



World Eye Reports Turkey

Turkey Looks Toward a New Era of Growth and Prosperity



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Turkey is key player in East-West trade, especially for Japan

In today's volatile global business climate, Turkey's buoyant economic growth is striking. Renowned for hundreds of years as a destination rich in culture and history, it is Turkey's steady development in the 21st century that is turning into another significant magnet for international visitors.

Turkey's GDP (gross domestic product) has tripled in the last 10 years. The OECD (Organization for Economic Cooperation and Development) forecasts economic growth for Turkey up to 2017 at an average of 6.7 percent annually, one of the highest among all OECD countries.

and Europe is a unique advantage that few other countries can boast. Centrally located between Europe and the Middle East, the country is ideally positioned to serve Japanese and other Asian multinational companies looking to expand globally.

"Turkey's history is steeped in multicultural relations with countries from around the world," says Mehmet Büyükeksi, chairman of the Turkish Exporters Assembly (TIM). "Accordingly, our businessmen and their companies are very adept at working with western and eastern European, Asian, and Middle Eastern companies and individuals."

The country's allure for international businesses begins with a young, growing population that is driving rising demand. In a country of over 73 million people, there is not only a dynamic consumer market but also an almost inexhaustible labor force for the future.

"It is the key to our future," says the Istanbul Chamber of Industry's secretary general, Mete Meleksoy. "The education of our people is vital to our success."

A true bridge between East and West with a legacy of trade that dates back to the Silk Road, Turkey is an exceptionally well-positioned place in which to do business. The country's primary MICE (meetings, incentives, conferences and exhibitions) destination cities of Istanbul, Izmir and Antalya



Istanbul's Sultan Mehmet Bridge links Europe with Asia. It was built with Japanese collaboration.



Kiyoshi Araki, the Japanese Ambassador to Turkey

Currently the world's 17th largest, Turkey's economy has grown unabated since 2003. That year, the country's general elections ushered in a new era of stability.

At the same time, Turkey's geographical location straddling Asia

offer convenient international accessibility, state-of-the-art meeting facilities, business-centric hotels and a wealth of cosmopolitan dining, sightseeing and entertainment opportunities.

Foreign direct investment in Turkey in 2011 rose to \$15.9 billion, two and a half times more than in 2010, and Japan's companies have joined the surge.

"With the increased interest from Japanese businesses, my work has more than doubled in just one year," says JETRO Istanbul's general manager, Naohiko Yamaguchi. JETRO Istanbul hosted more than 100 Japanese companies this year, all checking out opportunities and potential in Turkey.

Turkey's financial sector draws international interest

In 2002, approximately 30 international organizations and companies held meetings in Turkey to discuss the potential of future partnerships and business agreements. Just a decade later, over 120 international business meetings and conventions have been held in Istanbul alone in 2012.

Turkey's economic growth and accompanying financial stability in the midst of a prolonged global crisis has not gone unnoticed by Japanese banks. Stagnant growth at home is pushing Japanese companies to take a closer look at Turkish finance, where the return on assets (ROA) is currently far higher than in Japan's domestic market.

So far this year, Mizuho Corpo-

rate Bank and Sumitomo Mitsui Banking are setting up Turkish branch offices. Japan's biggest bank, Bank of Tokyo-Mitsubishi UFJ, is also entering the market.

It is the Turkish financial industry's conservative approach to growth that is lately proving most compatible with Japanese business style. Coupled with Turkey's relative political stability and strong currency, the appeal of investing in Turkey is clear. Japanese investment in Turkish debt has so far reached \$3 billion this year alone — around 40 percent of total portfolio inflows into the country.

"The years 1994, 1998, 2001 and 2008 presented us with crises that we endured," says Finansbank chairman and group CEO Ömer Aras. "Through these lessons and hardships we saw opportunities for growth during difficult times. It's something other countries may not have grasped had they been in the same situation."

Finansbank, one of Turkey's leading financial institutions, recently celebrated its 25th anniversary. In June it signed an agreement with Sampo Japan Insurance that aims to strengthen its position in the insurance sector.

