



TURKEY-KOREA BUSINESS AND INVESTMENT MEETING

22 September 2020
Zoom Online Conference System





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Speakers

- **MR. ALİ KİBAR**
Chairman of DEİK/Turkey-Korea Business Council, Chairman of Kibar Holding
- **H.E. RUHSAR PEKCAN**
Minister of Trade of the Republic of Turkey
- **H.E. SUNG YUN-MO**
Minister of Trade, Industry and Energy of the Republic of Korea
- **MR. NAİL OLPAK**
President of DEİK
- **MR. PARK YONGMANN**
Chairman of KCCI
- **MR. GONG YOUNG-WOON**
Chairman of Korea-Turkey Business Council, President of Hyundai Motors

- **MS. EBRU ÖZDEMİR**
Chairperson of Limak Investments, Board Member of DEİK and DEİK/Turkey-Korea Business Council
- **MR. HYUK JAE LEE**
Vice President of Celltrion
- **MR. MEHMET EMİN BULAK**
General Manager of Arçelik LG, Board Member of DEİK/Turkey-Korea Business Council
- **MR. CHULJIN YOON**
Vice President of Value Creation Group, SK Planet
- **MR. TAHA YASİN SARAN**
Seul Representative, Presidency of the Republic of Turkey/ Investment Office
- **MS. LALE ERAY**
Head of Department, Republic of Turkey Ministry of Industry and Technology
- **MR. CAN GÜRLEK**
Expert, Republic of Turkey Ministry of Industry and Technology

Registered Participants: 363

MEETING NOTE:

DEİK/Turkey-Korea Business Council and Korea Chamber of Commerce and Industry (KCCI) organized "Turkey-Korea Business and Investment Meeting" on 22 September 2020 via zoom online conference system and brought together participants from Turkey and Korea to discuss cooperation and investment opportunities between two countries.

In the meeting honored by H.E. Ruhsar Pekcan, Turkish Minister of Trade and H.E. Sung Yunmo, Korean Minister of Trade, Industry and Energy and moderated by Mr. Ali Kibar, Chairman of DEİK/Turkey-Korea Business Council; Mr. Nail Olpak/President of DEİK, Mr. Park Yongmann/Chairman of KCCI, Mr. Gong Young-woon/Chairman of Korea-Turkey Business Council and President of Hyundai Motors, Ms. Ebru Özdemir/Chairperson of Limak Investments, Mr. Hyuk Jae Lee/Vice President

of Celltrion, Mr. Mehmet Emin Bulak/General Manager of Arçelik LG, Mr. ChulJin Yoon/Vice President of Value Creation Group of SK Planet, Mr. Taha Yasin Saran/ Seoul Representative of Presidency of the Republic of Turkey Investment Office, Ms. Lale Eray /Head of Department, Republic of Turkey Ministry of Industry and Technology and Mr. Can Gürlek/ Expert at Republic of Turkey Ministry of Industry and Technology addressed to the participants and provided presentations on trade and investment relations as well as potential opportunities to enrich the existent relations.





ALİ KİBAR

Chairman of DEİK/Turkey-Korea Business Council, Chairman of Kibar Holding

As the Chairman of Turkey-Korea Business Council of Foreign Economic Relations Board-DEİK, it is a privilege for me to address you today and I would like to thank KCCI, our counterpart institution for their valuable support in organizing this meeting.

Despite that we had to organize this meeting online, we are eagerly awaiting our first visit to the Republic of Korea after such an extraordinary period. Asia is the fastest-growing region in the world, accounting for more than two-thirds of global growth in 2019 and Republic of Korea is the 12th largest economy. I believe Turkey and Korea, two nations that sustain the bonds of brotherhood historically, shall prioritize the reciprocal business and investment relations especially after this unprecedented global challenge.

Turkish and Korean companies have fruitfully cooperated in many mega projects in Turkey, the most known recently is 1915 Çanakkale Bridge which will be the longest suspension bridge in the world and will be completed with the consortium of Korean and Turkish companies. I firmly believe our mutual objective should be to increase the number of this kind of consortiums while bringing this kind of cooperation to the third countries. Another striking example of fruitful cooperation can be found in Arçelik and LG's technology partnership. We believe the Investment Agreement between our countries in 2018 will pave the way for further Korean investments in Turkey. At this point, I would like to proudly emphasize that Turkey has not halted its production during the epidemic while many companies are forced to reconsider relocating parts of their supply

chains. Turkey's strategic location enables easy reach to many markets and I see a very clear opportunity for Korean companies which will create a win-win scenario. Moreover, as a representative of the business community, I would like to emphasize that Turkish business community would like to take the advantage of Free Trade Agreement signed in 2012 in a more sustainable and favourable way.

