IRC-Ege

TURKEY

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COUNTRY OVERVIEW

- **Population:** 71.3 million (UN, 2003)
- **Capital:** Ankara
- **Major language:** Turkish
- **Life expectancy:** 68 years (men), 73 years (women) (UN)
- **Monetary unit:** New Turkish Lira
- **Main exports:** Fruit and vegetables, textiles and clothing, iron and steel
- **Internet domain:** .tr
- **International dialling code:** +90

INTERNATIONAL ORGANIZATIONS AND AGREEMENTS

Bilateral and multilateral agreements and organizations:

- Candidacy for European Union and Customs Union Agreement
- United Nations
- NATO (North Atlantic Treaty Organisation)
- Council of Europe
- OECD (Organisation of Economic Cooperation and Development)
- WHO (World Health Organisation)
- WTO (World Trade Organisation)
- ILO (International Labor Organisation)
- IMF / World Bank
- ECO (Economic Cooperation Organisation)
- MIGA (Multilateral Investment Guarantee Agency)
- BSEC (Black Sea Economic Cooperation)

ASSESSMENT OF TURKISH ECONOMY

Strengths

- Performing economic program supported by IMF and World Bank
- Close relation with EU/accession effort to EU
- Good debt service record
- Dynamic private sector

Weaknesses

- Political instability/lack of confidence
- Vulnerable to changes in market
- Low foreign direct investment
- High public sector debt

ASSESSMENT OF TURKISH ECONOMY

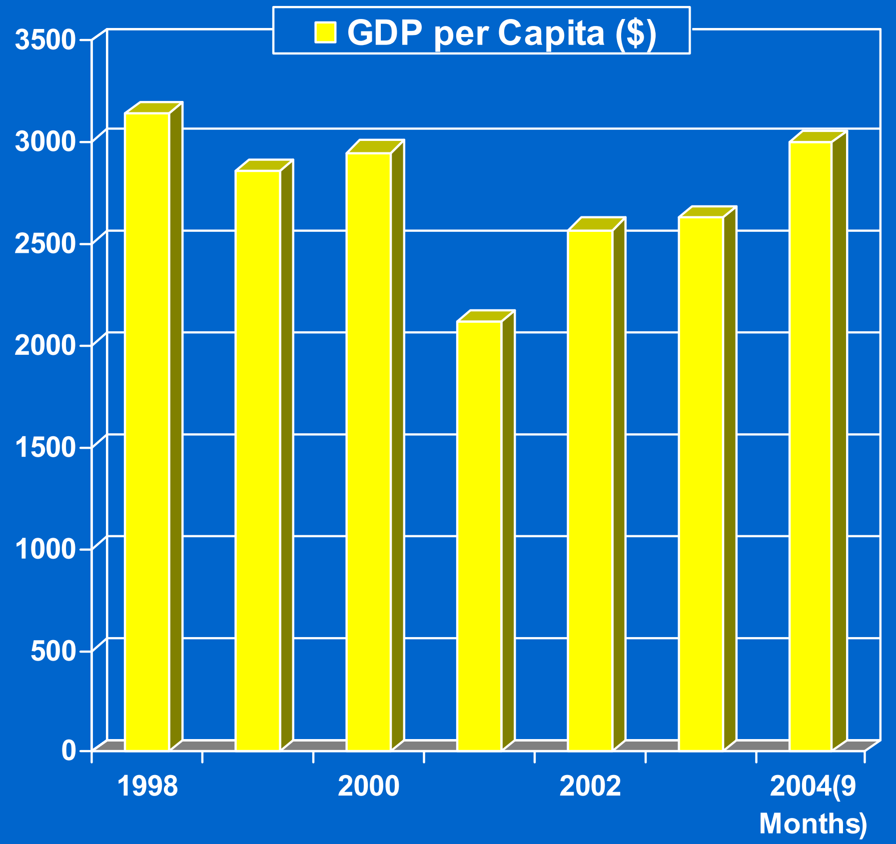
Opportunities

- Unique geographical location
- A strong international investment record
- A fast developing economy
- A huge domestic market
- Highly-skilled, competitive labor
- The gateway of energy resources
- A state of the art telecommunications network
- Strong ties with Caucasia and Central Asia
- Massive demand for infrastructure investments
- Democratic parliamentary system