A history of bilateral cooperation looks to a future of stronger partnership

"Japan and Turkey have always had close diplomatic ties," explains Japan's Ambassador to Turkey Kiyoshi Araki. "Both countries stand to gain a lot from increasing business links and partnerships between their companies."

In fact, diplomatic ties between the two nations date all the way back to 1890. When the Turkish frigate Ertuğrul sank off the coast of Wakayama that year, the Meiji emperor immediately sent two rescue vessels to find survivors.

This history of charity and mutual aid has continued up to modern times. As recently as March last year, following the Great East Japan Earthquake, Turkey was one of the first countries to send

ister Zafer Caglayan signed a memorandum on "Establishing a Framework for Cooperation in Economic Relations with Japan." He also agreed to launch a joint study for the conclusion of an economic partnership agreement (EPA) between the two countries.

"Turkey is ready to become a premier trading partner with Japan," comments Büyükeksi, who accompanied Caglayan on the Japan visit. "Our economy is only growing stronger. Given the current state of the world economy, I believe it is the opportune time for our two countries to complement our long-standing diplomatic ties with increased business and economic relations."

One concrete example of Turkish-Japanese collaboration has become an Istanbul landmark. The Fatih Sultan Mehmet suspension bridge (also known as the Second Bosphorus Bridge) connects Istanbul's European and Asian sides, and was completed in 1988 by an international consortium including three Japanese companies. A planned third Bosphorus bridge has had considerable interest this year from Japanese construction groups as well.

A decade from now Turkey will celebrate the 100th anniversary of the founding of the Turkish Republic. In the meantime, it will continue to perfect its role as a partner and bridge for international business, enhancing its increasingly significant business partnership with Japan.

In a followup visit to Japan in July, Turkish Economic Min-

Smoothing the way for Turkish and Japanese business links

As domestic demand in the traditionally powerful Western countries continues to be weak, the solution for many companies in countries such as Japan and the U.S. lies in going abroad: finding new markets and new avenues for growth.

When they focus on the strongly emerging market that is Turkey, they'll easily spot Ekspo Faktoring. This financial services and asset-based lending specialist headquartered in Istanbul aims to foster and develop trade and business relations between global companies and the ever-growing number of Turkish companies working internationally.

Founded in 2000, Ekspo Faktoring has grown exponentially since its start to become Turkey's premier partner in financial services today. Ekspo works mainly in the financing of commodities: finding mutually beneficial trading partners abroad and working closely with them in all stages — from the import and export of raw materials up to the distribution of finished products.

"We currently provide services that non-bank financial companies worldwide do," says Murat Tümay, chairman and general manager of Ekspo Faktoring. "Particularly in our work with ECA (export credit agency) loan agreements, we help to create jobs in other countries, as well as further international trade."

In fact, Ekspo is one of a select few non-bank financial service companies in Turkey able to provide ECA loans. Annually, it deals in around \$50 million worth of such instruments.

Services offered by the company include structured trade finance, pre-shipment finance, post-shipment finance, letters of credit, agricultural loans, factoring and export, import and ECA finance.

"With the help of our vast international correspondent network, we aim to provide our clients with the services and tools they need," Tümay adds. "We provide tailored products for our clients whenever required. Ekspo's correspondent network worldwide includes major banks such as Wells Fargo, Bank of China and Raiffeisen Zentralbank Oesterreich (RZB) — all of which support Ekspo's growth and assist in trade between nations."

"We are very happy to be working with U.S., European, Chinese

and Korean banks now," he continues, "and we are especially open to working with Japanese partners in the future. Turkey is a client for many different countries from around the world. We are here to work with our international clientele in order to improve their businesses, create more jobs in their countries and help Turkey find new partners in new markets."



Murat Tümay, Chairman of Ekspo Faktoring

Ekspo's work has gained recognition from such credit rating agencies as Fitch Ratings and Moody's. In 2011, Ekspo secured a loan limit of \$15 million, working with Wells Fargo as a guarantor, for cotton imports from the U.S. In 2012, Ekspo entered into a correspondent banking relationship with Bank of China (the first of its kind for the Chinese entity), to give Turkey a better foothold in trade and business coming from the Chinese market.