In this process, we observe that some critical sectors that have strengthened their online and technological infrastructure and invested in R&D are becoming prominent. As technology investments are set to accelerate in the post-covid world, Turkey-Korea cooperation in terms of value added products, high tech, digitalisation, e-commerce will continuously increase its significance.

As the Chairman of Turkey-Korea Business Council, I would like to say that we are eager to contribute to the existent trade and investment relations between our countries and we hope this meeting will offer an insight to our business communities. I would like to address our grateful thanks to Turkish and Korean governments during this pandemic period, both governments were very helpful to the development and ongoing of the "business as usual" basis.





RUHSAR PEKCAN

**Minister of Trade of the Republic
of Turkey**

The global economy is going through a difficult period due to the Covid-19 pandemic. The world economy is expected to shrink by 4.9% in 2020 according to IMF and also world trade is expected to decrease somewhere between 12.9% and 31.9% according to WTO records. I would like to mention that, despite these negative circumstances, Turkish economy is showing its resilience as well as dynamism, maintaining its export capacity and performance at a significant level. Despite the negative market conditions, we are one of the few countries that maintain a PMI figure about the 50 threshold value. Last month, among all countries, we had 4th highest PMI figure, as well as 3rd highest new export orders index figure. According to OECD, latest in-term assessment report, among all OECD countries, Turkey will be the least effected country after China and Korea from the economic downturn in 2020. Such data verifies a dynamism and robust potential of Turkish economy. Indeed, Turkey is one of the few countries expecting rapid and speed recovery.

Trade volume between Turkey and Korea, was realized as 6.7 billion dollars last year, as all speakers has already mentioned the details about that. Why we would like to increasing trade with Korea? We must say that there is a significant trade deficit against Turkey, and this is a great concern for us. Our Free Trade Agreement entered into force in 2013, followed by the Agreement on Trade, Services and Investment entered into force in 2018. We value these agreements very much. I know that some of the strong supporters of the FTA are participating to this meeting today and I am very much pleased their participation. However, we must express that when the FTA had entered into force, Turkey had very different expectations in terms of trade and investment relation with Korea. In

2019, while Korea was Turkey's 9th biggest partner in imports, it ranked 43rd among the countries we exported the most. In other words, despite the fact that we have a FTA, Korea has one of the highest share in Turkey's total foreign trade deficit. For us, the situation is indeed not sustainable. As you know; in the current international environment, the FTA's and preferential trade agreements are being questioned and countries are resorting different measures on the grounds of protecting their domestic industry. In such an environment, we believe that we cannot sustain the current foreign trade deficit with Korea any longer.

In order to assure that both countries can develop their trade relation bilaterally in a win-win principle and sustainable manner, we expect some concrete steps from Korea not only in the trade, but also in terms of investment we had high expectations from Korea which have not been realized yet. Before the FTA, during 2002 and 2012 period, the total investment flow from Korea to Turkey was around 437 million dollars. Following the FTA, during 2013 and 2019 period, the total investment flow from Korea to Turkey was realized around the same level being 438 million dollars. Hence, it is our common responsibility to transform our trade structure to a relatively more balanced and sustainable shape.

I hope today's event will contribute to our efforts in that direction, this is one of the reason to come together. The role of the support of the Korean and Turkish business circles is critically important on that stage. I want to encourage the distinguished president and the members of KCCI and the co-chair of the Business Councils to stay in close collaboration with both Turkish and Korean government and to work towards mobilizing more investment form Korea to Turkey, as well as more export from Turkey to Korea. As I mentioned in the beginning of my speech, Turkey preserve its dynamism and continues to be one of the most attractive FDI destination globally. We strongly encourage innovative, the high value added products and the service related investments. We are particularly interested in investment from Korea that may support Turkey's ongoing course of technological transformation. In addition to our existing types of industrial zones, recently, we have initiated a brand new model specialized free zone in Turkey to encourage investment in high-tech by providing new incentives. The first such specialized free zone has already been designated in Istanbul and is

waiting new investor mainly from Korea. I must also say that our companies are open and eager to cooperation and joint investment in 3rd countries. This could especially happen in contracting and construction projects as well as in other sectors.

