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# The Turkish Perspective

FEBRUARY 2019 ISSUE 67

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS



## European Union's #10YearsChallenge: Interregnum

BY PROF. DR. ÇAĞRI ERHAN

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# European Union's #10YearsChallenge: Interregnum

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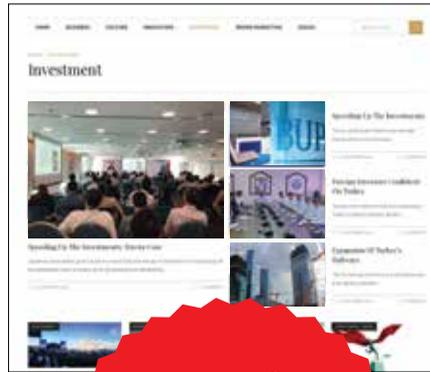
THE FIGURES OF TURKISH EXPORTS IN 2018

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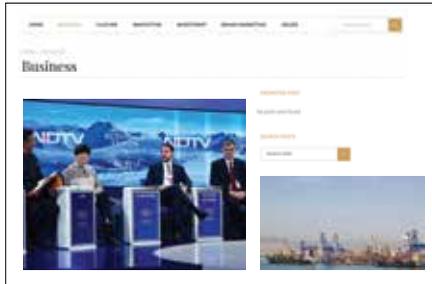
## THE TURKISH PERSPECTIVE DIGITAL

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.



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

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# Editorial



İSMAİL GÜLLE  
CHAIRMAN (TİM)

## WALKING CONFIDENTLY TOWARDS OUR GOALS

We have to focus on innovative products to increase the quality and the unit value of our exports. Therefore we need to apply a more dynamic production function and enhance our capacity. As TİM we gathered this factors around “5S” principles. Strong Turkey will evolve from strong economy, strong exports, strong human resources and strong infrastructure for exports.

**O**UR MAIN CLAIM IS TO ACHIEVE a Turkey which has a trade surplus in the future. While setting up this target, we dedicated on the deficiencies in our production and export strategies to shape them in a better structure. As Turkey we don't have oil or gas fields that can boost our exports, we have to produce new products, create innovative strategies and promote them to go further.

Regarding to the speculative attacks on Turkish Lira last August and the rising protectionism in trade among the world, we have reached the all-time high export figures with 168.1 billion US dollars at the end of 2018. Moreover the ratio of exports to imports has reached 75 percent with an 8.2 points increase comparing to 2017.

However, there is one reality that we need accept. Our unit values in exports have been decreasing since 2014 while quantity based exports have been increasing at the same period. Thus, it means that we are selling more products with a lower price since then. We need to add value to our products to increase our profits. We have to focus on innovative products to increase the quality and the unit value of our exports. Therefore we need to apply a more dynamic production function and enhance our capacity. Moreover it's as important as to increase



our market share in our major markets like Europe, as entering new markets around the world like Far East, Latin America or Africa. These will be our main strategies in the upcoming year.

It's obvious that there is a tough path in front of us. As TİM we are working closely with the Ministry of Trade and the other important actors in our economy. We confidently claim that we will continue to break records in exports. For the next year we've declared our target as \$182 billion at the end of 2019 as it was pointed out in the New Economy Program.

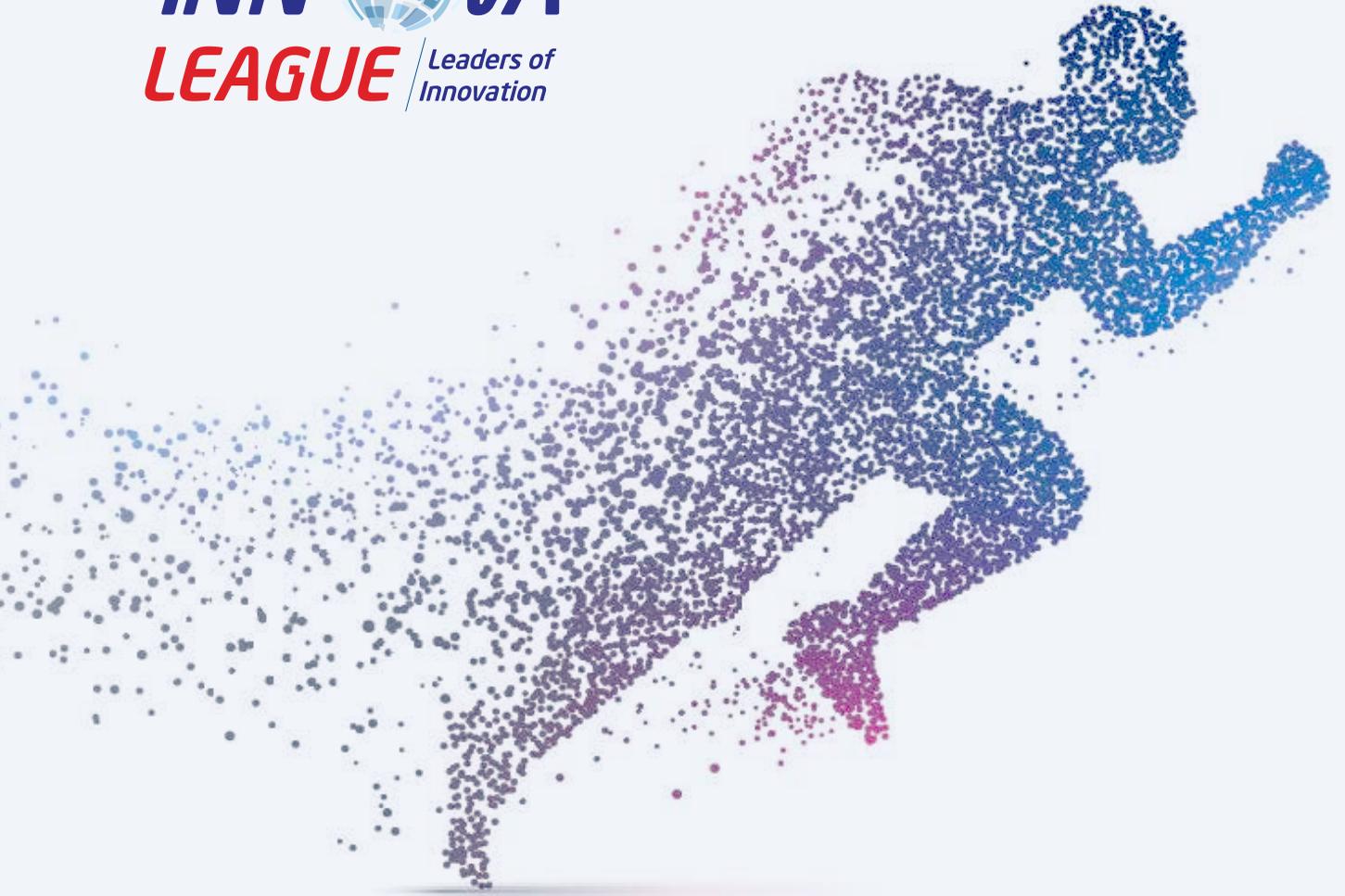
Our vision is also built on sustaining the success in 2018 and innovate new strategies in our exports. Therefore

we declared that 2019 will be the year of “Sustainability and Innovation for Exports”. Reflecting our 2019 vision, we have prepared a report and released on 22nd of January. “Export 2019 Report” reveals the products that we are holding advantage among the world. Methodology of the report is based on the “Revealed Comparative Advantage” model and as a starter; we investigated the top 200 products imported last year. Among the top 200, Turkey carries the comparative advantage in 47 products. Moreover, our study group listed the top 15 countries who import this 47 products and also revealed our potential markets for this products. As a conclusion of the report, we still have a long way to discover for the major markets as USA, Australia, Canada, Saudi Arabia and South Korea.

We will continue to release “Export Reports” and expand our area of research in this year. Therefore we will keep our exporters updated for the upcoming risks, political, diplomatic and economic agenda of the world and indicate the possible opportunities.

With this report, we also paved a path towards our goals. Our new vision gathered around five principles. These principles are Strong Turkey, Strong Economy, Strong Exports, Strong Human Resources and Strong Infrastructure for Exports. Walking confidently towards our goals, we will continue to prepare these kind of reports to carry out our vision.

Last but not the least, we are also paying much attention on recording export figures of transit trade, exports of services and e-exports. With the coordination of our Minister of Trade, Ruhsar Pekcan, we are working on the topics as integration of blockchain systems and digital transformation in exports. With new strategies and sustainable, value added increase in our exports I strongly believe that we will become an economy that gives a foreign trade surplus in the future.



# Marathon of Innovation

InovaLIG is offering the companies to leave their competitors behind by strengthening the organizational innovation management.

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# First

ECONOMY, PRODUCTION, FOREIGN TRADE, RETAIL, INVESTMENT, EXPORT, DEVELOPMENT...



## ECONOMY

# TURKISH ECONOMY IS ON A POSITIVE TRACK

Treasury and Finance Minister Berat Albayrak emphasized that the Turkish economy is on a positive track and has recovered its immunity with effective countermeasures against volatility during the summer period.

**E**LABORATING on the Turkish economy's performance, Treasury and Finance Minister Berat Albayrak said Turkey is on a positive track and the country's economy enjoys a robust equilibrium during his speech at the 49th World Economic Forum (WEF) in Davos, Switzerland.

In his address at the "Emerging Markets Outlook" session, Treasury and Finance Minister Albayrak stressed that the Turkish economy has a strong foundation and the New Economic Program (NEP) that was disclosed in September has mitigated concerns over the country's economy.

"We have strengthened our balance sheet in the most troubled times and ensured budget discipline. We have also succeeded in the fight against the current account deficit," he said and noted that January exports are on a rising trend, citing Trade Minister Ruhsar Pekcan.

In his evaluation, the Treasury and Finance Minister also recalled that optimism and global cooperation played a major role in overcoming the 2008 financial meltdown. Today, he said, no one is able to predict what may happen in the 2020s.

"The Turkish economy offers unprece-

dent advantages. The country has a young and educated labor force," Minister Albayrak said and elaborated on the incentives provided for education in Turkey. Another advantage in Turkey is the highly competitive private sector, Albayrak pointed out. Turkish exporters sell more than 20,000

different products to the countries across the world. Over the last 16 years, the country's exports soared to \$170 billion from \$35 billion. Particularly in the transportation, telecommunications and energy sectors, Turkey has drawn large-scale investments during that period, Albayrak emphasized.

Commenting on Turkish-American relations, Albayrak stressed that the bilateral relations between the two North Atlantic Treaty Organization (NATO) allies are gaining more depth both in the region and on the global platform.

The Minister also assessed the successful debt management of Turkey and said that the ratio of public debt to gross domestic product (GDP) in Turkey is only 28 percent.

When asked about investment opportunities, the minister underscored that the Turkish economy maintained a growth trend in 2018 despite regional problems.

The country's economy grew 7.2 percent in the first quarter and 5.3 percent in the second quarter. The third quarter saw a 1.6 percent expansion in the GDP.

The Turkish government aims to reach an economic growth rate of 3.5 percent in 2020 and 5 percent by 2021 under the NEP.



## Davos 2019: Trade Wars, Multilateralism, Fourth Industrial Revolution Debated

The World Economic Forum passed with conversations over the friction between globalism and protectionist policies witnessed across the globe. The world's elite discussed the pros and cons of multilateralism, in addition to touching on the political crises going on around the world.



**ANTONIO GUTERRES**

Secretary General of the United Nations

*Guterres said that the ongoing tug of war match between protectionist policies and globalism can become quite destructive. He painted a gloomy picture of the current environment, saying "We are in a world in which global challenges are more and more integrated and the responses are more and more fragmented, and if this is not reversed, it's a recipe for disaster."*



**CHRISTINE LAGARDE**

International Monetary Fund (IMF) President

*Lagarde warned that if the slowdown in China's economic growth continues to accelerate, it could harm the stability of the global economy. "The slowdown in China's economic growth is normal and it is being controlled by Chinese officials," said Lagarde. "If the slowdown rate increases, it will cause a systematic damage both in the domestic market and in the global markets" she noted.*



**CECILIA MALMSTRÖM**

European Union (EU) Trade Officer

*Malmström said the US would not claim to impose additional customs duty on cars coming from the EU, but said Brussels would provide the necessary money if such taxes are put into practice. Malmström stressed that the car industries in both the EU and the US are against the taxes that US President Donald Trump intends to implement.*



## PRODUCTION

## NEW CLIO WILL BE PRODUCED IN BURSA

Antoine Aoun, General Manager of Oyak Renault, announced that one of the production venues for the new Clio, to be introduced in Geneva, will be Bursa. Aoun said, "The most important breakthrough of 2019 our baby, the new Clio, very soon will be produced in our factory. From the first week of March at the Geneva Fair, our new Clio will be showcased". Aoun also said that the fall in automobile sales



did not affect themselves due to Oyak Renault's export-oriented business. While the company maintained its leading position in the sector with its high production and export performance in 2018, Oyak Renault broke a record in 2018 by producing 602 thousand 421 engines and closed the year with 336 thousand 888 in automobile production. Oyak Renault, last year's record engine production, as well as 239 thousand 591 gearbox, 708 thousand 670 chassis, the company, in 2018 with a 100 million-euro investment in the foundation of the new aluminum injection facility as well as high-speed new press line has implemented.

## FOREIGN TRADE



## Ukraine Signs Agreement to Supply Turkish TB2 Drones

Turkish UAV manufacturer Baykar will produce six Bayraktar TB2s and deliver them to Ukraine in a year.

**B**aykar Makina, a privately owned Turkish drone maker, has won a contract to sell six Bayraktar TB2 UAVs to Ukraine for \$69 million, Turkish and Ukrainian officials have announced.

The deal has been sealed between the Ukrainian state company Ukrspetsexport (part of the State Concern "Ukroboronprom") and the Turkish company Baykar Makina.

Turkish officials said the deal also involves the sale of ammunition for the armed version of the Bayraktar TB2. Bayraktar TB2 features a monocoque design and integrates an inverse V-tail structure. The fuselage is made of carbon fiber, Kevlar and hybrid composites, whereas the joint segments constitute precision computer numerical control (CNC) machined aluminium parts.

Each Bayraktar TB2 system consists of six aerial vehicles, two ground control stations, three ground data terminals, two remote video terminals and ground-support equipment. The standard payload configuration includes an electro-optical camera module, an infrared camera module, a laser designator, a laser range finder and a laser pointer.

### TURKISH DEFENSE INDUSTRY IS RISING WITH EXPORTS



## EXPORT

## DEFENSE INDUSTRY EXPORTS EXCEED \$2B BY 17 PERCENT RISE

The export performance of the sector in 2018 increased by 17 percent compared to 2017. The industry broke its own record of \$1.7 billion in November and moved the record to \$2.03 billion at the end of the year.

The defense and aerospace industry, which offers technology-driven solutions to Turkey's needs, is improving its performance in overseas markets as well.

According to Turkish Exporters Assembly (TIM) data, the exports carried out by the defense and aerospace industry soared by 24.9 percent year-on-year in December, reaching \$253 million – the highest monthly export figure seen throughout the year.

The defense and aerospace industry, whose export performance has been hovering around \$1.5 billion to \$2 billion for some time, exceeded the threshold of \$2 billion for the first time.

With a 17 percent export performance, the defense and aerospace industry exceeded main industrial sectors of ready-to-wear clothing and apparel, automotive, ship and yacht, electrical ▶

electronics and services, cement, glass, ceramic and soil products, air conditioning and other industrial products last year.

The industry's exports stood at \$1.2 billion in 2012, \$1.3 billion in 2013, and \$1.6 billion in 2014, 2015 and 2016.

The U.S. took the lead in Turkish defense and aerospace industry exports at \$726 million last year, achieving a 5 percent rise. The U.S. was followed by Germany at \$226 million with an 8 percent upsurge compared to the previous year.

Defense and aerospace industry exports to Oman, which preferred to strengthen its inventory with Turkish armored vehicles, seen a noticeable increase, up to \$153 million last year from \$13 million in 2017. Exports to Qatar, which also supplies a range of Turkish defense industry products, especially armored vehicles, went up by 241 percent, reaching \$83 million. Also, exports to the Netherlands skyrocketed to \$75 million with a 455 percent rise. Despite a 33 percent fall, India was one of the countries at the top of the list with an export of \$71 million.

The export of Turkish defense and aerospace industry products to Azerbaijan surged by 86 percent, reaching \$63 million followed by the U.K. at \$53 million, Poland at \$51 million France at \$46 million the United Arab Emirates (UAE) at \$35 million and Ukraine at \$32 million.

## INVESTMENT

# 2019's First Investment to Modanisa.com

The investment from Goldman Sachs and Wamda Capital will be used primarily to expand Modanisa's overseas operations.



**R**eady-to-wear fashion portal Modanisa.com announced it has sold a minority stake to Goldman Sachs and Wamda Capital. The funds will be used to drive the Turkey-based modest fashion e-tailer's global expansion plans. The investment round will be considered complete upon approvals from competition authorities.

This latest funding round in Modanisa.com – Turkey's pioneering international e-commerce player – follows earlier investment in 2015 from Saudi Arabia's STC Ventures, and UAE venture capital firm Wamda Capital, which first invested in Modanisa.com in 2016 and increases its stake in 2019. Modanisa's founders retain control of the company. As the global prime mover in the emerging modest fashion segment, Modanisa.com has enjoyed rapid growth since its launch in 2011. The Istanbul-headquartered business works with 650 designers and suppliers, the vast majority of them women entrepreneurs, who collectively produce 70,000 items that are sold via the e-commerce site to customers in 130 countries.

In the past 12 months, Modanisa.com has had in excess of 150 million visitors as demand soars for stylish and affordable ready-to-wear modest fashion.

According to a recent report by Thomson Reuters, 'State of the Global Islamic Economy', the fashion sector in Muslim-majority states is worth \$270 billion and is predicted to rise to \$361 billion by 2023. Modanisa's home territory Turkey remains the biggest Muslim market for fashion, with consumers spending \$28 billion on fashion annually. The investment from Goldman Sachs and Wamda Capital will be used primarily to expand Modanisa's overseas operations. With exports already accounting for 80% of its business, new logistics centres in Europe and the Middle East will enable faster shipping times and simplify returns. The firm will also invest in strengthening its e-commerce substructure and is opening an office in London in 2019 to oversee its North American and European operations, as well as offices in Amsterdam and in the UAE in due course.

## RETAIL

# THREE TURKISH FIRMS RANKED AMONG WORLD'S TOP 250 RETAILERS

Turkish supermarket chains BİM, Migros and A101 have made it to Deloitte's 2019 Global Powers of Retailing Top 250 companies list. Accordingly, the total revenue earned by the world's 250 largest retailers stood at \$4.53 trillion. BİM, a discount supermarket which has been on the list for years, the Migros supermarket chain, which was also on last year's list, and A101, another discount supermarket that entered the list for the first time this year, represented Turkey. BİM and A101 were also among the 50 fastest-growing companies in the 2017 fiscal year.

The leading discount store BİM Birleşik Mağazalar was ranked 150th on the list with \$6.8 billion in retail revenue in the 2017 fiscal year. The company, which operates in three countries, recorded a retail CAGR (the compound annual growth rate) of 20.1 percent between 2012 and 2017, according to the Deloitte report.

Revenues of Migros Ticaret, ranked 225th, stood at \$4.2 billion while its net income was \$140 million. Another discount store, A101 was ranked 237th in the global list. The company's revenues amounted to \$3.89 billion in 2017. Its revenue growth was a strong 32.7 percent.

## ECONOMY

## NEW COMPANY LAUNCHES IN TURKEY UP 17 PCT IN 2018

Turkey saw an annual rise of 17 percent in the number of newly established companies in 2018, the Turkish Union of Chambers and Commodity Exchanges (TOBB) revealed Jan. 18. The organization said 85,279 companies were established last year, up from 72,871 in 2017. The number of companies which went out of business decreased 7 percent year-on-year to stand at 12,564 in 2018. The number of foreign-partnered or foreign-funded new companies reached 13,405 in the same period. In December alone, the number of newly founded companies rose by 7.35 percent to 5,921, while a total of 2,015 companies went out of business in the same month, a 1.69 percent increase from a year earlier. Some 42 percent of the companies launched in December were located in Istanbul, while 11 percent were based in the capital Ankara and 5.6 percent in İzmir. More than 2,000 companies launched in December last year are engaged in trade activities, while some 900 were manufacturing enterprises and more than 500 were operating in the construction industry.



## EXPORT

## Turkish Contractors' Overseas Business Approximated \$20 Billion

261 projects were undertaken in 2018 and reached a size of 19.4 billion dollars.

**TURKISH CONTRACTORS** undertook 261 projects abroad, worth USD 19.4 billion. While power plants took the lead in the projects, 2 European countries took part in the top 10 countries.

Minister of Trade, Ruhsar Pekcan stated that in spite of the political and economic problems of the contracting sector in the world, 261 projects were undertaken in 2018 and reached a size of 19.4 billion dollars. Saying that "Our contractors continue to be our pride abroad", minister added "In 2018, the projects we have undertaken most are seen as power plant worth 3 billion dollars, road, tunnel and bridge worth 2.9 billion dollars and 2.2 billion dollars as military facility investments." Pekcan also pointed out that there were 2 European countries among the top 10 countries that received the most projects last year. "This is an indication that our country's contractors have added new markets to their portfolio by going beyond traditional markets," she said. According to the results shared by Minister Pekcan, last year the sector undertook projects at most in Russia, Saudi Arabia, Qatar, Sudan, Poland, Kazakhstan, Turkmenistan and Algeria.

