

BURSA

AUTOMOTIVE AND TEXTILE INDUSTRIES
HAVE MADE BURSA THE BRIGHTEST
INDUSTRIAL STAR OF TURKEY

Photo: China Holding

PLASTIC AUTO COMPONENTS PRODUCER STAYS A STEP AHEAD THROUGH INNOVATION, SERVICE AND QUALITY

FROM AN EARLY START, BPLAS NOW CONTROLS UP TO 70% OF THE PLASTICS PARTS MARKET IN TURKEY

Plastic components make up an increasingly larger share of modern automobiles and one of the principal suppliers to the Turkish automobile sector is BPLAS, the group that counts the local subsidiaries of Fiat, Honda, Renault, Toyota, Hyundai and others among its satisfied customers.

"We've only been involved in plastics for around 30 years as the company has its roots in textiles," says BPLAS president M. Celal Gökçen. "We saw an opportunity when others were not involved in plastics for the sector so we had an early start."

At the beginning, the group began producing bumpers, then moved into other components such as instrument panels, door panels and fuel tanks as more foreign manufacturers set up vehicle assembly lines in Bursa and other parts of the country.

But even with a near monopoly on the market, the group did not take advantage of its position and charge high prices, but rather based its successful business model over the years on providing the best service, ensuring quality and imposing a lean management system.

"And today, despite the many competitors now on the scene, we supply different components to between 60 and 70% of the market for an annual turnover of 180 million Euros," Gökçen says.

Adapting new techniques

Another key to BPLAS' success was its proactive policy of ploughing its profits back into the business by adapting techniques new to the Turkish industry even before its international clients requested them.



BPLAS FACTORIES IN BURSA PRODUCE PLASTIC PARTS FOR WORLDWIDE CLIENTS IN THE AUTOMOTIVE INDUSTRY



Celal Gökçen
President
BPLAS

"For example, we invested in bumper painting, new and environmentally-friendly cleaning systems and robotics before our customers like Renault asked us to, so we were looking to the future," the president explains.

"And when potential European customers saw this, they saw a company much like those in Europe and this was a definite advantage."

Other innovations include producing the group's own moulds and finishing techniques which can apply up to 40 different metals on plastic and platings. BPLAS is also working on a new type of coating which could be used for solar cells.

"If from this we can develop other products like those involving carbon fibre then we will also use that for parts that our customers want which we can provide in smaller quantities such as 5,000 or 10,000 pieces a year," Gökçen says.

Long experience

BPLAS is, logically, based in Bursa where the country's three oldest automobile manufacturers are. And the group president says the city has long experience in the industry, a multitude of sector suppliers, boasts cheaper labour than Istanbul and is close to the free port of Gemlik.

"It's only 30 kilometres from here so it is convenient for importing our materials and exporting our finished products to anywhere we need to ship them. We are sending parts to places like the United



"THE GEMLIK FREE PORT IS ONLY 30 KM FROM BURSA, SO LOGISTICALLY IT IS AN IDEAL LOCATION FOR US"

Kingdom and Mexico and receiving materials from 16 different countries, so logistically it is ideal," he explains.

But while BPLAS' future is clearly set in Bursa, the group is actively pursuing interests outside Turkey.

Involvement in innovation

Through a partnership with Orhan Holding, BPLAS has invested in another innovative project: an electric passenger vehicle designed for urban use being developed by a French company, SynergEthic.

The group will make plastic parts for the vehicle, dubbed the Tilter, and Gökçen believes BPLAS' involvement in the project will boost its engineering know-how and point the way for its future.

"My dream is to continue in the automotive sector, but with other, new technologies, and I hope that Bursa, too, will become an industrially innovative, clean and green city so it remains a great place to do business."

TURKISH AUTOMOTIVE LEADER EMBRACES THE FUTURE

COSKUNÖZ HOLDING
HAS ITS EYE ON NEW FOREIGN
MARKETS AND DOMESTIC
DIVERSIFICATION

Sixty years after its founding, Coskunöz Holding is one of the Turkish automobile sector's premier parts suppliers and CEO Cenk Yöney says the group is looking forward to broadening its horizons as it seeks expanding markets abroad and new industries at home.

