



Public Affairs
Council

Webinar: Public Affairs in Turkey

May 8, 2019

Today's Agenda:

- Introduction
- Presentation by Dr Emre Dogru
- Q&A and discussion



Webinar: Public Affairs in Turkey

STRATEGYCO.
CONSULTANCY



Public Affairs in Turkey
May 2019
Dr. Emre Dogru





Content

- Public Affairs in Turkey
- Understanding Turkey: Media, society and foreign countries
- How to develop and implement public affairs strategies in Turkey

About StrategyCo.

STRATEGYCO.
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Corporate and Public Affairs Consultancy in EMEA.



A V O N



HONDA





Public Affairs in Turkey

Understanding the PA Risks & Opportunities

Two issues will determine the public affairs environment in the coming years



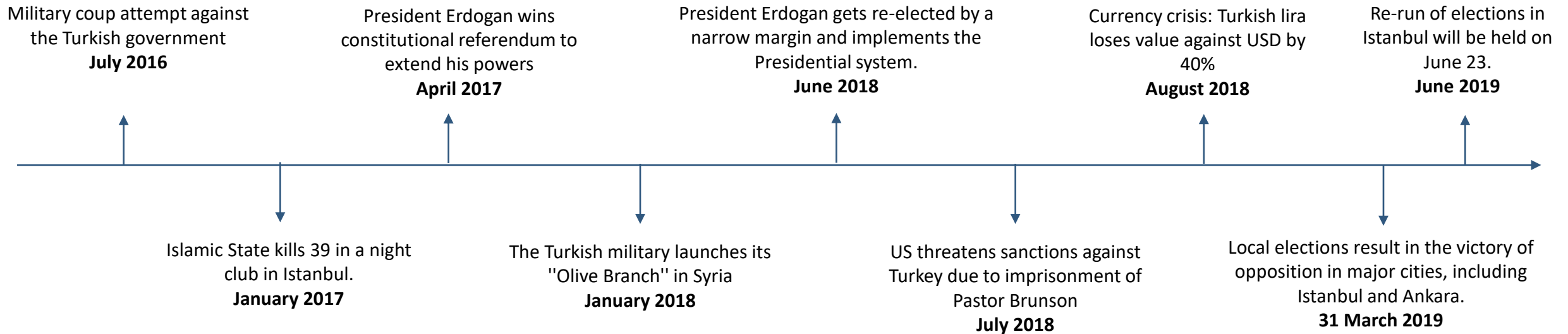
Establishment of the Presidential System