## DEVELOPMENT

## Turkish, US Firms Developing Micro-Reconnaissance Robot

**T**he Turkish defense industry is conducting multiple studies to develop various products with unmanned land vehicle technology for security forces. To develop unmanned land vehicles of various sizes in the defense industry, OFM Engineering plans to manufacture a micro-reconnaissance robot. OFM Engineering is now working to develop a micro-reconnaissance robot with a U.S.-based firm that would provide many tactical advantages.



## INVESTMENT

globtec  
group

## GLOBTEC DEBUTS \$300 MILLION INVESTMENT PROGRAM IN TURKEY

Globtec Investment Group and a consortium of partner investors embarked on a broad mandate to invest in suitable Turkish companies, with a focus on the Mechanical Engineering, Mining, and Tourism sectors.

The program designs to assist in the capitalization and development of Turkish companies by expanding their access to international markets and creating global business connections.

"This program follows our planned investment of US\$170 million for the V4 nations of the Czech Republic, Hungary, Poland, and Slovakia," said Globtec President & CEO Murat Karabay. "Globtec looks forward to helping significantly strengthen Turkey's export industry and sponsoring improved growth for Turkish companies, by facilitating their access to sufficient liquidity to compete in international markets" he noted.



## PURCHASING

## Lotte Advanced Materials Co. Buys Turkish Engineered Stone Maker Belenco

**S**OUTH KOREA'S Lotte Advanced Materials Co. acquired Turkey's leading engineered stone maker Belenco in a 125 million won (\$111.4 million) deal to gain a foothold in Europe's premium interior material market.

Lotte Advanced Materials, a subsidiary of Lotte Chemical, it has taken up a 72.5 percent stake in Belenco to leverage the Turkish firm's dominant presence in the engineered stone market.

Engineered stone is a man-made product that is composed of 90 percent natural quartz. It has the look of natural marble but is more durable and versatile, with applications ranging from home kitchens and bathrooms to indoor flooring and walls in hotels and hospitals.

Belenco headquarters are situated in Manisa Organized Industrial Zone (OIZ), Turkey's third-largest industrial complex. The company boasts an efficient logistics network thanks to its proximity to the port of Izmir and natural mineral deposits. Its factory consists of two production lines capable of churning out 230,000 sheets of engineered stone a year.

Lotte Advanced Chemicals' plant in Yeosu, Korea has a production capacity of 90,000 sheets. With the acquisition, it plans to ramp up manufacturing facilities to catapult its standing to the global top five.

The move is part of Lotte Group's broader strategy to premiumize its chemical portfolio to more value-added specialty materials. The company said it plans to step up investments in related businesses at home and abroad to further its upscale efforts.

## EXPECTATION

## \$ 800 Million Investment Expectation In Solar Energy

Sector expects a total of 950 megawatts of installation and \$800 million investment this year.

**NOTING THAT** last year the solar energy sector in Turkey began to reach maturity period, President of the International Solar Energy Society-Turkey Section Kutay Kaleli, told "We have a significant number of domestic producers, we are developing in terms of industry. With these developments, in 2019, we expect a total of 950 megawatts of installation and \$ 800 million investment from the sector as licensed and unlicensed power plants."

"Recently, the companies in Turkey made significant progress in terms of engineering and contracting. Solar energy industrialists, not only in the Middle East and Africa, but also started to do business in Europe and Eurasia" he said.

Pointing out that establishing a solar power plant is easier compared to obtaining electricity from other sources, Kaleli stated that "Thermal or hydroelectric power plants with the same capacity can be installed in 2-3 years, while solar power plants can be completed in as little as 4-5 months."

Kaleli said investors could complete their investments quickly as part of the Renewable Energy Resources Support Mechanism (YEKDEM) that will end in 2020.

Kaleli asserted it is estimated that 15 percent of the total solar capacity of roofs in Turkey. Stating that the potential expectation in rooftop applications in 2019 has reached 400 megawatts, Kaleli said:

"Last year was year, the solar energy sector in Turkey has started to reach maturity. There are those who previously received a call letter and applied for a time extension. There are projects that have started to invest in some way and have not completed this investment, could not go to a certain point or have experienced financial difficulties. I guess a part of them will be put into operation. We have a significant number of domestic producers, we are developing in terms of industry."



## EQUITY

## FOREIGN INVESTORS BOUGHT \$712 MILLION WORTH TURKISH EQUITIES

Non-resident investors bought \$711.8 million worth of Turkish equities in the week ending Jan. 18, data from the Central Bank showed on Jan. 24. That came on top of the inflow of \$115 million into the equities market in the previous week. However, there was an outflow of \$83.3 million from Turkish equities in the week ending Jan. 4.

Market value of non-resident investors' holdings of Turkish equities increased to \$32 billion as of Jan. 16 from \$28.85 billion on Jan. 11. The market value of non-residents' holdings of Turkish equities stood at \$29.6 billion at the end of 2018.

The Central Bank data also showed that foreign investors continued to sell government debt securities.

The bank reported an outflow of \$122 million from government debt securities in the week ending Jan. 18.

That followed a total of \$714 million of outflows from the debt securities market in the previous three weeks. The market value of foreign investors' debt securities has increased from \$17.45 billion to \$18 billion in one week. (Jan. 11 to Jan. 18)

## INFRASTRUCTURE

## İZMİR PORT WILL BE EXTENDED FOR MORE EXPORTS

İzmir Alsancak Port, will have the infrastructure to respond to the needs of exporters.



**T**URKEY'S one of the largest export ports but not of large tonnage ships berthed, İzmir Alsancak Port, will have the infrastructure to respond to the needs of exporters. In İzmir Alsancak Port, first of all, the dredging will be carried out to allow large vessels to dock, then the berths will be arranged according to needs and the container storage areas will be expanded in the port area.

Coordinator President of Aegean Exporters' Association Jak Eskinazi said that the issues such as the enlargement and modernization of the port and the port of the tourist ships are important for the trade in the Aegean region.

İzmir Port Operations Manager Serdar Görür said that the plans for the modernization of İzmir Alsancak Port through the needs of the day has been prepared. Görür also added that "Work will begin in the port basin in the first place. 425 thousand cubic meters of screening will be done. We don't have a problem with the docks. We aim to reach a depth of 12 meters by eliminating the shallowness which is 10.5 meters at some heel points. We will relieve the traffic inside the port by connecting the TIR input outputs with the system, and we will modernize the back area to ensure that our berth operation is fully supported". Görür said that security concerns related to the berthing of tourist ships vanished after the modernization work.

Aegean Region, located westernmost in Turkey, is a leading region with its logistics infrastructure, diversity of the sectoral portfolio it hosts and a well trained labor force.

\$133,7

EXPORTS

\$207,2

IMPORTS

5265

EXPORTER COMPANIES

## INVESTMENT

## MICROSOFT ACQUIRES TURKISH OPEN-SOURCE COMPANY CITUS DATA

Microsoft announced that it acquired Citus Data, a startup that has commercialized the open-source database software called PostgreSQL. The terms of the deal weren't disclosed.

The deal will help Microsoft support open-source technologies, particularly in the cloud, while continuing



to make money from popular proprietary software like Windows and Office. In the cloud business, Microsoft wants to use openness as a way to pick up business amid competition from Google, market leader Amazon and others.

"Together, Microsoft and Citus Data will further unlock the power of data, enabling customers to scale complex multi-tenant SaaS applications and accelerate the time to insight with real-time analytics over billions of rows, all with the familiar PostgreSQL tools developers know and love," Microsoft said in a statement.



## EXPORT

## 2019 will be the year of Sustainability and Innovation

“We will be able to capture and even exceed the \$182 billion export target of 2019. We will continue to accelerate the export of goods, service exports, transit trade, export digitalization and e-export critical topics such as the emphasis will be on export innovation.”

**T**HE CHAIRMAN of Turkish Exporters Assembly (TİM), İsmail Gülle evaluated the annual export figures and shared TİM’s plans for the upcoming year. He said, “We will surpass the 182 billion dollars target in merchandise exports this year. While sustaining the last year’s success in exports, we will innovate new strategies for transit trade, digital transformation in exports, e-exports, and export of services. As TİM we determined that the year of 2019 will be a year of “Sustainability and Innovation” in exports.

The Chairman evaluated the annual export figures and underlined that “Exports in December has reached 13,9 billion dollars with a 0,4 percent increase. Monthly figures in December also broke a record. On the other hand, our annual exports has reached 168,1 billion dollars. This is an all-time high in our history”.

İsmail Gülle also spoke during the “Annual Foreign Trade Evaluation Conference” with Minister of Trade, Ruhsar Pekcan and reminded that, “We determined 2018 as it would be the year of records at the end of 2017.

We’re so glad that we kept our promise and achieved all-time high annual exports this year. However we need to sustain this success and carry our exports in the upper league among the world. Therefore we will be focusing on exports of services, transit trade, digital transformation on exports and e-exports in 2019. I believe that our determination on sustaining the last year’s success and adding innovative strategies, we will achieve our 2019 export targets, which is 182 billion.”

Gülle also said, “Now we should focus not only on the export figures but on the sustained momentum of our export volume. This will be achieved by focusing on R&D and design projects while increasing our support for domestic and national production in products with high import inputs. We have to show the world that Turkey’s success in exports is persistent with our new projects and investments. In this sense, we will focus on branding, design and R&D, as well as the development of service exports, especially in the field of software.”

■  
AMONG THE 200 MOST TRADED PRODUCTS IN THE WORLD, THERE ARE 47 EXPORT PRODUCTS THAT TURKEY IS STRONG.

■  
IN THESE 47 PRODUCTS, THE TOTAL IMPORTS OF THE WORLD IS 1.8 TRILLION DOLLARS AND THE SHARE OF THE WORLD IN TOTAL IMPORTS IS 9.8 PERCENT.

■  
TURKEY’S EXPORTS IN THESE PRODUCTS ARE 50 BILLION DOLLARS AND TURKEY GETS 2.8 PERCENT SHARE IN THE TRADE OF THESE PRODUCTS IN THE WORLD.

■  
BY GIVING SPECIAL IMPORTANCE TO THESE 47 PRODUCTS, WHICH TURKEY IS STRONG, TURKEY CAN GET MORE SHARE FROM THE \$ 1.8 TRILLION DEMAND.

TIME IS NOT THE TIME  
TO GO WHERE THE  
WIND COMES FROM  
TIME TO DIRECT  
THE WIND

*TİM announced “Export 2019 Report”, which will be a new vision and roadmap to exporters and TİM Chairman İsmail Gülle said, “The ‘Export 2019 Report’, which we announced this year, will be announced on a regular basis every year and will determine the road map of that year for the exporter.*



*We are determined to rivet an export ecosystem with effective analyzes based on academic studies and to further expand its sphere of influence. Time is not the time to go where the wind comes from! Now is the time to direct the wind. We aim to share this work with our exporters and the public in February. Then we will repeat the same work for all the products in the world and we will tell the companies which need to be loaded to the countries with the clearest expression on sector and product basis.”*

# Panorama

*Upon our request, the World Bank shared economic outlook summary about Turkey with The Turkish Perspective readers.*

## TURKEY ECONOMIC MONITOR BY THE WORLD BANK: STEADYING THE SHIP

WORLD BANK COUNTRY OFFICE  
MACROECONOMY AND FISCAL POLICIES TEAM



THE WORLD BANK

**T**URKEY EXPERIENCED INTENSE market volatility in the second half of 2018. Though markets have stabilized in recent months, the economic situation remains fragile. Since the summer, the Lira has bounced back whilst current account imbalances have declined. But the summer shock had a big impact on the economy. In its latest Turkey Economic Monitor (TEM), the World Bank Group takes stock of the current economic situation and reviews prospects and policy priorities going forward.

A combination of high inflation and falling demand has pushed businesses to cut production and employment. At the same time, companies have accumulated large amounts of debt in recent years, including in foreign currency; banks have restricted new lending, adding further pressure on businesses. The TEM finds that the impact of these developments has varied across sectors; those that operate primarily in domestic markets are the worst affected, whilst outward oriented manufacturing sectors remain buoyant. Nevertheless, rising corporate stress has exacerbated banking sector vulnerabilities. Timely policy actions around liquidity management, a tightening of monetary policy and addressing corporate debt vulnerabilities have helped prevent a sharper correction.

Turkey's economic outlook is subject to higher levels of uncertainty than usual. The TEM projects growth to slow to a 10-year low of 1.6 percent in 2019 followed by a gradual medium-term recovery. Private domestic demand is projected to drop sharply in 2019, offset in part by fiscal expansion and external demand. Monetary tightening and commitments in the New Economic Program (NEP) signal important policy adjustments, though any uncertainty or inaction could tip the economy into a more difficult situation. The lack of progress on an orderly deleveraging in the private sector could precipitate this tipping point. The TEM finds that the projected economic slowdown poses multiple challenges for households, with the impact of inflation on household purchasing power likely to be the most acute.

The authorities' New Economic Program provides a solid foundation to tackle Turkey's economic challenges, though a bigger role for countercyclical fiscal policy will be needed than envisaged under the NEP. This should be complemented with tight monetary policy, a financial sector response that supports gradual deleveraging of the private sector and enhances financial risk monitoring and management in the banking sector. Critical to supporting the deleveraging process is a strong corporate debt restructuring framework, the absence of which could spell the difference between an orderly adjustment for the economy and a hard landing.

*The authorities' New Economic Program provides a solid foundation to tackle Turkey's economic challenges, though a bigger role for countercyclical fiscal policy will be needed than envisaged under the NEP.*

# agility

/ə'dʒɪlɪti/

*noun*

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



Discover  
the potential

**Content:** Turkish way to cashless society **P16** The floating energy hub of the "One World" **P18** 80-year record in Aegean Region's export **P21** Turkish companies meet with Qatari investors **P24** Turkish Game Developers Exceeded \$1 Billion in Exports **P26** Dynamics of Turkish M&A market Highlighted in Singapore **P28** How Nations Succeed **P32** We're excited to continue to grow in, with and for Turkey **P34** French giant will grow with Turkish technology **P37** Turkish Airlines opens 5 facilities in Istanbul Airport **P38**

# Briefing

TECHNOLOGY, PAYMENT, ENERGY, EXPORT, FOREIGN TRADE, PURCHASE...



TECHNOLOGY

## TURKEY'S MINISTRY OF TRADE TO UTILIZE BLOCKCHAIN TECHNOLOGY

Turkey's Minister of Trade, Ruhsar Pekcan, stated that the ministry is working on a new system that will expedite both export and import transactions via blockchain technology.

**T**URKEY'S Minister of Trade, Ruhsar Pekcan, stated that in the development of this new system, the Ministry of Trade will be the first public member of the new 'Turkish Blockchain Platform' – an initiative of Turkish Informatics Foundation (TBV).

Pekcan remarked that the Ministry of Trade, which has embodied the first internationally accredited 'Behavioral Public Policies' unit, continues to bring new concepts to public policies.

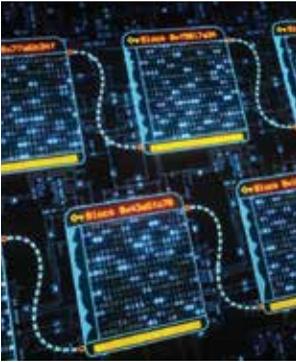
Highlighting the importance of blockchain technology for the future, Pekcan said that as the

Ministry of Trade they are working on the digital transformation of the export transactions, and that with the new technology, coordination between institutions and companies will ascent to a new level.

The minister stated that the ministry is taking important steps regarding blockchain

technology and that the ministry is working to conduct both export and import transactions via blockchain technology.

Pekcan also highlighted that the ministry is conducting talks with international software giants and countries such as Singapore, which is one of the leading countries



*Ruhsar Pekcan highlighted that the 'new era' has the potential to eliminate various bureaucratic obstacles, like regulation differences, non-standard certificates and fraud issues, decelerating international commerce, via blockchain technology.*

in digital transformation, with regard to blockchain technology. She specified that the 'new era' has the potential to eliminate various bureaucratic obstacles, like regulation differences, non-standard certificates and fraud issues, decelerating international commerce, via blockchain technology.

Emphasizing the significant role of the 'Turkish Blockchain Platform' - which embodies all important actors in the sector - as an 'interface' in digital transformation, Pekcan also stated that the ministry will be the first public member of the platform and will bring the lacking public perspective within it. She also added that if the blockchain technology provides solutions to the regulations and international laws that determine elements of international commerce, then the 'public' needs to execute detailed studies and

analysis in this technology.

Pekcan stressed that the value added to the public with the use of blockchain technology is exposed with many 'fact studies' and the positions taken by countries, which abrogated industrial and internet revolutions, in the ongoing 'blockchain revolution' that will determine their 'development level' in the new era.

The minister stated that they are shaping the policies of the ministry with the participation of the actors 'on the ground' and a cooperation protocol will be signed between the ministry and the 'Turkish Blockchain Platform' on January 9, with the involvement of over 30 public companies and institutions.

Meanwhile, according to the numbers provided by the Uludag Automotive Industry Exporters' Association (OIB), in 2018 automotive exports increased by 11% compared to the previous year, which is calculated at 31.6 billion dollars. This is the highest in Turkish history. The Turkish e-commerce sector reached 50 billion Turkish Liras (9 billion dollars) in 2018. Emre Ekmeci, Chairman of the Association of E-commerce Operations (ETID) also stated that the e-commerce industry is expected to grow around 30-35 percent in 2019.

According to the 2018 'Trend report' of Hepsiburada - Turkey's leading e-commerce brand - the online sales from Hepsiburada in 2018 increased 60 percent compared to 2017.

Also, according to a statement by Sahibinden - another leading company in e-commerce and e-classified - the company gave services to more than 44.3 million people in 2018, and the number of total posts seen in 2018 reached 25 billion.

## PAYMENT



# TURKISH WAY TO CASHLESS SOCIETY

**Local payment methods have been on the rise again** In the last decade, we have witnessed the rise of national payment schemes around the world, after a period of stagnation in the 1990s, encouraged by the fact that Chinese card payments scheme UnionPay became the fastest growing card issuer in the world.

**ACCORDING TO AMCKINSEY&COMPANY,** national payment schemes reached more than 2.5 billion cards in 2016 and scored a 12-15 per cent share in the global payment market of \$26 trillion.

TROY - an acronym for TR: Turkey, O: Odeme (Payment), Y: Yöntemi (Method) - founded under Interbank Card Center of Turkey as a strategic initiative supported by all the banks in

Turkey, has been in operation since April 2016 as Turkey's first and only national payments scheme.

### AN INNOVATIVE LOCAL PAYMENTS METHOD IN AN ANCIENT LAND

Turkey has traditionally been the pioneer in global payments market throughout the ages. Money, commerce, and the concept of the stock exchange were born in Anatolia. In the modern days, Turkish card

payments market has made the benchmark for adoption of new technologies such as Chip&PIN, contactless, and mobile payments. This is thanks to an agile industry that quickly implements new technologies.

TROY stands as the most recent example of a local technological payments solution. Prior to TROY, Turkish market had been dominated by the international card schemes. TROY was established to meet a growing demand for a local solution that better addresses the local needs and shortens time-to-market for innovative solutions in a cost-effective way.

Today, valid both in Turkey and globally, TROY works to meet the market needs quickly and in doing so pioneers innovation and brings dynamism to the market. Meanwhile, it helps reduce the stakeholders' costs by as high as 90 per cent compared to its international counterparts.

#### TROY HAS PENETRATED IN TO THE MARKET IN A VERY SHORT TIME

Turkey is the largest payments market in Europe, with 213 million cards and 2.4 million POS terminals as of 2018, ahead of developed economies such as Germany and the UK. The market has further growth potential considering the size of unbanked population. According to World Bank data, only 63 percent of the adult population in Turkey holds a debit card whereas that rate is between 80 and 98 percent in developed countries.

Launched for consumer in May 2017, TROY has penetrated into the market in less than two years. It achieved

100 per cent acceptance on all the terminals in Turkey including ATMs (52K), POS machines (2.4 million) and e-commerce sites as early as 2016. Besides, TROY has international acceptance in 190 countries in collaboration with Discover Financial Services. As of today, 29 financial institutions constituting to almost 100 per cent market share are members of TROY. 21 of them are currently providing cards with TROY logo.

#### HAVING GROWN BEYOND EXPECTATIONS TROY IS POISED FOR HIGH GROWTH

In terms of number of cards, TROY cards increased eightfold and reached 7 million mark by the end of 2018. This number translates into a 3.3 per cent market share in total number of cards. Besides, TROY has achieved a market share of around 30 per cent in newly issued cards in 2018 indicating TROY's potential to grow and take a higher share from the market.

Going forward, TROY has ambitious targets. When first launched, TROY had targeted to reach 20 million cards by 2020. Today, considering the high growth rate TROY has achieved, the targets have been revised and TROY aims to reach 17 million cards already in 2019.

#### TROY TO HELP DRIVE INNOVATION IN TURKEY'S FAST-MOVING AND COMPETITIVE PAYMENTS MARKET

TROY states that its ability to develop innovative solutions aligned with the needs of the Turkish market in a fast and cost effective way is its most important value

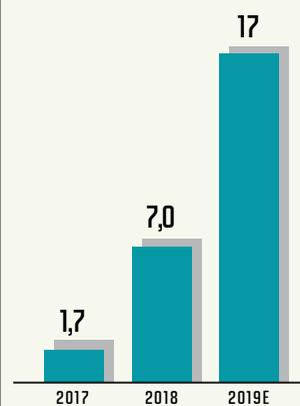
proposition. It provides a wide range of products and services developed specifically for the Turkish market from magnetic stripe to contactless technology in debit, credit, and prepaid cards.

TROY Innovation Center spearheads development of new solutions. It has released TROY's mobile payments solution for Android devices to the market in 2017, just one year after TROY was established, to facilitate in-store payments. TROY has recently presented a new mobile payments solution through Bluetooth technology that will enable iOS devices to make in-store mobile payments as well as its QR payments, wearables, and AR solutions.