"The government's export target is \$500 billion by 2023, the 100th anniversary of the republic, and we see ourselves as a player because 90% of Turkish exports are from the industry sector where we have a big role," he explains.

Tool manufacturing, stampings, assemblies and resistance welding machines are just some of the products manufactured by the family-owned group and which include auto components like chassis and rear axle parts, fuel tanks, suspension parts and body parts.

Coskunöz counts among its clients some of the most prestigious motor vehicle manufacturers in the world such as Mercedes-Benz, Ford, Renault, Fiat, Toyota, Volkswagen and others, both in Turkey and abroad.

"Our total turnover in 2010 was 225 million Euros and 45% of our production was exported, making Coskunöz one of the most important automotive sector producers in Bursa," Yöney notes

Bullish on Bursa

Bursa's origins as a transport vehicle production centre date back to Ottoman times when the city was renowned for its horse-drawn carriages and its metal industry. This base evolved naturally into the automotive industry in the 20th century as the Turkish economy modernised and grew.

Today, the CEO says, Bursa has one of the country's highest concentrations of engineers and its excellent university turns out highly-qualified graduates readily employed in the region's industries.

"Bursa is a better place for industrial expansion than Istanbul where industry



Photo: Coskunöz Holding

COMPETITIVE INDUSTRY SITES ARE CONTRIBUTING TO THE STRONG POSITION OF LOCAL AUTOMOTIVE COMPANIES IN BURSA



Cenk Yöney
CEO
COSKUNÖZ
HOLDING

sites are already full," Yöney says. "Industry there should move to Bursa and other places in the country which have clear competitive advantages."

A strategic location

One of those advantages is Turkey's geographical position straddling Europe, Asia and the Middle East.

"More than half of our exports go to Europe and that market will continue to be strong but we also see a future in North Africa, the Middle East and the Turkic-speaking countries of Central Asia," he says.

"For the first time in our history we're looking at investing in Russia and Egypt where the GDPs are increasing and people have more money to spend," Yöney explains.

Russia, he notes, is one of the so-called BRIC countries which analysts say will be the key markets in the 21st century and where group clients such as Renault have investing heavily. "Renault knows Coskunöz from our partnership in Turkey and we have a very good reputation with them," Yöney says.

The CEO maintains he is not particularly concerned with rivals among the rising stars of the automotive industry in Central and Eastern Europe which are targeting the same markets.



Photo: Coskunöz Holding

"BURSA IS A BETTER PLACE
FOR INDUSTRIAL EXPANSION
THAN ISTANBUL, WHERE
INDUSTRY SITES ARE FULL"

"We are more competitive than they are and as they are now in the European Union, they can very easily lose their human resource pool to the West," he argues.

Future endeavours

But Coskunöz Holding is looking beyond the automotive sector and is already investing in the high-tech industries of the future such as clean energy, defence and aeronautics.

"In 2012, we will start hydroelectric production, continue with wind energy and we are interested in solar power," Yöney says. "And in aeronautics and defence, we have started a joint venture with a Dutch company which is a partner with Philips and Fokker, the plane maker."

"In five years time, you'll see our turnover double, we'll be active outside Turkey and there will be new investments in other sectors," he predicts. "I'm very optimistic about the company's future and the future of Turkey."

TURKEY'S FAMILY-OWNED TEXTILE COMPANIES SURVIVE AND PROSPER DESPITE SHOCKS TO THE SECTOR

ASIAN COMPETITION, ECONOMIC WOES AND RETAIL REVOLUTIONS CHALLENGE THE INDUSTRY

Centuries ago, luxurious silk weavings from Bursa were known throughout the civilised world for their beauty and their quality. These days, the city is still a major centre for textile production with its yarns and threads used in apparel, home furnishings and other items still enjoying fame in discerning global markets.

One of the textile manufacturers upholding that reputation is the Bursa-based and family-owned Tasdelen Group, whose companies have survived and prospered despite the recent economic downturn and challenges from Asian rivals.