Performance of the Turkish Economy

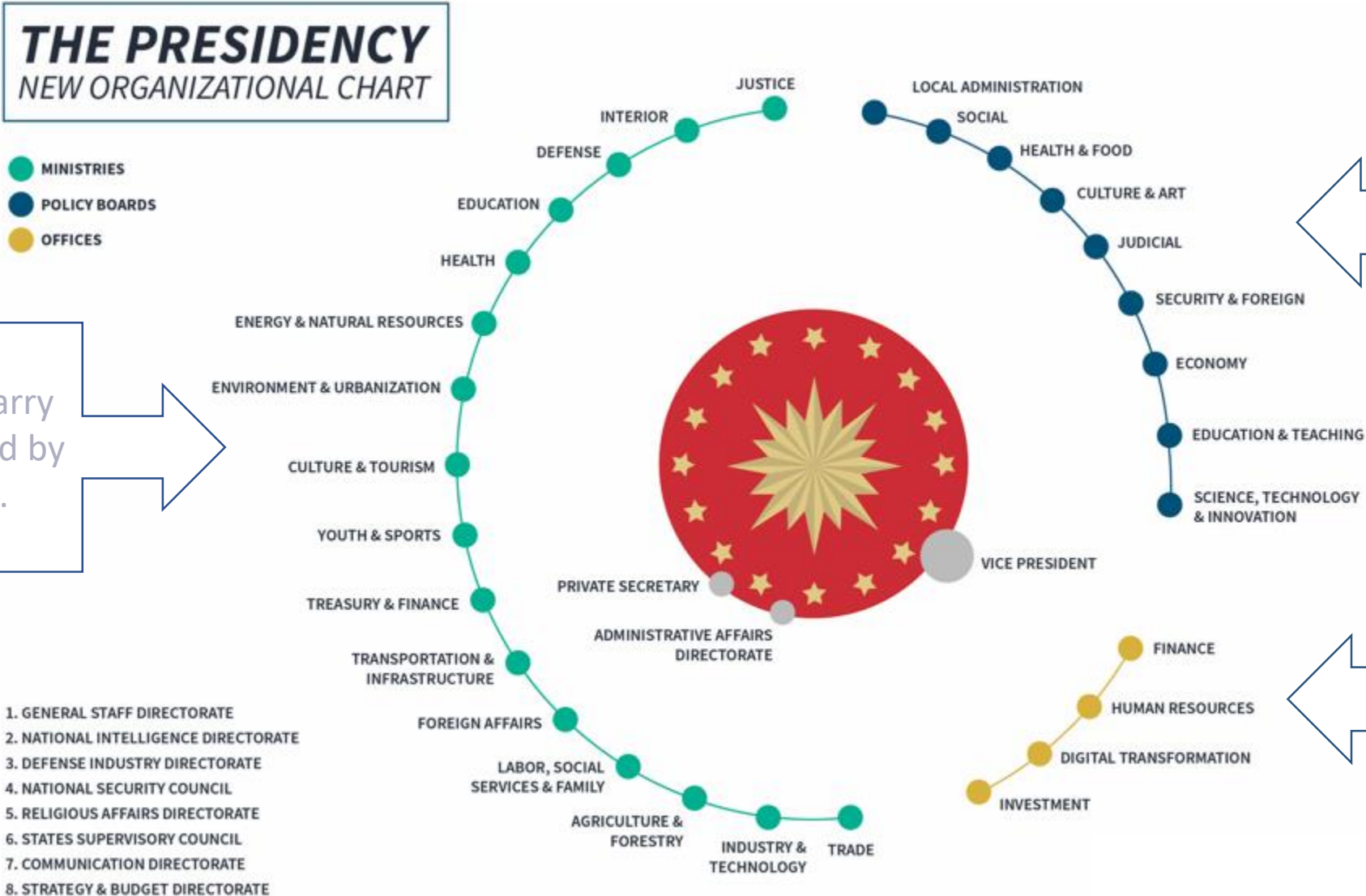
Overview of the recent developments

Defining moments of today's political environment



Turkey's New Political System

A stakeholder landscape still in the making.



The Ministries carry out tasks assigned by the President.

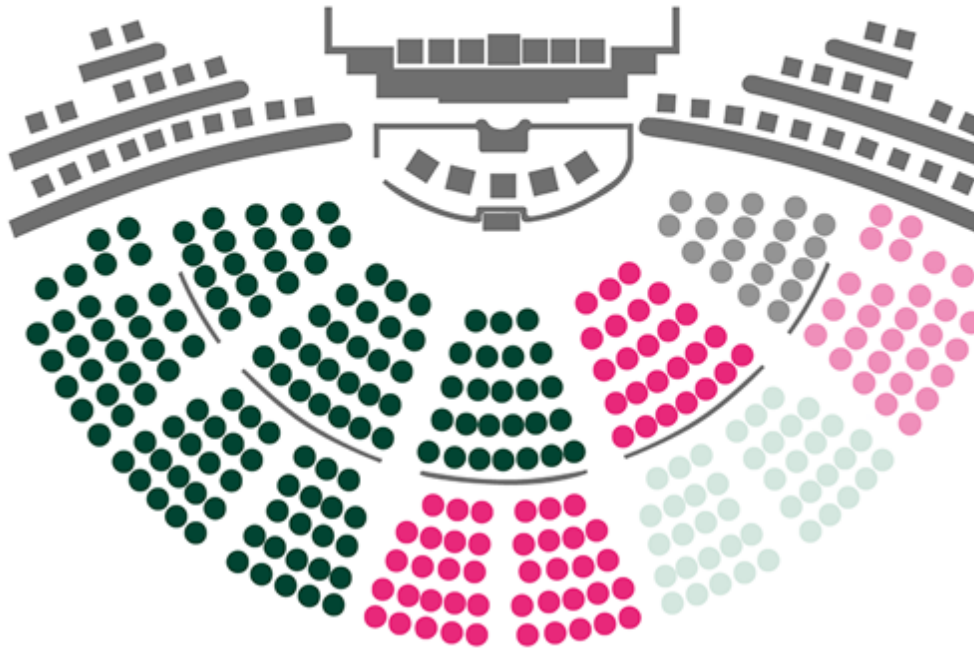
The boards will formulate policy suggestions and present to the President.

Offices have the duty to implement politics in specific areas.

Who calls the shots in the new governance?

In addition to the Parliament, the President has significant legislative powers,

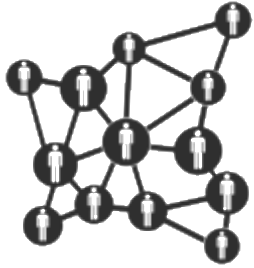
- Justice and Development Party (AKP) : 295 Deputies
- Republican People's Party (CHP): 146 Deputies
- Peoples' Democratic Party (HDP): 67 Deputies
- Good Party (İYİ Parti): 43 Deputies
- Nationalist Movement Party (MHP): 49 Deputies



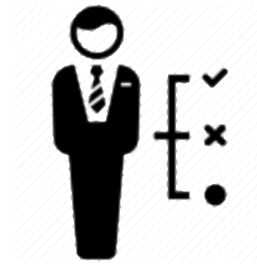
- President can issue 'Presidential Decrees' for administrative issues and high level appointments.
- The President will prepare and submit the budget to the Parliament.
- Presidential decrees are not applicable for matters that are defined by the law and issues related with fundamental rights.
- Ruling coalition (composed of AKP and MHP) have the majority in the Parliament. 151 votes are sufficient to pass a law.
- Parliament's control powers have been mostly curbed.

The impact of the changes on public affairs

How does the new system affect the business environment?



Stakeholder landscape is more complex due to changing power relations.



Decision-making processes are unclear and difficult to monitor.

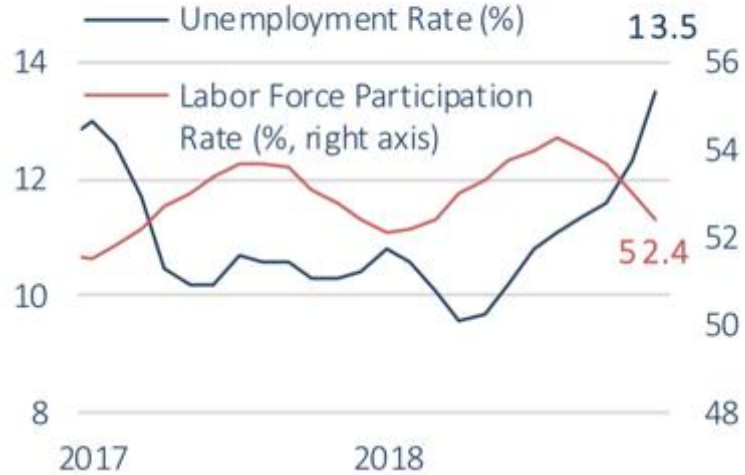


Public information is not completely reliable and is hard to access to.

