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The Turkish Perspective

NOVEMBER 2018 ISSUE 64

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

BRIEFING The Grand Opening of Istanbul Airport

IN DEPTH The Revolution on the Horizon: AI Marketing

BRANDS Ülker: The Global Brand of Happiness

The New Economy Program is drawing the medium-term road map for the Turkish economy, and exports lie at its heart.

**The Heart of the
New Economy Program:**

Turkish Exports

Turkish Economy Dictionary

agility

/ə'dʒɪlɪti/

noun

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



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the potential

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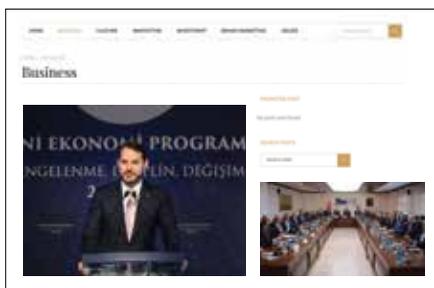
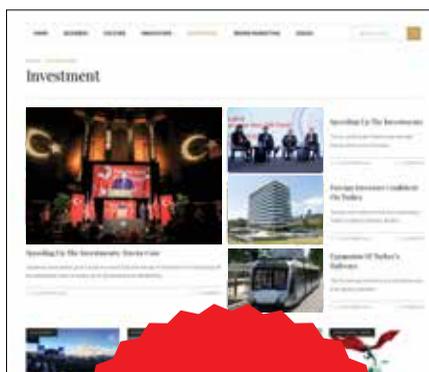
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THE TURKISH PERSPECTIVE DIGITAL

The Turkish Perspective website is to be launched soon.

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



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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The Turkish Perspective

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Editorial



İSMAİL GÜLLE
CHAIRMAN (TİM)

THE WORLD IS GETTING SMALLER; TURKISH EXPORTS ARE GETTING BIGGER

World aviation has moved to its new heart. İstanbul New Airport, one of the greatest projects of the Republican era, was opened with a magnificent ceremony on October 29, 2018, 95th anniversary of the Turkish Republic.

WE WERE LOOKING FORWARD TO THE inauguration of the new airport. Atatürk Airport has provided us with great services. However, a new airport was needed for further growth. The new airport open the way for Turkish civil aviation with its 5 runways and 200 million passenger capacity. It also provides more growth potential for Turkish Airlines.

In the last 15 years, Turkey has experienced more than 10% annual increases in both aircraft and passenger movement. Former main airport of Turkey Atatürk Airport (AHL) which was one of the busiest airports in Europe has ranked among the top five busiest airports in Europe by passenger traffic since 2013. As every other important hub airports in the world, AHL was facing capacity constraints.

In 2017, AHL and Sabiha Gökçen (SAW) handled more than 95 million passengers (the number of passengers at AHL was 63.7 million and SAW was 31.4 million). Due to these high figures, Atatürk airport could barely cope with the increasing demand from airlines, there were no new slots for additional flights, no space to build an additional runway, and not enough aircraft stands at the Atatürk Airport site, as the airport is surrounded by the city in all sides. This situation has not only affected passenger

flights but also the cargo flights. Because of the limited capacity, it was not possible to allow additional cargo or charter flights to the airport. Also, existing cargo terminal capacities and facilities were not sufficient even for today's operations, including road connections. Although the Airport is very near to the Sea, maritime transport connection and integration was not possible at all. As a result, considering all these problems and the future of our country in aviation, the new one was essential and inevitable. I believe that İstanbul New Airport meet all of these demands.

In this respect, as a country that has set ambitious targets such as getting among the top 10 economies in the world and taking a share of 1.5% from global trade, we attach great importance to the İstanbul New Airport and Turkish Airlines in line with our 2023 strategic goals.

At the beginning of 2018, as Turkish Exporter's Assembly (TİM) we stated that this year will be a record breaking year in our history. As a matter of fact, both the protectionist policies and trade wars that came up in global trade and the speculative pressure we experienced in the Turkish Lira did not prevent us from reaching our record targets this year. We are continuing to benefit from the steps we took in 2017.

The domestic demand and consumption-weighted growth strategy is now being replaced by an export-oriented strategy which supports domestic production, which is very important to get foreign trade surplus and rise to a prominent position in the region and in the World.

In this strategy, İstanbul New Airport assumes a great responsibility. The new airport will be one of the largest airport in the world when its all phases are completed, which will make Turkey a logistics center. It will be at the center of an extensive flight network as one of the most important hubs of the world. The new airport also aims to become one of the biggest cargo hubs on earth through increasing investments. In the first phase, cargo capacity will be 2.5 million tons. On full completion, İstanbul will have 1.4 million square meters of cargo space, handling 5.5 million tons of cargo capacity. With this new investment, our companies will be able to access the global logistics network far more easily and use the advantages for export opportunities.

We are pretty sure that new airport will make great contribution to the Turkish economy and exporters, by becoming a great transportation and logistics hub with its strategic location in the middle of three continents. As Turkish President mentioned that "this is not only an airport but a victory monument."

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



how about you?

average annual real
GDP growth rate

5.7%

2002-2017

13th largest
economy in
the world

GDP at PPP prices, 2017

800,000

university graduates
per year

average annual real GDP
growth rate forecast in OECD

4.9%

2015-2025

\$851 billion
of GDP at
current prices
2017

80.8 million

of population
with half under the age of 31

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First

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



DEFENSE

The Rising Star:

TURKISH DEFENSE INDUSTRY

Turkey's defense and aerospace industry exports expected to top \$2 billion by the end of 2018.

TURKISH Defense Industries Chief İsmail Demir said that Turkey's defense and aerospace industry exports had already reached around \$1.5 billion as of October, an annual rise of 14 percent.

"We think that both the barter method and the use of local currency will be very attractive in potential market areas of our interest," said Demir.

Demir also said that with some design

changes, the Atak Faz-2 helicopter will boost its capacity to carry more weapons and protection systems, as it is on track to join the Turkish Armed Forces inventory by mid-2019.

He stressed that Turkey's defense industry is working on indigenous engines to be used with the T625 and ATAK helicopters, adding that the ATAK 2's engines will also be made with the lessons learned from there.

"Turbojet and turbofan engines will be available in various sizes. These engines will be used in unmanned aerial vehicles and cruise missiles," he said.

Demir said an engine development project for light armored vehicles also continues.

He said they also have a project to establish a Laser Technologies Excellence Center.

"Lasers and electromagnetic guns are among our important

projects," he said.

F-35 PURCHASES ON TRACK

On purchasing F-35 fighter jets from the United States, Demir said political debates had had no effect on their plans. Ankara plans to acquire 100 F-35 fighter jets in the coming years.

U.S. Vice Adm. Mat Winter, the executive officer for the F-35 program, said earlier this month that he does not "see any indication of a

change" in the delivery of Turkey's 100 jets.

The F-35, a stealth jet built by Lockheed Martin, is considered one of the most expensive pieces of U.S. military equipment, with an average cost of around \$100 million.

This June, Turkey took delivery of its first two F-35 fighter jets at a ceremony in Fort Worth, Texas.

Turkey has been in the F-35 program since 1999. The Turkish defense industry has taken an active role in their production, with Alp Aviation, AYESAS, Kale Aviation, Kale Pratt & Whitney and Turkish Aerospace Industries making parts for the first F-35 fighter jet.

DEFENSE

NORWAY AND TURKEY SEALS DEFENSE DEAL

Turkish defense firm Defense Technologies Engineering and Trade Inc. (STM) has signed a cooperation protocol with DNV GL, one of the world's pioneering organizations in the maritime industry, for the certification of modernization activities of overseas naval platforms.

The cooperation protocol was signed at the International Naval Defense and Maritime Exhibition EURONAVAL 2018, organized for the 50th time this year at the Le Bourget Exhibition Center in Paris, France.

STM said in a statement that the agreement would provide certification of modernization activities of naval platforms.

Under the agreement, DNV GL will provide detailed information on certification, compliance and project requirements at the qualification stage of modernization projects, while the agreement, the first activity of the two agencies in the military naval platform, may pave the way for other international projects in terms of repair, modernization and construction.



ENERGY

Russia Considers Linking Italy to TurkStream

Russia is planning to extend TurkStream to Italy via Bulgaria, Serbia, Hungary and Greece.



RUSSIAN President Vladimir Putin said Wednesday that they were exploring options of connecting Italy to the TurkStream natural gas pipeline project. "Regarding infrastructure and infrastructure development issues, we are examining all opportunities, including connecting Italy to TurkStream via Bulgaria, Serbia, Hungary and Greece," the Russian leader told reporters following talks with Italian Prime Minister Giuseppe Conte in Moscow. TurkStream is a transit-free gas export pipeline that will stretch across the Black Sea from Russia to Turkey and further extend to Turkey's borders with neighboring European countries.

The first line is intended for gas supplies to Turkish consumers, while the second will supply gas to south and southeastern Europe.

Russian energy giant Gazprom is planning to start the construction of the overland section of the TurkStream's second gas pipeline in 2019, Gazprom Deputy Chairman

Alexander Medvedev announced yesterday.

Medvedev, speaking to the Gazprom corporate magazine, said the company aims to transfer a record volume of 200 billion cubic meters (bcm) of gas by the end of this year, up from the 148.2 bcm exported in the first nine months of 2018.

Meanwhile, Russian Energy Minister Alexandr Novak said earlier this month that the pipeline was 85 percent complete.

In October, Moscow and Ankara signed an intergovernmental agreement on the construction of two underwater pipelines of the TurkStream project in the Black Sea.

The first line reached the Turkish shore at the end of April after 930 kilometers of deepwater offshore pipe laying from Anapa, Russia to Kiyk y, Turkey.

TurkStream's first line will carry 15.75 bcm of natural gas to Turkey. The project will have a total throughput capacity of 31.5 billion cubic meters with the second line that will go to Europe.

INVESTMENT



BOEING TO SPEED UP WITH PURCHASES IN TURKEY

Operating for 70 years in Turkey, the U.S. civil and military aircraft manufacturer Boeing is poised to increase its annual purchasing volume from Turkish manufacturers, according to Boeing Turkey General Manager Aysem Sargin.

At least one part of the aviation giant Boeing's new generation commercial aircraft is produced in Turkey, Sargin said. "This is a source of pride for both Boeing and Turkey. Our current annual purchasing volume in Turkey is \$160 million and we are determined to increase this amount," she added.

Sargin also remarked that they were committed to increasing the number of Turkish suppliers entering the global supply chain in the coming years with the Boeing Turkey National Aviation Plan the company launched last year.

Moreover, since the launch of the Peace Eagle Project with Turkey more than 15 years ago, Boeing's total investments in the country have reached around \$1.6 billion.

TECHNOLOGY

TURKCELL AND HUAWEI COLLABORATION FOR SMART CITIES



Turkey's leading mobile phone operator Turkcell and Chinese technology giant Huawei have signed an agreement to collaborate on smart cities, Turkcell announced Tuesday. The deal aims to set up collaboration on improving infrastructure for smart cities in Turkey.

Turkcell Board Chairman Ahmet Akça said cooperation with Huawei is "a great step" for Turkey to have new generation communication technologies and to play a pioneering role in 5G (fifth generation technology).

Li Dafeng, Director of the Huawei ICT Infrastructure Managing Board Office, said the agreement will pave the way for digital transformation in Turkey and Central Asia.

Turkcell will provide cloud computing services through data centers with fixed broadband (FBB), mobile broadband (MBB) and NB-IOT connectivity services required to implement the project. Huawei, on the other hand, will provide vertical solutions including smart transportation, smart water and smart parking solutions, as well as IP and IT products.

INVESTMENT



Dalgakıran to Blaze a New Trail with Japanese Partnership

Dalgakıran Kompresör and IHI Corporation's joint-venture IHI Dalgakıran opened Turkey's first compressor manufacturing facility in Kocaeli.

DALGAKIRAN Kompresör, the leader of compressor sector in Turkey, has opened the first and only compressor factory of Turkey. The joint-venture company IHI Dalgakıran, which is founded in partnership with Japanese IHI Corporation, is the fruit of a 10 years long collaboration of two counterparts. The new and innovative facility is located in Kocaeli Organized Industrial Zone.

The opening ceremony hosted Chairman of TİM İsmail Gülle, Dalgakıran Chairman of the Board Adnan Dalgakıran, CEO of IHI Dalgakıran Kazuo Kobayashi, IHI Executive Hideaki

Ishige, IHI Member of the Board Masofumi Nagano, Deputy Minister of Ministry of Industry and Technology Hasan Büyükdede and other prominent guests.

Speaking at the ceremony, Adnan Dalgakıran stated that "We will both decrease the import and contribute to export by establishing IHI Dalgakıran Turbo Compressor production facility in Turkey."

Underscoring that the new factory is the 3rd highest tech factory they started subsequent to ones in China and Japan, Kazuo Kobayashi said "The factory will have 100 employees and the capacity of 300 compressors per year over the 5 year period."



INVESTMENT

ARÇELİK OPENED NEW SMART TV FACTORY

One of the leading Turkish conglomerates Koç Holding's home appliance maker Arçelik has launched a new smart TV factory in Çerkezköy, an industrial district in Tekirdağ, with an investment of TL 500 million (\$87 million).

At the Arçelik Çerkezköy Electronic Factory, which was established on an area of 182,000 square meters, future TVs will be produced with digital and robotic technologies. Around 1,600 people are employed in the new factory, whose whole automation and robot software was made by the Turkish engineers.

Addressing the opening ceremony, Koç Holding CEO Levent Çakıröğlü said the conglomerate has invested around TL 35 billion in the last five years, emphasizing that the figure was a concrete indicator of the company's confidence in the country.

In his speech at the ceremony, Arçelik CEO Hakan Bulgurlu said the Çerkezköy Electronic Factory was one of the most modern production facilities in the sector. "We will export 65 percent of the products we develop at the factory to 48 different countries," he added.

INVESTMENT

CHINA REMARKS THE ROLE OF TURKEY IN BELT AND ROAD INITIATIVE

Turkey, given its central location, will play a pivotal role in China's Belt and Road Initiative (BRI), Chinese experts have said.

Speaking at an event in Ankara, the director general of the Institute for Borderland Studies at Chinese Academy of Social Sciences, Xing Guangcheng said that because of Turkey's geographical location, the country holds a significant position in the One Belt, One Road (OBOR), another name for BRI, project.

Initiated in 2013 by China, OBOR looks to connect Asia, Africa and Europe, with billions of dollars' worth of infrastructural investment projects involving roads, railways, ports and energy transmission lines.

The initiative intends to build transportation, telecommunications, energy and other infrastructure networks in these regions, integrate them with each other, provide financing for new projects and revitalize trade and investment partnerships together with interregional customs and tax coordination.

EXPORT



Turkish Marble Export is Rock Solid

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TURKEY'S MARBLE export surpassed \$1.4 billion in the first 10 months of 2018, a local commerce office head said. Turkey exported marble mostly to China, the U.S., Saudi Arabia, India and Iraq, Husnu Serteser, head of Afyonkarahisar Chamber of Commerce and Industry, said.

Turkey has several types of marble, such as white marble from the Aegean province of

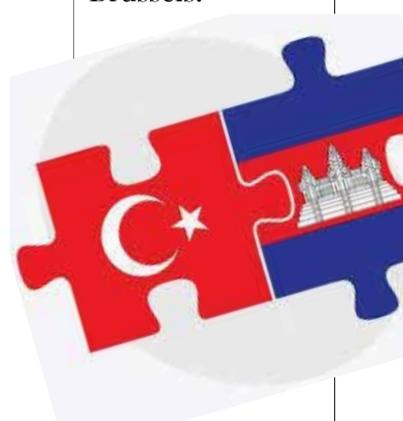
Mugla and the dark-red marble known as "cherry marble" mined in eastern province of Elazig. Last year, exports of natural Turkish stone -- including processed and uncut marble, granite, travertine, and slate -- totaled 7.94 million tons or \$2.05 billion, according to the Istanbul Mineral Exporters' Association.

Turkey is also the world's top marble exporter, followed by Italy and Greece.

TRADE

TURKEY AND CAMBODIA EYE TO IMPROVE BILATERAL TRADE

Turkey and Cambodia have agreed to increase bilateral trade to \$1 billion in the near future, Cambodia's Prime Minister Hun Sen said on Oct. 22, days after a meeting in Brussels.



Hun Sen flew to Turkey after his Brussels visit and met Turkish President Recep Tayyip Erdoğan.

"The two leaders agreed to increase bilateral trade between Turkey and Cambodia to \$1 billion in the short future," Hun Sen said in a post on his Facebook page on Oct. 22, adding that Cambodia will open an embassy in Turkey in 2019.

Bilateral trade was worth \$108 million in 2015, the Turkish foreign ministry said on its web site.

TURKISH MARBLE EXPORTS

Turkey supplies the world with its high quality marble.



R&D-INNOVATION

TURKPATENT REPORTS UPSURGE IN TRADEMARK APPLICATIONS

The Turkish Patent and Trademark Office (TürkPatent) received 84,429 trademark applications - 74,748 of them domestic - in the first nine months of 2018.

In September, TürkPatent received 7,863 trademark applications, down 5.9 percent year-on-year, according to TürkPatent data released on Oct. 22.

TürkPatent also received 12,202 patent applications - 4,463 domestic and 7,739 foreign - in the first nine months, up 2.8 percent on a yearly basis.

Meanwhile, the office received 1,984 utility models and 29,930 design applications during the first three quarters of the current year.

Last year, 121,108 trademarks, 19,283 patents, 3,320 utility models, and 46,854 design applications were made.

Since 2011, Turkey has received more trademark applications annually than any other European country - over 100,000.



ENERGY

New Refinery of \$6.3 billion Value Opened in İzmir

The first new oil refinery to be built in Turkey in 30 years has opened in the Aegean city of İzmir by Azeri oil company SOCAR in a ceremony attended by Turkish President Recep Tayyip Erdoğan and his Azerbaijani counterpart Ilham Aliyev.



THE \$6.3 BILLION Star Refinery will help cut Turkey's dependence on imported refined oil products. It will also boost Turkish refining capacity by 30 percent.

The refinery, which started construction in 2011, is located near the campus of one of Turkey's top-ranking industrial enterprises, a container port and the country's leading petrochemical company PETKIM, owned by SOCAR.

Turkey's total refining capacity will go up by 33

percent to reach 40 million tons per year after Star Refinery becomes fully operational, according to officials. The plant on Turkey's Aegean coast would have the capacity to process about 10 million tons per year (200,000 barrels per day) of crude.



The plant is expected to produce 1.6 million tons of naphtha and 420,000 tons of xylenes. It will also produce about 4.8 million tons of diesel, alongside jet fuel, petroleum coke, reformate, sulphur and liquefied petroleum gas (LPG).

INFRASTRUCTURE

\$885 MILLION METRO CONSTRUCTION PROJECT KICKED-OFF

Turkey's Kocaeli Metropolitan Municipality laid the foundation of a metro project in the prominent industrial province on Oct. 20.

The new metro line worth 5 billion Turkish Liras (\$885 million) will connect the Gebze Organized Industrial Zone with the Darica coastline.

Speaking at the opening ceremony, Turkish Parliament Speaker Binali Yıldırım said the metro project will be equipped with the latest technology.

The new underground metro project will consist of two tunnels, each of 15.6 kilometers (10 miles), with a diameter of 6.5 meters, while the line will have 12 stations.

