

AN EVENT OF



UNDER THE
CHAIRMANSHIP OF



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UBCCE SECOND BUSINESS FORUM

Şanlıurfa, Turkey

DISCOVERING
INVESTMENT
OPPORTUNITIES
OF SOUTHEAST
ANATOLIA:
AN EMERGING
REGION IN
TURKEY

21-22 October 2008

CONCEPT PAPER

UBCCE SECOND BUSINESS FORUM
DISCOVERING INVESTMENT OPPORTUNITIES OF
SOUTHEAST ANATOLIA: AN EMERGING REGION IN TURKEY
Şanlıurfa – Turkey, 21 – 22 October 2008



QUID

Turkish economy has expanded by 7.5% during 2002 - 2007 period. Resulting from the surprising resilience of the Turkish economy to the world disturbance and thanks to the additional structural reforms to improve the investment climate, Turkey is bound to experience another cycle of high growth from 2009 onwards.

As an emerging region with sizeable business opportunities, Southeast Anatolia, known as the GAP region (Turkish acronym for “Southeast Anatolia Project”) with its potential ranging from a young and dynamic population and low cost of labour to its proximity to the European and Middle Eastern markets, provide vast opportunities for the foreign investors.

The GAP regional development plan is the **4th biggest regional development plan in the world**. Furthermore, a specific governmental administration is in place to carry out the plan, guide and follow the development efforts in the region. Moreover, **the Turkish government has launched an action plan in May 2008, for the completion of GAP Project by 2012**, at an expected cost of around 27 billion YTL (\$22 billion).

Already, many investors have directed their investments to the region. Morning Star, one of the world leading tomato processor company, made a strategic partnership with Koç Holding in the region. Moreover, a big investment complex comprising of 85 establishments on food processing is being set up by an Italian - Dubai partnership, and many other European and Middle Eastern small and medium size enterprises have their investments in the region benefiting from various incentives and opportunities.

Thus, UBCCE Business Forum, organized yearly in a different country of the Black Sea and Caspian Region, will take place, this year, **under the chairmanship of Turkish Industrialists’ and Businessmen’s Association (TÜSİAD)**, in Turkey’s GAP Region with a view of sharing the opportunities of the aforementioned region with the representatives of the foreign business organizations.

UBCCE Business Forum will be **hosted by the GAP Administration and the Federation of Eastern Southeastern Industrialists’ and Business Association (DOGÜNSİFED)** in the **Southeastern city of Turkey, Şanlıurfa, on October 21 – 22**, with the **partnership of the Turkish Enterprise and Business Confederation (TÜRKONFED)**.

Like the successful Business Forum held last year, in Baku, Azerbaijan, this year’s event is expected to bring together not only the business community of the Black Sea and Caspian Region but also the high level officials from Turkey and representatives of international organizations interested in the Region.

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DRAFT PROGRAMME

TUESDAY, 21 OCTOBER 2008

- | | |
|--------------|---|
| 15:00 | ARRIVAL IN SANLIURFA
(Departure from Istanbul at 13:00 with Turkish Airlines TK 0764) |
| 16:00 | SANLIURFA CITY TOUR |
| 20:00 | WELCOME DINNER
<i>Hosted by GAP Administration</i> |

WEDNESDAY, 22 OCTOBER 2008

- | | |
|----------------------|--|
| 08:30 - 09:00 | REGISTRATION & WELCOME COFFEE |
| 09:00 - 09:45 | OPENING CEREMONY
<i>Introductory statements by</i>
Ms. Arzuhan Doğan Yalçındağ , President, UBCCE & TÜSİAD
Mr. Celal Beysel , President, TÜRKONFED

<i>Inauguration of the Business Forum by</i>
H.E. Nazım Ekren* , Minister of State for GAP, Republic of Turkey

<i>GAP Presentation Movie</i> |
| 09:45 - 10.45 | PANEL SESSION I
INVEST IN TURKEY - INVEST IN THE GAP REGION

<i>Chaired by</i>
Mr. Ioannis Patsiavos* , International Relations Director, SEV (Greece)
Member of the Executive Committee, UBCCE

Mr. Sadrettin Karahocagil , President, GAP Administration
Mr. Alpaslan Korkmaz* , President, Turkish Investment Support&Promotion Agency
Mr. Hayrettin Kaplan* , President, Black Sea Trade and Development Bank (BSTDB)
Mr. Ulrich Zachau* , Country Director for Turkey, Europe&Central Asia Region, World Bank
Representative from BUSINESSEUROPE* |
| 10:45 - 11:00 | COFFEE BREAK |
| 11:00 - 12:00 | PANEL SESSION II
BEST PRACTICES IN THE GAP REGION