Before ending my words, I also like to point out that we attach importance to trade using by our local currencies. We are currently in communication with Korean government in order to complete a swap agreement in this respect. But it's going very slowly, as I have been informed yesterday. I would like to encourage all companies to use national currencies as much as possible in our bilateral trade. It has been pleasure to attend this virtual meeting. I hope this event will pave the way to deepening and enhancing trade and economic relation between our countries, as we desire. Besides being an important economic partner, Korea is one of the friendliest countries for us. We always feel great sympathy towards Korea. Therefore, I would like to hold long term constructive economic partnership perspective. Hopefully with collective work, we will achieve this ideal.





SUNG YUN-MO

Minister of Trade, Industry and
Energy of the Republic of Korea

The relationship between Korea and Turkey dates back to the Korean War and our bilateral relations developed and we became forever united as brother countries. His Excellency President Erdoğan commemorated the 70th anniversary of the Korean War last June. Our historical and emotional bonds have to continue and enrich the economic cooperation. Following the bilateral trade partnership established in 2012 and the successful entering into force of the Korea Turkey FTA in 2013, a steadfast foundation has been laid for our economy cooperation. As our two countries grow closer to each other, over 300 Korean companies are now contributing to the economy growth and job creation in Turkey. Our jointly response to the pandemic has once again served as a testament to our close economy ties. Through their phone conversation all year, our leaders as a lead to coordinate their response to Covid 19 and to share the importance of a continued exchange of essential business people. Personnel from Hyundai Motors were granted special entering to Turkey in April. It made possible the production of the new plant. And thanks to a timely dispatch of Korean engineers in May, the construction of the Çanakkale Bridge, commemorating the 100th anniversary of the Republic of Turkey continue to make progress without interruption.

Our bilateral trade also remained steadfast by the records and the trade volume spend on the year on year basis despite the Covid19 and we have seen growing in exports. Due to the pandemic, global economy faces major challenges, including economy recession and structural transformation. Both our governments are working to manage the spread of virus simultaneously and adapting active economy stimulus package, it has to cross cutting themes

green and digital. The Korean government announced the Korean New Deal in July with the key pillars of the Green New Deal and Digital New Deal which are intended to promote investment and create jobs. Last year, The Turkish Government announced the five year economic development plan with the objective of fostering new industries in advanced sectors, including electric vehicles and renewable energy and AI. That being said, I believe our economic cooperation should focus on both responding to Covid19 in short term, while ensuring we are fully prepared for post-Covid era. Thus, it is crucial to expand our cooperation from traditional manufacturing, such as the automobiles and home appliances to the industries including green and digital sectors.

I would like to highlight three directions for our economic cooperation going forward. First, we must expand our cooperation in green industries to ensure sustainable development. Our two countries signed MoU on cooperation in Eco-Industry Pact in 2018 and we are jointly moving forward with the construction



project to apply the model to the industrial pact in Turkey. Given the global transition of industrial pop into smart and green complex taking place across the world, I hope, Korea and Turkey will work closely in this sector as well. Recognizing the promising future of green mobility, Korea is striving to foster the electric and hydrogen vehicle industries. Turkey is aiming to gain self sufficiency in mass production of electric vehicles by 2023. We may integrate our capabilities and technologies based on our cooperation, strengthen this roof and the motors. We wish to create a similar effect in the field of electrical vehicles. Second, we must diversify through our digital transformation cooperation to enhance industrial competitiveness. Korea has experienced dynamism and innovation across all industry sectors, based on our strong IT infrastructure. And I have no doubt such experience we contribute much to the digital transformation of Turkey. For example, SK Planet and Doğuş jointly launched a new online service. It has emerged as a role model of digital cooperation as a response to Covid 19.