At the same time, it is looking ahead with investments in other growth industries.

"After China joined the World Trade Organisation, the Turkish textile industry suffered a major blow with big orders going to the Chinese," recalls Tasdelen Group chairman Mustafa Tasdelen.

"But following the economic crisis in 2008, some of our old European customers came back, lured by our quick delivery



Photo: Tasdelen Group

CELEBRATING ITS 25TH ANNIVERSARY IN 2011, POLYTEKS BOASTS A CAPACITY OF 2,000 TONS OF SYNTHETIC YARNS A MONTH



Photo: Tasdelen Group

Ersan Ozsoy
General Manager
Polyteks
TASDELEN GROUP

"SOME OF OUR OLD EUROPEAN CUSTOMERS CAME BACK, LURED BY QUICK DELIVERY TIME, SERVICE AND QUALITY"

times, service, quality and medium-range, niche products. Now, we are back to our pre-crisis production levels," he says.

The group's three textile producers, Polyteks, Tasdelen Tekstil and Sinterama Tasdelen, along with two energy producers and an insurance firm, registered turnover of \$115 million in 2010, with 70% of the total coming from Polyteks.

Celebrating its 25th anniversary this



Photo: Tasdelen Group

year, Polyteks boasts a production capacity of 2,000 tonnes a month, turning out a wide range of synthetic yarns with 25% exported to foreign markets, mostly in Europe.

"The rest of our production goes to the domestic market but the finished product



A highly demanding clientele

Another company with deep roots in Bursa is Rekor Dokumacilik, which produces textiles for net curtains, drapery and upholstery since 1946, and is well established among highly-demanding customers in Europe, its main export market.

“We’re currently selling in Germany, the United Kingdom, Spain, the Netherlands, Belgium, Poland, Italy, Greece and many others, adding up to more than fifty countries, but the domestic market is also important for us and we’re the only Turkish manufacturer within our sector with ten retail showrooms of our own,” says marketing manager Ayça Kurtcan.

Exports are playing an increasingly important role in the company’s income and Rekor has opened a warehouse in London as its European distribution headquarters.

The family-owned company is doing well and expects turnover this year to reach around \$50 million, despite an overcrowded domestic sector and increasing competition from producers in China, India and elsewhere in Asia.

“There are both big players and small players in the Turkish textile sector. The smaller companies looking for customers can be at time more agile and flexible on prices, whereas bigger companies are able to give consistently a better service for large orders, by offering numerous quality variations, and continuously giving their customers innovative collections,” she says.

Regarding international rivals, vice-president Mehmet Kurtcan argues that Asian producers are mostly active in the lower end of the world market, while Rekor has a comfortable spot in the middle.

“The Italians are in the high end, both in quality and price, and the Asians are in the low end which most people prefer because its cheap, so we’re in the middle. We know what to do at the right price and with the right value and quality,” he says.

“Our strategy to compete is to constantly innovate, work closely with our customers and deliver our products quickly, which is



Photo: Rekor

REKOR'S FACTORY IS LOCATED AT THE OLDEST INDUSTRIAL AREA IN BURSA, ABOUT 30 KM FROM THE FREE PORT OF GEMLIK

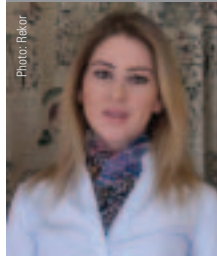


Photo: Rekor

Ayça Kurtcan
Marketing Manager
REKOR

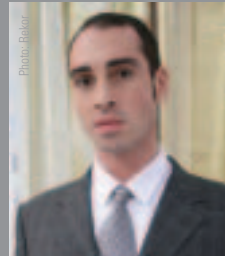


Photo: Rekor

Mehmet Necati Kurtcan
Vice-President
REKOR

“LAST YEAR OUR EXPORTS WERE UP BY 25%, AND WE ARE AIMING FOR 35 TO 40% IN 2011”

one thing the Chinese and the other producers in the Far East cannot do,” Mehmet Kurtcan adds.

