

**RENEWABLE ENERGY AND ENERGY EFFICIENCY EXECUTIVE BUSINESS
DEVELOPMENT MISSION TO TURKEY
Ankara, Istanbul and Izmir, Turkey
Dec 5 – 9, 2011**

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (CS) is organizing a Renewable Energy and Energy Efficiency Trade Mission to Turkey on December 5-9, 2011. Led by a senior Department of Commerce official, the mission will include representatives from a variety of U.S. firms specializing in the following product areas:

- Wind Turbines;
- Geothermal Exploration, Drilling and Geophysical Engineering Services;
- Geothermal Power Plant Equipment;
- Biomass Power Generation;
- Hydroelectric Power Plant Equipment Supply;
- Solar Power Generation Systems;
- Cogeneration Systems;
- Energy Efficiency Systems and Solutions;
- Fuel Cells, Heat Pumps Exc.

Mission participants will be introduced to international agents, distributors, and end-users whose capabilities and services are targeted to each participant's needs. This mission will contribute to the National Export Initiative and the Renewable Energy and Energy Efficiency Export Initiative goals through increased sales of U.S. equipment/services in Turkey. The participants will also have a site visit to the Izmir Ataturk Organized Industrial Zone, targeted by the U.S. Department of Energy for a Near-Zero Zone Project (NZZ) to promote industrial energy efficiency and potential U.S. export opportunities. The U.S. Department of Energy (DOE), in coordination with other U.S. agencies, is launching the Near-Zero Zone project. This interagency project has the support of the Turkish government and business organizations, and will help industrial companies operating within the Izmir Ataturk Organized Industrial Zone (IAOSB) reduce their energy usage through a series of cost-effective efficiency upgrades.

One-on-one meetings with NZZ industrial participants will also be included, to follow quickly on an energy efficiency survey to be completed in September 2011. This mission will be an important deliverable for our bilateral Framework for Strategic Economic and Commercial Cooperation mechanism, a new process of engagement with the government of Turkey on economic and trade issues, chaired by Secretary Locke and U.S. Trade Representative, Ron Kirk.

Participants will have an opportunity to meet with major buyers, and potential agents and distributors operating in Ankara, Istanbul, and Izmir, Turkey. The U.S. and Foreign Commercial Service is targeting a minimum of 15 and a maximum of 20 U.S. companies.

COMMERCIAL SETTING

Turkey is a country offering significant opportunities for foreign investors and exporters with its geographically favorable position to function as a gateway between Europe, the Middle East and

Central Asia. Opportunities exist not only in the dynamic domestic market in Turkey, but also throughout the region.

Hospitality and tolerance being the traditional cornerstones of the Turkish way of life, the country is open to foreign firms. Foreign Direct Investment (FDI) in Turkey slowed to \$7.9 billion in 2009 during the height of the world economic crisis, but has reached reached \$20 billion in previous years. There are approximately 24,000 companies with foreign capital in Turkey. Corporate income tax is only 20%, dividends can be transferred, foreign capital companies enjoy the same rights as local companies, international arbitration is possible, and expatriates can be employed.

A treaty between the U.S. and Turkey exists for the protection of foreign investments and another treaty between the U.S. and Turkey exists for the avoidance of double taxation. Turkey has a customs union agreement with the EU that covers trade in all goods, except agriculture goods: the export and import of these industrial goods from the EU have a zero percent customs duty. Turkey has agreed to implement most EU Directives regarding the safety of products and recognizes the CE certification of those types of products.

As announced by the International Monetary Fund, Turkey has the 16th largest economy in the world. In 2010, Turkey's GDP reached \$958.3 billion. Turkey has a young, dynamic, well-educated and multi-cultural population of 73 million, the second largest population after Germany in Europe. Sixty percent of the population is under the age of 35.

Turkish imports in 2010 are estimated at \$166 billion and Turkish exports about \$114 billion for the same period (2010 official results are not announced yet). U.S. exports to Turkey in 2010 will exceed \$10 billion and Turkish exports to the U.S. over \$4 billion. Total U.S. FDI in Turkey is over \$7 billion, a conservative figure given investment by European subsidiaries of U.S. parent corporations.

Turkey is strategically located. Turkey is often referred to as 'The Energy Bridge between East and West'. Seventy-three percent of the world's proven oil reserves and seventy-two percent of the world's proven gas reserves are located in the surrounding regions of Turkey: the Middle East, Caspian Region and Russia. This makes Turkey a crucial bridge between energy rich regions and Europe, which spends approximately \$300 billion annually for imported energy resources.

