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TURKEY: A LANDMARK DECADE VISION 2023

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TURKEY: A LANDMARK DECADE VISION 2023



THESE DAYS, TURKEY IS OFTEN REGARDED WITH ENVY. Its economic success and growth easily outshines its neighbors in Europe and the Middle East. During the European economic crisis, it managed to sustain growth rates second only to China. Rigorous reforms and a program of stabilization have secured Turkey's place as the world's 16th-largest economy by gross domestic product (GDP). But its ambitions reach further, and with a clear vision for growth and development, Turkey steadily asserts itself as a global economic power.



Recep Tayyip Erdogan, Prime Minister of Turkey

The stellar rise of Turkey as a global economy stands in stark contrast to the country that was in the grips of a deep recession in 2001. Since coming to power in the 2002 elections, the current government has overseen the transition of Turkey into a modern and booming economy. In the course of just ten years, the country's output has tripled, with GDP rising to \$800 billion. The government's lasting legacy will be political stability and a shift away from labor-intensive, low technology industries to a technology-driven and export-oriented economy. Now, riding a wave of rapidly growing industrialization and a new-found entrepreneurial spirit, the government is driving a bold vision for 2023, the year Turkey will celebrate the Republic's centenary.

Vision 2023, as it is known, sets ambitious targets. By 2023, Turkey expects to be counted among the world's ten strongest economies, with a GDP of \$2 trillion and exports of \$500 billion. "We have a bright future," says Prime Minister Recep Tayyip Erdogan, emphatically endorsing this vision. "Our country has

the potential to be one of the greatest powers of its region and the world. We will continue to advance toward our 2023 targets and build Turkey's future hand in hand with our nation."

Lofty as these targets may seem at first, they are not at all unattainable. "All the signs and estimates, particularly OECD forecasts, show that in the next decade Turkey will continue to grow with an approximate rate of 5 percent annually," explains Ahmet Unal Cevikoz, Ambassador of Turkey in the United Kingdom. "Turkey is going to achieve its targets by 2023."

To be sure, challenges remain, in meeting the country's growing energy needs, effecting change toward high-added-value production, and creating greater internal cohesion, specifically by working the underdeveloped areas of east and south-east Turkey into the fold. "There is still a lot to be done during the next ten years," acknowledges Ali Babacan, Deputy Prime Minister for Economic and Financial Affairs. "It will be important for us to see structural changes in the economy, changes in which we improve in research and development, innovation, and higher technology production." The government pursues a string of measures to address these challenges, ranging from reforms in the judicial and educational systems to investments in key industries and the country's infrastructure.

Crucial investment projects to support and facilitate further growth are currently under way, particularly in the domains of transportation, energy, and communication. Where possible, the government

prefers to share responsibility and involve the private sector in these projects, for more than monetary reasons. "Major projects are implemented in the form of public-private partnerships (PPPs) such as build-operate-transfer (BOT) agreements," says Babacan. "It gets the private sector involved and makes projects more efficient."

The door, therefore, is wide open to investors, foreign and domestic. More than \$120 billion of foreign direct investment (FDI) has flown into Turkey this past decade alone. UNCTAD's 2012 World Investment Report registers a sharp increase in inflows, making Turkey an exception to regional trends and confirming its position as the West Asia region's largest FDI recipient. Investors are naturally drawn to Turkey, with its dynamic growth and outlook, which appears a safe haven compared to crisis-stricken Europe. "During the past three to four years of crisis, every single rating agency upgraded Turkey one or two notches despite the global crisis," Babacan points out. "And looking at the risk premium of Turkey, historically we are now going through the lowest figures ever."

As Turkey shifts its FDI promotion policy to a more sector-specific approach, aimed at high-value-added, high-tech, and export-oriented projects, investors are likely to find new opportunities in industries ranging from the automotive and petrochemical sectors to information and communications and environmental technologies. At the same time, the government is keen to open the underprivileged regions of Turkey to development. This carries the promise not only of greater domestic cohesion, but also of a unique economic advantage. "There is a huge untapped potential in the east and southeast of the country. There are vast land and human resources, and costs are low," says Babacan. He sees these regions becoming Turkey's "mini China or India." This is not far-fetched, because investments in transportation have cut the cost of moving goods across the country. Thus, domestic investors will be able to establish and utilize low-cost production centers in their own backyards.

Multinationals such as Microsoft and Coca-Cola have already made Turkey their regional home. It is easy to see why. "Turkey is the only country in this region where there is political stability and sustainable economic growth," notes Rona Yircali, Chairman of the Executive Board of the Foreign Economic Relations Board of Turkey (DEIK). And Turkey occupies important East-West and North-South axes of trade, offering access to 1.5 billion customers in Europe, Eurasia, the Middle East, and North Africa. "We are quite aware of the opportunities that our country's geopolitical position offers," says Rifat Hisarciklioğlu, President of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and of DEIK.

"We are in the middle of a productive area in terms of trade, energy, agriculture, and transportation." This benefits regional investors as much as it does Turkey's business community, Hisarciklioğlu points out. "Turkey is a three-hour flight away from most countries between Italy and China, and our entrepreneurs dot every part of this \$10 trillion region."

Turkish business sails in the shadow of a state that is committed to opening trade routes virtually anywhere in the world. No other country these days opens new embassies and foreign trade representations with quite the same speed as Turkey. "In 2002, we had 93 embassies and 58 consulates. Now we have 129 embassies and 78 consulates," confirms Minister of Foreign Affairs Ahmet Davutoğlu. Few countries entertain such a presence, which underlines a new orientation in Turkey's foreign relations. A member of NATO since 1952 and in accession negotiations with the European Union (EU), Turkey is firmly aligned with the West. The ambition of becoming a full member of the EU has been a principal driver for the adoption of western standards. "Implementing EU norms and increasing the living standards of our own people to the level of the European Union are going to be very important, and will make it much easier for us to reach our goals for 2023," affirms Egemen Bağış, Minister for EU Affairs and Chief Negotiator. But Turkey also reaches out to other regions and to multilateral organizations worldwide.

"We want more integration with neighboring countries and neighboring regions. Important are also balanced and compatible relations between Turkey and the leading powers, the USA, the EU, Russia, and China," explains Davutoğlu. Free trade agreements, the lifting of visa requirements, and Turkey's recent partnerships with organizations such as the African Union, the Arab League, and the Shanghai Cooperation Organization are part of this story. With traditional export markets weakened by the crisis, Turkey develops its potential in other regions, in particular Africa, Latin America, and Asia Pacific. For this, Turkey likes to follow a comprehensive approach, as Davutoğlu illustrates: "When we made openings in Africa, we encouraged our businessmen to do business, we encouraged the Turkish International Cooperation and Development Agency to provide more humanitarian assistance, and we encouraged Turkish Airlines to fly to Africa." Now trade with Africa is flourishing, a pattern that Turkey expects to repeat around the globe. "Turkey was the country with the second-highest increase in exports last year," says Zafer Caglayan, Minister of Economy, explaining that "the reason for this success is our market diversification strategy. There are only two countries left, Micronesia and Nauru, where we are not trading yet. Apart from these two, we are exporting to all nations." 🌍

Infrastructure Drives Growth

Investments in public infrastructure are some of the more visible measures the government is taking to feed Turkey's burgeoning economy and to ready the country for further growth. "We have an ambitious plan for 2023 and have to prepare the country accordingly," says Binali Yildirim, Minister of Transport, Maritime Affairs, and Communication. "It means we need more highways, we need more airports, we need more railroads, we need more seaports, and the IT infrastructure needs to be developed everywhere in the country." The past ten years have seen an expansion of the road network by 16,500 kilometers of highways, and the railway system has been upgraded by the construction of 1,000 kilometers of high-speed train lines. More serious developments are still just getting under way. "For the next ten years, we have \$250 billion worth of projects in our portfolio," estimates Yildirim.

