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ISTANBUL THE CAPITAL CITY

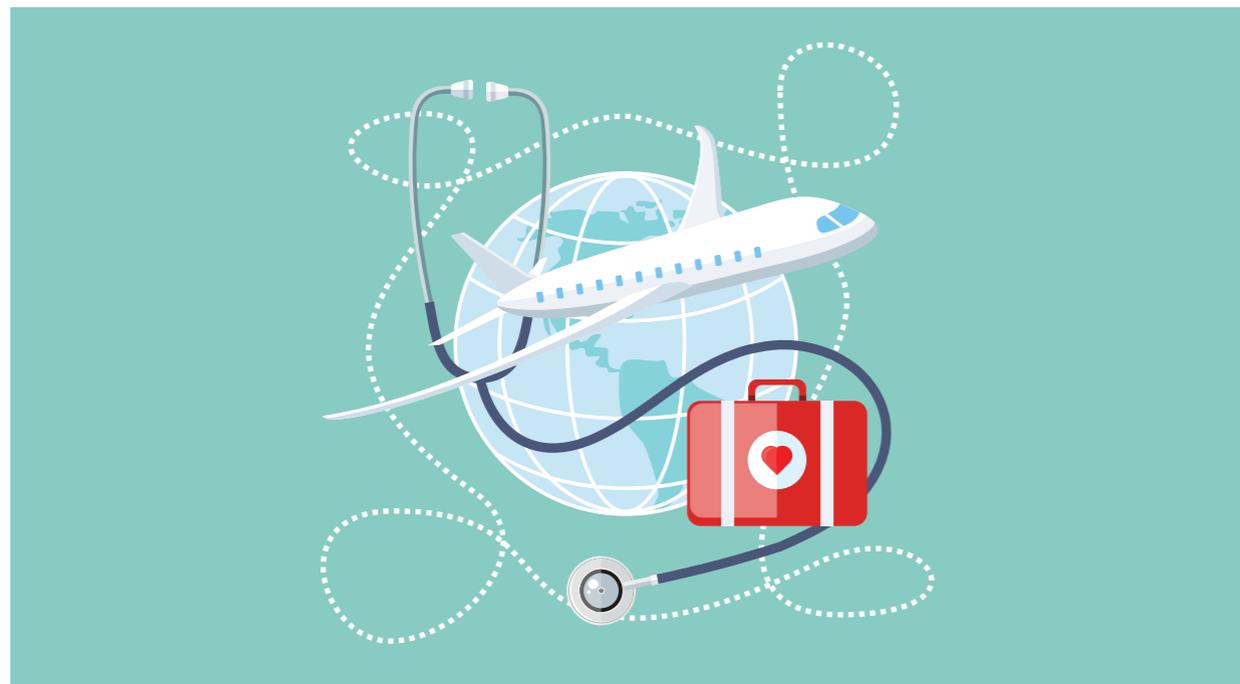
*Istanbul International Financial Center,
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a New Financial Era
for Turkey.*

EXCLUSIVE INTERVIEW

NURETTİN CANIKLI, DEPUTY PRIME MINISTER
The New Era in Istanbul As a Financial Hub: IIFC Coordination Council
SALEH JELASSI, RESIDENT REPRESENTATIVE-IDB TURKEY
Islamic Development Bank, the Locomotive of Islamic Finance

AGENDA

The World Economy in 2017
The Rating Downgrades: This Song Does Not End Here
The City That Never Sleeps



TURKEY: Your Partner in Healthcare

According to the data by Foreign Economic Relations Board of Turkey (DEİK), Turkey has become a prominent health tourism destination.

BY BAŞAK CANBULAT

Within the last decade, health tourism sector has been increased gradually and the global revenue has raised up to \$100 billion. Turkey and Istanbul in particular, has more advantages to take a bigger share in the world market than it already has. With its political and economical firmness, geographical position, medical expertise and especially its developed healthcare system, Istanbul welcomes investors, expats, professionals and their families together with international patients.