Turkey is a manufacturing center with ambitions to become a regional energy hub. The international image of Turkey in terms of a destination for investment is generally shaped by the diverse market opportunities -- both domestic and export-oriented -- that Turkey offers. The potential of these markets covers over one billion consumers, including a large and growing domestic market (approx. 72 million people); high-income European markets (600 million people); emerging Russian, Caucasian and Central Asian markets (250 million people); and the expanding Middle East and North Africa markets (160 million people). These markets have approximately \$25 trillion in combined GDP.

Turkey emerged from the world economic crisis much better than expected. The banking sector was strong and did not suffer any major crisis. Turkey's economy grew by 7-8% in 2010 and unlike the general trend; this was not a jobless recovery. Throughout the crisis Turkey was the only country whose credit rating was upgraded by two grades. Credit rating agencies and financial markets praised the strong performance and healthy state of the Turkish economy and demonstrated confidence in Turkey's economic policies.

In the 2010 – 2014 Energy Strategy Paper announced recently by the Turkish Minister of Energy and Natural Resources (MENR) Taner Yildiz, Turkey plans to have 20,000 MW of wind energy and 600 MW of geothermal energy capacity by 2023 (100th year anniversary of the Turkish Republic). Turkey plans to have 5,000 MW new hydroelectric power plants, 10,000 MW wind power farms, 300 MW geothermal power plants come into operation by 2015. As part of the energy efficiency programs, the Turkish government plans to decrease the primary energy intensity by 10% before 2015 and 20% before 2023.

Turkey ranks No.1 in Europe and No. 7 in the world in terms of geothermal power potential. Power generation from biomass will become more important as large municipalities are considering more efficient methods of disposing of municipal waste. After Spain, Turkey has the second largest potential for solar power development in Europe.

Turkey also has large hydroelectric potential. Currently 30% of Turkey's installed capacity is from hydroelectric resources. Many Turkish private companies are investing in run of river type of electromechanical equipment which is mostly supplied from China, Austria, Norway and Germany. The US&FCS Turkey receives a considerable amount of inquiries from Turkish companies, asking for hydro electromechanical equipment from the U.S. with U.S. Ex-Im Bank financing.

The Government of Turkey has adopted a new legal framework to increase the feed-in tariff for the electricity to be delivered from different types of renewable energy resources. Over the next five years, Turkey's investments on renewable energy are estimated to expand to \$20 billion.

U.S.-Turkish relations focus on areas such as strategic energy cooperation, trade and investment, security ties, regional stability, counterterrorism, and human rights progress. President Barack Obama paid a historic visit to Turkey on April 5-7, 2009, as the first bilateral visit of his presidency. During the visit, he spoke before the Turkish Parliament and outlined his vision of a model U.S.-Turkish partnership based on mutual interests and mutual respect. The inaugural Framework for Strategic Economic and Commercial Cooperation meeting was held in Washington, DC in October 2010. In addition to the new framework, the U.S. and Turkey hold annual meetings of the Trade and Investment Framework Agreement (TIFA) Council, which met in Washington, DC in July 2010, and Economic Partnership Commission (EPC), which last convened in Turkey in June 2010.

On May 14, 2010, Under Secretary of Commerce for International Trade, Francisco Sánchez and Undersecretary for Foreign Trade of Turkey Ahmet Yakici signed the Terms of Reference for the establishment of a newly formed U.S.-Turkey Business Council (Council). The Council will bring together U.S. and Turkish business leaders to provide policy recommendations to both governments jointly on ways to strengthen bilateral economic relations.

MISSION GOALS

The trade mission will assist representatives of U.S. companies in the Renewable Energy and energy efficiency industries responsible for business activity in Europe, Caucasus and Central Asia, the Middle East and North Africa markets with their efforts to identify profitable opportunities and new markets for their respective U.S. companies and to increase their export potential in joint cooperation with Turkish companies.

MISSION SCENARIO

In Turkey, mission members will also be presented with a briefing by the U.S. Embassy Country Team, the Commercial Specialist for the renewable energy sector and other key government and corporate officials. Participants will take part in business matchmaking appointments with Turkish private sector companies, which may be potential candidates for agent/representative or distributors. The trade mission will visit: Ankara, the capital of Turkey, a growing industrial base and the seat of government; Istanbul, where headquarters of most private sector companies are located; and Izmir, Turkey's third largest city with strong renewable energy and energy efficiency potential.