In particular, the government is planning to increase the use of railways in order to reduce travel times and transportation costs. The length of the network is therefore projected to more than double, to a total of 26,000 kilometers. Of this, an estimated 10,000 kilometers will consist of high-speed lines. "In the next three to four years," estimates Yildirim, "one-quarter of the population will be traveling on a high-speed railway

infrastructure where fifteen major cities will be connected with one another." This investment is particularly important for the rail link between the country's commercial and administrative centers, Istanbul and Ankara. Where once it required eight hours to travel the distance between the two cities, the high-speed connection will reduce that time to just over three hours.

In northeast Turkey, in the meantime, the country is reviving old trade routes. The \$800 million Kars-Tbilisi-Baku rail project, financed in cooperation with Georgia and Azerbaijan, will connect the three countries in one network. Expected to be operational by 2014, it will travel along stretches of the former silk route and serve to consolidate Turkey's geostrategic position. "You might say that we are constructing the railway as a commercial 'silk route' from Beijing to London," emphasizes Y. Metin Tahan, General Manager of the General Directorate of Infrastructure Investments, describing the strategic connection.

Part of this silk route will be a new railway crossing of the Bosphorus, known as the Marmaray project, linking the European and Asian parts of Turkey. Built in Istanbul, it is being hailed as a major improvement for trans-continental transportation. Crucially, the new crossing will also help the city's local commuters. Metropolitan

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transportation is high on the government's agenda, and it has earmarked \$1.5 billion for metro projects in Istanbul and Ankara in a bid to reduce congestion from increased road traffic.

Parallel investments are being made in the country's seaport facilities. One of Europe's biggest harbors is currently being created in Candarli, on the Aegean coast north of Izmir. It is planned to capture a significant part of the region's container cargo and to service the container shipping lines passing through the Mediterranean, making it an alternative to Greece's port of Piraeus. Essentially, Candarli will be "a hub port, serving as a distribution center," as Tahan describes the project. Built at a cost of nearly \$1.2 billion, the new development will address the limited capacity of the current Izmir port. With a dock length of 1,200 meters and greater water depth, the new port will allow the docking of multiple third-generation container ships. It will have a handling capacity of four million twenty-foot-equivalent units (TEU), with the potential to grow to twenty-five million TEU. With this investment, Turkey's container capacity will increase threefold. Connecting railway and highway links have been completed and the dock is expected to be finished by the end of 2013.

Another major development, soon to be tendered, is the construction of an entirely new seaport at Filyos, in the western Black Sea region. In relative proximity to Ankara, it will facilitate cargo flows not only between Turkey and Russia, but also around the wider region. Tahan explains that it "will serve transfer links between the Black Sea region countries and the Middle Eastern countries," thus giving it great strategic importance for north-south transport routes, not to mention stimulating development in the areas surrounding Filyos. Once operational, the port is expected to have a handling capacity of twenty-five million tons per year, making it one of the country's largest.

"The Project of the Century"

Construction has begun on the Marmaray project, the new Bosphorus railway crossing. Occasionally called the "project of the century", the nearly \$4.5 billion Marmaray endeavor involves the construction of seventy-six kilometers of railway lines. Crucially, it will connect Europe and Asia with a crossing of the Bosphorus strait via underwater tunnels. "This is one of the major transportation infrastructure projects in the world at present, which when completed will provide a modern high-speed rail link between the two continents," says Nurullah Tataragasigil, Regional Director of OHL, the company that is responsible

"Growth is dependent on strong infrastructure. We need roads, railways, and seaports that are compatible with global development."

Binali Yildirim, Minister of Transport, Maritime Affairs, and Communication

for construction of the connection's new railway tracks on both sides of the strait. The contract awarded to OHL includes the building or renewal of thirty-seven stations; electrification, signaling and communications systems; and underpasses and bridges. The project is related to the Istanbul metro project. "We have demolished all the existing lines," explains Tataragasigil. "Where there used to be two lines, we are making three new lines, two for the commuter line and one for the high-speed rail line. Once we have finished these projects, it will help solve Istanbul's traffic problem."

OHL has contributed to the expansion and upgrading of the country's railway system since first coming to Turkey in 2000. Of Spanish origin, OHL is a global construction company, ranked 21st among the world's largest 225 contractors, with projects in thirty-six countries around the world and a global turnover of \$6.6 billion in 2012. The company has wide sector expertise, not only in railway systems but also turnkey hospitals, ports, motorways, and bridges. It constructed Turkey's largest wastewater treatment plant, in Konya, which services a population of one million. Yet it was OHL's experience constructing the high-speed rail lines between Madrid and Seville and Madrid and Barcelona that gave the company its first inroad to Turkey. "When we came to Turkey, we started the first section of the Ankara-Istanbul high-speed rail line, from Ankara to Eskisehir, with a budget of €654 million (\$839 million). Gradually, other sections followed, from Inonu to Kosekoy, Kosekoy to Gebze, Gebze to Halkali," says Tataragasigil, describing the company's ties with Turkey. "This project is not over yet, as we will be reaching Bulgaria and then Europe. We are following the 'Silk Railway.'"

Tataragasigil thus sees a long-term future for OHL's operations in Turkey, underlining that "OHL is very comfortable to work in Turkey." And for Tataragasigil this is naturally a two-way relationship, where "we are not bringing machinery or workers from Spain. We will be fixing these concerns in Turkey, meaning that we are spending money in Turkey and we are investing in Turkey."



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Showcase for Turkish Engineering

In just a kilometer's distance from the Marmaray construction site, another major project is getting under way. The Avrasya tunnel, otherwise known as the Eurasia tunnel, will provide a highway crossing of the Bosphorus strait. Running underneath the seabed, at a length of 5.4 kilometers, it will link the European and Asian sides of Istanbul. This will bring relief for traffic on two existing bridges and substantial reductions in travel times. On the Asian side, it will connect with the highway network at Kadikoy. The project is also a showcase for Turkish engineering. "We are pushing some boundaries in engineering know-how," admits Basar Arioglu, Managing Director of Yapi Merkezi. The Turkey-based company is handling construction of the tunnel in co-operation with South Korea's SK Engineering & Construction (SK E&C), a global firm with a footprint in three continents.