When the **Health Transformation Plan (HTP)** was implemented by the Ministry of Health with the aim of increasing the quality and accessibility of healthcare provision in Turkey between 2003 - 2013, it has brought major changes in its wake. These were the unification of the three social security schemes, the centralisation of public hospital administration and the reduction of medication prices. Furthermore, low - income citizens have also been covered under the Social Security Scheme, thanks to the incremental abandonment of the

green card system. The integration of that system members into the new general insurance system enabled the highest rates of accessibility in the healthcare sector of Turkey.

According to the report **OECD Health at a Glance 2013** which points out that these recent health reform efforts have increased the total expenditures, expenditures per capita and the spending to GDP on the health care system significantly compared to 1990's and 2000's figures. By means of these developing figures and such reforms, the private care providers have also grown up, spreaded country wide and finally become one of the key growth drivers in the Turkish health care sector today. Besides, the hospital visits have more than doubled in the past decade and the private sector's share of business has increased tremendously. Since the private sector is dynamic, independent and fast moving, the major hospital chains and at present they are able to provide the full spectrum of medical services.

In addition to the boost in domestic demand, the progress in the state-of-the-art medical technology and high quality treatments with reasonable prices, Turkey's private health care sector has been marketing its advantages to the international patients. Since the private healthcare sector in Turkey have started to play an important role in medical tourism with its continuous onset and growing vision in recent years, Turkey has become a regional hub and a global reference center. These steps paved the way for new international patients coming from Turkey's neighbouring countries, Euroasian, Middle East and West European countries. International patients usually prefer Turkey for medical treatment through online marketing, social media, referrals of the local physicians, public and private payers.

The strong points and the advantages of Turkish private healthcare sector are emphasized in the report prepared by a worldwide reputable Business Management School of Northwestern University;

• **State-of-the-art technology and infrastructure:** The cutting edge medical technologies such as Gammaknife, Cyberknife, PET-CT, Radiparc, Intraoperative MRI, da Vinci surgical robot, IGRT, image-guided radiation therapy and other modern medical technologies are used efficiently and successfully by private hospitals in Turkey.

• **Top quality services:** Turkey boasts almost 50 medical facilities accredited by the Joint Commission International of which 41 are hospitals. Turkey also ranks as the third in JCI accredited hospitals of the world. The Joint Commission International (JCI), meanwhile, is a US-based standards agency and the global arm of the Joint Commission on Accreditation of Healthcare Organisations, a non-profit health accreditation organisation also based in the US. JCI standards enable hospitals to maintain the patient safety and to keep the infection risk at minimum level in their facilities. That's why JCI accreditation is the most searched criteria by the medical travellers.

• **Competitive prices:** The financial structure of the healthcare in Turkey, as well as its dynamic and efficient operational processes enable Turkish medical services to compete with its equivalents in Europe and US. The Turkish government has launched numerous incentive programs for the promotion of the Turkish healthcare services abroad. Half of the flight costs of international patients traveling to Turkey for the purpose of medical treatment are covered by either the hosting hospital or Turkey based airline company such as Turkish Airlines.

• **Easy access to medical services:** Due to the recent investments in the private healthcare sector as well as sufficient capacity in hospitals, waiting lists for the medical services in private clinics are diminished.

• **Geographical location and easy transportation:** Turkey is located at the crossroads of Europe and Asia, and widespread flight network of Turkish Airlines enables Turkey an advantageous medical destination. As of now, Turkish Airlines is one of the fastest growing airline in the world, flying over 100 countries and 200 international destinations.

• **A leading tourism destination:** Turkey is an attractive destination for medical travellers as well due to its touristic and historical aspects. In 2014, over 37 million tourists visited Turkey and the Middle Eastern and the Gulf region visitors take an outstanding share within this figure. Istanbul, Ankara, Antalya, Adana and Izmir are regarded as the prominent health cities, serving with bilingual health staff.