“Last year, our exports were up by 25% and we’re aiming for 35 to 40% in 2011.”

One key to the company’s success is its network of showrooms which allows face-to-face contact with potential clients who can see first hand Rekor’s collections. Last year there were twelve collections for the Heimtextil exhibition only, and the number has more than doubled this year to twenty-

six with more than two-hundred 200 different designs.

Turkey’s textile future looks bright, and Mehmet Kurtcan describes as “irrelevant” comments by some businessmen that the country should forget about the textile industry, leave it to the Chinese, and focus more on automobiles and other sectors.

“I’m not going to close my business and get into other sectors because this is what I know and what we’ve been doing for 65 years,” he says. “I don’t see how they can say this business doesn’t have a future because it is growing, although not as fast as some sectors.”

On the other hand, the vice-president notes that the government has supported textiles through measures like passing anti-dumping laws to protect the local producers from unfair Chinese competition and assis-

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ted manufacturers in mounting international exhibitions.

Looking ahead, the executives say they plan on quadrupling production over the next two years and boosting exports throughout Europe thanks to the London warehouse.

“Last year was the best we’ve had since 2008 and with our showrooms and growing export figures, we’re doing great,” he says.

“Like bungee jumping”

With many decades in the textile business, chairman Dogan Yilmazipek of Yilmazipek Tekstil has experienced the radical highs lows downs of a sector impacted by changes in fashion, Asian competition, a retail revolution, economic downturns and other events.

“I have seen so many dramatic changes in the world and in the business, it’s like bungee jumping: up and down, up and down. But we’ve always kept a close eye on quality and honest, and this has helped us to survive and prosper,” he says.

Unlike the relative newcomers in Bursa’s textile industry, Yilmazipek has been active since the mid-19th century and until fairly recently produced only silk products.

But as imitation silk gained world market share and the production costs of the authentic, gossamer material skyrocketed, in 1995 the company overhauled its machinery and began manufacturing synthetic and natural fabrics.

“This coincided with the Chinese coming into the market very strongly and a lot of medium-sized companies closed,” Yilmazipek recalls. “Those that were well managed, like ours, were able to survive.”

Another shock was the changing nature of the clothing retail business. Previously, Yilmazipek sold only to wholesalers and converters.

But with the advent of the new, large clothing chains such as Zara, H&M and Mango which base their business models on the rapidly changing fashion scene, the company had to supply finished fabric



RECENTLY RENOVATED ÇELİK PALAS HOTEL IN BURSA USED THE HIGHEST QUALITY TEXTILES FROM LOCAL PROVIDERS

“IN THE LAST SIX MONTHS WE ARE AGAIN FEELING MORE COMFORTABLE ABOUT THE BUSINESS ”

direct to the end users contracted by the chains.

“For that business, you need a different approach as there are different collections, brand names, etc. and it was not easy to reorganise our company, nor obtain the required standards,” he says.

“But we eventually got it right and began to sell to these end users. Then the economic crisis hit and we thought that if it continues like this, we will have to close. However, over the past six months, we’re again feeling more comfortable about the business,” he explains.

Now, the company manufactures fabrics from polyamide, polyester, viscose, cotton, silk, wool, linen and mixtures, with an annual

production capacity of 6 million metres. Half of Yilmazipek’s production is exported to customers in Europe, mainly Italy, Germany Spain and France.

“Our turnover was \$8 million and we expect it to rise to \$10 million next year,” he predicts. “What we are trying to do is become a quality alternative to Italian producers which we consider our main competitors. Once we succeed, we will be able to enter into the high-quality market.”

As the world economic situation improves, consumer confidence returns and shoppers begin to splash out money on items such as clothing and other fabric goods they had denied themselves, the Turkish textile industry should bounce back.

“We have already hit bottom in Turkey,” says Yilmazipek. “The textiles industry might not match the country’s economic growth, but it will keep on going. And Turkey has advantages like costs and its proximity to Europe, so we have a real chance to grow.”