Turkey is now striving to build an intelligent transportation network, and I believe there is no better partner than Korean companies that boost the world class digital technologies. Third, we need to enhance exchanges of human and materials resources to ensure the stabilization over supply chains. The imposition of border restrictions has brought unexpected shocks to the global supply chain. It is thus important that our two countries strengthen our cooperation to maintain the movement of essential workers and logistical flows. By doing so, we will generate some mutual benefits for these modern cooperation and recovery of supply chain. Finally, we should revitalize our economy cooperation by actively pushing ahead with bilateral business events which serve as a catalyst for exchange of cooperation between our private sectors.

Although we are currently facing the worst economic crisis since the Great Depression, I am convinced that our two countries have ample activity to overcome the challenges that lie ahead of us. Turkey has a proud history of a rising nation appraised under the dear leadership of its first President, Mustafa Kemal Paşa and Korea achieved the miracle on Han River following its recovery. I expect that business people of our two countries will adapt to any and all future changes and even go one step further by creating opportunities under the simple recovery of ongoing pandemic.



NAİL OLPAK

DEİK Başkanı

DEİK is a business platform that has been continuing its activities on voluntary based private sector membership for 35 years and we continue our works with an understanding of business diplomacy, with the support of Turkish Minister of Trade H.E. Ruhsar Pekcan. We have 146 country to country based business council all over the world, and Turkey- Korea Business Council is one of them. Thanks to their efforts as Turkey-Korea Business Council prepared a report named "Routes to Transform our Brotherhood to Strategic Partnership"

I believe it is one of the right time to talk about construction and more diversified and sustainable, fruitful cooperation between our countries for further strengthening existing relations. We know the bilateral volume and we always feel privilege to have your support for more desired level of trade volume in a more balanced way and we are aware that it is "business communities", our responsibility to work for this goal.

There are some points we should mention, that one of them are bilateral nations has been transferred to a strategic partnership for the last eight years. In addition, MIKTA is a platform where both countries' Ministers exchange views on regular base and Korea is the chair for this year. Considering the geographical positions of MIKTA member countries, we see that the distance is no obstacle before the dialogue and cooperation and I sincerely believe that we need international cooperation and solidarity more than ever. I would like to mention one more important aspect of Turkish-Korean business relations, Free Trade Agreement, which had been signed eight years before, is a major breakthrough. But I believe, there is a demand from Turkish business community to be able to benefit more

from this agreement in a more balanced and mutually favorable way. I hope one of the upcoming milestones of our relations will be to meet this demand.

We were all speaking about globalization for years. Especially after the pandemic, we are much more speaking about glocalization and we are talking more about the concept of accessibility rather than the concept of proximity or distance, which are the main parameters of logistics. In the recent unprecedented times, we all realize the significance of market diversity and supply chains.

Turkey and Korea are two countries that have not halted their production during the pandemic and we would like to increase Turkish companies contribution to the supply chain of Korean companies in the forthcoming period. I firmly believe that those who are capable of adapting to difficult conditions and those who can manage to keep the supply chain and give sufficient confidence to their counterparts, will lead the change for a better world and will be the winner.





GONG YOUNG-WOON

Chairman of Korea-Turkey Business Council, President of Hyundai Motors

As we are all aware, the world is undergoing many changes across all areas, including economic activities due to the Covid19 pandemic. First of all, it is not easy to travel out of the country, so I fully understand that that many entrepreneurs are having difficulties with their business. In this situation, I believe that companies and governments should work together to promote what is possible in order to overcome such difficulties.

Established in 1997, Hyundai-Assan Izmit plant represent the first plant of Hyundai Motor company in Europe. I'd like to thank the Turkish Government officials who allowed the entry of Korean engineers in April, when foreign entry was completely banned due to the pandemic prior to the foursquare installation of the new car production line that aims to produce more than 100,000 units per year.

I believe we will share the same mindset with SK and Daelim which are accelerating the construction of Çanakkale Bridge, the world's longest suspension bridge and SK Planet and Celltrion which will make presentations today. We hope that our cooperation will lead to another win-win case between Korea and Turkey, that are commonly referred to as brother countries. This term is a good description of the bond between our two countries, even if they are geographically distant because of their hearts are close. In the face of pandemic, I hope that the business leaders from both countries will devote themselves to the common goal of overcoming the crisis together and for next time. I look forward to the day we can meet face to face instead of online.