Leveraging the Innovation Center, TROY plans to



NUMBER OF CARDS WITH TROY LOGO (MILLION PCS)



launch more innovative products in the coming years and aspires to pave the way for innovation in Turkish payments market.

#### TROY WILL CONTRIBUTE TO ECONOMIC GROWTH IN TURKEY

TROY also aims to create value for the Turkish economy in several facets. One of TROY's strategic targets is to increase financial inclusion among unbanked population and improve the financial literacy. National payment schemes are seen as the most effective structure for increasing financial inclusion, especially in emerging markets. TROY, as a domestic scheme, aims to penetrate into the unbanked population and drive growth in the market.

Another strategic target for TROY is to penetrate into transportation. TROY is currently working in collaboration with three public transportation companies, which will enable TROY to be the main payment solution in transportation in 12 major cities.

Last but not least, TROY sees public and government payments as a strategic focus. TROY works with government institutions and TROY members to penetrate into areas such as salary payments to public servants, social benefits, government procurement, etc.

All these areas will not only be instrumental for TROY's growth but will also help increase card use in the country instead of cash and combat shadow economy. Hence, TROY will contribute to economic growth through increased efficiency and improved tax collection.



## ENERGY

# THE FLOATING ENERGY HUB OF THE “ONE WORLD”

Karadeniz Holding is taking Turkey’s technology to other countries with its global brand Karpowership. As of 2018, it has become the company with the world’s largest floating power plant fleet with 15 energy ships with an installed capacity of 2,800 MW.

**KARADENİZ HOLDING** founder, Rauf Osman Karadeniz, who was born in Istanbul in 1922, was known as an innovative and brace risk-takes with an economic vision that was far ahead of this time. He established Karadeniz Makine Ticaret in 1948.

At every opportunity, he would make the point that we all lived in “One World”. This was his vision of the world, which he defined as living and producing in the one and only world, in peace and unity, and with high moral and humane

values. For the last 70 years, Karadeniz Holding has been one of the most innovative companies leading the energy sector not only in Turkey but in the world, as well as having operations in the finance, real estate, and shipbuilding industries.

The company became a pioneer shortly after entering the energy sector in 1996, where it broke new ground with many awards and firsts in Turkey. It received the first wholesale electricity sales license, was the first company

to export cross-border electricity and was the first private company to import electricity from Europe. Today, Karadeniz Holding has investments in geothermal, solar, projects as well as land-based power plants and floating power plants operating with natural gas and liquid fuel.

In 2007, the company began the production of the first floating power plant “Powership” fleet, with the vision of illuminating the world and becoming the





pioneers of the global energy market. For the past 10 years, with its global brand “Karpowership”, Karadeniz Holding has been vesting Turkey’s strength and technology to other countries. As of 2018, Karpowership owns and operates world’s largest floating power plant fleet of 15 Powerships with an installed capacity of 2,800 MW. By 2020, the plan is to increase the Powership installed capacity to 5,000 MW. As of today, Karpowership has supplied more than 40 billion kilowatt-hours electricity worldwide.

#### **OWNER, BUILDER AND OPERATOR OF THE FIRST POWERSHIP FLEET IN THE WORLD**

Karpowership is a member of Karadeniz Energy Group, Istanbul, Turkey. Karpowership is the only owner, builder and operator of the first Powership (floating power plant) fleet in the world. Since 2010,

12 Powerships have been completed with total installed capacity exceeding 2,800 MW. Additional 15 Powerships are either under construction or in the pipeline. Powership is a unique offering, delivering the most reliable mid-to-long term power supply solution at an optimum cost.

What makes Powerships unique is its’ ability to provide fast-track, delivered ready to plug and play, highly-efficient and very economical electricity to partner countries. Starting from the design, and ending with delivery of electricity, Karpowership fully executes all activities in-house including but not limited to construction, site preparation, commissioning, and fuel supply.

Powerships are barge or self-propelled ships, mounted with floating power plants, delivering the most reliable power supply solution with an optimum cost. With wide ranges of installed capacities for utility size operations and no completion or construction risk, Powerships are ready for power production within a short period of time. Power is fed directly into the transmission network from the onboard High Voltage substation to a grid, not requiring any land acquisition. Powerships are designed and built utilizing the latest dual fuel engine technology, having the ability to operate both on Heavy Fuel Oil and Natural Gas. Fuel flexibility ensures the lowest cost of delivered power and maximum efficiency with no capital required from the country in need of electricity.

Powerships are built entirely by Turkish engineers and they utilize the latest proven engine technology. Their efficiencies and availabilities are the same, if not better, as those of land-based power plants using the same technology (medium speed internal



combustion engines). In addition to having the highest efficiencies, Powerships can be transported to different coastal locations based on the utility’s requirements. Powerships’ large capacities enable them to supply the base-load power of a whole country. All accommodation facilities are also located on-board.

One of the beauties of a Powership is that it is an all-inclusive solution with no hidden costs. So, all the operation and maintenance as well as the spare parts are managed by Karpowership in the most efficient and effective manner to provide the lowest cost of electricity. Via these capabilities, Karpowership is able to successfully undertake a variety of commercial structures such as short term IPPs (Independent Power Producer), long-term IPPs, PPAs (power purchase agreements), and rental contracts with its Powership fleet.

#### **PROUD OF POWERING THE WORLD**

All Powerships have labeled with the saying “Power of Friendship” as Karpowership sees every community that it goes to, as friends and family for life. Karpowership has provided electricity to many countries since the start of its’ operation. With operations in 8 countries and 3 continents, Karpowership is continuing to light-up countries and support health, education and economic development at every location it goes to.

#### **POWER OF FRIENDSHIP**

Karpowership, with the vision of “One World” is, among all else, a socially responsible company that has significantly contributed to



*As of today,  
Karpowership has  
supplied more than  
40 billion kilowatt-  
hours electricity  
worldwide.*

the economical, educational and health-wise development of every community in which it operates around the world. Aside other notable contributions, such as creation of employment opportunities for locals, development of local expertise, knowledge and technology transfer, etc., Karpowership embarks on other forms of social responsibility activities to harmoniously work with the local communities in engaging disaster relief programs, education campaigns, and allocation of desalinated water.

Corporate social responsibility (CSR) is a key element of Karpowership's strategy

and plays a crucial role in its effort to discover new ways of improving people's lives.

Given that Karpowership is first and foremost a Turkish company, since 2013, it has been one of the leading contributors in Turkey to social development projects, mainly by providing bursary to thousands of kids at different age groups through a variety of schools and charities.

As Karpowership has grown over the years, it has begun to organize and contribute to a range of community projects in international market as well. The current focus for the company is Education and Community Support. In total, since the beginning of the

*With operations in 8 countries and 3 continents, Karpowership is continuing to light-up countries and support health, education and economic development at every location it goes to.*



Power of Friendship project, the company has created 71 different activities in all its' operational countries and made a change in more than 37,500 people's lives.

Karpowership is also proud of contributing to the United Nations' 17 Sustainable Development Goals in multiple ways. It is providing reliable and guaranteed electricity to people at a very affordable price and supporting the goals through its' ongoing commitment to a variety of well-being fields. Hence, the project in Ghana is selected by UNDP for their "2016 Time for Global Action" series to demonstrate how Karpowership has transformed

## POWERSHIP FLEET PRODUCES ELECTRICITY FROM AFRICA TO ASIA AT 12 POINTS

Karpowership has provided electricity to many countries since the start of its' operation.



### Iraq

As the first partner for the Powership project, Iraq holds a unique position for the Power of Friendship Project. Karpowership had a 410 MW of Powership contract with Iraq, supplying electricity between 2010 and 2016. Iraq was the first country where Karpowership deployed a Powership, the first country to order additional Powerships, and after Karpowership's performance, and Iraq became the first country to extend its contract terms after initial term was successfully completed.



### Lebanon

In 2012, Karpowership was awarded a contract by the Lebanese Electricity Utility (EDL) to provide 2 Powerships totaling 270 MW of base load generation capacity. Capacity of existing Powerships were increased on-site upon additional demand for electricity from the off-taker. In 2016, the contract capacity was increased to 370 MW of reliable power from the Powerships for another 2 years. 370 MW contract is being served by 404 MW installed capacity, dual-fuel, and combined-cycle Powerships located in Zouk and Jieh municipalities.



### Ghana

Karpowership and Electricity Company of Ghana signed a 450 MW PPA in 2015. "Power of Friendship for Ghana" was and still is Karpowership's first project in Africa and a significant step towards meeting the electricity demand of Ghana's population and industry. This is also an economical solution to Ghana's existing electricity supply that relies on expensive crude oil, while providing local employment and valuable foreign direct investment. Karpowership will supply electricity to Ghana for 20 years, whereby the operations that have started with liquid-fuel in 2015 is currently switching to natural gas.



### Gambia

On February 2018, Karpowership signed a 2-year 30 MW Power Purchase Agreement (PPA) with the Gambian electricity utility NAWEC (National Water and Electricity Supply Company Ltd.). Karadeniz Powership Koray Bey started its operation in May 2018 in Banjul.

### Sudan

In April 2018, a contract with Sudanese Thermal Power Generating Company (STPGC) was signed to supply 150 MW to Sudan for 12 months and is currently active.



### Sierra Leone

In January 2018, Karpowership was contracted by Sierra Leone national utility company, Electricity Distribution and Supply Authority (EDSA) to supply 30 MW of power to Freetown for a duration of 5 years, a single Powership to supply 80% of Sierra Leone's total electricity requirement. This project was designed for base load supply and is known to be the fastest IPP project ever executed in the country.



### Cuba

Lastly, in October 2018, Karpowership expanded to South America and signed a contract with Energoimport, part of Ministry of Energy for Cuba, to provide electricity of 160 MW for 51-months. This is a crucial step in the Power of Friendship project, as Karpowership continues to spread ability to access economical electricity around the world.



### Zambia

Zambia was Karpowership's first cross-border project. In November 2015, Karpowership was awarded to supply electricity to land-locked Zambia via cross-border interconnected transmission lines through Mozambique and Zimbabwe. This economically critical electricity was delivered working in partnership with Mozambique's and Zambia's national utilities, Electricidade de Mozambique (EdM) and ZESCO. The Powership started delivering electricity in March 2016, within less than 4 months from contract signing. The contract was to initially supply 100 MW of base load power. In March 2018, upon the completion of the contract with Zambia, Karpowership signed a new contract with Mozambique's electricity utility company, Electricidade de Mozambique (EdM) to supply 48 MW of base load for 5 years.

the energy scene of Ghana while targeting “Goal 7: affordable and clean energy”, and a documentary for Time for Global Action is prepared.

As of today, Karpowership has more than 2,500 direct employees from 18 different nationalities, creates employment for additional 10,000 co-workers for the construction of the Powerships and is expanding through innovative energy supply solutions.

The company’s utmost aim is to deliver reliable, uninterrupted and cost-effective electricity wherever it is needed via its Powership Fleet, and Power of Friendship.



### Indonesia

Indonesia is Karpowership’s first project in South East Asia. Karpowership has been awarded a tender by the state utility PT PLN (Persero) to supply electricity in 5 different islands of the Indonesian Archipelago for 5 years. The first Powership of 120 MW started operations in January 2016, only 54 days after its contract signing, another great example of Karpowership’s ability for fast execution. There is currently 960 MW deployed for Indonesia, with built-in reserve capacity to serve the excess generation needs of fluctuating island grids. The built-in reserve capacity enables Karpowerships to provide base load and peak power from within the same Powership, this also allows PT PLN to serve suppressed demand and increased demand to boost economic development. Of all the Powerships in Indonesia, the largest one in Medan with 470 MW capacity has started converting to run fully on indigenous natural gas by the end of 2018.

## EXPORT

# 80-YEAR RECORD IN AEGEAN REGION’S EXPORT

Aegean Exporters’ Association (EİB) broke a new record in 2019 in which it celebrated its 80<sup>th</sup> anniversary. Finishing 2018 with an export figure of 13 billion 324 million dollars, EİB has the highest export figure in its history.



**W**HILE AEGEAN Exporters’ Association recorded 11 billion 822 million dollars of export in 2017, it increased by 13% in 2018 to 13 billion 324 million dollars export volume.

All 12 exporters unions within Aegean Exporters’ Association have been successful in increasing their exports in 2018 and became a partner in historical success.

**EXPORTS OF INDUSTRIAL PRODUCTS REACHED \$ 7.4 BILLION**  
Exports of industrial products recorded by Aegean Exporters’ Associations in 2018 increased by 15 percent

from \$ 6.4 billion to \$ 7.4 billion, while agricultural products exports increased by 11 percent and surpassed the \$ 5 billion threshold. With export growth of 6 percent, the mining sector brought 919 million dollars of foreign exchange to Turkey.

Stating that they feel joyful about the celebration of 80<sup>th</sup> anniversary with a record while beginning the year 2019, Coordinator President of Aegean Exporters’ Association Jak Eskinazi said that in the year 2019, which is a stormy period that trade wars are experienced in the world economy.

the government supports provided by the Ministry of Trade should be restructured to increase value-added exports in order to prevent any pause or rebound in the export figures.

### GOAL FOR 2019 IS 15 BILLION DOLLARS

Sharing the information that the export goal set by Turkish Exporters Assembly for 2019 is 182 billion dollars and 2019 is identified as The Year of Innovation and Sustainability, Mr. Eskinazi said that “We aim to export 15 billion dollars for 2019 as Aegean Exporters’

Associations. We will achieve this goal by exporting value-added products based on Innovation, R&D and Design in Export. As in 2018, we will expand with exports in 2019.”

### GERMANY, US AND UK ARE THE TOP 3 IMPORTERS OF AEA EXPORTS

While Aegean Exporters’ Association’s exports to 209 countries in 2018, Germany took the first place with export value of 1 billion 482 million dollars in 2018 again, as in previous years. The United States was the second country with exports of 1 billion 56 million dollars, and was able to become the second country where Aegean exporters crossed the \$1 billion threshold. England took place as 3rd in the list with 825 million dollars of exports. These countries were followed by Italy, Spain, Netherlands, France, Iraq, Belgium and Israel.



## TURKISH SHOES ARE SHOWCASED IN ITALY

Turkey participated with 10 companies in the Expo Riva Schuh Fair held in Garda.

**T**urkish shoe and bag industry launched its 2019 promotion campaign from Italy, which is known as Boot. The Aegean Leather and Leather Products Exporters’ Association assumed the National Participation Organization by participating with 10 companies in the Expo Riva Schuh Fair held in Garda, Italy on 12-15 January 2019.

Chairman of the Board of The Aegean Leather and Leather Products Exporters’ Association, Erkan Zandar, stated that the Expo Riva Schuh Fair is considered to be the most important shoe fair of the world. “Riva Schuh Fair for the first time in Turkey” he said and they did National Participation Organization. Turkey will focus on the export sector of the shoes and bags to prevent negative effects of the recession in the domestic

market and for this purpose, the National Participation Organization was done at Expo Riva Schuh Fair for the first time.

### ANNUAL GOAL OF 300 MILLION PAIRS OF SHOES

Explaining that they had been participating in the Euro Shoes Premiere Collection Fair, held twice a year in Moscow, in context of the National Participation Organization for 2 years, Mr. Zandar said “with the normalization of political relations with Russia, shoes exports to Russia increased to 132 million dollars in 2018 with a record increase of 78 percent. With the Expo Riva Schuh Fair we aim to achieve the success in the Italian market that we have achieved before in the Russian market with the Euro Shoes Premiere Collection Fair. In 2018, we want to carry the export of 111 million dollars for Italy to 200 million dollars. The Garda Fair will carry us to this destination.”

Pointing out to buyers from all over the world comes to the Riva Schuh Fair in Garda Expo Zandar expressed that they aim to exceed the export figure of 1 billion dollars with an export of 300 million pairs of shoes yearly and thanks

*“We want to carry the export of 111 million dollars for Italy to 200 million dollars. The Garda Fair will carry us to this destination.”*

to the Garda Fair, they aim to grow the exports not only to Italy but to the whole world, especially to Europe.

### SHOES TAKE THE LION'S SHARE OF LEATHER EXPORTS

Turkey achieved an export figure of 1 billion 667 million dollars in leather and leather products in 2018. In 2017, leather goods exports were recorded as 1 billion 523 million dollars. Leather and leather products exports increased by 10 percent.

Aegean Leather and Leather Products Exporters' Association contributed Turkey's exports of leather and leather products 153 million dollars in 2018.

In the export of leather products, shoe exports amounted to \$ 888 million and took the lion's share, while leather apparel products exports valued \$ 297 million. While Turkey bringing 268 million dollars of foreign exchange through leather and hide exports, income from exports leather products exports was recorded as 214 million dollars.

While Russia was at the top with 255 million dollars in leather and leather products exports, Germany was the second largest export market with \$ 123 million. Italy preferred Turkish leather and leather products worth \$ 111 million and became as the third of the top-list. These countries were followed by Iraq, France, England, England, Spain, United States and South Korea.

In footwear exports, Russia became the leading country in 2018 with 132 million dollars of exports, while Iraq ranked second with the export figure of 83 million dollars. Germany preferred Turkish shoes worth \$ 61 million.

# JAPANESE AND SOUTH KOREANS PREFERRED TURKISH FOOD PRODUCTS

Turkish food exports to Japan and South Korea increase from 115 million dollars to 156 million dollars with 36% rise.

**I**n order to increase the export of Turkish delicacies in the Far East market, the Turquality Project for the Promotion of Turkish Food Products in Japan and South Korea Markets carried out by Aegean Exporters' Association has risen the export of Turkish food products to Japan and South Korea from 115 million dollars to 156 million dollars with an increase of 36%.

Indicating that Turkish food products were promoted in the Far East market with the support of the Ministry of Trade, Birol Celep, the Vice President Coordinator of Aegean Exporters' Associations, stated that they are pleased to increase the market share of Turkish food products both in Japan and South Korea.

### 35 PERCENT OF EXPORTS TO JAPAN AND SOUTH KOREA MADE BY AEGEAN EXPORTERS

Celep, who gave the information that the exports of the products within the scope of the Turquality Project to Japan in 2015 valued \$ 93 million, said that "At the end of 2018, food exports to Japan increased by 27 percent and reached an export figure of 118 million dollars. In South Korea, our exports rose from 22 million dollars to 38 million dollars. We increased our exports to South Korea by 73 percent. 55 million dollars of food exports were made by the Aegean Exporters' Association members, which equals to 35



and appeal to Japanese taste buds, served to the invitees from Tokyo press, bloggers, hotel managers, suppliers, importers and grocery chain executives. Mr. Celep also mentioned that another activity in the context of the Turquality Project in Japan was made with the menus prepared by Chef Masayuki Okuda, the famous chef of Japan. Menus has been prepared with Turkish food products and appeal to Japanese taste buds.

### TURKISH CUISINE IS ESTABLISHED IN COOKPAD

In order to promote Turkish food products in Japan, Turkish Cuisine has been opened in COOKPAD, Japan's largest recipe site, featuring recipes for Japanese tastes prepared with Turkish food products. Here, from peppers stuffed with bulgur to dry tomato salad, from lentil soup to ashoura, different kinds of 40 recipes were represented in Japanese. Nutritional values and health benefits of Turkish food products were also mentioned.

The website [www.discoverturkishfood.com](http://www.discoverturkishfood.com) and the social media accounts of them in Facebook, Twitter and Instagram with the vanity url "Discover Turkish Food" are online since March 2016. In addition to the recipes on the Japanese website, information about Turkish food products, production areas, health benefits of the products and usage areas are given.

percent of the food exports to Japan and South Korea. We reap the rewards of our Turquality Project."

Saying that "We revitalized the Turquality Project in Japan by events named Discover Turkish Food", the Vice President Coordinator of Aegean Exporters' Associations Birol Celep reflected that within the scope of the project, tasting activity and launching meeting took place which 5 recipes developed by Michelin Star Chef Akihiko Murata, that are made with Turkish foodstuffs

FAIR

# TURKISH COMPANIES MEET WITH QATARI INVESTORS

Fruitful meetings were held during the three-day expo between participating Turkish companies, investors and visitors interested in businesses in Turkey. Also with real estate sales worth 200 million Turkish Liras, signed 48 agreements and 68 memorandums of understanding in various fields of trade.



**T**HE THIRD EDITION OF Turkey Expo Qatar came to a close at the Doha Exhibition and Convention Centre. Turkey Expo by Qatar, the biggest fair introducing Turkish companies to Gulf countries, saw over 100 Turkish companies operating in various sectors, particularly real estate, showcase their products and projects during the event. Representatives of the Turkish real estate sector introduced their products to Qatari investors and were satisfied with the interest they generated in the process.

Turkey Expo Qatar board member Atilla Kuruçayırılı said the exhibition saw real estate sales worth 200 million Turkish Lira.

Kuruçayırılı pointed out that the participating real estate companies in the expo met with great interest Qataris and Turks residing in Qatar, noting that the exhibition was very fruitful and received great interest from investors in Qatar.

## *Turkish Real Estate Sector Sees High Demand*

Turkey Expo by Qatar in Doha featured the high demand of Qatari investors in leading Turkish housing projects and expedited the sales process of real estate properties from the investors in the Gulf nation.

**A**HMET OĞULBALI, Sales and Lease Manager of Emlak Konut Real Estate Investment Trust (REIT), which attended the expo for the third time, said demand was quite high even though the event only showcased construction products.

Oğulbalı said that they appealed to both Qatari and Turkish citizens living in Qatar. "We are in talks with many Qatari and Turkish customers in this context," he noted. "Actually, we have received more interest than we expected. People like the projects in Turkey very much and want to purchase them

for investment purposes."