The metro project is expected to be put into service in 2022.



INVESTMENT

EBRD INVESTS
IN MIGROS'
TRY BONDS

The European Bank for Reconstruction and Development (EBRD)

announced on Friday it has invested in lira-denominated bond issued by Turkish retailer Migros.

"In a move to support deepening local currency and local capital markets in Turkey, the EBRD has invested 9 million lira (\$1.6 million) in the 46 million lira (\$8.16 million) Turkish-lira denominated bond issued by the country's second largest retailer, Migros," the bank said in a statement.

The issuance will be listed on Borsa Istanbul and proceeds will refinance the company's short-term loans, it said.

Migros operates in 81 Turkish provinces, through a network of 2,048 food retail stores. It is also active in Kazakhstan and Macedonia with 42 Ramstore outlets.



EXPORT

High-Technology
is High-Priority

Turkish vice president stated that Turkey's target of production and export-based growth should be realized with high technology and high value-added products.

SPEAKING at the opening ceremony of Turkish Exporters' Assembly (TİM) Delegates Workshop, Turkish Vice President Fuat Oktay said that exports have been one of the most important aspects in country's progress over the last 16 years.

"As Ministry of Trade, we are making every effort to expand our export family, make our existing exporters more competitive, and continue to stand by our exporters with all our support tools," Pekcan said.

İsmail Gülle, Chairman of TİM, stressed that which amounted \$47 billion in 2003 climbed to \$157 billion last year. "I hope that this year we will break a new record by exceeding our exports to \$170 billion," he added.

Gülle also said that currently, some 8.8 %, or \$14 billion share of exports, is being done in Turkish liras.

"More than 10,000 companies sell goods to 133 countries by using the Turkish lira," he said.

EXPORT

TURKISH
AUTOMOTIVE
SETS EYES TO
NEW RECORD

The Turkish automotive sector aims to break a new record with \$31 billion in exports this year after closing 2017 with an all-time export record of \$28.5 billion.

Uludağ Automotive Industry Exporters Association (OİB) Chairman Baran Çelik said the sector, which left behind three quarters of the year, maintains its upward momentum.

"We closed last year with an all-time export record of \$28.5 billion," Çelik continued. "This year, we reached \$23.4 in the first 3 quarters. If the monthly average of \$2.6 billion continues this year, we will exceed last year's record. By closing this year with a figure of around \$31 billion, we will mark the highest export figure of all time."

Stressing that the fact that the automotive industry reached a monthly average of \$2.6 billion in the first 3 quarters stands out as the best figure in recent years, Çelik recalled that the sector exceeded the \$3 billion threshold on a monthly basis in March, breaking the all-time record.

BUSINESS

*Turkish Private Sector Seeks
to Boost Relations with Germany*

A VISIT BY GERMANY'S Minister of Economy to Ankara this week is a "window of opportunity" to strengthen economic cooperation between the two countries, the Turkish Industry and Business Association (TÜSİAD) said on Oct. 25.

"As political tensions ease, we should grasp this opportunity. Both Turkish and German firms would benefit from joint projects in various areas," TÜSİAD's Berlin representative Alper Üçok told Anadolu Agency in an exclusive interview.

German Economy and Energy Minister Peter Altmaier is beginning his two-day visit to Ankara on Oct. 25 with the hope of boosting economic and trade ties between the two countries.

Altmaier will be

accompanied by a group of businesspeople, including chief executives from German business giants Siemens, SAP and EON, as well as representatives of small and medium-sized enterprises.

Üçok, who represents Turkey's largest business association, said the visit would be an opportunity for German firms to obtain first-hand information on recent economic developments in the country and discuss new business opportunities.

Ahead of his landmark visit, Altmaier underlined his government's support for Turkey's economic stability at a time of market volatility and expressed hope for closer cooperation between the two countries.

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Briefing

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

EXPORTERS DIARY

TURKISH EXPORTERS UNITED

440 Delegates came together for the first time in İstanbul to overcome the obstacles in exports.



TURKISH EXPORTERS' Assembly (TIM) Delegates' Workshop was held this year for the first time in İstanbul. Vice President of Turkey Mr. Fuat Oktay, Trade Minister of Turkey Mrs. Ruhsar Pekcan and 440 delegates representing 71,000 exporters, attended the workshop, hosted by TIM Chairman Mr. İsmail Gülle. In the workshop where was a wide participation, the problems and suggestions of the exporters were discussed.

Saying "We saw the games that they tried to play on us, we took the necessary measures to avoid the manipulative fluctuations and started implementing new economic reforms", Mr. Fuat Oktay emphasized that in the new economic and trade order, the key areas for Turkey's future are R&D, innovation, high technology, added-value, design, production and branding.

Noting that the Turkish exporters, who could achieve

remarkable successes notwithstanding all the negativities in the global conjuncture, have the power to achieve new successes in the new period, Minister of Trade Mrs. Ruhsar Pekcan said "As the Ministry, we will carry out our policies pertinaciously in order to increase our exports both in terms of quantity and quality, and we will continue to stand by you."

Stating in his speech that the export family is the

native and national power of Turkey, TIM Chairman Mr. İsmail Gülle said "Without any hesitation, I must say that the export family is one of the most critical structures that will break the traps to be set for our country. Again, we will break the games played against our country through the exchange rates by expanding the foreign exchange earning activities. Nobody should doubt it. Our goal is clear: Turkey with foreign trade surplus!"

TİM AND TEB BROUGHT TOGETHER THE BEST ENTREPRENEURS OF TURKEY IN ISTANBUL

Successful entrepreneurs of TIM – TEB Global House which was actualized by Turkish Exporters Assembly (TIM) in partnership with Turkish Economy Bank (TEB) in order to contribute to the entrepreneurship ecosystem, technological development and export volume of Turkey, were awarded.

With the participation of 500 partners of Turkey's entrepreneurial ecosystem, the night was held under the auspices of the Ministry of Trade of Republic of Turkey at Çırağan Palace. After Ruhsar Pekcan, Minister of Trade of Republic of Turkey; İsmail Gülle, TIM Chairman and Ümit Leblebici, TEB General Manager gave opening speeches, 10 successful entrepreneurs from TIM-TEB Global House were awarded. Furthermore, as a social entrepreneur Ayşe Arman, as the inspiring entrepreneur Ali Erkin, Chairman of Game Developers Association of Turkey and as enrichers of the ecosystem Middle East Technical University (METU) and İstanbul Technical University (ITU) received their special prizes.

İsmail Gülle, Chairman of TIM pointed that Turkey ranked 37 among 137 countries in the 2018 Global Entrepreneurship Index and ranked much more higher in terms of "start-up capabilities" and "innovation". Mr. Gülle, stressed that from the year



2015, they have contributed to entrepreneurial ecosystem by opening Global Houses, touching more than 650 entrepreneurs and still aiming more.

Mr. Gülle stated that entrepreneurs included in TIM – TEB Global House had recorded turnover of 330 million TRY last year as well as their export volumes are increasing gradually. Mr. Gülle gave examples from technologies developed by entrepreneurs like smart energy management system and early warning system to detect deflection in railroads or maritime lines.

Turkish Economy Bank (TEB) General Manager Ümit Leblebici said in his speech; "There is a word that has brought us together today; that is called entrepreneurship, and he added: "I think entrepreneurship will be one of the most important words in the coming period and it is the spirit and understanding of entrepreneurship that will carry Turkey even further than where it is."

During the night, the 10 most successful entrepreneurs of Turkey received their awards from Mrs. Ruhsar Pekcan, Minister of Trade Republic of Turkey, Mr. İsmail Gülle, Chairman of TIM and Mr. Ümit Leblebici, General Manager of TEB.

Fastest Growing Enterprise Award Delphisonic,
Highest Exporting Enterprise Award REM People,

Highest Exporting Country Enterprise Award Miops,
The Most Investment-Making Enterprise Award Segmentify,

The Most Motivating Success Story Award Dermis Pharma,

End-to-End Entrepreneur Award Indisera,
Phoenix/ Born from Ashes Award Scotty,
First Born Award Gastroclub,

The Most Sensitive Enterprise to the Environment Award Reengen,

Most Successful Female Entrepreneur Award Artge received.

EXPORTERS
DIARY



TRADE DIPLOMACY IN CAPPADOCIA FROM TIM TO AMBASSADORS

Having set as a purpose to increase opportunities for bilateral cooperation, the fifth edition of Ambassadors' Gathering, organized annually since 2014, was held in Cappadocia between October 12-14 by the Turkish Exporters Assembly (TIM).

In the gathering which brought together 230 people with their families, diplomatic representatives from 76 countries, including 49 ambassadors and the EU Delegation to Turkey, discussed current social and economic issues and especially bilateral trade.



PRESIDENT ERDOĞAN RECEIVED TIM CHAIRMAN GÜLLE AND HIS DELEGATION

President Recep Tayyip Erdoğan received TIM Chairman İsmail Güllü and accompanying delegation in Çankaya Palace. TIM Chairman İsmail Güllü noted “In our country, as today, the necessary infrastructure will be created for a much larger export jump. With the support given to us by our President, the export will come to the place it deserves. We will increase exports to 200 billion dollars in the medium term in line of goals that you set for us. Nobody should doubt it. Our goal is clear: Turkey with foreign trade surplus!”



President Recep Tayyip Erdoğan received TIM Chairman İsmail Güllü and accompanying delegation in Çankaya Palace. In the meeting, the steps that

will be taken for increasing export, which has a critical importance to break the economic traps set for Turkey through the exchange rates were discussed.

“WITH THE SUPPORT OF OUR PRESIDENT, THE EXPORT WILL COME TO THE PLACE IT DESERVES”

Güllü said “Without any hesitation, I must say that the export family is one of the most critical structures that will break the traps to be set for our country. Again, we will break the games played against our country through the exchange rates by expanding the foreign exchange earning activities.” Güllü continued as “In our country, as today, the necessary infrastructure will be created for a much larger export jump. With the support given to us by our President, the export will come to the place it deserves. We will increase exports to 200 billion dollars in the medium term in line of goals that You set for us. Nobody should doubt it. Our goal is clear: Turkey with foreign Trade surplus!”

THE WOMEN’S COUNCIL HAS BEEN ESTABLISHED

Turkish Exporters Assembly (TIM) has established “TIM Women’s Council” in order to increase the number of women exporters. Chairman of TIM İsmail Güllü said “We reach our national targets much faster by increasing our exports in a continuous and permanent manner with the support of women. With our new council, we aim to solve the problems encountered by women exporters in the business world. We also aim to carry out their projects more effectively. Together with this council, we declare mobilization for exports.

He continued his speech with the words of Atatürk

“Everything we see in the world is a creative work of women.”

“WOMEN’S COUNCIL WILL BE THE MILESTONE FOR OUR COUNTRY”

Güllü stated that there are 5,200 women exporters as of

2018, “In other words, only 7,3 percent of total number of our exporters.” With our new management, we started to implement reformist policies in order to increase the participation of women. We have a female member on the board of directors, for the first time. Similarly, in the last period, while there were 39 female members in the Board of Directors of our Exporters’ Associations, there are 55 female members in this

period. We are committed to further increasing these numbers. We aim to increase the number of female exporters and female delegates in the business world. That is why we believe that the establishment of Women’s Council will be a milestone for both our country and TIM.

It is expected that the TIM Women’s Council will meet in October to form a road map and start concrete projects.





INFRASTRUCTURE

The Grand Opening of **ISTANBUL AIRPORT**

The largest infrastructure project in the history of Turkey, İGA İstanbul Airport has been opened with a spectacular ceremony held on October 29th, the 95th birthday of Turkish Republic.

OCTOBER 29TH 2018 marked as the date of a double celebration for Turkey. The 95th birthday of Turkish Republic is crowned with a –may be “the”- milestone in the history of Turkish aviation; İGA İstanbul Airport. The much-anticipated grand opening took place in a spectacular atmosphere. It was as an all-star gathering of the prominent figures of government, business

circles, media, aviation, transportation and pretty much any other field as the airport is not only a milestone for a single field. The project possesses a critical aspect in terms of economy, infrastructure, transportation, employment, technology, logistics and so on.

A SKY-HIGH PROJECT
İstanbul Airport born as one the largest projects in

Turkey's history, whereas claiming the biggest infrastructure investment title. In 2013 after a competitive tender process the Cengiz, Mapa, Limak, Kolinç, Kalyon Consortium undertook the operation and construction of project with a record €22.152 billion bid –€26.142 billion including VAT- and founded İGA, the company that's running the airport. Besides from being one of the biggest biddings

in the history of Turkey, with an amount of circa €10.25 billion the project becomes the largest infrastructure investment made in the country.

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



Istanbul Airport's initial capacity is 90 million passengers annually, whereas this capacity will increase to 150 million after all the stages of project are concluded.

terminal buildings, 8 control towers, 6 runways, 16 taxi ways, which are enabling a capacity of 500 aircrafts. Furthermore there is also a parking lot that may contain 70 thousand vehicles. Thanks to these attributes, İstanbul Airport is expected to offer 350 destinations and serve 150 airline companies. The daily landing-take off number is expected be around 3500. Looking at these statistics, it can be said that the project is a sky-high enterprise.

to gates and boarding alters will be provided by beacon and geo finding technologies. An IT setup consisting of A-CDM (Airport Collaborative Decision Making), facility management with BIM (Building Information Modelling) and VR (Virtual Reality), augmented reality, smart kiosks, social media enabled services, airport gaming, loyalty services, queue management, airport mobile application and a seamless IOT (Internet of Things) framework is established.

The technology driven bag-drop system will be assisting passengers to check-in their baggage to save time and effort. The passengers utilizing online or kiosk check-in will be able to weigh their baggage and generate the label they need by using boarding pass at the self-bag-tag kiosk. Technologies also help in travel retailing, creating a memorable experience. 3-D hologram systems, smart shopping carts with a charging function, mobile cash-registers and electronics customer profiling will be in use. A "Magic Mirror" application, for example, will allow customers to see virtually how watches, clothes or make-up products will look on them without physically trying them on.

capacity projection marks the airport as the largest one in the world in the time of planning.

The numbers are stunning when compared to the competition of INA, as the top 3 ranks in the world's largest airports by capacity belong to Hartsfield-Jackson Atlanta Airport with 94.4

million, Beijing Capital Airport with 83.7 million and London Heathrow Airport with 73.3 million passenger capacities.

The project is built on 76.5 million square meters. Over this gigantic area, there are 165 passenger bridges, 4

THE TECH BENEATH YOUR WINGS

Istanbul Airport is also a state-of-the-art aviation facility with its equipment and tech specs. To give a few high-lights: the indoor directions, walking times



FLYING HIGH WITH AWARDS

Even before it started the operate, İstanbul Airport received 10 international awards from prominent organizations.

Stevie International Business Awards
Corporate Social Responsibility Program of the Year 2018

Future IT Summit 2018
Best Infrastructure Award

TIER 3 Certification 2017
Data Center Phase 1

Stevie International Business Awards
Corporate Social Responsibility Program of the Year 2017

Bonds & Loans
Transport Finance Deal of the Year 2017

CSR
International CSR Excellence Awards

IDC Turkey
Best Cost Efficiency Award 2017

Young Leaders and Entrepreneurs Association
Social Responsibility Award 2016

Chicago Athenaeum
International Architecture Award 2016

World Architecture Festival (WAF)
Future Infrastructure Project Award 2016



As the National Flag Carrier airline of Turkey, Turkish Airlines will greet its passengers with its stylish new cabin uniforms in Istanbul Airport.

There are many more other high-tech attributes IA offers. Instead of listing them, summarizing the IT structure in numbers might give a rather comprehensive idea. There are 3 data centers, 102 integrated systems, 467 servers, 780 telecommunication rooms, 3257 card pass points, 3267 flight info monitors, 4549 computers. The approximate data storage of IA will be around 20 million GBs. The fiber cabling length is approximately 1700 kilometers –which is close to the distance between Berlin and İstanbul- where copper cabling reaches to 4500 kilometers –almost the distance between New Delhi and İstanbul-.

THE ECONOMY OF IA
As stated above, the project's value added tax included bidding was €26.142 billion, in which the share of infrastructure investment is about €10.25 billion. When the project is completed, it is expected to create around

İstanbul Airport's contribution to household income is expected to be about 3.8 - 4.4 billion USD.

225 thousand jobs, which is almost equal to the labor capacity of a city of 750.000 population. The additional household income created will be between 3.8 – 4.4 billion US dollars, which will account for some 4.2% to 4.9% contribution to the national income.

IA is capable of hosting more than 30 wide-body freight planes simultaneously. The airport initially will have the cargo capacity of 2.5 million tonnes, which is doubling İstanbul Atatürk Airport, where subsequent to the conclusion of the last stage the capacity will increase to some 5.5 million tonnes. Thanks to its capacity, the airport already signed 6 contracts with various logistics firms summing up to €250 million.

The initial estimations say that yearly contribution of IA to Turkish economy will be around 75 billion TRY. Of course these are only the current and direct numbers. When the project is totally completed with all phases and the operations converge to the capacities, the economic contribution of IA to Turkey will likely to be even more.

A NEW JOURNEY FOR TURKISH AIRLINES

With İstanbul Airport becoming operational, Turkey's both National Flag Carrier airline and most valuable brand, Turkish Airlines, too, welcomes a new era. Set on realizing the 2023 goals of Turkey, Turkish Airlines goes to İstanbul Airport as the airline flying to the most countries, i.e. 122, and determined to step up its game to a new level. Closing the deal of 60 wide body aircraft (10 being optional) earlier this year and breaking records in the first three quarters of 2018, Turkish

Airlines will contribute greatly to Turkish economy at its new home.

BOARDING CALL FOR THE FUTURE

The project can play a key role in international trade and transportation. According to IATA's report, the number of airway passengers was some 4 billion in 2017 and as of 2036 this number is likely to be doubled to reach 7.8 billion. Thus, the airports of the future should be able to meet requirements for capacity and improved technologic infrastructure. To think that Turkey has a central position, as there are more than 100 countries within the flight range of 4 hours, IA will be the centerpiece of international aviation with its qualities and capability to meet the requirements. IA is a demonstration for the airports of the future, and you can hear the boarding call for the future in İstanbul Airport.

As the world
gets smaller,

Turkish exports continue to grow!

Istanbul's brand new airport is the world's most advanced, and its runways open on the **95th anniversary** of the **Turkish Republic**.

Built over **1.6 million m²** and with a capacity of **5.5 million tons** of cargo, even more Turkish products will be exported the world over from this new international logistics center.

discoverthepotential.com



Discover
the potential

Istanbul
New Airport

*Air Traffic Control Tower
by Pininfarina-AECOM*

TIM-TEB

Compello: A DREAM TO REALIZE

Being more than another successful enterprise, the story of Compello is the story of 3 entrepreneurs chasing a dream and achieving it.

BY ILHAN ALPAY OGAN

THE THREE PARTNERS who set up Compello; Sukru Haciyanli, Cem Isik and Tolga Gunduz, dreamt to set up a happy, creative and competitive work environment where they could work hard together and enjoy what they do till the end of their life fulfilled with satisfying success stories.

Then they started to

think about ways to achieve this dream. It took a long time struggling with what to do. The company's main asset was their experience in the enterprise software business. They found a way as establishing a company which will be able to develop enterprise softwares and export out of country.

Then they challenged

themselves by targeting the technologically developed countries as their market.