Turkish private clinics host a wide range of international patients from all around the world. In 2014, over **490.000 international**

The financial structure of the healthcare in Turkey, as well as its dynamic and efficient operational processes enable Turkish medical services to compete with its equivalents in Europe and US.

patients prefer to get their medical treatment in Turkey. The majority of the medical tourists came from Germany, Libya, Russia, Iraq, the Netherlands, Azerbaijan and the UK, benefiting from the high quality and yet affordable healthcare treatments in Turkey. Patients mostly prefer the following medical treatments in Turkey;

In 2012, among international patients, the popular medical treatments were eye operations with a frequency of %25, followed by oncology with 13% and orthopaedics with 12%. Covering the regions of Europe, Central Asia and North Africa, Turkey has one of the highest densities of organ transplantations. In 2012, 53.7 patients per million (4,008 cases) population received organ transplants in Turkey, whereas this rate was 53.3 in Germany, 20.7 in Greece and 2.6 in Bulgaria. The number of organ transplants in Turkey grew by a CAGR of 40% between 2002-2012, from 745 to 4,008. This increase reflects the importance given to organ transplantation as a part of government policies.

According to Pharmaceutical Manufacturers Association of Turkey datas in 2013, at the major share in the health sector was the pharma market with a worth of 6 billion € and its manufacture reaching up to 1.56 billion box. The equivalent pharma market has a worth of 52% in terms of box and 38% of amount. Local pharma manufacturing has a worth of 78% in terms of box and 50% of amount. These developments have enabled Turkey to be one of the biggest growing market in the sector.

Turkey is the 16th biggest medicine manufacturer of the world. In Europe, it is the 6th biggest manufacturer after Germany, France, England, Italy and Spain. Nowadays, 9 of the 50 medicine manufacturer are international based firms like Pfizer, Novartis, Eli Lilly, Merck and GlaxoSmithKline.

The developed and strongly organized healthcare institutions in Turkey as well as the growing trend in the medical travel to Turkey attract international fund companies and investors. In 2011, Integrated Healthcare Holdings and Bagan Lalang have consociated 75% of Acibadem Healthcare Group. In 2010, Global Environment Fund acquired Dentistanbul; in 2008 Marfin Investment Group consociated Şafak Hospitals, in 2009 Carlyle Group then Turkven Private Equity Fund consociated Medical Park Hospitals, in 2010 National Bank



MOST PREFERRED MEDICAL TREATMENTS IN TURKEY:

Cardiology & Cardiovascular Surgery

Organ Transplantation (Living Donor Liver and Kidney Transplantations)

Bone Marrow Transplantation (Autologous, Allogeneic, Haploidentical)

Medical, Surgical and Radiation Oncology & Sophisticated Cancer Treatments

Robotic Surgery (Gynecology, Urology, General Surgery and Cardiovascular Surgery)

In Vitro Fertilisation (Including Pre-Implantation Genetic Diagnosis)

Orthopaedics & Traumatology

Stem Cell Treatments

Spine Surgery and Neurosurgery

Ophthalmology (Intralasik, Ilasik, Retina surgery)

Ophthalmology Treatments

Dental Treatments



of Kuwait consociated Dünya Eye Hospitals, ARGUS Capital/Qatar First Investment Bank consociated Memorial Health Group and MidEuropa Private Equity acquired 90% share of Izmir Kent Hospital.

The Turkish government has taken into consideration this booming sector and launched an incentive program for the promotion of health care sector abroad. From market research and international accreditation to trade missions and overseas operations expenditures are all covered up to some textends particular percentages by the Ministry of Economy. The most important incentive is that half of the flight expenditure of the international patient who is coming to Turkey for medical treatment, is covered by either the Turkish healthcare provider or the airline company. This proves how far the government pays attention to Turkish health services trade and supports medical travel to Turkey.

In the light of these developments in the economy and the health care of Turkey, health is regarded as the primary policy item for the government's agenda. In Turkey there are various institutions which endeavour to breed new policies and activities of health tourism. Health Tourism Business Council operating under Foreign Economic Relations Board-DEIK - gathers various stakeholders of health (tourism) sector including the prominent hospital groups, clinics, public and private institutions under a single platform. Ministry of Economy, Ministry of Health, Ministry of Culture and Tourism, Turkish Airlines are also represented within the Council.

New Trade Routes Emerging: What lies ahead for Turkey?

Trade routes in the world are changing again with the new world order.

The traditional trade routes in the world have been shifted various times throughout the history: There

are no longer Spanish Treasure Galleons circuiting oceans, or silk caravans arriving at Baghdad from Far East. Former empty land what is now called Atlanta now is the biggest hub of Americas, former industrial center Detroit is now becoming a ghost town. No city or region is safe when the tides of the time decide to follow another direction.