Threats

- Fluctuations in the Economy
- Possible International Terror Attacks

GDP PER CAPITA ($)



Source: Treasury, Finance Ministry

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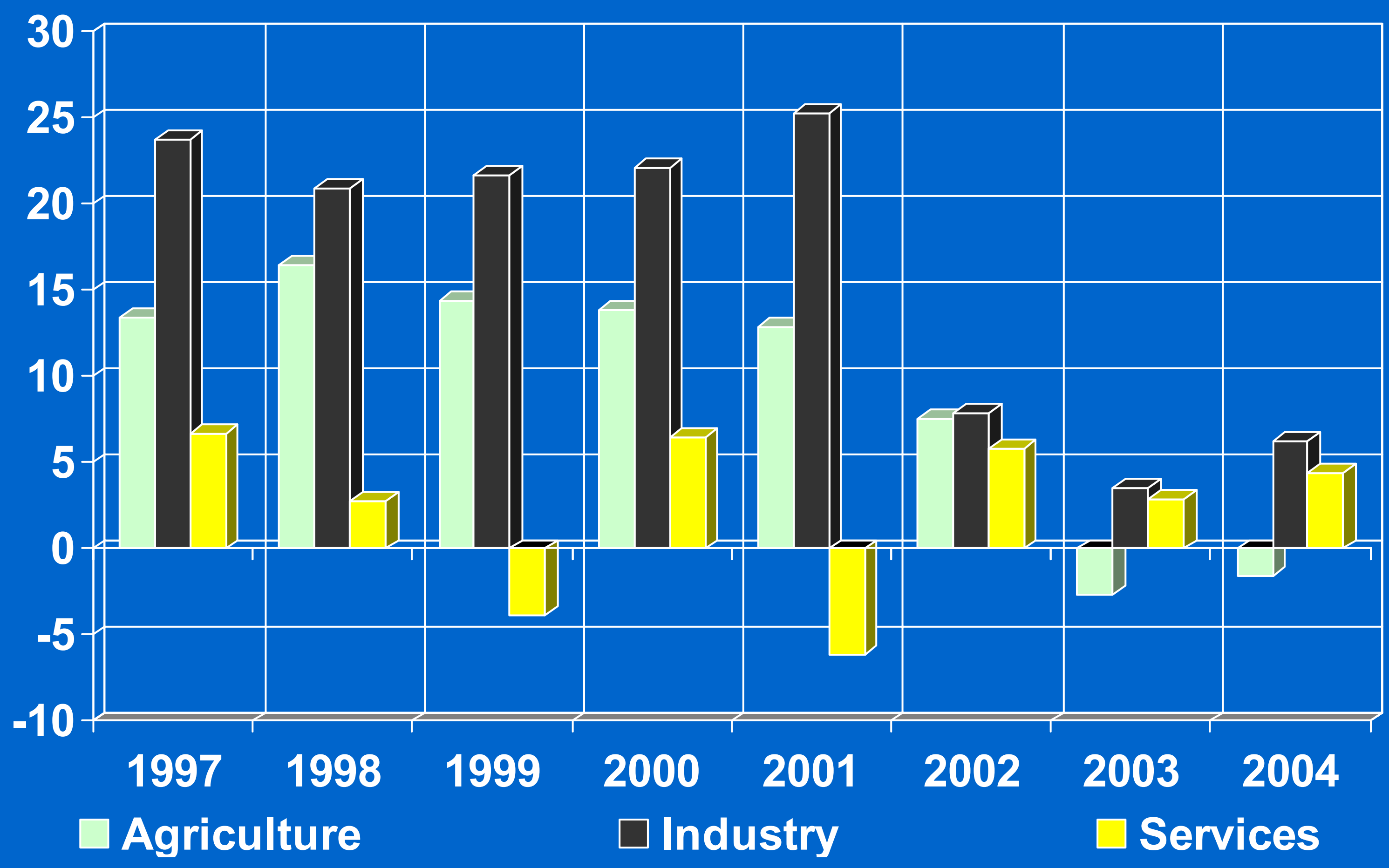
GNP BY SECTORS %



