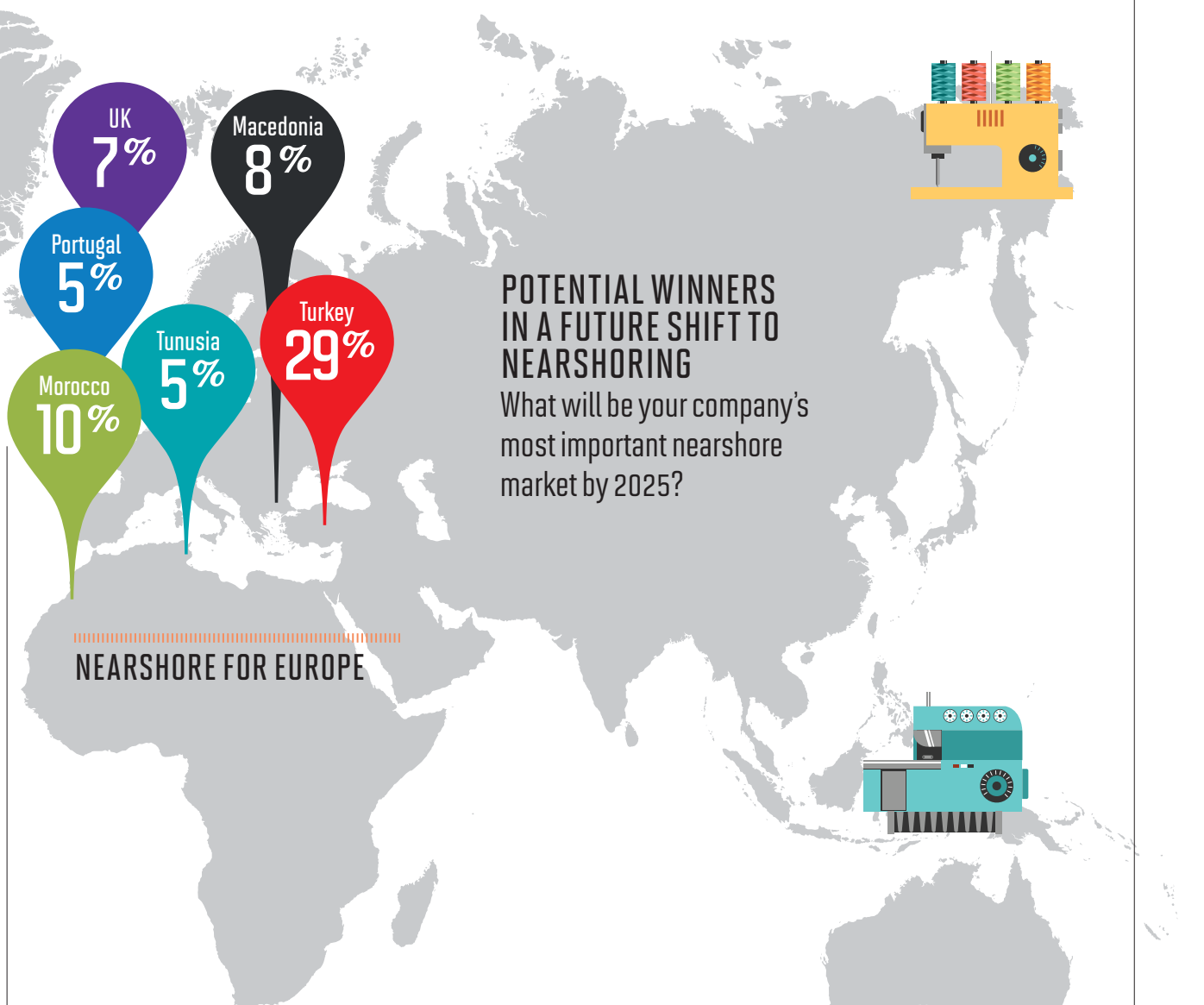


**FOR EUROPE,
UNIT COSTS
REMAIN
SIGNIFICANTLY
LOWER WHEN
SOURCING FROM
BANGLADESH, BUT
RESHORING FROM
CHINA TO TURKEY
IS ECONOMICALLY
VIABLE**



NEARSHORE FOR NORTH AMERICA

US market, today offers lower average production labor costs than China. While developments in the nearshoring countries for the Western European market are emerging in the same direction, labor costs are still costlier than in China, but the gap is contracting. In Turkey, hourly production labor costs were 5 times higher than in China in 2005, which was to 1.6 times decreased in 2017. Nowadays, geographical proximity and nearshoring can provide significant savings in transportation and make the cost of production more economical and add up.

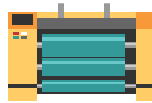


NEARSHORE FOR EUROPE

SHIFTING PRODUCTION FROM CHINA TO TURKEY IS MORE ECONOMICAL

For instance, a US apparel company that moves production of basic jeans from either Bangladesh or China to Mexico can maintain or even slightly increase its margin, even without higher full-price sell-through. For Europe, unit costs remain significantly lower when sourcing from Bangladesh, but reshoring from China to Turkey is economically viable. Landed-cost prices for denim, for example, can be 3 percent lower when sourced from Turkey.

In addition to this, it is foreseen that the automation of jeans production in China, which is close to the European market, will provide cost savings between \$ 1.30 and \$ 2 per piece. It is determined that the proximity can be improved by automation which creates a cost advantage in the European market. For example, shifting from Bangladesh to Turkey afterwards the automation of production, can provide margin improvements between 3 and 4 percent.

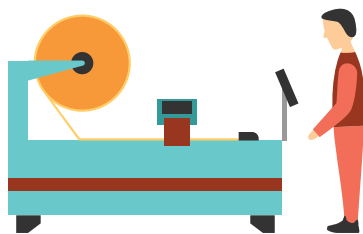


SHIPS DELIVERED FROM SOUTHEAST ASIA TO EUROPE ARRIVE IN 30 DAYS, WHILE PRODUCTS SENT FROM TURKEY ARRIVE IN 3 TO 6 DAYS

"TURKISH TEXTILE INDUSTRY CAN DRAW AWAY ITS COMPETITORS"

McKinsey's Country Director of Turkey Can Kendi said that the textile and apparel sector, which has been based on raw materials and labor-intensive production in the past, has undergone a significant transformation in the recent period with the effect of globalization and that today, technology, brand and design are the main determinants of competition in the sector. Pointing out the rapid increase in the share of geographical proximity and technology in the value chain of the production along with the importance of speed factor, Kendi said: "Ships delivered from Southeast Asia to Europe arrive in 30 days, while products sent from Turkey arrive in 3 to 6 days. This data clearly demonstrates the advantage of shifting production to Turkey from

the Europe's point of view. Turkish textile and apparel industry's exports to Africa rose to an all-time high in 2018, reaching \$ 1 billion with an increase of 13.5% year-on-year. In the African market, which is a strategic opening for the sector, the geographical proximity and nearshoring advantage of Turkey plays an important role. On the other hand, thanks to automation over the next 10 years, the production duration of clothing is estimated to fall about between 40 - 70 percent. Considering these predictions of textile sector, it is possible to draw away its competitors in Asia, especially China, in the case of realization of the automation investments with the right and exact timings.



