



# Turkey Business Guide



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# Turkey Business Guide

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# INTRODUCTION

## WHY TURKEY?

Turkey is rapidly emerging as a high-growth market for many businesses. Indeed, the country is already Europe's sixth and the world's seventeenth largest economy. Its recent economic growth record, its talented, young workforce and its geographical location as a prime hub for regional market access make Turkey a hugely attractive destination for UK and European trade and investment.

The political, economic and legal reform processes underway as part of Turkey's drive towards membership of the European Union are key factors in encouraging new businesses to grow and prosper here. Although current worldwide economic problems are having an effect on Turkey and growth has slowed over the past year or so, the medium- and longer-term importance of this

market cannot be overlooked. Now is the right time to explore the prospects for your business in Turkey.

With its many and varied opportunities, doing business in Turkey can be highly rewarding for those who are well prepared. The business environment is little different from anywhere else. In Turkey you will find the same keen competitiveness, the same thirst for high quality and the same insatiable appetite for trade. Like any new market, if you want to be successful and fully realise your potential, it is crucial to understand the culture and how business operates locally.

However, the challenges of market entry should not be underestimated, and UK Trade & Investment (UKTI) provides a full service to prospective investors in Turkey.

### UK Trade & Investment

UK Trade & Investment is the lead government organisation that supports companies in the UK trading internationally and overseas companies seeking to locate in the UK. We help companies realise their international business potential through knowledge transfer and ongoing partnership support.

UK Trade & Investment helps companies do business with Turkey through a network of international trade teams based in the English regions and through dedicated Trade and Investment Teams based in the British Embassy in Ankara, Consulate-General in Istanbul and Consulate in Izmir.

### How to use this guide

#### Who is this guide for?

This guide is aimed at companies experienced in overseas trade who are new to doing business with Turkey. Your company may be an exporter looking to sell directly to Turkish customers or through an agent or distributor in Turkey. Alternatively, you may be planning to set up a representative office, joint venture or other form of permanent presence in Turkey.

#### What does this guide aim to do?

This guide aims to provide a route map of the way ahead, together with signposts to sources of help. It identifies the main issues associated with initial research, market entry, risk management and cultural and language issues. It also includes questions you should ask at the beginning of your research into Turkey.



We don't pretend to provide all the answers in this guide. It will not cover the regions of Turkey in any detail; neither will it touch on sectoral opportunities. Nor will it cover the legal, taxation or accounting aspects of setting up a permanent presence in Turkey – but it will point you in the direction of the people, organisations and publications that will be able to answer these and many other questions.

The objective of this guide is to steer companies through the initial research and preparation stages of entering the Turkey market. It is far better to spend time and money in carrying out thorough research and preparation before entering

the market than to enter Turkey in a hurry, not wishing to miss the boat, only to discover that you have made a very costly mistake!

#### How should I use this guide?

This guide should be used in conjunction with the UK Trade & Investment website: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk).

The guide will take you through the process of doing business with Turkey, while the website will provide you with regularly updated information and details of further contacts such as legal companies and consultants.

## RESEARCHING THE MARKET TAKING THE STRATEGIC APPROACH

### “I’M THINKING OF DOING BUSINESS IN TURKEY... BUT DON’T KNOW WHERE TO BEGIN!”

Doing business with Turkey can be challenging, but taking a strategic approach is the key to making the process manageable. The first step is to spend some time thinking about your company’s Turkey objectives. The ten questions listed below should help you to focus your thoughts. Your answers to them will highlight areas for further research and also suggest a way forward that is right for your company.

You may then want to use this as a basis for developing a formal Turkey strategy, although this will not be necessary or appropriate for all companies.

#### **Your aims**

Do you wish to buy from Turkey, sell to Turkey or both?

Do you wish to establish your own company presence in Turkey, for example through a representative office, limited liability

company or joint stock company?

Do you need to be involved in Turkey at all?

#### **Your company**

What are the unique selling points for your product or service?

Do you know if there is a market for your product in Turkey?

Do you know if you can be competitive in Turkey?

Do you have the time and resources to handle the demands of communication, travel, product delivery and after-sales service?

