

Content: The Land of Palatal Delight **P17** Yıldız Technical University Stepping Up with Innovation **P19** Turkish IT Sector: Coded to Innovate **P21** Entrepreneurship Meets Exchange Market: Bist Private Market **P23** Rise of a New Era: Next-Gen Banking **P26** The Veins of Export: Logistics **P28** Renewable Energy: Re-Activating Turkey **P28** Stylish and Sustainable: Turkish Wood Products **P33** Turkish Hospitality Meets Global Quality **P36** ISPAT Promotes Turkey's Investment Environment and Opportunities on a Global Scale **P38** **Editor:** Turgut Etingü

Briefing

FINANCE, INNOVATION, ENTREPRENEURSHIP, LOGISTICS, ENERGY, EXPORT, AVIATION ...



In the scope of the free trade agreement between Turkey and South Korea, effectuated in 2013, a new protocol regarding service sector and investments has been signed.

FINANCE

Turkey and South Korea

BREAKING THE TRADE BARRIERS

Free Trade Agreement signed in between Turkey and South Korea as the rising two stars of the global economy cultivate their long-standing ties.

BY ONUR KOÇASLAN

South Korea has been an inspiration for countries in need of increase in the economic growth and development. Although it is located in a region that political tensions never cease, thanks to the social and economical developments regarding export based progress plan initiated in 1962, the country today is distinguished in Asia and the rest of the world.

Undoubtedly South Korea

example is important for Turkey which carries its growth through export. Running to 2023 with its \$500 billion export goal, Turkey is inspired of Korean model in order to increase its export performance. South Korea can be considered as a role model for export base economies amidst its state of the art technology products and globally known brands. In order to join forces in trade economics,



the rising values of the world economy have implemented the Free Trade Agreement (FTA) in 2012. Extending the existing agreements, service trade and venture agreements are signed in between the two countries this year. In exchange for promoting relations, trading delegations have met in Seoul as they attend to conducted business forum and networking meetings. The meeting in South Korea

drew intense interest from Turkish companies that are in service of the various sectors such as aquaculture, nuts, olive and herbal oils, sugar in chocolate products, bakery products, processed fruits products, industrial plants, oil products, leathery, medical device and products, ready-to-wear products and automotive industry.

TURKISH-KOREAN INVESTMENT RELATIONSHIPS

The FTA will cover a great scale of increasing ventures and maintaining economic cooperations in between the two countries. Including holdings such as Hyundai, LG, KT&G 226 Korean-based firms have about \$451 million investment in automotive, IT, mining, tourism and manufacturing sectors. Steel leader POSCO's decision to invest \$24 million in Bursa is another example of that Korean firms will continue to look Turkey as a land of regional manufacturing and distribution base. It is expected that the extended Free Trade Agreement could help Turkey's ongoing unfavourable situation regarding the bilateral trade volume to some extent. Forasmuch as South Korea is one of the countries Turkey have trade deficit on a pro rata basis. Soaring since 2001, this trade deficit reached to \$4.5 billion in 2007. Thanks to the increase in Turkey's export volume the deficit decreased to the level of \$3.8 billion in 2008. The deficit near \$2.9 billion during 2009, has again reached to \$5.6 billion in 2013.

INCENTIVES FOR VENTURES

Korean government promotes various incentives to foreign investors as they

seek for contributors to their economy. In order to make use of the incentives, the investments which are in free-zone or foreign base, as well as including high-technology. Depending upon the type and size of the investments, tax-exempt ventures are subsidised for 5 to 7 years. For three years, imports taken in course of the investments are nontaxable as well as granting up to five percent of the venture costs minimum \$10 million. Likewise, R&D companies can benefit from the incentives. Additionally, private industrial zones are reserved with low tenancy costs or free in charge for the investors. Apart from these, the government helps the wages for the companies that will work on R&D. These companies have also other

TURKEY'S EXPORT TO SOUTH KOREA

\$55
MILLION

EXPORT IN
2002

\$304
MILLION

EXPORT IN
2010

\$419
MILLION

EXPORT IN
2014



NİHAT ZEYBEKÇİ

Minister of Economy

South Korea injected \$220 billion foreign direct capital to the world so far. It's projected that South Korea will make around \$200 billion worth foreign direct investment in the next five years. Following new investment and service trade agreements incorporated into the ongoing FTA, we presume that South Korea will lead a way for Turkey into the potential markets of Asia. As a consequence of upcoming ventures, Turkey can be a prominent center with regard to access the new markets of Europe, Balkans, the Middle East and the CIS countries. Amidst this agreement, Turkey will be a service sector investment base for the South Korean companies, and it will enrich Turkey's accession. Alongside the mutual increase in service sectors, close relations in between the two countries will be strengthened. Dialogue between the two generations will be built, as well as increase in the tourism demands. Hence, there will be a strong foundation in order to boost the social and economic relationships in between the two countries.

perks such as HR-master firms provide consultancy services regarding covering the staff needs.

FREE TRADE ZONES IN SOUTH KOREA

The Free Trade Agreement signed between the two countries can contribute home trade as it can dynamize the regional free trade zones of both countries as well. There are six free



MEHMET BÜYÜKEKŞİ

President of TİM

The Free Trade Agreement signed with South Korea in 1 August 2012, effectuated in 1 May 2013. Agreement encapsulates the issues of terminating obstacles regarding the tariffs in commodity commerce, origin rules, easing the conditions of customs and foreign trade, technical trade impediments, trade policy measures, settling the disagreements, invisible items of trade and investment negotiations, intellectual property rights, competition, transparency, trade and sustainable development, and the institutional provisions. The Free Trade Agreement is of a great importance in the way of enhancing a more balanced foreign trade volume between the two countries. Thus, alongside the first deeply extensive partnership agreement of Turkey and acceleration of commodity trade between these two countries; taking "the invisible items of trade" and "investment" into account of the FTA; we may foresee the actualization of an advantageous foreign trade which is highly profitable for both sides in maximal sense.

zones in South Korea, which are Incheon, Busan-Jinhae, Gwangyang, Yellow Sea, Saemangeum, and Daegu-Gyeongbuk. Dependent to the local governments, these zones are autonomous administrations, which help the investors with some perquisites such as tax reduction, customs exemption and estate and educational consultancy services.