

TODAY'S BUSINESS

WEDNESDAY, MAY 16, 2007 WWW.TODAYSZAMAN.COM



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PHOTO MUSTAFA KIRZLI



TUSKON Chairman Rızanur Meral

Accelerating Turkey's business evolution

FARUK CAN, İSTANBUL

"Our major aim is to promote all our members to an upper division, converting a small trader to a businessman, a businessman to a manufacturer and a manufacturer to an exporter or multinational company," said Rızanur Meral, chairman of the Confederation of Turkish Businessmen and Industrialists (TUSKON).

In an interview with Today's Zaman he explained the establishment of TUSKON and its major missions and emphasized that the ultimate goal was to contribute to the development of Turkey and make it stronger in international platforms. Meral emphasized that TUSKON is not an organization that was established at the center and then spread to what he calls the "peripheries," or businesses that are not as fortunate as the big companies located at the heart of the country's business circles. On the contrary, it was formed exclusively to meet the necessities of those peripheries.

"From the beginning of the '80s, Turkish companies started to grow and became stronger by individually pursuing their own success stories," he said. "By the early '90s the companies recognized that they could be more powerful when they act together, and those years were a golden age for nongovernmental organizations." **CONTINUED ON PAGE 10**

Report says global energy axis shifts, Turkey's star rising

International consulting company Deloitte has claimed that the world's energy axis is changing directions and will now point toward such places as Saudi Arabia, the Caspian Sea region, Siberia and Canada.

In a recent report titled "Change in Energy: The Biggest Challenge in the 21st Century," Deloitte said Turkey's importance as an energy hub on this new axis in both oil and natural gas was rising. The report also drew attention to the problems emerging as a consequence of the recent hike in oil prices and of global warming and stated that they are forcing humanity to work more on developing alternative energy resources.

The report emphasized that in this new era, in which the energy axis is moving northwards, natural gas is considered the cleanest fuel resource and the heir to oil's throne. Deloitte also pointed out that unless the world gears up its R&D activities on improving alternative energy, even today's oil prices of \$60 a barrel will one day seem cheap. **CONTINUED ON PAGE 12**

ANALYSTS AGREE THAT ECONOMY HAS PERFORMED SUPERBLY

Unprecedented economic growth proves solid

MICHAEL KUSER, İSTANBUL

Near the end of 2004, the Economist magazine forecast that Turkey faced imminent currency devaluation, saying that the country was in the same category as the economic basket case, Zimbabwe. Now, the lira is at the same level it was even a year before the best financial journal in the world warned of collapse, and Turkey has just posted its record 20th consecutive quarter of economic growth.

Of course it's easy to criticize business journalists for making false predictions; yet, it's only

fair to admit that Turkey's economy and currency puzzle even the professional economists.

So what has led the Turkish economy to grow and keep growing, year after year, through a war in Iraq, terrorist attacks in Istanbul, a doubling in oil and gas prices, and global financial markets turmoil? Leaving the value of the lira to the central bank and foreign exchange hedge specialists, what factors lie behind the great performance of Turkey's economy?

International Monetary Fund spokesman Masood Ahmed said last week at a press conference in Washington that "Turkey's performance

under the program that the fund has been supporting has been and remains good. Disciplined economic policies, especially a high fiscal primary surplus, have enabled reductions in inflation and public debt ratios and strong growth. There have also been significant structured advances made in banking, in tax reform and in privatization."

Continued financial discipline and structural reforms, especially in the social security area, are needed to ensure fiscal sustainability and to entrench low inflation and strong growth, he said. Two of the leading foreign investment banks working in Turkey,

Morgan Stanley and Deutsche Bank, help illustrate how top analysts can differ in their interpretations of the same macroeconomic data. Painting with a broad brush, one could characterize Morgan Stanley as the bull of the two, and Deutsche as the bear.

Global volatility is a challenge, but the sky is not falling on the Turkish economy, Morgan's Serhan Cevik wrote in a recent report: "The band of catastrophists and hypochondriacs puts forward cataclysmic scenarios, but Turkey has continuously outperformed expectations and become one of the fastest growing economies in the world." **CONTINUED ON PAGE 23**



African ministers and businessmen hand in hand with Foreign Trade Minister Kılıçdaroğlu Tüzmen at the inauguration ceremony of the last year's summit.

PHOTO MUSTAFA KIRZLI

The Turkish economy, a success story: Is it a success or a story?

KERİM BALCI, ANKARA

Politics can be rather confusing, especially if it is election season and the politicians are speaking about economics. Turkey's economic success in the last five years has made countless headlines in the international press.

The export industry is breaking record after record and has already shouldered the psychological high of a \$100 billion a year. The gross national product grew in the last four-and-a-half years from \$181 billion to \$400 billion. Per capita income was \$2,598 when the Justice and Development Party (AK Party) came to power, and it now borders \$5,700. The country's economy country grew continuously in the last four years; while the average growth rate between 1993 and 2002 was 2.6 percent, it was 7.3 percent for the years 2003-2007.

These are of course obscure numbers and they need interpretation. AK Party supporters interpret them as evidence of an "economic golden era," while the opposition believes the numbers are either "played with," indicators of a global economic boom or of the success of policies already formulated before the AK Party government. One such person is Hasan Ersel, a columnist with Referans daily. In a recent article Ersel claimed that Turkey has failed to score higher than Brazil or China in all economic indicators, excluding an increase in exports. "We have got medium marks for growth. We are below the medium mark in terms of external loans. We are a failure in terms of inflation and current deficit," Ersel wrote. Ersel was not playing with numbers. He was just comparing them to more successful economies. "In the 2003-2006 period Turkey's average growth rate was 6.9 percent. This was rapid growth compared to our previous performance. However the world too was growing fast in the same period, with an average rate of 4.9 percent. On the other hand the average growth rate for developing countries was 7.5 percent," Ersel said. **CONTINUED ON PAGE 22**

SECOND YEAR OF PICKING AFRICA STRATEGY'S FRUITS

İBRAHİM TÜRKMEN, İSTANBUL

Turkey is reinforcing its ties with the African continent both historically and geographically with as much momentum as it is with Europe by a second trade bridge constructed solely by the hands of private entrepreneurs. Commercial relations with Africa, a continent comprising 53 countries with a total population of approximately 1 billion, have not been adequately developed despite high potential. In spite of Turkey's efforts to boost foreign trade with

Africa, trade with the continent remained at \$9.6 billion in 2005. In other words, Turkey held a share of only 2.2 percent of the total trade volume of Africa.

The occasional visits to African countries by Prime Minister Recep Tayyip Erdoğan, Foreign Trade Minister Kılıçdaroğlu Tüzmen and sector representatives failed to rapidly boost trade to targeted levels. This failure revealed the necessity of private sector initiatives to make the Strategy of Developing Economic Relationships with Africa, launched by the Turkish Foreign Trade Undersecretariat in 2003

and backed by the government, a greater priority.

The Turkish Confederation of Businessmen and Industrialists (TUSKON), aware of the need to boost trade, invited 500 African businessmen to Turkey last year to improve commercial relations. Ministers, bureaucrats and representatives of the largest companies of 33 African countries held meetings with their Turkish counterparts in Istanbul and other major cities in Anatolia to discuss business opportunities and establish commercial ties with nearly 2,000 businessmen. **CONTINUED ON PAGE 09**

Leading flour producer Bafra Eriş Un sets sales to Africa



Bafra Eriş Un is a leading company in the flour sector with its advanced strategies and projects to meet specialized customer demand. Bafra Eriş Un Ar-GE Department nutritionists are researching the world's breads to determine customer needs and produce the best type of wheat flour.

Bafra Eriş Un has a significant share in African countries for bread as well as cracker production. The company has scheduled container and sea shipments to African countries that allow the quality of the flour to stay fresh and keep prices at reasonable levels.

Bafra Eriş Un was founded in Bafra in 1974. The company decided to produce world standard flour and services and opened its second factory in Silivri, Istanbul. It invested in the latest technology and has become one of the leading companies in international wheat markets.

The company was able to multiply its production capacity with a second plant and opened an export department. Today, the production capacity of both plants is 430 tons of wheat each year. According to official figures, in 2005 the company had \$42 million in

revenue and \$7.5 million in exports, and in 2006 the company had revenue of \$70 million with \$17.5 million in exports, mostly to Africa and Asia.

Istanbul board deputy director Ahmet Eriş said: "Our aim in 2007 is to become a leading company in the sector within three years by keeping our technology and quality updated and producing new products with our devoted workers. We are honored that our name engenders trust in our domestic and foreign customers and that our one-to-one customer relations have been taken as examples by our

competitors. We will continue to work non-stop to become even better."

Eriş highlighted his company's dedication to quality production, hygiene, sanitation and proper storage and added that the company had received a 9001:2000 Certificate of Quality and the Standard National Indonesia Certificate, a certificate that is very difficult to secure, for its success in the Far East market.

"These certificates are proof of the importance we put in making quality products," Eriş said. **Istanbul Today's Business**

'We want to grow alongside Africa'

Beş Kita (five continents) chairman said: "We, as three friends, decided to set up a company that would open up to the world and do business in which we would have control over both production and marketing. The business world wasn't anything new to us, because all three of us had major individual business experience. We are all currently continuing sales and marketing business at our firms, which have a 30-year history.

Our main intent in setting up the company Beş Kita was to find a place for our products and brands on the international market. We chose to begin with Africa, where most countries are overwhelmingly importers of industrial products. We targeted easing as best we could their predicament of having to buy low-quality products at high prices from imperialist countries by selling them higher-quality products at cheaper prices -- even buying their produce -- to contribute to these countries' growth. Currently, timber and steel doors and door frames, kitchen and bathroom closets, decorative perforated metal sheet products and custom sheet metal products are in our product portfolio. We are selling these products in various sorts and degrees of quality at the best prices possible. In addition we also acquire and sell products in the construction sector. **Istanbul Today's Business**

Hatemoğlu: synonymous with quality for 83 years

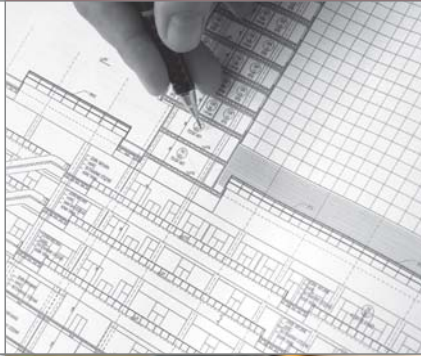
Celebrating its 83rd year in menswear, Hatemoğlu is well known for its high-quality fabrics and production. The exclusive collection Hatem Sayki includes custom-made suits, two-ply shirts, silk ties and fancy tuxedos. Hatemoğlu is the widely known basic line, while "html" is a casual weekend collection consisting of jeans, cotton jackets and pants, and colorful T-shirts -- mostly preferred by the younger generation. A wide variety of fabrics and accessories are imported from all over the world as well as from well known domestic suppliers for use in Hatemoğlu's pieces. Hatemoğlu has distributors and franchisees in the US, Spain, Holland, Malawi, Kazakhstan and Kyrgyzstan, with its products being sold in 22 stores locally and eight abroad. **Istanbul Today's Business**



PHOTO: DAA

Lufthansa, THY launch joint flights

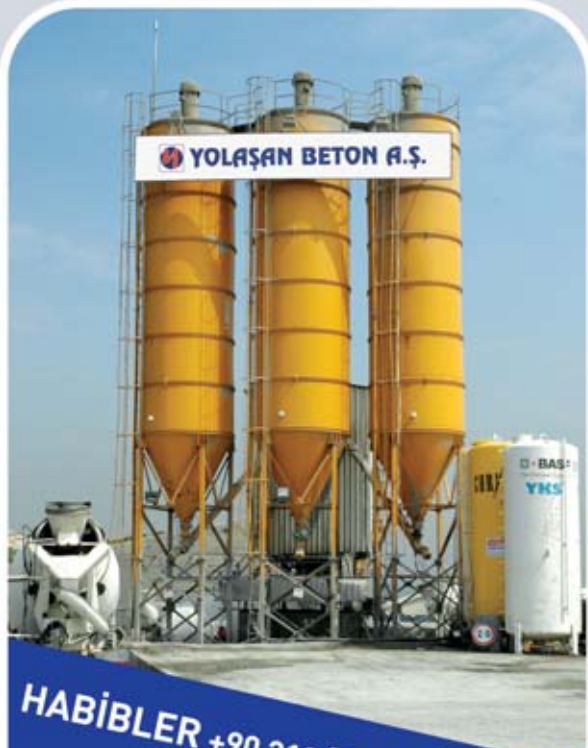
Joint flights arrangements for Lufthansa and Turkish Airlines (THY) between Istanbul and Munich have been launched yesterday. With the arrangement customers of both companies will find more flights available to more destinations and more transfer points in Frankfurt, Munich, Istanbul and Ankara. The second phase of the agreement will include travel between Munich and Ankara, and Munich and İzmir. Meanwhile it was also announced that with the new agreement, THY customers will be able to fly to destinations in the US, including Atlanta, Boston, Dallas, Denver, Detroit, Los Angeles, Miami, Philadelphia, Portland, San Francisco and Charlotte, beginning in late 2007. **Istanbul Today's Business**



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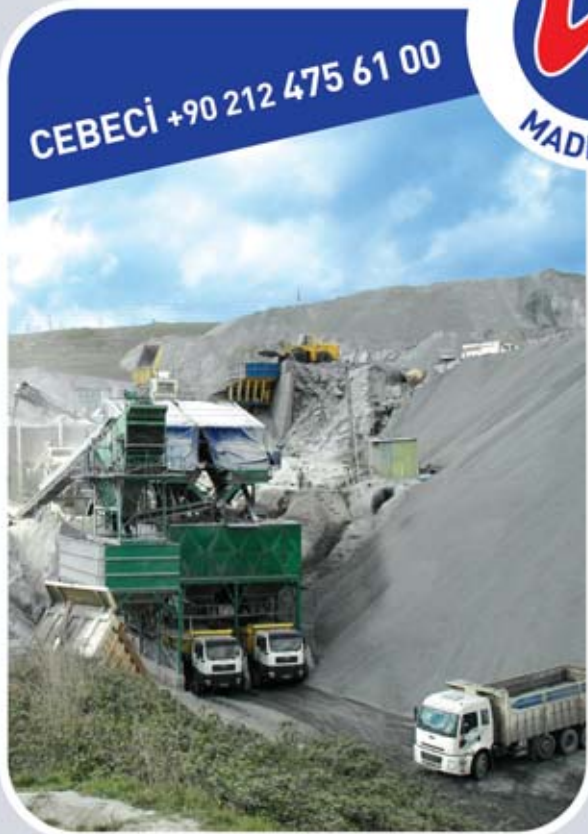
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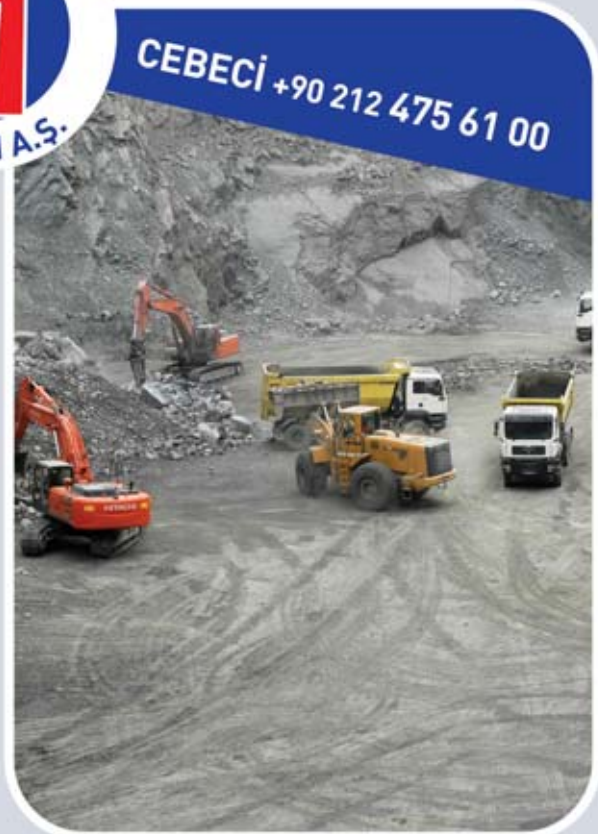
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Turkey, new rising star for shopping malls

ANALYSIS

Jason Nash

OXFORD BUSINESS GROUP

While property developers, bankers, insurance firms and economists all welcomed the passage of Turkey's mortgage law and the impact it will have on the residential real estate market, shopping mall development is experiencing an impressive -- though less documented -- expansion in Turkey.

This has been reflected in the number of new shopping centers that have emerged in Istanbul in recent years, the number of mall development projects that continue apace and the level of foreign investment flowing into the segment of commercial real estate.

Investors have certainly taken note of the business opportunities at hand. America's Merrill Lynch, along with its Turkish partner Krea Real Estate, owns a 50 percent share of Eskisehir's Neo Shopping Mall in Istanbul and is looking to take full ownership of a mall that took \$35 million to construct. This comes as part of Merrill Lynch's broader plan to buy into real estate in Turkey, with \$649.3 million reserved to that end.

The biggest acquisition has been that of St. Martins, the UK-based property developer owned by the Kuwait

Investment Authority, which offered \$421.7 million for a 50 percent share in Sisli's Cevahir Mall in November 2006. After acquiring the initial stake, St. Martins bought the entire complex for a reported total of \$750 million. This came as a strong reflection of the perceived value of the entity, originally owned by the Istanbul Municipality and Turkey's Cevahir family. As Europe's largest and the world's second-largest mall, Cevahir Shopping Centre testifies to the potential of consumption and retail in Turkey. Local players have followed the trend, pouring capital into mall development projects. Avrupa Construction is managing the building of the 25,000-square-meter Verde Molino Residential and Shopping Centre in Bahcesehir. Larger projects continue to emerge in the city centre of Istanbul. In January 2007 Turkish construction company Garanti Koza hooked up with the founding partner of Istanbul's Akmerkez shopping center -- the Dinkok family -- for plans to construct a second Akmerkez on an 80,000-square-meter plot.

Meanwhile, leading shopping centre development company Multi Turkmall -- a joint venture between the Netherlands-based Multi Development and Turkey's Turkmall -- is developing a range of slick shopping centers across the country, including Trabzon, Aydin, Antalya, Mersin, not to mention Istanbul and Ankara.

Such an expansion should come as no surprise.