#### **Your knowledge**

Do you know how to secure payment for your products or service?

Do you know where in Turkey you should start?

Do you know how to locate and screen potential partners, agents or distributors?

## RESEARCHING THE MARKET SOURCES OF INFORMATION

#### **Before you begin**

Carrying out the exercise opposite will help you gain a clearer idea of what you want to achieve, and will enable you to focus your research. However, before you begin, there are some things to bear in mind...

Firstly, there’s the geography of the country to contend with. Turkey is big – with an area of 779,452 sq km (300,950 square miles). Turkey borders Greece, Bulgaria, Armenia, Georgia, Iran, Iraq and Syria with easy land and sea access to the Gulf States, Near East and North Africa. Turkey is divided into seven regions:

- Marmara region
- Aegean region
- Black Sea region
- Mediterranean (Southern) region
- Anatolian plateau
- Eastern Anatolia
- South Eastern Anatolia

The first four are named for their neighbouring seas; the other three are landlocked. Only Marmara is not wholly within Anatolia. Anatolia is dominated by a high plateau region, rising progressively towards the east and broken by the valleys of some 15 rivers, including the Tigris and the Euphrates and is surrounded on three sides by the sea. There are numerous lakes including Lake Van, which is really an inland sea. In the north the chain of the Pontine Mountains runs parallel to the Black Sea; in the south, the Taurus Mountains border the narrow, fertile coastal plain.

## DOING BUSINESS IN TURKEY A PROFILE FOR SUCCESS

### What is the right approach to Turkey?

The following points illustrate the type of approach that companies doing business successfully in Turkey often take.

- Leave your preconceptions at home.
- It's all too easy to be overawed by the challenges, but keep hold of your business sense as tightly as you would anywhere else.
- Do your homework on the market and on potential partners.
- Patience is a virtue. Some things may take longer to set up than you think (especially if they involve bureaucracy), so allow for this in your preparations.
- Take a long-term approach, but don't stick rigidly to your plans. Things often change rapidly and unexpectedly in Turkey.
- Obtaining good quality independent legal and professional advice is essential.
- If your product is in danger of being copied or counterfeited, seek specialist legal advice on how best to protect your intellectual property rights (IPR).
- Don't forget to carry out due diligence
- Take account of social and business customs in Turkey.

Turkey also has many of the characteristics of both a European and a Middle Eastern country. It has to live with the competing cultures of secularity and Islam. It has a rich and varied history and has seen a large number of different empires rise and fall. It is a country of profound national pride but which has some idiosyncrasies born of its unique location as the bridge between Europe and Asia.

You may have been told that Turkey is a "difficult" market or that it's hard to make money there. Yes, things might go terribly wrong, but that is a risk that you take when doing business anywhere. There are many UK companies of all sizes currently doing well in Turkey. There's no reason why yours shouldn't be one of them.

## RESEARCHING THE MARKET DESK RESEARCH

You will be able to find out much valuable free information from carrying out desk research. A good place to start is the UK Trade & Investment website: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) which provides detailed country and sector information. Registering on the website, which is free, provides you with a number of additional benefits such as access to business opportunities, sector and market reports and information alerts. It also enables you to self-manage the information you receive.

The Turkish-British Chamber of Commerce and Industry (TBCCI) [www.tbcci.org](http://www.tbcci.org) and the British Chamber of Commerce in Turkey (BCCT) [www.bcct.org.tr/en](http://www.bcct.org.tr/en) have a large amount of good quality information on Turkey, and both sites provide links to other useful websites. Up-to-date information on political and economic developments in Turkey, as well as information on aspects of doing business there, can also be found in the business press and trade magazines. Credit and financial reports can be obtained for Turkish companies from the Turkish-British Chamber

of Commerce and Industry (in London) and the British Chamber of Commerce in Turkey (in Istanbul).

Once you have gained a clearer idea of the Turkey market and what you want to achieve, it is time to start making contact with the specialists and exploring what kind of tailored research you might need to make an effective entry into the market. UK Trade & Investment offers a range of services to businesses. There are also many professional and legal firms, as well as private sector consultancies, which provide services to companies looking to do business with Turkey.