KEY ELEMENTS IN THE FUTURE OF SECTOR: NEARSHORING, AUTOMATION, AND SUSTAINABILITY

According to the research, future mass-market apparel brands will be the ones that develop their value chain in terms of nearshoring and automation. Owing to stagnation in key markets and to the internet, competition is fiercer than ever, and consumer demand is more difficult to predict. It is not possible for apparel companies to grow as usual.

Other significant findings of the research regarding the global textile sector are as follows:

MASS-MARKET APPAREL BRANDS ARE HAVING HARD TIME TO COMPETE WITH ONLINE START-UPS

Mass-market apparel brands and retailers are competing with pure-play online start-ups. The most successful of which can replicate new styles and get them to customers within weeks. Furthermore, apparel companies have lost much of their clout in setting the tone. In most mass-market categories, today's hottest trends are determined by individual influencers and consumers rather than by the marketing departments of fashion companies.

Pressure on profitability due to decreasing full-price sell-through, as well as increasing concerns regarding the environmental impact of overproduction, call for agile production in smaller batch sizes and for on-demand replenishment.

In light of these factors, speed to market and in-season reactivity are now more critical than ever to an apparel player's success. Indeed, nearly two-thirds of the US apparel executives and about 80 percent of international chief procurement officers say that these two capabilities are top priorities.

Most of the established fashion players are burdened with slow commercial processes and legacy supply-chain and sourcing setups—and therefore struggle to keep up with more nimble competitors.

Therefore, Mass-market apparel brands and retailers can't win in the next decade without speeding up and transforming to a demand-focused model.

ADVICES TO APPAREL COMPAINES: BECOME AGILE, DIGITALIZED, CONVERGED TO THE MARKET

MGI's research sorts four key levers to support the transformation for apparel companies to apply as follows:

Current processes such as reducing approval processes of commercial sales teams and ensuring closer cooperation with suppliers should be optimized.

From smart consumer insights to virtual design and prototyping, integrated sales management tools and digital sales, processes must be digitalized throughout all stages of the fashion cycle.

Logistics should be considered again, with the aim of establishing an efficient airway balance and high efficiency facilities against sea freight. Sustainable, circular value chains should be established by developing new delivery models including nearshoring and automation.

MGI foresees that in near future, three key purchasing factors for mass-market apparel manufacturers will be consisted of nearshoring, automation and sustainability. ■

SAVINGS ON FREIGHT AND DUTIES MAKE NEARSHORE ALTERNATIVES CHEAPER THAN CHINA

2016/2017 's prices and import duties, Jeans example

	Shoring Location ¹	Freight Mode/days	Landed cost price ² USD per pair of jeans	Δ China
OFFSHORE	Bangladesh	30	10.68	-11%
	China	30	12.04	0%
NEARSHORE	Mexico	2	10.57	-12%
ONSHORE	USA	n.a	14.05	+17%
OFFSHORE	Bangladesh	30	9.94	-20%
	China	30	12.46	0%
NEARSHORE	Turkey	3-6	12.08	-3%
ONSHORE	Germany	n.a	30.36	+144%

¹ EU destination port in Hamburg, Germany. US destination port on southern coast/Austin (nearshore), West coast/LA (offshore)

² Assuming that fabric and other costs remain constant

Source: EUROSTAT; EIU; IHS; Xeneta; WITS; European Commission; McKinsey Cleansheet Solution; McKinsey analysis



FOOD EXPORTERS LAUNCH TURQUALITY PROJECT IN THE US



The Turkish food sector, which has a share of US \$ 150 million in annual food imports of the United States, the world's largest food consumer, launched the Turquality Project to increase food exports to the US market.

In order to promote Turkish food products in the US market and to increase their exports, the Turquality Project workshop in order to promote Turkish Food Products in the United States markets, was carried out by Aegean Exporters' Association.

Aegean Cereals, Legumes, Oil Seeds Exporters' Association, Aegean Dried Fruit and Products Exporters' Association, Aegean Furniture, Paper and Wood Products Exporters' Association, Aegean Aquacultural and Animal Products Exporters' Association, Aegean Fresh Fruits and Vegetables Exporters' Association and Aegean Olive and Olive Oil Derivated Exporters' Association have joined their forces together in the Turquality Project towards the US.

Giving speech in the workshop, Vice Coordinator Chairman of Aegean Exporters' Association, Birol Celep told

as follows: "The US food market size is \$ 740 billion. Within the scope of the target of increasing the trade volume between the two countries to 75 billion US Dollars, one of the areas that have important opportunities in favor of Turkey is undoubtedly food trade. Therefore, we attach great importance to the works to be carried out in this market."

WE'RE GOING TO MAKE IT THROUGH TURQUALITY AND NPD

Stressing that they've started to give importance to Turquality and NPD projects, Celep said "As Aegean Exporters' Association, we continue our efforts to lead our exporters. We carry out various projects and activities in many countries on behalf of food sectors. In this context, we have started to give importance to Turquality and NPD projects along with performing national participation organizations in many important fairs. With these activities we

carry out in almost every region of the world, we are planning to make a strong introduction to new markets while increasing our current market share. Today, we will achieve this with the Turquality Project, which we initiated to increase our share in the US market which has a size of \$ 740 billion.

JAPAN AND SOUTH KOREA TURQUALITY PROJECTS CAME TO FRUITION

Aegean Exporters' Association started Turquality Project in 2016 to increase food exports to Japan and in 2017 to South Korea. After the project, Turkey's food exports to Japan increased by 27 percent to \$ 118 million at the end of 2018, while food exports to South Korea increased by 73 percent from \$ 22 million to \$ 38 million. The members of the Aegean Exporters Association formed 35 percent of food exports to Japan and South Korea, worth \$ 55 million.



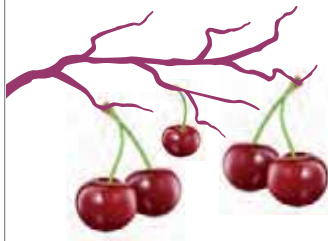
TURKISH CHERRY TO ENTER CHINA

Worldwide leader in cherry production, Turkey continues its struggle to remove barriers for the entry of Turkish cherry to China, one of the countries which fancy cherry a lot and imports 800 million dollars of cherry annually.

In order to diversify the export markets of cherry and fresh grapes, which is the world leader in America's production, and to be the world leader in export after production, the cherry and grape exporters, who have been participating in the URGE Project carried out since 2016 by the Aegean Fresh Fruits and Vegetables Exporters' Association, have conducted examinations and interviews in Guanji and Shanghai in China between 24 - 31 March 2019.

Within the scope of the URGE Project which started in 2016, China was the last stop of the fresh cherry and grape exporters visiting Chile, Germany, Malaysia and Vietnam, and South Africa in the previous period. Turkish exporters have made fruitful negotiations with the Importer Associations and Imports departments in Guanco and Shanghai, China's major import centers.