PARK YONGMAAN
Chairman of KCCI

In March, the Korea business delegation visit to Turkey was postponed, you know, we didn't have any choice to do that at the time, but now I consider it rather fortunate that we can gather today through this webinar today. Despite the coronavirus outbreak, bilateral ties between our two nations are even stronger. This year alone, on two different occasions, the President of Turkey and President of Korea called each other already and had a meaningful dialogue. They agreed to fight the pandemic together and set the direction for a more advanced collaboration between the two nations after this crisis.

Business also has roles to play, new ideas are necessary to ensure continuity of the market in light of Covid19. First of all, let us turn this obstacle into an opportunity to diversify the areas of cooperation between the two nations. So far, Korea and Turkey have joined together as a team to build bridges, railroads and smart cities on Turkey's economic development projects and now many new economic possibilities have opened up in the digital and biotech as well as the non face to face industries. In July, Korean Government unveiled the "Korean New Deal, which consists of two pillars which is digital and green. I hope this planet will serve as the foundation for a more expansive and diverse partnership between Korea and Turkey. Second, as online meetings are starting to take hold, as the new norm, we need to communicate more frequently through information technologies. KCCI and DEIK have operated the committee together since 1989. We could add virtual conferences, such as today's forum to our mutual visit to revitalize the Economic Cooperation Committee. During the summit call in June, our two leaders express their hopes to visit Çanakkale Bridge in Turkey together when the Covid19 pandemic comes to an end. We are certainly looking forward to the day as well. We, as the business community, wish to be a part of such plans. I hope today's discussions help us deepen our partnerships even further.



EBRU ÖZDEMİR

Chairperson of Limak Investments, Board
Member of DEİK and DEİK/Turkey-Korea
Business Council

The strong ties between our two countries, Turkey and Korea, are compelling reason to build bridges. I know personally and also it's been stated by the Ministers, panelists and the speakers, the importance given to the relations between Turkey and Korea by Turkey, Turkish Ministry of Trade, by our ministers and at the government level is very high. I'd like to take this opportunity to express my deep appreciation for the invaluable support in building this excellent bilateral relationship that we enjoy today and which was started long time ago.

The potential is huge but of course, we can always do more in the business. And as Limak, we are very eager and ready to explore these opportunities with Korean companies, not only in Turkey, but also in other countries. My presence here today only reflects one portion of the success that we have achieved so far. As you very well know, I represent Limak Group, one of the region's business groups that are active in construction, infrastructure, energy, cement production, PPP's, airports and ports management as well as tourism. We are currently operating in 15 different countries and more than 60,000 employees and we have also started some mega projects in Turkey where I have to say, and it has been mentioned a couple of times before, that we are in the consortium that's building the world's mega project, 1915 Çanakkale Bridge and motorway where we are actually four companies, two Turkish (Limak and Yapı Merkezi) and two Korean (SK and Daelim) companies. I'd like to give you some details and recent updates about the project, but I would like to start with a personal note. In Turkish, we have an expression as "gözbebeği" which is kind of "eye baby". We actually use this expression when you'd like to mention about something

very close to your heart and mind. I can honestly say that Çanakkale Bridge is actually my “gözbebeği”. Among many other projects that we have undertaken under Limak, this is one of the projects that stands close to my heart and I put a lot of effort on. This is one of the reasons why I often visit the site, last month, I was there for four times and I got really excited when I visit the project site. As this project is actually a dream coming true and a centuries long dream, and I’m very happy that this important project, which is very symbolic is actually been realized by Turkish and Korean partnership and we’re happy that we’re making this dream come true. And it’s actually a great and big responsibility to complete this dream project in such a historic spot where there has been many civilizations and many wars took place and the region of Çanakkale, which is actually a centuries’ long history of heroism. Under that opportunity and using this opportunity, I’d like to thank to all our partners, workers, staff, engineers for the fruitful corporation that has been successful so far.