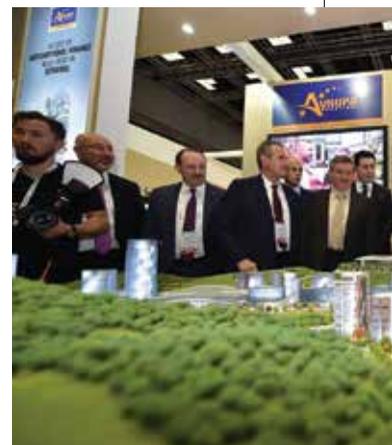
The Turkish property market enjoyed a buoyant year in sales to foreigners last year, breaking all-time monthly records, particularly in the last quarter. Legislative amendments that eased citizenship with investment limits for foreigners, campaigns launched by real estate developers and banks and spiking foreign currency brought an annual record - a 78.4 percent increase in 2018 compared to the previous year. According to Turkish Statistical Institute (TurkStat) data, 39,663 properties were sold to foreign investors last



year - the highest number ever. In 2017, foreigners bought 22,234 units.

Qatari people, Oğulbalı added, showed great interest in regions such as Yalova, Bursa, Sapanca and İzmit, as well as Istanbul, and sought properties from these places.

Ankara has emerged as one of Qatar's top partners since a Saudi Arabia-led bloc launched a trade and diplomatic boycott of the tiny Gulf state in 2017, sending





## QATAR IS THE SECOND LARGEST FOREIGN INVESTOR IN TURKEY

The exhibition is part of the efforts of the two countries to consolidate the co-operation, and to establish joint investments that contribute to increasing the volume of trade exchange.

Bilateral meetings and gatherings were held on the sidelines of the expo aiming at consolidating the commercial partnership between the government and private sectors in both countries.

Some 120 Turkish companies took part in the expo to showcase their services in various fields, including real estate, construction materials, food, medical tourism, textiles, furniture and decoration, as well as a number of companies specialising in advanced technology, programming and information technology.

The volume of investments of Turkish companies in Qatar is to the tune of \$16bn.

And Qatar is the second largest foreign investor in Turkey, with \$20bn of investments in different sectors, including agriculture, tourism, real estate and banking.

The number of Turkish companies operating in Qatar with joint Qatari and Turkish capital is 242, while the number of Turkish companies operating in Qatar with 100% Turkish capital is about 26.

additional troops and food to shore up Qatar's needs just after it began.

Saudi Arabia, the United Arab Emirates (UAE), Bahrain and Egypt accuse Qatar of supporting terrorism. Doha denies the charge and says the boycott infringes on its sovereignty.

Within the scope of the fair, aimed at realizing important breakthroughs in Turkish-Qatar trade relations, Qatari companies with a total fund

size of \$60 billion were to meet Turkish businessmen with the support of the Qatari government.

Meanwhile, İsrá Group introduced its natural habitat village project in Mudurnu, Bolu, which will include twin villas, apart apartments and a hotel concept. The project named V Orman also covers triplex villas, 1 + 1 and 2 + 1 apartments.

Pointing to the importance of the Gulf region, Tavlı said

there was great interest in Turkish real estate from Saudi Arabia, Qatar, Oman, and Kuwait.

Since their projects are located in Bolu, one of the most popular places in the country, he said they implemented their project in one of the four tourism development areas in the region, noting the project, which will include villas, apartments, hotel, organic livestock and agriculture,

alternative medical center and numerous activities, will be delivered in 2020.

Indicating that the project was realized in partnership with Qatar, Tavlı said they met with serious interest throughout the fair and made concrete sales.

On the other hand, participating in the event for the third time, General Coordinator of Kasır Yapı Seyfullah Şahin said they have been organizing business trips to this country apart from the fair. "Our aim is to consolidate our trade and friendships, to establish good relations and to create a partnership that will benefit both parties," Şahin said.

Şahin noted their booth attracted a great number of visitors throughout the fair, saying that the interest of the people of Qatar in the Black Sea and Trabzon has been on the rise in recent years and that they introduce their projects to them to meet this demand.



## EXPORT

# TURKISH GAME DEVELOPERS EXCEEDED \$1 BILLION IN EXPORTS

At the press conference organized by Game Developers' Association of Turkey (TOGED), it has announced that Turkish gaming industry succeeded greatly at exports exceeding \$1 billion in the last year.

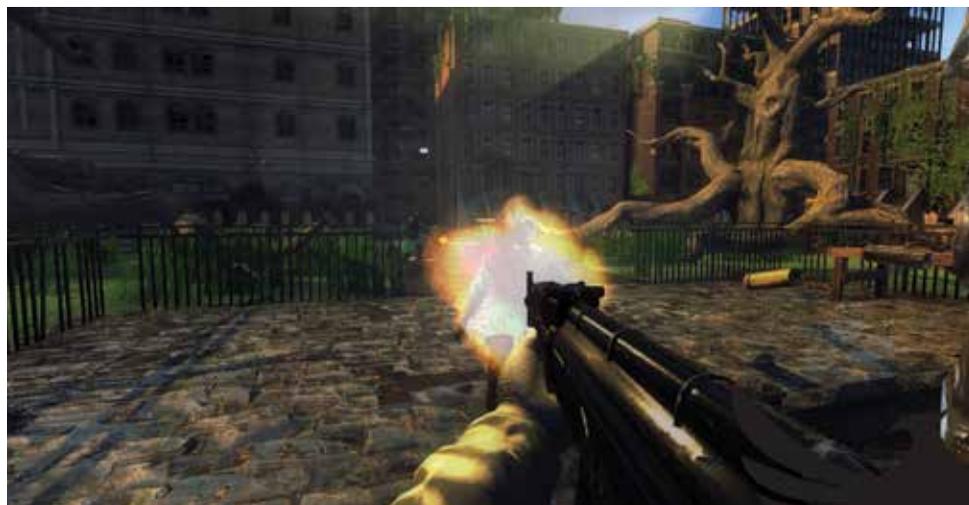
**I**N GAMES SOFTWARE Export Figures Meeting of the Turkey 2018, under the leadership of Game Developers' Association of Turkey (TOGED), last year's performance of game industry was evaluated with the participations of Minister of Trade Ruhsar Pekcan and the President of Turkish Exporters Assembly (TİM) Ismail Güllü. In her speech, Turkish Minister of Trade, Ruhsar Pekcan announced that Turkish game developers had realized exports of 1 billion 50 million dollars in 2018.

## GAMES ARE OUR SOURCE OF PRIDE

Delivering the opening speech of the meeting, TOGED President Ali Ergun, by ordering the success of game developers in Turkey, underlined that as a sector, they are ahead of the European developers from many countries. with games that has achieved international success. Ergun also said "Today, it is possible to find the game of many Turkish developers among the top ten most played games on our phones and tablets and this is a great source of pride for us."

## SUPPORT FOR DOMESTIC AND NATIONAL SOFTWARE

Speaking after Erkin, Turkish Exporters Assembly President Ismail Güllü said

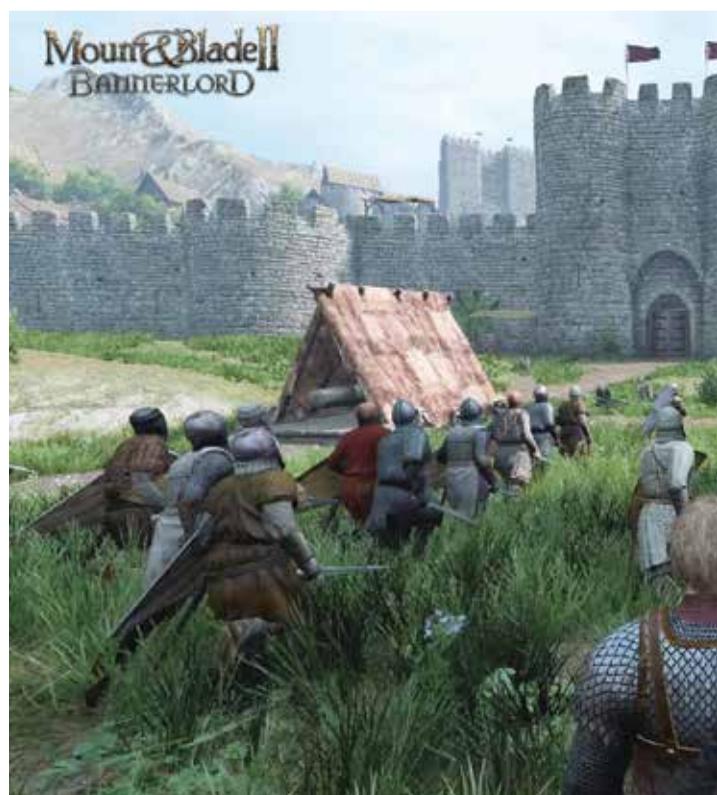


"As TİM, we attach great importance to software export. The software sector is a sector in which we expect a lot and we set great goals in the 2023 vision. As President Ali Erkin has stated, the support and vision of the Minister is very valuable in this context."

Indicating that the local and national software will open the door to many things in Turkey, Güllü said that they are working on a special training program to be a concept that can be understood and adopted by everyone.

## RECORD EXPORT EXCEEDING 1 BILLION DOLLAR

The Minister of Trade, Ruhsar Pekcan, who came to the dais after Güllü, said "Turkey must pass from the level of middle-income countries to high-income countries.





**“The global game market size, which was around 138 billion dollars in 2018, is expected to be 180 billion dollars in 2021. These numbers reveal the potential of the sector.”**



To do this, we need to invest more in technology, design and branding in the emerging sectors of the 21st century. In doing so, we cannot ignore that the world has undergone a technological transformation.”

Pekcan underlined that there are software, informatics and high technology companies among the 20 most profitable companies in the world and emphasized that the informatics sector is an indispensable element of economic growth and

social development in both developed and developing countries.

Stating that, one of the parts of the IT sector with high economic value is digital game sector, Pekcan said “The global game market size, which was around 138 billion dollars in 2018, is expected to be 180 billion dollars in 2021. These numbers reveal the potential of the sector. The game market in our country has reached a volume of 750 million dollars.”

Mentioning that the export figures of digital games sector increased by 100% in the last two years, Minister of Trade Ruhsar Pekcan added “Our export figure which was 500 million dollars in 2016 reached to 1 billion 50 million dollars in 2018. In order to further increase this figure, our work continues uninterrupted.”

### EXPORTATION GAME SOFTWARE FOR ALL BY TIM

Turkish Exporters Assembly (TIM), prepared the “Exportation Game Software” in line with “Export First Step” campaign to reach everyone, all over the world.

#### *Game sales in itself created a commercial ecosystem*

Stating that they are aiming to transform export both in an instructive and entertaining format for new young entrepreneurs and SMEs, TIM President İsmail Gülle said: “In this way, today and tomorrow’s potential exporters, they will encounter in a different format about the issues they may encounter before taking the field.”

Pointing out that the global game market is approaching 140 billion dollars, İsmail Gülle said: “When the game sales, console, film, license, and souvenirs came into being, the product went beyond being just a game, creating a commercial ecosystem in itself. Our goal should be to enrich our international marketing activities starting from game sales through different channels. In this way, our service exports should have a positive impact on different service categories and export of goods.”

President Gülle emphasized that game software is an important export item in service sector. “Looking at the data in 2017, goods trade reached \$ 17 trillion. This figure is only 10 percent more than 10 years ago. In other words, global commodity trade in recent years could not exceed the band of 15-18 trillion dollars. However, the service sector achieved a growth of nearly 40% in 10 years and managed to exceed \$ 5 trillion in 2017. The game sector in this volume holds a very important place” he said.

## INVESTMENT

# DYNAMICS OF TURKISH M&A MARKET HIGHLIGHTED IN SINGAPORE

The Investment Office held an exclusive M&A seminar on January 22 in Singapore in cooperation with Enterprise Singapore, the government agency of Singapore championing enterprise development.

**E**xperts from public and private entities in the Turkish M&A market elaborated on the dynamics and opportunities of the Turkish M&A market as well as touched upon the legal and financial aspects.

A.Burak Dağlıoğlu and A.Emre Büyükkılıç from the Investment Office offered an insight

into Turkey's investment environment and opportunities in the M&A sector. "Considering half of Singapore's direct investment abroad is realized through M&A deals, investing in emerging Turkish companies would be a fruitful opportunity for Singaporean funds," said Büyükkılıç.

The Turkish M&A market demonstrated resilience in 2018 by achieving a 17 percent year-on-year increase with a total deal volume of USD 12 billion through 256 transactions despite globally challenging economic conditions. Meanwhile, foreign investors have posted a remarkable share of 63 percent of the

total deal amount and generated a total annual deal volume of USD 7.6 bn through 74 deals, while Turkish investors were involved in 182 deals amounting to USD 4.4 bn. Rising for two consecutive years, the annual deal volume of foreign investors grew by 38 percent y/y in 2018, reaching the highest contribution to the total annual deal volume since 2015. This rise was mainly due to a couple of big ticket transactions, namely Denizbank - Emirates NBD (regulatory approval and closing procedures still ongoing), UN Ro-Ro - DFDS, and Oyak Cimento - Taiwan Cement Corporation, together making up 66 percent of the total deal size of foreign investors.



## UK-Based Bupa Acquires Acibadem Sigorta



**T**he UK-based international healthcare company Bupa has acquired Turkey's second largest health insurer Acibadem Sigorta. In the press release dated January 18, Simeon Preston, CEO of Bupa International Markets, said that this acquisition will mutually benefit both sides.

"We will benefit from the local network and know-how of Acibadem and they will benefit from our experience" added Preston. Gökhan Gürçan CEO of Acibadem Sigorta also added that this transaction is a sign of the development of Turkish health insurance market.

Established for the purpose of helping people live better, Bupa serves 15.5 million health insurance customers through their 78 thousand employees worldwide, mainly in UK, Australia, Spain, Poland, Chile, New Zealand, Hong Kong, the USA, Brazil, the Middle East and Ireland.

Along with health insurance, the healthcare market in Turkey is strongly supported by the government through regulations and total healthcare expenditures have reached USD 140 billion as of 2017, which was around USD 20 billion in 2002.

## ISPAT Attends A Series of Meetings In Oman

**T**he Investment Office team, including Muttalip Tütüncü, Elif Sukkar, and Zeynep Demirdağ, conducted a

series of meetings in Oman to promote the Office's wide range of services and to provide an overview of Turkey's investment

opportunities.

Among the organizations and companies visited were the Oman Chamber of Commerce, the Zubair Group, the State General Reserve Fund, and the Turkish Embassy of Oman.

FDI inflow into Turkey during the January-November period of 2018 from the Gulf countries was realized as USD 341 million having 6.3 percent share in total equity capital. (2017 January-November: 226 million dollars) Total FDI inflow into Turkey during 2002-2018/November period from the region was realized as USD 10.3 billion, while the total FDI stock of Gulf countries was realized as USD 14.1 billion as of 2017.



# Turkey Projected to be Among Five Biggest Economies Globally by 2030

**A**ccording to UK-based multinational bank Standard Chartered's long-term forecasts, Turkey will surpass Germany, Russia, and Japan to become the fifth largest economy in the world by 2030.

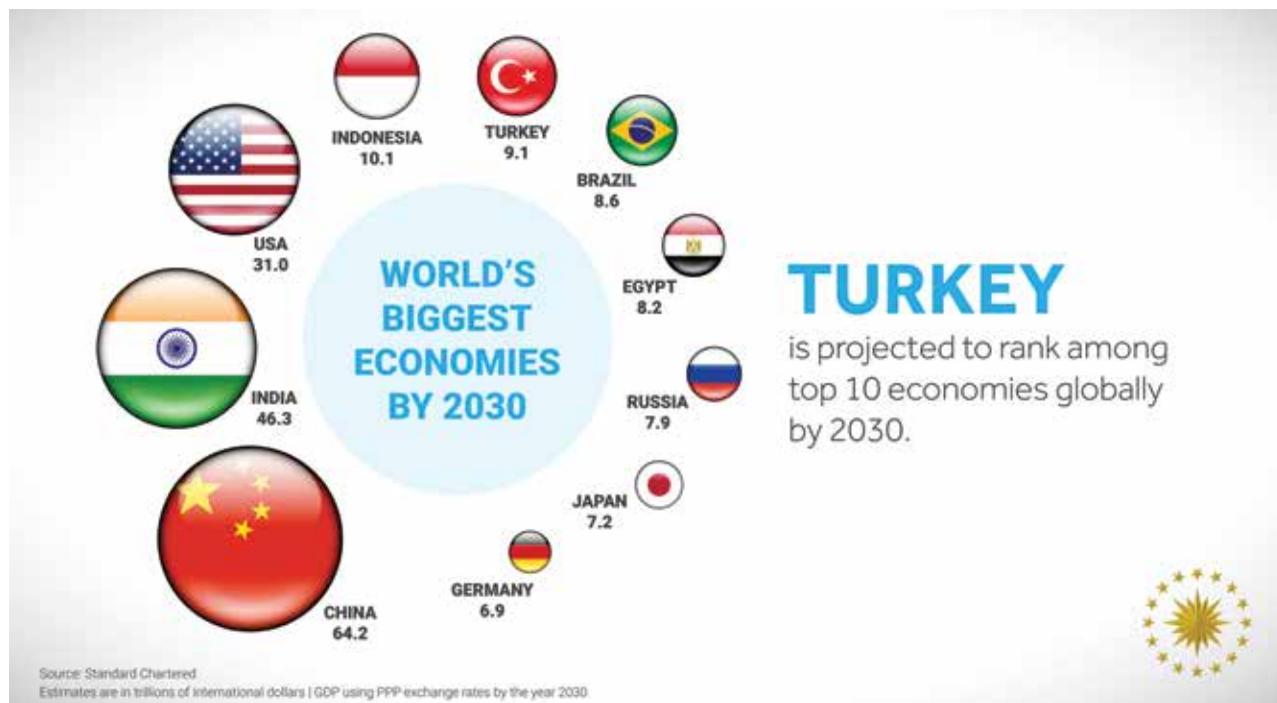
In the report dated January 8, Standard Chartered

lowered its 2010-2030 annual growth forecast to 3.1 percent from 3.5 percent but anticipated that seven of the top ten economies in 2030 in purchasing power parity (PPP) terms will likely be emerging markets. Standard Chartered predicts that Turkey will join China, India,

USA, and Indonesia in the top five nominal GDP at PPP ranking in 2030.

The report also underlined reform momentum, the middle-class, and urban populations as the main drivers of global growth. A top five ranking for Turkey by 2030 would be well

deserved given the country's continuous structural reform track record over the last decade and a half, remarkable growth in its middle-class population with increasing purchasing power, and with more than 20 urban centers with populations of over 1 million.



**T**he European Bank for Reconstruction and Development (EBRD) plans to invest a further EUR 1 billion in Turkey in 2019, mainly focusing on agriculture and exporting sectors.

Arvid Tuerkner, the EBRD's managing director for Turkey, said that Turkey is expected to record positive growth in 2019. "We aim to make an investment worth around EUR 1 billion in Turkey in 2019, the same amount we have invested

last year," Tuerkner said.

Since 2009, the EBRD has invested over EUR 11 billion in various sectors in Turkey, the largest among the 38 economies where the bank invests. The bank focuses on investments in

## EBRD Plans New Investments In Turkey

sustainable energy, improving infrastructure, strengthening the competitiveness of the private sector, and deepening capital and local currency markets, all while promoting regional and youth inclusion and gender

equality in Turkey. The bank previously participated in the Eurasia Tunnel project, an underwater passenger car project connecting Istanbul's European and Anatolian sides, with a loan of USD 150 million. EBRD has also signed a deal with the Turkish Treasury in 2018 to establish a fund in the amount of EUR 25 million, which was set to finance appropriate EBRD-led projects and to support economic growth in Turkey.

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



## how about you?

average annual real  
GDP growth rate

**5.7%**

2002-2017

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

GDP at PPP prices, 2017

**800,000**

university graduates  
per year

average annual real GDP  
growth rate forecast in OECD

**4.9%**

2015-2025

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

**80.8 million**

of population  
with half under the age of 31

## INVEST IN TURKEY

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



AN INTERVIEW WITH MURAT YULEK

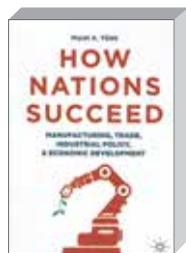
## *How Nations Succeed*

Turkish economist Murat Yulek's new book *How Nations Succeed* presents a blueprint for economic development in a world with increasing economic uncertainties and trade tensions. We got hold of Murat amid a heavy travel program extending from Japan to Uganda and asked him: How nations succeed?

BY TAMER İŞİTİR

**Let me start by asking where does the world stand at and what led you to write the book?**

There are good and bad news about where the world stands right now. The good news is that in developed economies the quality of life is at very satisfactory levels. The bad news, on the other hand, is that billions of people are still deep in poverty. A lot of countries are in the low-income-trap and many others are in the middle-income-trap. That means, all of these countries are suffering in not being able to raise production and income.



*How Nations Succeed* was published in 2018 by Palgrave Macmillan. The book argues that manufacturing and industrialization are a sine qua none for economic development.

On another note, trade tensions continue to grow leading to increasing risks and weakening growth. It is epitomized by American President Trump's recent rhetoric. These are partly the result of so-called global imbalances which mean some countries are exporting too much and others are importing too much. Mr Trump is unhappy about USA importing too much.

**Does that mean that international trade is bad for countries?**

Answer: On the contrary, international trade is good for countries. It can increase

welfare and efficiency compared to no trade situation. By trading, people can consume things that they do not produce or they cannot afford. But trade has to be fair. Mr Trump, among others must be thinking that USA is not being treated fairly in international trade.