During the meetings, it was stated that there were important cooperation areas that would contribute to both countries by making a detailed introduction of Turkish fruits, especially cherries. While



**TURKEY PRODUCES
THE WORLD'S HIGHEST
QUALITY CHERRIES AND
IS THE FIRST IN THE
WORLD IN PRODUCTION**

13 companies were taking part in the Turkish delegation, B2B meetings have held with 14 companies in Guanco and 19 companies in Shanghai.

Giving information about China negotiations, Chairman of the Board of Aegean Fresh Fruits and Vegetables Exporters' Association, Hayrettin Uçak said "China is an important country for nourishment sectors due to increasing per capita income and changing consumption habits. We are focused on fruit and vegetable exportation in European countries and other countries in the region. However, if you rent a car in Shanghai and take a 2-hour tour of the city, you will see a market as big as the European market. Therefore, entering this market will not only increase our exports but will also reflect our competition in other markets positively. A total of 168 bilateral meetings were held within the scope of our event, and 33 of these interviews were evaluated as serious. One of the most important contributions of this event is that we have established significant contacts with our partners."

CHERRY IS AN INDICATOR OF WEALTH IN CHINA

Telling that cherry is an indicator of wealth and well-liked by public in China, Uçak continued as follows: "In China, offering cherry to guests is a great source of prestige for Chinese people. Chile, the US and New Zealand stand out in their imports. We strive to improve the legal processes between the two countries in favor of Turkish cherries. We want to get a share of China's \$ 800 million cherry imports as the issue is solved."

CHUNHUA: "TURKEY PRODUCES THE WORLD'S BEST QUALITY CHERRIES"

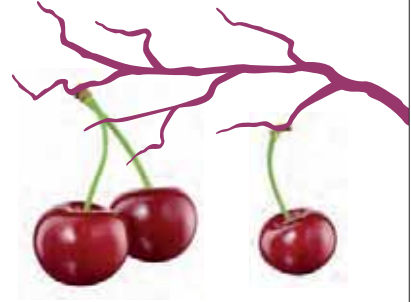
The Chairman of Shanghai Fruit Business Association, Zhang Chunhua stated that "Turkey produces the world's highest quality cherries and is the first in the world in production. China's cherry imports are worth 180 thousand tons and 800 million dollars. Chile is the first country, followed by the USA and New Zealand, and we expect Turkey to be fourth. In accordance with the Phytosanitary Protocol signed for the export of Turkish cherries to China, representatives of the Turkish Ministry of Agriculture and Forestry and China AQSIQ (Ministry of Agriculture) examined the garden and packaging facilities where cherries were produced to be exported to China. After the signing of the protocol in 2015, a small amount of exports was made in 2017, we are trying to increase this. We hope to see this beautiful product, which is known as Turkish cherry in European markets, on the shelves of China and to achieve the same success. We have sufficient experience in order to ensure the regularity of exports, we have enough experience and high capacity, we believe that we will overcome the obstacles in a short time. In China, cherries are prepared as special gift packages, so precious that they are being taken as the new year gifts.

TURKEY'S CHERRY EXPORTS AMOUNTED TO \$ 162 MILLION

In 2018, Turkey exported 162 million US Dollars of cherry by an increase of 2 percent compared to 2017. Germany was

the most preferred country for Turkish cherry with a value of \$ 84.5 million, while Russia ranked second with \$ 31.4 million. The third was Norway with \$ 8.4 million.

In 2018, as Turkey managed to export cherry to 52 countries, \$ 27 thousand of Turkish cherries went to China. ■



JAPAN'S AMBASSADOR TO TURKEY, AKIO MIYAJIMA:

"I ADMIRE THE TASTE AND QUALITY OF TURKISH FOOD PRODUCTS"

Japan's Ambassador to Turkey

Akio Miyajima said that he was fascinated by the flavor and quality of the Aegean Region foods and that he ordered the use of food products produced in the Aegean Region for the meals cooked in the Embassy Residence.

Japan's Ambassador to Turkey Akio Miyajima, who visited Aegean Exporters' Unions, said that a large number of products, mainly fish, pasta, olive oil, dried fruit and fruit and vegetable products, were exported to Japan from Turkey, but these products were not known as Turkish products.

Stating the fact that Japan is a very tourist-receiving country, Miyajima said that in case of increase through the awareness of Turkish products, its consumption will rise in other countries and its usage will become widespread.

Turkish Year in Japan

Underlining the importance of branding, quality and packaging in food consumption in Japan, The Ambassador Miyajima said "This year was declared the Turkish Year in Japan. For this reason, we would like to introduce more beautiful food products of Aegean Region in Japan. We also met with Mayor of Izmir Metropolitan Municipality, Tunç Soyer. You need to clear the decks carefully to make Turkish food products to be appreciated deservedly in Japan."

Miyajima reminded that a Free Trade Agreement will be signed between Turkey and Japan in 2019, adding that the FTA will expand the trade volume between the two countries, and will help to make foreign trade volume between Turkey and Japan become more balanced, which is against Turkey currently.



REPUBLIC OF TURKEY
MINISTRY OF TRADE



TURKISH
EXPORTERS
ASSEMBLY

TURKEY !NNOVATION WEEK

03 > 04
MAY 2019

ISTANBUL
CONGRESS
CENTER

ONLINE
REGISTRATION
FREE ENTRANCE



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#inovasyonhaftasi

STRATEGIC PARTNERS

Arçelik



TEB



TURKCELL



TURKISH
AIRLINES

Content: The Turkish Brand with Scandinavian Style **P54** Globalizing Through Plant Nutrition Technology **P56** Revolutionary Approach in Retail Analytics Era **P58** Recycled products for yarn market needs **P60**