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MAIN INDUSTRIES

- Textiles
- Food processing
- Automotive
- Mining
  - coal
  - chromite
  - copper
  - boron
- Steel
- Petroleum
- Construction
- Lumber
- Paper

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IMPORTS & EXPORTS BY COMMODITIES

IMPORTS

- Machinery (28.3 %)
- Chemicals (15.2 %)
- Semi-finished goods (14.5 %)
- Fuels (11 %)
- Transport equipment (9.5 %)

EXPORTS

- Apparel (25.6 %)
- Foodstuffs (15.4 %)
- Textiles (12.3 %)
- Metal manufactures (8.6 %)
- Transport equipment (8.1 %)

Source: World Fact Book/Turkey

IMPORTS & EXPORTS BY COUNTRIES

IMPORTS

- Germany(13.6%)
- Italy (7.9%)
- Russia (7,8%)
- France (6.0%)
- US (5.0%)
- UK (5.0%)
- Switzerland (4.3%)

EXPORTS

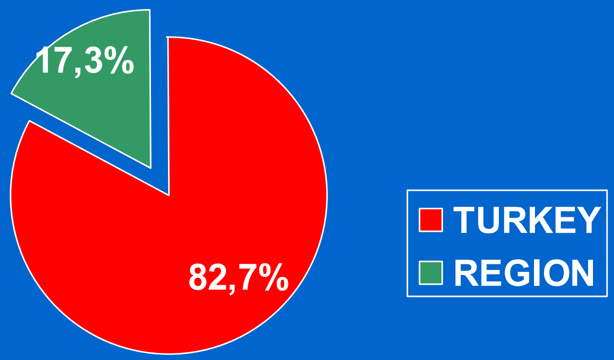
- Germany (15.8%)
- US (8.0%)
- UK (7.8%)
- Italy (6.8%)
- France (6.0%)

CONSUMPTION BY REGION

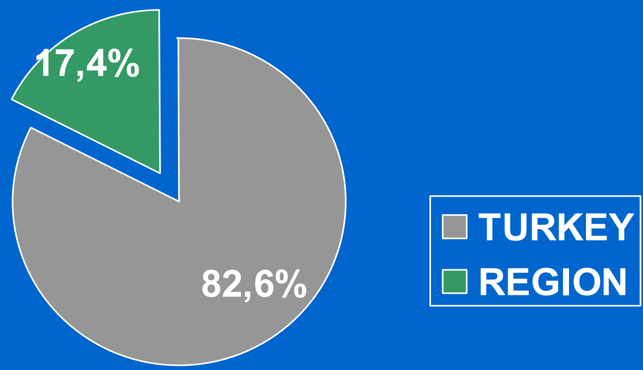
	Marmara (%)	Aegean (%)	Anatolia (%)
Food	42	21	18
Household	41	22	15
Personal Care	43	20	17
Paper	44	19	17
Diaper	43	15	20

THE AEGEAN REGION

GEOGRAPHICAL ACTION TERRITORY



POPULATION RATE



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MAIN SECTORS

- Food; Agro-Industry
- Textiles
- Leather
- Plastics
- Machinery
- Olive oil industry
- Synthetic fertiliser
- Cotton processing
- Oil Refinery
- Energy; thermal, hydroelectric and geothermal power plants

What is the Potential in the Region?

> half of Turkey's tobacco production and one-third of cotton originate from this Region.

The Region is also a major producer of fruits and vegetables. Seedless grapes (35%), figs (80%), olives (48%), citrus fruits.

What is the Potential in the Region?

Leading in ecological farming since 1984:

- 6.123 producers
- 130 different ecological products
- 42.582 hectares of ecological production
- 80.468 tons of ecological products

What is the Potential in the Region?

World's largest morphine production from opium poppy is in Bolvadin, Afyon with 60 tons per annum.

What is the Agro-Industrial Potential in the Region?

Isparta is the region famous for its rose production; 600 kg of rose oil, a high value added product (~ 4.550 Euro), is produced from 7.000 tons of rose.

What is the Agro-Industrial Potential in the Region?