I believe the current healthy relationship between Turkey and Korea is also reflected very well in Çanakkale Bridge project. Also, it’s very essential to forge and deepen the ties between the Turkish and Korean business communities further and in order to do that, we need to have more success stories to inspire and we really need to move forward. As you have been aware of this project is an inspirational one where it’s going to be the longest suspension bridge in the world with the main span of 2023 meters and it will be the widest open suspension bridge which is 333 meters height, one of the highest towers in the world. The project will be accompanied by an 88 kilometers of highway and hopefully when we finish, it will be probably the fastest built bridge in that span in the world and we have all witnessed a breath taking financing projects where we have 25 different banks from all over the world where KEXIM and K-SURE from Korea are the main pillars. Both of these financial institutions put a lot of effort on the financing of this project, but we also have many participation of financial institutions from all over the world; Europe, Asia, Middle East, from actually from 10 different countries such as Germany, France, Italy, United Arab Emirates, China and so forth. So, it became a very complex, but a very symbolic financing. In addition, I’m happy to say that the project accelerates very fast in the past three and a half years, although it’s relatively a very short time, we have achieved a lot. This is all due to the support and collective action we have succeeded to establish between the four partners Turkish and Korean working

hand in hand as a team. And, at the moment they're engineers and staff at site, most of them Turkish and Korean but 12 different countries are represented at the construction site today. We actually have collected the best teams and the best talents from all the partners from all the companies that are working on the projects and when needed, not all the partners, Turkish and Koreans didn't hesitate to employ the talent from their own resources for the project. I always do believe in learning curves, effects and progress and I believe we have a lot to learn from each other by working in such an international and global team in such a global symbolic project. Also, I do see that the project, if each partner bringing their strengths, their best talents to add more value to the job and I think more than the result to be achieved, the process that we received throughout the project is very precious and very important. And if we don't replicate this in other projects, I think it will be a loss for us and for our partners and for the Turkish and Korean partnership. Of course, this is a great motivation and a lot of encouragement for my company or my partners and we have to do more and it doesn't have to be in Turkey, this partnership can go to other countries such as Africa. I call this a success story. And I'd like to thank my partners, and hope that we will see the traffic on the bridge and the motorway hopefully before 2022. Last but not least, I also would like to mention that, a project that's close to my heart and my mind. As you may know, for the past six years, as Limak Foundation, we are running a project called "Türkiye'nin Mühendis Kızları" which means "Engineer Girls of Turkey" project. We aim to inspire more young women to pursue engineering careers in Turkey and I'm very happy and proud to say that we have engineer girls that graduated from this project are currently employed at Çanakkale project. I have to thank my partners both Turkish and Korean for giving them this chance and supporting them in their careers.





HYUK JAE LEE
Vice President of Celltrion

I'm Vice President of Celltrion which is a biopharmaceutical company in Korea, and we also have many kind of businesses in Turkey. Generally, we are biopharmaceutical company making oncology drugs and we have five main businesses. First of all, our main business is a biopharmaceutical R&D and the production. Turkey is very important business territory to us since our European production is located in Turkey. We also have a chemical pharmaceutical company and we are also doing bio cosmetics. We are focusing on biosimilar and and new drug development, too. We are growing our revenue rapidly and average growth of our revenue is 40%. So, we started our businesses and CMO in 2002 and it almost completed that business establishment by 2010 and we also started our biosimilar businesses in 2013 as the first globally developing biosimilar company. And then we currently launched the four products and now we are developing on new drugs and also we are very enthusiastically trying to have our new business.

We have two plants. It is about third or fourth biggest the biopharmaceutical company in the world. And then we have about 190,000 liters, biopharmaceutical largest South Korea manufacturing facility and we are also considering building another 200,000 liters, largest cell cultural manufacturing facility. After we produce the drug substance product, we are shipping this product to Turkey to provide it to all across Europe. So, Turkey is one of our main manufacturing hubs to supply the European demands. We have four products and the first product is 'World's First' biosimilar product which is about European market. Its market share is over 60% now and this is autoimmune disease drug. And second thing is another cancer drug and third one is a breast cancer drug. We also got the

approval from Europe and the US. We are at the top market share company of those three drugs and the total revenue about with these three drugs is about \$1.5 billion. The reason we are having this web conference is the Covid19. We are also taking a big responsibility to resolve this issue and we develop the test kits and we are exporting to the US now. Also, we have two ways of developing the drugs. So, one is the antibody therapeutics and we are now getting an approval from Korea and it's under review in the European Company. We are trying to finalize it by end of this year and to give some sort of the solution to the people to resolve the issue of Covid19. To look at the status of the development, we initiated clinical trial from July, and it's just complete this one and we recently got a face to trial approval by the government.

