

# Promoting Business Relations Between Turkey & the US West Coast

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# WHY?

- **Turkey has to move to high-tech industries in order to increase wealth**
- **Turkey lags behind many countries in almost every relevant indicator:**
  - **R&D Spending**
  - **Number of researchers**
  - **Number of Patents**
  - **IT & Communications spending in GDP**

# WHY?

- EU Process requires more consistent and committed approach
  - EU R&D average: 1.9% of GDP; Target: 3% of GDP
  - Turkey R&D: 0.5% of GDP
- Turkey has a talented human capital pool (in & outside Turkey)
- Availability of capital gradually improves as macroeconomic stability is achieved & Turkey proceeds towards the EU

# Current Picture

- **Vision 2023 Project**
- **Initiatives by TUBITAK, KOSGEB, TTGV, Universities, TUSIAD and others**
- **TTGV provides financial incentives for investments in high-tech projects**
- **Major shifts in Turkey's manufacturing & exports**

# Current Picture

- **Some companies (Beko, Vestel...) allocate increased funds for R&D. Yet the share of corporate R&D spending is highly limited**
- **Technoparks are emerging**
- **Limited investments in high-tech industries**
- **Financing: Major Bottleneck**
- **IPR: Another significant issue**

# Turkey-US West Coast

## Current State of Affairs

- **Primarily individual contacts & initiatives**
- **Lack of institutional framework**
- **Lack of leadership**
- **No governmental initiatives**
- **Business organizations in the US & Turkey aren't doing much in this area**
- **Success stories: Airties, Hittite Microwave...**

# What's Missing?

- **Capital scarcity is a major constraint**
- **Private equity/venture capital firms**
- **Reluctance of large groups & companies: TUSIAD Initiatives**
- **Institutional framework to bring know-how/ideas & capital/companies together**
- **Kenan Şahin:  
Innovator – Facilitator – Implementor**

# What Can Be Done?

- **Set concrete examples – generate transactions**
- **Augmented government initiatives supported by sizeable funds**
- **Increase of awareness in private groups/companies**
- **Diaspora mobilization**

# Diaspora Mobilization: Experiences of other countries\*

- **Reverse brain drain schemes have generally failed**
- **Diaspora mobilization (brain exchange/brain circulation) gains prominence**
  - **Top executives model: India, Scotland**
  - **Mentoring/venture capital model: S Africa, Korea, Taiwan, Israel, Scotland**
  - **Diaspora members as investors: China (limited)**
  - **Identification of new opportunities: Israel, Armenia, India**
  - **Return of talent: China, Korea**
  - **Basic outsourcing: Armenia**
- **Two essential components of diaspora mobilization:**
  - **Individual champions (godfathers) in the host country**
  - **Capable institutions & receptivity at home**

\*Y. Kuznetsov, USCIS

# What TUSIAD is Doing

## **TUSIAD Initiatives:**

- **“Information Society and New Technologies” Committee**
- **National Quality Congress since 1992**
- **Technology Congress since 1997**
- **E-Turkey Congress since 2003**
- **Entrepreneurship Congress since 2004**
- **“Competitiveness Forum” at Sabanci University**
- **“Discover Corporate America” begins in June 2006**

# What Can TABC Do?

- **Identify business leaders/godfathers**
- **Develop functioning partnerships with local Turkish Business Associations**
- **Establish contacts with relevant individuals as well as public & private institutions in Turkey**
- **Establish links with private equity & VC companies in both Turkey and the US**
- **Organize events in Turkey**
- **Host educational and training programs in Turkey**
- **Invite Turkish companies to the West Coast**
- **Develop media contacts and increase public awareness in Turkey**