Compello's first product; Project and Portfolio Intelligence (PPI) was successful for reaching the target. The solution was unique in the market, and sold to many large enterprises in the US, UK, Switzerland, Australia and Turkey.

Compello generated 5M TL export income from those sales.

After having multiple world-wide successes in the domain, one of the largest software vendors in the world, recognized the Compello's vision and success. The world-wide software provider offered a global agreement to Compello for being the exclusive distributor of Compello's PPI software. This was going to be a great success story for Compello and Turkey. The founders were very close to selling their company to one of the largest software provider in the World. However unexpected happened and the global software provider was merged with another large software provider based in the UK. This merger changed the vision and strategy of the



provider so the acquisition of Compello halted.

This has been a big lesson-learn for Compello's founders - "Always expect the unexpected."

Meanwhile Compello was still on its way and great success stories were created. The company was elected as "Most Promising Business Analytics Partner of Europe 2012" by IBM.

Same year, Company was honored by IBM in "IBM SmartCamp" competition, and rewarded with the second degree in most innovative startups.

The founders of Compello decided to have more challenging target as continue creating the success stories while becoming a serial entrepreneur by realizing innovative ideas.

During this journey, company increased its research and development activities. Many innovative applications and softwares were developed during this aggressive production period. Most innovative and competitive ones were selected in time and company focused on the best selections while leaving the experimental ones.

In 2017, Compello was certified as an R&D center by Ministry of Industry and



Technology.

Company continued growing without reducing its profitability. The income and profit of the company increased every year steady.

COMPELLO'S ATTITUDE TO GLOBAL COMPETITION

Compello has been aiming to reach global markets and expand Turkey's brand. While working to achieve this target, company learnt that, Turkey is a good laboratory for enterprise software development. Customers are demanding and workflows are extremely complex. That brings an opportunity to build flexible solutions which can suit or easily customized to other countries. So, it's very important that Compello products has to be at the top-level usage in Turkey.

Another reason to reach as many local companies as it can, potential customers

always ask the references. If you can not prove you are covering your country, it will be very hard to be convince others.

TİM-TEB START-UP BUSINESS HOUSE

Since 2014, Compello has been working with TİM-TEB Start-Up Business House. Compello is working intensively on consulting, networking and promotional activities at TİM-TEB Start-Up Business House.

Compello has been certified as an R&D center by Ministry of Industry and Technology in 2017.

Compello expects their competitive product Kybele to generate the majority of their income as the software targets a huge market.

A NEW ASSERTIVE PRODUCT – GDPR/ KVKK

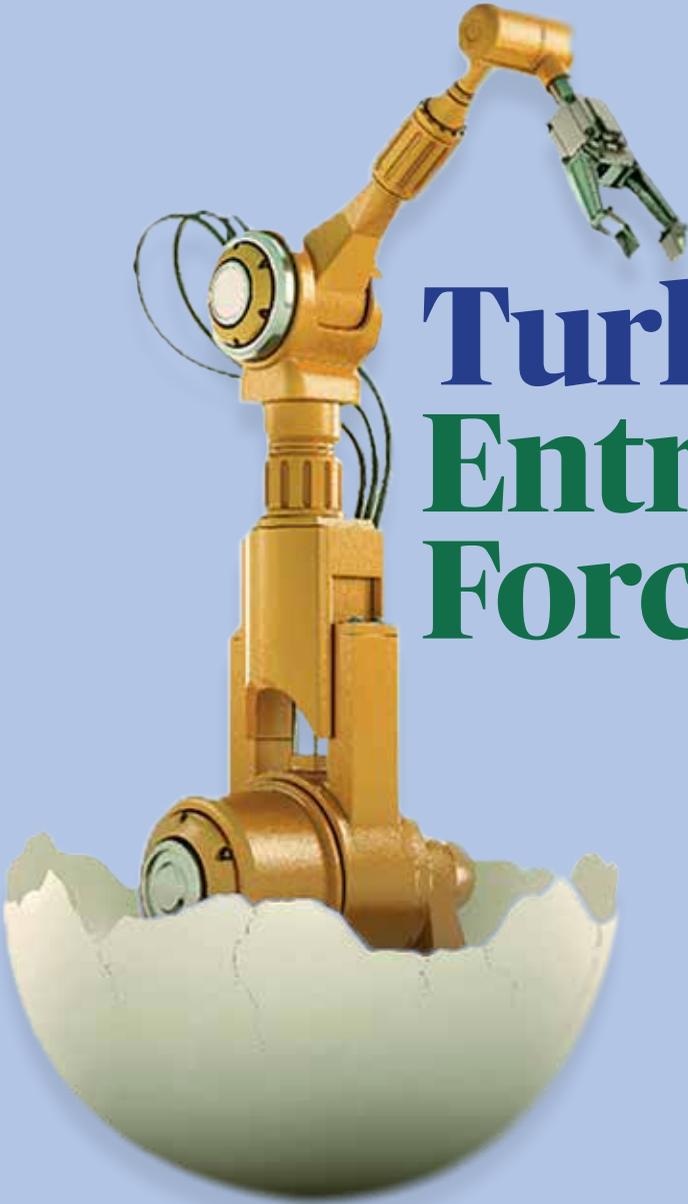
The subject we'll mention about company's currently the most competitive product "Kybele" which is going to be generating the majority income. The software is targeting a huge market and the signals show that, for sure it is going to be one of the best solutions for its target market.

What Is Kybele

Before moving forward with the details of this new software and company's new target, let us introduce Kybele. KYBELE (Cybele) was the ancient Phrygian goddess. She symbolized; birth, power and protection.

"Honestly we did not think it too much" said Mr. Sukru Haciyanli. "It was just a chance, while we were discussing the name for this software in the company building with my colleagues (that was a bring your child day), my little son, Mustafa Ali opened the meeting room door asking if I had known who was Kybele. He was pointing a picture in a magazine which he was holding in his hand. Suddenly everyone looked at each other, it sounded really nice. Everyone had some idea about Kybele, but no one really knew in detail. I offered googling and learn all together. When we read the details everyone agreed that, this should be the name"





Turkey's New Entrepreneur Force

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





EVENT

ACE of M.I.C.E. SHAPING THE FUTURE OF EVENT INDUSTRY

Turkish Airlines is gearing up for hosting 250 exhibiting companies from 30 countries, 200 international buyers and 500 local buyers in the extent of the 6th edition of ACE of M.I.C.E. Exhibition.

ISTANBUL remains as one of the most important MICE tourism destinations in the global respect. Istanbul is also the host city of global MICE industry trade show, ACE of M.I.C.E. Exhibition by Turkish Airlines. ACE of M.I.C.E. is the leading regional showcase for the business and events travel industry: it attracts professionals from all over the world, organises more than 4000 meetings and offers an international hosted buyer programme that embraces leading companies and operators in the sector.

ACE of M.I.C.E. Exhibition

by Turkish Airlines is gearing up for its sixth edition on 20-22 February 2019 at Istanbul Congress Center (ICC) – Istanbul, Turkey. At 2019, ACE of M.I.C.E. will welcome around 250 exhibiting companies from more than 30 countries and more than 200 international and 500 local buyers.

For its sixth edition the trade show set itself the ambitious goal of bringing together the global MICE industry and introduces latest innovations on the event and experience design to its participants.

Since 2014, ACE of M.I.C.E. has attracted global and local

MICE industry as the show continued to grow every year. For its international recognition, ACE of M.I.C.E. has partnered with different international associations and industry actors such as, ICCA, UNICEO, MPI, IAPCO, SITE, MPI, EMA, ISES. In 2018, 155 International Hosted Buyers from 41 countries and 450 local buyers participated in the ACE of M.I.C.E., 220 firms exhibited and the show hosted more than 10.000 professionals.

The three-day event showcases the latest destinations, products and specialist services for

organising professional travel events, with the support of destinations, travel agencies, conference centres, technology service companies and MICE suppliers.

The show is a B2B event, a learning spot and a networking platform where various stakeholders of the industry gathers to expand their business network while gaining knowledge on the latest innovations of the MICE sector through the Speakers' Corner Program, discuss the future trends and establish route maps to prepare the industry for delivering better results.

Professionals of the top global event companies and organizations are lined up to talk at the Speakers' Corner and to deliver their unique expertise on various topics. Speakers include Jason Popp, International Executive Vice President at GES; Anna Ratala, Head of SLUSH Singapore; Johanna Marsal, Senior Producer at Moment Factory; Caspar Mason, Creative Strategy Director of Jack Morton Worldwide; Tahira Endean, Author of Intentional Event Design; will be there at the Speakers' Corner to address the ACE of M.I.C.E. audience.

ACE of M.I.C.E. hosts various events within the 3 day-long program. Gala Dinner, Bosphorus Boat Tour and the AMEzing Party offer unique experiences for the guests to engage in business interactions and expand their network while enjoying the events.

The show has significant importance in terms of providing a connection between the global and regional MICE industry. Every year, as part of the Hosted Buyer Programme, 200 international buyers are being hosted throughout the 3 day-long show to engage B2B meetings



with the local providers to do business in Turkey.

Providers of the MICE industry, especially the ones from all around the world, showcase their services to the buyers in a suitable platform of which ACE of M.I.C.E. offers every year and to conduct B2B meetings in a perfectly designed system.

ACE of M.I.C.E. offers its exhibitors to meet with the qualified buyers from all around the world, showcase their services before the industry professionals, complimentary tickets to the networking events and exclusive branding rights where they can reach their target audience.

“Our relentless effort to organize ACE of M.I.C.E. Exhibition by Turkish Airlines perfectly and our ambition to make this event as the leading meeting point of the MICE industry paid off. This is the outcome of our passion to make Istanbul and Turkey as top tourism destinations of the world. We are putting great effort to make sure ACE of M.I.C.E. delivers beneficial experience for all of its participants” Volkan Ataman, President of the Tourism Media Group.

Hosted Buyer Programme of ACE of M.I.C.E. has been established to satisfy the all needs of buyers. The whole programme and the format design has built up to allow

The leading service providers of M.I.C.E tourism meet with buyers from all around the world in the extent of the event.

the buyers to conduct business interactions, enlarge their network and learn during the three day show.

In 2018, ACE of M.I.C.E. hosted 617 buyers from 41 countries who came to conduct B2B meetings with exhibitors. The programme received a very good feedback as %87,3 of Hosted Buyers said they were satisfied with the exhibition and find it very beneficial for their business.

Registration for the hosted buyer programme is open to planners from event management agencies, venue finding companies, incentive houses, associations, PCOs, AMCs, charities, government and corporate organisations.

“ACE of M.I.C.E. offers a significant opportunity for all of its exhibitors and buyers to experience Istanbul besides expanding their business network. Meeting and event professionals will also gain inspiration and ideas through the fascinating sessions which will take place in the Speakers' Corner” Volkan Ataman added.

Exhibitor, Hosted buyer and standard visitor registration for ACE of M.I.C.E. Exhibition by Turkish Airlines is open now – to register, [visit www.ameistanbul.com](http://www.ameistanbul.com)

International exhibitors and visitors can access the latest show information at: www.ameistanbul.com



EXPORT

TURKISH STEEL SECTOR IS UNBREAKABLE

With the right market strategy, Turkey has seen its nine-month steel exports, which is one of the sectors most affected by the increasing global protectionist trend, primarily emerging from the U.S., again reach \$11 billion after six years.



THE “TRADE WAR,” incited between the U.S. and China after the increase in tariffs on the steel and aluminum sector in March, has come out as the most important issue on the agenda this year. The Turkish steel industry closed the gap, which occurred with the decline in export volume to the U.S., thanks to an increase in exports to Europe.

Turkey is the world’s eighth-largest steel exporter and Turkey’s exports represented about 4 percent of all steel exported globally in 2017. In value terms, steel represented just 5.8 percent of the total amount of goods Turkey exported in 2017.

Turkey’s steel exports recently peaked in 2012, reaching a high of 18.4 million metric tons. By 2017, steel



\$15

BILLION
2018 TURKISH STEEL
EXPORT ESTIMATION

exports had recovered from the lows of 14.8 and 15 million metric tons in 2015 and 2016. Turkey’s steel exports rose 12.5 percent in the first nine months of the year when compared to the same period last year, reaching 14.7 million tons. The Turkish Steel Exporters’ Association (ÇİB) revealed that the country earned \$11 billion between January and September, up

34 percent compared to the same period last year. Turkey's steel exports soared to \$1.4 billion last month, up 94.9 percent from September 2017. Steel Exporters' Association (ÇİB) Chairman of the Board of Directors Adnan Arslan said the most important factor underlying the success of the Turkish steel industry was quality and standards-appropriate production, competitive prices and exports carried out with early deliveries. In terms of quantity, Turkey's steel exports rose 12.5 percent year-on-year to reach 11.4 million tons in the first nine months of the year, according to ÇİB data. Arslan said they expect their year-end exports in terms of quantity to increase by 6.7 percent to 19 million tons and value to increase by 30 percent to \$15 billion. "Construction steel exports rose 2.9 percent to 4.24 million tons. And its value also increased to \$2.34 billion, up 31 percent. When we look at the products, construction steel, flat hot, welded pipe, profile and wire rod are the most exported products. In the January-September period of this year, construction steel exports, which are the main export products of Turkish steel industry, increased by 2.9 percent to 4.24 million tons. The value rose by 31 percent to \$ 2.34 billion." Arslan said.

In terms of quantity, the steel sector realized the highest exports in nine months of the year to Italy with \$817 million, followed by the U.S. with \$737.2 million, Israel with \$587.6 million, Spain with \$583.2 million, Romania with \$575.7 million, and Germany with \$500.9 million.

Steel imports into Europe have risen sharply as a result of U.S. tariffs, particularly from Turkey, threatening European



steelmakers as demand growth in the continent slows, European steel association Eurofer said on 24th of October. Eurofer said in its quarterly review it expected European Union apparent steel consumption, a reflection of supply to the market, would rise by 2.2 percent this year and by 1.1 percent in 2019. Trade frictions with the United States and cooling global demand had weakened prospects for EU steel users, Eurofer said. U.S. President Donald Trump imposed import tariffs of 25 percent on steel from most countries from March 23. It added Canada, Mexico and the European Union to the list on June 1 and doubled the rate to 50 percent for Turkey in August. Karl Tachelet, Eurofer's trade director, said the U.S.

"In the January-September period of this year, construction steel exports, which are the main export products of Turkish steel industry, increased by 2.9 percent to 4.24 million tons. The value rose by 31 percent to \$ 2.34 billion."

tariffs had led to a surge in U.S. steel prices of some 40 percent, meaning European producers could still sell some steel there. "The question for us is how long are the U.S. prices going to stay that high. There will be some correction and when prices go down

the 25 percent will be more prohibitive," he continued. The main impact to date was that steel that might have gone to the United States was being redirected to Europe. Turkey, facing a 50 percent tariff, could no longer realistically sell across the Atlantic, while slowing domestic growth left it with more steel to sell. "They are pushing a lot of volumes into the EU market at any cost," said Jeroen Vermeij, director of economic studies at Eurofer. In the third quarter 2018, Eurofer said steel consumption had risen by just 0.6 percent, but imports increased by 10 percent, meaning EU mills were at best only able to deliver the same amount of steel as last year. Imports now make up some 25 percent of the EU market. Imports from Turkey and Russia increased by most - from Turkey by 57 percent in the first nine months and from Russia by 56 percent. The European Union did put in place safeguards to limit steel imports in the light of U.S. tariffs. Eurofer said it was broadly content with the system, but the quotas were global and that country-specific quotas should apply to major exporters to help stabilise the market.

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the potential

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TOURISM

GET BETTER IN TURKEY

TURKISH HEALTH TOURISM

Having various advantages, Turkey is one of the leading international health tourism hubs, as in 2017 the sector generated \$7.2 billion revenue. And the future of the sector looks pretty healthy.

BY BURÇİN DORUK OKTAY M.D.



THE GLOBAL healthcare market is one of the most competitive, deep and diversified markets. Constantly evolving treatment methodologies, use of new technology, development of medications and varying service bundles are boosting the market's volume as well as offering

specific opportunities to the global population. And thanks to the new level of connectivity all around the world, a patient is informed about and able to reach a certain treatment or therapy recently developed at an institution or a clinic thousands and thousand kilometers away.

\$7.2
BILLION
REVENUE GENERATED FROM
HEALTH TOURISM IN 2017



A HEALTHY GROWTH

The markets' outlook is also pretty "healthy". According to Deloitte's 2018 Healthcare Outlook report, the market already surpassed \$7 trillion as of 2015 and expected to reach to a stunning \$8.7 trillion by 2020 as the annual growth is estimated to be around 4.3%. The key

factors behind this trend the rapid aging and growth of the world population, the expansion of developing markets, the development of medical technologies, new clinical approaches and last but not the least labor costs.

As the market grows, the healthcare service options are diversifying. Treatment methods, approaches, clinical methodologies and other key variables have never been so dynamic in the history of medical sciences. Each day hundreds of articles introducing innovative researches and advanced treatment techniques are being published to set new horizons for the people who seek medical attention. But they also introduce them with responsibility of making an important decision: what kind of treatment to get and more importantly where to get it.

MAKING THE DECISION

The health is above all else for any human being. And people, particularly who are in critical conditions, find the process of making the decision regarding the healthcare they receive as hard and stressful as the health problem they suffer from because of the factors mentioned above. "Should I get the conventional treatment? Should I go for the innovative approach? Which doctor should I choose?" and many more challenging questions lead patients to seek treatment in other countries and even continents.

At this point come three main factors that affect the patient healthcare decision: the qualities of treatment, the financial aspect and the logistics. Each and every patient would like to have the best possible treatment



Isparta Şehir Hospital

whether it's a small operation or a major surgery. Utility, technology, service conditions and the most importantly the profile of the doctor are base concerns in terms of treatment. The financial aspect obviously is shaped by patients' economical conditions and social security benefits. The logistics part is mostly about time, transportation and accommodation.

HEALTHCARE SERVICE EXPORT AND TURKEY

Although seeking healthcare abroad is widely considered as a branch of tourism, it is more proximate to service export. Of course some of the patients care for cultural, urban or other factors that are in direct interaction with tourism. But putting healthcare in the origin rather than tourism, these factors turn into external variables as the patient

The number of people who are visiting another country to receive healthcare is around 30 million and the economy they generate is estimated to be around \$500 billion and expected to reach some \$1 trillion by 2023

decisions are predominantly based on medical sufficiency and competitive financial prospects, thus it can be arguably said that, healthcare travels are more business trips than tourism.

The number of people who are visiting another country to receive healthcare is around 30 million and the economy they generate is estimated to be around \$500 billion and expected to reach some \$1

trillion by 2023 according to Republic of Turkey Ministry of Health. The Ministry set the goal of reaching \$20 billion healthcare revenue from foreign visitors and rank in the top two of most preferred countries in terms of international healthcare services as of 2023.

Currently would be accurate to say that Turkey has a strong presence in the sector, thanks to the 3 pillars; qualities, competitiveness and location.

Turkey has a long history of medical education and some of the leading medical schools in the world. Istanbul University, Ege University and Hacettepe University are the prominent academies of world-renowned prestige. Especially in fields like organ transplantations, cardiovascular surgeries, esthetical surgeries Turkish doctors and surgeons are widely regarded among the best in the world.



Furthermore the in terms of international certifications Turkey again is on the high ranks. Joint Commission International established in 1994, is the most common accreditation benchmark for medical institutions. JCI audits the service qualities and standards of the institution based on a strict set of parameters and Turkey currently have 48 medical institutions certified by JCI.