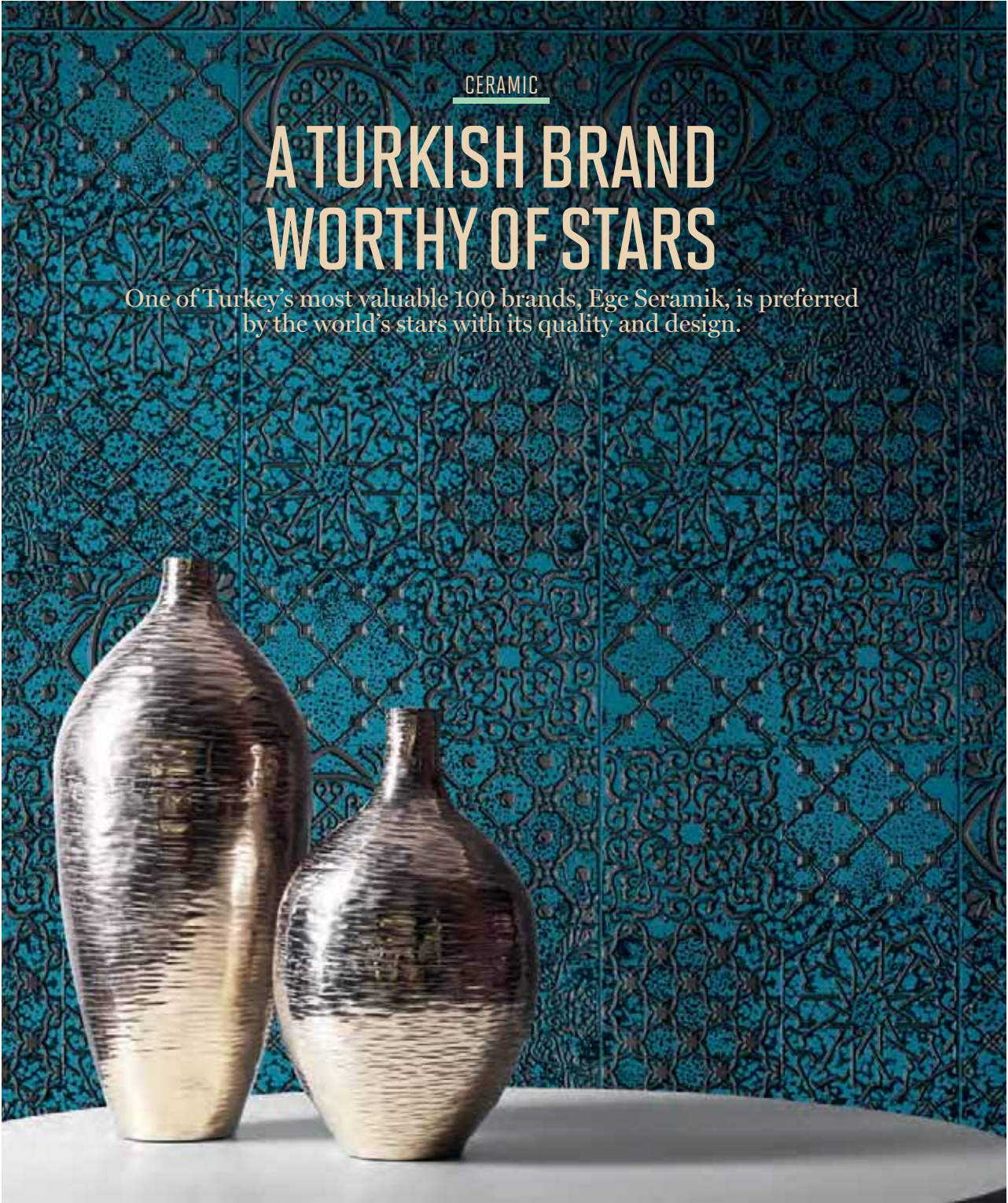
Brands

CERAMIC, MEN'S STYLE, AGRICULTURE, RETAIL ANALYTICS, TEXTILE...

CERAMIC

A TURKISH BRAND WORTHY OF STARS

One of Turkey's most valuable 100 brands, Ege Seramik, is preferred by the world's stars with its quality and design.



EGE SERAMIK became one of the top companies of ceramic industry dominating the local market thanks to its continuous investments, determination to grow steadily, and a series of innovations it has introduced to the industry which all rested on a firm infrastructure, technology, design and quality standards starting from 1990s in particular. A member of İbrahim Polat Holding's industrial group of companies, Ege Seramik has a strong distribution network with more than 150 authorized dealers and more than 2.000 sub-dealers. Digital printing technology was first introduced in 2009 with the brand "Digital Tile by Ege Seramik". It is one of the company's pioneering works in the industry. Ege Seramik is also a public company since 1992; its shares are traded in Istanbul Stock Exchange market as one of Turkey's 100 most valuable brands.

COMPETING WITH GLOBAL PLAYERS

Ege Seramik competes with large global players, from Italy and Spain in particular owing to the strength it got through long years of experience in what is called "difficult markets" such as the United States, Canada, Israel, etc.

Ege Seramik is a precise company that conducts all its processes from the very first phase of production until the delivery to the customer meticulously, and is endowed with the quality certificates in Turkey as well as in all its export markets. Besides, it is the first Turkish tile company with "Authorized Economic Operator" status, which offers a series of exclusive privileges in the foreign trade transactions of reliable companies. Selling its products

to tough export markets continuously since 1979, Ege Seramik was included in the 55 companies in the TIMEX index in 2018 as a reward for this successful export performance. Ege Seramik offers appropriate product solutions for both interior and exterior applications of all sizes thanks to its wide color scale as well as the variety of the size and designs of its rich product portfolio, and this allows it to service easily and quickly to the taste and needs of diverse countries. It is this broad product range that made it possible for Ege Seramik products to be delivered to more than 90 countries across the world in the last 5 years alone.

A GLOBAL TURKISH BRAND

Ege Seramik, which adopted the principle of working to enforce the image of Turkey as a whole and take the Turkish ceramic to all export markets as a quality product, was included to the "Turquality

Ege Seramik competes with large global players, from Italy and Spain in particular owing to the strength it got through long years of experience in what is called "difficult markets" such as the United States, Canada, Israel, etc.

Support Program" which was established in 2017 by Economy Ministry of Turkey to help the Turkish companies with a potential to create an international brand, become a global player with their own brands by providing them management know-how, institutionalization and further development starting from their production until after-sale services. Ege Seramik steadily cements its presence and strength in the international markets and walks firmly on

the way to its target to become a global brand through an increasing success rate.

CHOICE OF A HOLLYWOOD STAR

A world renowned actress, who had asked her fans via social media to propose ceramic tile brands for using in her new home, has chosen Ege Seramik and once again the brand made its mark.

Sarah Wayne Callies, known for her television serials such as Prison Break, The Walking Dead and Colony, preferred Ege Seramik brand to decorate her house. Callies is having a new house built for her family in Canada and she is carefully following every detail. Callies decorates her new house by herself without any professional support and she personally selects all the decoration materials.

The actress preferred Cuba, Stratfort, Blume and Metro series of Ege Seramik for use in four areas of her house for which she is very excited. She





Ege Seramik was once again awarded in April this year for the second time as “The Best Ceramic Tile Supplier of the Year” by Floor & Décor

SUPPLIER OF THE YEAR AWARD IN THE US

After 2017, Ege Seramik was once again awarded in April this year for the second time as “The Best Ceramic Tile Supplier of the Year” by Floor & Décor, a high-standing company in construction industry in the United States, which is a major export market for Ege Seramik.

Mr. Baran Demir, CEO of İbrahim Polat Holding and Deputy Chairman of Ege Seramik, said they were proud to embrace this success once again. “We are proud to receive once again this award which is given in view of diverse criteria such as the product design, quality, service and after-sales services, because, today, exports have become more important than ever. Our pride is also for our contribution in the Turkish tile industry as we were picked up for this award through a stringent elimination from among tough global competitors from Italy, Brazil, Spain, and many others. At Ege Seramik, we continue walking in the tough export markets with confident steps and improving our brand in the international arena on the back of the experience we have gained through years.” ■



***Sarah Wayne Callies** preferred Cuba, Stratfort, Blume and Metro series of Ege Seramik for use in four areas of her house for which she is very excited.*



has shared all the products that she selected with a video that she broadcasted via her social media accounts.