Turkey's per capita Gross National Product (GNP) continues to grow, with Prime Minister Recep Erdogan expecting the figure to increase to \$11,000 by 2013, compared to \$5,341 today. Mall developers rub their hands in anticipation, with more income implying more consumption amongst city dwellers. Mall development has also been spurred by retailers, anxious as they are to secure themselves a shop in Turkey's top malls. As such, retailers and consumers are there, as are investors, to buy large stakes if not full ownership of local shopping malls.

As Ali Pamir, managing partner of advisory firm DTZ Pamir & Soyuer, pointed out, retail developers don't have to finish the buildings under construction to find a buyer these days. The difficult task of locating and acquiring a site and acquiring permissions has already been taken care of.

Though shoppers happily embrace new retail hubs, city commuters are non-plussed by the additional congestion that mall development implies, with Kanyon, MetroCity, Cevahir and Akmerkez aggravating choke-points in Istanbul's congested streets. City planning, one analyst comments, has not factored sufficiently in some of these developments. Such considerations, though, are unlikely to figure too heavily in the calculations of mall developers and owners who see Turkey's large consumer potential as a primary determinant of investment.

State supportive of foreign direct investment

According to data from the United Nations Conference on Trade and Development (UNCTAD), global foreign direct investment flows reached \$1.2 trillion in 2006. A foreign capital report drafted by the Izmir Chamber of Commerce states that according to the UNCTAD data, the foreign capital appearing Turkey in 2006 reached \$19.8 billion, the highest level in history.

Data for the first two months of 2007 released by Treasury Undersecretary General Directorate of Foreign Capital indicate that direct global capital inflow to Turkey was approximately \$7.25 billion. As a result of policies to attract foreign investment, with the exception of real estate investment, Turkey enjoyed success in world standings with \$17.1 billion foreign direct investment in 2006.

We will briefly comment on the Foreign Direct Investment Law, which has a bearing on foreigners still thinking of making investments or having doubts about investing in Turkey.

With the Foreign Direct Investment Law, which came into force on June 17, 2003 after it was announced in the Official Gazette, an important step was taken to encourage foreign direct investment in the protection of foreign investor rights, the restructuring of permit and certification requirements and the provision of assistance during the process of investing.

This law clearly identifies the rights and liabilities of foreign investors. Abiding by international agreements and private legal decisions, this law offers freedom to make foreign direct investments in Turkey and secures investor rights by treating foreign capital companies set up in accordance with Turkish trade law and local investors equally.

Here, we have to give a general definition on what constitutes "foreign direct investment." It may take place either by setting up a new company or branches for its own company or by holding shares in an existing company with shares other than those already traded on the stock exchange or by buying a 10 percent share from the stock exchange or having equal voting rights, through:

1- Imported from abroad by foreign in-

vestors:

- Capital in the form of convertible money traded by the Turkish Central Bank
- Company securities (except government bonds)
- Machinery and equipment
- Industrial and intellectual property rights or 2- Provided locally:
- Reinvested profit, revenue, financial receivables or other financial investment rights
- Rights to search for and process natural resources

Foreign investors follow the country's economic and political agenda very closely, and it is an important factor for them in their decision making to see their investment and existing rights secured. In this direction, foreign investors' rights to transfer money are secured by the law with the following clause: "Net profit by the foreign investors' operations and activities in Turkey, their financial profit, amounts of trade, indemnity and liquidation, amounts paid for license, administration and like agreements, foreign credit capital and interest payments can easily be transferred abroad."

The following secures the right for foreign investors to have immovable property: "Companies set up in Turkey or incorporated bodies are allowed to have immovable properties or limited real rights in areas open to citizens of the Turkish Republic."

In the event the foreign investors want to use their companies' securities abroad, instead of monetary capital, under Turkish commercial law, authorities and experts assigned by the courts of country of origin according to its legislation or international assessment institutions are accepted as value assessors.

For those foreign investors who would like to employ a foreign workforce, the Law on Foreign Work Permits No. 4817 and related regulations are restructured to enable foreign investors to secure foreign staff.

The law offering new conditions for foreign investors also secures the rights of existing ones: "The companies set up within the law's Article 62/4 and dated Jan. 18, 1954 are to abide by this law, reserving their rights." **Burak Oğuz** Istanbul



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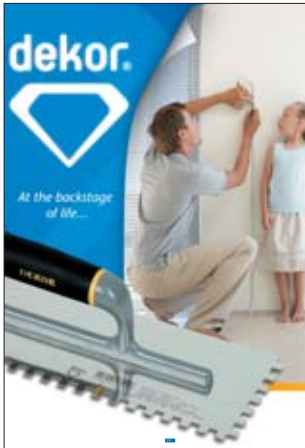


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NEW GENERATION PASTA





HASSAN, a leading company in construction

The HASSAN Construction Machine Industry and Business Limited Company was founded in 1960. Today it sells over 300 different products in construction equipment under the trademark Dekor. Its manufacturing plant is located in Istanbul, and the company accounts for 80 percent of the market share in its sector. While quality, customer satisfaction and investment in the latest technology are a priority for HASSAN, special machines and models are also designed and manufactured. HASSAN currently exports to over 50 countries and is continuously expanding its product list in line with customer demand.

FROM ANATOLIA TO GLOBAL ILLUMINATION

Haksat was founded in 1954 after Hasan Pasa Hamamcioglu completed and apprenticeship under his father. He ran a small business in the Divrigi district of Sivas until 1979, when he became a partner in an electrical lighting business in Antalya with some of his relatives there. As the tourism sector started growing in Antalya in 1984 the company became one of the biggest suppliers of electrical and lighting accessories. Around this time Hamamcioglu had his sons work on manufacturing electrical light fittings in Istanbul.

In 1989 Hamamcioglu and his sons founded the HAKSAT Electrical Lighting Company. In 1991 he withdrew from the partnership in the business in Antalya and concentrated his energy solely on HAKSAT.

Currently the company has three stores, two depots and a representative office in Istanbul. With its qualified personnel and a product portfolio of more than 22,000 units in stock, the company has a rich assortment in a wide array of products from electrical and lighting equipment to automation and hardware. The company is also involved in business branches such as security and hygiene equipment for hotels.

HAKSAT is now planning to go into e-trade, offering a service in English, French, German and Russian by the end of this year.

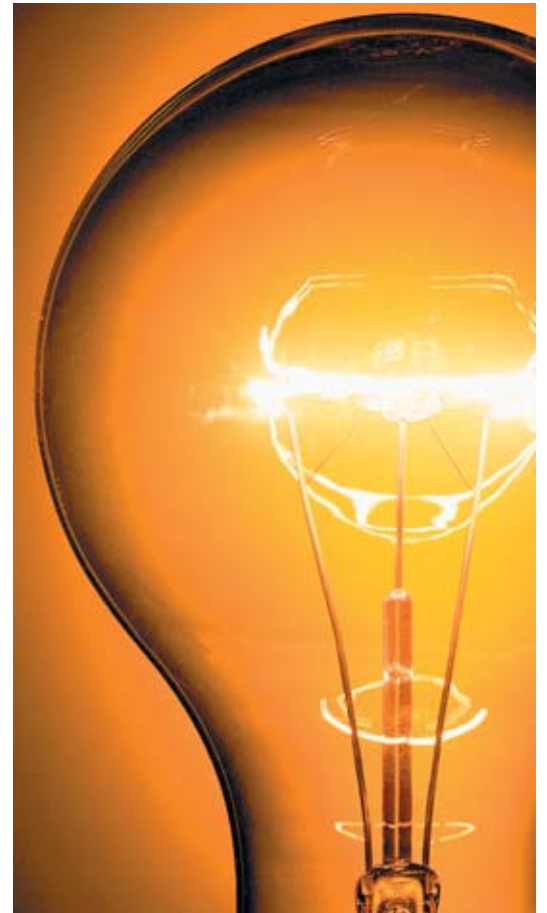
In addition to its import activities the

company has worked in different sales, construction and manufacturing projects for about 200 four and five-star hotels and about 1,000 three-star tourism facilities in the Aegean and Mediterranean regions. The company also offers computer security solutions and has consulted a number of facilities in conserving energy.

The company's facilities currently extend over a 5,000-square-meter area, planned to expand to an 8,000 square meters. HAKSAT, with its investments in infrastructure now almost complete, currently has the capacity to open an office anywhere in the world. "People first" is the company's motto in its investments. HAKSAT's corporate culture holds knowledge to be above capital, as displayed by the company's increasing concentration of technology investments.

Rolva Computer Systems

Founded in 1988 Rolva offers a wide range of services and products including network infrastructure, hardware, networks design, training, network security, encryption, long and short area wi-fi networks, wireless solutions, Internet security, firewall, antivirus, Internet filtering systems, uninterrupted power supply units, and voice-over IP related items. The company also provides full support to businesses in all computer, network and IT security solutions.



Kaysu, Europe's most famous minibar producer

Kaysu, which began its industrial work in the 1950s by producing textile equipment, continued in this sector in the 1980s by making water filters, which were in high demand in those years. Owing to the economic constrictions in the field of water filters, which they have continued to make, they began the production of hotel type mini-bars known as the N-type in 1995, and the mini-fridges known as the T-type.

Having attended many exhibitions around the world, Kaysu has become one of the most renowned mini-bar firms in Europe, particularly after making distributorship agreements with firms from 22 countries. England, France, Italy, Spain, Germany, Holland, Sweden, Greece, Bulgaria, Romania, Portugal, the Czech Republic, Austria, Lebanon, Egypt, Brazil, Morocco, Tunisia, the UAE, Israel and Turkish Cyprus are the countries to which Kaysu exports through distributorship agreements and also for which it produces their own brand in its facilities.

It also made an agreement in 2002 with Le Meridien, an international hotel chain, to fulfill all its mini-bar needs, taking the first steps to establish sales services abroad.

Most recently, it was the only Turkish firm to attend Equiphotel'03, the famous hotel equipment exhibition in the field, held in the Brazilian capital of Sao Paulo on Sept. 23-26. On the same date, it also attended Inwehof'03, another hotel equipment exhibition held in St. Petersburg.

Kaysu, which serves foreign customers with 80 percent of its production capacity, keeps making investments for the necessary standard security certificates. Awarded TÜV-GS (Germany), CE (Europe), SASO (Arab countries) and TSE (Turkey), Kaysu is now making efforts to be certified by UL (America) and Gost (Russia). The company has also concluded numerous agreements in the domestic market including with Özalın Inc. (Gloria Hotel), Sembol Inc. (Rixos Hotels), Bursa Otelcilik (Kervansaray Hotels), Summa Inc, Aysel Inc, Nuro Holding, Tentur Inc,

Tutis Inc (Letoonia Hotels), Büyükhanlı Kardeşler Tourism Inc (Justiniano Hotels), Saraylı Inc, Özdişek Inc, Ünal Group, Aydın Ünlüer Inc, Akpınar Companies Group, Altındağ Inc and Kemal Tur Inc.

The company, which carries out joint projects with Metro-Ag in the domestic retail sector, has regional directorates in the Aegean and Marmara regions.

The company continues to make new designs in the direction of customer demand and currently has the following product line:

SE005/Eurobar

Kaysu, manufacturer of the electric drink chiller Kaysu Eurobar SE005, is currently the only producer of the SE005 system in the world, which used to be a Sweden-based business.

These coolers use the groundbreaking Peltier system, which is mostly used in computer systems.

SE005 coolers are the ideal way to cool foods and drinks in any climate. The cooler stands out with its low energy consumption, easy-to-clean glass shelves, Turbo system -- referred to as the cooling system of the future -- for quicker cooling, interior light lock and key wall mounted glass door for the high visibility of merchandise.



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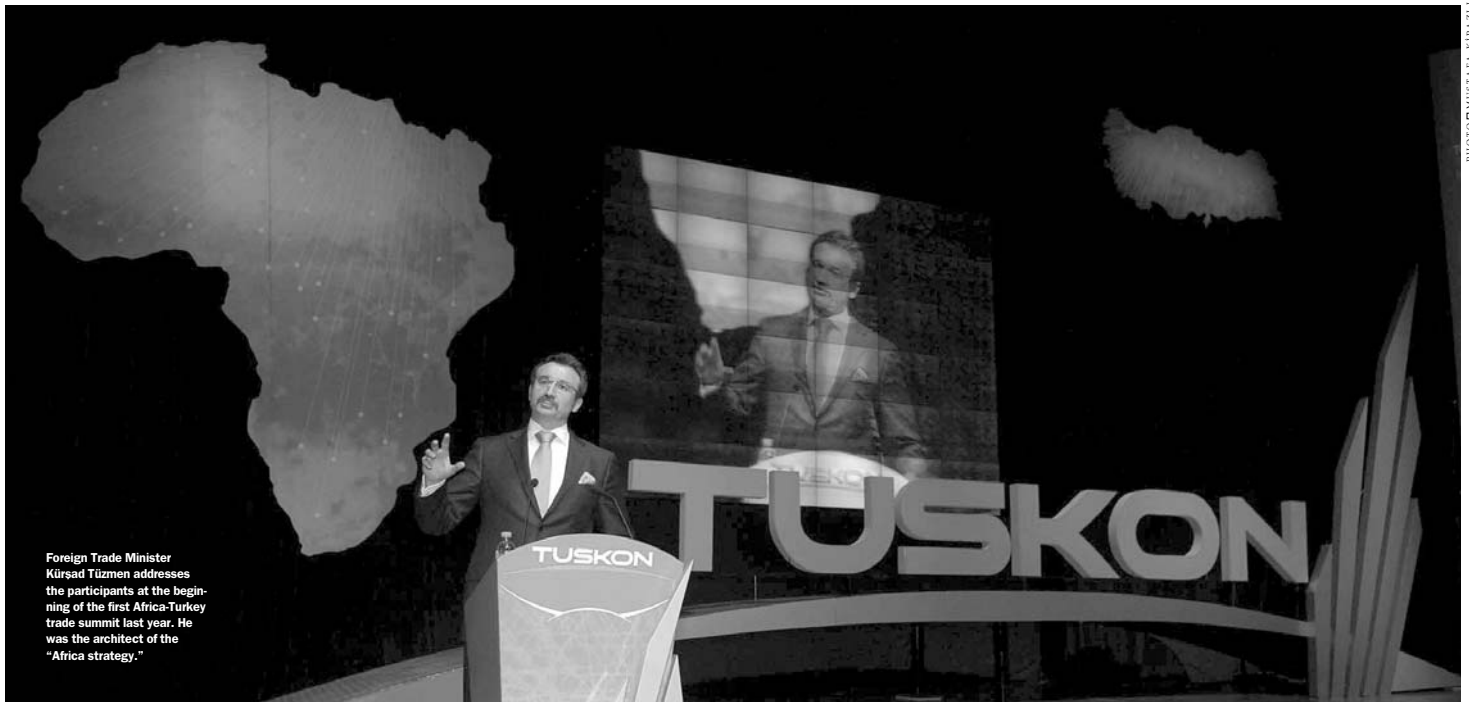
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Foreign Trade Minister Kürşad Tüzmen addresses the participants at the beginning of the first Africa-Turkey trade summit last year. He was the architect of the "Africa strategy."

Second year of picking fruits of Africa strategy

CONTINUED FROM PAGE 1

The summit lasted two days and was registered in records as one of the most important strategic steps taken by Turkey towards Africa.

TUSKON Chairman Rızanur Meral were stating that they hoped to activate a potential \$20 billion worth of trade through the organization titled, "Turkey-Africa Foreign Trade Bridge," as a supplementary move along with the strategy. Foreign Trade Undersecretary Tuncer Kayalar, too, said foreign trade volume between Turkey and Africa

increased by 80 percent as a result of the strategies implemented since 2003. According to the information provided by Kayalar, several delegation visits, technical assistance and various programs were realized through the project, Kayalar said.

Turkey's trade volume with African countries, which was \$5.4 billion in 2003, grew by 80 percent, rising to \$9.6 billion at the end of 2005. The total of contracting projects undertaken by Turkish companies at the end of 2005 reached \$15.6 billion. Kayalar pointed out that the Turkish industry and foreign

trade structure and African economies complement each other. "The African market is a target market especially for small and middle-scale enterprises. It is a market for export on the one hand, and provides cheap raw material on the other," Kayalar said, noting that sectors that have lost their competitiveness in Turkey could be transferred to the African continent in the form of direct investment.

Turkey's exports to Africa were \$2.1 billion in 2003, increasing to \$3 billion in 2004 and to \$3.6 billion in 2005. On the other hand, its imports

were \$3.3 billion in 2003. But they rose to \$4.8 billion in 2004 and to \$6 billion in 2005.

South Africa, Nigeria, Algeria and Morocco are among main countries that Turkey conducts the bulk of its imports and exports. Turkish companies undertook important contracting projects in North African countries such as Libya and Algeria. Contracting projects worth \$578 million were undertaken in 2003, increasing to \$652 million in 2004 and to \$942 million in 2005. Another important step to developing trade was the Commercial and

Economic Cooperation Agreement signed with South Africa, Mauritania, the Ivory Coast and Madagascar in 2005. However, Turkey's level of imports from the continent increased more rapidly than its export trade to the region, and the unexpected excessive increases in oil, natural gas and gold prices played an important role in this. Oil and natural gas products worth over \$1.3 billion were imported from Algeria and Libya, and imports from South Africa, the world's largest gold and diamond producer, also showed considerable increase.

Foreword by chairman

RIZANUR MERAL (TUSKON CHAIRMAN)

Confederation of Industrialists and Businessmen of Turkey (TUSKON) was founded to lay groundwork for further expansion in the country's business front which sets a good example to the world with its dynamism. Despite the fact that it is a young organization, TUSKON has become a big pot in the business world and continues its upward advance. In March, the first Plenary Assembly of TUSKON was held in Istanbul with the participation of the President for The Turkish Great National Assembly, Mr. Bülent Arınç as well as other ministers, over 50 Members of Parliament, bureaucrats, presidents of municipalities, businessmen and the press. I thank them all. The keen interest and support encouraged us about our professional goals.