Competitiveness is in accordance with the education and service quality. Thanks to the Turkish medical schools, there are many Turkish doctors who are leading figures in their fields. From face transplantations to robotic assisted surgeries, from experimental methods to first-in-world treatments, Turkish doctors and their works are respected all around the globe. And the vast qualified work

force enables the market to offer affordable prices for the top-level medical services. For instance the average budget for an open-heart surgery in the U.S. is around \$125 thousand where you can receive the service of same standards in Turkey for approximately \$25 thousand. Furthermore the queue time is also another advantage as many developed countries book the patients to weeks and

Turkey is one of the most preferred health tourism destinations in terms of aesthetic surgeries.

even months away, a patient may undergo the operation in the same week they apply.

The location plays a key role for abroad healthcare and Turkey is again a good option as there are more than 100 countries in 4 hours flight range. Most of its neighbors already choosing Turkey as it is almost same as changing a city rather than making an abroad trip.

All of the factors above and more are making Turkey a potential healthcare service hub. The numbers are already promising more than 750 thousand people visited Turkey for receiving healthcare in 2017. And the revenue they create is around \$7.2 billion, which means more \$9 thousand expenditure per visitor.

SURGICAL PRECISION FOR FUTURE

Turkey is already competitive in the heal care industry. But there is still much to cover for becoming one of the top two countries in terms of international healthcare. SATURK (Healthcare Tourism Coordination Commission) was a good step to improve and promote Turkey's capabilities but it's only the initial step. If the policies are developed and actions taken by authorities with the precision of Turkish surgeons, Turkey can reach its goals and become the leading international healthcare hub, thanks to its different attributes.

TURKISH HEALTH TOURISM WITH NUMBERS







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INVESTMENT

PRESIDENT ERDOĞAN ADDRESSES INVESTOR COMMUNITY AT 9th TURKEY INVESTMENT CONFERENCE IN NEW YORK

President Erdoğan was the guest of honor at the 9th Turkey Investment Conference organized by the Turkey-US Business Council (TAIK) in cooperation with Invest in Turkey.

Bringing together 400 top-tier corporate executives from the US and Turkey with ministerial delegations and senior government officials from both parties, the conference convened in New York on the sidelines of the United Nations General Assembly at the end of September. A primary goal of the

conference was to provide a better understanding of the investment landscapes in the two countries.

During his address at the conference, President Erdoğan said that Turkey will continue to improve its investment environment and will never compromise on the principles of the free market economy. He also

underlined that thanks to investor-friendly reforms, Turkey has achieved annual economic growth of 5.7% on average over the past 16 years. International investors, keenly aware of Turkey's stability, played a key role in Turkey's growth with investments of nearly USD 200 billion during that time. "The new presidential system

has strengthened our ability to introduce reforms. From now on, Turkey will take decisions swiftly and without any bureaucratic obstacles," he added.

The attendees also had the chance to listen to the Turkish Minister of Treasury and Finance Berat Albayrak's interview with Erin McPike, Former Correspondent for



SOCAR



SOCAR INAUGURATES STAR REFINERY IN TURKEY'S İZMİR

CNN and NBC News and White House Correspondent for Independent Journal Review. Albayrak shared information about economic developments and Turkey's newly-unveiled medium-term economic program.

Also featured at the conference was the interview of Priya Basu, Head of the Women Entrepreneurs Finance Initiative (We-Fi) Secretariat in the Global Themes Vice-Presidency at the World Bank Group, with Turkish Minister of Trade Ruhsar Pekcan on Women's Role in Business Life in Turkey.

The conference provided a unique platform to build and strengthen ties between political leaders and decision-makers from the largest and most influential businesses in Turkey.

President Recep Tayyip Erdoğan and his Azerbaijani counterpart Ilham Aliyev opened in Izmir on October 19th one of Turkey's largest industrial projects, the Star Oil refinery, which was built by Azerbaijan's state oil company, SOCAR.

During the ceremony, President Erdoğan said that Turkey and Azerbaijan have jointly redrawn Europe's energy and transportation map with the backing of a strong political stance. "Today, with the inauguration of the Star Oil Refinery, we are taking a step forward in our ties, which is a model globally," Erdoğan said.

Azerbaijani President Ilham Aliyev also underlined that the brotherhood between Turkey and Azerbaijan stands as the main reason behind the commissioning of the Star Refinery Project. "Strong ties between the two countries are our greatest fortune," he stressed.

The USD 6 billion refinery is the largest single-location real sector investment in Turkey's history, and it will be one of the largest petroleum and gas operations in Europe, the Middle East, and Africa. Around 1,100 people will be employed for the project.

OYAK RENAULT Breaks Ground For Its New Plant In Turkey's Bursa



Turkish-French joint-venture Oyak Renault broke ground for its new aluminum injection factory in Bursa on October 19th. Aluminum engines will be manufactured in Turkey for the first time thanks

to this investment, which marks the cornerstone of a production facility for the next-generation of hybrid vehicles.

Speaking at the ceremony, Industry and Technology Minister Mustafa Varank

said that Turkey is more than happy to be home to this investment, which will benefit from project-based state incentives while also enabling the transfer of state-of-the-art technology and supporting exports.

“We will reach our target of becoming a pioneer in technology on the back of investments like these that have high localization. These investments will also enable us to achieve our deserved rank in the global economy,” Varank added.

Renault Senior VP and Chairman of Groupe Renault Eurasian Region Nicolas Maure extended his gratitude to the Turkish government for all the state incentives granted to Renault for this investment. “We will be together for at least 27 more years with our new agreement,” he said. Also speaking at the ceremony, Oyak General Manager Süleyman Savaş Erdem noted that the Oyak and Renault Groups show their confidence in the Turkish economy by continuing to invest in Turkey.

The project, with a fixed investment of more than EUR 100 million, is expected to reduce the current account deficit of Turkey by USD 2.3 billion over the coming years.

WABCO Opens Distribution Center in Istanbul



US-Based WABCO, a leading global supplier of vehicle control systems that improve the safety, efficiency, and connectivity of commercial services, launched its first distribution center with an investment of around USD 17 million in Hadımköy, Istanbul.

Speaking at the opening ceremony, Invest in Turkey President Arda Ermut highlighted the importance of the investment in terms of demonstrating the confidence that US companies have in Turkey, its significance for being a value adding investment, as well as its role in increasing the competitiveness of the Turkish automotive sector. “I hope

WABCO’s new logistics center will embolden the company to make larger investments in Turkey soon, and that WABCO, when it shifts production to Turkey, will benefit from our country’s advantageous location in accessing multiple markets,” Ermut said.

WABCO Chairman and CEO Jacques Esculier mentioned that WABCO is a pioneer in new automotive technologies and services. “Turkey is of vital importance in our global supply chain. The future is bright for vehicle control systems, and Turkey is set to be a major player in this field with its robust automotive sector,” he added.

Lohmann Engages Manufacturing Facility in Gebze



German Lohmann, one of the top adhesive solution providers globally, opened its first Turkish manufacturing facility in the

Gebze Plastikçiler Organized Industrial Zone.

Speaking at the opening, Lohmann CEO Elmar Boeke said that as a company

delivering adhesive solutions across the globe, Lohmann is delighted to have entered the Turkish market. “We believe that Lohmann will see great

success in Turkey on the back of the country’s ever-growing economic strength and surging domestic market,” he stressed.

Lohmann will benefit from Turkey’s strategic location as a regional center and an export hub. The company is set to ship *Made in Turkey* products to various markets, particularly in the Middle East. The company has been operational in Turkey with a sales office since 2011, and it is planning to triple its revenues by the end of 2020.



Zehnder Inaugurates New Plant in Turkey’s Manisa

Swiss heating and ventilation solutions company Zehnder’s new EUR 20 million facility in Turkey’s Manisa province was inaugurated on September 27th during a ceremony attended by Invest in Turkey President Arda Ermut.

Speaking at the event, Ermut said that thanks to

Turkey’s advantageous location, international companies with production in the country have access to a regional market of more than 1.5 billion people. He added that one of the many reasons why a number of international companies use Turkey as a management and manufacturing base is because of Turkey’s strategic

location right in the middle of where half of global trade occurs. “We see Zehnder as a local company that supports domestic production, generates employment, and engages in export,” Ermut added.

Zehnder has been operational in Turkey for a long time, and the local share of its procurements stands at 94 percent.

Other FDI News

IHI Dalgakıran, a JV between Japan’s IHI and Turkey’s Dalgakıran Kompresor, inaugurated Turkey’s first and only turbo compressor manufacturing facility in Dilovası, Kocaeli on October 11th.

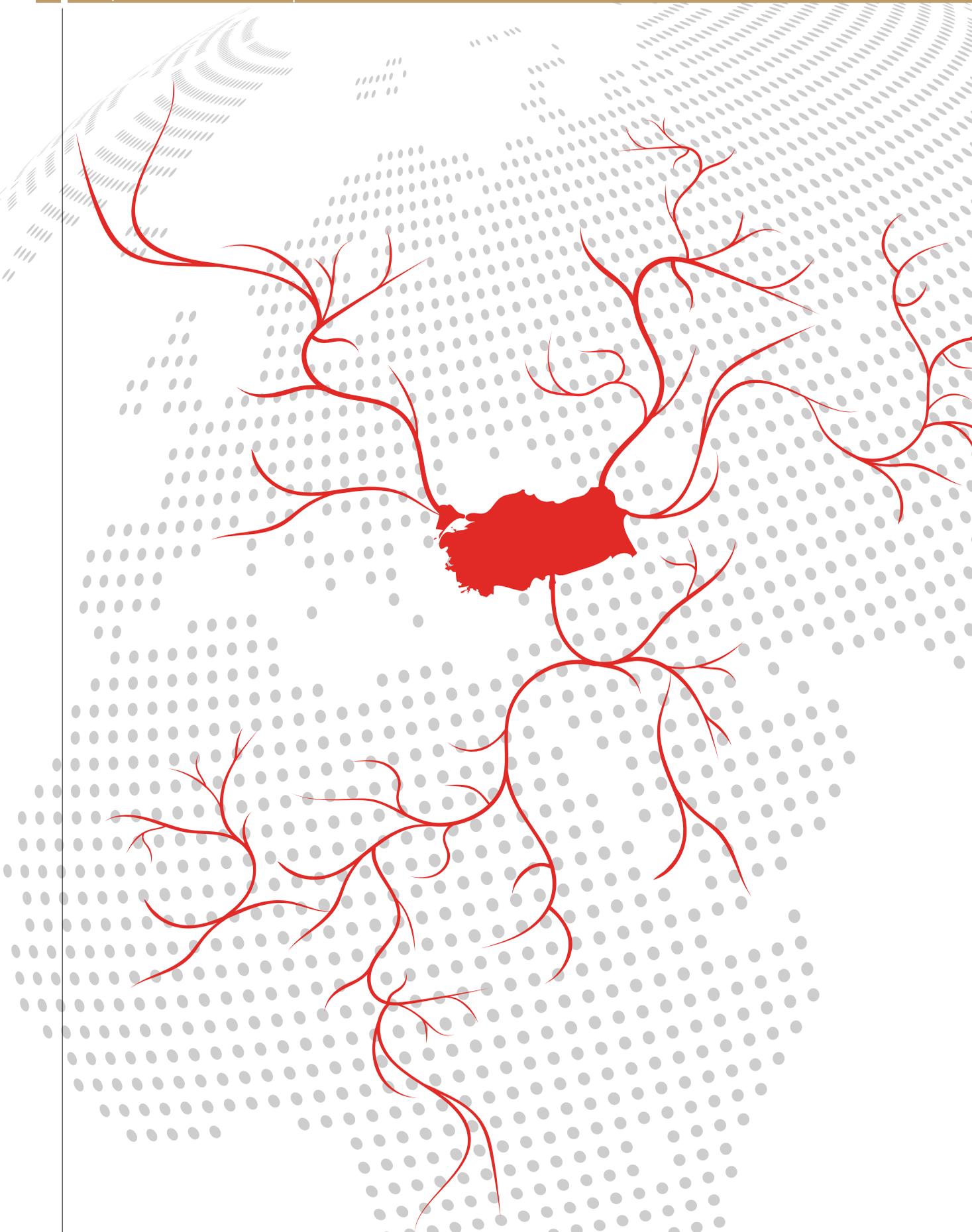
Japan’s **Toyo Ink Group**, one of the world’s leading ink manufacturers, announced their decision to increase their investment in Turkey by USD 10 million. The statement announcing the increased investment read, “the company’s capital increase since it entered the Turkish market in 2016 will reach USD 27 million.”

The **European Bank for Reconstruction and Development** (EBRD) granted USD 7.5 million to Turkish confectionery producer Kervan Group. Since 2009, EBRD has

invested nearly EUR 11 billion (approx. USD 13 billion) in Turkey through 250+ projects. EBRD invested EUR 1.6 billion (approx. USD 1.8bn) in 2017 alone, and nearly a third of this financing was provided in Turkish lira.

The R&D center established by the global automotive giant **Mercedes-Benz** at its truck factory in central Turkey became Daimler AG’s only center in the world that provides truck road tests and engineering services. The cost of the R&D center is estimated to have been over EUR 8.4 million.

Japanese tourism giant **Highest International Standards Global** has announced plans to make a USD 600 million hotel investment in Turkey in partnership with Dorak Holding, one of Turkey’s largest tourism and real estate firms.



The Hearth of The New Economy Program:

TURKISH EXPORTS

The New Economy Program is drawing the medium-term road map for the Turkish economy, and exports lie at its heart.

The world is sailing through one of the most complicated political and economic storms in history. Although there is nothing particular similar to European debt crisis or 2007 financial crisis, the atmosphere is quite heavy in the international arena.

Trade wars, super power collisions, securitization policies, embargoes, commodity and oil market performances, global inflation and various other topics constitute an economic outlook that is obstructed by a fog of uncertainties. There is not a particular macro problem that's dominating the agenda as an acute turmoil, but smaller struggles in Europe, the U.S., Asia and pretty much all over the world are actually disruptive enough make big waves and strong winds.

After developments in the 3Q18 the expectations towards economic growth is revised downwards by organizations like IMF, World Bank and OECD as possibility of further negative revisions still on the table. According to IMF World Economic Outlook October 2018 report, Asia countries including China is likely to have a weaker growth as well as Eurozone and the U.K. growth expectations has been marked down. The U.S. is also expected to suffer a decrease in growth after the measures taken regarding the tariffs.

Turkey had its fair share of the pressure and experienced a rather challenging period. The exchange rate volatility, of which the main reason is not a particular occasion but a combination smaller and indecisive factors by their own, and aftermath effects on Turkish economy required an effective, result-oriented and the most importantly a trustful set of actions. Subsequent to a range of ad-hoc interferences made, the decision makers of Turkish economy came up with a more extensive and organized approach that is aiming at not only bringing contemporary solutions to adverse developments but

drawing a reliable road map to follow over the upcoming terms. The New Economy Program is introduced to be this road map.

The program presented by Minister of Treasury and Finance Berat Albayrak, is putting a perspective for the period of 2019-2021. And the three key aspects underscored in the program were balance, discipline and transformation. Where program is more extensive in terms of policies, the common denominator of 2 keywords; balance and transformation, is export.

WHAT IS IN THE PROGRAM?

Steady Growth

The program offers a detailed economic projection regarding the upcoming 3 years. Three main pillars defined in the program are establishing an economic balance, a fiscal discipline to accompany economic balancing and transformation of manufacturing and exports with a "value-added" perspective. In terms of the pillars

Three main pillars defined in the program are establishing an economic balance, a fiscal discipline to accompany economic balancing and transformation of manufacturing and exports with a "value-added" perspective.



the GDP growth forecast in program is 3.8% for 2018. For 2019, 2020 and 2021 the expected growth rates are 2.3%, 3.5% and 5.0%, respectively.

Improving Fiscal Discipline

With regards to the fiscal discipline the program seeks to optimize the budgets without inflicting adverse effects on development. The budget deficit, which is estimated to be 1.9% of the GDP by the end of 2018, will most likely stay stable as the forecast of program is 1.8%, 1.9% and 1.7% for upcoming three years respectively.

On the other hand primary surplus target, which is expected to realize as 0.1% of the GDP in 2018, will be raised to 0.8%, 1.0% and 1.3% over the tri-year period. The first step stated in program for reaching the targets is to implement some series of budget optimizations that will save around 60 billion TRY and generate extra 16 billion TRY revenue for 2019.



The preference of international funding options for mega infrastructure projects is in the agenda. Along with revising PPP models in use to ensure a more efficient and financially sounder structure, the social insurance system will also change. Also revoking non-effective tax advantages is planned.

Reducing Current Account Deficit

The current account deficit was 5.6% of the GDP in 2017 and despite the setbacks the deficit is expected to drop by 0.9% in 2018. For 2019 the program foresees further 1.4% decrease, as the estimation for current account deficit in 2019 is 3.3%, where the target for 2020 and 2021 are 2.7% and 2.6% respectively.

In order to achieve the targets, the program includes a series of policies and measures. In the first phase the public incentives will focus on high value-added

Minister of Treasury and Finance Berat Albayrak introduced the program on the 20th of September.

sectors, pharmaceuticals, petrochemicals, machinery/equipment and software sectors in particular, to encourage technology-oriented investments. Various PPP models will be introduced to promote and improve technology and R&D investments. Existing export incentives will be reorganized as new incentives will be provided for exporters. Being one of the primary factors stressing the account balance, foreign dependency on energy will be reduced by prioritization of renewable

energy and further use of national coal resources. The new model implemented, YEKA (Renewable Energy Resource Areas), will support the localization of energy technologies. Tourism will also receive extra support, in which health tourism is underscored as one of the strategic tourism fields.

Besting Inflation

Inflation is another matter of high gravity. The end-year inflation rate estimated for 2018 is 20.8 and the program aims at reducing the inflation to a one-digit number as of 2020 and decreasing it to 6% by the end of 2021. The measures to be taken to reach such a challenging goal are of an extensive approach. The program underscores that the Central Bank of Turkey will use all tools in its disposal in a decisive and independent manner for building a sustainable price stability. Furthermore, new 'Financial Stability and Development Committee' will be in charge of the process for a smooth implementation. A sub-program named 'Collective Inflation Reduction Program' will launched along with "Product Monitoring Mechanism" and "National Agricultural Project" to monitor the price volatility and food inflation closely. The rent prices also mentioned as they are going to be capped based on consumer price index instead of producer price index to decrease the vulnerability against exchange rates.

Fighting Off Unemployment

Although over the past years unemployment rate was not a drastic factor for Turkish economy, as the unemployment rate fluctuates between 4% and 12% in developed countries, the program also focuses on creating new jobs. The program estimates 2018's 11.3% unemployment rate will reach to 12.1% in 2019, mainly because of the lagged effects of exchange rate volatility. On the other hand for 2020 and 2021 a downwards trend is expected with unemployment rate forecasts are 11.9% and 10.8% respectively.

In order to provide opportunities to young generation and control unemployment, program aims at creating 2 million jobs over 3 years. The actions to

COMPETITIVENESS AND HIGH VALUE-ADDED PRODUCTION FOR ACHIEVING THE GOALS

What is the gravity of exports with regards to the New Economy Program?