Technically challenging, the tunnel will be constructed entirely underground, between 110 and 120 meters below sea level at the lowest point. Construction will have to overcome immense water pressure and difficult geological conditions. Arioglu cherishes this challenge. "We like projects that include difficult tunnels or bridges, where we can make a technical difference. This is our competitive

advantage." The expertise of Yapi Merkezi in public infrastructure construction is sought out not only in Turkey, but also increasingly in the Middle East and Africa.

In construction of the Avrasya tunnel, Yapi Merkezi and SK E&C are using a boring machine to create a tunnel below the sea floor. When completed, the tunnel will accommodate two levels each with two highway lanes, one level for each direction. In a region known for its earthquakes, durability of the tunnel is paramount. "It will be made sure that we are matching top standards for safety and quality," asserts Arioglu. The project lenders have contracted UK-based consultants ARUP to act as technical advisors and monitor progress on construction. "We have a three-layer quality check on our design and on our construction performance," Arioglu confirms.

Total project costs are calculated at \$1.4 billion, with financing from domestic and international sources, including \$150 million from the European Bank for Reconstruction and Development and a \$350 million loan from the European Investment Bank. Korea's Import-Export Bank and the Korea Trade Assurance Corporation also contribute to financing. The project is being implemented under a BOT agreement, and Yapi Merkezi and SK E&C are keen to start operations. "Officially scheduled for completion in 2017, we are trying to finish it by 2015," says Arioglu. 🌈



▲ Ankara-Istanbul High-Speed Rail Line. Turkey.



▲ CHUM Hospital. Montreal. Canada.



▲ Port of Alicante Expansion. Spain.

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Aviation Takes Wing

As the world's geographic center of gravity for passenger flights moves steadily eastward, from the Atlantic region towards the Middle East, Turkey finds itself at a new center of global aviation. In a three-hour flight radius from Istanbul it is now possible to reach more than one hundred metropolitan areas. In Turkey's booming economy, the country's strategic location is a boon for the Turkish aviation industry. "Since 2003, the civil aviation sector in Turkey has seen annual double-digit growth," explains Bilal Eksi, Director General of Civil Aviation. "In 2003, the sector's total revenue was \$2.2 billion. Today, it has reached \$16 billion, an eight-fold increase." Passenger numbers have increased from 33 million to 132 million this past decade and are expected to reach 350 million by 2023. This success is owed not least to the local airline industry, which in 2003 was released into a liberalized market. "Competition brings quality, cost reduction, and eventually growth," says Eksi about a market where the dominant Turkish Airlines now has to contend with local competitors such as Pegasus Airlines and Onur Air.

Turkey's air traffic is currently supported by forty-nine airports nation-wide. To accommodate growing passenger numbers, new airports are being built or reconstructed throughout the country. By far the most prestigious development is the planned new airport for Istanbul, the third to be constructed in the city; it will replace Ataturk International Airport. Thirty-five

percent of all passengers in Turkey move through Istanbul, whose regional importance is set to rise further. "Last year, the number of passengers was 70 million," specifies Orhan Birdal, Chairman of the Board and Director General of the State Airports Authority. "But this number is increasing rapidly, as Istanbul is becoming a world hub." Development of the city's new airport was recently assigned to a Turkish consortium, led by Limak Holding AS, in a bid worth more than \$28 billion. When completed, it will be the world's largest airport. "The airport is going to be built in four phases," explains Ebru Ozdemir, Chairperson of Limak Investments. "The total capacity of the airport will reach 150 million passengers. It will have six runways as well as taxiways, aprons, terminals, and an airport city with hotels and shopping malls." Ataturk Airport will be laid to rest for commercial flights, but it will surely play a role in government plans to "make Istanbul a maintenance center and a hub for cargo operations," as Eksi describes the wider plans which have already attracted Chinese interest. Potential investors, it seems, are never far off in Turkey.

Soaring Growth of Turkish Airlines

Once Istanbul's new airport becomes operational, it will naturally become the new home for Turkish Airlines, the country's national flag carrier and market leader. Turkish Airlines has reinvented itself this past



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decade, much in line with Turkey's new international standing and image. The company's growth has been extraordinary, turning Turkish Airlines into one of the most successful airlines in Europe, with an expected turnover for 2013 of nearly \$10 billion. "The growth percentage of the world's airline business is about 5 percent. Our growth is about 20 percent," says Dr. Temel Kotil, President and CEO of Turkish Airlines. "Today, we have 50 million passengers; by 2020 we will have about 100 million passengers, the biggest number of any airline in Eurasia." Turkish Airlines follows a policy of rapid expansion. "Our business plan as a European airline is to link Europe with Africa, the Middle East, and Asia," explains Kotil.

Already, Turkish Airlines maintains a large network and flies to more than one hundred countries, more than any other airline in the world. For Turkish business, the airline has become a trailblazer, opening new connections to markets worldwide. Turkey's increased trade relations with Africa are largely supported by the airline's expansion on the continent; in the past six years, the network has grown to include twenty-four destinations. Turkish Airlines is also not afraid to venture into countries that are often shunned by other airlines. The flight connection with Mogadishu in Somalia is perhaps the best example of where Turkish Airlines is "already flying even though it is one of the poorest countries," Kotil explains. "Nobody was flying there. After opening the route from Istanbul to Mogadishu, the Somalian diaspora can now visit their country. In a

way, we are contributing to the country's stabilization and to Turkish-Somali relations by creating mutual commercial opportunities for both sides."

What ultimately drives the success of Turkish Airlines is customer focus. As Kotil puts it, "If you want to be the biggest airline, you always have to be the best for your passengers. Service is our core business."

Strong Competition in Aviation

Civil aviation in Turkey is no longer synonymous with Turkish Airlines alone. Other companies, in particular Pegasus Airlines and Onur Air, have seized their own opportunities in the new competitive environment. Pegasus has established itself as the country's second-largest airline, with positive growth. "Last year we carried 13.6 million passengers, and this year we are expecting over 15 million," explains Sertac Haybat, Chief Executive of Pegasus Airlines. The company flies to forty-three destinations internationally, but its stronghold is the domestic market, where it holds a 26 percent market share. Haybat sees the company's competitive advantage in "on-time take-offs, low fares, and a young fleet," not unlike another player in the local market: Onur Air.

Based at Ataturk International Airport, Onur Air is Turkey's largest private airline company. It operates mostly domestic scheduled services and a wide range of charter flights to holiday destinations in Turkey, as well as to international destinations. In the face of tough competition, Cankut Bagana, Chairman and Managing Director of Onur Air, takes a pragmatic approach: "Our strategy for Onur Air is not different than Turkey's for the last thirty years. If you want to swim, you have to throw yourself in the ocean. You cannot learn how to swim in a swimming pool." The company has also branched out into providing flights for pilgrims in Saudi Arabia, but Bagana sees more opportunities in the wider region. "Our future is the extension of our Istanbul-based traffic to Southern Russia, the Balkans, Central Asia, the Caucasus, the Middle East, and North Africa." The company places much stock in the new airport, which he says will mark the "start of serious hub operations" for Onur Air. "We are expecting the construction of the new airport to expand our business from domestic to international destinations of maximum-three-hour flight distance from Istanbul," explains Bagana, maintaining a realistic outlook. "Small airports of the neighboring countries will be good enough for us because Istanbul itself is an attraction center." Bagana also sees great potential in attracting long-haul passengers by possibly servicing several regional destinations. "We have to prepare packages together with our neighbors. We do not have to sell Turkey alone, but Turkey in combination with Greece, Egypt, and Cyprus," he explains. Bagana is adamant that "Turkish aviation has a very important role as a leader in the region." 