The principal objective of TUSKON is to share its knowledge, experience and communication networks with the businessmen who are struggling to expand their business; and make them have a major role in the international arena of business. I think that even the very first activity of TUSKON contributed a lot to this principal. This year, in March, we arranged the "Turkish-African Foreign Trade Bridge" program with the support of the Undersecretariat of Foreign Trade. Although this program required a Herculean labour, its result was a complete success. During this two-day program, 500 businessmen from 31 African countries and 1700 Turkish businessmen had the chance to meet. Besides, approximately 60 ministers, bureaucrats and top executives were among the participants of the program. We had an opportunity to introduce our country and the Turkish industry. Furthermore, in Dolmabahçe Palace, together with our distinguished guests, we had a chance to exchange views with Ali Babacan, the Minister of State. Unfortunately, I have to admit that most of the African people are ill-informed about the Turkish economy. Consequently, our program was of high importance from this aspect. Paying visits to the industrial facilities opened up new vistas for our guests as well as for us. Despite our historical linkage with Africa, during the yesteryears there was a lack of accord. Thanks to this program, Turkey and Africa discovered each other once again.



Rızanur Meral

Having inaugurated the program, Minister of State, Mr. Kürşad Tüzmen contributed a lot to the program from the very beginning to the end. Business negotiations between the Turkish and the African businessmen reached its peak during the program. Our aim was to prepare ground for 12 thousand business negotiations, however, according to our observation; approximately 20 thousand business negotiations were conducted. Under TUSKON auspices, many contracts worth millions of dollars were signed during the program. Additionally, the good fellowship among the businessmen appeared to provide a basis for future co-partnership. Is this not something what a confederation demands for its members with the utmost willing? It is yet too early to make estimation, but, we presume that the business volume in this program

alone was about 2 billion dollars. In the long run, our objective is to increase the volume of trade between Turkey and African countries - presently 10 billion dollars - up to 25 billion dollars. The "Turkish-African Foreign Trade Bridge" program was a crucial step in this sense. The "African Desk" in TUSKON will continue to provide support for our businessmen who are interested in expanding their business in this exotic continent. We would like to thank the Minister of State Mr. Ali Babacan, Ministry of Foreign Affairs, Undersecretariat of Foreign Trade, and the Ambassadors, Consuls, Trade Counselors,

Attachés of the African countries, as well as the sponsors and the participants who have supported our program which aimed to make further advance in the Turkish economy. Our country profited a lot from this extraordinary program both economically and culturally.

By courtesy of TUSKON which aroused as a prime necessity in the business front, our businessmen and entrepreneurs are hopeful about the future. However, a fluctuation in the economic progress as well as a firm market and a stabilized political unity may drive to despair. We do not approve the activities that may distract the order of our country such as artificial agenda, provocative activities and explanations that may lead to tension. As our main focus, we should increase the prosperity so that we can reach the affluent society. If we can rise to this occasion, I believe that the future will bring us comfort and joy.



PHOTOS
MUSTAFA KIRAZLI

TUSKON

ACCELERATING TURKEY'S
BUSINESS EVOLUTION

CONTINUED FROM PAGE 1

Meral draws attention to the fact that the dates of establishment of many well-known NGOs in Turkey coincide with those times. The Business Life Cooperation Association (İSHAD) and many other associations - all of which were established in 1993 -- are now gathered under the all-encompassing roof of TUSKON. The associations performed on their own and in their provinces for approximately 10 years, and when the new century began, they began to come together and established regional federations. Those were the first steps for TUSKON. In late 2005, seven federations from the seven regions of Turkey -- Mediterranean, Aegean, Marmara, Black Sea, East Anatolia and Southeast Anatolia -- established TUSKON. In spite of its unique body, TUSKON is a platform where the powers come together.

Meral said they have two main paths to achieve their goals. One of them was to increase the business abilities of the members, and the other was to provide suitable platforms to make members meet new international commercial counterparts.

"For example, our member association in Bilecik sent an e-mail this morning; they were organizing a three-day training program ranging from communication skills to risk management. Each association organizes these programs on their own, and TUSKON contributes them with its know-how," Meral said.

TUSKON increases its members' commercial connections with "foreign trade bridge programs." The first program was the Turkey-Africa Foreign Trade Bridge in the spring of 2006. Five hundred businessmen from 31 African countries with approximately 30 ministers and high-level bureaucrats met with 1,700 Turkish businessmen and held 20,000 business meetings.

In autumn 2006 the second foreign trade bridge was between Eurasia and Turkey, and it encompassed some 450 businessmen from 12 countries such as Ukraine, Turkmenistan, Kazakhstan, Uzbekistan.

Again Meral said many successful meetings took place during the program. "We became sure that we were absolutely on the right path and that the method was one of the best."

After the first two events, TUSKON kept on track with the Turkey-Pacific Foreign Trade Bridge in March 2007. Meral said that talking about the events was easy but that the preparation process of the programs was difficult. He said it took six months to build up the connections and to bring them to Turkey for each event. "More than 150 people worked full-time during the preparations," he said.

Meral also said there were many concrete results from the meetings and gave some examples. He met with a man on a yacht cruise along the Bosphorus. Meral said he was the largest car care products producer in Asia. "We are talking about millions of cars here," he added. Meral said the man was purchasing some chemicals from the US but that he had met with three Turkish businessmen who produced the same chemical. Meral said the man had decided to purchase the chemicals from them because of their competitive prices.

A TUSKON member from Kırklareli -- the Western-most city in Thrace -- who produces bio-diesel, met with a businessman from Malaysia who produced palm oil -- the raw material for bio-diesel. That member was already importing palm oil but now he will be able to get it directly from the producer without any brokers and without their profit margins.

Meral said two cooking oil producer members had build important connections, with one of them getting \$1.5 million in orders from only one country.

The TUSKON president said that Africa, Eurasia and the Pacific were very large geographies and that it was hard to classify them with certain features in terms of business opportunities. But he said Africa was in a great

need of consumption goods: "All kinds of food and food packaging products." He added the furniture industry also presented a good opportunity but not for selling, rather for building a facility and producing there "because Africa is really rich in terms of lumber." Africa is a place suitable for small industry, he said, adding that one can do business and make a profit with only a \$200,000 or \$300,000 investment.

Central Asian and other former Soviet countries have very good business opportunities for construction. Meral said there were many giant investments in construction. "In particular in countries where oil and natural gas are extracted, we have giant port, highway, dam and power plant projects. Africa also needs all of that, but the financial resources in Africa are more scarce," he said.

Meral said they were not familiar with Pacific countries and had gained a great deal of experience with the program. "We recognized that we had a false perception that these countries had only exporting economies," he said and added that the import volume of the countries participating in the event was \$1.4 trillion.

Meral said they received only \$200 billion of their total imports from China; the remainder came from other countries. "The participants from Pacific countries saw the Turkish products and found them to be high-quality and competitive in terms of the quality-price ratio," he said. Moreover, Meral said Turkish businessmen had the opportunity to get the intermediate goods used in production from these countries by eliminating the brokers.

The Asian Pacific countries were also good markets with their large populations. Meral said that Myanmar's population was 50 million, Cambodia's 13.5 million and Indonesia's 225 million and added that Turks may be able to sell many of their products there.

Member federations:

Federation of Marmara Business Life Associations (MARİFED)
Federation of United Businessmen and Industrialists Associations (BİRSİAD)
Federation of Aegean and West Anatolia Businessmen and Industrialists Associations (ESİDEF)
Federation of Anatolian Businessmen and Industrialists Associations (ANSİFED)
Federation of Black Sea Businessmen and Industrialists Associations (KASİF)
Federation of East Anatolia Businessmen and Industrialists Associations (DASİDEF)
Federation of Southeast Anatolia Businessmen and Industrialists Associations (GÜNSİAF)

The profile of a young confederation

The Turkish Confederation of Businessmen and Industrialists of (TUSKON) is a nongovernmental organization made up of the regional federations of Turkey's business world. It was founded in Istanbul in 2005 and since then has expanded country-wide. TUSKON today represents 9,500 businessmen who participate in activities in 124 business organizations. TUSKON aims to make their enterprises and entrepreneurs a part of the global business world through developing scientific and rational methods as the parent institution of businessmen's organizations that were formed to contribute to the economic and social development of Turkey. For this purpose, TUSKON aims at being a pioneer institution in sharing Turkish businessmen's experience in international markets and in providing new job opportunities.

Foundation story

TUSKON's story started in the early 1990s, originating with businessmen who had an awareness of their social responsibility and who were sensitive to the problems of their country forming associations in several cities. These associations were founded by small and medium-sized enterprises which form the backbone of the Turkish economy and also by large and growing companies that can develop themselves and expand into foreign markets. These associations, which have the mission of achieving an expansion in economic policies and assisting the business environment reach international and modern standards, shared their knowledge and experience with many entrepreneurs and enterprises both in Istanbul and in Anatolia. The understanding of civil society that has developed with the influence of the process of adaptation to European Union stan-

dards has required that these associations come together in structures which can better represent them. This development pushed the associations to the federation process. Thus, businessmen who came together in the Marmara, Aegean, Black Sea, Mediterranean, Central Anatolia, Eastern Anatolia and Southeast Anatolia regions in accordance with Turkey's geographical distribution formed federations by integrating. (These groups include: MARİFED, ESİDEF, KASİF, ANFİFED, BİRSİAD, DASİDEF, GÜNSİAF).

Through coming together, these federations which engage their members to become global players by following the developments in global world, founded the Confederation of

Businessmen and Industrialists of Turkey.

TUSKON's aim and perspective

Besides being an organization that will represent our businessmen who want to develop, enlarge their businesses and expand into foreign markets, our confederation was also founded in order to put our country's problems on the agenda, to produce proposals for solutions and to provide contributions to help our country reach the place deserves. For this purpose, TUSKON aims to:

- Establish targets oriented to the self-improvement of enterprises by evaluating potential in the business world;

- Contribute to establishing economic policies as being the voice of the business world;

- Produce alternative solutions to our country's problems with constructive understanding;

- Keep the global communication network open and provide our businessmen's integration with the world, following the economic developments of the whole world;

- Display the methods related to the institutionalization of family companies;

- Share the knowledge, experience and relations which our businessmen may need while doing business either in the national or international arena;

- Analyze the potential countries and sectors that may contribute to the development of the Turkish economy by examining developing markets in addition to main markets;

- Meet the members' needs for service and knowledge fast, directly and without undue difficulty by consulting with experts on the issue.

The confederation's point of view is to make the Turkish economy and businessmen an effective part of the global economy by considering local conditions and sensitivities while serving these aims. Furthermore, TUSKON undertook the task of sharing its notes, opinions and suggestions with the public and developing participants' suggestions. TUSKON has made it one of its principles to carry out its work with the understanding of transparency adapted to accept hardworking, honest, reliable businessmen with an awareness of their social responsibility, along with their institutions and members as well.



CURRENT ACCOUNT VS. DEMOCRACY DEFICIT

IBRAHİM ÖZTÜRK

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There is a tremendous library of literature on the role of democracy in development. Many examples of such significant success stories may be found in East Asia. However in explaining the experience of these countries there are multiple parameters to be disaggregated. At least the case of Turkey is an obvious one in which autocratic interventions failed to bring about any significant takeoff.

Until recently besides the success stories of Turkey in the recent transformation toward a full fledged market economy in the post 2001 crisis period there were also some experts discussing the negative or side effects of the so-called success. Side effects included the ever-increasing current account deficit, resistant consumer price inflation at around 10 percent, relatively higher real interest rates and an accumulation of short-term finance or the so-called speculative financial inflows.

One realistic conclusion that we have drawn from the discussions around the fragilities of the economy was that economic stability and continuation of structural reform, mainly at the micro-economic level, has crucial importance in eliminating these structural imbalances.

However as the military became involved and some street demonstrations created social tension, there was a striking shift from the jargon of economics toward short-term oriented political disputes. This is an unfortunate agenda in the sense that we have already started talking about democracy deficit and forgotten about eliminating the current account deficit. It should not be forgotten, even if there is still a positive attitude of foreign investors toward the Turkish economy, if the recently started vicious cycle of debate on the nature of democratic regime deepen, the final analysis will

mean no way other than flight from the country.

But I want to underline another facet of the Turkish economy. The political turmoil for the last couple of weeks has been one of the most serious challenges testing the strength of the Turkish economy. It seems that unlike the 2001 crisis, when a deep economic crisis erupted as a response to the disputes amongst politicians, in this latest experience there has been no major and permanent harmful impact on the economy.

Among many other reasons for this are the continuously positive expectations of foreign investors about the future of the Turkish economy -- with its continuously increasing national income, per capita GDP, high rate of global integration and EU membership agenda.

In addition to this, improved macro economic balances, in general, and still robust short term fragility indicators (Table 1, Graph 1), in particular, have been other key elements of stability against any unexpected external shocks.

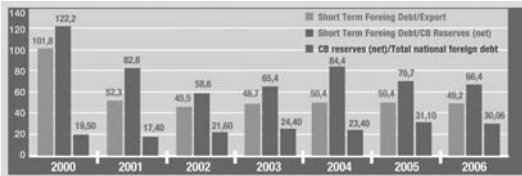
As it is seen the ratio export to import is around 70 percent and is quite healthy now. By the end of 2002, soon before the crisis, it was around 58 percent.

When we look at Turkey's hard currency gain from export and compare it with short-term foreign debt services, finance of import bill, it is quite obvious that Turkey is much better off than the year of the crisis.

In addition to this the Central Bank has also taken the required measures and accumulated a reserve equal to \$70 billion. Again the ratio of net reserves to that of import bill, short term foreign debt services, current account deficit etc. was quite robust by the end of 2006.

This suggests that Turkey has already managed well in the post-crisis era in creating a well

Major fragility ratios in external account	2000	2001	2002	2003	2004	2005	2006
Export/Import (%)	0.58	0.9	0.85	0.79	0.74	0.70	0.70
Foreign Debt Services / Export (fob)	79.00	78.60	80.00	58.80	48.30	49.50	46.50
Export/Short term foreign debt stock	1.09	2.1	2.44	2.23	2.12	2.09	2.21
CB reserves/ Short term foreign debt stock	0.82	1.21	1.71	1.53	1.19	1.43	1.53
CB reserves (net)/ Import (cif)	42.50	47.80	54.40	50.70	38.60	44.90	46.00
Current account balance/ CB reserves (net)	-42.40	17.10	-5.40	-22.90	-41.50	-43.30	-49.80



Resistance of net public sector debt to shocks	Change in net public sector debt /GNP ratio
10 % change in the value of YTL	+ / - 1.1 points
5 % change in the real interest rate of YTL dominated public debt	+ / - 1.8 points
2 points change in the growth rate of GDP	+ / - 1.0 points
1 point change in the Primary Surplus /GDP ratio	+ / - 1.0 points

Note: Change in both direction.

functioning market economy on the principles of a free, fair and global economic system.

Finally, despite all these positive developments and a bright future full of promises and gain due to the nature of the global economic system, there might still emerge sudden external shocks to the economy. Therefore it is important to create some reliable scenarios so as to calculate the possible effects of any adverse shocks on the economy. One of these scenarios has already been provided by the Turkish Treasury, measuring the resilience of the public debt stock against a set of parameters such as

foreign exchange risk, a real interest rate surge, a failure in the real growth rate of the GDP and primary surplus targets. This scenario is summarized in Table 2. According to this table, it could be argued that these four different risk factors on the ratio of net public debt stock to the GNP are effectively balanced. Therefore even if there were shocks to the economy, the extent of possible damage would be managed comparably much easier.

We need not only bread for our children, but also stability and freedom in order to create a prosperous future for them.

IGNORE POLITICS AT YOUR OWN PERIL

One of the occupational hazards of being a professional economist is that our forecasts are sometimes wrong. Real world situations are usually very complex, non-linear and therefore difficult to predict. In order to simplify complicated real world problems, we make assumptions. Obviously, a change in the underlying assumptions can send a whole forecast in an opposite direction. This makes it easy to understand John Maynard Keynes, a great British economist, who is reported to have said "When the facts change, I change my mind."

In early February this year, I presented Merrill Lynch's 2007 Year Ahead Report to local investors in Istanbul. The presentation, which included an overview of key global economic trends and investments themes, was also focused on Turkey's political outlook because both presidential and parliamentary elections were scheduled for this year. With the usual caveats about the difficulties of making point forecasts, I painted a reasonably constructive scenario for both the global economy -- strong growth and plenty of liquidity -- and domestic Turkish politics -- plenty of noise, but a benign outcome in both the presidential and parliamentary elections. Noting that the ruling party had a significant majority in the parliament, I argued that presidential elections would be smooth. I've also noted that opinion polls were suggesting that the governing Justice and Development Party (AK Party) would most likely win a second term either as a single-party government or be the lead coalition member. Our base case scenario for Turkish politics was implicitly based on a working assumption that Turkey, as an EU accession candidate, had implemented political reforms, enhancing its democracy.

Global backdrop has so far remained supportive of emerging markets in general and Turkey in particular. Despite the economic slowdown in the US, global growth is still strong and liquidity is ample. However, I got it wrong on domestic politics. Turkey's presidential elections were far from being smooth. Why?

Well, I simply failed to anticipate the extent of the opposition by Turkey's secular and military establishment. Despite the compromise, the opposition parties have boycotted the presidential election, and appealed to the Constitutional Court for cancellation of the parliamentary ballot on the grounds that there was no two-third quorum. Only hours after the main opposition Republican People's Party appealed to the Constitutional Court, the army stepped in with its own statement threatening the government with an intervention. The court ruled in favor of the opposition last week, effectively preventing the ruling AK Party from choosing Mr. Gül as the president. This was a highly controversial ruling because the Turkish constitution doesn't have an explicit provision for a two-third quorum. In addition, such a quorum was not sought in the previous presidential elections. The latest news is that Gül has withdrawn his candidacy.

While the political turmoil has unsettled investors, the market reaction has been relatively modest. Turkish equities fell 7.3 percent in dollar terms, YTL weakened 1.1 percent, while the sovereign debt spreads widened by 10 base points. Despite last week's losses, Turkey is one of the best performing emerging markets year-to-date. The stock market is up 20.4 percent, YTL is nearly 5 percent stronger against the dollar, and the Turkish external debt has generated year-to-date total return of 3.4 percent, slightly outperforming MLI IGOV index. The market's unemotional response to political crisis doesn't seem to be unique to Turkey. Other emerging markets such as Israel, Ukraine, and Thailand have recently weathered political turmoil reasonably well.

Have investors become complacent about political risk in Turkey and around the world or are they simply demanding less compensation for holding risky assets because of improvements in the underlying macroeconomic fundamentals? We think it is a bit of both. Yes, there have been significant improvements in emerging markets macro fundamentals, making them more resilient to both internal and external shocks. For example, EM foreign currency reserves now amount to more than 70 percent of their external debt. More importantly, the global backdrop remains supportive of risk taking. The pace of global growth remains strong and inflationary pressures appear moderate. World economic growth in 2007 is expected to be around 5 percent for the third year in a row, making it the best growth cycle in three decades. Similarly, there is still ample liquidity. The year-on-year growth in the global dollar liquidity remains above 10 percent. However, past experience shows that sustained financial market upswings can also make investors complacent. Even though there have been significant interruptions in the current global bull market, the market corrections since October 2002 have been short-lived. Investors, who tend to have short memories, seem to be treating every market correction as a buying opportunity.