With the New Economy Program the Turkish economy will undergo “balancing – discipline” period from the last quarter of 2018 to the end of 2020. This period is based on limiting and disciplining the domestic demand, household expenditures, partially private sector investments and particularly public expenditures in terms of the GDP growth, thus the balancing of macro conditions like savings gap, current account deficit, inflation with regards to investment savings balance and reinforcing financial discipline in public sector. Therefore, one of the critical requirements for Turkey to grow by 2.3% in 2019 and 3.5% in 2020 is the increase of Turkish export performance and exports volume. For that reason, we see the Export Incentives System is planned to be reorganized in the extent of the NEP. Moreover, we observe that the goals of opening to new markets, developing new products and creating new exporters are going to be realized with the global value chain perspective.

As Minister of Treasury and Finance Berat Albayrak stated, despite the smooth downwards trend in consumption and investments over the last few years, in the 2Q18 the engine of growth was the domestic demand. Furthermore, thanks to the robust exports and steady performance of tourism in terms of revenues, the contribution of net foreign demand in growth was also critical. Starting from 3Q18, which we are

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about to conclude, we will experience a balancing term in the Turkish economy for at least next 6 to 8 quarters to come and as the Minister Albayrak said the initial economic indicators regarding the 3rd quarter signifies the beginning of ‘balancing’ period. Over this process, Albayrak underscores the gravity of the export-based growth, which is one of the main goals of ‘balancing’ era. With regards to the relative slowdown in domestic demand, in which the imports of raw materials, intermediate products, investment goods (machinery) and consumer goods decreases and there is a strong outlook regarding tourism and export revenues, increase the contribution of net foreign demand in growth, the improving effect of the strong stance in fiscal policies supported with structural reforms on price stability (inflation) and financial stability (current account deficit), will lead Turkey to the path of sustainable growth.

How should the Turkish exports be organized in the extent of long term goals and plans?

The current route of the global trade and the trade wars ongoing with full throttle require improvement and motivation of exports with an extensive support model on the basis of sectors and products, and in the dimension of the new markets. Furthermore, it is a well-known fact that Turkish economy reaching or converging to the export targets it defined, is revolving around competitiveness and high value-added products and services. Hence, over the upcoming period, for further strengthening of exports while spending efforts for opening to new markets as well as product diversification/enrichment, the advantages that would help exporters to compete in the global arena should be provided. In this context we can summarize the general approaches as follows;

-In terms of prioritizing the sectors that have the potential of high value-added production and awarding the exporter companies, the existing export incentives system can formed in a more strategic and selective manner. Hence, the exporters that are befitting the framework can be financially supported for the increase in their export performances.

-The TIM’s suggestion of the encouragement of exports increase constitutes an example in this extent; for the firms, of which last 3 years’ export performance exceeding \$100 thousand per year and average export unit price is above \$5 per kilogram, 7% of the amount they increased in exports can be set off from tax payments, SSI premium payments, financing cost of loans from public banks or Eximbank, their debts to TMSF (Saving Deposit Insurance Fund of Turkey), communication and energy costs.

-Additionally, offering a similar exemption to the firms, which export products upgraded to a higher category than their current portfolio via technologic improvement, with a rate to be decided on the basis of the upgrade, would be an incentive that will strengthen the technologic aspect of exports.

-On the other hand, the status of “authorized economic operator”, which expedited the custom procedures significantly, can be revised to a lower level

than \$5 million, with the prerequisite of company actualizing a particular amount of export for a certain period, to be further widened and activated.

-Enabling exporters to reach to affordable financial resources is one of the key aspects. In this sense, further implementations can be made under the supervision of BDDK (Banking Regulation and Supervision Agency), and Eximbank's financial supports can be increased. At this point, there is an ongoing process of consolidation of Eximbank in terms of financial resources.

-The pacing the VAT reimbursement process up is important with regards to cash flow. Furthermore, some incentive processes should also be accelerated.

-In order to increase the competitiveness by decreasing the costs, the subject of offering financial support per container to the exporters that target distant markets, which has a limited share in Turkish exports at the moment, should be granted a spot in the agenda.

-Although having high quality products, some firms are having troubles in export because of branding and promotion activities, which play a key role in terms of export, are not carried out professionally. For that reason, the policy of facilitating the employment of marketing staff and offering exemptions to the companies with average-high and high potential of making exports can be considered with the condition of the given firms should be exporting.

-In the extent of promotion, increasing the fair incentives and setting a higher cap for the firms, which meet certain criteria, would encourage further participation.

-Besides, the reinforcement of the staff of our Ministry of Trade operating at foreign representative offices in an exports supporting manner and the establishment of truly effective bilateral information mechanisms are critical in terms of facilitating the exporters' reach to markets and motivating them, and should be considered urgently.

What about the policies to be implemented for boosting the competitiveness of Turkish exporters in the international markets?

Above all, the zones, of which competitive power and life standards are high, should be created with qualified human resources that

will provide high technology production for exports, and improved infrastructural opportunities. In other words, it might help to declare some cities and provinces as expertize zones in terms of exports.

The contribution of increase of exports in growth is a proven and undisputed fact in the economy literature. We can summarize the strategies that improve exports in literature as follows:

-The promotion of high value-added and technology-orient economical structure; e.g. motor vehicles, aircrafts, military vehicles and other transportation vehicles, medical and dentistry equipment, machinery, electricity equipment, weapons and ammo, chemicals, pharmaceuticals, computer hardware, electronic and optic products are some of the high-tech oriented manufacturing sectors. The employment and investments in such sectors should be increased. For serving the improvement of the design, production and corporate capacities and abilities of firms manufacturing to export, AR-GE (research and development) and UR-GE (development of international competitiveness) laboratories and centers should be established or further improved.

-Preparation of tax return tables: Tax return in export is the revocation of various taxes and similar applications for products with high export potential. This procedure is applied by customs, tariffs and all the other taxes are being partially or totally reimbursed to exporters. Tax returns designed to encourage export has a role without a doubt in increasing exports. However, the standard tables should be improved and imported goods required for export should be also included in this program. Meaning; the indirect export transactions should be accepted to tax return program. On the other hand, in order to decrease the need for loans in export, the custom pre-payment obligation should be removed.

-Increasing the number of alternative financial resources for credits: Enabling exporters to have additional alternatives for financing their short and long term loans is also crucial. Along with the big businesses, this is particular more substantial for SMEs, which have a smaller set of financing opportunities. Considering the share of SMEs in Turkish exports, improvements in this field would have a boosting effect on export-based growth model.

-Simplification of regulations: Economy management should simplify and shorten the bureaucratic procedures that have an adverse effect on new exporters entering the market. Government should also gather information regarding foreign market conditions effecting export and distribute this information to exporters efficiently. (In this sense, even a public EXPOTV, which broadcasts internationally, may be established.)

-Promotion of cooperation between economic actors: Aside from the traditional policy instruments, the cooperation between exporters, business circles and government should be improved in order the increase export. The events similar to İzmir Economy Conress, in which the problems of exporters (such as branding, customs, exchange rates etc.) are discussed, should be held.

-The number of export consortiums should be increased; Today, exporter consortiums, which enable SMEs to penetrate international markets and to secure permanent positions thus making them more competitive, should be actualized with governmental priority. SMEs should be encouraged to voluntarily combine their capitals, know-how, production capacities and experience by being briefed about the benefits of economy of scale. The potential firms operating in the same fields and cities should be identified and profit-loss analyses should be made.

In conclusion;

-The establishment of national economic framework for potential exporters, (infrastructure, regulation, reach to financial resources, fiscal policies etc.)

-The improvement of strategic cooperation between export and policy makers via the figures from private and public sectors,

-Increasing the efficiency and technologic content of national products and offering extra incentives for innovation,

-Increasing the reach to loans,

-Spending an effort for building a country image in foreign markets

-Supporting exports with strong monetary, fiscal and foreign trade control policies,

-Actualizing corporate development are the main policies that can be followed.

be taken to ensure that are signifying the government's eagerness on the subject. In terms of the projection, a reform will be implemented, which will secure the benefits of all stakeholders, in severance payment system. The public sector is going to adopt a new flexible employment approach, whereas also reorganizing employment incentives. Occupational training programs, which will be held in association with private sector, and more strict auditing applications aiming at reducing informal employment will be auxiliary forces for the employment policies

Basically program is consisting of a hybrid set of policies that are aiming to restore the fiscal discipline while instead of limiting investments in production, building a more sustainable and technology oriented production infrastructure. In this sense two key aspects come to prominence; reliability and export. Why?..

THE TRUST AND THE HEART

The fiscal policies part of the program needs to convince international financial markets and investors regarding the implementations and the feasibility, as reliability is the key for any fiscal policy or financial market. In that sense the program should build a certain trust that international financial chambers can rely on. And the initial reactions show that the program is widely welcomed in finance sector.

Credit Suisse evaluates the program 'broadly satisfactory' in terms of technical details, according to a report released by the bank. The prominent corporation sees the program appropriate in both regards with fiscal policy and the banking sector. Furthermore, the financial institution stated that the program turned out be more satisfactory than they had expected, in terms of an overall policy response to the market developments and the fiscal adjustments are consistent with what they would expect from a credible program.

Economic Watch research conducted by BBVA brands New Economy Program as more realistic. Stating that the program hinders a rebalancing of the economy with fiscal consolidation in the short term in a

The program is consisting of a hybrid set of policies that are aimin to restore the fiscal discipline, while instead of limiting investments in production, building a more sustainable and technology oriented production infrastructure.

more realistic way, the research concludes that the new stance in terms of fiscal policies is more sound and the content of program, which is adequate, should complement the existing monetary policies to rebalance the economy.

The U.S. based banking giant, Citibank issued Turkey Economics Review report, in which also referring to NEP realistic with regards to macro targets and assumption, that is sharing the downward expectation in inflation after 2019, seeing the growth forecast for 2020-2021 period challenging but obtainable, welcoming the establishment of Public Finance Transfer Office, finding the road map for fiscal policies and

banking sector satisfactory. Furthermore, the bank finds the recognition of balance sheet vulnerabilities, and the resolve of policy-makers encouraging in terms of the upcoming terms.

The French international banking corporation BNP Paribas' "Turkey: A Realistic Roadmap" report is another vote of confidence from international finance sector to NEP. The report says that besides from finding the program reliable in general, the forecasts regarding growth and current account balance particularly are realistic. According to the report, the bank forecasts a sharp drop in current account deficit due to the strong increase in exports and recovery in tourism revenues. Furthermore the bank says that Turkey can achieve the targets set in NEP.

Of course there are also negative reviews from other corporations, and some of the financial figures are taking the content of NEP with a pinch of salt. But it is obvious that NEP has signified an initiative regarding the reshaping of Turkish economy and managed to build an environment of financial trust in international scale.

Securing a positive feedback from the global economy, the program can be said to have gained the trust it required in terms of the fiscal policies. How about the heart of it?

EXPORTS: THE HEART OF NEP

Since Turkey aims at creating a sustainable growth, it is obvious that export will occupy the top spots in the agenda. For building a competitive,

SELECTED MAIN ECONOMIC INDICATORS				
	2018 E	2019 E	2020 P	2021 P
GDP (Billion dollars, current prices)	763	795	858	926
GDP growth (%)	3,8	2,3	3,5	5,0
Unemployment rate (%)	11,3	12,1	11,9	10,8
Current account balance/GDP (%)	-4,7	-3,3	-2,7	-2,6
CPI (End of year Change, %)	20,8	15,9	9,8	6,0

Data: Ministry of Treasury and Finance



high value-added producing and agile real economy, domestic demand can't be solely dependent on for a number of reasons. In this sense exports lie at the heart of program in many aspects; growth, employment, current account balance and production reform in particular.

Turkey grows with exports. During the soaring growth period, which suffered a set back in the era of global banking crisis, the exports were always a main contributor. For example the record quarterly growth of 3Q17, with which Turkey secured the top position of G-20 in quarterly growth with 7.4%, the share of net exports was 3.5 points. Furthermore, although the rate of exports meeting imports is expected to grow rather slowly, there is a consistent increase expected. According to NEP export/import rate, which was 67% in 2017, will see an increase of 4.9% in 2018 as the contribution of net exports to GDP growth 1.4 points. For 2019 the contribution of net exports is expected to increase 0.1 point, thus reach 1.5 point where the export/import rate is expected to become 74.6%. This means that even before the structural reforms in production to support high value-added manufacturing can start to deliver results, the export is already a part of

Export performance is a key aspect for both short-term and long-term policies and targets.

Turkey's GDP growth projection. In this sense, as well as being the key for long term sustainable growth models, Turkish exports hold an important position in short term rebalancing plan.

The employment is also another factor, in which export has an important role. According to a paper released in 2016, increase in exports is directly affecting the employment capabilities of exporter firms. The paper studies exporters in Turkey and focuses on the correlation between the increase in exports and employment by exporter companies. The paper shows that for every 1% increase in exports, the employment in exporter firms is raised by 0.4% whereas 1% increase in domestic sales can only increase the employment by 0.2% in the same group. Considering that there are 75.000 exporters under TIM's umbrella

the increase in exports can significantly help reaching the goals set in NEP. Instead of depending on domestic demand for growth, the export based growth model will be more beneficial in terms of employment too.

The current account deficit is another subject that is widely affecting Turkish economy and trade balance is main factor in balancing the current account. The positive and negative changes in current account caused by exchange rate volatilities might be deceiving with narrowing down the deficits. But for a healthy account balance, a sustainable export growth is of utmost importance, as not only contributing in GDP growth, increased exports directly decreases current account deficit. In this context, export also reduces the dependency to foreign investment, which is likely to shrink in times of any global and/or local uncertainties. Thus, export has also an important for investments as it helps central banks to keep the interest rates at lower levels by reducing the pressure on local currencies.

Prioritizing high value-added production means prioritizing exports, since the competition in domestic markets is way lower than competition in international markets. Thus, the exporting companies intensify their investments in branding, innovation, R&D and design to penetrate foreign markets and keep their competitive profiles high. And the main factors that are stimulating high value-added production are those 4 pillars. In an optimal manufacturing environment the exporters invest in technologies, which nourishes R&D and innovation ecosystem. The ecosystem supplies exporters with input, with which they can diversify, enhance and improve their products. This positive feedback is the very thing that production reforms try to create.

Over an all, export is the most efficient instrument for development and NEP remarks that Turkish policy makers are aware of this fact. When we look at NEP we see that exports directly or indirectly affect almost each and every aspect. In other words Turkish exports are at the heart of NEP, and Turkish exporters are the veins, which deliver the value created in Turkey to each and every part of the world.

"WE BELIEVE THE ROUTE CREATED IN NEP WILL PAVE A SUSTAINABLE PATH"

İSMAİL GÜLLE
Chairman of TIM



What are the key aspects of New Economy Program and what is the importance of export in terms of the new economic policies and targets described in New Economy Program?

First of all, the realistic targets specified in the program gained the trust of the public opinion. The numbers in our second quarter growth, indicated that our economy is showing signs of a slowdown for the recent future. Our gross domestic output might rise 5.2 percent, which kept us among the world's fastest growing nations; however there has been a significant decrease in domestic demand and investments. What kept us on track was, government spending's and exports. As a result, it's natural that the "New Economy Program" was mainly prepared to boost exports for future growth.

What are the common opinion and evaluations of Turkish exporters about the NEP?

As TIM, we always underline that the only way through a sustainable growth can only be achieved with exports. We saw that in our second quarter growth rates. The contribution of exports was one point to our 5.2 percent growth. This was promising and a sign for us to focus more to increase our exports. In fact, we must also increase the quality of our exports too. With this perspective, we shared our remarks with Ministry of Treasury and Finance during the preparation of the "New Economy Program". Our financial resources need to be allocated to the production of petrochemicals and high tech products which are the biggest components in our imports. We need to support R&D projects to add value to our

"New Economy Program" was mainly prepared to boost exports for future growth.

products. All these topics were mentioned in NEP. Therefore we believe the route created in NEP will pave a sustainable path both for our exports and growth figures in the recent future.

What are the expectations of Turkish exporters regarding the upcoming terms, in which NEP will be implemented?

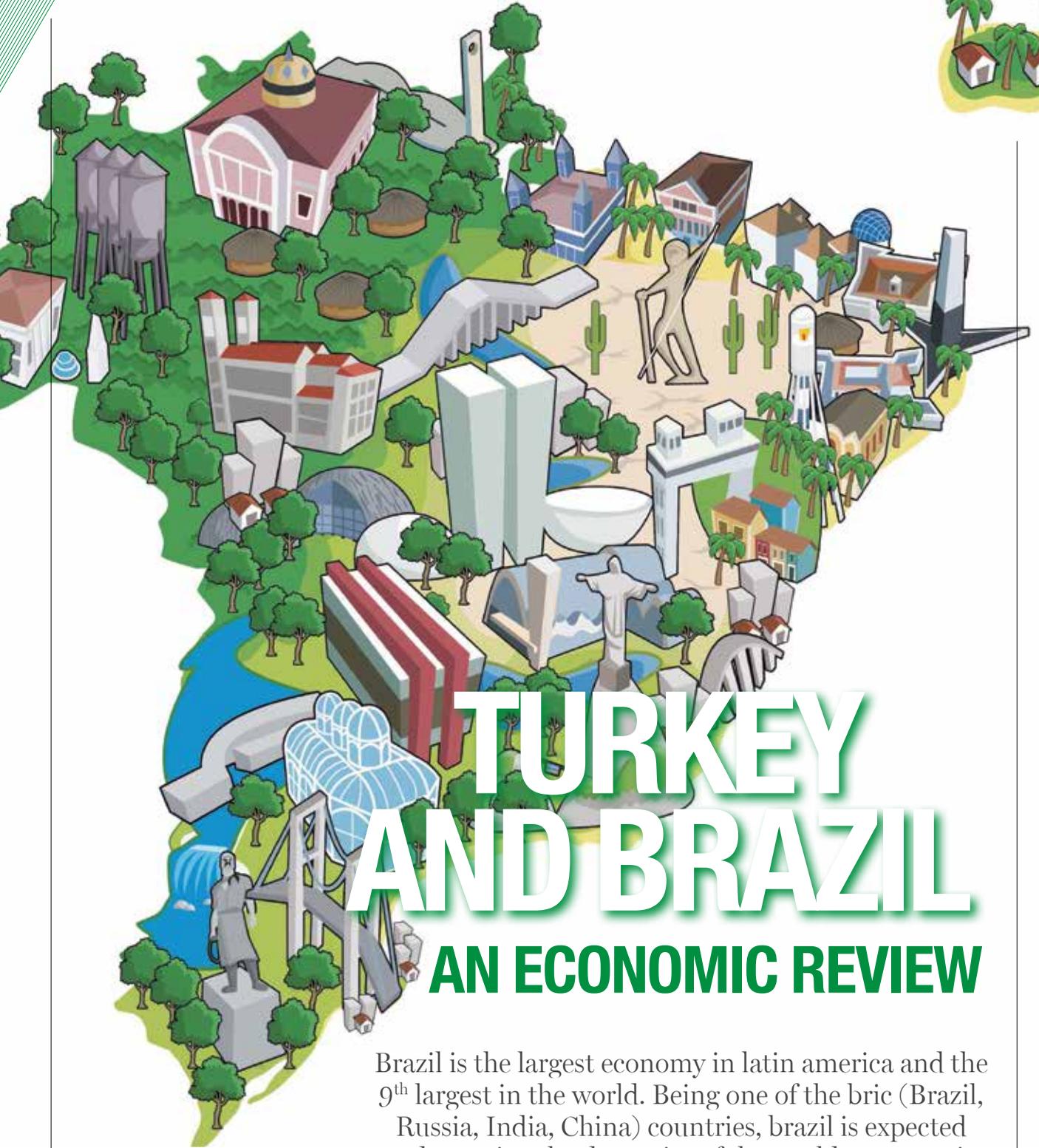
We have a continuous interaction with our exporters. Today's major issue is accessing financial resources for production and exports. Regarding this issue we are working side by side with Eximbank and other major banks of Turkey. Especially the rising interest rates and struggles in letter of bank guarantees were primary issues that need to be agreed upon. Thankfully, we have the support of the banks and Exim according to the exporters. NEP and other projects from our Ministry of Industry and Ministry of Trade were also indicated a financial support for value added production for exporters. It shows that we share the same concerns with our government. At that point, we can say that NEP shares the same concerns with our exporters and plans a similar strategy with the exporters.