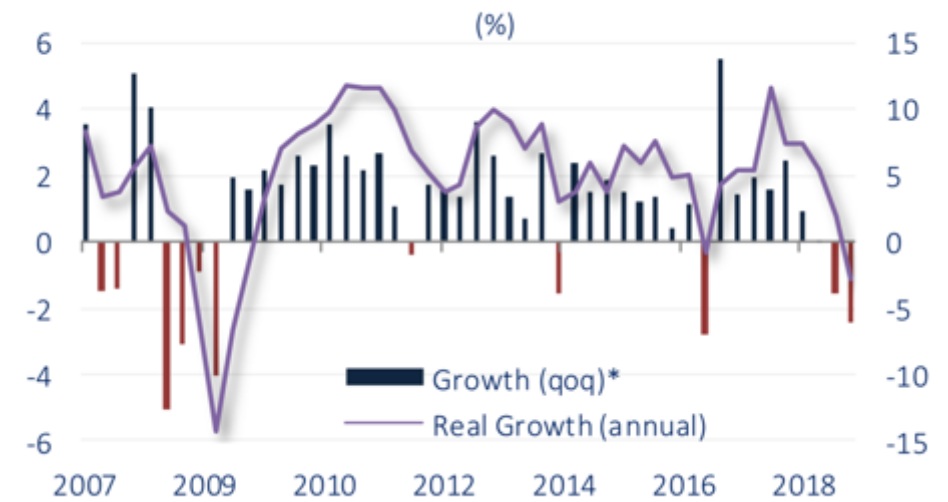
Main indicators demonstrate challenging times

Politicization of the economy in 4 charts...

Labor Market Indicators

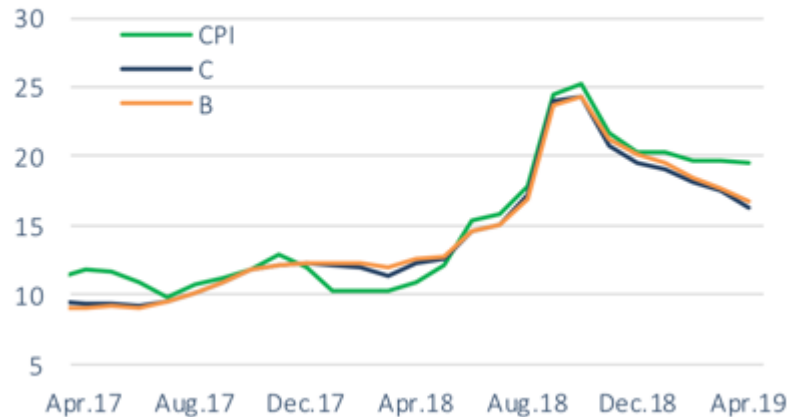


GDP Growth



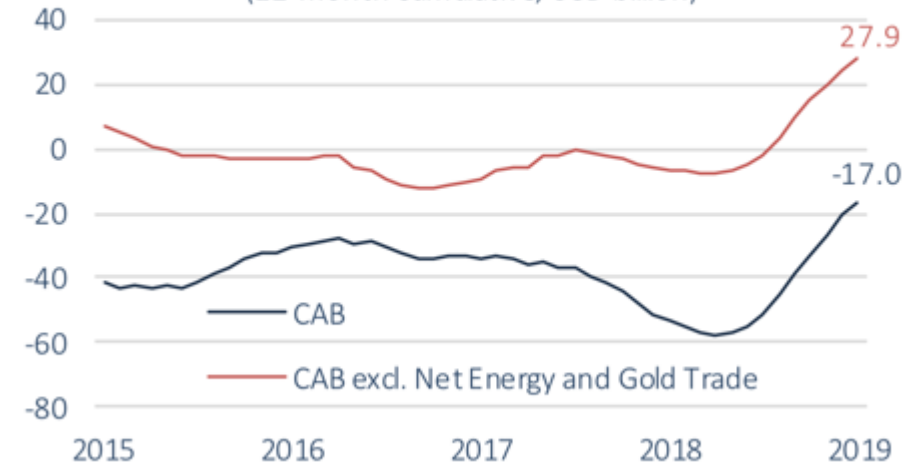
CPI and Special CPI Aggregates*

(annual % change)