**So what does that mean? How can trade not be fair?**

Well, if a country imports more than it exports (that is, if they are running trade and current account deficits) for protracted periods of time, than it gets more and more indebted. That is the case in many developing countries. International borrowing allows them to run trade deficits but then their debt mounts. The debt crises in poor countries in 1980s and 1990s was a reflection of that.

But this is not a problem of only developing countries. Since the beginning of 2000 USA has run growing trade deficits against China. In turn China used to the proceeds to buy USA treasury paper. So, effectively, USA owed more and more to China because it exported less to China than it imported. Now the USA owes 3 trillion dollars to China.

The Chinese argument is that it is not their fault to export too much to the USA; they argue that USA consumes a lot and the Chinese offer them competitive or cheap products thus increasing the American consumers' purchasing power.

**What are low- and middle-income traps? How can countries get out these traps? Is that related to international trade also?**

Recent history showed that some countries could not increase their incomes from low levels. Some others who

recorded high growth rates and became middle-income countries subsequently slowed down and have remained in middle income levels for decades. Today, there are very few countries in the world which enjoy high income and the rest of the countries are trapped in low or middle income levels.

Getting out of and low- and middle-income traps and participating in international trade more fairly are quite related to each other through successful industrialization. Manufacturing is the engine of growth; thus, successful industrialization is what can take countries out of both traps. Nations succeed by manufacturing and participate more fairly in global trade. That is, industrialization reduces trade deficits of low- and middle-income countries.

#### And, why is that?

Because global trade consists primarily of manufactured products. Three quarters of world merchandise exports comprise manufactured goods and most of them originate from a few developed (industrialized) countries. Poorer countries export almost entirely basic, unprocessed agricultural or mining products including



energy products (so called primary products). In turn, they mostly import manufactured products (from developed countries) which carry much higher value added compared to primary products.

Industrialization would allow the poorer countries record –much desired – higher growth rates (as it is the engine of growth) and at the same time reduce their trade deficits. That is what the Korean miracle is all about. A small country that does not have any significant natural resource has become a high income country with a trade surplus through successful industrialization.

#### MURAT YÜLEK Ph.D.

Murat Yulek is the Director of the Centre for Industrial Policy and Development at Istanbul Commerce University and a partner at PGlobal Global Advisory and Training Services, an international advisory company. He has taught at Georgetown University and is a former IMF economist and corporate and banking executive. He has had responsibilities in economic development, corporate finance and macroeconomic policy in various countries. He advises governments, international institutions and corporations.

#### Coming back to How Nations Succeed; what is the secret of successful economic Development?

Nations succeed by successful industrialization. Manufacturing and industrialization is necessary to get rich but it does not happen by accident. No country has industrialized by mere coincidence but through the appropriate industrial policies. Since the 19th century, some prominent example to that are the USA, Germany, Japan, Sweden or South Korea. The details are in the book.

#### What is successful industrialization?

Successful industrialization is a capacity building process (of the state and firms) rather than a lot of factory buildings. These two are often mixed with each other. In today's world, the Apple is the largest industrial company without a factory. In 2018 its market capitalization reached one trillion dollars before falling. Industrialization and manufacturing nowadays is 'servicified' which means it encompasses a lot of value adding services such as R&D, branding and even marketing and sales.



Pony is considered as South Korea's first local car. A result of successful industrial policy in the 1970s, Pony pioneered Korea's car exports also. Today, South Korea is among the world's largest automobile producers and exporters.

*Manufacturing and industrialization is necessary to get rich but it does not happen by accident.*



## INTERVIEW

# WE'RE EXCITED TO CONTINUE TO GROW IN, WITH AND FOR TURKEY

PepsiCo is increasing its investments in Turkey. We talked the company's investments and future expectations with PepsiCo Turkey General Manager Levent Yüksel.

BY TAMER İŞTİR

**Could you briefly talk about the history of PepsiCo's investments in Turkey from past to today? (In the context of growth progress in the country since its first investment, increasing number of facilities and capacities, production diversity)**

In 1962, we have entered the Turkish beverage market through our franchise bottler. As PepsiCo Turkey, we serve our consumers with high quality and innovative products through our

two businesses, PepsiCo Beverages, and Frito Lay in the beverages market since 1962 and in the foods market since 2002 respectively. We made our first plant investments in food and beverage sectors in Adana in 1969 and İstanbul, Suadiye in 1995. These investments are our first major steps in Turkey which represent our contribution to the national economy in terms of increasing production and employment. Today we have 3 beverages and 3 food plants

in total, the latest of which was officially inaugurated in Manisa with a ceremony, held with the participation of His Excellency Mr. President Recep Tayyip Erdoğan.

**In which ways does Turkey appeal to PepsiCo? What does PepsiCo see in Turkey, which distinctive features other countries don't have?**

With its growing economy, strong financial structure, young and dynamic population and qualified workforce, Turkey is a

very important market for PepsiCo. Moreover, it is one of the fastest growing countries in the food and beverage sector both in the world and Europe. We believe that this growth will continue in the future. Turkey is coming to the forefront in the PepsiCo system by financial results as well as various global and regional awards. At the same time, PepsiCo Turkey has an important place in terms of potato cultivation all over the world.

**Levent Yüksel** has been serving as the General Manager as for 3 years in PepsiCo Turkey.

### Could you give us some general information about PepsiCo investments in Turkey?

As one of the world's largest food and beverage companies, we have been carrying out activities for over 56 years in Turkey in the food and beverage sector. With our Lay's, Ruffles, Doritos, Cheetos, Çerezza and Rocco brands in the food category, and Pepsi, Pepsi Twist, Pepsi Max, Yedigün, Fruko, 7UP, Lipton Ice Tea and Tropicana brands in the beverage category, we have been one of the leading companies that contribute the most to the sectoral growth in retail business. PepsiCo has made an important contribution to the national economy and its development for more than a half century and we are proud to have been a part of Turkey's rich history.

Today, we are producing 60 percent of the potato that are to be used for chips, in 24 cities with over 1,000 farmers through contract farming, while total agricultural activities including corn and fruits amount for farming on 10,000 hectares of land.

Across our operations in Turkey, we provide employment opportunities to over 43,000 people, whether directly or indirectly. We

are happy to continue our investments in Turkey with our new snacks plant in Manisa, our latest investment after our plants in Adana, Izmir, Çorlu, Kocaeli and Mersin.

### Why did you choose Manisa for investment? What do you expect from this investment as PepsiCo Turkey?

There were many key factors behind our choice of location in Manisa such as its proximity to large consumption points (metropolises such as Izmir, Antalya etc.), the suitability of the Organized Industrial Zone's infrastructure for investment, the trained workforce, and its proximity to certain raw materials we use, and the fact that it is included in the 3rd Incentive Region. In a survey conducted in 2018 among OIZs in Turkey, MOIZ received the highest scores and justified our choice in this matter.

### What would you like to say about Manisa plant investment? Production capacity, employment etc.?

We laid the foundations of our Manisa Plant 2 years ago with a great excitement, dreaming just about these days. 500 fellow workers took part in making our plant, which was built on a 100 thousand square meter of land in total, with 47 thousand square meters of indoor area in Manisa Organized Industrial Zone.

Today PepsiCo has agricultural operations in nearly 30 locations across the country and 100% of potato and corn is sourced within Turkey for the local production of snacks. With the launch of the news snacks plant in Manisa, PepsiCo will increase the amount of the potato and corn sourced from the local farmers by approximately 14%. Manisa plant will also significantly increase our production capacity in Turkey. Almost 150 million packages of Doritos and 100 million packages of Lay's and Ruffles will be produced in the new plant in 2019.

We have welcomed 300 new team members to our PepsiCo family thanks to the Manisa plant, which produces a wide range of snacks products under the

*"We have been carrying out activities for over 56 years in Turkey in the food and beverage sector."*



brands Lay's, Doritos and Ruffles, meeting the highest quality standards and using the recipes developed to meet the local consumers' preferences. Our new team members in Manisa have joined a company that is committed to doing business with a purpose, not just to benefit our company but also to positively impact the communities where we operate. We call this "Performance with Purpose," an agenda to continuously improve the products we sell, protect our planet by operating responsibly and empower people around the world. This has been the foundation of our operations across the globe, including our business in Turkey, helping us to succeed globally and to add long-term value to our shareholders and also society. This investment also supports PepsiCo's 2025 Performance with Purpose agenda. The new site helps reduce the environmental impact. It is designed in accordance with Lean Manufacturing practices that safeguard efficiency in environmental, social and talent sustainability while paying utmost attention to occupational safety. These applications include various innovations from potato processing points to product delivery points. For example, the potato peeling and picking process will be carried out in special areas and potatoes will be transferred to potato lines using water.

Manisa factory is designed and built on Industry 4.0 integrated infrastructure from the scratch with the cutting-edge technologies and innovation. As PepsiCo, in line with our vision to create a healthier future for people and the world, we attach great importance to make a



difference with eco-friendly practices in all investments we realize. PepsiCo's plan is to reduce paper usage to a minimum level at the Manisa Plant, which will be one of the plants implementing the paperless plant project in PepsiCo. In 2019 Manisa plant will be a "zero waste" plant. With the biogas facility which will be opened in 2020, we will generate 30% of our electricity from our wastes.

Being a company enabling the production of a total of more than 10 thousand hectares of potato, corn, corn semolina and fruit in Turkey today, we position agriculture as a very important ring of the value chain. Agriculture is at the heart of what we do in Turkey. In this sense, we are also happy that our new plant in Manisa will increase the potato volume we source through contract farming and that we will take our contribution both to our farmers and our economy one step further.

We could not have achieved our success to date in Turkey without the strong support extended to us by the Government of Turkey.



As you know, what is more important than being a good investor in an economy is to succeed in becoming a long-term investor. And as PepsiCo Turkey, with our new investment in our Manisa snacks plant, we have once again proven that we are a long-term investor in Turkey and that we are a company that aims to grow together with this country.

#### **What are the main motivations behind PepsiCo's investments in Turkey?**

As PepsiCo, since we started to operate in Turkey, we have continued and continue to put our signature under significant investments every period as an indicator both of our loyalty to our country and our trust in our economy.

**Approximately 25%** of Doritos produced in this new facility will be exported to Baltics, Poland, Romania, Serbia, Litvania and Albania.

*"We are a long-term investor in Turkey and that we are a company that aims to grow together with this country."*

With a large-scale economy, young and growing population, infrastructural development and immense growth potential, we have really seen this country as a rising star over the past decade. Moreover, as I mentioned before, it is the leader of the fastest growing countries in the food and beverage sector both in the world and in Europe. We absolutely believe that strong growth will continue also in the future.

Our on-going partnership with Turkish government ensures we can continue to expand here in Turkey and invest for the long-term prosperity of the community. We're excited to continue to grow in Turkey, with Turkey—and for Turkey.

#### **Will PepsiCo also export from this plant?**

We will be offering a large part of our products from Manisa factory to the Turkish market. On the other hand, approximately 25% of Doritos produced in this new facility will be exported to Baltics, Poland, Romania, Serbia, Litvania and Albania.

## PURCHASE

# FRENCH GIANT WILL GROW WITH TURKISH TECHNOLOGY

UP Group purchased Proceed Labs, which exports domestic technology.

**U P GROUP**, one of the global prepaid card market leaders, purchased Proceed Labs, which exports domestic technology, paying 14 million TRY. Proceed Labs increases the companies' profits and productivity by digitizing the process of buying technology produced in Turkey. The technology, first introduced in Romania, is scheduled to take place in 2019 in France, Italy and Mexico.

## TWO-AND-A-HALF-HOUR JOB IS REDUCED TO JUST 15 MINUTES!

Proceed automates the lower added value operational steps of sales teams, who spend 2.5 hours a day in the process such as entering data, creating offers, writing e-mails. When the developed technology is integrated into all sales processes, team productivity increases by 25 percent.

## AIM: REACHING OUT TO 100 THOUSAND COMPANIES

Founding Partner and CEO of Proceed Labs Altuğ Beşer said "With Proceed, we digitize manually managed sales processes, enabling salespeople to complete their non-sales operational business for 2.5 hours per day in 15 minutes. Together with Up Group, we aim to digitize the processes of all sales teams in 19 countries on 4 continents and to increase the



*The technology, first introduced in Romania, is scheduled to take place in 2019 in France, Italy and Mexico.*

number of companies that have completed the contract with Proceed to 100.000."

Stating that Proceed technology was first used in 2016 under the name of OfisPaneli, Altuğ Beşer underlined that "In the period of realization of the OfisPaneli, they have sent 11,000 offers to businesses with a 3-person sales team, and they have delivered online purchasing experience to 3900 businesses, and also they reached a turnover of

TL 5.4 million with a 22% monthly income growth in the last 12 months prior to the Up Group purchase."

## PROCEED WILL BE EXPORTED TO 19 COUNTRIES

Up Group Eurasian Manager Julien Anglade said that "We have made a very important purchase. The factors were very effective to make our investment decision of Proceed products generated in Turkey as UP Group such as: it is applicable in all countries that we operate, besides it can improve sales processes of many companies engaged in the B2B business. We will carry the knowledge and experience of Proceed Labs to different countries."

Proceed Labs co-founder Erdem Gelal, explaining Proceed's global expansion plans, said that Proceed technology's plug and play model provides a significant competitive advantage while expanding abroad. Since the first day, we have developed our technology to be used not only in Turkey, but we have developed so that it can adapt to any sales process in any country. In this way, we expanded to Romania 3 months ago, in 2019 we aim to take our technology to France, Italy and Mexico. We will continue to expand to the other 15 countries in which Up Group operates.



Up Group Eurasia Director Julien Anglade says "We will carry the knowledge and experience of Proceed Labs to the other countries."

## AVIATION

# Turkish Airlines Opens 5 Facilities in Istanbul Airport

National Flag Carrier opened new operational facilities in its new home, Istanbul Airport.



**P**REPARED TO MOVE ITS operations from Ataturk Airport to Istanbul Airport, Turkish Airlines has opened 5 operational facilities with a total closed area of over 50 thousand square meters at its new home.

Turkey's Transportation and Infrastructure Minister Mehmet Cahit Turhan and Turkish Airlines Chairman of the Board and the

Executive Committee, M. İlker Aycı participated in the program during which Line Maintenance Hangar, Fast Shipping Referral Base, In-Air Products Warehouse and ULD Repair & Maintenance, and Battery Charging facilities entered service.

The other facilities of Turkish Airlines, including the Satellite Cargo Building,

Satellite Catering Building, Satellite Side Building, Air Side Door Access Gate (ASG), TGS Management and Ground Handling Equipment Maintenance Building (GSEM) and Operation Center (Team Terminal part), will be completed and made ready for service before the relocation operation that will take place on March 3.

Speaking at the opening ceremony, Turkey's Transport and Infrastructure Minister Cahit Turhan said, "The most important player of this story is Turkish Airlines and it will take the whole world under its wings at Istanbul Airport."

In his speech at the ceremony, M. İlker Aycı, Turkish Airlines Chairman of the Board and the Executive Committee, said





# European Union's #10YearsChallenge: Interregnum

**FROM 2009 TO 2019,  
THE EU HAS LOST ITS SOCIAL,  
POLITICAL AND ECONOMIC APPEAL. AS A RESULT  
OF THE BREXIT CRISIS,  
THE REFUGEE PROBLEM AND THE ECONOMIC  
STAGNATION, THE SOCIAL MOVEMENTS SUCH AS  
THE RISING EXTREME RIGHT AND YELLOW VESTS  
HAVE CAUSED THE UNION TO BE DEPRESSED.**

**By Prof. Dr. Çağrı Erhan**

Rector of Altınbaş University



The EU is going through one of the most critical periods in its 62-year history. The United Kingdom, which was able to access to the Union in 1973 on the third attempt only after pervious two were veteod by French President Charles De Gaulle in 1963 and 1967, is now unable to walk out the door. Brussels wants the five-year lasting Brexit debate to be closed in one way or another. The inability to leave the Union does not only create problems for the British. It is also occupying and locking the EU's political and economic agenda. London's famous fog creates fuzzy and unfocused sight for all political leaders in EU capitals. But Brexit is not the EU's one and only problem during start of the year 2019. Since the entry into force of the Lisbon Treaty in December 2009, essential deepening problems have still not been resolved. Aftershocks of the financial crisis that started in 2008 and spread the EU countries has been ongoing. Moreover, in the EU countries with many relatively stronger economies, particularly in France, which was not directly affected by the 2008 crisis, the reactions of the lower and middle income groups of the society against the gradual decline in their life-quality are increasing. The populist and anti-EU discourse of the some parties campaigning for the European Parliament elections to be held on May 23-26, draws heavy attention. In most of the EU members xenophobic and anti-Muslim political parties are on the rise.

The center-right and center-left political movements, which are the basic assurance of the democracy in Europe are struggling to keep the ideal of the European Union alive and prevent the vanishment of multicultural harmony in their countries. Factors such as ongoing migration to the EU countries, terrorist attacks by radical groups, rising unemployment rates among the educated segments of the public, general economic stagnation and perhaps most importantly the lack of strong leaders throughout Europe make things hard for the central political movements.

While putting a title to this article, I have been inspired by the tenyearschallenge hashtag, which has become a trend in social media recently. Taking into account some important indicators, the article mainly aims to discuss how far has the EU gone during the last decade. Moreover, it aims to evaluate to what extent a Union can be referred in the tenth year of the Lisbon Treaty, which was considered to be a very important step forward for the EU at those times.

Speaking to the European Parliament for the last time as the German Chancellor on 13th of

November 2018, Angela Merkel - one of the rare European leaders which had been in charge in the last 10 years of the EU - considered the hallmarks for the future of the EU in a wisewoman manner as follows: 'Solidarity as a universal, fundamental value; solidarity as a responsibility for the community; and solidarity in terms of one's own rational interest.'

The fact that an experienced leader such as Chancellor Merkel stands so hard on solidarity has once again revealed the fact that the biggest obstacle for the EU claim to be a significant global actor is the lack of solidarity. According to the Chancellor, 'unity and common resolve are essential if Europe is to succeed.' To this end, she asserts, existence of unity and common resolve were significant in three areas: Common foreign and security policy, Europe's economic success and the topics of refugees and migration.'

Indeed, these areas, in which the EU has not managed to establish a common and stable attitude in the last decade, even jeopardize the EU as an inter-governmental institution, which claims to be the only supranational organization in the world.

EUROPEAN COUNTRIES  
BY THEIR EXTREME  
RIGHT PARTIES



## WILL EU EVER BECOME A MILITARY GIANT?

Do you remember the St. Malo Declaration of 1998? 21 years ago France and the United Kingdom had 'agreed on the need to give the European Union (EU) the capacity for autonomous decision-making and action, backed up by credible military forces, in order to respond to international crises when the Atlantic Alliance is not involved'. At the same time, two countries agreed on 'to avoid unnecessary duplication, EU should take into account the assets of Western European Union (WEU)'. More than two decades later the European Army is still missing. Especially with Brexit, the EU's military capacity, which already fell short of the mark, will fall even further behind.

There is a frequently mentioned saying about the EU Army: 'The EU is an economic giant and a military dwarf'. Since he took up office, US President Donald Trump has drawn attention to this issue and wants EU countries to allocate more budget to defend the European continent. According to Mr. Trump, the European allies need to shoulder the responsibility for NATO to survive. But it is not realistic to think that EU countries, which have not made leaps ahead of economic indicators for the last 10 years, can now allocate as much as Mr. Trump wants to arm and defense. Especially in the times of the yellow vests taking to the streets of Paris, and the streets of other Western European cities, to protest the rising cost of living.

Nevertheless, EU countries have not given up their ambition to build a joint army. Under the EU's PESCO (Permanent Structured Cooperation) programme started in late 2017, 25 countries committed troops to EU battle groups and vowed to launch projects that enhance the interoperability of their armed forces. It is quite thought-provoking that there is not even a single EU leader who believes that this ambitious project will give concrete results in the near future and expresses this belief aloud.

## WHAT ABOUT ECONOMY AND POPULATION?

The EU achieved its top status in the Global Economy in 2007. That year, its GDP (PPP) was \$14.4 trillion, almost \$800 billion ahead of the US. The EU held onto its premier position through the 2008 financial crisis and the Eurozone debt crisis. According to IMF figures, during the last ten years, share of the EU in the World's total GDP

has fallen from 19.5% to 16.4%. IMF estimates that this trend will continue in the following years and the EU's share will drop to 14.9% in 2023. In 2017 the EU's GDP reached \$17.2 trillion.

On the other hand, the per capita GDP in the EU has steadily increased over the past 10 years. According to World Bank data, per capita income which was \$ 33,500 in 2009 is above \$ 37,000 today. These figures, of course, are related to the growth rate of the EU population, which is below the GDP growth rate. In the crisis environment in 2009, the EU, which its economy has reduced by 4% back then, grew by 2% last year. The total population of the EU, which was 502 million in 2009, reached 512.7 million in 10 years. In other words, since 2009, the EU's GDP grew by almost 20% while its population grew by only 2%.

Nevertheless it is unnecessary to question EU's global economic power. But there exists an increasing challenge from People's Republic of China and India. The next decade will be more difficult for the EU economies than for the past ten years. On the other hand, the share of the 4 EU countries within the World's top 10 largest economies continues to fall steadily. Germany fell from 3.71% to 3.18%, from 2.7 to 2.15 in France, from 2.63 to 2.2 in UK, from 2.4 to 1.73 in Italy. Turkey's share rose from 1.35 to 1.66 last decade, the country that still being hold in abeyance for EU in the light of unjustified reasons and groundless claims, even after 14 years of full membership negotiations began in 2005.