There is currently a very big investment in Söke, aimed at manufacturing wheat germ oil stabilized by a natural antioxidant.

What is the Agro-Industrial Potential in the Region?

In the urban landscapes of the Region, plants for root-dying are collected.

A big corporation is dealing with contracted eucalyptus tree growing in Muğla and Aydın regions to fulfill the cellulose requirements of its own pulp and paper company.

Additionally, there are seeds, hybrid corn seed, ornamental plants, wine making facilities and mushroom production in the Region.

These are some examples demonstrating the agro-industrial potential of the Region.

IZMIR - HEAD QUARTERS of IRC-EGE

- Izmir
- Third largest city in Turkey.
- Infrastructure: harbour & located at main highways
- 600 km to Istanbul or Ankara.
- 15 Universities in the Region (5 in Izmir) (250,000 students / 13,200 staff)

IZMIR - HEAD QUARTERS of IRC-EGE

- It possesses:
  - large investment potential
  - good transportation & communication infrastructures
  - proximity to domestic and foreign markets,
  - availability of qualified man-power.
- Large organised industrial region in Central Izmir and five others in the periphery (1300 companies / 60,000 employees)
- A free-trade zone.

PARTNERS OF IRC-EGE

Ege University (coordinator)
(EU)
Aegean Region Chamber of Industry
(EBSO)
Izmir Ataturk Organised Industrial Region
(IAOSB)
Directorship for the Development and Support of SMEs
(KOSGEB)

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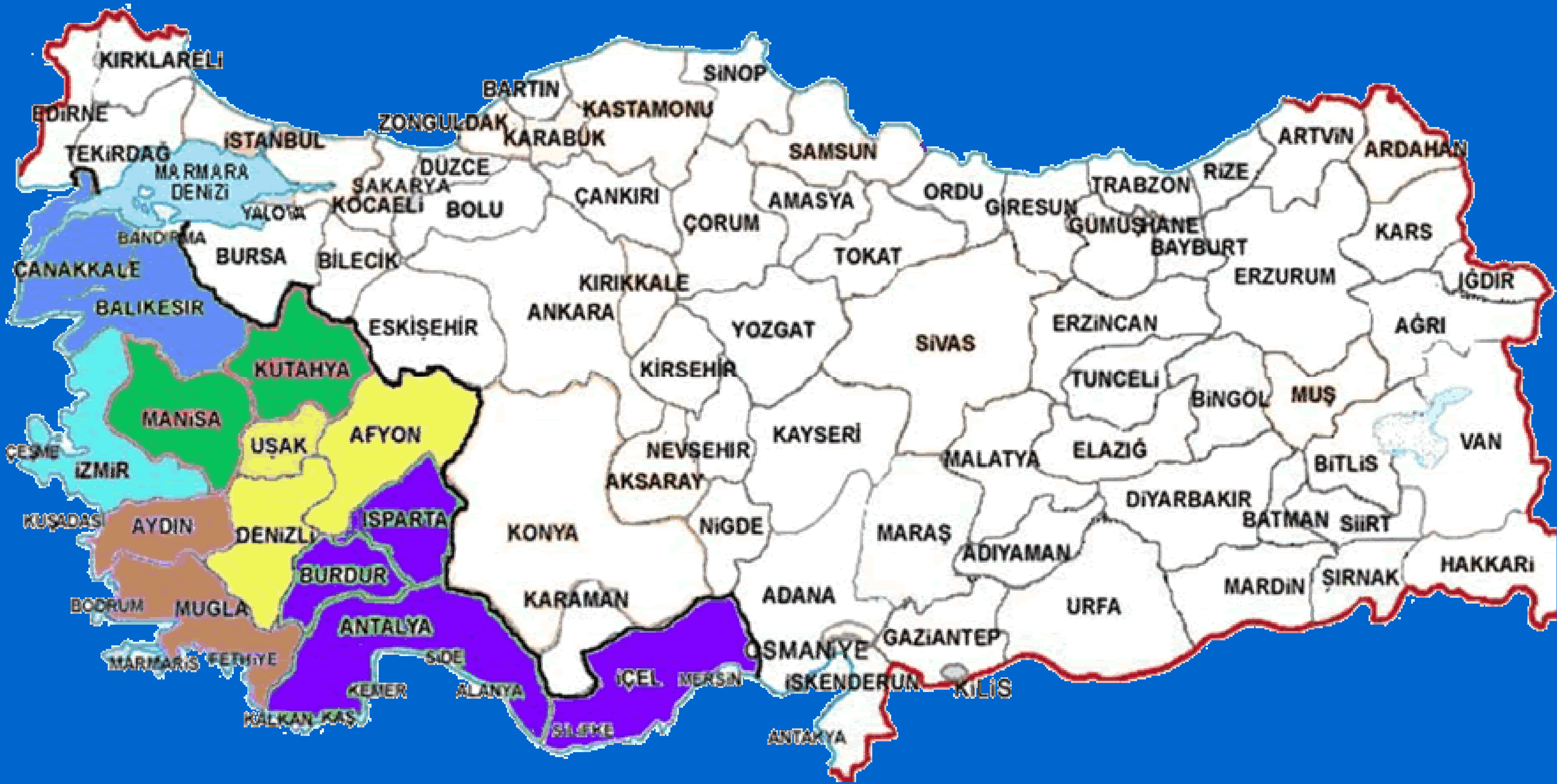
IRC-EGE GEOGRAPHICAL COVERAGE