## RESEARCHING THE MARKET

### USEFUL CONTACTS

#### UK Trade & Investment international trade teams

In England, UK Trade & Investment provides support for UK companies through a network of international trade teams (ITTs) based in the English regions. UK Trade & Investment services are also available to companies in Scotland, Wales and Northern Ireland.

As well as providing general help and advice on all aspects of exporting, the ITTs run a wide range of roadshows, seminars and other events on Turkey and other markets.

To find your nearest International Trade Adviser, call +44 (0)845 600 9006 or use the database at [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

UK Trade & Investment's Turkey Business Advisers are business executives who provide free consultation and can supply practical advice and assistance on trading with Turkey.

The current list can be downloaded from [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

There are also dedicated Trade and Investment teams at the British Embassy in Ankara, the Consulate-General in Istanbul and the Consulate in Izmir. Addresses and switchboard numbers can be found inside the front cover of this guide.

#### UK Trade & Investment services for business

##### Advice and support

- Passport to Export – an assessment and skills-based programme that provides new and inexperienced exporters with the training, planning and ongoing support they need to succeed overseas.

#### Information and opportunities

- Overseas Market Introduction Service – focused business advice and visit support from trade and investment teams in our Posts overseas.
- Export Marketing Research Scheme – this service provides companies with the facility to collect systematic and objective market research to assist in the development of a market entry strategy (managed by British Chambers of Commerce).
- Business Opportunities – free internet-based service matching UK companies with international opportunities identified by trade and investment teams in our Posts overseas.
- Aid-Funded Business – advice on business opportunities that are created through Multilateral Development Agency projects.

## INTERNATIONAL TRADE CONTACTS IN SCOTLAND, WALES AND NORTHERN IRELAND

### Scottish Enterprise

150 Broomielaw  
Atlantic Quay  
Glasgow G2 8LU  
Tel: +44 (0)141 248 2700  
Fax: +44 (0)141 221 3217  
Website: [www.scottish-enterprise.com](http://www.scottish-enterprise.com)

### International Business Wales

National Assembly for Wales  
Cathays Park CF10 3NQ  
Tel: +44 (0)29 2080 1046  
Fax: +44 (0)29 2082 3964  
Website: [www.walestrade.com](http://www.walestrade.com)

### Northern Ireland

Invest NI Trade Team  
Upper Galwally  
Belfast BT8 6TB  
Tel: +44 (0)28 9023 9090  
Fax: +44 (0)28 9043 6536  
Website: [www.investni.com/trade](http://www.investni.com/trade)

### Making it happen

- Visiting the Market – support for eligible SMEs taking part in overseas exhibitions under the Tradeshow Access Programme. UK Trade & Investment sectoral missions are open to all UK businesses, and eligible SMEs may get mission grants from Market Visit Support.
- New Products from Britain – an international press release service can help you publicise your products in foreign markets.
- Export Communications Review – assessment of your company's export communications followed by practical recommendations for improvement (managed by British Chambers of Commerce).

Your International Trade Adviser will be able to provide you with further information on each of these services.