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Fast-Growing Energy Market

Turkey's growth is accompanied by a great thirst for energy. This past decade, the country's increase in demand for electricity and natural gas has been second only to China. Gazprom, Russia's natural gas exporter, recently stated that Turkey may overtake Germany as its largest customer. Turkey imports more than 98 percent of the natural gas it consumes. By 2023, the government wants to significantly reduce this dependence. "We aim to reduce \$12 billion worth of natural gas until 2023 and replace this with domestic resources," says Taner Yildiz, Minister of Energy and Natural Resources. "Turkey will invest \$100 billion in energy within the next ten years."

Installed capacity of electricity generation is targeted to increase to 100,000 megawatts (MW) by putting nuclear power plants into operation and by making use of domestic lignite and hard coal reserves. In addition, the government is planning to harness the country's rich renewable energy resources. Power generated from geothermal, solar, wind, and hydroelectric energy is on the rise. "By 2023, we aim to increase the portion of renewables in the energy mix to 30 percent," says Yildiz. "We aim to have installed capacity of 20,000 MW from wind energy, 3,000 MW from solar energy, and 600 MW from geothermal energy." This will come in addition to existing and planned hydroelectric installations.

Turkey is estimated to hold about 1 percent of global hydroelectric potential.

Thanks to its strategic location, Turkey already claims a status of regional leadership in energy. Even if the country lacks significant hydrocarbon reserves, as Besim Sisman, CEO of the Turkish Petroleum Corporation (TPAO), readily acknowledges, he sees Turkey having an important geographic advantage in "the center between energy-producing and energy-consuming countries." He points to Turkey's energy-rich neighbors who cross Turkish territory to reach their customers. Recent, strategically important projects include the Trans-Anatolian Pipeline Project (TANAP), which will transfer Azerbaijani gas through Turkey into Europe, as well as the Baku-Tbilisi-Ceyhan (BTC) main crude oil export pipeline and the Baku-Tbilisi-Erzurum (BTE) gas pipeline project. In addition, a gas pipeline between Turkey and Greece has been completed and export has started.

In face of these developments, foreign direct investment in the Turkish energy sector is on the rise; in 2011 alone it came to \$4.2 billion. Minister Yildiz is optimistic. "With the energy sector becoming a significant factor in the expansion of the Turkish economy, domestic and foreign investors' interest in this sector is growing, which is a reflection of Turkey's political and economic stability in the energy sector."



Meeting the Demand Challenge

In Turkey's drive to generate more power - increasingly from domestic sources - a central role falls to the state-owned Electricity Generation Company (EUAS). As the country's largest company of its kind, with an estimated turnover for 2013 of about \$6.8 billion, EUAS manages a full 43 percent of Turkey's total installed capacity and 38 percent of total electricity generation as of the end of 2012. EUAS oversees the majority of the country's coal-fired thermal power plants and hydroelectric installations.

In light of government targets to almost double total installed capacity in ten years' time, energy generation must grow accordingly to cope with growing demand. "New energy investments are required to meet the demand of 467 billion kilowatt hours (kWh) in 2021," says Halil Alis, General Manager and Head of the Board of Directors of EUAS, specifying that "three to four thousand MW of new capacity and an investment of seven to eight billion dollars are needed annually."

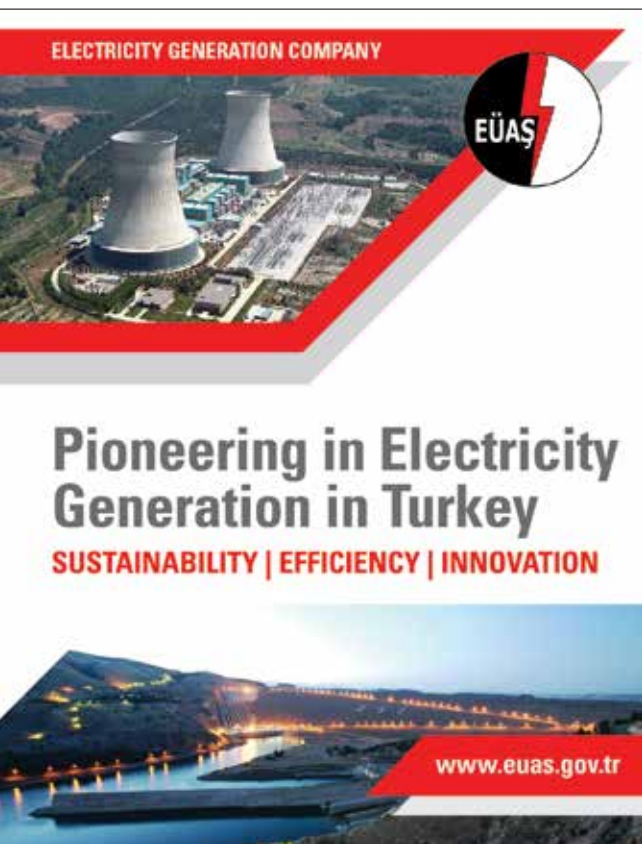
This requires greater diversification of the sector, but also greater efficiency. Alis believes that "investments in nuclear and renewable energy sources as well as the exploitation of domestic lignite and hydropower should be made rapidly." He also points to the beginnings of a process of privatization of existing energy plants. For its part, EUAS is increasing the efficiency of its existing installations, which

include old generation facilities. "Revisions and rehabilitations have been made in these plants. Thus, capacity utilization rates, system efficiency and availability of the plants have been increased," says Alis. The long-term competitiveness of EUAS should be assured. Lignite, of which EUAS holds about two-thirds of the country's reserves, remains an important source of domestic energy for the company. And as the government plans to establish new nuclear power plants, the first to be operational by 2023, Alis expects EUAS to play a greater role in nuclear power generation. At the same time, holding 66 percent of the country's hydroelectric power, at low generation costs, gives EUAS a permanent competitive edge over other companies in the sector.

Meeting the Grid Challenge

As part of the same restructuring process that also created EUAS in 2001, the Turkish Electricity Transmission Company (TEIAS) was born to take over the country's transmission facilities and to carry out the planning of load dispatch and operation services. With a transmission electricity network grid length of 50,000 km, TEIAS manages one of the longest networks in Europe. With a consumption capacity of 241 billion kWh, the Turkish network currently falls fifth in Europe, just after Spain. "We are expecting 500 billion kWh by 2023," says Kemal Yildir, Chairman of the Board and General Manager of TEIAS, pointing to the coming challenges.