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BRANCH OFFICES

- **Balıkesir** - *active in Balıkesir & Canakkale*
- **Uşak** - *active in Afyon, Usak & Kutahya*
- **Aydin** - *active in Aydın & Mugla*
- **Antalya** - *active in Antalya, Isparta & Burdur*
- **Mersin** - *active in Mersin*

Clustering Activities with a Global Perspective

- Clusters identified in many countries

- Leaders in the field (based on publicized clusters)*:

- By number of clusters : UK (168 clusters), USA (153 clusters), France (96 clusters), Italy (72 clusters)

– By share of employment (in decreasing order): Canada, US, UK, Italy, Denmark, Germany, France

*Claas van der Linde, The Demography of Clusters - Findings from the Cluster Meta-Study, in: "Innovation Clusters and Interregional Competition", forthcoming 2003(Publication derived from joint LEED – Kiel Institute of World Economics conference, 2001)

Cluster Promotion: Some Examples

Finland (EU survey 2003)

Research in early 90's to identify clusters
10 national clusters 1/3 total employment
Dozen of regional clusters

Results from research: what are the most important areas of cluster promotion?

– Provide links with research programmes and knowledge infrastructures (education)
– Have a shared vision, a public discussion on competitiveness
– Support specific technology centres
– Support labour mobility
– AVOID DIRECT SUBSIDIES

Cluster Promotion: Some Examples

Spain (EU survey 2003)

Regional policies and not national example of a very high interventionist region Aragon working at the restructuring the local context

Results from research: what are the most important areas of cluster promotion?

- Financial support for firms
- Advice and consulting to firms
- Policies to attract firms from outside

Cluster Promotion: Some Examples

<u>Norway (EU survey 2003)</u>

1998-2002 Regional innovation systems and experimental programme stimulating cooperation among firms & research institutes

6 national clusters and 62 regional clusters (the sector must include > 200 jobs and >10 firms and a location quotient 👎 than 3.0

Results from research: what are the most important areas of cluster promotion?
-Networking and collaboration
-Training and education
- Knowledge and infrastructure
- Support a competitive environment
- Identify clusters to be supported by cities and regions

