



▶▶ Newsletter Turkey October 2014

Please find below our latest newsletter covering economic and political developments in Turkey. If you would like to see our previous newsletters since 2006, [please click here](#). Do not hesitate to [forward](#) our newsletter to interested persons.

Best regards,

FMConsulting Team

newsletter@fmconsulting.com

We are pleased to announce, that we have a brand-new website www.fmconsulting.com in German and English. We invite you to visit our website.

At the same time, we would like to update you that our e-mails will be ending with ...@fmconsulting.com instead of ...@fmconsulting.info. This is valid for all our e-mail addresses.

If you have any questions or comments, please contact our team at info@fmconsulting.com or by reaching us from +90-212-3638 050.

▶▶ Economy

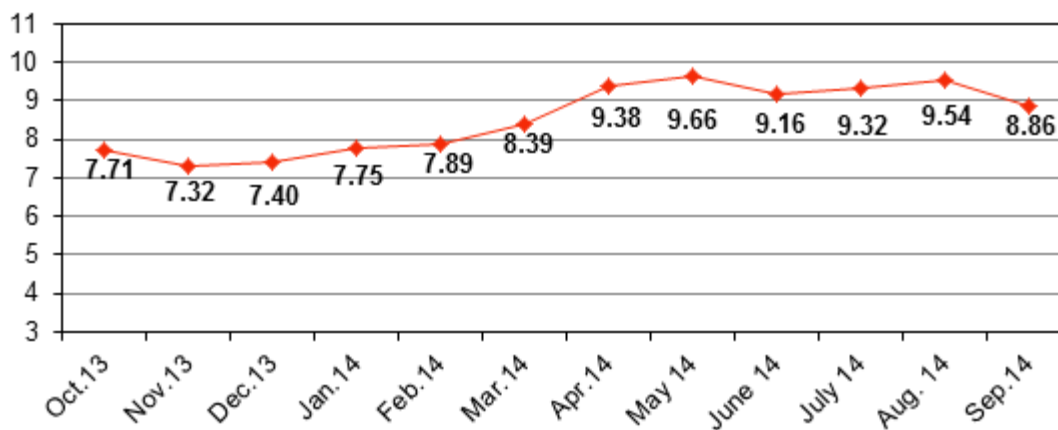
Overview of Monthly Data

TL-Rates	29.08.2014	30.09.2014	Change in %
TL per Euro	2.8502	2.8798	1.04
TL per USD	2.1623	2.2813	5.50

Stock exchange index	80,312.90	74,937.81	-6.69
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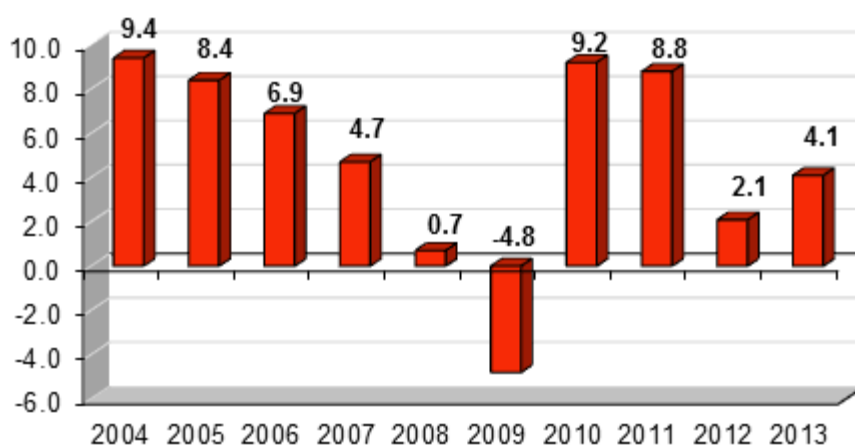
Inflation in %	Monthly inflation	Annual inflation
Producer prices	0.85	9.84
Consumer prices	0.14	8.86

Annual Inflation's Monthly Development 2013-14 (%)



Growth Rates

Economic Growth Rates (%)					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2004	10.0	11.9	8.1	8.0	9.4
2005	8.5	7.7	7.6	9.8	8.4
2006	5.9	9.7	6.3	5.7	6.9
2007	8.1	3.8	3.2	4.2	4.7
2008	7.0	2.6	0.9	-7.0	0.7
2009	-14.7	-7.8	-2.8	5.9	-4.8
2010	12.6	10.4	5.3	9.3	9.2
2011	12.4	9.3	8.7	5.3	8.8
2012	3.1	2.7	1.5	1.3	2.1
2013	3.1	4.6	4.2	4.5	4.1
2014	4.7	2.1			



Annual inflation lower than expected

In September, the monthly increase of the consumer price index (CPI) and the domestic PPI (D-PPI) was 0.14% and 0.85%, respectively. The annual CPI increased to 8.86%. The annual D-PPI slightly decreased compared to last month, to 9.84%. The food prices, which had been the main driver behind the high inflation in Turkey for the past several months, followed a downward trend which caused the inflation rate to marginally go down. On the other hand, the latest price hike in electricity and natural gas is expected to exert upward pressure on inflation in the short term.