The beautiful actress who created a large base of fans, especially through Prison Break and The Walking Dead serials, preferred Ege Seramik,

a global Turkish brand, and delighted her Turkish fans. With this news, Ege Seramik once again clinched its place at the global arena successfully, continues its product journey which it started with the aim of becoming a global Turkish brand.



MEN'S STYLE

The Turkish Brand with **SCANDINAVIAN STYLE**

Bey Karaköy is İstanbul's one of a kind retail destination store for men's style, combining Scandinavian and European menswear with talented local designers.

THE JOURNEY OF BEY started in 2014, as their fashion store opened up in a local yet vibrant district of İstanbul; Karaköy. With its minimalist style, almost demure interior, an open floor plan and no-frills approach to menswear, BEY Karaköy has become a fixture on İstanbul's menswear local shopping map in no time. A purveyor of simple and effortless lifestyle for men, the shop stocks button down shirts, jeans, sweaters, pants, t-shirts and shoes, plus

matching lifestyle accessories. The colors are muted, the prices competitive, and the spacious store is filled with a pleasant scent rising from their own candles. Bey is not only a destination for shoppers seeking comfortable and affordable style, but also a hub for emerging Turkish lifestyle and fashion labels that cater to the modern gentlemen of this bustling city.

Their selection of clothes and products is to help you get through the city life with style—

whether it's a busy day at the office, at the bar with friends, or at your mother's Sunday brunch. Because it is a multi-brand store, you are able to find whatever you are looking for even if you don't know what it is. When you enter the store, you will see a writing on the wall saying "If we don't have it, probably you don't need it." Actually, it is more than a poster. It is a statement. It is what the brand and shop stand for.

"We would rather make

one exceptional shirt than five mediocre ones – our aim is to perfect the essentials. Every piece needs to be perfect. Every t-shirt, shirt, sweater and jumper or pants you find at BEY menswear store is the result of a never ending strive for excellence," says co-founder Bulut Dur about their focus on production.

Blogger Nil Ertürk, customer Bulut Dur and ex-copywriter Ozan Ertürk have combined their forces to establish this oasis of understatement and laidback style. Even though the garments in stock are a constantly changing with respect to a mix-and-match portfolio of the seasonal style, BEY's signature aesthetics continue to remain intact and true to its simplistic inspiration.

FIRST BEY BRANDED PRODUCT: #BEYJEANS

Producing the first branded product 4 years ago because they could not find the plain



A purveyor of simple and effortless lifestyle for men, the shop stocks button down shirts, jeans, sweaters, pants, t-shirts and shoes, plus matching lifestyle accessories.



BEY Amsterdam, which started to business as of April 2019, has many Turkish brands along with BEY brand just as in the same day it was first opened in Beyoğlu.

black jean they wanted to sell, BEY, has turned into a brand that produces more than 50 BEY branded products every year.

Ozan Ertürk, one of the founding partners, has a beautiful story about their own jeans. In a day the 3rd generation BEY branded jeans came to the shop, a middle-aged gentleman who was quite styled but not much BEY came in the shop and started to walk around. The jean on him was a jean with multiple colors, torn, worn, acid washed, which would never fit the style represented by BEY. "But it was looking really great", Ozan Ertürk added. After this gentleman walked around for a while, Ozan couldn't stand and started talking with the gentleman about his jean. Ozan mentioned the jean was not his style but how beautiful it looked. His client said with all the coolness that's why came to the store because it was time



to buy a new jean. Ozan also stated that if he was looking for this kind of torn and vintage looking jean he could find it more easily in other places and showed his simple style jeans. The gentleman kept his composure and said he wanted to try BEY Jeans. He entered the dressing room with the jean he wanted. After a short time, he was out and said "It was exactly what I wanted". He gave his old jeans to Ozan



and said "You don't know, but this was from BEY, as well. I've worn it every day for 3 years. I'm here to get a new one." Ozan couldn't believe what he saw because the jean he was holding was actually the first to be made, and although it was worn beyond recognition but still looking so beautiful. This and these kind of moments have given the whole BEY team more and more courage.

FROM ISTANBUL TO AMSTERDAM

BEY team with 4 years of practice and experience,

turned BEY Karaköy from a local shop into two branches in a short time first, then with the branch they opened in Amsterdam, into an international business. BEY Amsterdam, which started to business as of April 2019, has many Turkish brands along with BEY brand just as in the same day it was first opened in Beyoğlu. Thus, they continue to serve the purpose of representing the products & designs and brands coming out of Turkey in the European market. ■

AGRICULTURE

GLOBALIZING THROUGH PLANT NUTRITION TECHNOLOGY

AgriKey Biyoteknoloji is using biotechnology in agriculture to develop special biological fertilizers, special plant nutrition products and biological plant protection products.



AGRİKEY Biyoteknoloji, one of MDT Denge Tarım Group companies, which exports to 12 countries in South East Asia, South Africa, Middle East, North Africa, Balkans and Europe, aims to bring the latest technology Turkish plant nutrition products to many parts of the world.

Atakan Atalay, the founder of AgriKey Biyoteknoloji, which adopts the principle “For that smile on your face...”, creates solutions to problems such as chemical contaminated soils, the disadvantage of global warming on plants and the yield loss caused by stress factors.

Before founding AgriKey, Atakan Atalay was chosen as one of the 5 people in Turkey in 2017 within the scope of Hamdi Ulukaya Initiative by his own developed biological fertilizer, even his closest relatives didn't believe in him and, he took the road to New York. In Hamdi Ulukaya Initiative in New York, he has met with the authorities of the companies

which are doing business on a global scale and have a say in the market, and has been mentored by them. Now he is aiming to globalize his brand as a Turkish company.

Even his closest relatives did not believe in this project that evoked in his mind 10 years ago when he was just a student, young business person from the city of Mersin has managed to export to 12 countries from Turkey. He defines this success as the power of dreaming and believing.

"FOR THE FUTURE..."

In fact, Atakan Atalay, the founder of AgriKey Biyoteknoloji, has a different story. Atalay graduated from the university in 2009 with a degree in organic agriculture. When he was in college, he was interested in soil pollution. While investigating the reasons for this, Atalay saw that the chemical fertilizers and chemical pesticides used by farmers pollute the soil more and more every year and cause to serious yield losses. When he was thinking about how to solve this, he worked on the recycling of nature; started from oceans, living algae cells and bacteria. As a result of 7-8 years of R&D work, he developed the product called ALGACELL which is a full-featured product and then he founded AgriKey Biyoteknoloji in 2015. With the products they developed, especially the live microalgae cells in the ALGACELL content, AgriKey provides significant amounts of yield by recovering contaminated soils with significant yield losses.