As new power plants come to life in order to meet government targets of a total installed capacity of 100,000 MW by 2023, they need to be integrated into the electricity transmission network. Crucially, this includes the connection of renewable power resources from wind, hydro, and geothermal plants in various locations. "In northeast Turkey, in the Black Sea region, we have many hydropower river plants, which will soon bring an extra capacity of 5,000 MW," says Yildir, citing one example. "This means that a big transmission line will be constructed in the next two to three years." TEIAS needs to stay abreast and move ahead of any such developments, in order to provide the necessary transmission facilities. Yildir here sees the need for greater flexibility. "On the generation side we have the private sector, and on the consumption side we have the private sector, but in between we have the government sector. We must change mentality and policies and work like a private-sector company." Already, TEIAS is investing in improved control systems, automation, and other smart-grid techniques that can further support the development of a modernized electric grid system. 🌩️



A Hub for Finance and Banking

Buoyed by a booming economy, greater regional integration, and an inflow of foreign money, Istanbul, Turkey's commercial and business center, is in a bid to become a financial hub. "Our target is to become a regional financial center over the course of the next decade, and at end of the decade, by 2023, to become a global financial center," says Vahdettin Ertas, Chairman of the Capital Markets Board of Turkey, voicing the industry's ambition. "We have a very high potential in this regard."

Istanbul's bid is first of all a regional one. The region, to be sure, covers a wide geography, stretching from southeast Europe and North Africa to the Middle East and the Caucasus to Central and West Asia. Turkey entertains trade relations throughout this region, and it shares historic and cultural ties that favor its course. "We want to create a network which will link the markets of the region to each other," explains Dr. Ibrahim M. Turhan, Chairman and CEO of Borsa Istanbul, the entity that this year combined the Istanbul Stock Exchange, the Istanbul Gold Exchange, and the Turkish Derivatives Exchange under one roof. "Many of the countries within this region are at an earlier stage of their development. It will be very difficult for stock exchanges in those countries to survive on their own, due to the size of the markets that are not sufficient to sustain local exchanges against a competitive environment."

Turhan believes that local exchanges have an important role to play in their home markets, but companies in these emerging markets need stronger stock exchanges that understand their needs and enable them to access a global network of funds. "In emerging markets, companies are seen to be relatively riskier, and they are usually small in size. Hence, it is very difficult for them to have access to the facilities of the global banking sector or of major global financial centers."

A financial center in Turkey - where companies in the region look for these types of opportunities - makes sense. "There are, naturally, other possible candidates within the region that consider becoming a financial center," concedes Turhan, but he believes that "Istanbul should be a hub because it is by far the largest market in the region, looking at the average daily liquidity."

A financial center's worth needs to build upon a domestic economic base that is strong enough to sustain the financial market. In this respect, Turkey is well positioned, as Turhan notes. "If you draw a line on Italy and another on China, then between those two, Turkey is the country with the largest industrial production capacity and the sixth-largest agricultural economy."

Raise your expectations!

With its globally competitive and sustainable profitability ratios, Halkbank is the choice of international corporate investors in Turkey.



The country's location generally speaks in its favor, as Turhan points out. "We try to fill an empty time zone. Turkey has a unique geographic position, which enables it to have overlapping session hours with Asia, Europe, and the East Coast of the United States. For example, we have one hour overlapping with the New York stock exchange."

In order to facilitate these developments, Borsa Istanbul has been in close contact with countries and exchanges in the region since 2011, and these relations have resulted in signed memorandums of understanding between Borsa Istanbul and those exchanges. A new capital markets law is now in place, and the Turkish government is offering tax advantages for fund managers to come and settle in Istanbul. Borsa Istanbul, in the meantime, is being restructured, and as Turhan says, "It already has very well developed securities markets for cash equities, derivatives, indices, fixed income, and Sharia-compliant products." A significant upgrading of the IT infrastructure is also under way.

The scope for Istanbul's role as financial center is broad, as Vahdettin Ertas of the Capital Markets Board confirms. "We have to introduce all products that are available in our markets, including Islamic ones, and investors will decide on which one to issue and which one to invest in. The plan is that any financial product available in global markets will be available for trade on the Turkish market by the end of this year."

Toward Sophisticated Capital Markets

Changes in the Turkish capital markets industry are already visible. Attracted by a positive business environment and new government regulations, brokerage and investment firms are contending for the interest of investors. Market players, including established firms, need to offer more innovative and better services to stand out from the crowd. "The main challenge is decreasing margins, due to severe competition from almost one hundred brokerage houses," explains İlhami Koc, Chairman of IS Investment. "Fees are becoming smaller. In order to generate revenues, investment houses try to diversify their businesses with new products." For domestic and foreign investors, this has obvious benefits, as they are able to access increasingly sophisticated services in the Turkish market. In turn, Turkey strengthens its bid as a financial center. "For many years we only traded equities. The fixed-income market was covered by government bonds," recalls Koc, describing some of the recent changes. "With the decrease of inflation, we started issuing corporate bonds, and the fixed-income market became more sophisticated."

IS Investment has been a pioneer for Turkish capital-market instruments since it was established in 1996. A

subsidiary of Isbank, Turkey's largest commercial bank, it is the country's leading brokerage and investment house, and it has managed to maintain its position in a competitive market. Traded publicly since 2007, IS Investment has the highest number of investors of any firm of its kind in Turkey, and it represents more than 26 percent of the market, with assets under management valued at \$6.8 billion. "IS Investment works as a regional center for capital market activities," says Koc, emphasizing the company's strong position. IS Investment no longer only relies on traditional brokerage services; it has diversified into corporate finance, investment advisory, asset management, and research. In addition, reflecting Turkey's growing international orientation, it offers investors the opportunity to make transactions in more than thirty stock exchanges around the world. "We deal with high-net individuals. Some of them invest in foreign denominated products and not in Turkish lira. For a foreign-denominated product, we trade, buy, and sell fixed-income products and equities," says Koc.

In reaching its customers, IS Investment has a clear advantage. Not only does it maintain branches in Turkey and abroad, but IS Investment also relies on the historically strong market presence of its mother company, Isbank. "Isbank has the largest distribution network in Turkey. The name lends confidence," acknowledges Koc. "The 'IS' in our name is a major advantage, in addition to a unique distribution channel."

Banking at Its Best

If foreign banks these days compete for a share in Turkey's market, this is partly owed to the cleansing after-effect of a crisis experienced at the turn of the century. "The Turkish banking sector has achieved a significant structural transformation after the crisis experienced in 2000 and in 2001," says Mukim Oztekin, Chairman of the Banking Regulation and Supervision Agency of Turkey (BRSA). Turkish banking withstood subsequent global financial crises relatively unscathed. "A series of structural reforms after the 2001 financial crisis has transformed the Turkish economy into one which was resilient to the global financial crisis of 2008 and the 2011-2012 euro zone debt crisis," confirms Dr. Erdem Basci, Governor of the Central Bank. "The strengthening of the Turkish economy the past decade has been based broadly on four pillars: financial discipline, prudent financial sector policies, price stability and the structural reforms aimed at raising potential output," he explains. Turkish banks learned to take fewer risks and operate with a stronger capital structure. This is now paying dividends. "Nowadays, the Turkish banking sector has a distinctly good and healthy structure," says Oztekin. "Asset quality and liquidity of the sector is solid, and its funding structure, profitability structure, and capital adequacy are sound." As a result,

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Turkish banking has grown consistently, and it remains profitable, a particular attraction when compared to banking in the crisis-ridden euro zone.