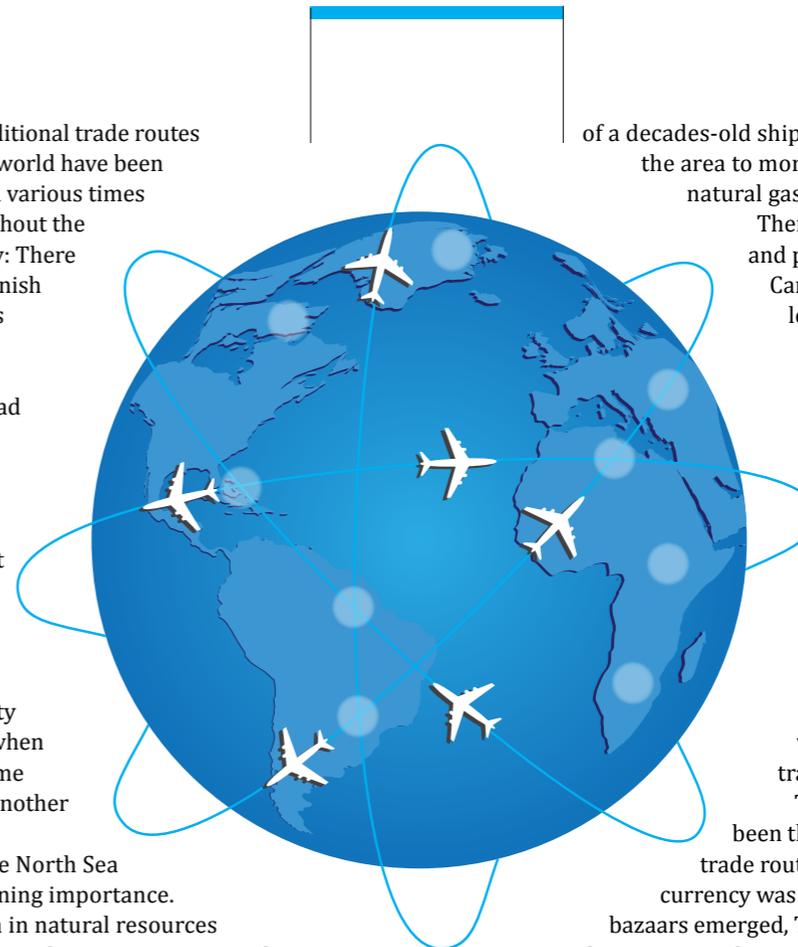
Nowadays, the North Sea trade route is gaining importance. The region is rich in natural resources such as oil and natural gas, moreover, North Sea in certain off-ice seasons offer a shorter route for shipping that decrease freight costs sharply. This is no surprise that giant companies are constantly buying property in Canada by North Sea coast. Exxon Mobil Corp., Chevron Corp., Statoil ASA, BG Group Plc and BP Plc are among the companies that committed to spend USD 934 million in auctions last November, by the province of Newfoundland and Labrador for seven parcels off the coast. Now the Canadian government is adding 13 new parcels in an auction set for this November, as the removal

of a decades-old shipping restriction opened the area to more vessels seeking oil and natural gas.

There are also new towns and ports emerging in both Canada and Russia, each located by the North Sea, offering better proximity to the inland centers and allowing shipping through the North Sea in summer, when temporary routes emerge as the ice melts. Capital, people, infrastructure; everything is adjusting itself in accordance with the trend in the trade.

Turkey had traditionally been the hub of world's oldest trade routes. As the region where currency was invented and first

bazaars emerged, Turkey thrived thanks to the various trade routes connecting it to the rest of the world. However, sudden change in the busiest trade routes in 16th century, in the age of discovery, caused a serious damage on the country's economy and eventually a great industrial leap, combined with changes in the structure, gave birth to Republic of Turkey, a country with a great potential to become once again a hub of trade especially for its neighbors. Thanks to the unique location between the west and the east and connection to both Black Sea and Mediterranean, Turkey became a regional power and role-model for developing countries in the vicinity.



IFC project to strengthen Istanbul's role as a commercial Capital City, reforms in the policies and law readied Turkey for any tide in the stormy sea of the trade.