Representatives from local or foreign investors in the region |
| 12:00 – 12:15 | CLOSING REMARKS |
| 12:15 – 13:45 | NETWORKING LUNCH |
| 14:00 - 18:00 | EXPLORATORY VISITS IN THE GAP REGION |

**Names to be confirmed*

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THE SOUTHEASTERN ANATOLIA PROJECT (GAP)

The Southeastern Anatolia Project (GAP) is a multi-sector and integrated regional development effort approached in the context of sustainable development. Its basic objectives include the improvement of living standards and income levels of people so as to eliminate regional development disparities and contributing to such national goals as social stability and economic growth by enhancing productivity and employment opportunities in the rural sector. The project area covers **9 administrative provinces (Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak)** in the basins of the Euphrates and Tigris and in Upper Mesopotamia.

The GAP had originally been planned in the 70s consisting of projects for irrigation and hydraulic energy production on the Euphrates and Tigris, but transformed into a multi-sector social and economic development program for the region in the 80s. **The development program encompasses such sectors as irrigation, hydraulic energy, agriculture, rural and urban infrastructure, forestry, education and health.** The water resources development component of the program envisages the construction of **22 dams** and **19 hydraulic power plants** and irrigation of **1.82 million hectares of land**. The **total cost of the project** is estimated as **32 billion US \$**. The total installed capacity of power plants is 7476 MW and projected annual energy production reaches 27 billion kWh.

The project rests upon the philosophy sustainable human development, which aims to create an environment in which future generations can benefit and develop. The basic strategies of the project include fairness in development, participation, environmental protection, employment generation, spatial planning and infrastructure development.

After the development of GAP Master Plan in 1989, important developments took place nationally and internationally which did not fall in line with earlier assumptions and consequently significant deviations from original plan targets. Meanwhile, concerns about the environment rose and such new concepts as participation, sustainable development and gender balanced development emerged.

Furthermore, a Council of Ministers' decision adopted in 1998 pinpointed 2010 as the year by which all GAP investments should have been completed. The GAP Administration was accordingly given the task of conducting necessary coordination and planning works to ensure the realisation of the project with all its components by this date.

With a Prime Ministerial Circular (no. 2002/48, dated 6 November 2006) the GAP Regional Development Plan was communicated to all relevant organisations and agencies to be considered in plans, programmes and implementations in the region of South-eastern Anatolia.

GAP REGIONAL DEVELOPMENT PLAN

1. To complete the investments of irrigation system
2. To mount the health and education indicators to the average of the country
3. To protect the natural sources of the region
4. To programme the human development oriented implementations
5. To increase population absorption capacity of cities

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THE GAP REGIONAL DEVELOPMENT ADMINISTRATION

The GAP Regional Development Administration was established in 1989 for a term of 15 years upon the Decree no. 388 in Force of Law. The essential mandate of the Administration is to plan for, guide and follow development efforts in the region and to ensure coordination among relevant organisations and agencies. Upon the Law no. 5254 dated 4 November 2004, the duty term of the Administration was extended for 3 more years.

The Law no. 5449 on the Establishment, Coordination and Duties of Development Agencies which took effect upon its publication in the Official Gazette dated 8 February 2006 assigned an additional duty to the Administration: “to perform the duty of coordinating development agencies to be established in regions covering the provinces of Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak in line with procedures and principles to be laid down by the State Planning Organisation.” This means that the GAP Administration will undertake the coordination of three development agencies to be established in the region.

The highest decision making authority within the organisation is the GAP Higher Board whereas the GAP Regional Development Administration functions as its executing agency.

Activities carried out by the Administration

As the first regional development organisation in the country, the GAP Administration performs three main functions as a development agency in line with the principle of integrated regional development based on sustainable human development also in the light of its 16 years of experience.

1. The Administration tries to **ensure most effective coordination among relevant organisations and agencies for the timely and spatially compatible realisation of envisaged investments**. It holds coordination meetings covering various agencies and sectors, identifies priority issues and others needing higher coordination and relates these issues to the Higher Board for effective and timely solutions. As a result of the meetings of the GAP Higher Board held since 2003;

A report focusing on a broader approach to the term “Regional Development Administration” was prepared and delivered to relevant authorities. A study was conducted to assign nationwide priorities to energy and irrigation projects under the GAP. As a result of discussions regarding the need to introduce on-farm development services and land consolidation parallel to irrigation investments to identify corresponding priorities, the State Planning Organisation (SPO) allocated 8 million YTL to the relevant organisation to handle covered drainage works and facilities. A study considering alternative models of financing to speed up irrigation investments was completed. Studies on reducing costs and speeding up investments in irrigation, land consolidation and highways are presently ongoing.