Looking at Turkey specific factors, investors seem to think that the constitutional court decision, which paves the way for elections, will help defuse political tensions between the government and the establishment. Markets also seem to think that the ruling AK Party will do well in early elections.

In short, the court ruling is a significant development. Early parliamentary elections, scheduled for July 22nd, should provide some clarity on politics. With the governing AK Party pushing for the president to be elected directly by the Turkish people, despite the wishes of the establishment, there appears to be more questions than answers about presidential elections. It is also worth noting that sometimes political shocks take time to work their way through the system. Investors should ask themselves, "Do these events fundamentally change the economic landscape?" In other words, will the parliamentary elections generate a strong, stable and reformist government?

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THE ECONOMIC COSTS OF POLITICAL INSTABILITY

Actions have consequences. Political instability always comes with economic costs. Turkey's recent political instability, following the aborted attempt to elect, through the Parliament, the next president of the republic, has long-term as well as short-term economic costs that need to be spelled out and understood.

The Turkish media have focused on the short-term economic costs in terms of the immediate reaction of financial markets, with the precipitous drop of share prices on the Istanbul Stock Exchange (İMKB), the steep fall in the value of the Turkish lira in the foreign exchange market and the significant rise in the benchmark short-term interest rate. State Minister Ali Babacan has articulated these short-term economic costs in his speeches and interviews. Thanks to the calm and resolute reaction of the Justice and Development Party (AK Party) to the deepening political crisis following the military's e-manifesto and the Constitutional Court's decision to annul the first balloting of the presidential election, the financial markets have fortunately stabilized before we witnessed the prolonged free fall of Turkish share prices and the foreign exchange value of the lira.

In this column, I want to focus on the long-term economic costs of Turkey's continuing political upheaval, drawing lessons from Turkey's history of political instability and from academic research on the economic costs of political instability. Turkey's lackluster economic performance until very recently -- as compared with many other developing countries -- since the end of World War II, has been caused largely by its lack of sustained political stability based on an uninterrupted democratic form of government. Of course, another powerful cause has been the lack of a government, until the AK Party government came to power, that strongly and consistently believed in the virtues of private enterprise and the open markets. Academic research suggests that political stability is a necessary if not sufficient condition for good economic performance. It also suggests that although political stability can exist under either a democracy or a dictatorship, uninterrupted long-term political stability is more likely under a democracy than under a dictatorship.

Here are two plausible scenarios, one cheerful and the other dismal, to consider. First scenario: The definitive victory of the AK Party in the general elections in July results in a strong majority in parliament and the smooth election of the republic's next president would diffuse and eventually end the current political

instability, provided that the democratic processes are not hindered. There would be no long-term economic costs to worry about.

Second scenario: The emergence of a coalition government, however, whether it includes a demoralized and weakened AK Party or not, would lead to continued political instability. It would make rational economic policymaking increasingly more difficult, and tilt policies toward greater state control of the economy, given the predilections of the political parties other than the AK Party, both on the left and the right, for statism. Structural reforms in the economy would come to a halt. Privatization would be put on hold if not reversed. Government spending would begin once again to get out of control, and the still-tentative independence of the Turkish Central Bank would be totally compromised, leading to the monetization of the bulging fiscal deficits, which would result in accelerating inflation. The economy would become increasingly unstable, as people struggle with short-term decisions and unproductive activities to shield themselves against rising inflation and falling real economic growth. The business environment for foreign direct investment (FDI) would again become unattractive, abruptly ending Turkey's recent upsurge in inward FDI (see my earlier columns). Turkey's bid to join the EU would become totally hopeless. The customs union with the EU would become increasingly controversial, leading to calls by statist and protectionist parties for it to be abolished. Turkey would regress to its inward-looking statist economic policies of the 1970s, becoming susceptible to recurrent and worsening crises. The situation could be even worse than that during Turkey's so-called 'lost decade' of the 1990s, which was characterized by deepening political instability and economic crises.

I hope that the grim second scenario outlined above will not come to pass. It will not if all political parties and centers of power realize that political stability, based on democracy, is the most essential requirement, although not sufficient by itself, for the successful long-term performance of the Turkish economy. Turkey's national security, both internally and externally, depends, directly and indirectly, on the robustness of its economy. It would be a shame if the economy's outstanding performance since 2002 becomes, instead of the basis for decades-long sustained high growth and stable prices, a mere ephemeral flash of an unusual achievement that would be wistfully remembered but not easily repeated.

NO COMMENT

REUTERS



IMF SUSTAINABILITY REPORT: TURKEY KEEPS RECOVERY ON TRACK

Policy credibility continued to recover in Turkey following the central bank's sharp tightening of monetary policy in June and July 2006, along with efforts to improve policy communications, said the International Monetary Fund's (IMF) semi-annual Global Financial Stability Report (GFSR).

The report said the positive global outlook, including generally high levels of commodity prices in recent years, continued to provide a supportive backdrop for emerging markets and should allow for continued export-led growth. In addition, the report said emerging market vulnerabilities had broadly continued to decline.

The report also mentioned the resulting opportunity to borrow cheaply and invest in higher-return assets provides an incentive for investors to engage in cross-border carry trades, which had also caused the mini-economic fluctuations that Turkey recently experienced. According to the report, carry trades had typically targeted high-yielding assets in both mature market economies -- the United States, Australia, New Zealand and the euro zone -- as well as emerging market economies, including Brazil, Hungary, South Africa, Turkey and some Asian economies. "The most extended carry trades were partially unwound, representing their worst per-

formance since early 2006, with implied volatility experiencing moves greater than two standard deviations. The yen appreciated by 4 percent against the dollar, and higher-yielding currencies, especially in Brazil, Turkey, and South Africa, fell," said the report.

The report also revealed that equity prices in emerging markets had fallen, but by less than during the May-June 2006 period, and added that the markets which had seen large rallies in the first few months of the year -- China, Malaysia, the Philippines and Turkey -- and where pricing had thus become rich, declined the most. "In contrast to the May-June 2006

episode, emerging market sovereign debt spreads were less affected. There was little differentiation across regions and no fundamental driver other than an unwinding of risk," the report mentioned.

The GFSR also made assessments on the allocation of life insurance investment in the countries. The report said that from 1994 to 2003, the market share of foreign life insurance companies had grown strongly in the largest life insurance markets of Japan, the UK and the US, had remained relatively static in Germany and the Netherlands, and had fallen significantly in Canada and Spain. There had al-

so been a strong rise in foreign life insurance company market share in the Czech Republic, South Korea, Mexico, Poland and Turkey, as global life insurance companies have expanded, primarily through the acquisition of existing operations.

The GFSR assesses global financial market developments with a view to identifying potential systemic weaknesses. By calling attention to potential fault lines in the global financial system, the report seeks to play a role in preventing crises, thereby contributing to global financial stability and to sustained economic growth of the IMF's member countries. *Istanbul Today's Business*

Turkey's per capita GDP to pass \$10,000 next year

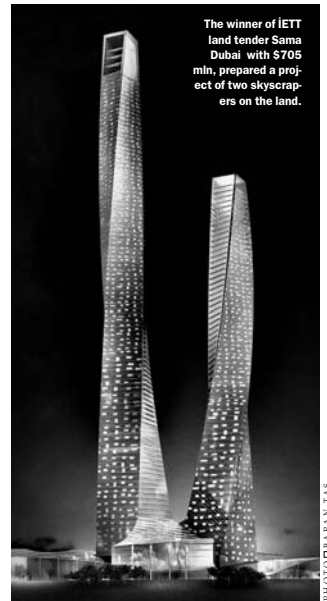
Turkey's national income per capita will exceed \$10,000 for the first time, the International Monetary Fund (IMF) says, adding that gross national income (GNI) at purchasing power parity (PPP) will exceed \$750 billion.

Turkey's GNI at PPP will be \$708,053 billion in 2007 and \$755,383 billion in 2008. The country's national income per capita at purchasing power parity will be \$9,629 in 2007 and will exceed \$10,000 for the first time and reach \$10,177 in 2008, according to an IMF report titled "World Economic Outlook Database April 2007," as reported by the Anatolia news agency. Thus, Turkey, in 18th place with regards to GNI-PPP in 2007, will leave Australia behind and rise to 17th place in 2008.

In 70th place in national income per capita at PPP in 2007, Turkey will be surpassed by Turkmenistan and drop down to 71st

place in 2008. The United States will continue its leadership in GNI-PPP in 2008, despite the close pursuit of China. The US will have \$14.4 trillion of GNI-PPP in 2008 but China's GNI-PPP will rise to \$12.5 trillion. These two countries will be followed by India, Japan, Germany, UK, France, Russia, Italy, Brazil, Spain, Mexico, South Korea, Canada, Indonesia, Taiwan and Turkey.

Turkey's gross national product (GNP) will be \$432.5 billion in 2007 and rise to \$455.5 billion in 2008. The country, which rose to 17th place in 2006 by leaving Belgium behind, will keep its place in 2007 and 2008 as well. Turkey's per capita income is \$5,882 in 2007 and will rise to \$6,113 in 2008. In 69th place in 2007, Turkey will keep this place in 2008.



The winner of IETT land tender Sama Dubai with \$705 mln, prepared a project of two skyscrapers on the land.

PHOTO: OKAN TAS

Foreign investors eye Turkey's 'bright' market

The results of a recent survey point to the fact that Turkey has strong potential as an investment destination. Some 96 percent of executives who took part in the survey, that was conducted among investors who already have foothold in Turkey, believe that Turkey has great market potential.

While 55 percent of participating executives believe that Turkey's macroeconomic indicators will remain stable in the next year, 59 percent consider the current government is capable of maintaining macroeconomic stability.

The American Business Forum in Turkey (ABFT) has announced the results of its "ABFT 2007 Survey on Business and Investment Climate in Turkey," conducted by the research company GfK Türkiye (Growth from Knowledge). A significant 77 percent of executives believe that inflation is under control, and 88 percent would recommend investing in Turkey to other foreign companies. Some 73 percent of survey participants feel that graduate-level education is sufficient for work in their fields, 78 percent think that their employees possess adequate problem-solving and analytical-thinking skills, and 92 percent said that their employees are happy working for US-based firms. Nearly 84 percent of executives believe that their companies' initial decision to invest in Turkey was correct, while an overwhelming 88 percent said that in coming years their companies will grow and invest more in Turkey. One of the participants said they had seen that Turkey has good potential as a market, manufacturing and research center. "There is good human capital and some other advantages, such as membership to the European Customs Union and some movement toward harmonization with EU standards." Another participant said more transparency and precision was needed. And one another said it was too competitive: Groups that were close to the government had more chance in terms of succeeding.

One comment was that the Justice and Development Party (AK Party) had a strong team that can lead in 2007. However, one said that although most developments made them think positively, they could not leave all of their anxieties as a result of bad experiences from the past -- some that had lasted for many years. One said Turkey urgently needed to implement strong environmental laws.

Another important outcome of the survey results is the identification of areas which will help in speeding up Turkey's development. The fact that 85 percent of participating executives believe that the legal system is unpredictable is particularly striking. Feedback from the data indicates areas in which progress should be accelerated: 77 percent do not find that intellectual property rights are sufficiently protected, 67 percent do not find government decision-making to be transparent, 75 percent do not consider decision-making standards and timeliness up to international standards, 51 percent do not think environmental standards are adequate, while 55 percent do not believe that environmental laws are applied equally.

The great majority of the participants believe that corporate taxes and personal income taxes are too high. Key expectations are tax reform, public-private partnerships between US companies and the Turkish government and more effort on reducing difficulties in work permits for foreigners.

Key facts about the survey

More than 50 executives responded and provided their comments for the survey, which included detailed questions regarding 10 different topics and offers important insights from business circles in the US and Turkey. The interviews were conducted via e-mail with the top managers of US-based companies in Turkey. About 65 percent of participants were members of the ABFT and the remaining were non-members. *Istanbul Today's Business*



PHOTO: MUSTAFA KIRAZLI

Report: Global energy axis shifts, Turkey's star rising

CONTINUED FROM PAGE 1

Deloitte's Turkey partner Sibel Cetinkaya opined that Turkey is becoming more important with each passing day in the new mapping of global energy, adding that recent energy transporting projects, like the Baku-Tbilisi-Ceyhan and Nabucco pipeline projects, have multiplied this importance.

"Even if Turkey is not so rich in terms of energy resources, it is forming a bridge to important energy consuming markets such as Europe, thanks to its closeness to energy cen-

ters and its geopolitical situation. We expect Turkey, which has the vision of becoming an energy terminal, to increase this importance more in the coming period and have more sound policies in this field. Its increasing importance as a stable energy terminal will also be a factor strengthening it in international politics."

The report informed that the major energy producers in the 20th century were in the Middle East and Russia and that North America and Western Europe were major consumers. But in the 21st century, China has become the second-

largest energy consumer, and India's demands are growing rapidly. The axis of energy-producing countries has changed as well, stretching from the Middle East to Canada, crossing Russia.

The report suggested that this new axis is not far from problems and still has its share of troubles: Iran is being threatened by the global community with deep and all-encompassing economic sanctions for its nuclear program and political disputes in other Middle Eastern countries such as the war in Iraq and Palestine. *Istanbul Today's Business*

Ernst & Young attractiveness survey: Turkey a 'sleeping giant'

Ernst & Young, the global consultation and auditing firm, announced the results of its attractiveness survey focusing on foreign direct investment (FDI).

Turkey is called a "sleeping giant" in the attractiveness scoreboard of the survey, which revealed that investors are optimistic about Turkey's future improvement but noted that to fully invest in the country they require further transparency and stability in the political environment as well as compliance with European economic and regulatory standards.

Ernst & Young International Location Advisory Services Partner Marc Lehmitte said investors were comfortable with the risks

and some structural obstacles but that they disliked the uncertainty. That is why the expectation of political stability came first, he said, with 32 percent of investors polled responding accordingly.

A press conference was held in Istanbul on Tuesday to introduce the survey, which was based on 200 interviews with decision makers across a range of industries, countries and business models. Turkey was ranked the second most attractive country in terms of perception while it was third in terms of FDI project numbers in the southeastern European region. "This is a good picture for Turkey, but it must be more aggressive in terms of at-

tracting investment," said Lehmitte.

The survey indicated that Turkey was perceived as the most attractive country in the region for its domestic market and country-specific skills but indicated that Turkey has relatively high labor costs and a low level of confidence in the overall social climate and stability. "We Turks tend to evaluate the problems in the short term and curb ourselves, but foreigners are more patient and trust us more than we trust ourselves," said Ernst & Young Turkey General Manager Osman Dincbas, who added that these surveys had in previous years been conducted by focusing only on

western Europe and that Turkey had advanced to the point of being included in southeastern Europe. Ernst & Young South-East Europe Marketing Partner Paul Catsiapis said the region had diversified amounts of FDI but noted that the survey concluded that they will converge and that the region will become more homogenous.

Dincbas emphasized that Turkey has permanent advantages when compared to China and India, saying that they must focus on them. "For instance, one can transport goods from Istanbul to Vienna in one day, but China never could," said he in response to a question. *Istanbul Today's Business*

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Wedding package producer Moda Life aims to grow throughout Turkey

Moda Life, the biggest furniture manufacturing company in the capital, Ankara, with 27 branches, aims to grow throughout Turkey by opening new branches. Moda Life is famous for its special wedding packages. The company, which recently opened three branches in the central city of Konya, is preparing to open a branch in Istanbul. The Istanbul branch of the company will be opened in the Maltepe district of Istanbul near the E-5 highway.

Moda Life started manufacturing furniture as a small company with a small team of workers in Ankara and has become a leader in the sector thanks to good teamwork and self-sacrifice. Moda Life has a total of more than 400 employees today and has 30 branches in Ankara, Konya and Kırıkkale.

Moda Life manufactures furniture in special designs and has tens of thousands of registered customers. What distinguishes Moda Life from other furniture companies is that it does it all, from designing to installation. It also sells its products at very reasonable prices since production is done by its own teams. The company has a big team of workers now which aim to spread all over Turkey.

The biggest furniture company in Turkey

Moda Life executive board director Özcan Tonga said his company was the biggest furniture company in Ankara and Turkey that both manufactures and sells products itself. "We plan to increase our manufacturing capacity as much as we can with our Kırıkkale factory. Moda Life's aim is to have branches all over Turkey. We opened three branches in Konya following 27 branches in Ankara. We are now



opening our first branch in Istanbul. So we have increased the number of our branches to 31. We will continue opening branches in other cities as well as Istanbul," Tonga said.

Customer satisfaction a priority

Tonga underlined that customer satisfaction was a priority for them, adding that they present more than 100 products ranging from bedroom sets, living room sets, armchairs and accessories to their customers at reasonable prices. He also added that Moda Life was the first company which presented couples the chance to have wedding sets at reasonable prices. "Moda Life is a registered brand, and all the products have a two-year guarantee. So we are doing our best to provide a quality service to our customers at every level in accordance with the principle of customer satisfaction. In addition, we have a customer services department which efficiently solves possible problems relating to our products after they are sold. The technical team also solves all the problems rapidly and efficiently. Our customer services call our customers and ask feedback

from them about our products," Tonga said.

Tonga said the goal of the Moda Life was to be the largest furniture manufacturing company and the biggest retail dealer in Turkey. "We want people all over Turkey to feel the warmth of our furniture, and we want to increase our contribution to the economy by employing more people," Tonga added.

Tonga also talked about the general problems of the furniture sector and said high costs were the number one problem of the sector. "The furniture sector is a very big one. There are many companies, which mean there is big competition. We need to develop new strategies to be successful in such a competitive environment. Most importantly, we need to prioritize customer satisfaction. Today's customers want to buy quality products at reasonable prices. So, there is intense competition among the companies. Branding and advertising are also important. The companies that become brands and manage to sell quality products at reasonable prices can survive. Those who fail to do this experience trouble," Tonga said. **Istanbul Today's Business**

SELVA NOODLES GRABS 1.5 PERCENT OF MARKET SHARE IN JAPAN

Selva, Turkey's fourth biggest brand in pasta according to data from market research company AC Nielsen, announced ambitious plans for next year in a recent press conference.