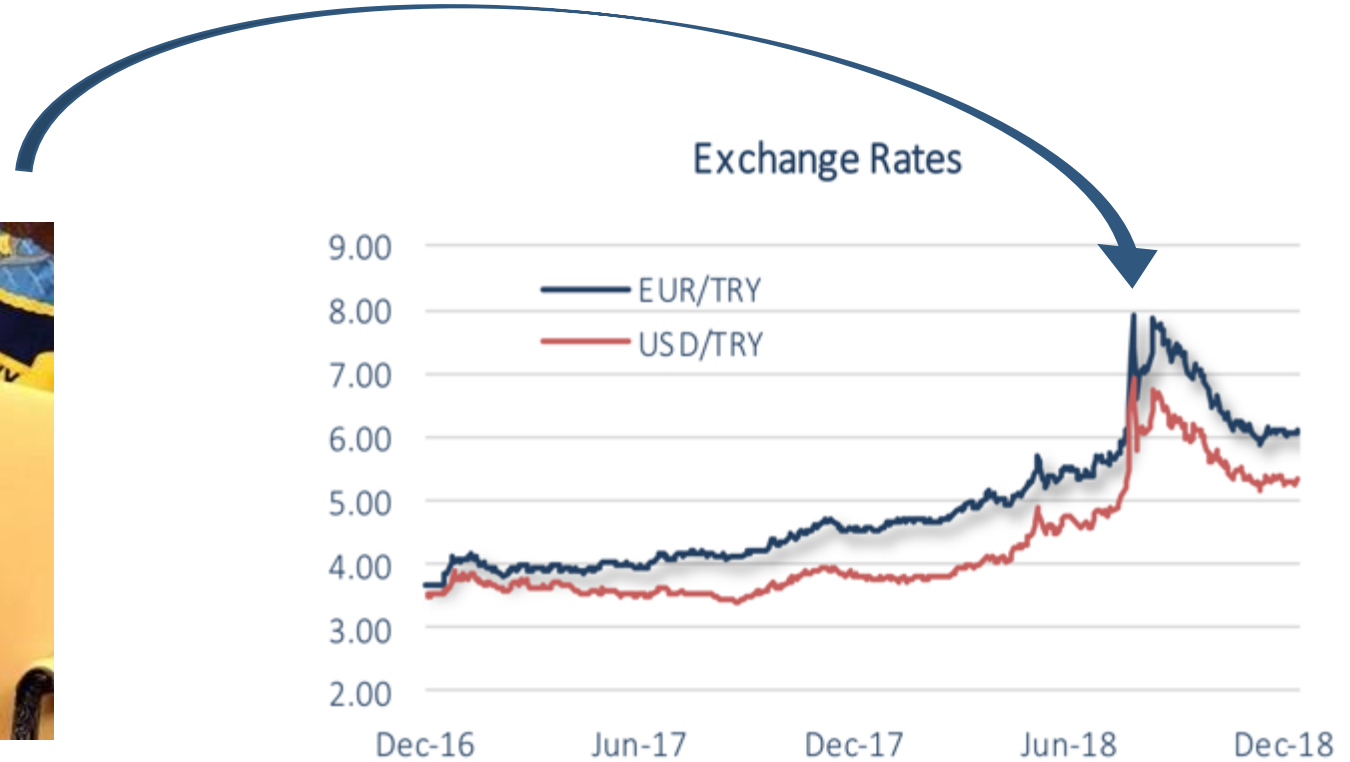
Current Account Balance

(12-month cumulative, USD billion)



Fluctuation of the currency is a main business risk

External events and foreign policy can have major impact on the business environment.



A Globally Integrated Major Economy

Despite existing challenges, fundamentals of Turkey are strong.



A population of **82 million**, 92% of which live in the cities and district centers. 67.8% is in the working age (15-64)



Turkey is the **17th largest** economy, with a GDP of **\$820 billion**.



Turkey is a member of the **Customs Union** since 1996.



A four-hour flight from Turkey reaches **56 countries** and **1.5 billion** people.



EU is Turkey's primary market with **47.1% of its exports**, while Turkey is EU's **fifth biggest** market.



Turkey is a member of **NATO** since 1952.

The impact of the economy on public affairs

How government's economic policies will affect business



International relations and foreign businesses can become a part of the economic debate.



Worsening market indicators create potential financial risks for the investors.



The lines between public institutions and private sector become blurred.

A photograph of a crowded street in Istanbul, featuring a red tram with a sign that reads "TAKSİM - TÜNEL". The tram is filled with passengers, and a large crowd of people is walking on the sidewalk. The image is framed by a torn paper effect.

Understanding Turkey

Media, Society and Foreign Countries

Media ownership and politics

Political affiliations are the key to understand the public affairs environment

POLITICAL AFFILIATIONS - PRINT

MEDIA
OWNERSHIP
MONITOR
Turkey

OUT OF 10 MOST READ DAILIES, 9 BELONG TO OWNERS
THAT ARE AFFILIATED WITH THE GOVERNMENT



POLITICAL AFFILIATIONS - TV CHANNELS

MEDIA
OWNERSHIP
MONITOR
Turkey

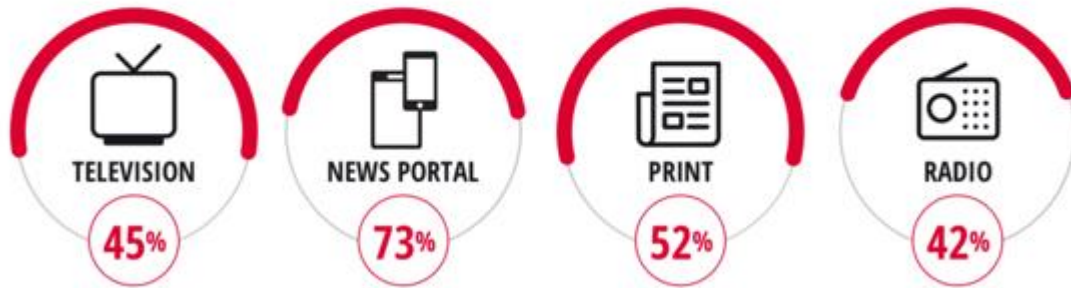
OUT OF 10 MOST WATCHED TV CHANNELS, 9 BELONG TO
OWNERS THAT ARE AFFILIATED WITH THE GOVERNMENT