What further policies might be implemented for boosting Turkish export?

2018 is a year of records, when we look upon the monthly export figures. For example, our exports boosted 22.6% in September with an all-time high record among all Septembers. We also forecast a similar projection for October too. Our quantity based exports are increasing significantly while our exporters are entering new markets around the world. I believe we are going to surpass our annual export target which is 170 billion dollars.

For furthermore projections we are working on several different projects. We need to collect every data to analyze our situation on exports. For example, we are working closely with our Ministry of Trade to measure the "transit trade" statistics. This is a major component for trade figures. There is a significant value in transit trade which is out of our trade statistics. Countries like Hong Kong, Singapore favoring the outcomes of this. As Turkey we also have to focus on that to benefit from it.

When we consider the whole business environment, it won't be fair if we only count production, trade or manufacturing. Services in Turkey is a huge pillar among our business sectors. Therefore, we established the "Service Exporters' Association" in last April. Turkey's service exports was 43 billion dollars in 2017. Turkey has got a great potential and power to increase these numbers. Our medical, transportation, education, logistics, construction and finance services include Turkey's top companies. We have to consider this opportunity and focus on increasing its potential.



TURKEY AND BRAZIL

AN ECONOMIC REVIEW

Brazil is the largest economy in latin america and the 9th largest in the world. Being one of the bric (Brazil, Russia, India, China) countries, brazil is expected to determine the dynamics of the world economy in 2050. Turkey and brazil celebrate 160 years of formal diplomatic relationship in 2018.

BY MELIKE HOCAOĞLU

LATIN AMERICA BUSINESS COUNCILS COORDINATOR
DEİK - FOREIGN ECONOMIC RELATIONS BOARD OF TURKEY



ONE OF THE RISING POWERS OF THE 21ST CENTURY, BRAZIL IS A LEADING COUNTRY IN ITS REGION.

With the largest economy in Latin America and the ninth largest economy in the world, Brazil is one of the world's leading countries in the mining, agriculture and manufacturing industries. In addition, it has a growing service sector. Having started ethanol production in the 1970s with the aim of reducing its dependence on oil exports, Brazil is now the second largest producer of ethanol after the United States. While Brazil opposes the protective agricultural policies of developed countries, it advocates free trade policies in areas such as agriculture and textiles where developing countries are more advantageous.

Brazil, together with Russia, India and China (BRIC Countries), is expected to be one of the countries that will determine dynamics of world economy in 2050s. It should not be forgotten that Brazil, which has new oil reserves and is expected to become a petroleum giant in the future, remains a supplier country rich in natural resources, while still maintaining its presence among BRIC countries.

The main products of Brazilian exports are; soybean, iron ores, crude oil, sugar, automobiles, poultry, wood pulp, corn, coffee, frozen beef. The most important trading partners in Brazil's exports are China, USA, Argentina, Netherlands, Japan and Chile. The share of the top 5 countries in total exports is 49%. Turkey ranks #31 in the

Brazilian exports and it has a share of 0.8% in total.

Brazil's import products, petroleum oils, motor vehicles parts and components, mobile phones, electronic circuits, hard coal, pharmaceuticals, crude oil, automobiles. The most important trading partners in Brazil's imports are China, USA, Argentina, Germany and South Korea. The share of imports of 5 countries in total is 50.6%. Our country ranks 48th among the countries that Brazil imports to with 0.3% share.

MERCOSUR has signed FTA (Free Trade Agreement) with Israel, Bolivia, Chile, Peru, Cuba, Colombia, Ecuador, Egypt, Palestine and the latest South African Customs Union. Free Trade Agreement negotiations between MERCOSUR and Turkey, the European Union, Jordan, Morocco, the Gulf Cooperation Council are continuing. The result of the ongoing FTA negotiations between MERCOSUR and EU is expected to be finalized soon. When this process is completed, under the scope of the Customs Union Agreement Turkey has with the EU, Turkey can sign FTAs with MERCOSUR countries. In the MERCOSUR Bloc where the average

customs duty is around 15%, the sectors that have a large share in Turkey's exports (such as machinery equipment and textile products) are subjected to fairly high customs duty rates, at around 14-20%. When VAT and other taxes are included, product based protection can go up to 25% in most items.

Latin American integration and the development of relations with Southern countries has become one of the basic principles of Brazilian foreign policy, especially since the early 1990s. On the other hand, the start of the development of relations between Turkey and Brazil are fairly new. The Ottoman Empire - Brazilian diplomatic relations was established in the 18th century. In fact,

Turkey and Brazil signed prevention of double taxation agreement in the Mercosur summit held in the city of Foz Do Iguaçu on 16-17th december, 2010.



a significant majority of Muslims living in the region today are from Lebanon and Syria, which have migrated from the Ottoman lands since the beginning of the 19th century.

Following crises in the 1980s and 1990s, Brazil had the worst growth rate of Latin America at the beginning of the 21st century. However, it has entered a period of recovery between 2003 and 2014. Especially, after the second period of Luiz Inácio Lula da Silva (2003- 2011) government, the pace of development has increased significantly. According to World Bank data, 29 million people were saved from poverty and inequality in this period. With inflation and public borrowing under control and an expanding middle class, the overall Brazilian population experienced a 4.4% increase in their income. The low income population, however, experienced a whopping 40% increase. During the Lula period, Brazil's entry into the fastest economic development process of the last 50 years is primarily due to the intense demand for Brazilian export. As a result of this supply, exports have doubled between 2003 and 2006. Another reason for the growth in the economy is the increase



in domestic consumption. This is the result of the increase in the purchasing power of the population due to increase in minimum wage, social security programs and *Bolsa Familia*². External borrowing, corresponding to 33% of GDP before the Lula period, fell to 3% of GDP in 2007. However, in the past few years, the decline in commodity prices, combined with the political instability, has led to one of the worst economic declines in Brazil in the last century.

While the unemployment and poverty rates have rapidly increased, 2 million people lost their jobs in the past year, budget deficit exceeded 10% of GDP and Brazilian currency lost 20% value. One of the reasons for this recession is that the prices of products such as iron ore and soybean products, which constitute almost half of the commercial income resources of the country, have declined worldwide. In the last decade, with the global crisis, external borrowing has increased significantly in countries with export-driven economies and poor saving habits while the economy is performing well. The economic crisis, combined with the corruption scandal of the country's largest oil company state-owned Petrobras,

Brazil is one of the world's Leading Countries in mining, Agriculture and Manufacturing Industries. The country is expected to become a Petroleum Giant with its new oil Reserves.

led to a political crisis in the country that ended with the impeachment of then President Dilma Rousseff. Although Michel Temer, Deputy President of Rousseff said that the financial adjustments to the economy would create a safer environment for investors and this reform program is faced with the opposition of the congress. In the face of this economic stagnation and political uncertainty, the corruption scandal has shaken consumers and investors' confidence in the market, causing investments to shrink rapidly. As a result, growth in the Brazilian economy, which

grew by an average of 4% during the Lula period, fell below 2% during the Rousseff period. The overcoming the economic recession in Brazil, which is regarded as one of the most important rising powers of the 21st century depends on breaking the political crisis and taking necessary measures in the economic arena.

Brazil is Turkey's first strategic partner in South America and its biggest trade partner in the region. The first official visit to Brazil at the Presidency level, Suleyman Demirel, took place in 1995 during his visit to Latin America, including Chile and Argentina. In 2009, after the visit of the Brazilian President Lula da Silva to Turkey, in 2010, President Erdoğan, then Prime Minister, paid an official visit to Brazil during which the "Action Plan for Strategic Partnership" was signed. The strategic nature of the relations between the two countries was further reinforced with the joint declaration titled "Turkey-Brazil: A Strategic Perspective for Dynamic Partnership" during President Dilma Rousseff's visit to Turkey in 2011. President Lula's visit to Turkey, it is also important because for the first time a Brazilian President paid an official visit. A year after this visit, with the help of the newly fortified close relations, Brazil and Turkey undertook a joint mediating role in the talks of the Tehran Declaration focusing on Iran's nuclear program.

INVESTMENTS IN BOTH COUNTRIES

The largest Turkish investment in Brazil is the Kordsa factory in Salvador, Bahia. The Kordsa plant produces 80% of its production for the Brazilian domestic market while the remaining 20% is exported to Argentina, Colombia and Venezuela. Brazil is attractive for international investors due to various factors:

- An internal market with a population of approximately 210 million
- Easy access to raw materials
- A diversified economy against international crises
- A strategic geographic location providing easy access to the South American countries

Nevertheless, investment in Brazil remains risky due to some unfavorable factors such as complex taxation, cumbersome bureaucratic delays, and heavy and strict labor legislation.

If we look at the Brazilian partner company in Turkey, Anadolu Group partnering with Brazil Cutrale Company, is Turkey's leading fruit juice and fresh fruit company with 350 million dollar investment value. Also recently with Brazil-based BBRF and the Qatar Investment Authority entered Turkish market by acquiring the Banvit Poultry Company with 915 million Turkish lira value. Finally, the world-leading Brazilian Votorantim Cimentos invested 140 million euros in a new cement plant in Sivas.

DEİK/TURKEY-BRAZIL BUSINESS COUNCIL

DEİK/Turkey-Brazil Business Council was established in 2007.

After the Business Council's establishment in 2007, a delegation of Brazilian business people is invited to Turkey to inform them about business opportunities and to arrange meetings with its members. Under its terms the partners are to hold Annual Joint Conferences to be organized in turns by Brazil and Turkey.

Close cooperation with Brazil will facilitate Turkish companies' entry into South American markets i.e. MERCOSUR, who's other members are Argentina, Paraguay and Uruguay. Vice versa, Brazilian companies can use Turkey as springboard to Europe and markets of neighboring countries.

The purpose of the Council is to organize conferences, seminars and bilateral negotiations in order to inform the business communities in both countries and to bring them closer together. Besides that, the Business Council is tasked with identifying legal and practical restrictions to trade and joint ventures, and holding talks on their removal or improvement with the respective bodies that represent the business community.

¹ Mercosur is a South American trade bloc established by the Treaty of Asunción in 1991 and Protocol of Ouro Preto in 1994. Its full members are Argentina, Brazil, Paraguay and Uruguay. Venezuela was a full member but has been suspended since December 1, 2016. Mercosur's purpose is to promote free trade and the fluid movement of goods, people, and currency.

² Bolsa Familia is a social welfare program of the Brazilian government that provides financial aid to poor Brazilian families; if they have children, families must ensure that the children attend school and are vaccinated.

BRAZIL AND TURKEY 160 YEARS OF DIPLOMATIC RELATIONS

BY H.E. AMBASSADOR PAULO ROBERTO FRANÇA
CONSUL GENERAL OF BRAZIL IN ISTANBUL



THE DIPLOMATIC RELATIONS BETWEEN

Brazil and Turkey started in 1858 with the signature of the Treaty of Commerce and Friendship between the Empire of Brazil and the Ottoman Empire. The year of 2018 celebrates 160 years of formal diplomatic relationship between Brazil and Turkey.

After the foundation of the Turkish Republic, a new Treaty of Friendship was signed in 1927. In recent decades, several other agreements were signed in the fields of agriculture, commerce, defense, industry, tourism and others. Three agreements are worth mentioning: Agreement on Visa Exemption for Holders of Common Passports, signed in 2001; the Action Plan for Strategic Partnership, signed in 2010 and the

Agreement to Avoid Double Taxation and Prevent fiscal evasion with respect to income tax, signed in 2012. The Brazilian Embassy in Ankara opened in 1930 and the Consulate General of Brazil in Istanbul operates since 2009. Several visits of highest authorities of both countries, including two visits of Brazilian Emperor D. Pedro II to the Ottoman territories, numerous visits of Head of States and other authorities of both governments are also highlights of the bilateral diplomatic relations.

Brazil and Turkey have a lot in common. Both are upper-middle income level developing economies and regional powers. Brazil is the 9th biggest economy in the world, with a GDP of USD 2.02 trillion and has the 5th biggest population, 205 million people. Both are

Brazil and Turkey have a lot in common. Despite the geographic distance, there are many potential opportunities to be explored between both countries.

members of the G20 and have robust economies. Despite the geographic distance, there are many potential opportunities to be explored between both countries.

The bilateral trade reached almost USD 3 billion in 2017, a 38% increase from 2016. In the period of 10 years, the trade volume has increased 108%. Turkey imported USD 2.5 billion from Brazil, out of which the main products were: iron, steel, metallic ores, wood, cotton and live animals. Turkey exported USD 385 million to Brazil, mainly industrial goods, among which were: vehicle parts, boilers, machinery, inorganic chemicals and textiles. The Brazilian trade surplus in goods is to some extent counterbalanced by the predominance of more value added products on the Turkish export side, a more significant portfolio of Brazilian investments in Turkey and an important surplus in the tourism sector.

Turkey is a demanded touristic destination for the Brazilian population. An average of 60 thousand Brazilian tourists come to Turkey every year. The screening of Turkish television series in Brazil have contributed to the increase of the tourism exchange, which became more dynamic after the launch of direct flights between Istanbul and São Paulo by Turkish Airlines. There are several opportunities for bilateral partnerships in the audiovisual production field. There is also a significant number of Brazilian investments in Turkey: Votorantim, Cutrale (Anadolu Etap), Banvit (BRF), Hayes Kemmerz Jantas (Maxion) and Klimasan (Metalfrío). Turkey is a country admired by Brazilians. In addition to its rich history, it has shown admirable economic, technological, educational, artistic and social growth in recent years. Turkey has been showing generosity to immigrants and is playing important



HIGHLIGHTS OF BRAZIL MARKET

Biofuels	1st exporter
Hydroelectric power	3rd world producer
Airplanes	3rd world exporter
Software and IT	12th world market
Automotive industry	7th exporter

TURKEY-BRAZIL BILATERAL TRADE (Thousand US Dollars)

Year	Export	Import	Volume	Balance
2015	458,367	1.792,241	2.250,608	-1.333,875
2016	333,741	1.788,012	2.121,754	-1.454,271
2017	384,904	2.545,015	2.929,919	-2.160,111
2017 / (1-5)	146,146	934,853	1.080,999	- 788,708
2018 / (1-5)	199,064	1.323,951	1.523,015	-1.124,887

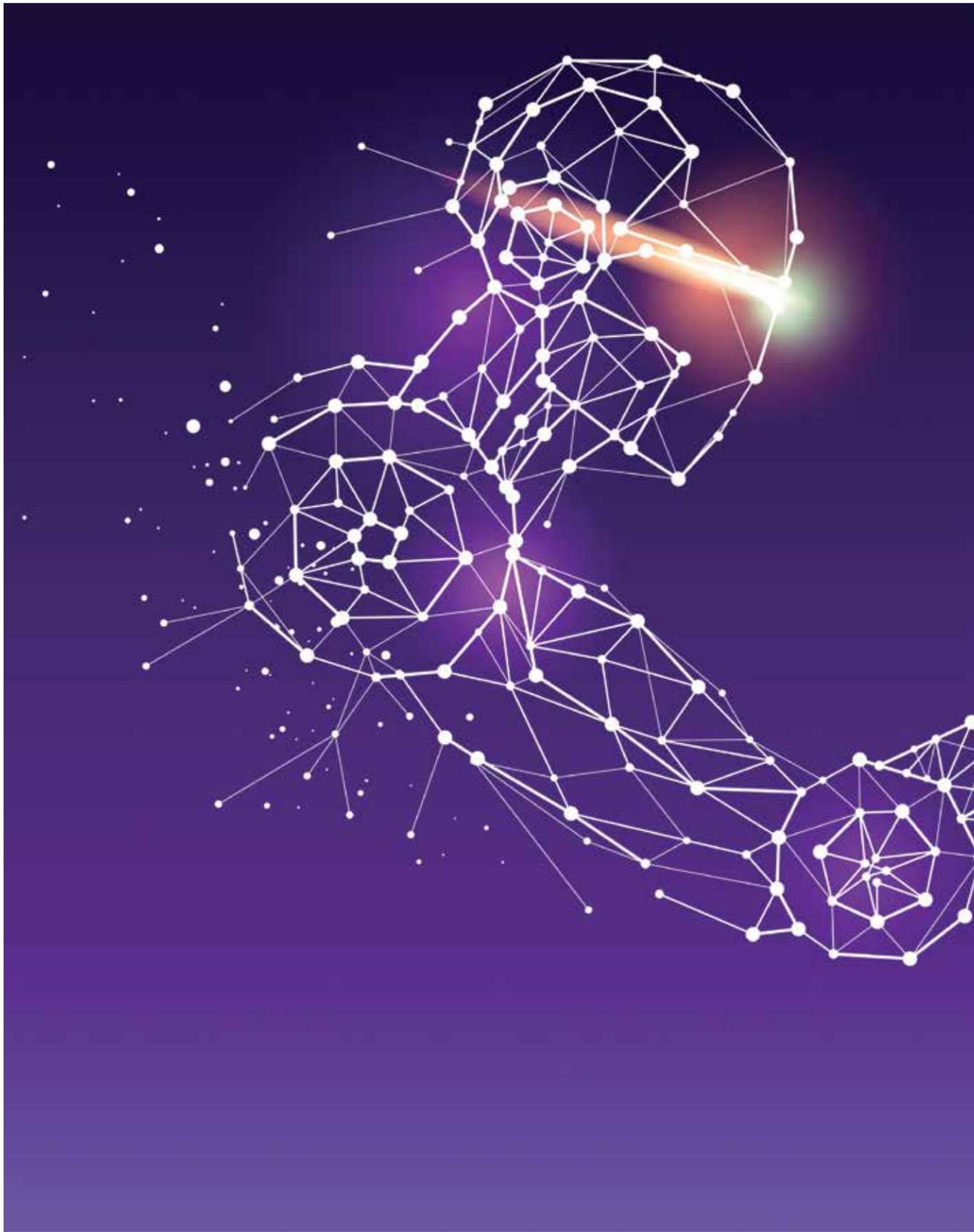
Source: TurkStat

role in world affairs. In this aspect we have great affinities. Brazil and Turkey share similar views on a number of global issues. We also have many common challenges as countries of great regional importance, and wish to have a stronger presence in a more just and democratic international order.

After facing a severe economic crisis, Brazil is back to full activity and has returned to its strong dynamism. The year of 2018 is also important for Brazilian politics, since a new president will be elected. Brazil has invested strongly in several sectors such as infrastructure, energy, defense, and others, and

launched a huge privatization program, encompassing 75 projects, among airports, pre-salt rounds, railways, and others, representing several opportunities for Turkish businessmen and investors. There are several sectors with potential for partnership, such as renewable energy, construction, tourism, among others.