Selva was founded in 1988 as a flour miller, only to become a trusted and quality pasta producer within a couple of years. With its motto, "A new generation of noodles," Selva has pioneered a number of innovations in the market. Selva currently has the widest assortment among all noodle companies, and it has also set a leading example for the sector with its high-quality packaging technology. In its two decades in business, Selva has consistently forced its rivals to increase investment to up the quality. Selva is also Turkey's first producer of scentless and anti-allergenic egg noodles.

The company is the market leader in the Turkish Republic of Northern Cyprus (KKTC) and currently holds 1.5 percent of the Japanese noodle market. Selva Chairman Osman Baydar said: "2006 is a year of large-scale changes for us. There is a 15 percent increase in production and capacity-related bulk and main process sales, and a 25 percent increase in overall revenue along with maintaining a 45 percent to 55 percent balance between domestic and foreign sales. If we examine Selva's domestic market share, we see that Selva is the fourth largest pasta brand with a 6 percent market share, according to AC Nielsen reports, while it is the second largest brand in the Middle Anatolian, Black Sea, Eastern and Southeastern regions of Turkey. In terms of flour, Selva places eighth amongst domestic brands with its 5 percent market share. One of the most important aspects of the brand is its success in exports. If we examine the success it has achieved, we see that Selva is exported to over 50 countries on five continents. Selva, which accounts for 12 percent of Turkey's pasta exports, is the second greatest pasta and semolina exporter. Another success on our be-

half is that we export all items under the name of Selva and not other private labels; actually, this is one of our strategies. Japan -- whose pasta market relies solely on imports -- imported 135,000 tons of pasta in 2006, and 2000 tons of their imports were Selva products. Based on these figures we see that Selva makes up 1.5 percent of Japan's total pasta imports. Another country which we are boastful about in terms of our exports is the Republic of Northern

Cyprus (KKTC), along with Trinidad and Tobago, Egypt, Indonesia, Niger, the Maldives Islands, Japan, Malaysia, South Korea, Madagascar, Sudan, Uganda, Australia, Gabon, Burkino Faso, Kuwait, Hong Kong and Thailand -- all of which purchase over 50 percent of their pasta from Turkey."

Chairman Baydar noted that they are thrilled about the awards given to them by the Turkish Exporters Assembly and the Konya Chamber of Commerce, adding: "We are planning on increasing both our import and export capacities by two-and-a-half times their current value. We also plan on expanding into new markets, but our main goal is to remain consistent once we are able to do so."

Selva supports sports

Selva Gıda, in line with large-scale and comprehensive social awareness projects, supports sports events. Its latest endeavor was its sponsorship of the fifth inter high schools and universities events. At the Altın Boynuz Street Marathon held on Sunday, May 6, at Kadir Has University, Selva handed out gift packages to athletes and spectators at the event along with T-shirts to the athletes who placed in the top 50. Mehmet Karakuş, Selva Foods vice chairman, said they are aware of the large pasta market and as long as we continue to understand where and how to grab them, we will continue sponsoring events such as this, which also help us make a real connection with customers." **Istanbul Today's Business**



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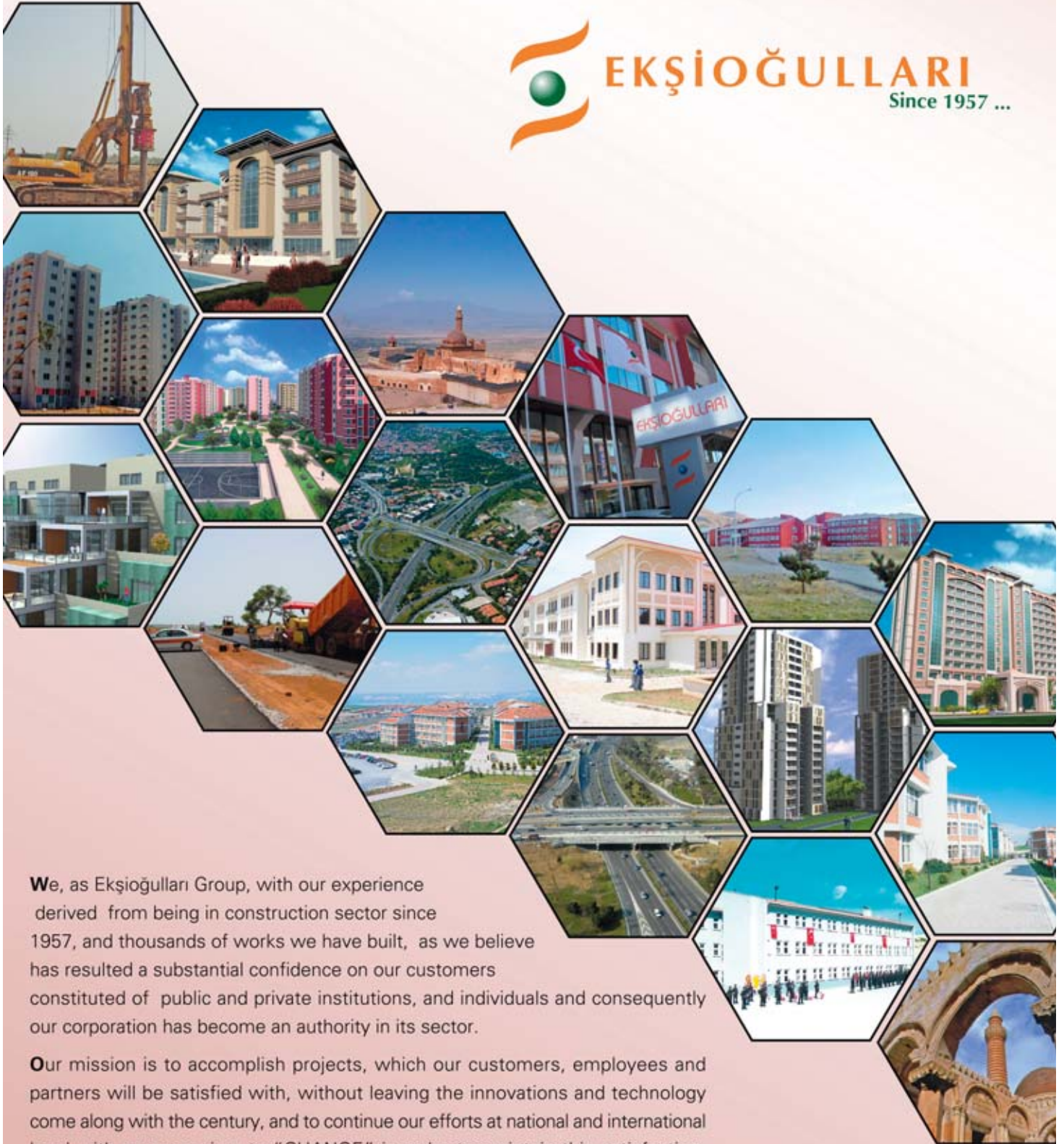
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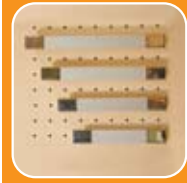




PHOTO: KURSAT BAYHAN

American real estate giant coming to Turkey

➤ Serving its customers with its 4,000 offices worldwide, US real estate corporation Coldwell Banker is opening an office in Turkey. Coldwell Banker deals in building site, tourism, industry, office, shopping and business center projects; capital and credit services; project development and real estate management; and it also has projects concerning mortgages. The corporation is preparing to operate in all these areas in Turkey. Boasting its unique understanding of real-estate counseling, Coldwell Banker has nearly 4,000 offices in 32 countries, and serves its customers with 140,000 real estate agents. The company is a part of the Cendant Group, which is the owner of 10 famous hotel chains among which are Ramada, Day Inn and Wyndham. Alongside hotel chains, it also owns travel agencies and rent-a-car companies like AVIS and Budget. The Cendant Group has made its greatest headway in the real estate counseling sector. Coldwell Banker is among the largest companies in the real property sector. Its annual revenue in the US and Canada alone is around \$350 billion. It is said that the entry of Coldwell Banker into the Turkish market at a time when mortgage laws are about to be introduced will pep up the market. **Istanbul Today's Business**



CRITICAL TIME FOR CONSTRUCTION INDUSTRY

TURHAN BOZKURT ISTANBUL

➤ In Turkey the construction sector, which has an estimated value of around \$3.5 trillion globally, is undergoing an important change. Projects launched one after another in recent years have prompted a great liveliness in the 220 supply sectors such as cement, sand, brick and glass. The booming market has in turn heated up the competition. The increasing production of construction materials has brought about a quality issue. In an attempt to eliminate the danger of companies putting low-quality products on the market to get a bigger profit share, the state has put into effect the by-law on construction materials with the aim of making the sector comply with EU standards. This development is expected to eradicate the long-standing problem of lack of supervision

and open the gates to a new era. Most sector experts believe that the couple of years ahead will be crucial ones for the construction sector, hopefully winnowing the bad from the good.

The largest sector after the food and clothing sectors, the construction materials sector makes up 10 percent of the Turkey's industry. In the last couple of years there has been a significant rise in the domestic consumption of construction materials and hardware supplies. A few large production companies make up around 80 percent of the entire market. There are about 100,000 producers, exporters, importers, wholesalers and retailers in the construction industry, and 20 DIY store chains.

Standing out in the 1980s as one of the industry branches bringing in the highest amount of foreign currency, the construction materials sector continued developing along-

side the economy at the opening of the 1990s. In this decade there were stable rises in both production and exports. Following economic crises that emerged both at home and abroad in the mid-1990s the construction materials industry came face-to-face with shrinking demand, not helped by the stagnant domestic market. The shrinkage took its toll, especially in the aftermath of the Marmara earthquake in August 1999, and it continued into 2001 with another, more severe, economic crisis in Turkey. However the economic growth that took place after 2001 positively affected the sector and the construction industry alike. The DIY market did not really take off until 1994, owing to the economic elements, urban structure and the characteristics of Turkish society. Now though, the revenue of the DIY market in Turkey is estimated to be around \$1.5 billion. Turkey has proved

itself to be a major player in the construction materials industry, particularly in producing cement, iron, steel, ceramics and glass.

The biggest problem of the construction industry is the unfair competition offered by some firms that also engage in off-record production leading to the danger of low-quality products causing loss of life and damage to Turkey's prestige. The Ministry of Public Works took an important step with regard to the standards and supervision of nearly 600 construction materials. In cooperation with the Ministry of Trade and Industry it launched supervision sessions in January. Production samples taken from different companies are inspected in authorized labs. If any non-compliance with the standards is detected, fines of up to YTL 55,000 may be applied. Authorities say that the increased number of audits will strike a sharp blow to off-record producers.

Africa still lacks safe water despite strong growth

➤ Access to safe drinking water has not improved in Africa, especially the sub-Saharan region, despite several years of strong economic growth, the African Development Bank said on Sunday.

The bank forecast Africa's economy would grow 5.9 percent this year, but even so Africa was unlikely to meet the Millennium Development Goal of providing safe drinking water for 78 percent of the population by 2015.

"We have been achieving growth in GDP that is not trickling down," Barfour Osei, a senior AFD economist, told a conference. "It is very simply the fact the growth we have been achieving on the continent has not been pro-poor enough."

In sub-Saharan Africa only 56 percent of the people have access to what the bank calls "improved" drinking water; that leaves 332 million people without such access, a number expected to increase by 47 million by 2015.

Water resources are hugely variable across Africa, but the bank said it was poor management that was taking the greatest toll on availability.

In most African cities over 50 percent of the water supply is wasted or unaccounted for, the bank said in its African Economic Outlook report.

Much is wasted through leakage due to old pipes, inefficient use and pilfering, it said.

The bank recommends that Africa invest some \$20 billion a year until 2025 in providing a sustainable water supply, including drinking water and sanitation, but said that finding financing was a challenge.

Government budgets and development aid have been too small to cover the large investments needed, and economists said it was one of the least attractive sectors to private investors.

"This is for the simple reason that the characteristics of the sector introduce a basic good, which means that the regulatory process very seldom can allow for a rate of return more than 5 to 10 percent," said Kenneth Ruffing, one of the report's coordinators.

Progress in sanitation has also been largely disappointing, the bank said, with major consequences for the spread of diarrhoea and cholera and to infant mortality.

Sanitation problems may actually worsen with development as the volume of sewage increases, contributing to water pollution, and as people move into cities, living in informal settlements that are unconnected to sewage networks. **Shanghai Reuters**



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Istanbul has YTL 4.5 billion in unsold state property

➤ Real estate records and land registry documents for 14 million square meters of land in the National Real Estate archives were updated as part of efforts to locate unknown state land, parceled land and land that has been allotted and restructured, according to a government real estate head.

In February a department to coordinate the updating of records of state-owned lands was established. All property in Turkey, other than private property, is registered by the Ministry of Finance and controlled by the National Real Estate General Directorate.

The total value of state-owned real estate in Istanbul is YTL 4.5 billion, said Yusuf Keleş, the Istanbul National Real Estate General Directorate

Department head and deputy district treasurer. He added there was additional property in Istanbul that could be sold for between \$2 billion \$3 billion.

He added these lands had ground problems that will have to be resolved before the land is sold. It will likely be auctioned off after the presidential elections. Referring to the interest of foreign real estate agencies in Istanbul, Keleş said, "As foreign interest increases more foreigners will buy land."

Most residential buildings in Istanbul are Class A constructions for middle and upper-class households, but there aren't many Class B and Class C homes, which are priced between YTL 100,000 and 150,000, he said, adding there is a need for less expensive housing. **Istanbul Today's Business**



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TURKEY'S TIMELINE IN ELECTIONS ATMOSPHERE

April 21

■ Justice and Development Party (AK Party) deputy Ersönmez Yarbay became the first to formally announce his bid for the presidency in the race. Yarbay submitted his application to the Turkish Parliament, saying he was disturbed that no other candidates had yet emerged.

April 23

■ Turkish Prime Minister Erdoğan said that the ruling AK Party's candidate for the presidential election next month was decided and would be announced April 24 or 25. "In our heads it's clear, but because of the conditions of the country, we are not announcing it [today]," he said.

April 24

■ Foreign Minister Abdullah Gül was chosen as the ruling AK Party's candidate for the presidency. "After our evaluations to seek a name for the 11th president, we have come up with the name of our dear friend, Abdullah Gül," Erdoğan said, noting the AK Party's extensive polling to choose a candidate. "No doubt, the final decision rests with the Parliament. The decision of the Parliament will be the decision of the people."

■ The main opposition Republican People's Party (CHP) said it would boycott the presidential vote in parliament showing dissatisfaction with the nomination of Foreign Minister Gül for the presidency.

April 25

■ In a bid to circumvent potential political chaos, Foreign Minister Abdullah Gül met with Erkan Mumcu, head of the center-right Motherland Party (ANAVATAN), which has 20 seats in Parliament, and True Path Party (DYP) leader Mehmet Ağar, whose party holds four seats, as well as with some independent lawmakers to enlist their support. Mumcu and Ağar both said they would discuss the issue with their party officials and with each other before reaching a final decision.

April 27

■ Prime Minister Erdoğan made a final appeal to opposition deputies not to boycott the first round of the presidential election and to avert a "political paralysis." "Despite our differences, the result of our democratic rivalry, we are people of the same nation, we are the representatives of the same nation. Attending the general assembly and voting -- be it for or against -- is a duty given to us by the people," he said.

■ ANAVATAN leader Mumcu and DYP leader Ağar said their parties would not attend the first round of voting in Parliament for a new president in two separate news conferences shortly before the first round of the vote.

■ The AK Party's presidential candidate, Foreign Minister Abdullah Gül, failed to win enough votes in a first round of balloting in Parliament as the opposition boycotted the vote and appealed to the Constitutional Court for cancellation of the process. The second round of voting was scheduled for May 2.

■ The CHP confirmed it was asking the Constitutional Court to annul the first round of voting in the presidential election, saying there were not enough deputies in Parliament during the vote. "It is clear there were not the required 367 members present, so we are making our application to the court (to annul the election)," senior CHP deputy Haluk Koç said.

■ Turkish Armed Forces (TSK) released a stern statement midnight on its web-site saying that the TSK was monitoring the presidential elections with concern and indicated it was willing to become more openly involved in the process. "It should not be forgotten that the TSK is one of the sides in this debate and the absolute defender of secularism. When necessary, they will display

their attitudes and actions very clearly. No one should doubt that," the statement said, which was dubbed as a memorandum later on.

April 28

■ Prime Minister Recep Tayyip Erdoğan stood firm after the military warned it would act to defend Turkey's secular system amid fears that the country's next president would disrupt the secular order. "This nation has paid a heavy, painful price when the base of stability and confidence has been lost. But it no longer allows, nor will it allow, opportunists who are waiting and paving the way for a disaster," Erdoğan explained.

■ The government lashed out at the army, which accused it of endangering secularism, saying that the General Staff "remains under the orders of the prime minister." "I would like to underline that it is inconceivable in a democratic state based on the rule of law for the General Staff, which remains under the orders of the prime minister, to speak out against the government," government spokesman Cemil Çiçek said.

April 29

■ Foreign Minister Abdullah Gül said he would not withdraw from the presidential race despite the military's threat of action to protect the secular regime. "It is out of the question for me to withdraw my candidacy in any way," Gül said in televised remarks, adding that it was "not a decision that was made in a night" but the result of lengthy negotiations.

■ Turkey's leading business group, the Turkish Industrialists and Businessmen's Association (TUSIAD), called for early parliamentary elections to help safeguard democracy amid a row between the government and powerful military generals over the presidential election.

■ Hundreds of thousands of people rallied in Istanbul's Çaglayan Square in support of secular democracy after the nomination of Foreign Minister Abdullah Gül for the presidency. They chanted slogans in favor of the secular regime, carrying Turkish flags and

portraits of Mustafa Kemal Atatürk, founder of the Turkish Republic.

April 30

■ The stock market dropped nearly 6 percent after the military memorandum issued on Friday night. The benchmark index, the Istanbul Stock Exchange (IMKB), was down 6.3 percent at 43,940.04 points by afternoon, after opening down 7.99 percent. The Turkish lira also slid against foreign currencies and was being traded at 1.36 against the dollar, compared to Friday's 1.33 and 1.38 earlier in the day. The interest on bonds rose as high as 19.31 percent from Friday's 18.47 but stood at around 19.1 by afternoon.

May 1

■ The Constitutional Court declared invalid the first round of a presidential election upon a petition filed by the main opposition Republican People's Party (CHP) on the grounds that there was not a quorum of 367 deputies during the first round of the voting.