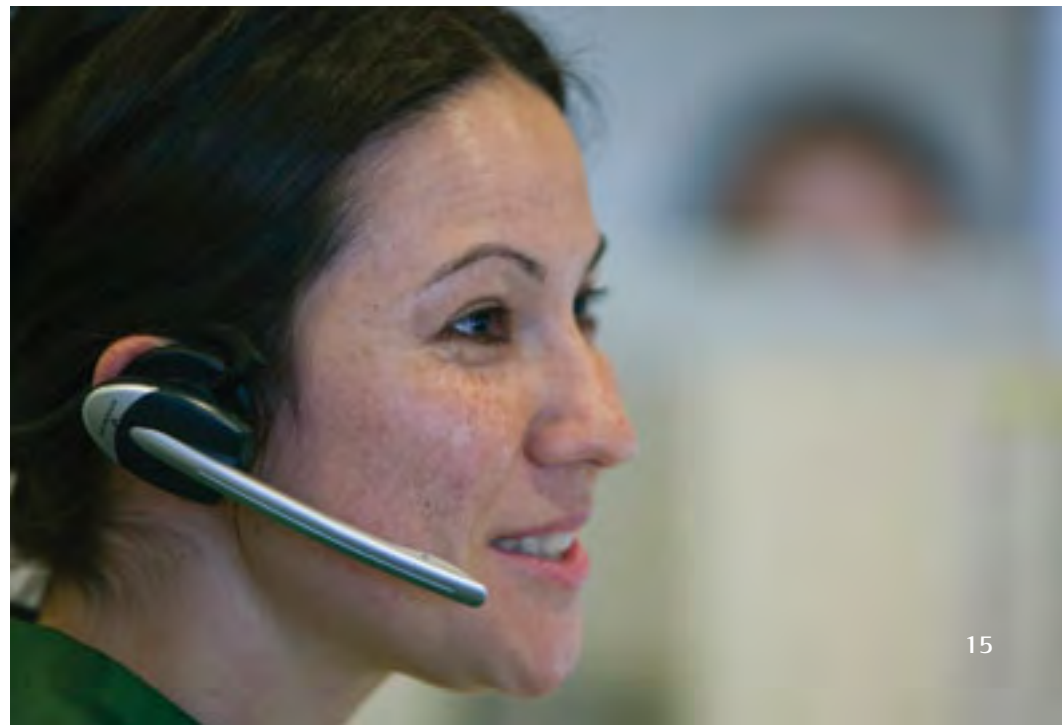
## RESEARCHING THE MARKET PRIVATE SECTOR ASSISTANCE

There is a wide variety of private sector advice available for companies wishing to do business in Turkey. This ranges from the business services provided by the big international legal and professional services firms to specific services provided by specialist operators.

The range of services available from the private sector includes company structuring, marketing, translation and interpreting, website design, partner selection, due diligence, legal services, advice on intellectual property rights and outsourcing. Some consultancies also offer more in-depth assistance on developing a Turkey strategy and operational management.

In addition, consultancies and universities with Asian Studies departments hold short workshops for business people on aspects of doing business in Turkey.

Lists of consultancies and legal companies who specialise in Turkey can be downloaded from [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)



## RESEARCHING THE MARKET

### ENGLISH-SPEAKING LAWYERS AND CONSULTANTS

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Email: [info@bicakci-tanverdi.com](mailto:info@bicakci-tanverdi.com)  
URL: [www.bicakci-tanverdi.com](http://www.bicakci-tanverdi.com)

#### Cahit Davran

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Beyoğlu - Istanbul  
Phone: +90 212 249 7894  
Fax: +90 212 249 2270  
Email: [c.davran@superonline.com](mailto:c.davran@superonline.com)

#### Çukur & Yılmaz Law Office

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35220 Alsancak – İzmir  
Phone: +90 232 465 0707  
Fax: +90 232 465 0236  
Email: [d.cukur@cukur-yilmaz.gen.tr](mailto:d.cukur@cukur-yilmaz.gen.tr)  
URL: [www.cukur-yilmaz.gen.tr](http://www.cukur-yilmaz.gen.tr)

#### Denton Wilde Sapte & Güner Danışmanlık

Address: Levent Cad. Alt Zeren  
Sokak  
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34330 Levent, İstanbul  
Phone: +90 212 284 6091  
Fax: +90 212 284 6096  
Email: [info@dentonwildesapte.com](mailto:info@dentonwildesapte.com)  
URL: [www.dentonwildesapte.com](http://www.dentonwildesapte.com)

#### Duman Law Office

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Ap. 289-B Kat:8 D: 18 - 19  
Osmanbey - Istanbul  
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Fax: +90 212 219 77 23  
Email: [info@dumanlawoffice.com](mailto:info@dumanlawoffice.com)  
URL: [www.dumanlawoffice.com](http://www.dumanlawoffice.com)

#### Hatem Law Office

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No: 92-94  
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80090 Taksim-İstanbul  
Phone: +90 212 244 0272  
Fax: +90 212 251 3898  
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#### Inal Law Office