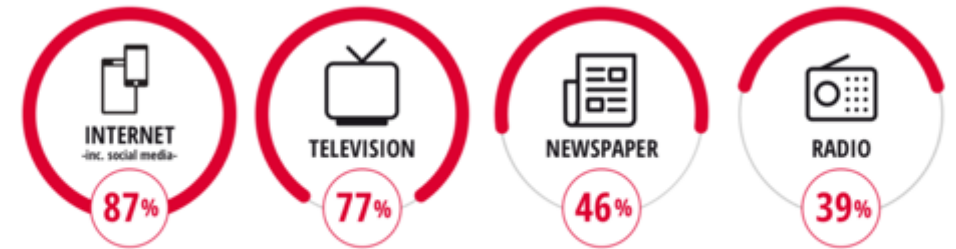
Media ownership and consumption

Political affiliations are the key to understand the public affairs environment

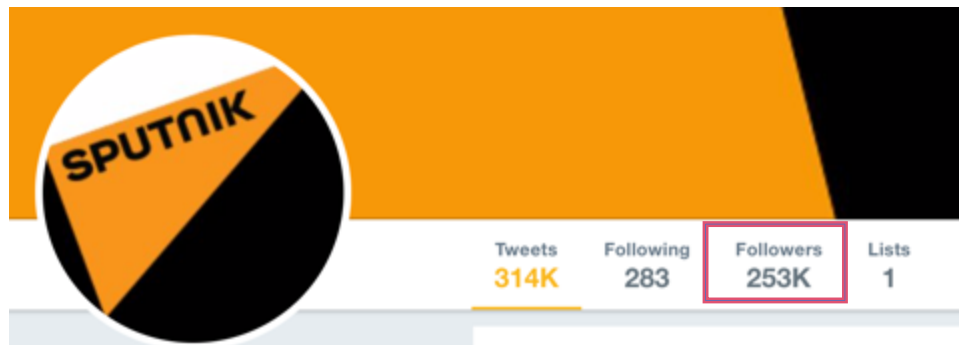
PERCENT OF THE AUDIENCE SHARES THAT BELONG TO POLITICALLY AFFILIATED MEDIA COMPANIES