■ Government spokesman Cemil Çiçek said the AK Party will propose its presidential candidate to parliament again on Wednesday despite the Constitutional Court's ruling invalidating the first round of the election. Çiçek also said they may go to early elections, adding that the offer of early elections was conditional on the opposition agreeing to a constitutional amendment to lower the age at which candidates can stand in parliamentary elections.

■ The AK Party decided to postpone Wednesday's planned round of voting in Parliament on its presidential candidate announcing that the new timetable would be fixed later.

■ "What we need to cast off and get rid of the shadows is early [general] elections as soon as possible," Foreign Minister Abdullah Gül, the presidential candidate, said hours after the Constitutional Court's decision, adding that he was not withdrawing his candidacy.

■ Prime Minister Erdoğan said his government would seek an early parliamentary election on either June 24 or July 1 in a bid to break the current political paralysis. Erdoğan said he would respect the Constitutional Court's decision but noted that if the parliamentary

deadlock continued, he would move to change the Constitution so that the president would be elected directly by the people.

May 2

■ The EU warned the Turkish military to stay out of a political crisis over the election of the EU candidate country's president. EU spokesman Johannes Laitenberger said Turkey must abide by the rule of law and civilian control over the military. If Turkey wants to be member of the EU, "it needs to respect these principles," he said.

■ Prime Minister Recep Tayyip Erdoğan called for general elections and criticized the Constitutional Court ruling that annulled a recent presidential vote as a "bullet fired at democracy." The ruling "has almost made it impossible" to elect a president in Parliament and was "a bullet fired at democracy," Erdoğan said in a speech to party deputies.

■ US Ambassador to Turkey Ross Wilson met with a variety of Turkish officials, urging that constitutional procedures be followed in resolving a crisis between the government and opposition.

■ A parliamentary committee approved a proposal to hold general elections early on July 22 in Turkey. Prime Minister Erdoğan had suggested holding the early elections, on June 24, as a way out of a political crisis. But Turkey's electoral board, which sets the date and oversees elections, proposed July 22.

May 3

■ The Turkish Parliament approved July 22 as the date for new general elections, which were called as a way out of a government crisis. Parliament approved the date unanimously -- with 458 votes cast in favor -- despite initial objections from the CHP, which argued the elections would be held at a period when many Turks typically take a vacation and would be unable to vote.

May 4

■ Prime Minister Erdoğan had a private meeting with Chief of General Staff Gen. Yasar Büyükanıt, the first such encounter since the military threatened to intervene in national politics last week. No information was given about the meeting.

May 5

■ The centre-right Motherland Party (ANAVATAN) and True Path Party (DYP), which have 20 and four seats respectively in the 550-seat Parliament, announced their merger at a joint news conference, revealing that their new name would be the Democratic Party (DP).

■ Thousands of people gathered in two western Turkish cities to protest the government, calling for Turkey's secular system to be preserved. The protests in Canakkale and Manisa, both cities near Turkey's Aegean coast, followed massive pro-secular demonstrations in Ankara and Istanbul, attended by hundreds of thousands of people.

■ A parliamentary committee approved a constitutional amendment to allow the public, rather than parliament, to elect the president, a move that could dramatically change Turkish politics. The constitutional amendment, backed by the ruling Justice and Development Party (AK Party) and the opposition ANAVATAN, envisages the president elected by popular vote for a five year mandate for a maximum of two terms.

May 6

■ Foreign Minister Gül failed to secure enough votes to validate a re-run of the contested presidential election due to a lack of quorum in parliament. Parliament Speaker Bülent Arınç said that the AK Party failed to secure the presence of 367 deputies needed to make the voting process valid. Gül later said he was withdrawing from the presidential election race. "After this my candidacy is out of the question," Gül said.

May 7

■ The Parliament approved at a first reading a major constitutional amendment under which Turkey's president would be elected directly by the public instead of by deputies. A total of 356 deputies voted for the reform, part of a package which must be debated and approved a second time before it can be sent to President Ahmet Necdet Sezer for his approval.

■ The main opposition Republican People's Party (CHP) formed a new centre-left alliance with the Democratic Left Party (DSP) in a bid to challenge the ruling AK Party in the general elections. "We have agreed to cooperate with the DSP in the elections... We want to strengthen the social-democrat movement," said Deniz Baykal, CHP leader.

May 8

■ The AK Party defended its push for a constitutional amendment to let the people rather than deputies elect the new president, saying it would help overcome the crisis over the presidential elections. Former Justice Minister Çiçek said the government's proposed change would be a "radical" solution to "the hesitations, the concerns caused by the presidential elections." He added, "If the French people can elect their president, so can Turkey," in reference to Sunday's elections in France.

May 9

■ The Parliament formally declared an end to the presidential voting process. Deputy Parliament Speaker Nevzat Pakdil read a letter from Foreign Minister Gül announcing that he was dropping his bid for president and then declared the elections over.

May 10

■ The Parliament approved a major constitutional amendment under which the president would be elected directly by the public instead of by deputies. The amendment, approved by 370 votes in the 550-seat assembly, must still be signed by President Sezer to become law.

May 11

■ Foreign Minister Abdullah Gül remained open to the possibility of running for president after Parliament approved a key constitutional amendment allowing the election of the president by the people. Asked if he would run as president in a popular vote once the process is finalized, Gül said, "My candidacy continues."

May 12

■ Prime Minister Recep Tayyip Erdoğan launched his election campaign in the eastern city of Erzurum, where thousands of people attended carrying Turkish flags in their hands. Foreign Minister Abdullah Gül was also present for the meeting.

May 13

■ More than 100,000 people gathered in the city of İzmir to protest against the government in a rally organizers hope will unite the opposition ahead of elections in July. Protestors chanted slogans including, "Turkey is secular and will remain secular."



The Turkish economy, a success story: Is it a success or a story?

The opposition claims that positive numbers are blinding our eyes to growing unemployment and a current account deficit. Is this so? Are we all growing richer, or is it only the happy 20 percent that gets fatter and fatter? Compared to the flourishing economies of Brazil and China, Turkey's record is not a 'straight-A' report card. But compared to its immediate predecessors, the AK Party government performed rather well

CONTINUED FROM PAGE 1

Though critical of the government's economic policies, even Hasan Ersel is proud of the increase in exports in the 2002-2006 period. "When world exports increased by 8.2 percent, Turkey's exports rose by 24.3 percent. This figure was two times higher than the rate of increase in exports in developing countries," Ersel wrote.

The pejorative language of a journalist may legitimize Ersel's analysis, but AK Party deputy Erol Aslan Cebeci believes that even those criticisms are unjustified. "People have misconceptions about national income, which rose from \$5,000 to \$5,700 this last year. They think that the state will say that this is the increase in the national income and this \$700 is your share. In no country, can you see this misconception," Cebeci argues. The AK Party complains in particular about baseless claims that the growth of the Turkish economy helped only the rich, while the poor continued to get poorer. He also rejects this. "We should have a look at the 2002 figures to find out the shares of the top 20 percent fraction and the lowest 40 percent fraction in total income, and compare them with the 2007 and current figures. During the term of our government the income of the lowest income group increased by 4 percent. This increase does not include the direct income support or municipality aid."

Cebeci is aware of the gap in between the economic classes. "We acknowledge that while there were only five dollar billionaires in 2002 in Turkey, there are now 26, according to income tax figures. However this can be explained with the snowball metaphor. When you let a small snowball go downhill it turns into a big one until it reaches to the bottom of the hill. If you release a bigger snowball, it will then turn into a much bigger one. An object with a greater surface area will grow at a higher rate. It would be unfair to argue that the AK Party has implemented special measures to increase the income of the rich and not of the poor. Nobody can magically offset any imbalance in the distribution of income in an economy," explains Cebeci. "Maintaining economic and political stability, the AK Party has increased the incomes of all income groups. If you create economic stability the groups that initially have an advantage will naturally have a greater advantage at the end," Cebeci says.

Fikri Türkel is a senior columnist at the Zaman daily who has written about micro and macro-economics for over 15 years. He also thinks that when compared to developing countries such as China, India and Brazil, Turkey's developmental performance is not as striking as it first appears. But Türkel is also skeptical about whether Turkey would perform as well as it did without the AK Party in government. "Economic decisions put an end to the unearned income of certain groups. To implement these decisions would require powerful political determination. I don't think any other government would be able to show this determination," says Türkel.

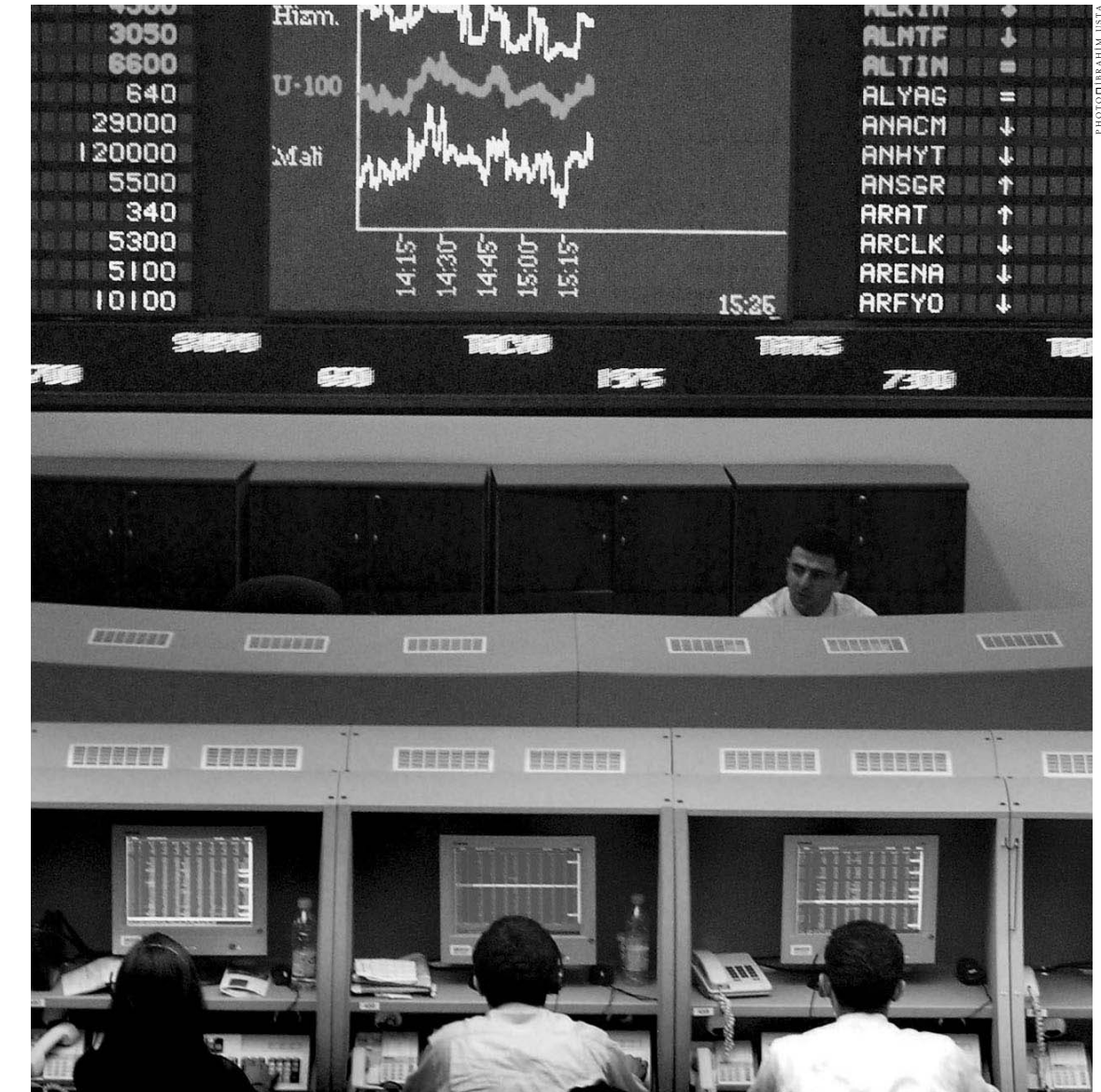
Favoring the rich?

He also regards comparison with the past as being as legitimate as comparison with other developing economies. "In the past Turkey would grow for two years then its growth would stop on the third year, and finally it would see a drop in the fourth. During the current period we have not seen any devaluation. Foreign exchange policies have been successfully implemented. Single-party government has been well-received not only domestically but also at the international level. The fact that the government has kept the promises made to the World Bank, or the International Monetary Fund (IMF), was welcomed by foreign countries," explains Türkel.

Türkel rejects claims that AK Party policies favored businessmen and the happy 20 percent. "The current period is one of incredible restructuring. We see that those who take better positions have better gains. The Koc Group attained in 2007 the growth target they set for 2015. This fact cannot be construed to say that the Koc Group has been favored in this period. This only shows that Koc has been restructured well in this period. There are [also] some corporations which have diminished to melting point, such as the Boyner Group," he says.

Chairman of the Independent Industrialists and Businessmen's Association (MÜSİAD) Ömer Bolat's statistics show that even the gap between the richest and the poorest was narrowed under the AK Party. He states that the gap between the lowest 20 percent income group and the highest 20 percent income group decreased by 7.1 percent between 2000 and 2005.

Critics of the AK Party's employment policies claim that unemployment is a growing problem in Turkey. Osman Arolat, editor in chief of economic news daily Dünya, claims that the decrease in unemployment rates



is false. "The figures collected by the Turkish Statistics Institute (Turkstat) relate only to official applications. There are also 890,000 part-time workers. There are 2 million people who no longer search for jobs. Turkstat does not consider them as unemployed. According to Turkstat there are 24 million unemployed people who have all filed official applications. When all these figures are combined, there are about 5 million unemployed people. This means that the unemployment rate increased to 20.2 percent, compared to the officially declared 9 or 10 percent," explains Arolat. Deputy from the Republican People's Party (CHP) Sevek Arz also disbelieves the official statistics. "I have worked as a public servant and I know well how one can fiddle with those figures," he says.

But Bolat of MÜSİAD does not agree at all. Though he regards the official unemployment figure of 9.6 percent as unacceptable, he praises the creation of 3 million new jobs in the last five years. "As about 700,000 young people join the Turkish labor market annually Turkey's annual growth must be between 6.5 and 7 percent," Bolat says. According to him the economic performance of the AK Party cannot be explained by already existing programs the AK Party inherited. "Why did Turkey face a crisis in 1994 or in 2001? The governments had full media support then.

The IMF program, too, was fully supported. Why did they fail? If the success can be attributed to the program and not to the government which implements it, then why were they not successful?" asks Bolat.

Bolat summarizes the current situation of the Turkish economy in a few words: "Public finance has improved. The share of loans in national income has decreased from 90 percent to 57 percent. Last year Turkey's budget deficit was only YTL 3.9 billion. The share of this deficit in the national income is only 0.07 percent. Turkey's success in exports is striking. However imports also rose. The foreign trade deficit and current account deficit became respectively \$52 billion and \$30 billion."

The sole pessimistic indicator in this list seems to be the current account deficit. But Cebeci of the AK Party has an unorthodox perspective on this issue. "Current account deficit is defined as follows," he says. "You have a current account deficit if you purchase more than you sell. I see no problem in this. If you have purchasing power you can buy more than you sell. In a marketplace traders who can buy more than they sell are considered successful." According to Cebeci the term "current account deficit" was a meaningful term in the Cold War era, when money flow was not as high as today. "We now have tourism revenues with which

we can compensate for this deficit," he says.

Fikri Türkel does see current account deficit as a problem, but not a primary danger as the opposition claims. "If the capital inflows are used in short term investments or in the stock markets this is really a risk. But most of the foreign investments in Turkey are long-term investments. There would be more foreign capital inflow to Turkey this year if there were no elections," says Türkel.

Cebeci has another unorthodox view about capital inflow. "Ideas that hot money inflows or foreign capital inflows can cause harm to the country are part of the economic theories of the Cold War era. Who can argue that domestic capital owners are more ethical than foreign capital owners? Some people criticize [Rupert] Murdoch's move to own a newspaper or a TV channel in Turkey. They argue that as this man is a foreigner, he may swindle Turkey. This view implies that current owners of Turkish newspapers or TV channels are more honest than Murdoch or they would not care about losing money for the sake of this country as Murdoch would do. I don't believe that," says Cebeci.

Almost all the sides accept that what counts in the end is how the macro-economic figures echo in the pocket of the middle class. Sevek Arz of the CHP claims that the echo in the family budget is not as

bright as the government pretends. "When we compare the 2002 oil prices and the current prices we can clearly see this. The government is fiddling with the figures to create a false impression that inflation is decreasing and purchasing power increasing," he says.

Ömer Bolat, on the other hand, reminds us that the Turkish people are paying lower prices for utilities or medicine or durable goods than five years ago and finds it unfair to claim that economic improvement has not had an impact on citizens. "Suppose you had given the 2002 economic figures of Turkey to ten economists who are not Turks -- public borrowing rate of 60 percent, per capita national income of \$2,200, inflation rate of 36 percent, current account deficit of \$81 billion -- and then request that they ensure a 7 percent growth while changing public expenditure habits and decreasing interest rates to 6 percent in five years," says Cebeci. "They would tell you that this would require a great performance."

Though praising the past performance of the government, Bolat asks for more: "The economic program of Turkey must be managed with a mindset that does not rely on standby agreements. The stability programs were relevant to the patient who was comatose. Now we need a program for a man who is on the move."

Unprecedented growth proves solid

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Although its exposure to liquidity-driven capital flows makes Turkey sensitive to changes in global liquidity conditions and risk appetite, the economy is now on a stronger footing and therefore can withstand financial volatility, according to Cevik. But Turkey's macro-economic normalization is not a byproduct of abundant global liquidity. The tenfold increase in total factor productivity growth to an average of 4.8 percent in the past five years, not global liquidity, is the most important determinant of economic developments and the attraction for capital flows, he said.

Deutsche Bank in a report yesterday said that while the market would likely be encouraged by inflation rising "only" 0.9 percent in March, and would believe that interest rates will soon start coming down again to help lift private consumption, gross domestic product (GDP) numbers and 4Q06 corporate earnings paint a different picture.

Private consumption and the investment growth rate slowed to a paltry 1.2 percent in the final quarter last year, which tallies with operating performance at the company level, said the report. Commodity (oil, steel) and construction-related companies performed well in the last quarter of the year, while consumer oriented companies (durables, auto, retail) turned in very weak EBITDA numbers in the same period.