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Eren Talu Binası Kat: 7  
80620 1.Levent, İstanbul  
Phone: +90 212 339 0797  
Fax: +90 212 339 0790  
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URL: [www.inal-law.com](http://www.inal-law.com)

#### Karako Hukuk Bürosu

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Özlem Apt No 10 D5  
34349 Gayrettepe  
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Phone: +90 212 347 7150-53  
Fax: +90 212 347 7083  
Email: [info@karako.av.tr](mailto:info@karako.av.tr)  
URL: [www.karako.av.tr](http://www.karako.av.tr)

#### Kortun & Onur

Address: Cumhuriyet Caddesi 211/1  
Harbiye  
80230  
Phone: +90 212 230 0011  
Fax: +90 212 241 4220  
Email: [info@kobhukuk.com](mailto:info@kobhukuk.com)  
URL: [www.kobhukuk.com](http://www.kobhukuk.com)

## RESEARCHING THE MARKET

### ENGLISH-SPEAKING LAWYERS AND CONSULTANTS (CONTINUED)

#### Law Office of Orhan Azizoğlu

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No: 42/15  
Teşvikiye-İstanbul  
Phone: +90 212 225 0760  
Fax: +90 212 224 4940  
Email: azizoglu@tnn.net

#### Mert Van Law Office

Address: USO Center Kat 15  
Daire 55-58  
Maslak  
İstanbul  
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Fax: +90 212 330 0397  
Email: mertvan@mail.koc.net

#### Özalp Law Firm

Address: Abdullah Sokak Hursitbey  
Is hani 4/1  
Phone: +90 212 243 00 60  
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Email: fcozalp@yahoo.com

#### Özkurt Law Office

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Elmasoğlu İş Merkezi  
Eyüp İstanbul  
Phone: +90 212 615 0372  
Fax: +90 212 615 0372

#### Paksoy & Co.

Address: Sun Plaza Dereboyu Sok  
No 24 Kat 1 4  
Phone: +90 212 366 4731  
Fax: +90 212 290 2355  
Email: tturan@paksoy.av.tr  
URL: www.paksoy.av.tr

#### Senguler & Senguler Law Office

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Phone: +90 212 361 5066  
Fax: +90 212 361 5067  
Email: name.lastname@ledingham-  
chalmers.com.tr  
URL: www.senguler.av.tr

#### Turam Baykut Sayam Avukatlar

Address: Abidei Hurriyet Caddesi  
Yonca Apt No 282 Kat 5  
Şişli  
İstanbul  
Phone: +90 212 231 6782  
Fax: +90 212 247 3744  
Email: kturam@tnn.net

#### Ünler Law Office

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#### Yamaner & Yamaner Law Offices

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Gezi Apartmanı  
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Email: info@yamaner.av.tr  
URL: www.yamaner.av.tr

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## RESEARCHING THE MARKET TURKISH-BRITISH CHAMBER OF COMMERCE AND INDUSTRY (TBCCI)

Since 1980, London-based TBCCI has been promoting business and investment in and between the UK and Turkey, providing a wide range of services: assisting business set-up and company formation, business guides, company matching and referrals, seminars, business networking, certification, documentation and

translation services. TBCCI works together with the UK and Turkish Governments and maintains strong links with most of the recognised trade organisations in both countries. TBCCI will be opening a Liaison Office in Istanbul late in 2008 to provide more services to its members in the UK and Turkey.



## RESEARCHING THE MARKET BRITISH CHAMBER OF COMMERCE IN TURKEY (BCCT)

Founded in 1887 by a group of British businessmen, from its base in Istanbul the Chamber has developed into one of the key players in the promotion of UK-Turkish business. The Chamber is a member of the Council of British Chambers of Commerce in Continental Europe (COBCOE) and works closely with the UKTI representatives in the British Consulate-General in Istanbul. The Chamber's excellent network of Turkish and British members is enhanced by links with the various Turkish chambers of commerce, chambers in the UK and UK Trade & Investment.