ACCESS TO NEWS⁽²⁾



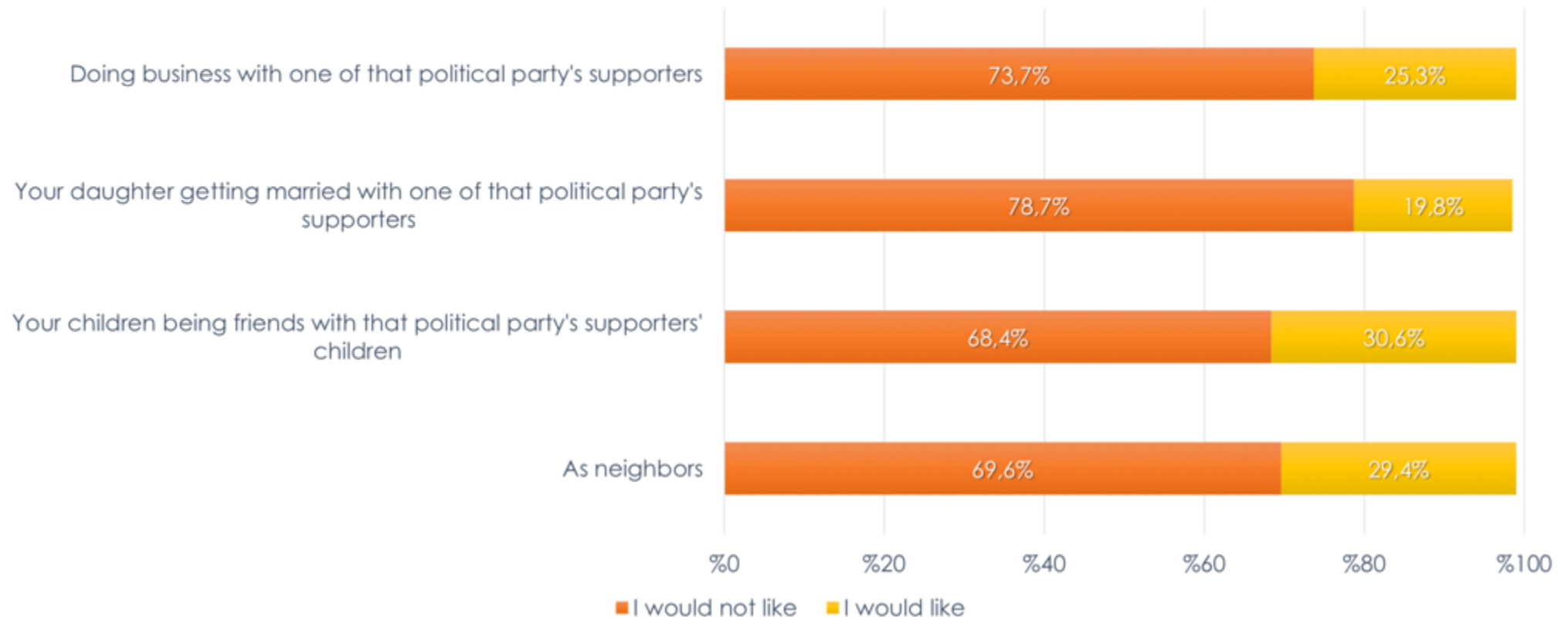
SOURCES: (1) DATAWISE 2017 (2) REUTERS INSTITUTE, DIGITAL NEWS REPORT 2018



A deeply divided society

Political and social polarization affects business public affairs strategies

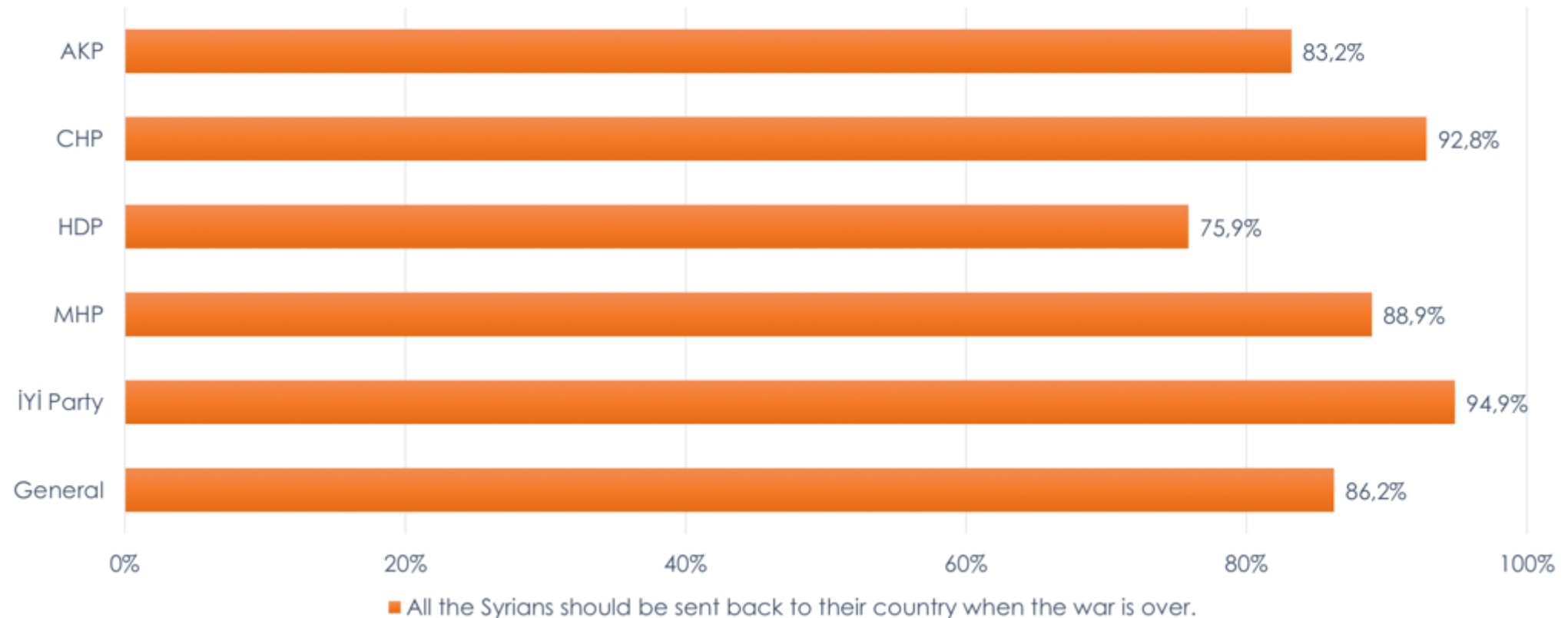
Social Distance with 'the Most Distant' Political Party Supporters



A deeply divided society

Political and social polarization affects business public affairs strategies

Should the Syrians be sent back to their country? (Rate of «Yes» answer)



A deep-running distrust against most foreign countries

Trust level of Turkish people affect foreign businesses' public affairs strategies

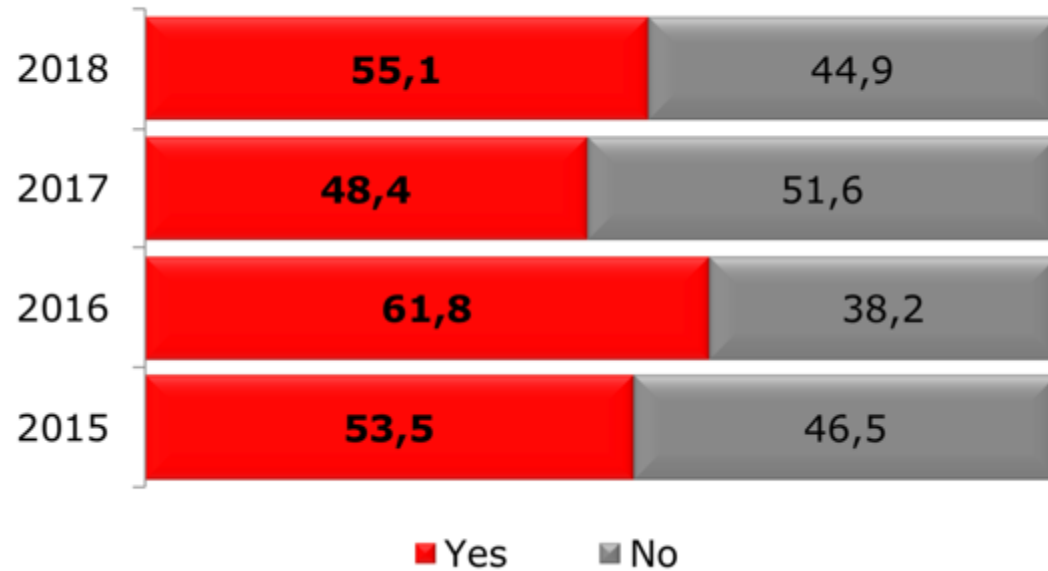
Which country is Turkey's closest 'friend'?