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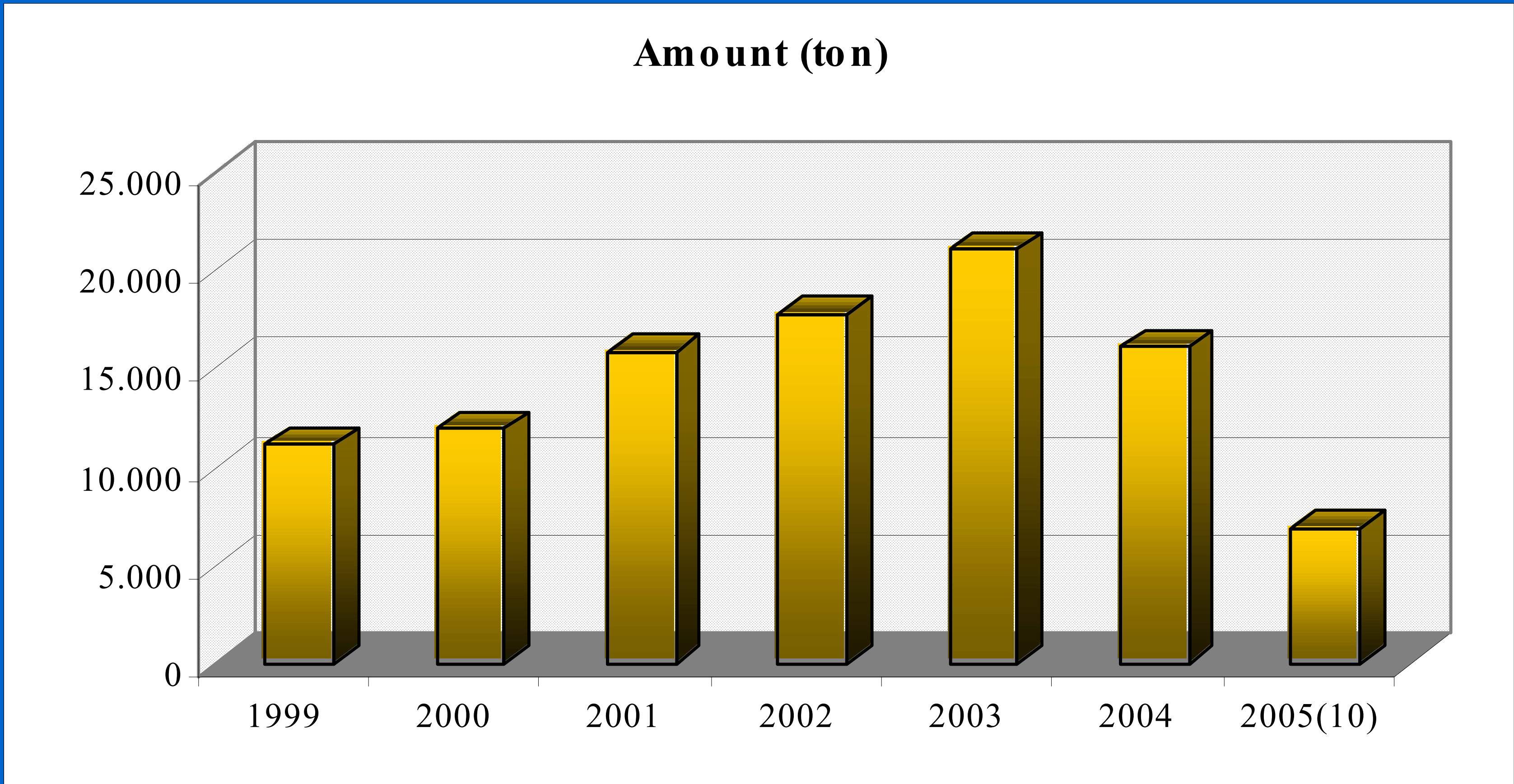
Clustering of Organic Food Producers in the Aegean Region

- In collaboration with the Aegean Exporters' Association

- 74 organic food producers being registered to the Association.