We started Turkey business in 2010 and we have a small crew, but so we're working with many companies to produce two major share of the European supplies. There are three products in Turkey and the two of them are approved and one, the breast cancer drugs, is under review in the Turkish FDI. The market volume is not that high but we are trying to increasing it. The volume is steeply increased by 30% and sales steadily increased by the 18%.

We have three countries where we are producing our drugs. Mainly, we are producing our drug substance in Korea, and which is the third or fourth biggest biopharmaceutical complexes in the world. And we also have a very close partnership with LONZA, which is located in Singapore and also in the US. They are taking on one of the responsibility to produce our drug substances. But mainly the 40% of our extra job is operating in Turkey. So, the 40% of the worldwide supplies we are doing in Turkey, which the name of our company GENSENTA and many we call it as MN. And we are increasing the volume of the manufacturing capacity in Turkey and also GENSENTA is expanding their facility to fulfill the requirement demands of the European supplies, since our European demand is very rapidly increasing. Even though Turkey is very important country for our production facility, we also think that Turkish market has for Celltrion plans to launch antibody biosimilar products in Turkey and also we are trying to find one of our R&D partner since Turkey has a good R&D background. So in summary, Turkey is very important country for production and also we have opportunity as an our market and also we are researching the partners for R&D.



MEHMET EMİN BULAK
General Manager of Arçelik LG, Board
Member of DEİK/Turkey-Korea Business
Council

Arçelik LG was established in 1999 with 50-50% partnership with LG Electronics. JV agreement was renewed in 2016 until 2023. Arçelik-LG is the first and largest integrated air conditioning plant in Turkey with \$200 million total investment. We have 1.5 million sets of home air conditioner production capacity with 55,000 square meters area. Number of employees change between 650 and 1500 due to seasonality effect and production demands. Our region is to be the first choice in air conditioning area and our target is growing in the export market and maintaining our leadership in the residential air conditioning product range and being a leader in the domestic market.

Our focus in the last few years, is digitalization for both product range and production systems and increasing CAC production is also our priority. We continue to invest in our factory and product range in the last two years, we have made investments worth around \$10 billion for plastic injection, transfer press line and control box installation line. We aim to increase or factory integration and localization with these investments. Thanks for our continuous investments, we have the best R&D laboratories and test equipments among the producers in Turkey.

It is very important to preserve our intellectual property rights with all R&D center capabilities, we continue to apply for patents and last year, we have 161 patents for our innovations. VRF Technology and voice control can be given as examples of outstanding applications from our R&D projects. We have the widest product range in Turkey from 7 to 24k capacity. We also have the most energy efficient our three plus products in our range, and all of our range uses ecofriendly R32

refrigerator. We have the honor to be the first local producer. Most of our products are IoT applicable connected products and our users can remote control their air conditioners with their mobile application.

We have very good production capability in the AC range and we have a very high localization. Turkish commercial market size is about \$500 million, we are continuing to strengthen our production capability in increased localization in the CAC range also. With this purpose, we plant new investment in this category and produce low capacity VRF systems, along with indoor units. We will continue to invest for localization of high capacity VRF systems and we receive government incentives for all of our investments. In 2020, 50% of all VRF sales belong to export market and 50% belong to domestic market. 76% of our export belongs to Europe and Netherland is the main hub and distribution center of Europe. Beyond Europe, Egypt market is the main and fast growing customer for us. According to the long term sales projection in 2018, we are trying to reach approximately \$95 million in export sales in 2023. However; considering 2020 performance, we forecast to exceed \$100 million. Even though we had strong supply chain disruption this year due to Covid19, we managed to help successful business results.

We faced drastic demand fluctuations, however; we could make nonstop production with the support of government during lockdown period such its financial support and divert permissions. We provide three weeks lead time from order to delivery to all customers with nearly 100% on time of their daily performance. By managing this disruption, we help our customers to increase their market shares. Also, we are very proud of receiving a lot of awards from both Koç Holding and LG Electronics, such as Koç Holding Digitalization, Environment and Society award and best factory in LG Europe & America region. In addition, we are respecting gender equality and through this, one assembly line consists of only women operators from welding to quality control process which we called 'Women's Line'. As a last word, there are lots of opportunities in Turkey for partnership between Turkish and Korean companies.