For the EU economy, there are some more striking indicators than the decline in the share of the global GDP. Perhaps we should try to understand the root causes of social and political turmoil in the EU, which are subject to Merkel's warnings, by looking at these indicators. In particular, the fact that the extreme parties are becoming more effective throughout Europe and the fact that EU cannot become a stronger union, are based on these indicators.

The average unemployment rate in EU countries, which was 10% in 2013, declined to 7%. The unemployment rate in Eurozone is 8.3%. However, unemployment rates in Spain, France and Italy, which have a high capacity to affect the overall EU in terms of both population and economic size, continue to be above average. After 10 years of painful and shaky period, the unemployment rate still remains above 20% in Greece.

### >EU'S PLACE IN WORLD TRADE

Total Trade Volume of the EU  
(Million Euro)

2007  
2684822

2017  
3737688

Total Share of the EU  
in World Trade (%)

2007  
26

2017  
24,7

### >EU - INCOME PER PERSON

2007 US \$ 35594

2017 US \$ 33715

**Most importantly the lack of strong leaders throughout Europe make things hard for the central political movements.**



On the other hand, when the unemployment rate of the young population is considered, the average unemployment rate of the EU is 15.1%. Greece, is the spearhead in youth unemployment with 42%, Spain, 34% and Italy follows with the rate of 32%. Youth unemployment rates in France and Portugal are also above 20%. Perhaps these are the rates that need to be taken into consideration. There is a direct link between high unemployment rates among young people and social tensions.

While we are talking about unemployment rates, we should also look at the population indicators of the EU citizens that settle and work in a different EU member country. We see that some political leaders in France and Italy associate youth unemployment in their country with the population coming from other EU countries, rather than migrants from outside Europe. Thus, not only the influx of refugees but also the freedom of EU citizens to settle and work in any EU country they want, which is one of the EU's fundamental principles, is also open to debate.

20% of Romanians, Bulgarians (12.5%), Latvians (12.9%), Portuguese (13.9%), Croats (14.0%) and Lithuanians (15.0%) are settled in another EU country rather than their own country.

The population of EU countries is getting older. The median age of the EU countries increased to 44 today, which was 36.8 twenty years ago. Indeed much of the Europeans are living longer and healthier lives: increasing life expectancy may be linked to medical advances and greater health awareness. The EU is also experiencing historically low fertility rates, below the natural life replacement level. Life expectancy in the EU is 79 for males and 84 for females. As a matter of fact the portion of Europeans over the working age is increasing and the portion of Europeans below the working age is decreasing. In sum, EU is getting older.

Finally, the amount of government debt puts a serious threat for economies of some EU countries, as well as the balance of the Eurozone. According to Maastricht convergence criteria, which was agreed upon 1992, the government debt must not exceed 60% of the GDP. Today, the average of the EU countries is 20 percentage points higher than those envisaged in Maastricht, reaching 80%. This rate is 86% in Eurozone countries. Public debt-to-GDP ratio of Greece (180%), Italy (133%), Portugal (126%), Belgium (106%), Spain (98%) and France (99%) are threatening for the future of the Euro.

**> PUBLIC DEBT RATIO OF PUBLIC DEBT TO GDP**

	Million US \$	%
France	2264843	97
Italy	2263688	131,5
United Kingdom	2089198	87
Germany	1857050	64,1
Spain	1187562	98,4
Belgium	424234	103,2
Greece	374905	181,9
Holland	354496	56,7
Austria	283932	78,8
Portugal	247293	125,6
Ireland	203828	68,5
Finland	129195	61,4
Sweden	111280	40,9
Denmark	96081	36,4

**IMMIGRANTS AND EXPECTATIONS**

According to EU statistics, the number of people residing in an EU Member State with citizenship of a non-member country in 2017 was 21.6 million, representing 4.2% of the EU-28 population. In addition, there were 16.9 million persons living in one of the EU Member States in 2017 with the citizenship of another EU Member State. Almost 38 million people living in EU countries have birth places different than the EU.

The largest numbers of non-nationals living in the EU Member States in 2017 were found in Germany (9.2 million persons), the United Kingdom (6.1 million), Italy (5.0 million), France (4.6 million) and Spain (4.4 million). Non-nationals in



**Chancellor Merkel** stands so hard on solidarity has once again revealed the fact that the biggest obstacle for the EU claim to be a significant global actor is the lack of solidarity.

**The tragedies** faced by asylum seekers who set off from the Middle East countries and from North Africa to the EU casted a great shadow on everything and knocked sideways in the 10 years we have left behind.

lost their lives in the last 10 years. The measures taken by the European Border and Coast Guard Agency, fka Frontex, are mainly aimed at preventing asylum-seekers from coming to EU countries. But it is a fact that EU governments should take more deep socio-economic measures to bring the living conditions of asylum seekers to the humanitarian standarts and, above all, to ensure that those who come to make a new start by escaping armed conflicts and poverty.

**HOW MANY MORE YEARS FOR WAITING AT THE DOOR?**

During the last ten years, Turkey continued to wait for EU accession. Two decades have passed since the country was declared a candidate for EU in 1999, and 14 years have passed since the opening of the first negotiation chapter in 2005. Brussels, especially after the financial crisis in 2008, has taken no positive steps that opens the membership doors to Turkey. On the contrary, presence of the factors such as problems of deepening and enlargement, refugee crisis, increased security problems led to the emergence of political circles utter much more, those who oppose Turkey's EU membership.

these five Member States collectively represented 76 % of the total number of non-nationals living in all of the EU Member States, while the same five Member States had a 63 % share of the EU-28's population.

The median age of immigrants to EU countries is 8 years below the EU average. Some European employers consider this fact as a remedy for the EU's failure to create a young population and the decline in fertility. But there are also those who use this indicator for xenophobia by thinking the opposite.

Since 2009, nearly 5.5 million people have applied for asylum in EU countries. The largest number of asylum applications in this time period was recorded in 2015 as 1.23 million applications. But this figure showed a 40% decline in the following year. On the other hand, the number of refusals of entry into the EU rose by 45 percent from 2009 to 2016.

The tragedies faced by asylum seekers who set off from the Middle East countries and from North Africa to the EU casted a great shadow on everything and knocked sideways in the 10 years we have left behind. According to UNHCR statistics, the number of asylum seekers who lost their lives in the Mediterranean was approached to 1800 while trying to reach Europe only in 2018. Although there are no reliable statistics, there are reports that approximately 20,000 people have

**> ALYSUM APPLICATION AND ACCEPTANCE NUMBERS TO THE EU IN THE LAST 6 YEARS**

	2013	2014	2015	2016	2017	2018	Total 6 years
Asylum Application	432.060	627.770	1.325.485	1.261.335	708.890	563260	4.918.800
Pending Applications	3.618.015	5.145.545	8.728.830	13.154.765	11.638.385	9483570	
Accepted Applications	107.625	167.395	307.650	672.900	437.570	165455	1.858.595
Rejected Applications	207.300	200.040	289.470	433.865	523875	280705	1.935.255

Once upon a time there were a lot of people in Turkey who see joining to the EU as an opportunity. Who knows, maybe EU is the one that misses the boat.



#### > TURKEY-EU TRADE FIGURES

	2008	2017
Turkey's EU Exports (Thousand US \$)	63.708.232	73.906.184
Share in Total Exports (%)	48,3	47,1
Turkey's EU Imports (Thousand US \$)	74.513.252	85.205.087
Share on Total Imports (%)	36,9	36,4
Turkey - EU Total Trading Volume (Thousand US \$)	138.221.484	159.111.271
Shares in Turkey's total trade (%)	41,4	40,7

Although Turkish public opinion prospect of EU membership has decreased, Turks' rate of supporting the accession to the EU is around 60%. Full membership to the EU remains one of the political priorities of the government. In the coordination of the Ministry of Foreign Affairs' Directorate for EU Affairs, the works for alignment with the EU acquis of all ministries and public institutions does not slow down. The participation of universities in EU programs has seen a significant increase over the decade. With partners from EU countries Turkish universities are included in many EU programs, especially Horizon 2020 and Erasmus +. Since 2014, nearly 15,000 students, academicians and administrative staff have been attending universities in the EU countries for education and internships.

Although there is no concrete commitment from Brussels to open new negotiation chapters and abolish the visa regime for Turkish citizens, economic relations between the EU and Turkey continues to be stable in the framework of the Customs Union in particular.

While Turkey's exports to EU countries valued 63.7 billion euros in 2008, it reached around 74 billion euros in 2017. In 2008, Turkey's imports figure to EU countries was approximately 74 billion euros; this figure rose to 85 billion euros in 2017. Turkey remains to be the fifth country in the list of the largest trading partners of the European Union with these figures. The EU's share in Turkey's total trade fell from 41.4% to 40.7% over the same period.

Despite of cyclical developments that tenses Turkey-EU relations occasionally, both sides view the world economy through the same window of principles. In his speech at the Opening of the 73rd Session of the UN General Assembly, Turkey's President Recep Tayyip Erdoğan underlined that there should be no unilateral intervention in the global economy, and revealed that Turkey has similar approaches with the EU.

At a time when the Transatlantic Trade and Investment Partnership (TTIP) negotia-

tions between the United States and the EU were almost completely suspended, and the cold winds of trade on both sides of the Atlantic, President Erdoğan stressed that trade wars harm humanity in every single period. Erdoğan also added that they could not be kept silent in the face of arbitrary cancellation of commercial agreements, widespread protectionist policies and the use of economic sanctions as weapons.

In the words of Erdoğan in UN, Turkey supports both trade and travel liberties. Turkey is right behind of solving problems with constructive dialogues to be conducted on equal terms. Of course, these statements can also be interpreted as to give a new vitality on Turkey-EU relations in the future.

In 1959, Turkey had applied for associate membership of the EEC (fka). At that time, the UK was not even a member of the Common Market. 60 years have passed. The Customs Union, which entered into force in 1996 as a product of the Ankara Association Agreement signed in 1963, is still functioning despite all the need for renewal and updating. But we are going through an extremely turbulent period, that the EU cannot see Turkey as a trade partner only. If the EU wants to be an actor that have a say in the 21st century at the global level, Brussels should start a new process of accession negotiations which will be completed as soon as possible, by reviewing its approach to Turkey. Turkey is a country that will make the EU stronger in a strategic point of view by its geographical location of on energy routes, increasing weight in the world economy, the active position in the G-20 and its balancing role in regional stability.

However, while the Brexit crisis continues, ahead of the upcoming European Parliament elections to wait any positive assessment about Turkey's membership to be made in EU capitals would be unrealistic. Once upon a time there was a lot of people in Turkey who sees joining to the EU as an opportunity. Who knows, maybe EU is the one that misses the boat.



# 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.



# THE CHALLENGE OF TURKISH TOURISM

TURKISH TOURISM HAS BEEN GOING WELL IN RECENT YEARS. THE SECTOR THAT MEETING THE TARGETS SET ANNUALLY IN THE NUMBER OF TOURISTS, AIMS TO REACH ITS 2023 TARGETS IN 2019. THIS OPTIMISTIC PICTURE IN TOURISM IS LIKELY TO INCREASE INVESTMENT OPPORTUNITIES.

WE TALKED WITH TÜRSAB (ASSOCIATION OF TURKISH TRAVEL AGENCIES) PRESIDENT FIRUZ BAĞLIKAYA ABOUT THE DEVELOPMENTS AND EXPECTATIONS IN THE SECTOR.

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BY TAMER İŞİTİR

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### Which trends have been popular in Turkish tourism in recent years?

Turkey is one of the world's most significant tourist destinations in demand thanks to her natural beauties, high grade facilities and service quality. We are the 8th country attracting the highest number of visitors in the world as of the year 2017 according to the data of the United Nations World Tourism Organization. We will be in a higher position this year when 2018 figures are announced. In this respect, Turkey is a country that is affected by many prominent tourism trends around the world, but it also influences these trends.

In recent years, sustainable tourism approaches respecting more to environmental concerns, have become prominent in Turkey as they have been on global scale. Travelers can decide the destination they will visit and the hotel they will stay considering whether they have ecological certificates. In this sense, tourism destinations implementing sustainable tourism criteria and having ecological certificates have started to be on higher demand. Following this trend closely, Turkish tourism companies are also building or renovating their facilities, considering environmental awareness and sustainability. The number of facilities in Turkey that have received "Green Star" certificate from the Ministry of Culture and Tourism due to their environmental awareness and sustainable tourism approaches is 467. On the other hand, the Foundation for Environmental Education (FEE) has given "Green Key" to 94 tourism facilities across Turkey. In addition, Turkey ranks number three in the world with its 459 beaches and marinas having Blue Flag, which is another indicator of environmental awareness.

The "Creative Tourism" concept, which allows tourists to feel themselves as a part of the cities, destinations they visit and to experience the culture or daily life styles of the local people, is one of the prominent tourism trends in the world and in Turkish tourism. A standard has been developed by UNESCO regarding the principles of creative tourism directly related to culture and sustainable tourism. "Creative Cities Network" organized by UNESCO, where cities standing out in handicrafts, folk art, design, cinema, gastronomy, literature, music, and visual arts are included, relies on new tourism trends. Today, there are 187 cities included in the UNESCO Creative Tourism Network. Gaziantep, Istanbul, Kültahya and Hatay are the cities listed from Turkey.

**WITH ITS NATURE, HISTORICAL AND CULTURAL RICHNESS, RICH VARIETIES IN CUISINE DIFFERING BY REGION, HEALING THERMAL WATER SOURCES, DESTINATIONS WITH UNIQUE ART AND ARCHITECTURE, TURKEY HOSTS DIFFERENT TOURISM ALTERNATIVES IN EVERY SEASON.**

### >The regional distribution of visitors coming to Turkey

European countries %44  
 Russia and Community of Independent States %30  
 South Asia % 8  
 Middle East %8

Holidays called "Bleisure" that combine business travel and leisure time are among the prominent tourism trends in recent years. Our country is an important destination for "bleisure" tourism both with its potential of congress, meeting and event tourism and its historical, cultural and natural beauties. Shopping tourism, which is among the rising trends of global tourism, is also among the prominent tourism trends in Turkey in recent years.

### ACADEMIC STUDIES REVEAL THAT THERE ARE OVER 2,200 KINDS OF LOCAL FOOD AND DRINKS ALL AROUND TURKEY

#### What are our tourism areas which have made progress recently?

Considering the developments in global tourism, gastronomy tourism is one of the prominent tourism types in recent years. According to studies, 88 percent of the travelers across the world state that variety of cuisine are among the main factors affecting their preferences while determining the destinations they go. Turkey is very lucky in that respect. One of the features that differentiate our country from other destinations and make it powerful in terms of tourism is undoubtedly the richness in Turkish cuisine. Turkey, which has been the cradle of many civilizations for centuries, has a very rich culinary culture. Academic studies reveal that there are over 2,200 kinds of local food and drinks all around Turkey, ranging from olive oil dishes to meat dishes and from soups to desserts. This abundance is also confirmed by the participation of Gaziantep and Hatay into UNESCO's "Creative Cities" network in the field of gastronomy. However, this abundance is not limited simply to these two cities for sure. The different and delicious products served all across our country have begun to transform Turkey into a major destination in gastronomy tourism.

Another tourism area where Turkey has made progress in recent years is health tourism. With the improvements in the infrastructure of health facilities in Turkey and the increase in the number of hospitals getting international accreditation recently also increased the demand for health tourism toward Turkey considerably. The accommodation units inside health facilities prioritizing hospitality approach as well as the quality of health services offered at the healthcare organizations in Turkey are among the factors that lead to satisfaction in the field of health tourism. The cost efficiency of health



>In health tourism, among the **top 5** countries in the world along with the USA, Germany, Thailand and India



>Istanbul earned the right to be the home to UEFA Super Cup Finals in 2019 and UEFA Champions League Finals in 2020.



#### Who is Firuz Bağhkaya?

*In 1975 he started to work in the hotel industry while continuing his studies in Germany. As of 1985 he started his career in the travel agency profession in Ankara. In 1995 he worked as managing director in Detur International within the Dedeman Group. Mr Bağhkaya continued his tour operator activities in Russia (1995), Finland (1998), Norway (1999), Sweden (2000) and finally in Denmark (2012). Detur International has been the business partner of international organizations such as the European Basketball Championship (EuroBasket), World Golf Championship and Final Four. In addition, Detur International is the official travel agent of Euroleague. He was elected as the President of TÜRSAB during the 23rd Regular General Assembly of TÜRSAB. He is Executive Board Member at DEİK - Foreign Economic Relations Board and also the President of Assembly of Travel Agencies and Tourist Guides at the Union of Chambers and Commodity Exchanges of Turkey (TOBB).*

services provided brings Turkey to the fore in the field of health tourism in the world as well. Turkey is among the top 5 countries in the world along with the USA, Germany, Thailand and India in terms of the number of international patients. Our Minister of Health, Fahrettin Koca, has announced that the health tourism income in 2018 reached \$1.5 billion.

One of the other tourism areas that Turkey has become prominent is sports tourism. Over the last few years, Turkey has both hosted several important sports tourism events and become a destination preferred by various sports teams for camping. Turkey hosted many international organizations from the Champions League Finals to Formula 1 races, from Summer Universiade and Winter Universiade to the World and European Basketball Championships, to F4 Finals, from World Rally Championship to Mediterranean Olympics in the last 15 years. The success we have obtained from all these organizations paved the way for new organizations to be held in Turkey. Istanbul earned the right to be the home to UEFA Super Cup Finals in 2019 and UEFA Champions League Finals in 2020.

We have shown our success in organizing sports events also in hosting teams from many different branches. In particular, Antalya becomes a very important camp center for football teams from all around the world in winter. Turkey has the potential to organize 5 thousand camps, trainings and friendly competitions just in football tourism. Another area where Antalya stands out is golf tourism. There are 28 golf courses in total in Turkey. 17 of them are located in Belek, Antalya.

Turkey is a very important address in the field of congress, meeting and event tourism. Turkey has destinations with strong infrastructures in congress tourism, including Ankara, Izmir, Kuşadası and especially Istanbul and Antalya. One of the major tourism areas of Turkey is undoubtedly winter tourism. While the important ski resorts such as Uludağ, Erciyes, Palandoken, Sankamış, Kartalkaya, Kartepe, Davraz, Ilgaz and Mount Yıldız that shine out in winter tourism are on the rise in domestic tourism, they also start to enter the foreign markets gradually.

#### TURKEY TARGETS TO WELCOME 50 MILLION VISITORS IN 2019 WITH A GROWTH OF 20 PERCENT

Is the Turkish tourism sector that offers wide opportunities in various areas such as health,

#### gastronomy, congress, summer and winter tourism at the desired level on global scale?

Turkey has left the difficult years behind in tourism and caught the increasing trend again, following a rapid recovery process. Turkey welcomed 37.5 million foreign visitors during the period of January-November 2018 with an increase of 22 percent and targets to welcome 50 million visitors in 2019 with a growth of 20 percent. We have gained a significant momentum in mass tourism. Tourism planning is made for long-term in congress and cruise tourism. Therefore, the mobility in these areas may not be seen in the first place, but we have entered the normalization process in both areas. Support given to cruise tourism in particular contributes greatly to this area. An important acceleration is also gained in health tourism again with the incentives. The rise in this area continues. In winter tourism, on the other hand, especially the promotional activities in foreign countries of ski resort administrations began to yield results. Charter flights have started to Erciyes Ski Center from Ukraine and Poland, following Russia. Palandoken Ski Center also receives tourists from abroad.

With its nature, historical and cultural richness, rich varieties in cuisine differing by region, healing thermal water sources, destinations with unique art and architecture, Turkey hosts different tourism alternatives in every season. We can better assess our existing potential and achieve more successful results through awareness raising collaborative efforts of all stakeholders involved in tourism.

#### MOST VISITORS ARE FROM EUROPE

Istanbul is one of the most popular tourist destinations in the world. When we look at the distribution of incoming tourists by country, we witness a special interest from the Arab and Gulf countries in recent years. What can be the underlying reasons? How is the current trend reflected on Turkey in terms of income compared to western tourists?

Having a history of thousands of years and having been the capital of three different empires throughout history, Istanbul is still one of the most colorful and cosmopolitan cities in the world today. Being a center of attraction in tourism, Istanbul welcomes guests from all over the world. We are delighted to host our guests from every corner of the world.

Istanbul is also a destination preferred mostly by the visitors from the Middle Eastern and Gulf



>Turkey has the potential to organize 5 thousand camps, trainings and friendly competitions just in football tourism. Another area where Antalya stands out is golf tourism. There are 28 golf courses in total in Turkey. 17 of them are located in Belek, Antalya.

countries. The number of visitors from the Gulf and Middle Eastern countries has been 2 million 999 thousand 178 people in total with an increase of 27.56 percent compared to the same period of the previous year. Many factors such as historical and touristic structure, airline transportation, accommodation, gastronomy, shopping opportunities of Istanbul and cultural affinity create a center of attraction for Arab countries.

However, it is not appropriate to say that the tourists visiting Istanbul mainly consist of visitors from the Middle East because it can be seen that German guests take place on the top when the distribution of the tourists visiting Istanbul is analyzed according to their nationality.

This is also true for the overall data of visitors to Turkey. When the regions sending visitors to Turkey are considered, European countries rank at the top with a share of over 44 percent. Visitors from the Commonwealth of Independent States (CIS), especially from Russia, had a share of more than 30 percent of the total number of our visitors. South Asian and Middle Eastern regions, each, received a share of 8 percent. In the first 11-month period of 2018, Turkey hosted 5.8 million visitors from Russia, 4.3 million people from Germany and over 2.2 million visitors from the UK. During the same period, visitors from Middle Eastern countries such as Bahrain, the United Arab Emirates, Qatar, Iraq, Kuwait, Lebanon, Saudi Arabia, Jordan and Yemen accounted for nearly 8 percent of Turkey's total visitors.