Potential of Organic Food Producers in the Aegean Region



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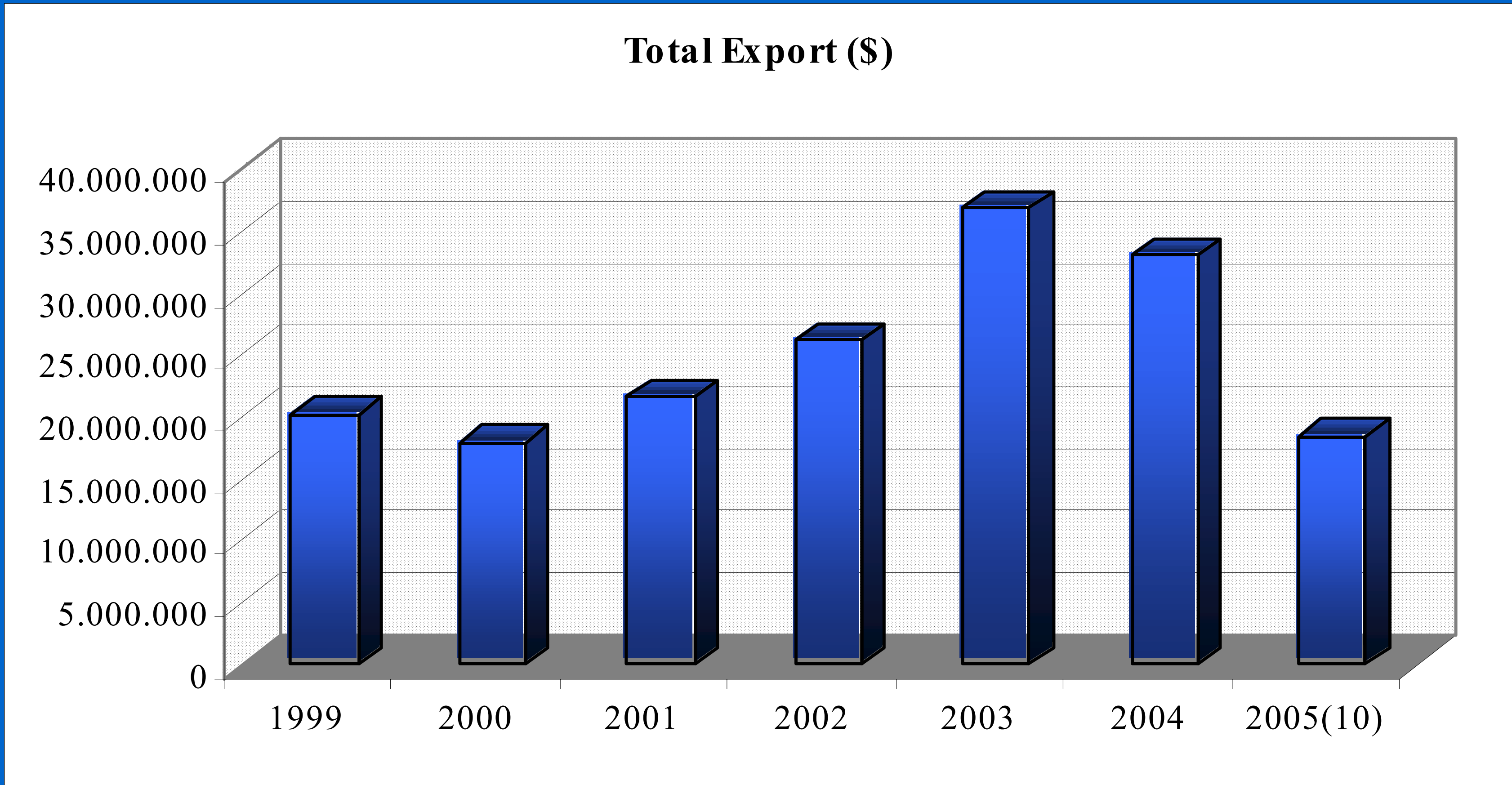
Potential of Organic Food Producers in the Aegean Region



Approach in Initiating Clustering of Organic Food Producers

- Identify priority needs in the cluster (examine the problems, analyze the data)
- Create platforms for contact
- Establish a regional network and distribute related TO/TRs throughout the network.
- Assist companies in their endeavours for collaborating with other clusters

What can Enterprises in Clusters Share?

- Product and market information √
- Product design
- Marketing
- Training, recruitment services, human resources, skills upgrading √
- Purchasing (lower prices for raw material and supplies)
- Transportation and delivery
- Quality control √
- Testing facilities √
- Equipment and infrastructures
- Financing (credit guarentees at collective level), sponsorships

CHALLENGES FOR SMEs

The main challenge for Turkey is to improve innovative capacity of enterprises in order to compete in terms of raising productivity & increasing new product development

THEREFORE: SYNERGY CREATED via CLUSTERING OFFERS GOOD OPPORTUNITY FOR COMPANIES IN INCREASING THEIR COMPETITIVENESS.

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IRC-EGE TEAM

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Thank you

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