2. The Administration **wages efforts to mobilize local potentials and set in motion local dynamics and to encourage the private sector to launch investments in the region**.

3. The Administration is also **engaged in activities to further international relations in the context of the GAP, promote investment potential and investment opportunities in the region at international platforms and to secure funds for projects developed**.

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UNION OF BLACK SEA AND CASPIAN
CONFEDERATION OF ENTERPRISES

UBCCE is an **international union** composed of central, private, voluntary, nationally representative, horizontal business organizations from the countries neighboring or having strong geographical ties with the Black Sea and Caspian Region. With its headquarters in Istanbul, Turkey, the Union ensures permanent contacts with **18 member organizations from 14 different countries**.

UBCCE MEMBERS

ALBANIA	Albanian Confederation of Industrialists (KISH)
AUSTRIA	Federation of Austrian Industries (IV)
AZERBAIJAN	Azerbaijan Turkey Business Association (ATIB)
B&H	Association of Employers of Bosnia Herzegovina (APBIH)
BULGARIA	Bulgarian Industrial Association (BIA)
FYROM	Confederation of Employers of Republic of Macedonia (CERM)
GEORGIA	Federation of Georgian Businessmen (FGB) Georgian Employers' Association (GEA)
GERMANY	Bavarian Business Association (VBW)
GREECE	Hellenic Federation of Enterprises (SEV)
IRAN	Iranian Confederation of Employer's Association (ICEA)
KAZAKHSTAN	National Economic Chamber of Kazakhstan (ATAMEKEN) Kazakhstan Association of Oil-Gas and Energy Sector Organizations (KazEnergy)
ROMANIA	Alliance of Romanian Employers' Confederation (ACPR) Turkish Businessmen Association in Romania (TIAD)
SERBIA	Serbian Association of Employers (SAE)
TURKEY	Turkish Industrialists' and Businessmen's Association (TÜSİAD) Turkish Confederation of Employer Associations (TISK)

TÜSİAD - Turkey is holding the UBCCE presidency for the 2007 – 2009 term whereas ACPR - Romania, ATAMEKEN - Kazakhstan, ATIB - Azerbaijan and SEV - Greece are running the positions of vice presidency.

The Union's main objective and mission, as defined also in its Statutes, is to **contribute to establish institutionalized cooperation between the member organizations with a view to assist the economic and social development of the region** by favoring, where necessary, the adoption of policies conducive to the better functioning of a market economy under optimal conditions for member countries.

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TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION

TÜSİAD, founded in 1971, is the **leading non-governmental organization of the Turkish private sector** with a representative base of 45 % through its direct membership and more than 60% together with its regional and sectoral business federations of TÜR KONFED.

TÜSİAD has an individual membership structure, and as of today the total number of members reaches to 575. TÜSİAD members are owners or managers of individual firms, groups of companies or holding companies operating in the Turkish manufacturing and service sectors. The companies represented by **TÜSİAD members occupy prominent positions in the Turkish economy.**

With its **representative offices** based in **Brussels, Paris, Berlin, Washington** and - the lately opened one - in **Beijing**, China, TÜSİAD follows the economic and political developments in different parts of the World and promotes Turkey's interests vis-à-vis these regions.



**TURKISH ENTERPRISE AND BUSINESS
CONFEDERATION**

Officially established in November 2004 with 6 federations and 69 associations, TÜR KONFED is a result of 8 years of organized civil work lead by TÜSİAD with a view of uniting the industrialists' and business associations throughout Turkey.

Today, **TÜR KONFED is the largest non-governmental business organization in Turkey comprising of 9 federations, 95 associations, and over 9.000 businesspeople.** As the leading association during the years of establishment, TÜSİAD is still acting as the partner of TÜR KONFED by becoming a member of all federations and participating in the projects.



**FEDERATION OF EASTERN SOUTHEASTERN
INDUSTRIALISTS' AND BUSINESS ASSOCIATION**

DOGÜNSİFED, located in Diyarbakır, is one of the 6 regional business federations of TÜR KONFED. Founded in 2004, by 9 Industrialists' and Businessmen Associations, **DOGÜNSİFED is today comprising of 14 member associations representing 1154 businesspeople.**