Unless rates do indeed come down, as the market

is expecting, this weakness will be exacerbated further, according to Deutsche Bank. "We acknowledge the market's upward bias, however, we point out that this is driven more by external factors. Domestically, the prospects of sluggish earnings, not to mention an election, hardly translate into a strong case for equities," said the report. The Deutsche analysts said there is of course no difference between the money made buying momentum and investing into a better-reasoned case. "The difference is in the exit signals. In the first case, there usually aren't many."

A semi-optimistic economist

FinansInvest economist Banu Kivci Tokali counted herself among the optimists.

"For growth, we're optimistic when we look at the signals for domestic demand, which are still robust despite high interest rates, so that any likely slowdown will be limited," Tokali said in a telephone interview on Thursday. Private investment is still strong despite the elections, but public spending will make up the slack through the higher expenditures in this election year, she said. "I think it's possible to see GDP growth of 5 percent or better this year, and that's not conservative when you consider the past five years of uninterrupted growth."

Tokali tempered her enthusiasm for the market with caveats related to the disinflation program. "Now

the consumer price index CPI inflation is over 10 percent, yet breaking the double-digit barrier will be relatively easy on the base effect. We see 9 percent ahead, but continuing downward will be difficult because of high increases in service prices. Rents have been slowing but are still at 20 percent, a high figure."

And finally there is the confidence gap. "The market sees 7 percent at year-end versus the central bank target of 4 percent, and only when we actually see the lower figure at year-end can we begin to look to convergence to target," said Tokali.

Convergence is important because there is a strong link between market expectations and target realization, mainly in the psychological phenomenon of expectations tending to affect the actual inflation rate, a sort of self-fulfilling mechanism. "So modifying expectations is key to reaching the target, and the central bank faces difficulty choosing the right tools and measures to push inflation down," said Tokali.

The official target of 4 percent is a challenge because the CPI includes variables out of control of the bank, components like commodities and processed food, so they may have to choose more components from core inflation in order to assess real inflation, she said. Thus the optimists win in our very informal assessment. Although progress needs to continue on structural reforms, the opportunities inherent in the Turkish economy outweigh the risks.



Will Turkish economy feel effects of e-memo more in medium run?

The memo fell on the political and economic stage like a bomb, and many analysts who flocked to the TV programs declared that it had inflicted a huge blow to democracy. Similarly, most of them pointed to another effect of this outburst of the chief command of the military: Turkey's journey to the EU and the European values of democracy and human rights had suffered a great loss

When the Turkish military issued a statement that was perceived by many as a memorandum on its Web page on the night of April 27 -- the same day as the first round of voting in the presidential election -- everyone recalled the bad memories of past coup d'etats.

The statement said that the secular regime has come under threat and that discussions around the election have become disputes over the secular regime. It asserted that the military was ready to protect the republic by any means, indicating that it would not refrain from using force if necessary.

The memo fell on the political and economic stage like a bomb, and many analysts who flocked to the TV programs declared that it had inflicted a huge blow to democracy. Similarly, most of them pointed to another effect of this outburst of the chief command of the military: Turkey's journey to the EU and the European values of democracy and human rights had suffered a great loss. Some claimed that even pro-Turkish Europeans would perceive it as a deviation from the path to full membership.

Some analysts, additionally, expressed re-

marks that tension created by the military's statements will curb foreign investment, which Turkey looks to in order to gap its investment deficit. It has to employ 1 million young people who join the workforce every year, but its current domestic investment level can only create jobs for 500,000 new workers. However, the privatization of the Izmir port and the huge demand for Halkbank's IPO have allayed fears of the decline in foreign investors' interest in Turkey, at least for now. The joint initiative group, consisting of Global-Hutchison and the Aegean Exporters Union (EIB), offered \$1.3 billion in the auction to outbid all of their competitors. Even the most optimistic estimates were saying that Turkey's State Railways (TCDD) would get at most \$850 million from the tender. Similarly, Halkbank also reaped demand from international investors seven times the amount of shares it had offered to them. These were perceived by many as an indication that Turkey is still luring global actors.

However, some argue that although Turkey seems to have overthrown the side effects of the

simmering political tension and the military's undemocratic outburst, in the middle term it will feel the ache more due to its spoiled image.

"It is hard to say what will happen in the middle term," says Rona Yurcali, chairman of the Foreign Economic Relations Board (DEIK). "But I can say that there is no apparent attrition in the markets at present."

Yurcali says the higher-than-expected price in the Izmir port tender and Halkbank IPO are clear indicators of the continuation of foreign investors' interest in Turkey. Fixing a precise date for elections will also have a positive effect, he adds.

Professor Sudi Apak from Trakya University points out that nobody was expecting the government to decide on early elections so quickly, which contributed much to markets normalizing.

"The latest incidents have certainly affected the country's image adversely, there is no doubt about it," he said. According to Apak, investors are more interested in what they put on the table and what they get in return than such transient occasions. As long as Turkey can maintain its relations with the International Monetary Fund

(IMF) and a strict economic program, global investors will always trust Turkey's economy.

But there are some critical issues that are still posing real handicaps, such as the budget deficit, unemployment, inflation, the current account deficit -- which has already exceeded \$32 billion -- Apak underlines, adding that such "huge problems" are cautiously being tracked by the IMF.

Razanur Meral, chairman of the Confederation of Turkish Businessmen and Industrialists (TUSKON), said foreign investors are carefully monitoring what is happening in Turkey.

"They don't decide to enter a market easily, as they don't decide to leave easily," Meral said. He calls for calm from all parties involved in the controversies while also predicting dire consequences for the future if the wrong course of action is taken. "If the military issues another memorandum like this one, all the achievements that have been made in the last five years will be lost in one stretch." The permanent solution to prevent these outbursts that are deeply damaging the country is to increase the prominence of the rule of law as well as democracy, he said. **Istanbul Today's Business**



TURKISH SOCCER OPENS UP TO AFRICA

Unforgettable African stars in Turkey

OKAN UDO BASSEY | ISTANBUL

Ankara side Gençlerbirliği was one of the first Turkish soccer clubs active in the African market several years ago and since then its Chairman İlhan Cavcav has made a successful practice of buying little-known African players and selling them later on at serious prices. Time has shown how sensible and lucrative this business is as many Turkish clubs have since followed in Cavcav's footsteps.

Turkey has maintained its attraction for African players. Many players, some famous and some obscure, have played and are still playing in the Turkish leagues. Naturally they prefer performing in the topflight, namely the Türkcell Super League, but a few have played in the lower divisions. So many African players have come and gone, but some have made their mark on Turkish soccer and some are still doing so.

Augustine Azuka (Jay-Jay) Okocha

Jay Jay Okocha's success at the 1996 Olympic Games in Atlanta persuaded Fenerbahçe, where fellow Nigerian Uche Okechukwu played center-half, to extricate him (at a cost of 1 million pounds) from troubled and relegated Eintracht Frankfurt in 1996-97. But the Fenerbahçe Yellow Canaries' inconsistent form, coupled with managerial changes and a crisis in the boardroom, meant that despite the considerable efforts of Okocha (16 goals from his midfield position, among them a hat-trick against Antalyaspor), they never got close enough to spit venom at Galatasaray. After making history by becoming the first team to beat Manchester United in a European match at Old Trafford, they stood on the brink of the quarterfinals, but Juventus was too strong for them and they just missed out. In 1997-98 Fenerbahçe was excellent defensively, but while Okocha had a fine season in midfield and in front of goal, tantalizing the Turkish crowds with the tricks he was later to exhibit at the World Cup, the team's all-round shortage of goals was a major concern, and the Canaries could not cope with Galatasaray's form. In the UEFA Cup, they disappointingly went out in the first round against Romanian side Steaua Bucharest. In 1998-99 Okocha became the most expensive African player ever when French outfit Paris SG bought him from Fenerbahçe for \$17 million, but his first season in France was quite disappointing, despite an incredible goal in his debut game against Bordeaux. He later moved to English Premier League side Bolton Wanderers in June 2002 on a free transfer.

Okocha is currently playing in the Qatar league for Qatar SC, a move that was completed in July 2006. He is nicknamed "Jay Jay" for his entertaining and flamboyant style of play. While at Bolton his fans wore t-shirts that bore the legend "Jay Jay -- so good they named him twice." Jay Jay also holds Turkish citizenship, with his Turkish name being Muhammed Yavuz. He was a member of the FIFA 100, a list of the 125 greatest living footballers selected by Pele in conjunction with FIFA's centenary celebrations. He was nominated BBC African Footballer of the Year in 2004 and 2005.



Okocha



Uche



Amokachi



Moshoeu

Uche Alozie Okechukwu

Uche was a part of the Nigeria national team squad for the 1992 African Cup of Nations, where Nigeria reached the semifinals. He was chased at Danish club Brøndby by İstanbul club Fenerbahçe for half a year, until he was bought in on an 8 million Danish krone transfer deal in November 1993. He represented Nigeria at the 1994 African Cup of Nations, which they went on to win, beating Zambia 2-1 in the final. He was a great part of Nigeria's first FIFA World Cup participation, when he was called up for the 1994 FIFA World Cup, and played full time in Nigeria's four games before elimination.

At Fenerbahçe Uche formed a defensive duo with former Brøndby defender Jes Høgh, when the club won its first Türkcell Super League championship in seven years in the 1995-96 season. He was named Nigeria's national team captain on several occasions between 1996 and 1998, and was a part of the Nigerian team which won the gold medal at the 1996 Summer Olympics. He also took part in the 1998 FIFA World Cup and ended his national team career when Nigeria was eliminated from the tournament. He played a further four seasons with Fenerbahçe and won the 2001 Türkcell Super League. In 2002 he left Fenerbahçe after nine seasons and 191 league games for the club. He then moved to İstanbulspor where he ended his career. Uche is a Turkish citizen with the Turkish name Deniz Uygur and is still living in İstanbul.

Daniel Owefin Amokachi

Daniel Owefin Amokachi, nicknamed "the Black Bull," played many international matches for Nigeria and was part of the team that participated in the 1994 FIFA World Cup and 1998 FIFA World Cup and won the 1994 African Nations Cup. He also helped win the Olympic gold medal in 1996.

While playing for the Ranchers Bees in Nigeria, Amokachi was discovered by then-Nigeria national team coach Clemens Westerhof, who brought the talented player to the 1990 African Nations Cup, and soon



Youla



Geremi



Musisi

Amokachi moved to play for Club Brugge in Belgium. Performing well in Belgium and at the 1994 World Cup, English Premiership side Everton became interested in Amokachi and signed him for a fee of 3 million pounds (\$4.7 million). He went on to win the FA Cup with Everton in 1995, famously scoring two goals in the semifinal. He appeared in the final only briefly, late on, as a substitute but is remembered fondly for his beret wearing celebrations.

He stayed at Everton until 1996, never really making the impact hoped, and was sold to Besiktas for 1.75 million pounds. Unfortunately for Amokachi his career went very much downhill after his move to Turkey. He sustained an injury just ahead of the 1998 FIFA World Cup, played one game, but struggled with knee problems thereafter. After leaving Besiktas in 1999, his playing career more or less ended.

Amokachi now manages Nigerian side Nasawara United. In April 2007 he quit his role as assistant coach of the Nigerian national side. He is now a qualified lawyer, having studied in America, and keeps an apartment in New York City.

Ike Shorunmu

Former Nigerian keeper Ike Shorunmu -- who played in the 2002 World Cup finals in Japan and South Korea -- was acquired by İstanbul club Besiktas in 1999 for \$2.4 million and played for two seasons before being released at the end of 2000-01 because he spent too much time with the national Nigerian team. Shorunmu joined Swiss side FC Lucern in 2001-02 before returning to Turkey the following year where he played for three seasons -- 2002-05.

John Leshiba Moshoeu

Nicknamed "Shoes," Soweto-born Moshoeu played for a several clubs, including Kaizer Chiefs, Kocaelispor (Turkey), Gençlerbirliği (Turkey), Fenerbahçe (Turkey) and Bursaspor (Turkey). He represented South Africa 73 times and was a member of the South African team at the 1998 FIFA World Cup.

Geremi Sorele Njitap Fotos

Usually known simply as Geremi, he is a Cameroonian player currently with Chelsea in the English Premier League. Geremi was part of the gold medal-winning Cameroon team at the 2000 Summer Olympics. He also represented Cameroon at the 2002 World Cup and the 2004 and 2006 African Nations Cups. Geremi started his soccer career with his local team, Racing Bafoussam in Cameroon (1994-1996). Then he moved to Paraguay with Cerro Porteno (1996-1997). From Paraguay Geremi came to Turkey and played for Gençlerbirliği (1997-1999). Then when Welsh coach John Toshack left Besiktas to return to Real Madrid, his first signing was Geremi. He was on a one-year loan with Middlesbrough before being brought to Chelsea by then Blues manager Claudio Ranieri after Chelsea agreed on a 6 million pound deal.

Souleymane Youla

Hugely promising Guinean forward Souleymane Youla left Belgium, after a frustrating season on loan from Lokeren to Anderlecht, in search of regular soccer at surprise Turkish Cup winner Gençlerbirliği in 2001. During the 2005-06 season he was contracted to Besiktas, but was sent on loan to French side Metz at the end of the season. He later signed with French giants Lille. Youla was part of the Guinean 2004 African Nations Cup team that finished second in its group in the first round of competition. The team progressed to the quarterfinals, where it lost to Mali.

Steve Komphela

South Africa's Komphela played first at Gaziantepspor from 1993-1996 and then the following season joined Canakkale Dardanelspor, where he ended his soccer career. He was liked so much in Turkey that he became an indispensable name on television shows. "Black people consider Turkey their second home," he once said.

Majid Musisi Mukibi

Musisi is regarded by many as Uganda's best soccer player of all time. He was sold in 1995 by French side Rennes to the Turkish top-flight club Bursaspor and later to Canakkale Dardanelspor for a transfer fee of \$1 million, making a record in the transfer market for the most expensive Ugandan export. In the 1996 season, he was voted Best Foreign Player of the Year in the Turkish League. After playing in Turkey he had a spell playing for Da Nang in Vietnam. In 2001, the hit man made a U-turn to his dear hometown club, SC Villa, after Dardanelspor was relegated to a lower division. He guided SC Villa to the East African Hexed trophy and a Super League title. In 2002, he relocated to London before joining Uganda's Ggaba United where he ended his career. Musisi passed away on Dec. 13, 2005 on the way to Nsambya Hospital from Kamwokya Christian Caring Center where he was undergoing treatment for a long-term illness. He is fondly remembered in Turkey for introducing the trademark "crocodile dance" to Bursaspor.

Players currently plying their trade in Turkey

Rigobert Song Bahanag (Galatasaray)

A key player for Cameroon for over a decade, Song has played in the 1994, 1998 and 2002 World Cups. He has been capped over 100 times for his country, and is their most capped player. Prior to joining Galatasaray in 2004, Song played for Metz, Salernitana, Liverpool, West Ham, Cologne and RC Lens. Recently, in the 2006 African Cup of Nations, Rigobert became the most capped player in Cameroon history and has made up

until now 103 international appearances. In the 2006 African Cup of Nations Song broke the record for the greatest number of matches played at the CAF African Cup of Nations. Nowadays, Rigobert plays for Galatasaray and captains his national side. Currently he is struggling to find a

place in the team after an argument with Galatasaray's Belgian coach Eric Gerets during a Super League game at Gaziantep. Although Song apologized for the incident both publicly and privately, Gerets has shown no sign of forgiving him, angered that Song openly challenged his authority. Rigobert is also the uncle of fellow star Alexandre Song who plays for Arsenal and is now on loan to Charlton Athletic. Rigobert Song is married to Esther and they are living in İstanbul at the moment.



Isaac Promise (Gençlerbirliği)

Isaac is a product of the Pepsi Soccer Academy in Nigeria. He was the skipper in the World Youth Championship in Holland, where the Flying Eagles won the silver medal. In 2005, he was linked with Dutch club Feyenoord and French outfit Auxerre, but eventually signed a three-year deal with Turkish Super League side Gençlerbirliği.



Ibrahim Yattara (Trabzonspor)

Striker Yattara began his career in Guinea with the San Garedi team. He moved on to Atletico Coleah, another Guinean club before embarking on his career in Europe. He joined Antwerp FC in Belgium in 2001 and plays primarily upfront in the right flank. Yattara, who joined Trabzonspor in 2003, is married and has two children.

Stephen Appiah (Fenerbahçe)

Born in Accra, Ghana, Appiah began his career at local club Hearts of Oak in 1995 at the age of 16. In 1997 the combative player moved abroad to join Italian club Udinese Calcio in the Serie A championship. In 2000 a transfer to Parma was jeopardized by viral hepatitis, but Appiah overcame the illness to move to Parma in the summer of 2000. The Ghanaian was on the fringe of becoming a regular at the Ennio Tardini Stadium, and the club thought it would aid his development to spend the 2002-03 season on loan at Brescia Calcio. A first-team regular for Brescia, Appiah scored seven times in 31 games. This alerted defending then-Serie A champion Juventus to his talents. Juventus paid Parma 2 million euros, in summer 2003, to secure Appiah's services on loan, with an option of a permanent 6 million euro transfer in 2004. He went on to enjoy a solid first season for Juventus at the Delle Alpi Stadium, playing 30 Serie A games, appearing in the Coppa Italia final, won by Lazio over two legs, and making his debut in the UEFA Champions League. Although Appiah lost his place in the team to Manuele Basti early in his second season, he played 18 Serie A games as Juventus won the domestic title for the 28th time. In July 2005 he was transferred from Juventus to Fenerbahçe for 8 million euros. Since last year Appiah has been attracting interest from clubs like Arsenal and Scottish champion Glasgow Celtic.





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ENG

HASSAN Building Machine Ind. & Trade Ltd. Company, executes the production of more than 300 kind of hand tools in its establishment existing in Istanbul under Dekor brand name which has been approved as trade mark in 1960's. HASSAN having a leading position in Turkey, supplies its products to building and home improvement sectors with 80 % market share.

HASSAN giving importance on quality and customer satisfaction, continuously making investment on production technology and makes the design and production of its own special machines and moulds according to production inquiries.

HASSAN currently exports more than 50 countries in four continents and its product range is continuously increasing in order to meet customer demands.