While Ekspo's achievements continue to grow, Tümay admits that it has only been through hard work and dedication that the company has been able to realize its success.

"Nothing in business comes from luck," he comments. "We had a road map in the beginning and since then we have worked hard to improve our services, expertise and quality in order to arrive where we are today." ♦

www.ekspofaktoring.com

Eye on Turkey

- Situated in Istanbul, **JETRO Turkey** plays a leading role in strengthening trade and investment between Japan and Turkey, as well as the Caucasus region. It provides information and support to Japanese and Turkish companies that want to expand their overseas businesses in those countries. www.jetro.go.jp/turkey
- The **Turkish Exporters Assembly (TIM)** acts to ensure coordination between public and private sector organizations, exporters, and decision-makers. TIM works with the objective of being a solution center for export issues and establishes policies toward its development. www.tim.org.tr
- The **Ankara Chamber of Industry** aims to fulfill the existing and future needs of Turkish industry by continuously following the political, economic, and technological developments in the world and in Turkey. www.aso.org.tr
- Located at the crossroads of two continents **The Ritz-Carlton, Istanbul** luxury hotel is a perfect blend of culture, hospitality and sophistication. Featuring exceptional accommodations, world-class cuisine, a nurturing spa and impeccable service, this five-star luxury hotel's amenities and services provide an unforgettable retreat in the heart of one of the world's most fascinating cities. www.ritzcarlton.com/Istanbul
- Headquartered in Tokyo, the **Japan International Cooperation Agency (JICA)** maintains over 100 offices worldwide. Having recently explored the GAP region of Turkey, JICA also holds panel discussions such as "Sustainable Agriculture and Environment" and "Fisheries Stock Management in Turkey and Japan" in order to carry out its mission of international cooperation and socioeconomic development. www.jica.go.jp/turkey
- With a team of 2,000 professionals and a passion for excellence, **Dorak Holding** is one of the leaders specializing in business travel management and tourism in Turkey. The company is comprised of travel agencies, hotel investments, restaurants, a transportation fleet, three hot-air balloon companies in Cappadocia and sales offices in eight other countries. www.dorakholding.com.tr/en

A beacon for growth since birth of modern Turkey



Mehmet Emin Karamehmet, Chairman of Çukurova Holding

Since the founding of modern-day Turkey in 1923, the Çukurova Group has grown side-by-side with the Turkish Republic to become one of the country's largest business conglomerates. It is looking forward to celebrating its 90th anniversary in 2013.

Çukurova is also one of Turkey's most innovative firms and this continued innovation over the years has led to steady growth. With more than 150 affiliates — all pioneers in their own fields — Çukurova operates in a wide range of sectors, including industry, construction, media, transportation, financial services and energy.

Mehmet Emin Karamehmet, Çukurova's chairman and one of Turkey's wealthiest individuals, continues to lead his company into new and successful ventures. In fact, Karamehmet helped co-found one of Turkey's strongest brands: Turkcell — which holds over 50 percent of the Turkish mobile telecommunications market.

Foreign direct investment into Turkey increased significantly in 2011, and the group's activities proved to be a major factor in this growth. Although

Çukurova's greatest strength is still in the telecommunications sector, it has been involved in construction activities in Russia, Azerbaijan, Kazakhstan, Qatar, Dubai and Libya in recent years.

Moreover, Çukurova has invested in companies operating in Spain, Germany and Iraq and established joint ventures with Swedish and Korean companies.

"The country is growing, so we need a lot of investment," says Karamehmet. "We are happy to partner with the Japanese if any opportunities arise."

Like most companies in the recent global economic crisis, Çukurova has had its ups and downs. Karamehmet himself has bounced back from major challenges.

Under his leadership, Çukurova has expanded its activities — demonstrating even greater competitive advantages in all segments of the economy in which it participates.

As Turkey continues to grow in its 90th year of independence, so Çukurova looks ahead to both consolidation and further growth in the years to come. ♦

www.cukurova.com.tr



Located in northern Iraq, Çukurova's oil extraction project in Taq Taq has a production capacity of 200,00 barrels per day.

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