THE SOIL CONTAMINATED WITH CHEMICALS, CLEANED WITH BIOLOGICAL FERTILIZERS

In recent years, especially the agriculture problems and



import dependence in Turkey are considered, AgriKey develops special products based on biotechnology, believes in its own products and ready to be globalized. "Turkey's strategic position is very important to us. When you look at the world market in plant nutrition, top level products are of high quality but very expensive

in America and Europe.

In China, no one can find a product with the desired quality, but they are very cheap. AgriKey aims to fill this gap in sector and make room for itself in global market" Atalay said.

Agrikey is one of the three largest manufacturers in the world, thanks to the Active Cell Exchange Technology



Atakan Atalay was chosen as one of the 5 people in Turkey in 2017 within the scope of Hamdi Ulukaya Initiative by his own developed biological fertilizer, even his closest relatives didn't believe in him and, he took the road to New York

(A.C.E. Technology) which transfer nutrients to plant cells from the Alga cells existent in the AgriKey products. The other two companies are located in Europe. Currently, agriculture ministers of countries such as Cameroon and Kyrgyzstan are interested in these products developed by AgriKey.

It is not known whether these Turkish products will break the ground or not in agriculture sector, but the dream and belief of this young business person has begun to open the global doors to them in a short time. AgriKey's next goal is to become a global company from America to Japan... ■



RETAIL ANALYTICS

REVOLUTIONARY APPROACH IN RETAIL ANALYTICS ERA

New generation of research, retail insight and analytics company: REM People

“DATA WILL BE a new land to grow the ideas and data whisperers will be the messiah of this new era...” Quote belongs to Jonathan Mildenhall who’s the Ex-VP of Global Ad Strategy in Coca-Cola. “Even though the importance of data has been very well understood by all sectors in last decade, there’s still a long way to digitally transform the companies from traditionally managed organizations to a high performance, efficient and data-driven living organisms” says Bülent Peker, who’s the Co-Founder & CEO of REM People, a start-up based in İstanbul and Dubai, that he define himself as a “new generation of research, retail insight and analytics company”.

“WE AIM TO DIGITIZE THE PHYSICAL WORLD OF RETAIL”

“We are mainly focused on Consumer Goods, Consumer Electronics, Telecommunication and Pharmaceutical companies which distribute and sell their products at physical sales points such as hypermarkets, supermarkets, department stores, shops, groceries, pharmacies, consumer electronic chains” says Bülent Peker. He continues with; “Unlike many other retail-tech and conventional research companies, we

develop our own Retail Execution Monitoring Solutions (have 4 different SaaS products), as well as we provide Tech-Powered End-to-End Market Researches and Consultancy services.”

GROWTH AT THE STORE AND MARKET LEVEL

REM People is specifically focused on how to “empower the growth” with the insight and know-how that consumer goods companies can improve how they execute at the retail store level through a combination of best business practices and enabling technology in their business.

“We at REM People see huge potential for manufacturers and retailers that can master a few areas of execution as they’re better

able to what’s happening at the store level and execute against it. This must happen at both store and market levels. To achieve this, we provide them various integrated solutions and services all empowered with technology”, says Peker. He continues with; “by the help of our data collection, data control & validation and artificial intelligence-based reporting systems, we track instore execution compliance of brands by checking their product/equipment availability, shelf/aisle/exhibition/display share and merchandising guideline standards. We report these metrics instantly on a web-based, dynamic platform that can be fully customized depending on our customer

needs. By integrating these reports with many different data sets such as market share, sales, distribution, consumer behavior and retail trends, we also offer them to be able to make in-depth analyzes on one screen.”

By the services REM People provides; manufacturers & retailers increase the efficiency and effectiveness of in-store executions by enabling sales teams to take instant actions on the field. REM People helps them to get in return for investments which they do for distribution channels and point of sales. With these, REM also makes a considerable contribution to “increase sales effectiveness and market share” of the company & brands.

ONLY A GREAT TEAM CAN CREATE A DIFFERENCE

Bülent Peker, the CEO of REM People, studied International Relations in Uludağ University. He’s been in entrepreneurship society since he was 22 years old





TEB

STARTUP HOUSE

REM People won "Highest Exporting Enterprise Award", which was given by Turkish Exporters Assembly in 2018.



TİM-TEB Start-up Business House contributes to development of Turkish start-up ecosystem in technology and export. It has branches in 10 cities across the country. As the most comprehensive and widespread start-up program in Turkey, TİM TEB Start-up Business House operates in order to increase the number of technology start-ups together with the University start-up programs, creates a motivation for entrepreneurs in line with this aim, helps start-ups to survive, accelerate their growth and supports them to export.

and for about 17 years now. Besides being in technology and startup ecosystem he was previously involved in education, consulting and interactive technologies sectors as a founder and a managing partner. During his higher-education he met with his friend, Emre Haraçcıoğlu, who's now one of the co-founders and managing partners of REM People.

"Emre, first brought the idea 8 years ago" Bülent says. At that time, he was working in the management team of a well-known international beverage company and Bülent was dealing with his own business in consulting. Both had a deep experience in various sectors, but they both had no technical background know-how in software & coding. "We were aware that, we need to have somebody inside with technical background" Emre adds. Then they decided to invite their friend, Mert Alemdar, who has worked in project

management positions in several IT companies for long years. While the company proceeded few steps, then they asked Tolga Arıcan to join the company, who's also an ex-entrepreneur with strong IT skills and an engineering background. "We are just like that Fantastic Four movie characters, but without superpowers" says Bülent with a proud smile on his mouth.

REM PEOPLE HEADING TO BE MENA'S LEADING RETAIL ANALYTICS COMPANY

Although it's been only four years that REM People started, they became the leading company in their vertical, in Turkey. "It was not easy. But we knew that we'll do it anyway. We all had both good and bad experiences in our earlier life. We were coming from the heart of the business and we're completely aware what our clients need and want" says Bülent.

As soon as they launched their state-of-art Retail Execution Monitoring platform, they succeed to sell it world's leading consumer goods companies. "P&G was our first client, which we still work for 4 years. Then Unilever, Nestle, PepsiCo, Bayer, Danone Nutricia, Pernod Ricard, Kellogg's, Mondelez, Haribo, Turkcell, Huawei, Microsoft, Intel and some others joined the Champions League" says Emre.

Bülent continues with; "After our second year, our clients pushed us to be international. In all of them, we achieved such great results that our projects & solutions were selected as best practices and in some of them we were also awarded in their international sub-regions. Suddenly, we found ourselves, scaling and expanding our business in Dubai, UAE. While taking these steps through international expansion, we received a lot of help from Turkish Exporters

Assembly (TİM) and Turkish Trade Center Organization, which we owe a huge thank. After 2 years of experience and settlement in MENA region, we've stepped out to Eastern & Central Europe and Nordic Region by winning the international bid of worlds leading consumer electronics company, Huawei. We'll be kicking of our project within few weeks in 26 European countries as well."