The number of foreign banks buying shares in Turkish banks has multiplied in recent years, and still others are pushing into the market. Even as the sector is relatively concentrated, with the ten biggest banks owning more than 80 percent of the lending assets, Turkish banking retains strong potential for new products and more qualified services. "Compared with mature economies, there can be no doubt that Turkey is still under-banked almost at each segmentation and capital market," says Huseyin Aydin, President of the Banking Association of Turkey. "Every newcomer can find possibilities here, because we are behind in some ratios offering diversified opportunities."

Fast Growth From Diversification

Turkey's Halkbank is a case in point of a bank that in the wake of its 2001 restructuring managed to rise to a new status. At the time, Halkbank developed a business model that placed greater emphasis on loans, small and medium enterprise (SME) lending, and the commercial and corporate segment, rather than government securities, which dominated its portfolio. A merger with Pamukbank brought the desired diversification. "This was the most synergy-creating acquisition in Turkish capital markets history," says Suleyman Aslan, CEO of Halkbank. "After the merger with Pamukbank, Halkbank's performance increased substantially." In Turkey, the bank now ranks

fifth for deposit market shares and sixth for loan market shares. Halkbank maintains 850 branches all across the country, more so in rural Anatolia than in the high streets of Istanbul or Ankara. This gives Halkbank the penetration it needs to reach its niche market, the SME sector. The bank enjoys a head start in this sector, which offers considerable potential in the growing economy but which is also still underserved and underpenetrated in terms of financial services products. "We have seventy-five years of experience in SME financing and we have a close collaboration with regional cooperative unions as well as the Turkish treasury in extending loan facilities, especially to smaller SMEs," says Aslan, underlining that Halkbank has "an exclusive right in extending subsidized loans to SMEs."

The new focus of Halkbank has paid off. From 2005 onwards, it has been the most profitable bank in Turkey, boasting top values in terms of return on equity and return on assets. In 2007, Halkbank made a first initial public offering, followed by a secondary public offering in 2012. "This was a record-breaking event in Turkish capital markets history, and remains to this day the largest-ever public offering in Turkey," notes Aslan.

For the future, Aslan is also eying opportunities outside of Turkey. He believes that "in three to five years' time, Turkish banks will be converging towards mature economy levels in terms of margins and profitability." For Halkbank this means a partial extension abroad. In the coming years, representation offices are expected to open in London, the Gulf region, and possibly Asia.

Turnkey Capital Markets

IS Investment is the leading investment institution in Turkey, offering fast, reliable and effective access to capital markets from anywhere in the world.



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Entering the Turkish Market

The most recent addition to the Turkish banking sector is Odeabank. A subsidiary of Lebanon's Bank Audi, it is the first Greenfield bank to be given a license in Turkey in the past fifteen years. Bank Audi - capitalizing on increased trade flows between Turkey and the Arab world and changing patterns in Turkish banking - expects Odeabank to become one of its main pillars of growth in the coming years.

The decision by Turkey's Banking Regulation and Supervisory Authority (BRSA) in favor of Odeabank may well have been motivated by a desire to further stimulate the country's low savings environment. Turkish savings are well below OECD average. As Mukim Oztekin, Chairman of the BRSA, confirms, "The savings rate is one of the most important challenges of the Turkish economy and of the financial sector." He explains that, owing to Turkey's young population, there is "a tendency towards high consumption and low levels of domestic savings, causing the deposit growth to lag behind the asset growth rate."

Entering a competitive market, Odeabank is quickly building a presence. "We opened our first branch in November 2012," says Huseyin Ozkaya, CEO of Odeabank, "reaching \$1.7 billion in customer deposits in the first two months." Operations began with a rapid roll-out of branches in Turkey's major cities: Istanbul, Ankara, and Izmir. "We opened six branches in 2012 and we have the objective of reaching thirty-two branches by the end of 2013," explains Ozkaya. Though the focus is currently on larger cities, the bank expects to eventually expand across the country and grow the number of branches to one hundred in the next five years.

"We are not a 'niche' bank. Our aim and objective is to be universal and active in all fields," says Ozkaya. Odeabank offers retail, commercial, and corporate banking and is currently working on its credit card portfolio. "We have started to

produce credit cards, which is a major investment and a sign of confidence in the market," explains Ozkaya. "We are investing in the long term and in all areas." This commitment translates into results. "Within eight months of opening, we have 11 billion Turkish lira (\$5.8 billion) in assets, 6.4 billion Turkish lira (\$3.3 billion) in loans, and 8.3 billion Turkish lira (\$4.3 billion) in deposits," says Ozkaya. Since market entry, Odeabank has climbed to fourteenth position in deposits and loans among forty-five commercial and retail banks in Turkey. This is a clear indication of the market's potential. Ozkaya concludes, "We are having tremendous growth, benefiting largely from Turkey's growth and the demand for banking."

The beginning of a new banking era in Turkey

With strength, expertise and solid backing from our main shareholder, the leading bank in the region, Lebanon-based Bank Audi, now is the time to provide new financial dynamism and foster ties between the MENA region and Turkey.

Our young and energetic team, using cutting-edge technology, is steadfastly determined to make Odeabank one of the most admired banks in Turkey.

Reaching an asset size of \$5,8 billion in just 9 months is clear testimony to the high performance and success of Odeabank, the newest player in the Turkish Banking Sector.



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The Attraction of Islamic Banking

With world-wide interest in Islamic finance on the rise, Turkey hopes to attract a greater share of this market, underscoring its bid to become a financial center for the region. "The government plans to increase the share of Islamic banks in the financial sector, and we are trying to increase the share of Islamic capital markets products as well as the investor base that invests in those products," confirms Vahdettin Ertas, Chairman of the Capital Markets Board. Islamic finance offers the opportunity of adding products to Turkey's financial landscape, which could attract investments from growth economies with Muslim populations, particularly in the Gulf region and Asia.

More Participation

Four Islamic banks, or participation banks, as they are known in Turkey, currently operate in the Turkish market. Türkiye Finans is one of the market leaders. With strong backing from its main shareholder, Saudi Arabia's National Commercial Bank, Türkiye Finans hopes to contribute to a wider uptake of Islamic banking in a growing market, but it remains behind hubs such as Saudi Arabia or Brunei, where market shares reach 40 percent. "As a participation bank, we operate on different segments, with a market that is now reaching 5 percent of the total market, compared to 1.9 percent just a few years ago," says Derya Gurerk, CEO of Türkiye Finans. "We are not in a start-up market, and it is hard for new institutions to grow." Still, across Turkey, the bank maintains more than 230 branches, and it has made significant inroads in some segments. "We now have a leading position in SME banking," says Gurerk. "Our SME market share is around 3 percent, which is our strength. Most banks are now exploring this SME segment, but we defend our position." Türkiye Finans continues expansion in major cities as well as rural areas and plans to have 250 branches in operation before the close of 2013. This is also expected to help Türkiye Finans capture a greater share of the retail business, where it sees future potential.