**THE INCREASE IN THE NUMBER OF VISITORS WAS MORE THAN THREE TIMES THE GROWTH IN GLOBAL TOURISM**

#### **What are the risks and advantages for tourism investors in 2019?**

Turkey has experienced an extremely successful year in the tourism sector. The increase in the number of visitors was more than three times the growth in global tourism. 2019 will be a year in which we are going to be ready to break new records for the tour-



**Mr. Bağlıkaya with**  
Turkish Culture and Tourism  
Minister Mehmet Ersoy

**WHILE THE TOTAL NUMBER OF 5-STAR HOTELS OPERATING IN SPAIN IS 289, WE SERVE WITH 405 5-STAR HOTELS IN ANTALYA ALONE**



>Charter flights have started to Erciyes Ski Center from Ukraine and Poland, following Russia

ism sector as well. We revised our tourism objectives. Our goal is to reach in 2019 the number of 50 million visitors that we expect for 2023. We aim to reach 50 million foreign visitors in 2019 with an increase of over 20 percent.

#### **Which countries are competing with Turkey in tourism? Which advantages does Turkey offer in this competition?**

Turkey, a Mediterranean country, has considerable advantages over its competitors in tourism. Above all, our hospitality approach brings us to the forefront. Our success in mass tourism is evident. As a country offering a price-quality balance in tourism, Turkey successfully implements "all-inclusive system" in the world. On the other hand, our service and hotel quality increase the demand for Turkey and allow us to take an advantageous position in the market.

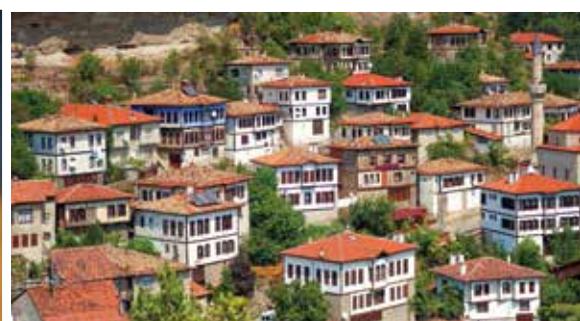
Another factor that moves the hotels in Turkey ahead of their competitors in Europe is that our facilities are newer and more qualified than those in Europe. For example, while the total number of 5-star hotels operating in Spain is 289, we serve with 405 5-star hotels in Antalya alone. Therefore, we can easily claim that we are in front of our competitors in Europe with the quality of our facilities and services. We are trying to spread this success to other areas as well, primarily to culture tourism.

#### **What are the most convenient tourism areas for making investments today? (Branch, region, city, etc.)**

Sustainable tourism approach should be taken into account in tourism investments. In addition, we believe that priority should be given to investments that allow diversification of tourism, its expansion to the wilderness of the country and, of course, over 12 months. It is highly important that tourism contributes to the local people by preserving the local texture and even by identifying with the local texture of the region where tourism activities are carried out. The way to accomplish this is to develop up-to-date promotion and marketing strategies that meet the requirements and necessities of the time. We are in the age of Industry 4.0. The alpha generation is coming after the X, Y, and Z generations. It is important to follow new trends in tourism in line with the expectations of the new generations, and to establish technological infrastructure, especially the tourism infrastructure by considering these new generations. Therefore, I think it is important to invest in gastronomy, health, thermal tourism, sports, yacht tourism and alternative tourism areas and especially, cultural tourism.



TURKEY, A MEDITERRANEAN COUNTRY, HAS CONSIDERABLE ADVANTAGES OVER ITS COMPETITORS IN TOURISM



Discover the potential of Turkey,  
now on social media!



Discover  
the potential

[discoverthepotential.com](http://discoverthepotential.com)

**Content:** Rapid Development of Turkish Technology Companies **P55** Workcube and the Starfish **P58** Manage Your Business Don't Let It Manages You **P61**

# Brands

TECHNOLOGY, SOFTWARE, HARDWARE, MEDIA&ENTERTAINMENT, COMMUNICATION...

TECHNOLOGY

## RAPID DEVELOPMENT OF TURKISH TECHNOLOGY COMPANIES

The speed of technology in the world is increasing day by day. Turkish technology companies that follow global trends are also exporting technology to all over the world. We proudly present the Technology Fast 50 Turkey survey of Deloitte based on the growth of Turkish technology companies.

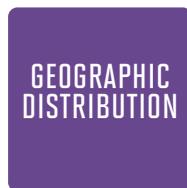
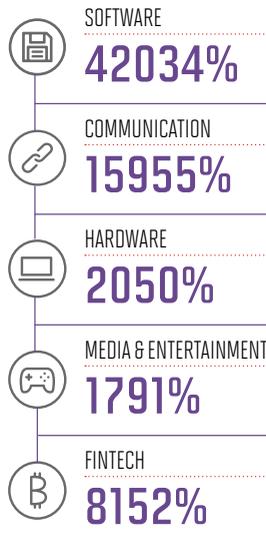
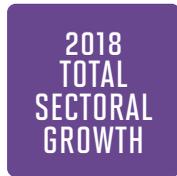
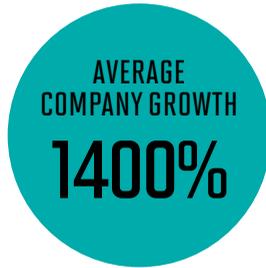
**DELOITTE TECHNOLOGY** Fast 50 Program is part of Deloitte's global Fast 500 program which runs simultaneously in countries such as USA, Canada, United Kingdom, France, Norway, Sweden, The Netherlands, Germany, Central Europe, Israel, South Africa, China, Australia, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand, South Korea and Finland.

The Deloitte Technology Fast 50 is one of the Turkey's foremost technology award programmes, celebrating innovation and entrepreneurship. Now in its thirteenth year, it is a ranking of the country's 50 fastest growing technology companies, driven by leading intellectual property and based on revenue growth over the last four years.

Similar to last year's winners, this year firms from software sector dominates the list. Whilst, the leading subsector was commerce-advertising-adtech last year, this year Enterprise Software segment tops the list. Significantly, the existence of Security, SaaS/Cloud, Data analytics, and AI segments shows that Turkey follows global technology industry trends.

The importance of investing in R&D not to be driven out of competition can clearly be seen that year as well. Fast 50 winners have increased their R&D spendings almost 30% in comparison to 2016. Especially, Media & Entertainment and Software subsectors' R&D spendings has increased more than 100%.

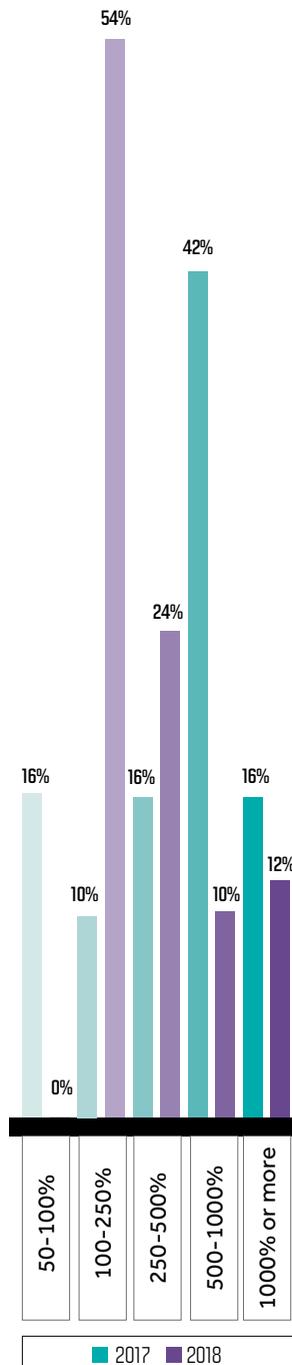
The awards identify the trends that are shaping the technology, media and telecommunications sectors today. Based on revenue growth percentage over a four year period, the program includes companies from all related industry sub-sectors: Communications, Environmental Technology, Fintech, Hardware, Healthcare and Life sciences o Media and Entertainment, Software.



ISTANBUL	KAYSERİ
35	1
ANKARA	İZMİR
10	1
KOCAELİ	MERSİN
2	1

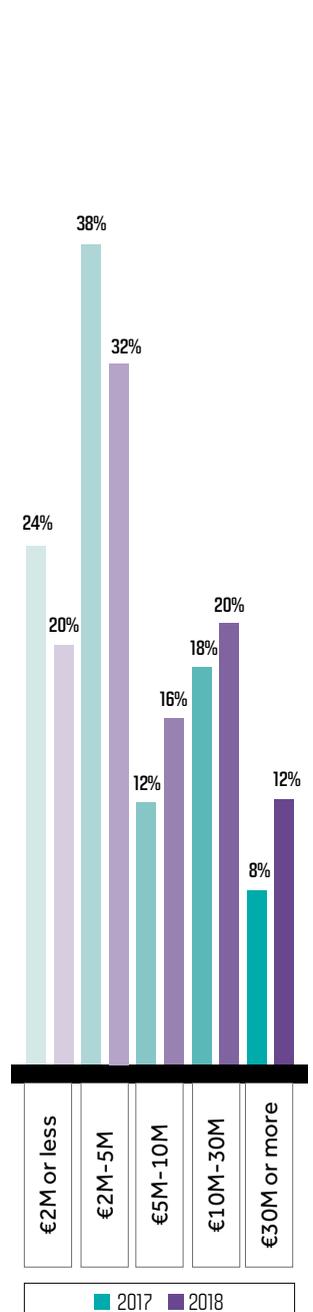
### GROWTH RATE

The growth rate of 2018 Fast 50 firms resembles that of 2016 winners. The majority of the firms accumulated between 100-250% growth rate. However, different than the previous years this year companies that grew between 50-100% could not enter the list.

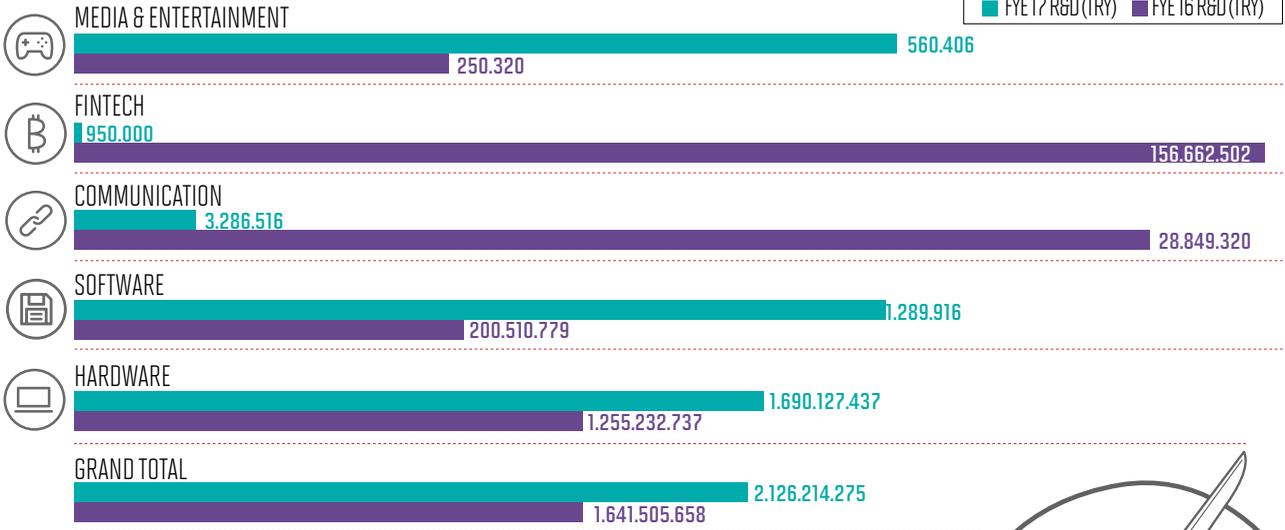


### REVENUE

Last year, revenue-wise the majority of Fast 50 companies concentrated between the last 2 segments : € 2M or less and € 2M-3M. The revenue of this year's winners exhibit a similar pattern though with a total of 10% increase in the upper echelon can be seen in spite of the continuing decline of Turkish Lira.

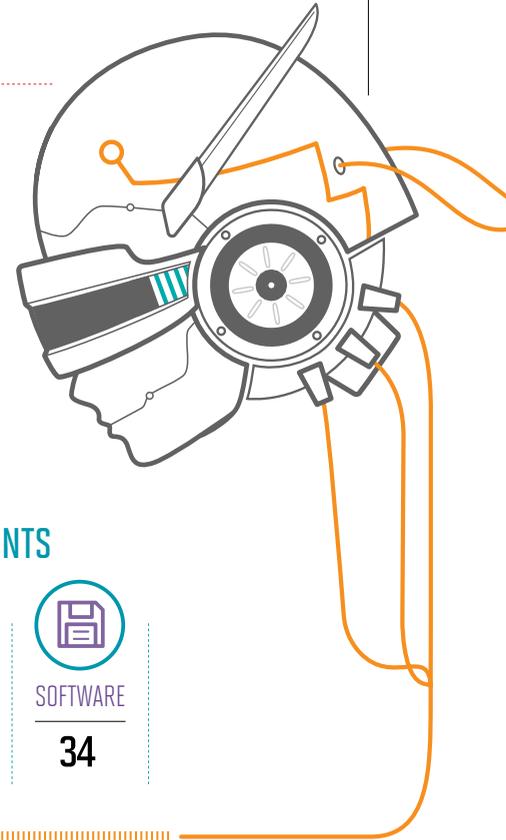


## R&D SPENDINGS

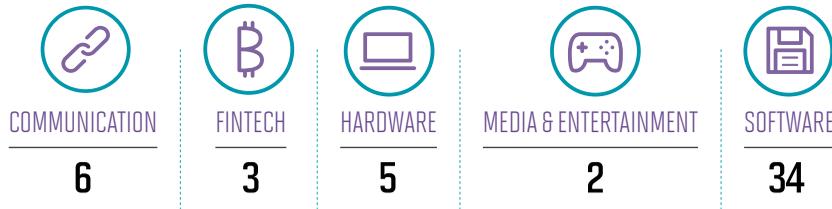


It was often regarded that 2017 was a tough year, yet the importance of investing in R&D not to be driven out of competition can clearly be seen that year as well. Fast 50 winners have increased their R&D spendings almost 30% in comparison to 2016. The only 2 sectors that do not show this pattern, however Fintech and Communications subsectors. Other than those two there is significant increase in R&D spendings

of winners. It is also noteworthy to mention that for Hardware sector, Aselsan's existence makes the real difference. For 2017, Aselsan's R&D budget is TRY1,674,543,328 which corresponds to 99% of the whole sector. (The figures are given in TRY to be able to nullify the volatility of currency and Aselsan is coded as operating under Hardware to make a similar comparison to last year)



## COMPANIES BROKEN DOWN BY INDUSTRY SEGMENTS



## TECHNOLOGY FAST 50 TURKEY 2018 WINNERS | RECOGNIZING GROWTH

ANOVA Hardware / APLUS Enerji Software / Apsiyon Software / ARD GRUP Software / Armut Communications / ASELSAN Communications / BİLETALL.COM Software / Bircom Telekomünikasyon Communications / Biznet Bilişim Software / BNTPRO Communications / Cardtek Payment Processing Services Software / ComPro Hardware / Crs Soft Software / CRYPTTECH Software / Detaysoft Software / EMFA Yazılım Danışmanlık Software / ETA Elektronik Tasarım Hardware / Hitit Software / Hype Media and Entertainment / Inomera Research Software / Inveon Software / İnova Software / iyzico Fintech / Kardelen Yazılım Software / Labris Networks Software / Logo Yazılım Software / Logsign Software / MagiClick Digital Software / MechSoft Software / Mobven Software / Morten Communications / OPLOG Software / OTELZ.COM Software / P.I. Works Software / PAYTR Fintech / PeakUp Bilişim Teknolojileri Software / Pixery Software / RKSOFT Software / RND Software / Robotistan Hardware / Seyir Mobil Software / Sistem 9 Software / SMG - music for business Media and Entertainment / Teknofix Communications / Tekrom Teknoloji Software / Tektronik Software / Trio Mobil Hardware / Turkcell Ödeme ve Elektronik Para Hizmetleri Fintech / Usishi Software / V-Count Software

TECHNOLOGY FAST 50 TURKEY

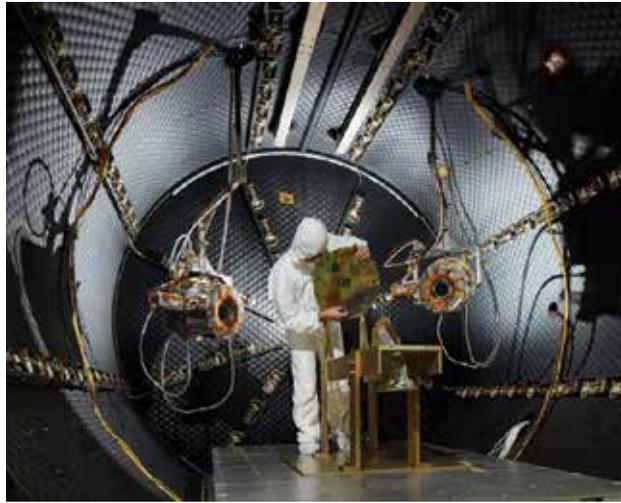


2018 BIG STAR AWARD

**aselsan**

ASELSAN, the leading defense company of Turkey, is a high technology, multi-product company that designs, develops and produces genuine products reflecting edge technologies to meet the requirements of Armed Forces and Public Security Entities.

ASELSAN provides its customers with high-tech system solutions for land, airborne, naval and aerospace applications in the fields of Modernization Solutions for All Platforms, Military Communications, Radar, Electronic Warfare, Electro-Optic, Navigation & Avionics, Weapon, C4ISR, Naval, Homeland Security and Traffic & Toll Collection Systems.



*Winners | Recognizing Growth*

1

GROWTH RATE

**27519%**



**EMFA YAZILIM DANIŞMANLIK**

Software

EMFA Yazılım Danışmanlık: EMFA Software Consultancy was established in 2013. It provides services to the state agency and private sector organizations with software solutions developed in its field. In 2015, R&D activities were carried to the Hacettepe Technopolis office. It is still serving with 88 R&D personnel in its office of 875 m<sup>2</sup> in this area. The fact that EMFA will pursue a competitive policy in the international market with innovative and distinctive technology solutions can be seen from the investments made in this direction.



2018 BIG STAR AWARD

**innova**

Innova IT Solutions A.S. is one of Turkey's leading IT solutions firms, with a team of 1411 professionals with experience of working with a wide range of technologies. Since 1999, Innova has been providing platform-free solutions to the public sector and private companies, particularly those operating in the telecommunications, finance, manufacturing and service sectors. It has exported its solutions to 37 countries in four continents and adheres fully to the standards of the ISO 9001:2000 certification.



2018 BIG STAR AWARD

**logo**

LOGO has been developing corporate software focusing on the increase of productivity and profitability of companies for 34 years, and has adopted a fair, transparent and contemporary management approach. More than 1,000 employees, 800 business partners and 200,000 companies have joined along in this journey of growth, thereby creating a solid foundation for sustainable success. LOGO boasts a huge and dynamic ecosystem, which encompasses users, academicians, students and sector professionals.

TECHNOLOGY SPECIAL AWARD



**hype**

GROWTH RATE

**1675%**

Hype is a data-driven marketing agency that uses the latest available products and its own technology to meet the clients' sales and marketing goals. Hype provides services on data analysis, conversion rate optimization, performance marketing, and search engine optimization. Our technologies consist of Incognito, Predi, and Alerty.

6

GROWTH RATE

**1675%**

**hype**

**HYPE**

Media and Entertainment

Hype is a data-driven marketing agency that uses the latest available products and its own technology to meet the clients' sales and marketing goals. Hype provides services on data analysis, conversion rate optimization, performance marketing, and search engine optimization. Our technologies consist of Incognito, Predi, and Alerty.

2

GROWTH RATE

14575%

Teknofix

TEKNOFIX

Communications

Teknofix: Teknofix provides end-to-end after sales customer experience management services, especially excelling in the telecommunications sector, bringing Internet connectivity to homes throughout Turkey. Connection to the Internet provides an immense value but to truly harness the full power of Internet connectivity, the experience should be seamless and omnipresent. They allow their customers to harness the full power of Internet connectivity through wireless communications, connecting their every Internet enabled devices to the World Wide Web, improving their quality of technology experience.

3

GROWTH RATE

7458%

iyzico

iyzico

Software

iyzico provides a secure payment solution to online companies, market places, and personal sellers of different sizes operating in different industries. Its technology enables over 17.000 online businesses to maximize conversion rates and accept payments while creating value added solutions for digital commerce not only for the Turkish market but also for exports. iyzico offers a premium product in terms of the quality service. Merchants who use iyzico are supported by real people, in real places, who can provide real support.

4

GROWTH RATE

4632%

Pixery

PIXERY

Software

Pixery (formerly known as AVCR) is a global tech company building innovative video focused apps for next generation mobile creatives. With two R&D offices in Istanbul & Ankara and a satellite office in San Francisco, Pixery is a team of 25 people developing tools used by millions of people. Pixery's first app Funimate is the fastest and easiest way to make awesome music videos with never before seen effects. Using a groundbreaking tech, Funimate packs capabilities earlier only possible in complex video editing software, in a very responsive and playful app.