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Interview with Mr. Osman Yildiz Chairman and General Manager of Oytas Yildiz

With a stellar performance in its home Bursa market, construction group Oytas Yildiz is banking on its locally acquired know-how to accelerate its growth. Based on the strict policy of reinvestment of profits and an enviable financial solidity, the group is trusted by international companies for their showcase construction projects



What would you say have been the main landmarks in the company's history?

FT.- Oytas Yildiz was established in 1992. I graduated from the civil engineering department in 1985 from the Istanbul Technical University. Between 1985 and 1992 I worked for an Italian firm named Electroconsult which is based in Milan, and we built dams. After finishing a dam construction project in Mersin, I established Osman Yildiz construction company here in Bursa and also in Istanbul in 1992.

We are working with global companies in Bursa, such as Nestle and Oyak-Renault. There are other important construction works that we are doing in Bursa, such as improving the soccer stadium to meet UEFA standards, we have increased the capacity of the stadium by 30% in the short time of 65 days, and as a result the UEFA Champions League games were played in the stadium.

All of your constructions are either industrial or commercial related? You are not doing any residential construction?

FT.- That's correct, we don't do residential construction. But we sometimes build a few houses upon special requests. For example, the management of the industrial buildings that we construct will sometimes request that we build residences for them, so we go ahead with those projects, but they are very few and far between. But

"BURSA IS GOING TO BECOME LIKE A MUNICIPALITY OF ISTANBUL"

in the future we will be looking into residential construction. If we find the opportunity we will go ahead with residential construction, but for now the jobs we have lined up for 2011, we are already working over capacity. So we will not be building any residences in 2011.

What was the turnover for 2010?

FT.- Our official turnover for 2010 was fifty million USD, and we can estimate a 50% increase by 2012.

Where will this increase come from?

FT.- We have a team of 400 people and when we get an increase in the number of projects, we outsource the rest of the labour force. The fifty million USD turnover consisted of some twenty different jobs at about 2.5 million each. As for the projected 75 million USD turnover for 2012, while the number of projects is not greater, they are greater in value. So some of them are ten million USD projects, some are fifteen, yet we maintain control over these projects quite easily.

Now, what would you say are the main

characteristics of the construction market here in Bursa?

FT.- Istanbul can no longer continue to grow. And with the new highway plan between the two cities that is projected to be finished within the next five years, the traveling distance between Istanbul and Bursa will be reduced to one hour. It's already one hour by sea and with the completion of this highway it will be one hour by land. With this completion Bursa's development will accelerate at a rapid pace. Bursa has begun its preparations for this completion. The biggest convention center is being built and there are currently ten ongoing constructions for five-star hotels as well. Bursa is going to be like a municipality of Istanbul.

So basically within the next five years you see good potential for construction and Osman Yildiz in particular?

FT.- Yes. If we are to talk about finances and cash-flow, we are the strongest construction company in Bursa, with a sound financial backing. We have the strongest capital. The reason being that we continually invest in our business and in our customers. We don't invest in anything else. All profits are reinvested into the business. Maybe this strategy is not commercially sound but it allows for peace of mind to the customer. When we complete a project in one year we are able to get our money from our customers within 30 months.

Basically by the time the new highway is built, where do you expect to be?

FT.- Our Company is constantly growing and I think that we will continue to do so. We are currently in the top three in Bursa.

Do you think that you can become the biggest company in construction in Bursa?

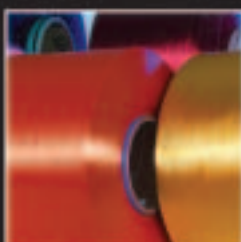
FT.- I think that would be a premature thought right now. I don't want to stretch myself any more than I already have. We will remain in this position approximately until 2016-2017. Yet I would like to work with the world's best architect and construct the world's best residences here in Bursa. That is one of my dreams. And I want to make it a reality.

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Interview with Ahmet Eker General Manager of Eker

There seems to be no crisis for food company Eker, which has been growing in the Turkish market despite the apparent gloom in the world economy. As one of the biggest dairy producers, the Bursa-based company sees Turkey as a place full of opportunities for growth



Photo: Eker

How has Eker been affected by the 2008 financial crisis?