YOO CHULJIN

Vice President of Value Creation Group,
SK Planet

I will explain about the journey of the n11 in Turkey. N11 is a Turkey's leading online shopping site. We sell from electronics, home monitors and also kids and baby fashions and all kinds of the categories in our website. Currently, according to the last year's figure, we have about 170,000 sellers, small and medium and large sellers and also about 18 million product listing in our website and application together. We have 12 million buyers last year and also 19 million members. To talk about where we start and how we did it, all starts at Davos Forum. SK Group and Doğuş Holding are meeting each other every year in Davos and we discuss about where is the business opportunities and collaboration areas so that both group can work together. In 2012, we signed the MOU agreement so that we can further discover our opportunity in Turkish internet area. Back in year 2012, when we look at our e-commerce penetration of the retail market Korea was about 12% or 13% of our total offering business is traded in online. And at that time, China is about 7%, US followed by 6%, but still Turkish e-commerce online penetration was only 2% so we believe that there will be much potential in Turkish e-commerce, so that we can capture the opportunity.

When we build the team between two groups, Doğuş Holding was contributing many things in the local market in Turkey, they provided a trust so that consumer can buy a product in our website. So, they provide trust and also they are very familiar with the older local business manners and also good network, the distribution and all other the small and medium and large sellers. From SK side, as we have experienced our own internet marketplace in Korea, 11Street Korea, we provide our knowledge about the online shopping mall, together

with our expert team members from Korea. So, we try to find where we can play better; Doğuş provide a local knowledge together with the marketing and then the building trust and SK provide our e-commerce knowledge, talent and technology. That was where we started. After signing MoU in January 2012, we built our team in May and this project team came up with their business plan and required budget and also their strategy for the entering the market. And, we incorporated the joint venture 50% - 50% between SK and Doğuş and we launched next year March in 2013. During this one year period, as you see joint venture especially as 50%-50% is a difficult test, but still we were supported by the both group chairman and also the executives and our team members in the project team.

They spent quite a time to understand each other so that at the end of the day, we now become not only the business friend but also a very close friend. In terms of the transaction, we reached about 30 million transactions per year by 2019 which is the amount is about 5.7 billion TL is a little less than 1 billion US dollar. That was our total transaction amount last year in terms of the user visit is about 160 million monthly visits and the monthly unique visit that means a unique person or visit is a 41 million person for year 2019. Every year, as you may know, the 11.11 event, we provide a huge campaign sale in November 11 so we target these 11.11 event as our benchmark for our next year. So, once we reach a certain target of the daily sales of the 11.11, then it will be a benchmark for how we can go further in the next year.

The growth rate of the e-commerce in Turkey is very rapid and the penetration of the online retail among total retail was only 2% now is about 6.7% is more than three times and we expect that it will be increasing further. These days in Korea it is about a little more than 20% of the penetration of the retail; so at least, Turkey will reach 10% very shortly in three or four years. There are lots of new players and some older players like n11. "Hepsiburada", the incumbent player in local market and "gittigidiyor" by eBay. "Trendyol" is also fashion vertical now they are transforming the marketplace since acquired by Alibaba two years ago, and also "Amazon" launched in 2018. As you see all the new players from the global and also the incumbent local players, the market will grow further and then our potential will be big enough to see those potentials. Before the Covid19 outbreak, global e-commerce monthly visit had a little

peak. Also, n11 has a very pick in the after Covid19 as people stay at home and they are doing the social distancing. So, instead of buying the product in the offline, they try to visit our website and increase our transactions. I believe in this Covid19 pandemic situation, the online and internet business is growing further not only in Turkey or not only in Korea, but it's in global. Even though, this is still very early stage of the e commerce in Turkey, these days, we are discussing about how we can provide opportunity in the sellers in Turkey, so that they can sell those products in Korea as a cross border transactions. But still we have difficulties in the tariffs, logistics and then returns.

As marketing move forward, I believe that not only the Korean seller can sell the product to Turkey, but also Turkish seller can someday sell their product in our website in Korea. So, that's our expectation and as a last comment from my side, since I was a Board Member of n11 for last few years and also, I was in the position of the CEO of the n11 in year 2015 about three months; I believe the other companies in Korea can also have types of the market opportunity and then find a good partner, like Doğuř Holding so they can bring their expertise to Turkey. They can do the business with a Turkish company together in Turkey.





TURKEY-KOREA BUSINESS AND INVESTMENT MEETING

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