Globally, the bank recently made a splash with the successful issuing of a \$500 million, five-year Islamic bond - also known as a sukuk - that ranks as Turkey's second largest to date. It attracted a 3.8-fold demand from global investors, mainly from the Middle East, but also from Europe and East Asia. "The sale of sukuk, which is continuing increasingly in worldwide markets, has been consolidating its position among important financial instruments," Gurerk commented earlier this year. For Türkiye Finans, which issued a sukuk for the very first time, this success is a clear boost. It is also a boost for Turkey's ambitions in Islamic finance. 🌈

Defense and Aerospace Bring Added Value

For the attainment of Turkey's 2023 targets, the country's defense and aerospace industry plays a very special role. After decades of relying on foreign imports for military equipment and technology, the government is committed to developing domestic expertise. Building on the experience of co-producing third-party systems, such as the F-16 aircraft, under license, the country has been moving gradually toward its own development and production capabilities. "For the last decade, we have been pursuing the development of equipment, with investments in research and development (R&D) and in technology," says Murad Bayar, Undersecretary for Defense Industries. This has led to the successful development of land systems, naval ships, electronic systems, and aircrafts, destined for use by the Turkish armed forces and for international export.

Where possible, the government draws on existing civil expertise, but frequently it is the driving force behind the development of new skills and knowledge. This is where Bayar sees the defense sector "creating an added value for the country." He specifies that investments in the sector are "not defense spending with no return, but defense spending with a technological return." He goes on to explain that "right now, we are the largest investors of all sectors in R&D in Turkey. We create employment and know-how in technology."

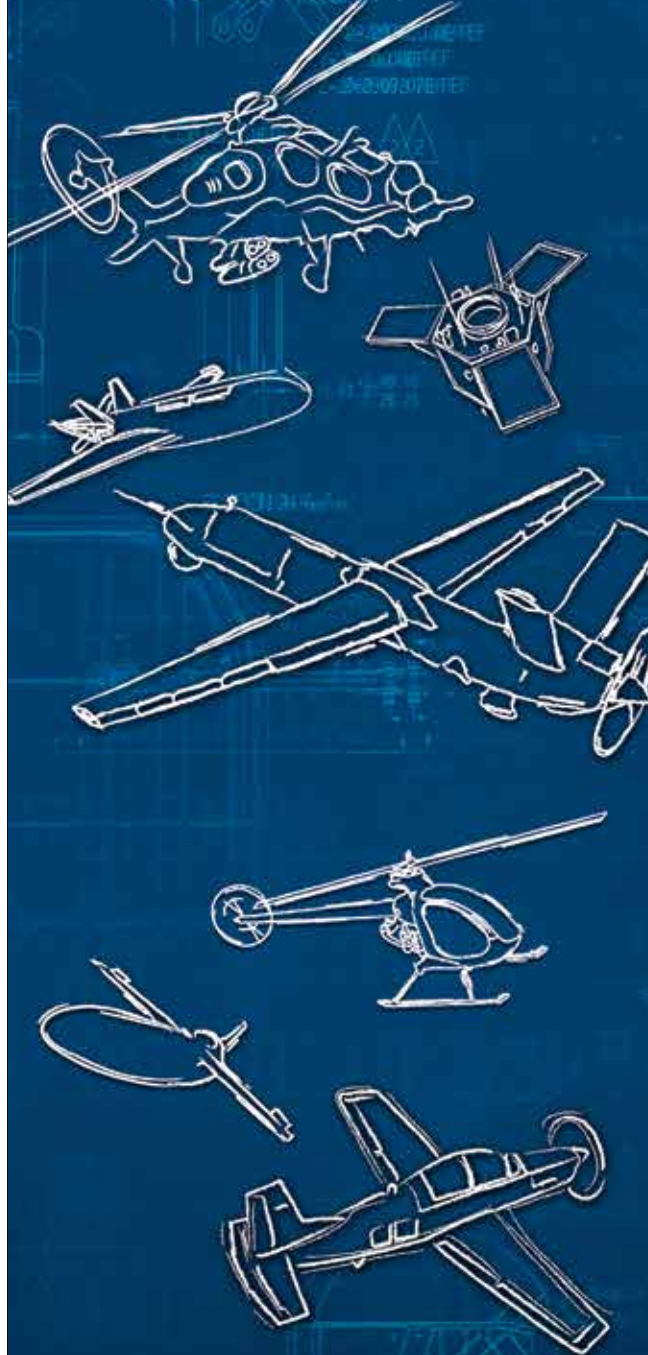
This has led to the emergence of companies that have the capability of creating the type of high-value-added products that can earn the country a premium in exports. Turkish Aerospace Industries Inc. (TAI) is a prime example. First established in 1984 as a joint venture with American partners to build F-16 aircrafts and restructured in 2005, TAI has evolved into an industry leader, ranking among the top one hundred in the global aerospace and defense sector.

TAI is involved in a number of Turkey's flagship defense programs and has business in the design and development of aerostructures, unmanned aerial vehicles (UAVs), attack and utility helicopters, training and fighter aircrafts, and satellites. Since 2005, TAI has achieved a ten-fold increase in annual revenues, to more than \$800 million. "For 2023, we will be a major partner of our government's vision, contributing to national goals as well as exports," says Muharrem Dortkasli, President and CEO of TAI, asserting that "there is huge potential in Turkey and within our company. We feel very optimistic for the future." To compete globally, TAI has made heavy investments in building a skilled workforce. "In the past six years, we have doubled

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A Turkish Armed Forces Foundation establishment.

the number of employees, from 2,000 to 4,500, mostly with engineers allocated to research and development,” explains Dortkasli. “We will continue to invest in engineering and human resources and we are going to have our own indigenous products, derivatives, and advanced versions.”

Exports to the United States and Europe are a significant part of TAI’s business, where it has succeeded in becoming a single-source manufacturer and risk-sharing partner for global aerospace companies such as Airbus, EADS, Boeing, Sikorsky, Spirit Aerospace, and Northrop Grumman. In the future, TAI is likely to target markets in the Middle East and Gulf region, North Africa, Middle Asia, Asia Pacific, and South America. But for the time being, Dortkasli is comfortable in what he calls “the backyard of the European aerospace industry.” This is where he sees TAI’s and Turkey’s advantage. “Defense and aerospace is an industry relying on long-term partnerships. Our business needs a certain level of qualification, education, work ethics, and discipline. In addition we need to provide a competitive advantage on the cost of the products and components. TAI and Turkey fit that description.”