A.E.- Well if we look at the short term history of our company, 2006 was a turning point as we made our 50-50 partnership with the French company Andros, and after that we had a good year. They are a big fruit business company in France and also about 50% of their business is in dairy products. So in 2006 we had a partnership with them and in terms of the crisis we haven't grown as fast as we normally do. We couldn't grow by the 15-20% that we aim for, we grew maybe 4-5%, as in general the crisis did not affect Turkey that much.

Where is your biggest success?

A.E.- We are big in terms of yogurt and ayran. Ayran is mainly a yogurt-based beverage and it is very popular, and as the trend in the world is more towards healthy drinks, other than cola or soda, so ayran has been very successful in the past five or six years, and it's growing very fast. Our main success story is ayran, we are the second largest producer for the catering and restaurant sectors of the market, we have about 12% market share in Turkey.

Why did you enter into this partnership with the French company Andros?

A.E.- There are two main benefits. One is the money, since we are a family company and we are short of capital, we have limited resources to invest and we wanted to invest in the business. And the second part is know-how because this is not only a financial partnership, it's more a strategic partnership. We have a good knowledge of the domestic market but we don't have such a good know-how about the technology and so we got this know-how from the French group.

So, for instance we introduced about three years ago a dairy desserts product line to the Turkish market. In Turkey we have traditional

"FOR US IT WOULD BE VERY INTERESTING TO GO TO THE MIDDLE EAST AND THE TURKIC REPUBLICS"

dairy desserts that are mostly fully produced by small pastry shops and by some smaller companies that have their own shops, but there was no industrial company that could produce dairy desserts and put them on the shelf for the consumer to buy. We have done this three years ago.

So this is for the consumer market not for the restaurants?

A.E.- Yes, we did this for the consumer market and we have been pretty successful at it. But of course this is very difficult as we are expanding the market, because the consumers are used to buying these products from the small pastry shops, they are not used to buying them from the supermarket. So it is a big change in the behaviour of the consumer and we don't have enough money to advertise and develop this market and to change the consumer behavior as fast as we would like to.

Do you see a potential for this company to become international?


A.E.- We are already part of an international group so we don't have big ambitions to become an international company. However, for us it would be very interesting to go to the Middle East and to the Turkic Republics, since in terms of our French partner they don't exist in this part of the world and we could be a step for them to go into these countries. But for now we have a big market in Turkey, and we expect a big consolidation in the number of companies, the number of brands, we still see a big potential for growth in the local market.

Is Bursa a competitive location for a company such as this to be placed?

A.E.- Yes. I guess that's why all of the big factories are located between Bursa and Balıkesir. All the big companies are here: Sütas, Yorsan, Sek, there is a DANONE factory and there are big cheese factories, so there is a big advantage in terms of logistics in being near Bursa. We have to be near the milk and we have to be near the consumption. The consumption is mostly in Istanbul, Izmir, Ankara and Bursa, probably more than 50% of the Turkish consumption is in these four cities. If you are located just in the middle of them then of course you have an advantage for distribution. And it also happens to be the case that this area is a good area for buying milk, as the biggest milk production area is in the western part of Bursa, between Canakkale and Bursa. So this is a strategically good location for our industry.

Where will Eker be in the next five years?


A.E.- Last year and this year we have been making a big investment in Kemalpaşa, about 80 km from Bursa. And we are increasing our capacity at about three times. Right now we have a capacity of about 200 tons per day of milk intake and production, and in the new factory we will have about 600 tons per day. And we plan to fill the factory with that capacity. Then we will do is stop pushing on the brakes in terms of the sales, so we expect to grow 20-30% every year starting from 2012. That means we should more than double the production in five years.



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Interview with Ergun Kağıtçıbaşı Chairman of Bursa Çimento Fabrikası Author of "The Economic History of Bursa"

Geography is destiny for Bursa, as it banks on its geographic position to ensure that not only it can facilitate trade between East and West, but as it becomes part of the Istanbul hinterland opportunities for all sectors will be plentiful as well.



As an expert and author of several books, how do you think that the Bursa industrial base has resisted the economic crisis of 2008?