October 3, 2014

New arrangement on capital structures of companies under way

Deputy PM Ali Babacan stated that the government is working on a new regulation that will cause companies to have balance sheets with more capital rather than credits. Together with the Capital Markets Board (CMB) and the Ministry of Finance, they are discussing a few measures that will encourage company owners to increase their capital, Babacan added. He also underlined that the government's first aim is to decrease the current account deficit which he said is caused by a low rate of savings.

September 3, 2014

Industrial production index increased by 3.6% in July

In July, the calendar-adjusted industrial production index (IPI) released by the Turkish Statistics Institute (TurkStat) increased by 3.6% compared to the same month of the previous year, and by 1.8% compared to the previous month. In the electricity, gas, and air conditioning supply sector, an increase of 6.2% was recorded, while the manufacturing index increased by 3.4%.

September 10, 2014

Turkey's GDP growth in Q2 lower than expectations: 2.1%

According to data released by Turkstat, Turkey's GDP has grown 2.1% at constant prices in the second quarter of 2014, short of the market expectations of 2.7%. The main reasons of the low growth rate were economic weakness in the European export markets, geopolitical tensions, and monetary tightening. 'Water supply, sewerage, waste management and remediation activities' was the sector with the highest growth rate (11.0%), followed by 'professional, scientific and technical activities' (9.7%), and 'arts, entertainment and recreation' (8.9%). On the other hand, both the 'agriculture, forestry and fishing' and 'activities of households as employers' sectors recorded negative growth figures (-1.8% and -0.6, respectively) whereas the 'wholesale and retail trade' sector did not grow at all (0.3%).

September 10, 2014

Politics

Erdogan visits Aliyev in Baku

During President Erdogan's visit to Baku, the President of Azerbaijan, Ilham Aliyev, has announced that investments worth USD 20 billion from his country will flow to Turkey in the next 5 years. Furthermore, President Erdogan stated that the target trade volume between the two countries is USD 15 billion. Energy was another top issue of the talks during this visit. Erdogan underlined the importance of the TANAP (Trans Anatolian Natural Gas Pipeline) project and Turkey's role in it.

September 4, 2014

New omnibus bill enters into force

With the latest omnibus bill published in the Official Gazette, a number of changes were introduced mainly in the labour legislation, corporate law, internet, and intellectual property laws. The omnibus bill extends the deadline to July 1, 2015 for those companies that failed to increase their capital to the minimum amounts set forth under the Turkish Commercial Code (TTK). Also, with this bill the Presidency of Telecommunication (TIB) is authorised to store internet data without need for a court order, while the maximum time allowed for access providers to block content upon request of TIB is reduced from 24 hours to 4 hours. The new bill also states that foreign nationals who are granted a long-term residence permit or who have been residing in Turkey for an uninterrupted period of 8 years or who have been working in Turkey for a period of 8 years with a valid work permit may be granted an indefinite-term work permit. There are many more changes on different subjects introduced by the bill.

September 11, 2014

Turkey declines to sign joint declaration to fight

U.S. Secretary of State John Kerry was on a two-day visit to Turkey to discuss the international campaign against the self-declared Islamic State (IS) with his Turkish counterpart Mevlut Cavusoglu. He also had meetings with Turkish President Erdogan and Prime Minister Davutoglu. Prior to Kerry's visit to Turkey, ten Arab states and the USA had signed a joint declaration towards taking action against the IS. Turkey did not sign the declaration due to its concern for the safety of Turkish nationals, who have been held as hostages by the IS.

September 12, 2014

Turkish hostages released by IS after 101 days in captivity

The 46 Turkish nationals who were seized by IS fighters in June have been released. The hostages, including diplomats, soldiers, and children, were brought back safely to Turkey by MIT, the country's intelligence agency. Not giving much detail on the release, PM Davutoglu said that no operation was carried out, and that MIT used its "own methods". Though not officially acknowledged, there is widespread belief that a large number of Jihadists were swapped for the hostages.