Beside 26 European countries including Turkey and Ukraine, REM People is carrying out individual and joint projects with their business partners as well as in the geographical region of the Middle East where the countries are located such as UAE, KSA, Kuwait, Qatar, Bahrain, Oman, Iran, Iraq, Lebanon, Jordan and in Africa, where countries such as South Africa, Somali, Kenya and Egypt are located.

"We will not stop until we paint the whole world to the REM People's colors" Bülent says. ■



TEXTILE

RECYCLED PRODUCTS FOR YARN MARKET NEEDS

After withdrawing from the yarn market, Else Textile, which turn back with its recyclable products, is growing in the European market.

ALWAYS YOU HAVE TO follow market needs and global changing in the world. Following the global market takes you further. Else Textile has stopped yarn production facility due to big competition especially with far east countries after twenty five years experience in cotton yarn and fabric production. However kept an eye on global market. As soon as recognizing the increase of recycled yarn usage and



need of good quality yarn, the founder of ELSE decided to come back with recycled yarn production facility. The main target was to be one of the best brands to export all over the world. Especially, getting some market share of Spanish recycled yarn manufacturers who are market leaders in Europe for many years. This was a big goal but ELSE has this capability.

The twenty five years experience in textile has been

combined with the latest technology German brand machinery. Additionally, of course, with its financial power. The investment was finished in one year which is very short time such a big facility. ELSE has launched the recycled yarn to the market with a brand name BORNEWA on May 2018. Brand name inspired by rebirth. They produce yarn from textile wastes. The textile wastes are being reborn.

ELSE WAS KEEPING PACE WITH THIS DEVELOPMENT IN THE WORLD

The textile products are materials that are needed in many areas, starting with the most basic needs of our lives and their production increasingly continues. Recycling is seen as the best solution for both natural and synthetic based textile wastes in order to reduce



TRADE WARS GAVE A BIG OPPORTUNITY ENTERING USA TEXTILE MARKET



“In Mexico fair, we saw that the manufacturers, who buy yarn from China, produced in Mexico and then sell the final products to the USA, faced some commercial difficulties due to 27% extra anti dumping rate that was wanted to be applied by the USA. It caused Mexican and Colombian manufacturers to search alternative suppliers. The commercial war between the USA and China gave a big opportunity to us and to all Turkish manufacturers as well. Making an advantage out of this situation can be possible only with the best quality yarn and opening up to global markets. Of course, attending a fair in Mexico is difficult and costly when you consider the distance but that's the way to be a global brand.

This is why ELSE production facility has the latest technology machinery and BORNEWA yarn were showcased several exhibitions all over the world. Then you had many information about their market needs and preferences which give an idea for future steps.”

the environmental effects of production processes and to prevent the problems that can occur when they are dumped in the nature. Recycling of the scraps that emerge during textile production fulfill an important function in the world. The purpose of ELSE was keeping pace with this development in the world.

Bornewa inspired by rebirth. They produce yarn from textile wastes. The textile wastes are being reborn.



SEYFETTİN KOÇAK

Chairman of Else Tekstil

BORNEWA BECAME A WELLKNOWN RECYCLED YARN BRAND

With the focus on global market attended many exhibitions all over the world like Russia, France, Germany, Tunisia, Colombia, Spain and Mexico. Bornewa entered successfully in global market in the very short time and became a wellknown recycled yarn brand in many countries. Already exported to Italy, France, Germany, Brasil, Mexico, Colombia, Russia, Ukraine, Morocco, Tunisia, Algeria. This is the success story of Bornewa. Bornewa will continue its journey with expanding new markets both international and domestic.

The companies vision came from the founders. The vision of ELSE founder Mr. Seyfettin Koçak was always creating global company by being export oriented: “Each of us should contribute to Turkish economy to be a powerful country in the world. This must be the first goal of each of us. As our economy prospers, so will our standing in the world.”

Else will continue essential contribution to Turkey's export with its vision to become a global preferred yarn brand. ■

Agenda

FAIRS, EXHIBITIONS, SUMMITTS AND MEETINGS IN THE NEXT MONTH



MAY 30 APRIL - 03 2019

IDEF INTERNATIONAL DEFENCE INDUSTRY FAIR

TÜYAP İSTANBUL FAIR AND CONGRESS CENTER

At IDEF (International Defence Industry Fair) which has been organized biannually since 1993 under the administration and responsibility of the Turkish Armed Forces Foundation and hosted by the Ministry of National Defense, state-of-the-art equipment, materials and systems produced in the fields of defense, security, maritime and aerospace industry are exhibited. Thus, technological developments in these sectors can be observed by delegations, companies and visitors. Due to these roles, IDEF is one of the most important international defense industry cooperation and promotion platforms in the world.

MAY
02-03

**8th INTERNATIONAL
ISTANBUL HUNTING, ARMS
AND OUTDOOR
EXPO - ISTANBUL PROHUNT**
ISTANBUL FAIR CENTER



Being held for the 8th time, Istanbul Prohunt is playing a major role in market expansion of hunting guns, accessories and outdoor sports industries in domestic market and overseas. Prohunt is constantly evolving and growing since the day one and now it is the most important trade fair in the Turkey and the second one in Europe.

MAY
04-07

**25th INTERNATIONAL ENERGY
AND ENVIRONMENT FAIR
AND CONFERENCE, ICCI 2019**
ISTANBUL EXPO CENTER



The International Energy and Environment Fair and Conference, ICCI which is breaking grounds in the industry, is getting ready to host professionals from the energy industry and the future generations of the energy industry, with a number of events which shall be organized. ICCI has become one of the most important meeting points of the energy industry thanks to the Fair, Conference and Bilateral Business Discussions which have been organized for 24 years and the Diplomatic Area, Generation X Program and Start Up events.