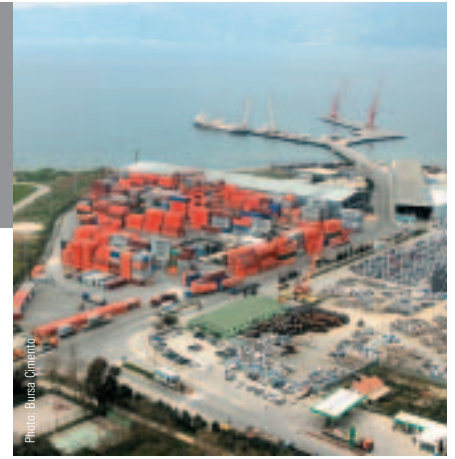
E.K.- Bursa has been gaining momentum in industry since 1965. Before that, as the first capital of Ottoman Empire, it was known as 'Green Bursa,' in which retired people live. I had the chance to follow the improvement of industry in Bursa from the beginnings as a person who was the general secretary of Chamber of Commerce of Bursa for 33 years.

Of course, Bursa was also affected dramatically by the last two years' economic crisis. The structure of the industry in Bursa depends on two big sectors: automotive and textile. Both automotive and textile sectors are among the

most affected by that crisis, that's why Bursa was also affected. Investment stopped, consumption decreased and unemployment soared. The textile sector had its own structural problems before the crisis, because of the competition with China and Far East in the first place. This crisis caused that a existing wound to bleed even more. With the help of reliable structure of industry, and ended new technologies, Bursa could get over the effects of the crisis. By the way, to mention two companies that I am leading; Bursa Çimento and Çemtafl (steel production); as the construction sector and steel sector which is the raw material sector for automotive stopped during the period of crisis; we felt crisis in our own business also. But now we feel that those days are behind.

By the end of 2010, for the Bursa industrial sector could you say that it has clearly recovered?

E.K.- It's so early to say that. We can say that bleeding has decreased but hasn't stopped for all sectors yet. We have survived the big shock



and we are now feeling the aftershocks.

There are three main sectors I would like to have your opinion about. Which one are you more optimistic about for the next few years: automotive, textile or construction?

E.K.- As there is the general elections in 2011, I think that the most buoyant one will be the construction sector. Concordantly, cement usage will be increasing. And as automotive sector has great goals for 2011, so I believe that steel will have a much better position in industry than today in virtue of its role as a raw material for the automotive sector.

How about textile? Is textile - perhaps -

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with passion for 55 years





the potential trouble for the future, specially taking in account the competition from East Asia, China, Vietnam, Bangladesh?

E.K.- It's hard to say that textile is one of the brighter sectors in Bursa for the future. But with new technologies, new investments and the understanding of the concept of 'brand,' it has also a chance. Despite the competition with Far Eastern countries such as China, India and Korea, which have caused a shock which is still continuing, we have the advantage of being close to European markets and being flexible to follow up the fashion. Textile industry, which has been existing since 15th century will remain as the symbol sector, but it is anticipated that the star sectors for 2011 will be construction and automotive.

There is also an internal competition with the newly shining stars such as Kayseri, and other cities in Anatolia. Do you believe that Bursa is facing a bigger internal competition than before for foreign investment and to get companies implemented in here?

E.K.- Bursa is unrivalled to be the leader in industry. There are reasons for that. There are 13 industrial areas in Bursa. The geographical position of the city makes it unique as the doorway of the West into Turkey and the exiting door of Anatolia to the West. Istanbul is overloaded by industry. There are still leaks of industry from Istanbul to Bursa by the day. On the other hand, Bursa has been letting immigrants both from east and west parts from the country since 1850, so it has a qualified labor force. And Bursa has a higher per capita income than the rest of Turkey, which gives it a strength in consumption. There is a traditional business culture in textile and automotive sectors. If we evaluate all of these inputs, 'Bursa is going to be the leading city of industry in Turkey' could be our conclusion. And my personal opinion is that; Bursa doesn't need factories standing on gigantic lands, transmitting carbon dioxide and sulphure from their chimneys any more. Rather than them, technology parks and qualified industrial districts with a higher density of mind, profit and technology should be preferred.