The celebration of the 160 years of diplomatic relations between our countries is an emblematic moment in the current history of Brazil and Turkey. There are many challenges ahead and great opportunities to strengthen our friendship ties and enhance our bilateral trade and investments.





*The Revolution
on the Horizon:*

AI MARKETING

Artificial intelligence has already altered the means of production radically and now it has set eyes on the white collar jobs. Will it be able to become your company's next 'Head of Marketing'?

L

ots of dystopian stories picture a future, in which mankind is dominated by self-conscious machines. Although they vary in context and storyline, each story has a common notion, a critical point that reshapes the future of world; creation of artificial intelligence. From Terminator's Skynet to Matrix's magnificent duo the Architect and the Oracle are actually simulacrum regarding the limits of the idea that describes a computer capable of thinking.

These stories might be a little too extreme from the present point of view, but another aspect of the robotic revolution is already being experienced. Machines have already started to replace human labor in different fields of work. From Amazon's robot-ran warehouse to Mercedes' state of the art automotive manufacturing systems, their metallic counterparts are replacing organic employees. According to a report issued by McKinsey Global, the robots might account for 30% of the total labor force in the U.S. by 2030, where countries like Germany and Japan may end up switching to robotic labor for one third of their labor force. The number might sum up to the replacement of 375 million employees, McKinsey estimates. And this trend is not likely going downwards.

On the other hand idea-oriented professions are –or at least were- feeling safer since robots can attach parts or carry cargoes around, but they can't devise strategies, make plans or use initiative. Well this might be the case until the last decades but currently things are changing fast on the benefit of machines. Because we have reached a totally new point, at which computers are learning, conceptualizing and even thinking in their own sense. And this change started affect a pretty human profession; marketing. The "How come?" lies within a few fancy terms; AI, machine learning and the big data.

As technology started to develop acceleratingly, AI studies are getting closer to a point, at which they will be better than humans can ever be. in every field.



MIND OF A MACHINE

Artificial constructs taking over physical work is disturbing but thinking that they may overthrow office staff is something next level.

A robot carrying a box is something you share on your social media but when you see software making your marketing strategy consisting of different sections such as customer segmentation, interaction channels and even content generation, it gives goose bumps to anyone. Additionally, the inclusion of AI to marketing moves even further and can offer personalized marketing solution to a specific customer instead of a more generalized approach built on target audience.

It requires something quite similar to thinking process that is way more complex and comprehensive than of a human's. And mind of a machine is capable of that. AI is the core of the system. It is basically a software that is able to solve problems, answer questions, make estimations or any other task it is assigned. It uses different algorithms written exquisitely for the task. The algorithm's aim also may vary; recognizing a visual, analyzing a trend, estimating a variable. We utilize those algorithms in our daily life. For example Google search's word completion suggestion service is working based on an algorithm. Furthermore, one



the world's largest companies and leading brands, Google itself, was started as an algorithm, which gives the most relevant web sites or content you are searching for. So, at its most basic meaning, AI is an algorithm that solves problems for us.

But there are so many different variables in the problems to be solved by algorithms that it's practically impossible to conjure an algorithm, in which all the possible outcomes or results are pre-generated by the coders. This leads to the question whether machines are able to learn. And the question was yes. Although the term was first introduced by Arthur Samuel in 1959, the real groundwork that contemporary researches sprung from was laid in 1990. It has been seen that smaller algorithms can be inserted into the AI, by which it makes iterations and presents results based on the samples it has been fed with. In other words, when you teach AI the concept of a car and show car pictures, it can result in a picture that it hasn't seen before and conclude that it is a car; thus learning what a car is. Of course there are lots of different approaches, which can only be classified in broader senses, and they vary in accuracy, analysis performance, estimation capabilities etc. but nowadays software developers are teaching computers how to learn. And both the teachers and the students are doing pretty good.

The last part of the mind of a machine is the data. The calculation power of a computer is incomparable with that of a human's, but a computer requires much more input for learning about something. At this point comes the big data. AI's learning process utilizes the big data to understand, analyze and learn, and it also creates an extra benefit by dismantling at least a portion of the bulk data, which is unsegregated.

AI, machine learning and data are the parts of the mind of a machine. Similar to the human brain each part undertaking a specific task and interconnected with the others they form an ideation structure. And you can pretty much teach everything to it as long as the algorithms and data are sufficient enough to constitute an input-output mechanism.

MACHINE TEACHING MACHINE

Back in the 1990s, IBM's Deep Blue came out victorious upon a series of chess games against Garry Kasparov, the world champion had a big impact on media. When Deep Blue ultimately beat Kasparov, was the first time ever an AI had defeated a world champion in match play. In 2000s we have reached to a point where the machines were beating chess grandmasters in almost every game type.

Once AI conquered the chess, the developers started to look for new challenges to beat. After a decade, the game of Go became the new battlefield. Chess has many options exceeding millions of different positions and move possibilities but although looking rather simpler, these numbers reach out hundreds of billions in terms of Go. Google's 2014 acquisition of British AI research company DeepMind finished the war in the most brutal way. Beating the world's best Go player Ke Jie in 2017 marked the first victory of a machine, DeepMind's creation AlphaGo over a human player in Go. And this is not even the scary part.

AlphaGo taught its sibling AlphaGo Zero how to play Go, and after only a few days of training AlphaGo Zero was able to beat its big brother by a big margin. But over this 24 hour it played thousands of games against itself, ultimately understanding the aspects and concepts of advantage and disadvantage.

This is how AI is mostly mastering the skills. It makes vast number of iterations inside a simulation. A simulation only existing inside the program, thus easier and fastest to process than getting real time data. Each time it tries a different scenario, analyzes the situation and evaluates the outcomes. When the same situation emerges, it already knows most of the continuation lines at the moment position is reached. So pretty much we can say that a machine can play more game than a person played in their entire life, and it does not forget.

The most importantly, and almost scary, development of 2017 has been the radical progress of these reinforcement learning systems. These programs can teach themselves how to master new problem solving approaches without human intervention subsequent to the data feed. The most recent AlphaZero iteration, for example, can achieve superhuman skills at some games after just a few days of self-directed learning.

A survey participated more than 350 AI experts resulted that it won't be too long before AI can beat us at every field. The survey estimates that over the next 10 years computers will be driving cars better than humans, by 2049 they will be capable of writing a best-selling novel, and by 2053 they become the best surgeons. In fact, the survey boldly states that with a probability of 50 percent by 2060 AI will essentially be better at each and everything than a human.

AI MARKETERS

Yes AI is capable of learning everything if you can effectively teach them. They can understand the users content interests, price range they are looking for or the other items related to their inquiries.

Google as arguably the leader of the AI field used its AI marketing algorithms for their new smart phone Pixel. The reach and interaction with users were carried out by machine learning system. They used a special algorithm that was analyzing the viewer impression on advertisement areas. Thus, Google was able to put the ads on the optimal places that the most relevant was able to see the ads. When they benchmarked the results Google staff resulted that impressions on premium inventory were more than tripled and viewable CPM fell 34%.

The Economist, world-renowned media brand, is utilizing AI advertising. The magazine used computer analysis for the data gathered from web



The use of AI in manufacturing was only a beginning, as in a few decades they will be performing surgeries, developing technologies, running companies and even more.

and application users. They devised a strategy to create extra interaction with the users that they were engaging rather loosely. After mapping their reading preferences, they were able to create specific content to ensure a robust target audience engagement. The results were pretty effective; out of the target of getting 650,000 new perspectives with a budget of £1.2 million and they reached 50% in nine days and campaign ROI (return of investment) ratio was over 10:1.

Another giant like Coca-Cola, was also into the data mining. The pretty much unmatched reach of the company enabled it to gather data from all over the world. After they adopted computer based analysis and AI usage, they created simulation, by which they run product development operations, test with AI bots and use augmented reality technology in bottling plants.

These do not even constitute the tip of the iceberg. AI is offering specialized prices on e-commerce, which you are experience as random discounts, creating content that they know you are interested in, they understand your preferences and show you the series or the movie that you would like, they even know that what is the probable time that you are going to shop.

MORE TO COME

It is obvious that AI will revolutionize the business world more radically than any other milestone. To think that the capacity of the machines is limited with only human imagination, and once AI starts to teach itself they will easily exceed this limit, its pretty much impossible to forecast what is to come. May be an AI programmed to foresee the future of AI can do it but at the moment we can say that there is definitely more to come.

AI can write a story, create an ad, devise a strategy, decide pricing, segregate customers, understand customer preferences, and almost every any other subject regarding the marketing. It may generate different study areas or even introduce new terms since AI can also capable of creating a language as seen in Facebook's AI conversation bots. We can expect executives to adopt more digitalized solutions in the future, but they may also expect company boards to hire machine executives too.

Content: Yünsa: Weaving for the World P59 Koska: A Sweet Story P60

Brands

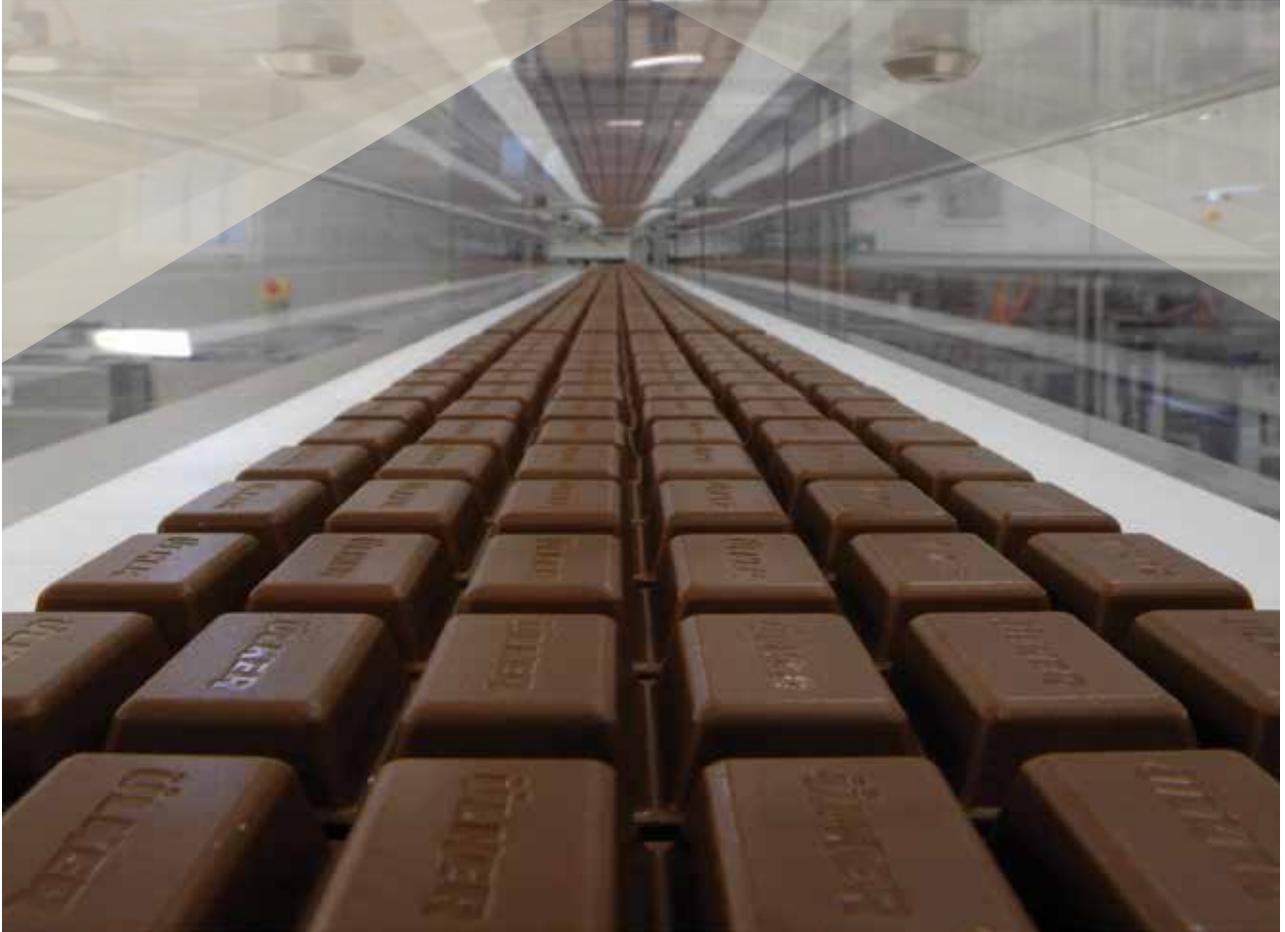
FOOD, TEXTILE, SWEETS...

FOOD

ÜLKER

The Global Brand of Happiness

The history of Ülker, one of Turkey's deep-rooted, local and national brands, dates back to 1944. Founded by late Sabri Ülker and Asım Ülker in the Nohutçu Han in Eminönü, Ülker continues its journey by embracing feelings of accompanying happy moments, trust, sincerity, warmth and being like a family.



IN THE FIRST YEARS, Ülker was exclusively known for the biscuit production. Today, Ülker meets its consumers with hundreds of brands in chocolate-coated product, wafer, chocolate, cake, oil, coffee, chewing gum, and confectionery categories.

Thanks to the corporate culture and principles created in industrialism, management, production, marketing, sales, trade, advertising and public relations since 1944, the name Ülker signifies more than a brand.

The consumer and marketing surveys reveal that Ülker brand is the most popular brand according to the public with its product quality, unchanging flavour, reliability, innovative approach, guaranteed customer satisfaction and a wide range of products, wide distribution network across the country and feeling of responsibility toward the public. Finally, according to Consumer Connect-Good Life Research conducted by the cooperation of Nielsen, one of the leading research companies, and Sustainable Brands Istanbul, Ülker was selected as a food brand that makes its consumers achieve a good life.

Thanks to the strong communication with the consumers, Ülker is creating far more powerful brands by evaluating the feedback received during the product development phase and after the product is placed on the shelves. As a brand that makes its consumers achieve a good life, we are continuing our work with precision in order to maintain our place in the people's hearts.

CEO of Ülker Mehmet Tütüncü stated that Ülker is expecting a double-digit growth in 2018.

ÜLKER IS DEVELOPING AND GROWING TOGETHER WITH TURKEY

Some brands have the honour of witnessing the history of Turkey. While Ülker has been witnessing the history since 1944, it is developing and growing together with Turkey. Ülker has been striving to keep its consumers happy with its products for many generations. In addition to Turkey, it meets with consumers from all over the world including the Middle East, Central Asia, Europe, Africa, America, and Russia.

With approximately 9,000 employees, Ülker is manufacturing in 10 factories including 6 in Turkey (Ankara (1), Karaman (1), Istanbul (4)), 1 in Egypt, 2 in Saudi



Arabia, and 1 in Kazakhstan. In 2017, it achieved the highest turnover in its history with TL 4.8 billion, by increasing the sales by 14,7%. It maintains a constant growth thanks to the production, sales and distribution infrastructure established in the countries and regions in which Ülker operates. On the other hand, Ülker began to be included in the FTSE4Good Emerging Markets Sustainability Index in 2017, one of the leading indexes that the global investors follow closely. Ülker is the biggest food company of Borsa Istanbul, and have been in Borsa Istanbul Sustainability Index since 2015.

FOCUS ON SUSTAINABILITY

Ülker brings many new products with its consumers every year thanks to the investments in R&D, innovation, efficiency, and



the synergy that Ülker teams create and innovative approach of the teams. Since the day Ülker was established, it has considered sustainability as an integral part of the way of doing business. While Ülker aims to leave the future generations a liveable

world, and to be a pioneer in this field with the long-term targets it established in 2014 for 2024 in the fields of environment, value chain, innovation, employees, social responsibility and leadership.

Being the first company in Turkey announcing its growth strategy without increasing carbon emission, Ülker has managed to maintain the same carbon emission while growing since 2014 in line with this objective. With the 2017 improvements in the processes, investments in its infrastructure and sustainability studies such as raising environmental awareness, Ülker has saved 10.2 thousand MW/h in energy, which is equal to the annual electricity consumption of 1,100 households in total.

Ülker strives to make all of our stakeholders happy, including the farmers, employees, consumers, who may direct Ülker with the selections they make. Ülker will continue to invest and provide employment in Turkey. Turkish farmers, who make a grand contribution to Ülker products with their crops, are significant business partners and they are certainly at the heart of our production. Ülker's cooperation with them has been continuing

4.8 Billion TRY

Ülker's Revenue in 2017.

since the first day it was established. Undoubtedly, the farmers greatly contribute to the products Ülker consumers love with crops they produce with great care. Ülker is always aware of the value that the farmers create and we attach high importance to its cooperation with farmers.

PRODUCE IN TURKEY AND EXPORT TO THE WORLD

In addition to Ülker's R&D and innovation centre in Turkey, it is developing its competitiveness, sales, and profitability with the productivity at production facilities that are equipped with the newest technology. All these signify a half-billion-dollar export potential for Ülker and Turkey's being a production base. Many newly acquired or launched brands are produced in Turkey and exported to several points across the world. With Ülker's "Made in Turkey" products, it shows to the world that what our country and Turkish businessmen can achieve.

Ülker started to produce the new market series of Godiva in Turkey, which is one of the most important premium chocolate brands in the world. The company launched Godiva's new market series in our Middle East markets. At the same time, it began to export Godiva products that are produced in Turkey to the world primarily including UK, Middle East, and USA in 2017. For example, we produced "Jaffa Cakes" in Turkey, which is the favourite brand of UK, and exported to Australia and China.



Today, Ülker sells to the world 2 Biskrems, 1 Albeni and 1 Halley for every 1 Biskrem, 1 Albeni and 3 Halleys sold in Turkey. Ülker's goal is to continue this success in the coming period.

With Ülker's company called İstanbul Gıda Dış Ticaret, it is exporting Ülker products in the biscuit, chocolate and cake category to more than 110 countries in every region of the world, including Martinique, Peru, Siera Leone, Mongolia, Myanmar, as well as other developed markets such as Germany, USA, and UK. İstanbul Gıda was announced as the Top Exporter according to the "Turkey's Top 1000 Export Companies List" prepared by Turkey Exporters Assembly (TIM) in 2017 and thus continued its success.

55 OF 80 YILDIZ HOLDING FACTORIES ARE IN TURKEY

Ülker's parent company Yıldız Holding carries on production in 80 factories all over the world, 55 of which are in Turkey and provides employment and enlivens the economy. In these factories, the company produces goods in many diverse categories from biscuits, chocolates, oils, frozen foods to personal care products. Yıldız Holding is a large family with 60 thousand employees in total including 45 thousand employees in Turkey and 15 thousand employees abroad.

BRINGING CHILDREN TOGETHER WITH SPORTS AND ARTS

The company considers Sabri Ülker's motto, "We believe everyone has to have a nice childhood, no matter where they live in this world" as our inspiration in every domain and have built all of our social responsibility projects on the main theme of "children and happiness".

Ülker has striven to contribute



Ülker gives utmost importance to Turkish farmers and runs various programs to support Turkish agriculture.

to the physical, social, cultural and mental development of children through our projects in sports, and arts. Hence, the company reached 1.5 million children in the last 10 years with projects such as Ülker Children's Football, Ülker Little Basketball Festival, Ülker Children's Movie Festival, and Ülker Children's Art Studio.