FR

Fondée en 1960, HASSAN Building Machine Ind & Trade Ltd Company produit et commercialise, sous la marque DEKOR, une gamme de plus de 300 outillages à main. Avec son unité de production, basée à Istanbul et son réseau de distribution, DEKOR est aujourd'hui le leader sur son marché domestique avec 80% de part de marché.

HASSAN accorde une importance particulière à la qualité de ses produits et à la satisfaction des ses clients. C'est pourquoi, HASSAN investit régulièrement dans son système de production en maîtrisant parfaitement la technologie de ses outils de production.

HASSAN exporte actuellement plus de 50 pays, dans quatre continents et sa gamme de produits augmente sans interruption afin de satisfaire les demandes de client.

Turkey's foreign auto industry continues to thrive

The past 40 years have seen foreign automobile producers making billions of dollars in investments in Turkey. According to data from the Automotive Manufacturers Association (OSD), global auto giants Ford, Renault, Fiat, Toyota, Honda and Hyundai have important facilities in Turkey, and these auto giants are planning to continue their investments here because of Turkey's high-quality production among other competitors.

Currently Japan-based Toyota's Turkish facility manufactures the Corolla Verso and Toyota's "golden boy" Auris at its factory in Adapazar. The company exports most of the cars it produces, and the Adapazar facilities are one of the 10 largest Toyota

factories outside Japan, with a production capacity of 150,000 cars per year. At the Turkish branch of the company, which was established in 1992, various generations of the Corolla Sedan, Corolla Wagon, new Corolla Verso and more recently the Auris have been produced. Toyota Turkey CEO Kazuhiro Kobayashi said in a statement recently that their total investments had reached one billion euros as of March 31.

French car manufacturer Renault continues the manufacturing journey it started in 1969 with its joint initiative with the Armed Forces Pension Fund (OYAK) and Yapı Kredi Bank. The first cars -- the Renault 12 Sedan and Station -- rolled off the production line in 1971. Renault's investments between 1996

and 2006 exceeded \$1 billion, and Renault announced that they were going to invest an additional 83 million euros in 2007. South Korean heavy industry giant Hyundai has been manufacturing cars for a decade through a joint initiative with Assan in Turkey. Hyundai Assan's factory was built in İzmit with a \$180 million investment. Hyundai's redesign costs reached \$400 million with the production of the Starex and Matrix models. The production capacity of the company increased to 100,000 annually.

Ford Otosan was established in 1959. After laying the foundation of its factory in Kocaeli in 1998 and with investments around \$1.2 billion, Ford Otosan became one of the leading automotive companies in

Turkey. Koç Holding and Fiat's joint initiative Tofas was established in 1968 and production began in 1971 in Bursa. They made massive contributions to the economy with its "bird series" -- the models which are named for bird such as the Eagle, Hawk, Falcon and Sparrow. Today Tofas is producing the Palio, Albea and Doblo. Tofas projected \$1 billion in investments between 2006 and 2008. Japanese automotive giant Honda started to manufacture the Civic Sedan model in 1997 in Gebze and Honda Turkey also started to produce City models from December 2005. Honda Turkey became Honda's second-largest production base in Europe and will increase its capacity to 50,000 from 30,000. **Istanbul Today's Business**

Ekşiogulları growing up in Nigeria

Nigeria, the most populated country in Africa, has a population of over 140 million. Its growing market has made the country one of the most important economies on the African continent. Nigeria, home to the parliament of the Economic Community of West African States, ECOWAS, a regional group of 16 countries, is a center of attraction for Turkish companies.

One of these companies is Ekşiogulları Grubu, a Turkish construction company that has built hundreds of high-quality projects and contributes \$200 million to Turkish-Nigerian economic relations. In 2002, the company signed a \$130 million contract with the Nigerian government to construct a highway in Kaduna province. Initial financial problems were overcome when the gas prices of Nigerian state gas were increased. Ekşiogulları is determined to complete the project by 2008.

Ekşiogulları has almost 50 Turkish engineers and managers and over 500 Nigerian workers and plays an active part in Nigeria's construction market. The company recently signed a contract with Nigeria's central bank and Maiduguri province to build a bank branch. The project is expected to cost around \$25 million. Bank employees will continue to work while experienced Ekşiogulları staff restore the building to a more modern and contemporary look. Ekşiogulları board of directors Chairman Hasan Ekşi said that aside from Nigeria their market aims included central and western African countries. He assured that they maintained close contacts with businessmen in many countries and would continue to develop their relationships. **Istanbul Today's Business**

40-year-old furniture company

Akbas is a furniture manufacturer in Turkey that was founded in 1976. Today it provides services for furniture pieces and foreign trade. The workers at Akbas companies are highly qualified and experienced. The company has been pursuing different employment opportunities in parts of Africa since 2003 and can provide consultation for Turkish investors interested in Africa or African companies. The company is affiliated with many other companies including Art-line in Malawi, Collection in Kenya, Moonster in Uganda and Sanat in Nigeria. The company also provides packaging, shipping and Customs services for furniture supplies from Turkey. A member of the Turkish Confederation of Businessmen and Industrialists (TUSKON), the company would like to develop projects with non-members as well.

The company aims to increase the number of furniture technology investments on the continent. It would like one investment in furniture manufacturing or technology to be realized in every African country and it hopes to make it possible for every African to be able to produce a trademark they are familiar with. To realize this aim the company has set high quality and timely delivery as their criteria. Akbas is confident that they have the necessary expertise and experience to realize this goal. Erdoğan Akbas, chairman of the Akbas Group, said Africans are also very eager to improve trade relations with Turkey and urged Turkish businessmen not to miss this opportunity. **Istanbul Today's Business**



Diktaş A.Ş. 1945 yılında kurulmuş, dikiş ve dantel ipliği üreten, Türkiye ve dün pazarlarında konusunda lider bir kuruluştur. İstanbul'da 35.000 m²'lik kapalı alan üzerinde faaliyetini sürdüren fabrikamız yüksek kaliteli Pamuk, Kesik Etyaf Polyester, Core Yarn (Poly/Poly ve Poly/Cotton), Continuous Filament Polyester, Continuous Filament Nylon ve Rayon Nakış İpliği üretilir, herkesce bilinen Altınbaşak, Üçbaşak, Fabrikalı, Oltalı, Turtle, Seahorse, Flame, Texturised ve Bora markaları ile piyasaya sunulmaktadır. Çeşitlerimiz yüksek standartta kalite kontrolü ile en yüksek kalitede hammaddelerden üretilmektedir. Diktaş mamülleri gibi Türkiye'de olduğu gibi dünyada da 60'tan fazla ülkede beğeni ile kullanılmaktadır.

Diktaş A.Ş. that was established in 1945, is a leading organisation in Turkey and abroad engaged in manufacturing sewing and lace yarns. Our factory operating upon an indoor area that covers 35000 sq.m. in İstanbul has been manufacturing high quality cotton, spun polyester, core yarn (poly/poly and poly/cotton), continuous filament polyester, continuous filament nylon, texturised polyester and rayon embroidery threads and marketing them under the well known brand names of Altınbaşak, Üçbaşak, Fabrikalı, Oltalı, Turtle, Seahorse, Flame, Texturised and Bora. Our varieties are produced with the raw materials of high quality under the highest standards of quality control. Like in Turkey, Diktaş products are used in satisfaction in more than 60 countries all over the world.

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Wednesday, May 16, 2007

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Printed at Feza Gazetecilik A.Ş. Tuzluk. Advertisement Phone: +90 212 454 82 47. Fax: +90 212 454 80 30. Today's Business is published by the rules of press ethics.

PHOTO
NURSAI BAYHAN

Bingül Group produces 350 cleaning items

The Bingül Group is a group of companies that produces, distributes and exports food and cleaning products.

Titiz Cleaning and Cosmetics Products Industries, under a unique brand and with the confidence of its Titiz brand, has launched operations with a totally new concept. Under the Titiz brand, an extensive range of products including more than 350 cleaning, household and paper product items (including toilet paper, paper towels and napkins) are provided. The company's ability to produce private labels for different markets and chain stores provide it with a huge range of customer profiles.

Hey Food Industry and Trading Co. Ltd. started its operations as one of the young and dynamic companies of the food industry back in 1996. Hey Food, under the brand name of Green Island, produces herbal tea, fruit tea and black and green tea products. Beside operations under the registered brand of the company, Green Island, it also produces the Private Label Tea products for famous national and international chain stores in Turkey. Hey Food, with a background and experience in foreign marketing, is ready for business partners in your country.

Berbak Food, which started its operations in 1993, is packaging it rice and pulse products, indispensable natural products for human nutrition, under the names of Ofis, Hey and Gondol. Berbak Food's rice and pulse products are carefully selected from those regions of Anatolia where only organic agriculture is conducted and processed by automatic packaging machines and carry the secrets of a natural and healthy life and the marvelous tastes of eating pleasure to your kitchen. **Istanbul Today's Business**

Foreign investors shift attention to housing

ISA SEZEN İSTANBUL

Following their interest in Turkish hotels, shopping centers and residential projects, foreign investors are now interested in Turkey's housing sector with European and Middle Eastern investors are offering partnerships to Turkish real estate investors.

Ugur Dumankaya, board member of Dumankaya Insaat, which is planning to construct 15,000 houses in five years, said that they had many partnership offers from foreign investors

that could lead to many future deals. "Turkey is one of the most popular countries in terms of foreign investment. People choose here because of high returns and its young population," he said.

Dumankaya Insaat started a major housing construction project, Trend, 18 months ago on the Asian side of Istanbul. It has sold 90 percent of its 1,400 houses. Dumankaya said the construction sector was badly affected by the "mini" economic crisis of spring 2006 but recovered by September of the same year. He also noted that the share of housing investments had increased significantly.

The first evidence of skyrocketing interest in Turkey, especially Istanbul, came at fairs and summits abroad, Dumankaya explained. Interest in partnerships was due to international investors trying to access Turkish real estate market but not wanting to operate on their own in a new market they did not know well. "So they wanted to establish partnerships," he added. Thus his firm now decides whether to accept an offer based on the company's potential to attract foreign customers to purchase the houses. Most of the offers come from Dubai. Previous work done in Dubai by Turkish construction

companies has given the industry a good reputation. Dumankaya said Arabs also wanted to buy houses in Turkey. "It is a rising star and has competitive prices compared to its rivals," he noted. There are difficulties, however, rising construction costs in particular. Labor, land and equipment costs have doubled within the last one-and-a-half years and competition has reduced the profit margins of contractors, Dumankaya complained. For these reasons housing prices will continue to increase and the demand for small one or two-bedroom flats will also rise, he forecast. **Istanbul Today's Business**

Kadiahmetoğulları launches projects all over Turkey

Kadahmetoğulları A.Ş. started out as a family business in 1974. The Antalya-based company has six partners, including the latest partners, who are the younger members of the family. The company operates in almost all areas of the construction and contracting sector and provides a wide range of services and products of high quality, from machinery parts, mixing plants and asphalt plants to concrete with its highly qualified staff. In addition to these activities, the company has also broadcast the local VTV channel in Antalya for the past 10 years.

The company, with its 33 years of experience, is a leader in the construction industry. It has successfully completed major projects across the country, particularly in the Mediterranean region. In the past five years it has concentrated on infrastructure contracts, from dam and airport construction and industry facilities to overpasses and underpasses, and roadside structures. The company has also brought its vast experience and excellence in the construction sector to building shopping malls, business centers, multi-storey parking facilities and high-quality residential complexes.

In addition to its infrastructure projects, the company completed the construction



of the Wholesale Facility Complex of Antalya, the biggest of its kind in the Middle East, in only one-and-a-half years.

Other important industrial projects the company successfully completed involve two LPG refill and storage facilities for the Bütangaz company in Marmara's Ereğli district and for the İpragaz in the Yarımcı region. The Petrol Ofisi refill and storage facility was also completed by Kadiahmetoğulları within the short period of eight months. A different and enhancing experience was added to the firm's list of achievements when it completed the Onaç 2 Dam and the "Karain Stol" Airport in Antalya.

The company is currently the

contractor for building access roads in Antalya. Kadiahmetoğulları A.Ş. is also operating the Laura Shopping Mall, located in the world-known Lara district of Antalya. The construction of the mall was completed by Kadiahmetoğulları in 2005.

In addition, it is building the Antalya business and shopping center on a 176,000-square-meter plot of land. The facility will have 55,000 square meters of stores for rent and is sure to become the most popular shopping center in town. The company plans to finish this project in less than two years.

Another ambitious project the company has undertaken is to start constructing a shopping center close to the Antalya airport, scheduled to begin next year. A project covering a 145,000-square-meter area including stores, residences, offices, parking facilities and a shopping mall is currently under way in the city center of Isparta. The company is currently building a luxury residential complex to the west of Antalya. This project, called the Kadi Residences, will combine traditional Ottoman architecture with modern architecture and the convenience of having fitness centers, swimming pools and shopping areas on the grounds. **Istanbul Today's Business**



A major part of Aydınlar's sales comes from exports

Aydınlar Inc. makes rods, drag links, rod ends, rod spindles, stabilizer rods and pitman arms in its facilities in Konya spread over 25,000 square meters of closed area and markets its products in domestic and foreign markets. It exports 85 percent of its production to European countries.

Its second company, AYROD Ltd., produces for the North American market. Its facilities for wringing, dyeing and casting housings as well as heat treatment are other operations that further strengthen Aydınlar Inc.'s position in the sector.

Hoping to carry its past achievements into the future and benefit from the possibilities provided by advancing technology, Aydınlar Inc. is on a stable growth trend and is increasing its investments. It has recently expedited its projects in the field of technology and information and has institutionalized its structure as a result of successful initiatives launched to comply with the standards of the ISO 9001-2000 Quality System.

Having set out on its journey with the philosophy of "conscious personnel, conscious consumers, successful

entrepreneur," the human resources department is continuing its work with great care. It has also put its signature on a successful project in industrial circles by giving training seminars inside and outside the company and has carried out career support projects to this end.

Product diversity and quality

Aydınlar, which has a diverse product range, is aiming to possess a larger product range in the coming years, with the help of its research and development department. **Istanbul Today's Business**



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TURKEY THROUGH THE EYE OF THE LENS



ARTICLE & PHOTOS BY HELEN BETTS

They say every picture is worth a thousand words; if that bit of homespun wisdom is true, then without doubt Turkey is an endless library of volumes, a veritable feast of opportunity offered the camera. For photographers, whether point-and-shoot or professional, tourist or local, the entire country is one giant photo opportunity.

Looking over my years of photographing Turkey, I find I've learned so much about the country and its people while committing it to image. Some of my most memorable experiences are contained in individual pictures -- fleeting moments of human contact, an acquaintance made that will outlast its parties; the delight of finding a hidden gem within the confines of the city or in the vastness of the Anatolian countryside; the satisfaction after countless attempts of a unique capture of a familiar sight; the pleasure of informing the rest of the world through images on the beauty that is Turkey.

I can go anywhere in this country and stumble across something literally begging to pose for my amateur lens. The urban environment presents a photograph at every turn, compelling the outsider to shoot what appears to locals to be the most mundane of scenes -- a window set in a crumbling building; a wall embedded with broken porcelain or evil eye charms; a door bearing the ravages of time; an apartment building with electrical cords running seemingly nowhere; a horse-and-buggy competing with the hazards of automobile traffic; the grace of a minaret floating above the chaos below; the striking vista of Turkish flags and images of Atatürk gracing buildings on national holidays; the waterways, the cityscapes, the historical landmarks, the hustle and bustle of daily life. Outside

the city limits photos of a different kind present themselves. The years of history residing in the ancient ruins at every turn; fields of sunflowers seeking the sunlight; majestic mountains boasting snow-covered peaks even in summer; Ottoman bridges in the middle of nowhere; quaint villages offering a tableau of the ordinary; moonscapes and landscapes providing the extraordinary; marine vistas created for a postcard... The opportunities are endless, and at every turn lies an unexpected picture waiting to be captured.

The people of Turkey themselves represent a photographic treasure trove in and of themselves. Browsing through my images, I recall the countless people who've been the subject of my lens, both in the city and out: simitci carrying their treats on their heads; vegetable vendors hawking their fresh produce; ramazan concessionaires with their mouth-watering specialties -- all of them willing to pause for a moment in their busy day to indulge my desire for a shot. Then there are the ladies having fun on exercise equipment every morning, headscarves flying in the breeze; shoeshine boys haunting public venues hoping to find a dusty subject; young boys dressed like little kings to mark their sunnet, or circumcision; total strangers stopping me on the street asking to have their picture taken...

I'm reminded of the gentleman I saw every day on my way to work sitting by an ATM machine, posing for a portrait; of the women in Ankara's old city who befriended me, at first hesitant but later demanding to have their pictures taken in return for some copies; of the little boy in Cappadocia who ran down the hill shouting "Hallooo," his pet goat in tow, for a shot of the two of them; of the woman transporting wood by donkey, posing for numerous shots with the promise that I'd send prints; of the fishmongers hammering it up for me with their nautical wares; of the deliveryman stopping me on the street asking for a picture and later wanting one taken with his wife and child; of the people going about their daily lives, displaying a kaleidoscope of color and humanity -- it's all there for the lens, waiting to be captured and rendered timeless in an image.

Photographers of the world -- whether armchair or pro -- your opportunity awaits you in Turkey. Be sure to come armed with ample film or storage capacity. What you capture here will be more than images to send friends, publish in print or display on a Web site; they will be the memory of a lifetime.

The author's most recent images on Turkey are located at <http://www.pbase.com/helenpb>, with older pictures at http://community.websshots.com/user/helenpb_





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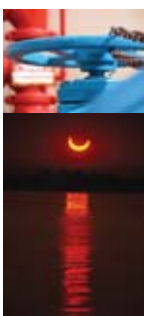
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Karapinar Municipality / Turkey, Filtration & Softening (12,500 m³/day)
Ministry of Defense Baghdad / Iraq, Potabilization (60,000 m³/day)
Ekarem Municipality / Turkmenistan, Reverse Osmosis (Sea water) (1,000 m³/day)
Jebel Ali Power Plant / UAE, Remineralisation (100,000 m³/day)
Turkmenistan Government 1 / Turkmenistan, Reverse Osmosis (Sea water) (1,500 m³/day)
Turkmenistan Government 2 / Turkmenistan, Reverse Osmosis (Sea water) (1,000 m³/day)
Coca Cola Tashkent / Uzbekistan, Filtration & Softening (360 m³/day)
Cote D'azur Lattakia / Syria, Reverse Osmosis (800 m³/day)
Penguin Food Bursa / Turkey, Softening & Dechlorination (2,000 m³/day)
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