U.S. participants will be counseled before and after the mission by the domestic mission coordinator. Participation in the mission will include the following:

- Pre-travel webinars on subjects ranging from industry briefings to business practices in Turkey;
- Pre-scheduled meetings with potential partners, distributors, end users, or local industry contacts;
- Transportation to all mission-organized meetings inside the cities (all air transportation within Turkey is the responsibility of the mission participant);
- Meetings with key government decision makers and private sector firms;
- Participation in networking receptions in Turkey; and
- Meetings with CS Turkey's energy specialists in Ankara, Istanbul and Izmir, Turkey.

MISSION TIMETABLE

Mission participants will arrive in Ankara on December 4, 2011 and the mission program will take place from December 5-9, 2011. Departure to the United States or other onward destinations will be on December 10, 2011.

Sunday, Dec. 4, 2011 Ankara, Turkey	<ul style="list-style-type: none"> • Arrival in Ankara, Turkey
<u>Day 1</u> Monday, Dec. 5, 2011 Ankara, Turkey	<ul style="list-style-type: none"> • Wreath laying at the Ataturk's Mausoleum (Anitkabir)(optional) • Agenda review and market briefings by U.S. mission officials • Meeting with Minister of Energy and Natural Resources or designate • Meeting with State Minister for Foreign Trade or designate • Briefing by Ministry of Energy, Regulator EMRA and EIE • Networking reception
<u>Day 2</u> Tuesday, Dec. 6, 2011 Ankara - Istanbul, Turkey	<ul style="list-style-type: none"> • Morning 1-1 matchmaking meetings • Afternoon departure to Istanbul • Evening Bosphorus Cruise (working reception and dinner with American and Turkish business communities)
<u>Day 3</u> Wednesday, Dec. 7, 2011 Izmir, Turkey	<ul style="list-style-type: none"> • Morning meeting with the Mayor of Istanbul or designate and site visit to waste to energy facilities (optional) • Afternoon 1-1 matchmaking meetings • Evening departure to Izmir

<u>Day 4</u> Thursday, Dec. 8, 2011 Izmir, Turkey	<ul style="list-style-type: none"> • Morning 1-1 matchmaking meetings • Afternoon site visit to wind farms in Cesme (optional) • Evening networking reception
<u>Day 5</u> Friday, Dec. 9, 2011 Izmir, Turkey	<ul style="list-style-type: none"> • Site visit to Ataturk Industrial Zone for U.S. DOE led “Near Zero Zone” Energy Efficiency Project (optional) • 1-1 matchmaking meetings • Wrap-up session
<u>Day 6</u> Saturday, Dec. 10, 2011 Izmir, Turkey	<ul style="list-style-type: none"> • Departure to the U.S. (same day arrival in US)

PARTICIPATION REQUIREMENTS

All parties interested in participating in the Commercial Service Trade Mission must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 companies and a maximum of 20 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business with Turkey as well as U.S. companies seeking to enter to the Turkish market for the first time may apply.

Expenses:

After a company has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee will be \$4, 055 for large firms and **\$3,285** for a small or medium-sized enterprise (SME)* or small organization, which will cover one representative.

The fee for each additional firm representative (large firm or SME) is \$500.

Expenses for travel, lodging, most meals, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of U.S. Mission discounted rates for hotel rooms.

Conditions for Participation:

- An applicant must submit in a timely manner a completed and signed mission application and supplemental application materials, including adequate information on the company’s products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

* An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardsttopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing

reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

Selection Criteria for Participation: Selection will be based on the following criteria:

- Suitability of the company's products or services to the market
- Applicant's potential for business in Turkey and in the region, including likelihood of exports resulting from the mission
- Consistency of the applicant's goals and objectives with the stated scope of the mission

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including posting on the Commerce Department trade missions calendar -- <http://www.trade.gov/trade-missions> -- and other Internet websites, publication in domestic trade publications and association newsletters, direct outreach to internal clients and distribution lists, posting in the Federal Register, and announcements at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than October 17, 2011. The U.S. Department of Commerce will review all applications immediately after the deadline. We will inform applicants of selection decisions as soon as possible after the deadline. Applications received after this date will be considered only if space and scheduling constraints permit.

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