5

GROWTH RATE

1956%

usishi

USISHI

Software

Usishi is a software technology company driven by a team who develops Unix based systems over 20 years. It creates fast, clean and easy to use systems with intelligence in mind. Company name is founded by this principle. "US" and "ISHI" is a composition of two by interconnected words. "US" means intelligence and mind in Turkish. "ISHI" means the Job (as Turkish word "İŞ"). Company is invested on Cloud Technologies. Usishi developed a cloud platform Buluthan which means superior of cloud services in Turkish. Buluthan provides many layers of cloud technologies such as IaaS, PaaS, SaaS and DaaS.

7

GROWTH RATE

882%

otelz.com

OTELZ.COM

Communications

Established in 2013 in Istanbul, Otelz.com has grown from start-up to one of the largest travel e-commerce companies in Turkey. Otelz.com, a Sanko Group brand, provides online booking service to the users for over nine thousand properties from Turkey and North Cyprus. In addition to hotel chains and properties, Otelz.com offers many accommodation alternatives like hostels and boutique hotels.

8

GROWTH RATE

880%

armut

ARMUT

Communications

Armut.com was founded in 2011 with a mission of making it easy to find trusted service providers online in Turkey. Since its foundation, Armut has strongly focused on developing a unique algorithm to build trust between providers and customers. By continuously focusing on service quality and customer satisfaction, Armut gained a dominant leader position in Turkish market after beating out its better-funded competitors, and achieved 98% customer satisfaction.

9

GROWTH RATE

620%

Apsiyon

APSIYON

Software

Apsiyon is an online platform which serves as a digital assistant for property managers such as apartments, sites, residences and business centers. Apsiyon was started to be developed in 2010, by a team\* that played an important role in the development of Turkey's leading ERP software (\*Erkan Doğan, Kudret Türk & Meriç Akdamar)

10

GROWTH RATE

588%

ETA

ETA ELEKTRONİK TASARIM

Hardware

ETA Elektronik Tasarım is an SME with 22 employees located at ODTÜ Teknokent, Ankara. ETA has been a trusted partner and a respected supplier of state of the art products and high quality services for the defense market since 1984. Activities include realtime embedded software development, electronic design and manufacturing of rugged assemblies and equipment.

## SOFTWARE

# WORKCUBE AND THE STARFISH

*A whisper turns into a tsunami.*

BY MURAT ANLI

**G**LOBAL DIGITALIZATION spending in 2019 is estimated to be \$2.1 trillion by PwC, and regrettably there are not nearly enough experts who could manage the digitalization process yet. Surveys indicate that the number of experts only cover about half of the endeavor. Industry 4.0 with Digital Transformation alongside it are upon us. Analog companies are under the gun to transform facing the competitive challenge of digital companies with disruptive technologies; a transformation not only strains the very nature of commerce but radically changing conventional business models. According to a report by MIT Center for Digital Business, investments will not yield favorable returns unless the business models deployed are compatible with the digital age. Moreover, jumping on the bandwagon and spending without transformation results with disappointment, while inaction leads definitely to thermal death.

Fierce competition is a major threat not only for companies, but for careers, cities, and countries. We are in a dazzling storm of advancements: while 12,000 years has lapsed from Göbeklitepe to the first industrial revolution the next one only took 125 years. Adopting the steam engine, British textile industry had put more than 20 million Indian artisans out of jobs within a short 20 year period. Even the heart of textile then, cities of Liverpool and Manchester, succumbed to the pressure of change; we no longer hear



Workcube heard the whispers of the revolution 19 year ago, and now the digitalization wave is turning into a tsunami. The roar of the waves of change is terrifying, catalyzers of transformation will be essential to stay afloat.

about the renowned British fabrics or stumble upon a “Made in Britain” apparel tag. The second industrial revolution had specialization and division of labor, especially embodied in the efficient assembly line, as one of its main traits. Within 40 years of the debut of Modicon’s 1969 “084” PLC, the first industrial programmable logic controller, Industry 4.0 was announced. It has been 8 years since the initial announcement and now we are being told that our current knowledge gained from past experience may

not be adequate to proceed. Alvin Toffler coined the term “accelerating acceleration” pointing out this predicament, tough times indeed! An era of disruption and destruction may engender amazing opportunities for some but may turn out to be lethal for some others.

### WITH HER YOUTHFUL POPULATION, TURKEY PUSHES HIGHER IN DIGITAL CONSUMPTION RANKINGS

Turkey is ranks 9th in the world with 43 million Facebook users in 2018 Q3

according to data compiled by We are Social. Even better, Turks secure a 5th place with 8.8 million Twitter users and raise to the rank of 15th with 6.8 million LinkedIn users. Smartphone sales in the Turkish market exceeded \$6 billion. All available data, just like these figures, indicate a relatively high appetite for digital consumption within Turkish society. The corporate picture on the other hand is a different matter: ERP penetration is at about 8% where CRM is at 4%. Export of digital products and services does not even show up in statistics. With her youthful population Turkey pushes higher in digital consumption rankings but on the digital production side things do not look so bright.

A joint report by TÜBİSAD and Deloitte estimates the Information and Communications Technology market in 2017 at \$32.1 billion, of which communications (i.e. telephone and internet infrastructure) constitute 65% and software constitute 18% of the rest. IDC reports, in Turkey, the expenditure of commercial software to run businesses more efficiently to be \$400 million; the same expenditure item in Holland is 8 times greater than Turkey. The contrast is striking where Holland with a population less than a quarter of Turkey’s is ranked the 18th largest economy in the world just below Turkey at 17th. In a business software industry this small, both in absolute terms and

per capita, it is not likely at all for product to flourish domestically and access global markets, besides the fact that global corporations control about three quarters of the software market. Even when a few companies stood out developing exceptional technologies they were either acquired by global competitors or targeted by venture capital funds for strategic mergers. Growing digital consumption of the Turkish market attracted global players and as a result there have been many acquisitions in the last two decades. Furthermore owners of hundreds of Turkish digital enterprises are asking for reasonable numbers at present. In short, throughout the last 30 years, being a Turkish brand in Turkey has not been a palatable affair.

Government sector administrators and executives of major corporations in Turkey have both favored global brands in business software in the last decade. Consequently, although minor in the global market, excessive cash have been spoiled by Turkish standards. Instead of supporting advancement of Turkish digital products, aggressive competitors that aim extermination of local alternatives were funded. In an interesting twist Turkish software entrepreneurs were under scrutiny for the revenue they make. Even though they can only charge about one-tenth to one-fifth of the amounts their global competitors do, especially in licensing and implementation of business software such as ERP, CRM, and HR, they were called to account for not growing and advancing; an ailing spiral very few companies survived.



**O. MURAT ANLI, Ph.D.**

Dr. Anli teaches college level industrial engineering courses in design, planning, and optimization of production/service systems. His main research interests are coordination technologies enabling efficient supply chain management and computer aided learning environments. He holds an MS from Rensselaer Polytechnic Institute and a PhD from Boston University.

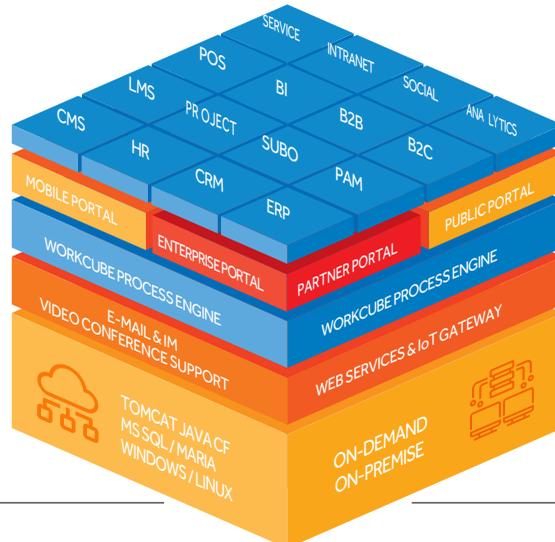
### MEET WORKCUBE: ONE OF THE SURVIVORS AND TRAILBLAZERS OF THIS TOUGH TERRAIN

Meet Workcube: one of the survivors and trailblazers of this tough terrain. It has been developing 100% web-based business software for the last 19 years. Workcube is first of its kind and pioneering enterprise envisioning the future of web. It secured the industry first place as a Turkey-based software developing company three years running in 2011, 2012, and 2013. When the domestic vs global division were abandoned in 2014 it fell further behind the global competitors.

Workcube does not use a segmentation such as ERP, CRM, HR, PAM, Project Management, Intranet, B2B, B2C, and BI. According to IDC's annual Commercial Software Taxonomy a modern enterprise needs 36 separate packages of software under 7 categories in order to handle its business affairs effectively in the digital economy. Workcube carries on the mission of providing 30 of these packages from 6 of the categories in a coherent and integrated manner. Workcube provides integration interfaces with CAD/CAM engineering applications, the 7th category, and completes the whole picture.

### WHEN IT COMES TO GLOBALIZATION, IT DECIDED TO RELINQUISH BEING A CORPORATION AND TURNED INTO A COOPERATIVE SOCIETY

More than 1,200 companies world-wide are using Workcube, more than 200 of them outside Turkey. When it comes to globalization, Workcube follows a rather off the beaten path. It decided to relinquish being a corporation and turned into a cooperative society. It adopted the open-source approach. It involved the customers and the user-base into the development process and embraced the philosophy of being a community. Out of 180 of the employees 150 became business partners. In year 2018 total of 440 became certified Workcube experts among whom specialize in areas such as digital transformation, project management, ERP, CRM, IoT, HR, and BI. Branches became operational in Germany and the United States and Workcube is now sold and supported with services in 6 countries. Workcube's founder Ömer Turhan said he has 56 countries as his goal. Noting that Workcube is still at the beginning of a journey, Turhan says "Even if we achieve 100% penetration in Turkish market it amounts to \$400 million revenue whereas if we sell business software to 1% of the world that makes \$4 billion". Turhan claims that the biggest resource of Turkey is neither the boron mineral nor the sun, ocean, and the beaches; the young workforce of a digital age, if organized effectively, could be Turkey's strongest competitive edge if. "Companies endure the many pains of transitioning to digital from analog. They spend really big figures and still get so little in return. ERP became a complete big mess: never-



ending implementations, over-priced consultants with ambiguous advice, bewildered executives. As digitalization is on the way we are in era of stupidity” he remarks empathetically. A recent joint study by KMPG and Harvey Nash supports Turhan’s case and reveals a scary picture: every one out of two IT projects in the corporate world fails. The rate in ERP projects is slightly better at a whopping 45%. Offshore IT projects are even worse, 65% of Indian vendors could not deliver. Last year German retailer Lidl, one of the biggest in Germany as well as the world, wrote off its \$530 million SAP project and shut it down. American utility giant National Grid sued SAP and Indian Wipro for \$100 million and won. Unfortunately ERP Project Recovery became a new business area.

### WORKCUBE HAS NEVER APPLIED FOR ANY TYPE OF GOVERNMENT GRANT

Traditional companies have begun to realize the threat they are facing by the digital – the born-digital giants, Amazon, Alibaba, Facebook, Google, Apple, and the like, in a league of their own in digitalization, content marketing, and social media with engaged global communities; nevertheless they still struggle finding a way out. A difficult predicament which may indeed be blessing in disguise for successful Turkish digital enterprises. When asked regarding government subsidies Turhan gives a mirthless smile and notes that Workcube has never applied for any type of government grant. Regarding a 2005 partnership Workcube entered with one of the biggest groups in Turkey Turhan says “The partnership turned into a Turk-on-Turk cruelty. For five years we had to contest against

a partner that is ignoring the duties and obligations of the contract; so much time and energy were lost”. The bitter experience, although Workcube attracted many investors since then, made Turhan question the relationship among the concepts of knowledge, labor, and value. He eventually formulates an antidote: relieve the brutality of the corporation and root out the helplessness of the foundation with a cooperative society.

Experts cite volatile stock prices, restless investors, and wild speculations among the top factors with negative impact on companies and executives. Drucker, Senge, Porter and many other thought leaders of management science all agree on the how painstaking the processes of institutionalization, new product development, and organizational change are and how unreasonable to expect immediate results. On the other hand financial markets rate companies moment by moment on every little piece of information. This in turn creates the paranoid world of venture capitalism constantly creating new stories, manipulating perception, sometimes blatant lies. Only a select few do ever manage to cross the desert, unfortunately turning into monsters in the process.



***Workcube is now sold and supported with services in 6 countries. Workcube’s founder Ömer Turhan said he has 56 countries as his goal.***

### WORKCUBE WANTS TO BE THE CHOICE OF 100,000 BUSINESSES

Workcube’s pursues an unusual strategy in transforming into a global software solutions cooperative. Crossing its own version of the desert it needs more bright minds and hard working people. The World Bank reports 125 million businesses worldwide; Workcube wants to be the choice of 100,000 of them. Plans include establishing presence in 50 countries, developing 500 new partnerships, and extending cooperative membership with 10,000 new experts. As someone who has been involved in and observed the evolution of online networks

since the early days, using a film analogy Turhan he insists “This is just the beginning and what we have seen so far is only the trailer”.

Workcube’s Digital Entrepreneurship Program is an opportunity to create their own products and sell on the Workcube platform for those who would like to take part in the digital economy. Just like the name, the cooperative is organized around cubic work teams. Digital Enterprises are created by 6 person teams representing the 6 faces of a cube. “Workcube is not a piece of software, it is rather a software services platform. The platform facilitates easy and rapid development of digital products and services that can be sold, served and deployed globally.” explains Turhan and adds that the Digital Entrepreneur developing a new product reserve the intellectual rights. The Young Talent program selects, trains and puts young prospects through onerous tests certifying as either Coders or Digital Transformation Experts (DTXs). If you find the programs exciting but not sure if you are young enough do not fret, Workcube considers anyone under 55 as young. All an entrepreneur needs is a good product idea; the cooperative gets him/her in touch with the workforce

he/she will need, provides servers and infrastructure, and makes a fully equipped office environment available. And in return it asks the entrepreneur to employ 4 young Turks as team members. Last but not least, Workcube plans to grow not by selling shares but giving them away. Now isn't that something?

### INGENIOUS LIKE THE APACHE

Frankly speaking, after spending 20 plus years in academia I started seriously considering digital entrepreneurship myself. All I need is a feasible and relevant business idea. Although Turhan assures me, "we have an abundance of viable ideas waiting for someone to claim", I insist that it had to be my original idea. I thought I caught a typo while going over the Digital Enterprise Program documentation: the title read "Workcube Digital Enterpriselet". Only after studying the material in detail I realized that that was intentional. An enterprise this small can only be called an "enterpriselet". Quantum physics depicted the holistic nature of the universe at the subatomic level: the part has the same properties of the whole. Small enterprises as particles of an organization, ingenious like the Apache, like the "The Starfish and The Spider" of Brafman and Beckstrom. Aside from the ethics and the philosophy, I personally cannot ignore the promise of a gracious return on investment, not one bit!

Surely, it will be a will be a huge inspiration for us all, the global success of a Turkish based software and consulting co-operation with a quote by John Nash hanging on a wall of its head quarters: "The only thing greater than the power of the mind is the courage of the heart".

## Manage Your Business Don't Let It Manage You



**A**KDATASOFT, leading software manufacturer which provides solutions for domestic and abroad textile industry with experienced team of professionals in two offices that one of them is at the university technology development centre.

Besides Akdatasoft's corporate structure, offering service successfully close to 200 companies and more than 500 enterprises during 21 years, giving seminars and training, various conferences regularly at universities, participating in trade fairs and meetings, conducting R&D and Science Park Projects. Akdatasoft offers customized solutions for different production industries in seven countries and twenty-four regions/cities in Turkey.

According to assessments of Interpromedya in Turkey, Akdatasoft has been among the top 500 IT Companies since 2010 and also in 2015 Akdatasoft ranked in first 10 domestic software ERP solutions Companies. ITKIB Turquality approved authorized software consultant company is also solution partner with Sybase and Microsoft.

Akdatasoft has successfully supported various Small and Medium Enterprises Development Organization (KOSGEB) projects in different territories for the last 6 years Akdatasoft still developing modules in many kind of different production industries.



### AKDATA'S OPERATING COUNTRIES WORLD WIDE



### Unique Value Proposition:

Expertise on production management systems especially in textile industry, very short implementation period and installation time, support, and after sale service is much better than our competitors.

Besides, working with sectors dominant companies with high quality personnel let us to develop unique characteristic software.

# Figures

## Turkey's Exports Hit an All-Time High with \$168.1 Billion in 2018

Exports in 2018 climbed 7.1 percent year-on-year, compared with nearly \$157 billion in the previous year. Turkey eyes \$182B export target for 2019.

### Turkish textile firms eye over \$11 bln export revenue

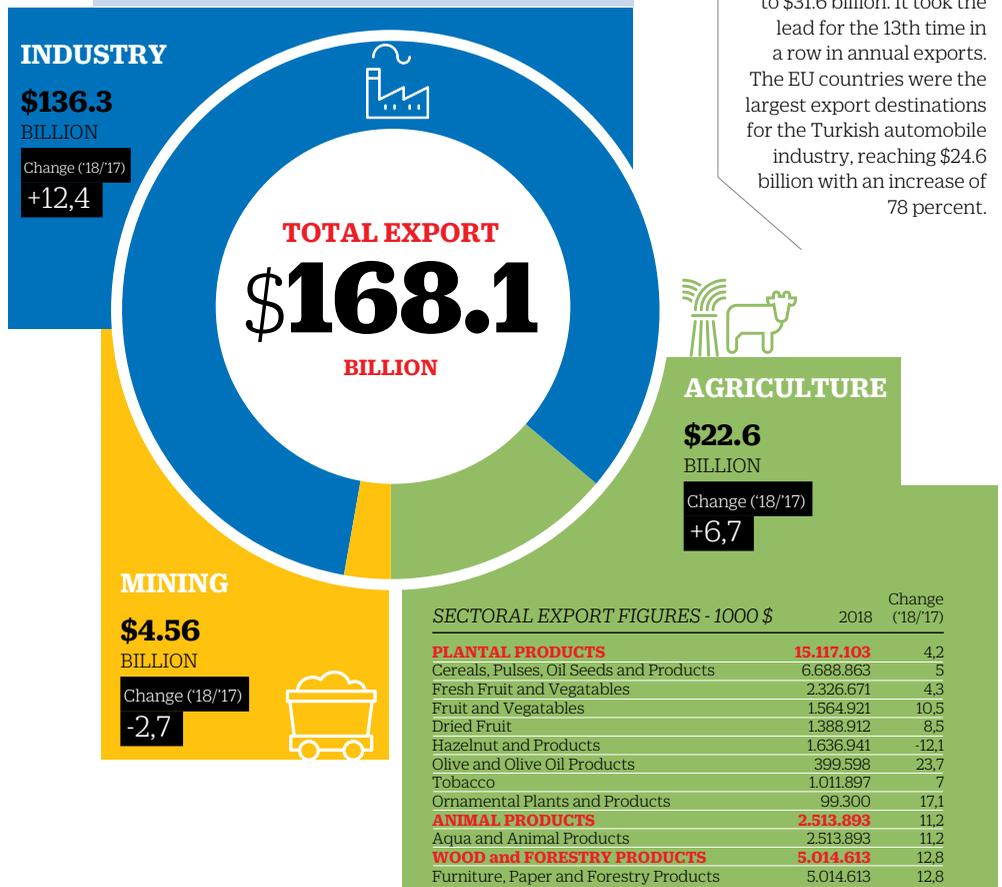
Turkey is the seventh largest textile and textile raw materials supplier in the world. Exports of the textile and raw materials industry increased by 4.5 percent in 2018 from a year ago, hitting \$10.5 billion. The target for 2019 is to generate more than \$11 billion in export revenues. Sector expects to boost exports in 75 percent of markets. The industry's three largest export markets are Germany, Italy and the U.S., while 50 percent of exports go to the EU.

### Turkey's machinery exports increased 11.5 pct in 2018

Turkish machinery industry's exports reached \$17.1 billion in 2018, with an increase of 11.5 percent compared to the previous year. The sector aims at doubling its exports in five years while maintaining its annual growth rate of 15 percent and reaching \$34 billion in 2023. Accounting for 10.1 percent of Turkey's total exports, the machinery industry raised the rate of exports meeting imports to 64 percent. The industry exports 60 percent of its products to the European Union and the United States.

Data: TIM

SECTORAL EXPORT FIGURES - 1000 \$	2018	Change (18/17)
<b>AGRICULTURAL BASED PRODUCTS</b>	<b>12.395.160</b>	5,2
Textile and Raw Materials	8.461.483	4,5
Leather and Leather products	1.667.375	9,5
Carpet	2.266.301	4,7
<b>CHEMICALS and CHEMICAL PRODUCTS</b>	<b>17.372.117</b>	8,3
Chemicals and chemical products	17.372.117	8,3
<b>INDUSTRIAL PRODUCTS</b>	<b>106.558.021</b>	<b>14</b>
Apparel	17.642.157	3,6
Automotive	31.568.469	10,7
Ship and Yatch	990.529	-26
Electric Electronic and Service	11.309.459	7,9
Machinery and Machinery Accessories	7.317.107	20,3
Ferrous and Non-Ferrous Metals	8.086.386	18,8
Steel	15.554.861	36,1
Cement, Glass, Ceramic and Soil Products	2.987.899	10,4
Jewelry	4.410.439	34,5
Defence and Aerospace	2.035.334	17,1
HVAC-R	4.533.721	15,8
Other Industry Products	121.660	8,4



### Turkish automotive sector sees billion dollar figures in exports to 9 countries in 2018

As the long-standing leader of Turkish exports, the automotive industry in 2018 managed to add two more countries to its list of destinations to which auto exports exceed \$1 billion. The sector hit an all-time high in 2018, raising its exports by 11 percent to \$31.6 billion. It took the lead for the 13th time in a row in annual exports. The EU countries were the largest export destinations for the Turkish automobile industry, reaching \$24.6 billion with an increase of 78 percent.



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