Excellence in Shipbuilding

Turkey’s growing reputation for engineering excellence rests not only on its aerospace and burgeoning automotive sector, but also on its diverse ship-building industry. The country has more than seventy operational shipyards, located mostly in Tuzla Bay in Istanbul and in Yalova in the Black Sea. As much as anywhere else, the sector is affected by a global downturn in the market and low-cost competition from East Asia. But Turkish ship-building is staying afloat with the production

of specialty vessels and smaller ships. “What we are planning is to build niche products,” says Murat Kiran, President of the Turkish Shipbuilders Association. “Our main opportunities are in the offshore business, in naval vessels, and in luxury yachts.” Turkey is already a leader in the construction of chemical tankers of up to 12,500 deadweight tonnage, and expected drilling in the Black Sea will bring demand for offshore supply vessels. Turkish shipbuilders have also started producing for the navy, including a specialized composite high-speed patrol boat, produced by the Yonca-Onuk shipyard, which has become an item of export.

In the luxury yacht segment, Turkish shipyards are competing at global level. Huseyin Mengi, CEO of Mengi Yay, expects the crisis to end in 2013 and strong growth to resume from 2015 onward. “I hope for 30 percent growth compared to the previous year and that we reach a \$10 million turnover in 2013. By 2015, we will raise this to \$20 million.” From a small producer of three-meter boats, Mengi Yay has grown since 1976 into an award-winning shipbuilder for motor and sailing yachts. “We can build five ships simultaneously: two 60-meter boats, two 45-meter boats, and a 25-meter boat,” explains Mengi, adding that he will expand into mega-yachts of more than 60 meters in length if he meets his growth targets. Mengi Yay is representative of a new generation of Turkish yacht builders that compete at the top end of the industry. The company sells to customers in Israel, Russia, Germany, France, and the United States, but it is also looking to new clients in the Gulf region, China, and Japan. Boats are made to order, but at a much lower cost than those produced by industry leaders elsewhere. “We have lower prices than Germany and Italy,” says Mengi. “A boat of the same quality will cost half the money.” Mengi thus expects to win more customers from abroad, but he also sees potential in the domestic market. “We do not have a lot of boat owners in Turkey. People believe that ‘the best boat is my friend’s boat.’ If we change this idea, then we will be able to reach our market potential also in Turkey.” Turkish craftsmanship has certainly come into its own.

Vision 2023 has transformed the Turkish economy across industries and sectors. If Turkey continues along this path, it is squarely set for a seat at the top end of the table of the world’s leading economies. 🌍

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The Ankara Residence



"We have a bright future. Our country has the potential to be one of the greatest powers of its region and the world. We will continue to advance toward our 2023 targets and build Turkey's future hand in hand with our nation."

Recep Tayyip Erdogan, Prime Minister of Turkey

"During the past three to four years of crisis, every single rating agency upgraded Turkey one or two notches despite the global crisis. And looking at the risk premium of Turkey, historically we are now going through the lowest figures ever."

Ali Babacan, Deputy Prime Minister for Economic and Financial Affairs

"We want more integration with neighboring countries and neighboring regions. Important are also balanced and compatible relations between Turkey and the leading powers, the USA, the EU, Russia, and China."

Ahmet Davutoglu, Minister of Foreign Affairs

"All the signs and estimates, particularly OECD forecasts, show that in the next decade Turkey will continue to grow with an approximate rate of 5 percent annually. Turkey is going to achieve its targets by 2023."

Ahmet Unal Cevikoz, Ambassador of Turkey in the United Kingdom

"Growth is dependent on strong infrastructure. We need roads, railways, and seaports that are compatible with global development."

Binali Yildirim, Minister of Transport, Maritime Affairs, and Communication

"We aim to reduce \$12 billion worth of natural gas until 2023 and replace this with domestic resources. Turkey will invest \$100 billion in energy within the next ten years."

Taner Yildiz, Minister of Energy and Natural Resources

"Implementing EU norms and increasing the living standards of our own people to the level of the EU is going to be very important, and it will make it much easier for us to reach our goals for 2023."

Egemen Bagis, Minister for EU Affairs and Chief Negotiator

"Turkey was the country with the second-highest increase in exports last year. The reason for this success is our market diversification strategy."

Zafer Caglayan, Minister of Economy

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Dr. Ibrahim M. Turhan, Chairman and CEO of Borsa Istanbul

"You might say that we are constructing the railway as a commercial 'silk route' from Beijing to London."

Y. Metin Tahan, General Manager of the General Directorate of Infrastructure Investments

"Since 2003, the civil aviation sector in Turkey has seen annual double-digit growth. In 2003, the sector's total revenue was \$2.2 billion. Today, it has reached \$16 billion, an eight-fold increase."

Bilal Eksi, Director General of Civil Aviation

"Last year, the number of passengers in Istanbul was 70 million. But this number is increasing rapidly, as Istanbul is becoming a world hub."

Orhan Birdal, Chairman and Director General of the State Airports Authority

"Turkey is the only country in this region where there is political stability and sustainable economic growth."

Rona Yircali, Chairman of the Executive Board of the Foreign Economic Relations Board of Turkey (DEIK)

"We are quite aware of the opportunities that our country's geopolitical position offers. We are in the middle of a productive area in terms of trade, energy, agriculture, and transportation."

Rifat Hisarciklioglu, President of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and of DEIK

"The Marmaray project is one of the major transportation infrastructure projects in the world at present, which when completed will provide a modern high-speed rail link between the two continents."

Nurullah Tataragasigil, Regional Director of OHL

"We like projects that include difficult tunnels or bridges, where we can make a technical difference. This is our competitive advantage."

Basar Arioglu, Managing Director of Yapi Merkezi

"The new Istanbul airport is going to be built in four phases. The total capacity of the airport will reach 150 million passengers. It will have six runways as well as taxiways, aprons, terminals, and an airport city with hotels and shopping malls."

Ebru Ozdemir, Chairperson of Limak Investments

"The growth percentage of the world's airline business is about 5 percent. Our growth is about 20 percent. Today, we have 50 million passengers; by 2020 we will have about 100 million passengers, the biggest number of any airline in Eurasia."

Dr. Temel Kotil, President and CEO of Turkish Airlines

"Last year we carried 13.6 million passengers, and this year we are expecting over 15 million."

Sertac Haybat, Chief Executive of Pegasus Airlines

"Our future is the extension of our Istanbul-based traffic to Southern Russia, the Balkans, Central Asia, the Caucasus, the Middle East, and North Africa."

Cankut Bagana, Chairman and Managing Director of Onur Air

"New energy investments are required to meet the demand of 467 billion kilowatt hours (kWh) in 2021. Three to four thousand MW of new capacity and an investment of seven to eight billion dollars are needed annually."

Halil Alis, General Manager and Head of the Board of Directors of the Electricity Generation Company (EUAS)

"On the generation side we have the private sector, and on the consumption side we have the private sector, but in between we have the government sector. We must change mentality and policies and work like a private-sector company."

Kemal Yildir, Chairman of the Board and General Manager of the Turkish Electricity Transmission Company (TEIAS)

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Muharrem Dortkasli, President and CEO of TAI

"What we are planning is to build niche products. Our main opportunities are in the offshore business, in naval vessels, and in luxury yachts."

Murat Kiran, President of the Turkish Shipbuilders Association

"We have lower prices than Germany and Italy. A boat of the same quality will cost half the money."

Huseyin Mengi, CEO of Mengi Yay

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