	2018	2017	2016	2015
Azerbaijan	59,0	71,3	59,3	37,2
Russia	4,1	0,6	0,3	1,6
TRNC	3,7	1,8	2,0	8,9
Pakistan	1,4	2,2	1,1	2,9
Bosnia – Herzegovina	1,2	0,8	0,8	6,0
Japan	1,0	0,3	0,7	2,2
China	0,9	0,5	0,6	0,4
Iran	0,9	0,1	0,3	2,3
Albania	0,8	0,9	2,0	1,8
USA	0,6	0,6	2,6	5,9
Syria	0,6	0,5	1,1	1,2
Saudi Arabia	0,5	0,2	2,4	2,8
Qatar	0,2	1,9	-	-
Iraq	0,2	0,2	0,6	0,8
Germany	0,1	0,5	1,4	2,1
Turkey has no friends	22,5	17,2	23,1	38,9

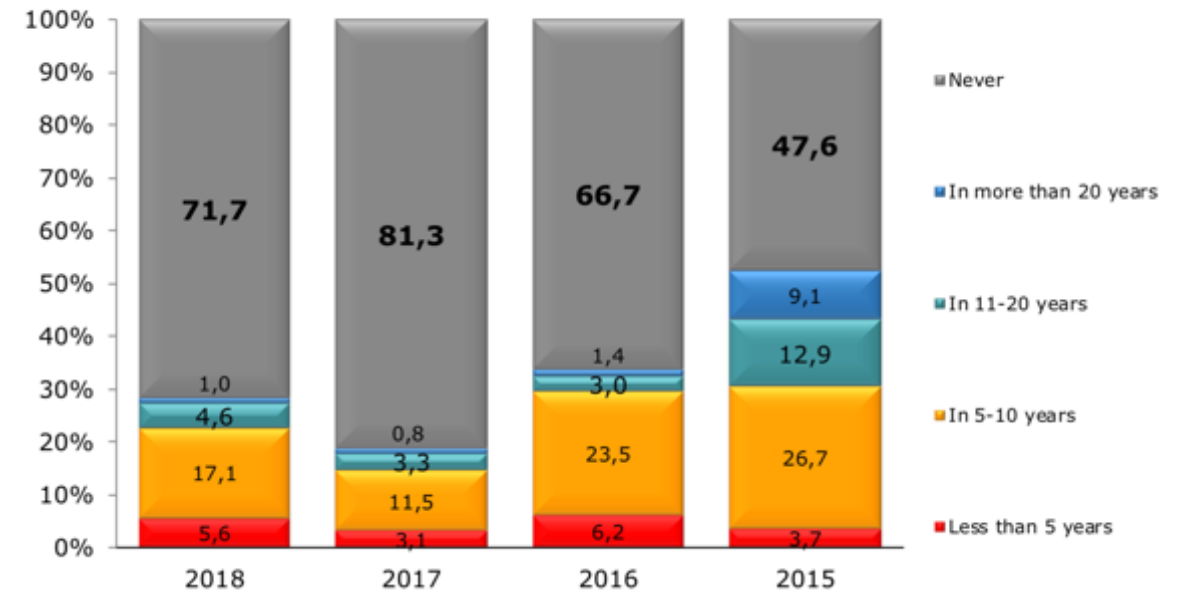
Attitude towards the EU

No hope, but continuing support for the EU membership

Do you want Turkey to become an EU member?



When Turkey can be a full-member of the EU?





How to Develop and Implement Public Affairs Strategies in Turkey

The politics of business

Always consider the political and social sides of your business.



Win-win is the Smartest Strategy

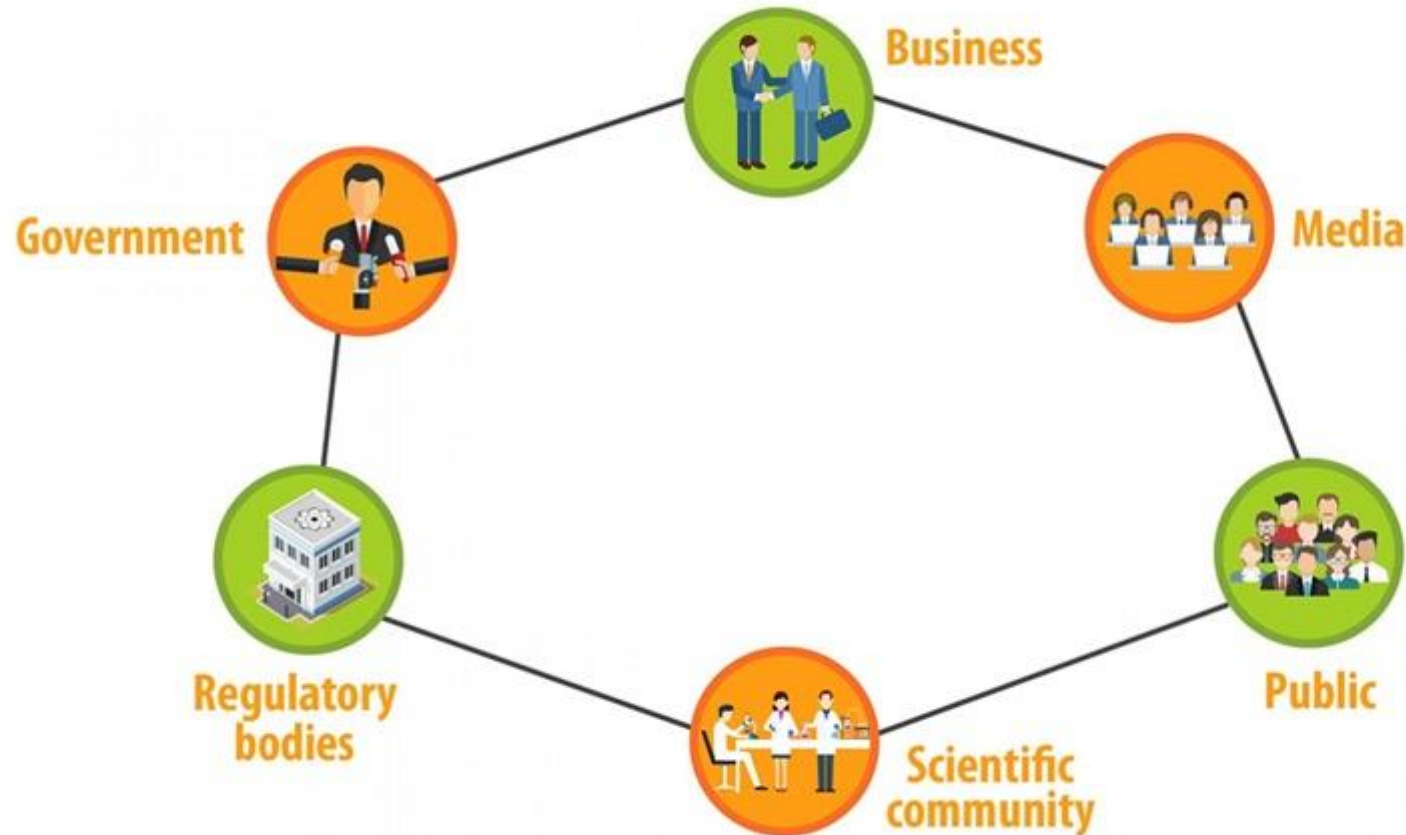
What is your value proposition for the government and society?