"THE POSITION OF THE CITY MAKES IT UNIQUE AS THE DOORWAY OF THE WEST INTO TURKEY"

What can Bursa do in order to attract these kind of industries and companies?

E.K.- Income of Bursa comes mainly from industry, but from agriculture and tourism as well. Keeping that in mind, while planning Bursa, its historical and cultural values should not be ignored. To come to your question; we have to build a perfect communication and transportation with Istanbul which is a candidate of being a regional and global center of finance. We have to repair our infrastructure shortcomings. I don't think that transportation corridors into Bursa are enough. First, sea transportation between Bursa and Istanbul should not be running only two times a day. There should be a good number of transportation corridors both to the Anatolian and European sides of Istanbul per day. Secondly, I find air transportation totally inadequate. But there is a very bright future in ground transportation: the construction of the world's longest bridge which is going to be passing the Marmara Sea. This is going to be a chance for Bursa to realise the potential.



CAR AND FOOD INDUSTRY: A POTENT COMBINATION

DINIZ HOLDING BETS ON GROWTH AND ITS STERLING REPUTATION FOR THE FUTURE

Predicted growth in Turkey's automobile sector augers well for growth in all supporting industries, as it is the case for one of the country's most important manufacturing groups, Diniz Holding. Blessed with the necessary financial resources, experience and track record of success, the group is exploring future opportunities, says CEO Sedat Diniz.

"The automotive sector is expected to grow some 50% over the next five to six years from the one million vehicles we produce now to between 1.5 and 1.7 million," he explains.

Diniz Holding Group of Companies is a Tier-one manufacturer of interior trim, seats and covers, foam and textile; as well as oil seals for all OEM's (original equipment manufacturers) in Turkey like Oyak-Renault, Ford-Otosan, Toyota, Honda, Karsan and others, thanks to their stable and continuous new investments.

A diverse portfolio

But then the group has always sought out new sectors for expansion since Mr Sedat Diniz's father, Mr. Talat, abandoned teaching to enter the family into metal parts business by making seat frames and window frames for buses.

Soon, the company moved into oil seals establishing SKT A.S as the admiralship of the Group in 1955, manufacturing oil seals for such customers like Renault, Ford, DAF, Bosch, Isuzu and many others.

As an alternative line of business MARTAS A.S is established in 1969 for processing frozen fruits, vegetables and tomato paste, as well as for food cold storing.

Today, Diniz Holding has interests in several other sectors as well and last year registered a total turnover of \$367 million.

"We will continue to be involved in the automotive industry because that is what we know best," he says, citing the Turkish proverb: "If you don't know what you are eating, it may cause a stomach ache."

International partnerships

A number of foreign investors looking to enter the Turkish market have tapped Diniz



Photo: Diniz Holding

BURSA SKILLED AND COST-EFFECTIVE LABOUR COUNTS AS A COMPETITIVE ADVANTAGE FOR DINIZ HOLDING



Sedat Diniz
CEO
DINIZ HOLDING

"JOINT VENTURES ARE IN OUR DNA, AND WE ALWAYS EVALUATE THEM VERY CAREFULLY"

Holding as their local partner, attracted by the group's business acumen and resulting reputation for success.

"Joint ventures are in our DNA and if there is an opportunity for a win-win situation in a partnership with a foreign company, we always evaluate them very carefully," explains the CEO.

Foreign direct investment has become a major driver of the Turkish economy since legislation was passed in 2004 which opened up the country. Incentive programmes designed to boost research and development, and the quality of the local work force have also helped spur investment, Diniz says.



Photo: Diniz Holding

There is competition from other countries, he admits, but claims that while Turkey does not enjoy some of the advantages of China and India, such as low cost labour, the country is closer to its main market, the European Union.

"As long as Turkey keeps growing as it is now, if the automotive and the food sector remains on the same track, it is safe to predict that we can double our turnover, assets and value over the next five years," Diniz predicts.