September 21, 2014

▶▶ Other topics

Turks more willing to enter the EU: Transatlantic Trends

According to Transatlantic Trends, a survey of public opinion by the German Marshall Fund, the number of Turkish citizens who believe EU membership would be good for Turkey has risen to 53%, representing an 8% increase compared to last year. The share of those who think NATO is essential for Turkey's security increased by 10%. The desire for strong US leadership in global affairs among Turkish respondents is 20%, whereas 71% of them think negative about this matter.

September 11, 2014

Borsa Istanbul is global and regional market, says NASDAQ VP

NASDAQ OMX Group Vice President Meyer S. Frucher said that the long-standing cooperation between Borsa İstanbul and NASDAQ has been a stable and positive one, adding that they see Borsa İstanbul as a global and regional market rather than an emerging market. Mr. Frucher said that "Founding Borsa İstanbul was indeed a very comprehensive project. It was a difficult job to centralize the trading of all markets under a single one," and underlined that Borsa İstanbul sets a great example in terms of innovation in finance.

September 16, 2014

Price advantage to be applied for domestic bidders on public procurement

In Turkey, the procurement of goods, services, or works by public entities is subject to the Public Procurement Law (PPL). This law also brings exceptions for the procurement for defence-, security- or intelligence-related goods, services, and works. According to the latest amendments to the PPL, a 15% price advantage can be placed in the tender in favour of all

domestic bidders in the procurements of services and works, as well as goods designated by the Ministry of Science, Industry and Trade as domestic goods. This exception is to be implemented after the Ministry announces the list of goods at the beginning of the year.

September 17, 2014

A.T. Kearney: Turkey among contributors of global growth

Turkey is among the 10 countries that will drive the next wave of global economic growth in the years 2014–2020, according to a report by global management consulting firm A.T. Kearney. In its report “Global Economic Outlook 2014–2020 – Transitory Shift to Renewed Normal”, the firm states that the growth of the US economy will be a good contributor to global growth, as will the growth of 10 emerging economies: Turkey, China, Chile, Malaysia, Peru, Poland, the Philippines, Mexico, Colombia, and India.

September 18, 2014

Turkish Minister of Energy attends ground-breaking ceremony for Southern Gas Corridor

The ground-breaking ceremony for the Southern Gas Corridor, a chain of gas pipelines from the Caspian Sea in Azerbaijan to Italy, was held in Baku. Minister of Energy Taner Yildiz represented Turkey in the ceremony and symbolically signed the first pipe to be installed underground. The pipeline is to diversify the gas supplies to Europe and comprises an extension of the South Caucasus Pipeline that will cross Azerbaijan and Georgia, the Trans Anatolian Pipeline (TANAP) across Turkey, and the Trans Adriatic Pipeline (TAP) across Greece, Albania, and into Italy.

September 22, 2014

Erdogan unveils Turkey's new export slogan and logo

Turkish President Recep Tayyip Erdogan unveiled Turkey's “Discover the Potential” slogan that is to be used instead of “Made in Turkey”, as well as the new logo for Turkish products. The new branding, which is to be used on exported Turkish products, was prepared by the Ministry of Economy and the Turkish Exporters’ Assembly (TIM). According to Erdogan, the new logo and slogan symbolize the self-confidence of what he labelled “the New Turkey”.

September 29, 2014

Turkish Durmaray to produce light rail coaches of Siemens

Durmaray, the rail division of leading Turkish machinery producer Durmazlar, has exhibited Turkey's first domestically produced tramway "Ipekbocegi" ("Silkworm") and the light rail vehicle "GreenCity" at the InnoTrans Fair in Berlin. Vice President Fatma Durmaz Yilbirlik stated that her company has come to an agreement with Siemens on the manufacturing of the light rail coaches which Siemens had stopped producing.

September 30, 2014

Other Headlines

- Turkish leading defence manufacturer ASELSAN has signed cooperation agreements with Polish companies ZM Tarnow and WCBKT during the MSPO International Defence Exhibition in Kielce/Poland. September 4, 2014
- Turkey has invited Google to set up an R&D centre in Turkey and Google responded that they might realise campus projects for the benefit of college students. September 4, 2014
- Swiss Partners Group has acquired 30% of Enerya, the energy company of STFA Group. September 5, 2014
- Germany's BSH, the world leader in domestic appliances, plans to invest more in Turkey to double its production capacity within the next 5 years. September 12, 2014

About us

FOREIGN MARKET CONSULTING Ltd. Sti. is a German-Turkish consulting company. We specialize in providing competent consultancy services for foreign companies towards opening up to Turkish market, lastingly consolidating the market position and concluding strategic alliances between foreign and Turkish companies. If you need further information, please do not hesitate to contact Mr. Peter Heidinger.

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