With the objective of making arts accessible as part of social development, Ülker is carrying out "Your Thursday" with İstanbul Modern Museum, one of the few contemporary art museums in Turkey. With this project, İstanbul Modern opens its doors every Thursday free of charge to all visitors until 20:00. Ülker carried out a Free Tuesday project in collaboration with Baksi

Museum, which was founded in 2010 in Bayburt, and developed in a short period to receive the "Best Museum in Europe Award".

Ülker Accomplished Significant Projects in Sports as well.

Sports are certainly one of the significant communication platforms in the world. In particular, Ülker strived to have children and young people gain sports habits and make sports part of their lives. Since 2006, supported clubs and federations in basketball and football. The company has supported 5 football teams that have won championships. The company supported Galatasaray and Beşiktaş basketball teams as well as Fenerbahçe Ülker, which competed successfully in basketball for many years and qualified to participate in the Euroleague Final Four in 2015 for the first time in their history. Fenerbahçe Basketball Team later won and took the Euroleague Cup to its museum with the support of Ülker Metro.

The investments in football and basketball were

not limited to the support to the clubs only. Since the company believes that the children are the future of Turkey, it contributed not only to professional football but also to other sports projects called Grassroots (Football for Children) for children in the age group of 6-12. With joint projects with the related federations, it introduced about 330 thousand children to sports between 2007 and 2016. It has supported international organizations. In basketball, we supported international organizations such as "Children of the World" basketball camp project realized with the participation of children from all over the world during the same period as the 2010 FIBA World Basketball Championship, and in football, supported 2013 FIFA U-20 Football World Cup held in Turkey. Considering that it would increase the public awareness, interest and investments in sports and athletes in Turkey, Ülker took an active part in the Olympic candidacy process for İstanbul 2020. In addition, in 2017, it became the sponsor of the League of Legends Championship League, which is becoming increasingly popular in Turkey. Today, Ülker is continuing its contribution to sports by advertising agreements and by Ülker Sports and Event Hall, one of the leading facilities in Turkey, and Ülker Stadium Fenerbahçe Şükrü Saracoğlu Sports Complex. Especially, Ülker Sports and Event Hall serves both basketball fans and residents of İstanbul that closely follow the events.

Ülker is planning to complete this year as a year in which it is able to achieve its growth plans and further increase the number of consumers and the happiness of the employees.

TEXTILE

WEAVING FOR THE WORLD

Turkey's leading wool fabric producer, YÜNSA, is one of the top 5 wool exporters in the world.

YÜNSA WAS established in 1973 and went public in 1990. In the first phase, it started to produce wool fabrics for men's wear, in 1998, it has added women's clothing to its portfolio.

Today, Yünsa is the largest integrated wool fabric producer in Europe and is also among the world's top five upper-segment wool fabric manufacturers. As an organization that exports throughout the world, Yünsa has offices in England, Italy and Germany and agencies in Spain, France, Czechia, Serbia, Canada, Russia, Japan, Korea, Slovakia and Italy in order to monitor developments closely and to better follow-up its activities. Every season, Yünsa fabrics are exhibited in the world's leading textile fairs and take place in the showcases of ready-to-wear giants.

BEING IN THE TOP 5

Yünsa is one of the top five upper-segment wool fabric exporters in the world with its production capacity and it cooperates with many international brands. Yünsa Çerkezköy factory is one of the leading manufacturing facilities of the textile sector in the world with both its production capacity and its modern and technological infrastructure. Thread, warp and weaving, dyeing, chemical finishing processes are all carried out in Çerkezköy factory. Yünsa produces and uses its own yarn in all these processes.

Yünsa Çerkezköy factory has an annual production capacity of 4,500 tons of combed yarn



12.5

Million Meters

fabric weaving capacity

and has a fabric weaving capacity of 12.5 million meters and employs over 1000 employees in the factory. 100% wool fabrics constitute most of the production. In addition, the production is made by blending wool with cashmere, silk, elastane, cotton, linen and

is generated through export sales and that corresponds with around 5% of the world's total wool fabric market.

Yünsa has exported products with a value of more than 906 million TL to international market for the last 5 years. Last year, with an export sales revenue of 199 million TRY, it participated in TIM 2017 "Top 1000 Exporters" research. By increasing its export revenue by 19% compared to the previous year, it has participated to the economical growth of our country, national economy and industrial accumulation. Yünsa has reinforced its success in exports with its brand value as well. In the research which international brand valuation organization Brand Finance has

viscose. In addition to fabrics for men's and women's wear, upholstery fabrics and uniform fabrics are also produced. Specialities on upholstery fabrics are for home and office furnitures.

A STRONG FIGURE IN COMPETITIVE MARKETS

Turnover of Yünsa has reached 297,6 million TRY from 247 million TRY with 20% increase. In the Q2 of 2018, it has reached 169,6 million TRY. 67 percent of this turnover has been generated through export sales. Today, Yünsa exports more than fifty countries and provide over 400 customers with its products. In Turkey, it realized 70% of the total export in its industry. 2/3 of the annual turnover of Yünsa

evaluated the brands operating in Turkey in various industries, Yünsa has raised its brand strength from "BBB" to "A" and has been certified as one of the 100 most valuable brands.

Germany is the country which Yünsa has the most market share abroad. Apart from Germany; France, Italy, England, Spain, Sweden and the USA are among the countries which export sales are realized.

In the forthcoming periods, along with Europe and USA market which it takes place actively, Yünsa aims to add Far East which it currently operates with relatively small volumes to its portfolio, and to increase its export share in Japan and South Korea especially.

SWEETS

A SWEET STORY

One of the oldest brands in Turkish food sector is introducing traditional Turkish sweets to the world.



THE HISTORY OF KOSKA dates back to early 1900's when Hacı Emin Bey was managing a halva shop in Denizli. Continuing his father's profession, Halil İbrahim Adil Dindar came to Istanbul in 1930 with his sons and opened a shop in the district of Koska. The halva, Turkish Delights and desserts they produce were so much liked that the shop became known as the Koska halva shop. Then, our family registered the name Koska and used it as a trademark. We have been on the same path for a term of 111 years as a family company with a hundred percent local capital run by the fourth generation.

A WIDE RANGE OF TASTES

Koska, offers consumers from all segments the traditional tastes with modern touches. Its product range consists of 450 products currently. The advanced technology and changing living conditions

have altered the nutrition habits of people. The consumers wish to easily access more practical but also healthier products. There is a high interest to organic and natural products, and Koska is trying to respond to wishes of consumers. The company delivers its products to the consumers in a form both conforming to Turkish traditional tastes and meeting their needs. Therefore, the company added organic, diabetic and sugar-free products to its product range. Koska is particularly conducting studies on healthy nutrition of children. The best example of this is Koska "Süper İkili"™ (Super Duo) mix of tahini and molasses. This product is liked so much that the company received a huge number of posts from mothers and fathers thanking them. For the consumers to be able to have Koska products at school or gym or on the road, so to say whenever they wish, the company introduced this



Koska is focusing on bringing together innovation and traditional tastes.

"Süper İkili"™ (Super Duo) in various grammage and easy-to-use packages. This product also won an award. Koska's diabetic products are also highly demanded. As a result of our joint studies with the Turkish Diabetes Foundation, the company observed that blood glucose levels of diabetic patients and glucose-sensitive patients do not change when these patients consume 40 grams of its diabetic products. Koska's sugar-free jams sweetened with concentrated grape juice offer a good alternative for customers who do not want to consume sugar.

TURKISH TASTE IN EXPORT

Koska currently exports to 74 countries. The brand is mostly in the ethnic market until 7 or 8 years ago. The mostly preferred delicacy in the visits of foreigners to Turkey is the Turkish Delight. The company has been making huge investments for entry of the Turkish Delight as well as other products in our product range to the local store chains abroad and marketing thereof.

THE MEANS OF SUCCESS

Turkey is well positioned in the world with its food business. Koska has both high quality and delicious products. As a leading company in this business, they promote and sell the high quality and traditional foods we produce to foreign markets. The fact that Koska has numerous quality certificates accepted worldwide is one of the reasons the importers prefer the company. The company is growing each year and increasing its market share as the demand boosts.

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- create and strengthen the infrastructure of innovation management
- increase innovation management competency sustainably

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Agenda

FAIRS, EXHIBITIONS, SUMMITS AND MEETINGS IN THE NEXT MONTH



EXPO

21-24 NOVEMBER 2018

17th MUSIAD EXPO

CNR, İSTANBUL

Building on the success of these previous events, the 17th MUSIAD EXPO, the 4th High Tech Port by MUSIAD and the 22th International Business Forum (IBF) Congress will take place in Istanbul on November 21-24, 2018 at the CNR Expo Centre and WOW Congress Centre. In this regard, MUSIAD invites you to join them for the 17th MUSIAD EXPO, 4th High Tech Port by MUSIAD and the 22th International Business Forum (IBF) Congress.

MUSIAD will provide support to foreign buyers, including accommodation, welcome and gala dinner and domestic transfer from airport to the hotels and fair. At the EXPO, there will be a special focus on sectors such as construction, materials of landscape, materials of durable consumption, tourism, medical, food & nourishment, stockbreeding, machine, metal, automotive, chemistry, energy, technology informatics, service industry and textile.

NOVEMBER
08-11

CHEM SHOW EURASIA 8th INTERNATIONAL CHEMICALS INDUSTRY GROUP FAIR IFM, İSTANBUL

Turkchem International Chemical Industry Exhibitions 2018 will comprise ChemShow Eurasia, ChemLab Eurasia and ChemTech Eurasia exhibitions and with its new concept; Turkchem will bring together leading companies, newest products and most innovative technologies under the same roof on the dates of 8-9-10 November 2018 at Istanbul Expo Center's Halls 9-10-11 & Main Foyer. ChemShow Eurasia, which will be the chemicals section of Turkchem Chemical Industry Exhibitions 2018, will bring together exhibitors who produce and / or supply fine and specialty chemicals, commodity chemicals, petrochemicals and chemical Intermediates with the visitors of Turkchem Exhibition.

FURNITURE İSTANBUL
HOME AND OFFICE FURNITURE FAIR
CNR, İSTANBUL
31 OCT. - 03 NOV.

Furniture Istanbul, where Turkey's most distinguished brands will come together, is getting ready to welcome visitors on November 6-11 2018, at CNR EXPO Yeşilköy, the center of export. Furniture Istanbul will be organized by Pozitif Fairs which is one of the CNR Holding companies, in a collaboration with MOSDER (Association of Turkish Furniture Manufacturers). The halls will be divided according to product groups so that the Furniture Istanbul visitors will have easy access to what they are looking for and they will be able to compare similar products. Furniture İstanbul, which is designed to carry the Turkish furniture industry further, aims to be the biggest furniture fair of Eurasia, where most of the furniture exporters will be joining.



FOOD TECH EURASIA
13th FOOD AND BEVERAGE
TECHNOLOGIES FAIR
TUYAP - İSTANBUL
06-10 NOVEMBER

Food-Tech Eurasia unites forces once again with Eurasia Packaging Istanbul, the most preferred packaging industry fair in its region. In a wide range from chocolate, confectionery and pastry equipment to meat and dairy product technologies, cold chain equipment to food safety, processing and filling technologies to packaging production; F&B manufacturers can find reliable, cost effective and high quality solutions for their products at Food-Tech Eurasia Fair.



NOVEMBER
28-29

17th İSTANBUL RETAIL FAIR LÜTİF KIRDAR CONGRESS CENTER, İSTANBUL

Retail Days is the annual must-attend retail event comprised of a conference, an exhibition and awards honoring excellence in retail in various categories, gathering more than 5900 industry executives during two days in Istanbul. The conference hosts inspirational speakers as well as industry experts and leaders to share countless new, different and guiding views and topics. The exhibition brings together a wide range of companies presenting the most effective services and tools to retailers. It is an international platform offering exclusive networking and deal making opportunities for retailers,



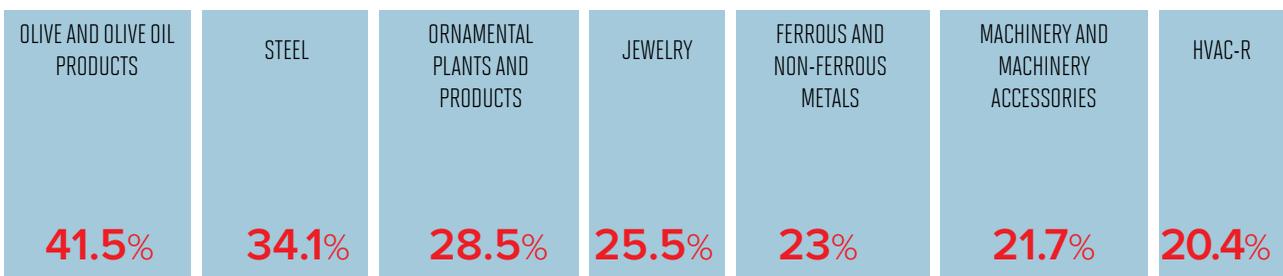
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Figures

THE MAGNIFICENT 7 OF 2018

As Turkey expect yet another record in export by the end 2018, Turkish exporters keep increasing their export performance. The sectors shown the highest increase in export during January-September period compared to the last year are:

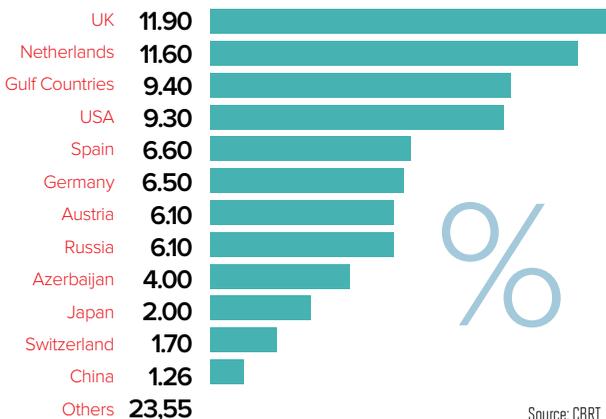
(Change '18/'17)



Source: TİM

FDI INFLOWS TO TURKEY BY COUNTRY

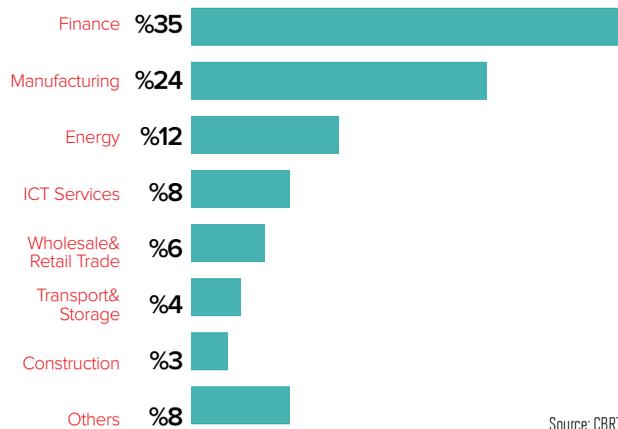
Europe, North America, and the Gulf zone were the primary sources of FDI inflow to Turkey over the last 15 years. On the other hand, Asia originated FDI's share has been showing a robust upwards trend.



Source: CBRT

THE DISTRIBUTION OF FDI BY SECTORS

The majority of FDI inflow is being distributed among finance, manufacturing, energy and ICT Services sectors.



Source: CBRT

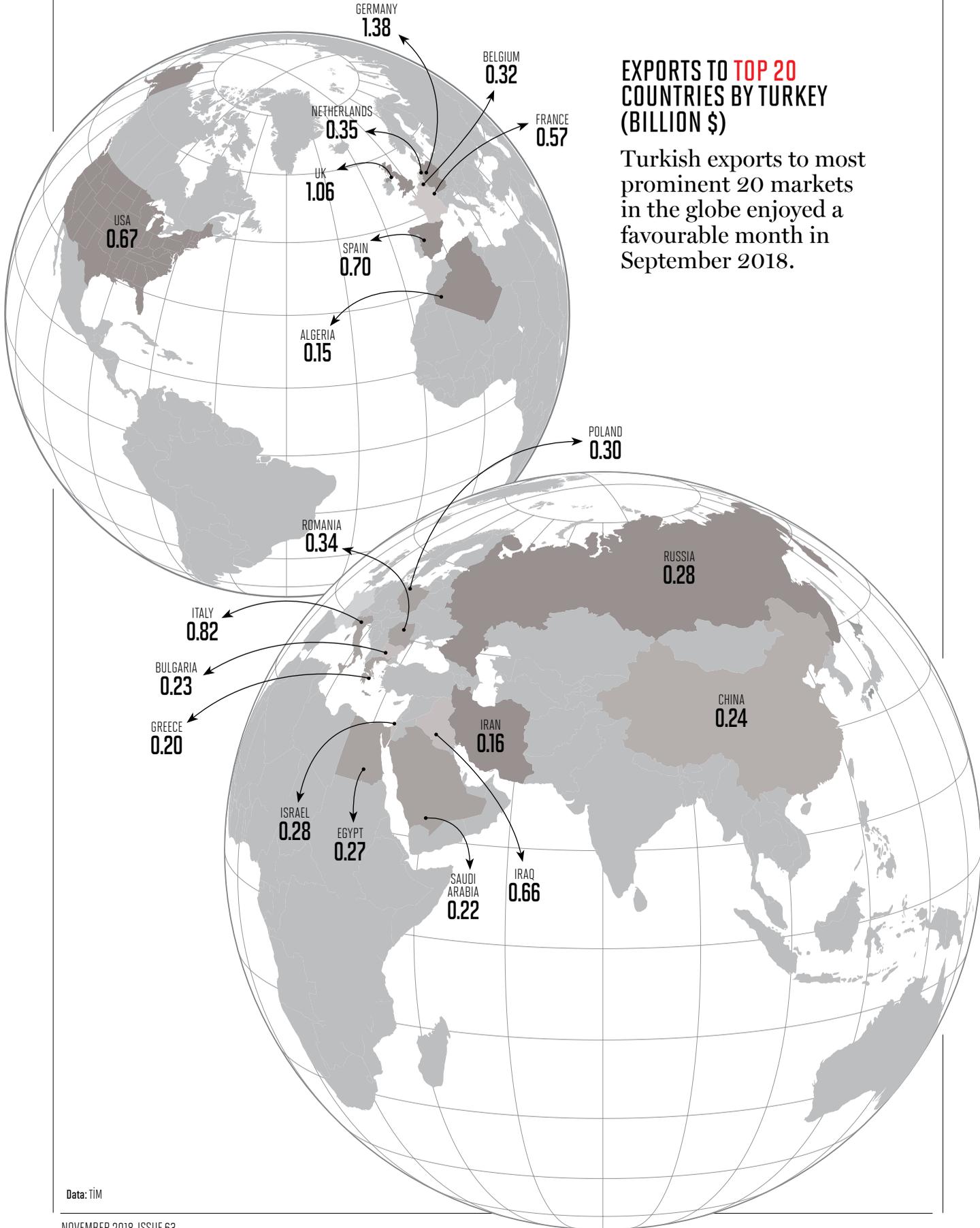
THE LAST YEAR, THIS YEAR AND NEXT YEAR OF TURKISH TOURISM

Being a country of tourism in every aspect, Turkey is continuing to increase its tourism revenues.



	2017	2018 Estimation	2019 Estimation
NUMBER OF VISITORS	37.6 million	39.2 million	41.5 million
REVENUE	\$26.3 billion	\$32.3 billion	\$35.2 billion

Source: Ministry of Culture and Tourism



Data: TİM



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