- Carefully study the interests of your stakeholders AND make detailed analysis of their positions.
- Define your value proposition based on the position of your stakeholders. Study government's policies and clarify where you add value. (Employment, export, R&D etc.)
- Develop a communications plan to deliver your message. Use media and social media effectively.
- Be humble and make sure to follow up!

Personal vs. Institutional Partnerships

Beware of the risks of personal connections and invest in long-term stakeholder relations.



TURKEY ESSENTIAL

Only what matters in Turkey

Issue 15 (2018/19)

Profile of the Week

Top Stories » Economy & Business



Plummeting Lira defies Turkey's surprise monetary tightening

Mar 22 - The Central Bank of the Republic of Turkey (CBRT) announced a surprise tightening of monetary policy and moved to calm concern over a sudden drop in

official reserves in a failed attempt to stem a slump in the lira. The currency tumbled as much as 5.8% Friday as the CBRT announced steps to push lenders toward its more-expensive overnight borrowing facility. A CBRT official said late Friday that a drop in official reserves during the first two weeks of March wasn't anything out of the ordinary, citing foreign-debt repayments and sales of hard

currency to state amounted to \$5 billion. The CBRT's reserves fell \$6 billion through Thursday. The Treasury's \$3 billion payments to the IMF are the discrepancy

Key Takeaway - The latest currency shock came after the CBRT in March tightened the bank's policy, compounded by a

Ekrem İmamoğlu: 'Conservative Social Democrat'

Born in 1970 in a small house in a tiny village of Black Sea province Trabzon, İmamoğlu was the first child of a low-income family. His father was a Turkish nationalist and among the founders of the Motherland Party (MHP), the ruling center-right party in 1980s. After leaving his hometown, he went to Turkish Republic of Northern Cyprus to study at the Department of Communications of Gökçe Arslan University. After two years in Cyprus, he moved to Istanbul University's Faculty of Business Administration in English. His family moved to Istanbul as well and he started university years in his high school. Professionally, he started working as a contractor in his high school and he became a member of the board of directors of the company. He is the founder of the company. He is the founder of the company. He is the founder of the company.

Following his graduation from university in 1992, he began to work in his family's construction company. While he was working in business life, he took several public and football club management jobs. He returned to politics in 2008, when he became a member of AK Party. He was elected as a member of the Istanbul City Council in 2014. He was elected as a member of the Istanbul City Council in 2014. He was elected as a member of the Istanbul City Council in 2014.

Against the ruling AK Party, İmamoğlu, a small suburban district in European side of Istanbul where only 2% residents of the 15-million-populated metropolitan area, was a stronghold of AK Party in its last decade. CHP's traditional voter base was around 30-35% conservative. But İmamoğlu, İmamoğlu (İmamoğlu) doubled CHP's votes and won the elections by 51% against AK Party candidate's 39.5%. He, 44 then, was one of the youngest mayors in Turkey and the only mayor who overtook an AK Party mayor in a district of Istanbul in 2014 local elections.

During his 5-year term, he mostly focused on improving the social life in Beşiktaş. He opened Turkey's largest municipal library and numerous parks and recreation areas in the district. He also made a record made from

Key Appointments & Regulations

Dec 31 - Presidential Resolution on appointment of two top-level Generals (General İsmail Metin from 2nd Army Command to Chairman of Inspection and Evaluation Department of Turkish General Staff and Brigadier General Mustafa İsmail from 4th Command to Brigades Command to Chairman of Inspection and Evaluation Department of 3rd Army Command).

Dec 31 - Presidential Resolution on time extension of applications for the Construction Registration Certificate of unauthorized buildings built before December 31, 2017 (temporary legal procedure known as the **Reconstruction Peace**).

Dec 31 - Law on Central Administrator's 2017 Final Account (listing all the settlements regarding government's balance of income and expenses, allowances and debts of 2017).

Dec 31 - Law on Central Administrator's 2019 Budget Law (summarizing the procedures to be followed by the Ministry of Treasury and Finance in 2019 regarding the balance of assets and revenues, allowances).

Dec 31 - Presidential Resolution on decrease in Consumption Tax on some specific motorcycles to 0%.

Dec 31 - Communication on prevention of imposing anti-dumping duties on goods imported from China, Viet Nam, Malaysia, Pakistan, Taiwan, Thailand.

Jan 03 - Communication amending the Corporate Real Estate Investment Trust.

Jan 03 - Resolution by the Supreme Election Council on 12 political parties entered to 2018/19 legislative elections on 12 political parties entered to 2018/19 legislative elections.

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Public Affairs Council

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