Figures

MARCH EXPORT VOLUME SATISFIES

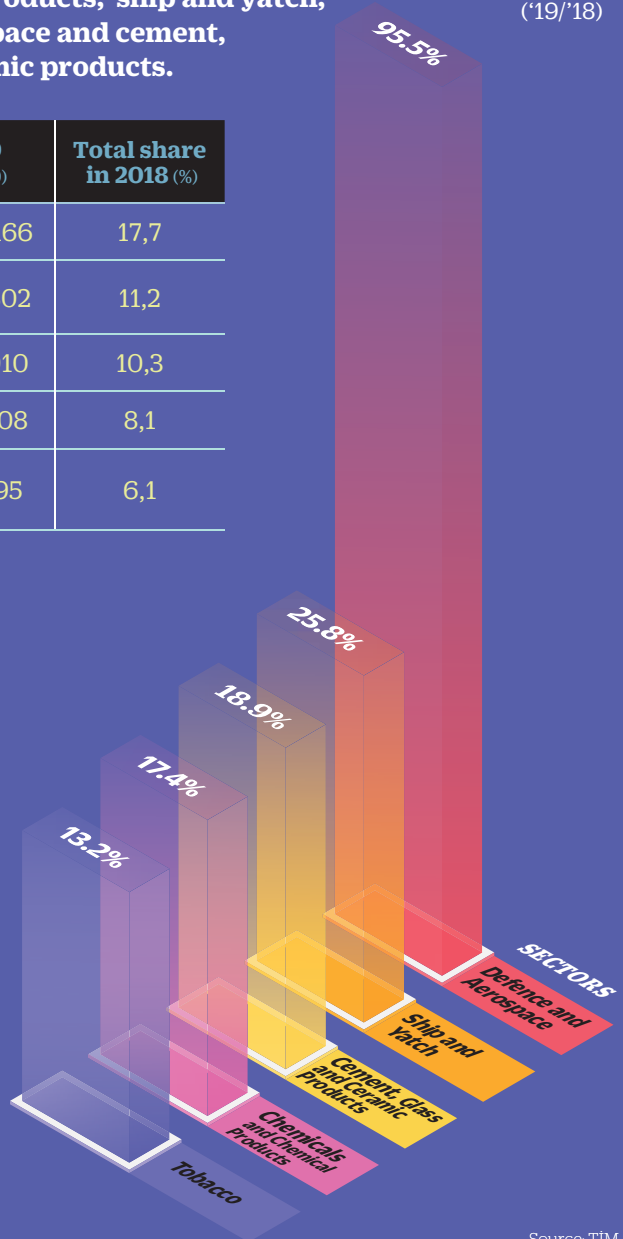
Shattering the record through the history of Turkey with the highest export volume of February, Export Volume and Figures continued to be satisfactory in March again. Remarkable increases were observed in following sectors; defence and aerospace, chemicals and chemical products, ship and yacht, defense and aerospace and cement, glass and ceramic products.

Change
('19/'18)

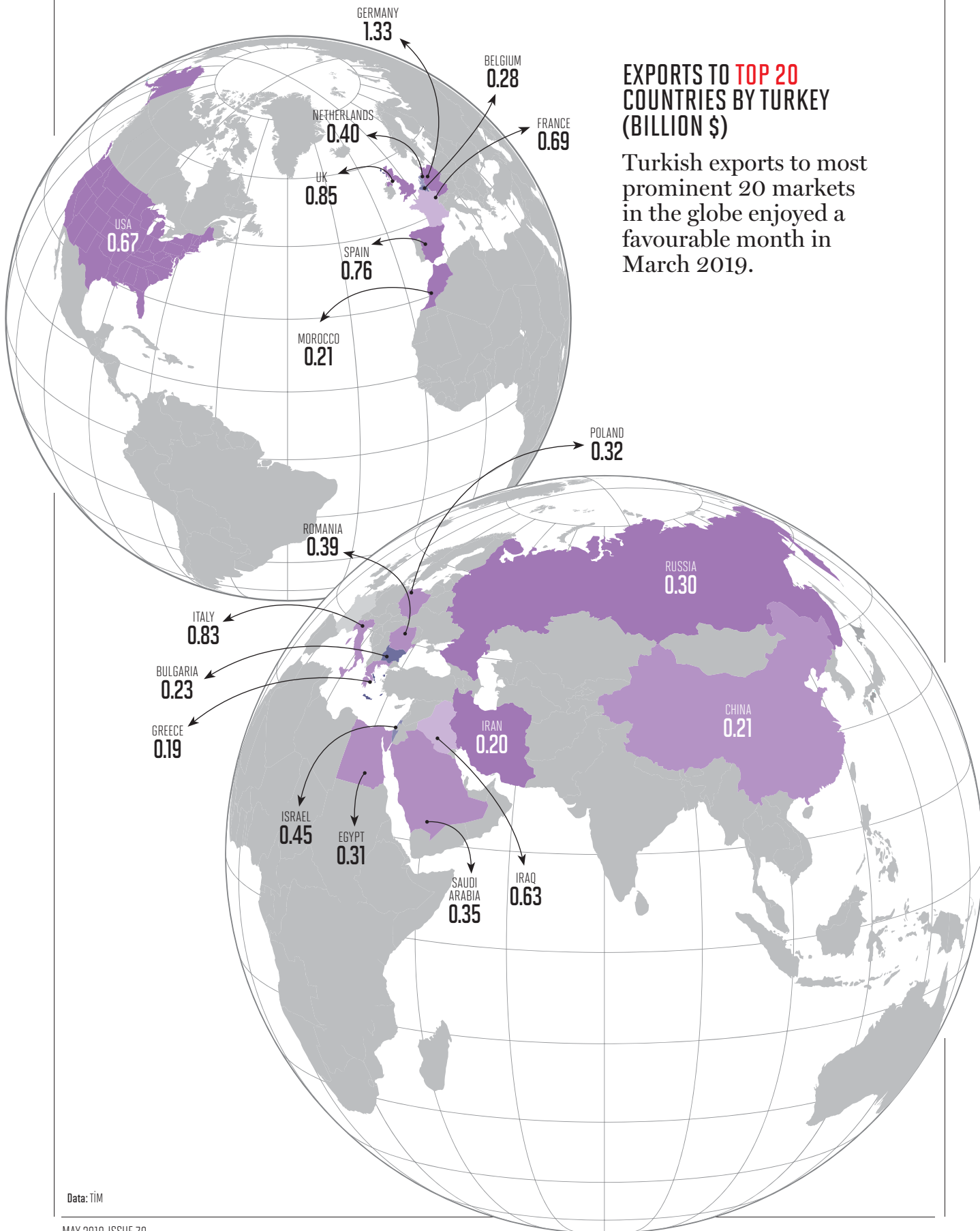
SECTORS	2018 (\$1000)	2019 (\$1000)	Total share in 2018 (%)
Automotive	3.144.072	2.885.166	17,7
Chemicals and Chemical Products	1.560.060	1.830.802	11,2
Apparel	1.678.469	1.681.910	10,3
Steel	1.287.266	1.318.708	8,1
Electric Electronic and Service	1.028.303	994.895	6,1

In March, the automotive sector took the lead again with 2.9 billion dollars. This sector was followed by Chemistry with 1.8 billion dollars, Ready-to-wear and Apparel with 1.7 billion dollars, respectively. The sectors that increased their exports most were Defense and Aviation sector with a 95.5 percent increase, Ship and Yacht sector with 25.8 percent and Cement, Glass and Ceramic products with 18.9 percent.

In terms of countries, Germany, UK and Italy were the first three partners which Turkey had highest exports to. The total share of EU countries in our exports was 48.7 percent in March. When the exports of the provinces were examined, exports of 47 provinces increased, while the first three provinces that exported most were İstanbul, Bursa and Kocaeli, respectively. The most striking increases occurred in Gümüşhane, Yalova and Yozgat.



Source: TIM



A STAR ALLIANCE MEMBER 

JOURNEY TO THE NEW HOME OF TURKISH AIRLINES

The airline that flies to more countries than any other
awaits you in the world's new aviation center

ISTANBUL AIRPORT



TURKISH AIRLINES

WIDEN YOUR WORLD

turkishairlines.com



NEW STYLE FOR THE NEW AIRPORT



TURKISH AIRLINES

WIDEN YOUR WORLD