# ENTERING THE MARKET AND START-UP CONSIDERATIONS TURKEY REGIONAL OPTIONS

## Questions to ask yourself

- Where is there greatest demand for my product?
- Where is there greatest growth potential?
- How easy will it be to market, distribute and sell my product in the provinces I am looking at?
- What is the local/provincial authorities' attitude to international trade?
- Do they welcome it or do they have a reputation for bureaucracy and obstructiveness?

Once you have decided that entering the Turkey market is right for your company, you will need to identify which part of Turkey you will start in – unless, of course, you are doing business in Turkey as a result of an initial enquiry from a Turkey company.

Choosing the right place to start will depend on a whole range of factors, many of which will be specific to your company. The 'Questions to ask yourself' may help to focus your thoughts on identifying the best place to start

There is a range of investment zones in Turkey – all of which encourage foreign companies to do business in their particular zone. Are there any such zones in the areas of Turkey you are looking at and, if so, what incentives are on offer?

# ENTERING THE MARKET AND START-UP CONSIDERATIONS PRINCIPAL COMMERCIAL CENTRES AND TOWNS

## Ankara

Ankara is the capital of Turkey and seat of the Government. Although traditionally a town of civil servants and politicians it is increasingly becoming an industrial centre. There are three organised industrial zones. The industries are mainly in the secondary and tertiary sectors. A number of Turkey's largest private construction companies are based in Ankara, as are several trade and industrial associations including the Union of International Contractors and the Union of Chambers of Commerce of Turkey.

## Istanbul

The commercial centre of the Turkish Republic and former capital of three successive empires, Istanbul honours and preserves the legacy of its past while looking forward to its future. Istanbul owes its commercial importance to its favourable geographic location, acting as an intersection for sea and land trade routes. It is the financial centre of the country, and is also responsible for approximately 20 per cent of Turkey's industrial workforce.

## Izmir

Izmir, which is the major city of the Aegean region, plays an important role in the Turkish economy. A considerable amount of Turkish exports are shipped from the Port of Izmir, which is the second most highly utilised port in Turkey. The volume of trade activities in Izmir has improved with the establishment of the Aegean Free Zone several years ago, and the city promises to be one of the most progressive trade centres in the Middle East.



## ENTERING THE MARKET AND START-UP CONSIDERATIONS PRINCIPAL COMMERCIAL CENTRES AND TOWNS (CONTINUED)

### **Konya**

Konya is the largest city in south-central Anatolia and Turkey's agricultural capital. It is home to a large agro-industry. It is also known for its conservatism and as the home of the whirling dervishes.

### **Kayseri**

Kayseri is an industrial town in the east of central Anatolia. It is one of the traditional centres of the weaving industry in Turkey. It has one of the largest organised industrial zones, with over 300 companies established on it. Kayseri is dominated by Mount Erciyes, a dormant volcano, on which the snow never melts. Mount Erciyes is home to a ski resort.

### **Gaziantep**

Gaziantep is at the centre of the GAP (South-East Anatolian Project). The GAP is Turkey's most ambitious development project, comprising 22 dams and the irrigation of over 1.5 million hectares of land. Gaziantep has a strong industrial base. There are three organised industrial zones and plans to establish a fourth, which would be a free trade zone. Gaziantep is famous for its kebabs and baklava, reputedly the best in Turkey.

### **Eskisehir**

Situated midway between Istanbul and Ankara, Eskisehir is a developing industrial town. There is a factory manufacturing aircraft engines. There are also two dynamic universities. Eskisehir is traditionally famous as the home of Meerschäum pipes.

## ENTERING MARKET AND START-UP CONSIDERATIONS AGENTS AND DISTRIBUTORS

Two of the most common market entry methods into overseas markets are via agents or distributors. They know the market in their territory and can potentially give a very fast way of building market share. The two are often confused, but the differences are very straightforward.

**Agents:** work for a commission, never buy or own the products, and can be controlled by you.

**Distributors:** buy and sell to make a profit, own the products, and cannot be controlled by you.

One of the most frequent queries is, "Which should I choose, agent or distributor?" There are no hard-and-fast rules, and the answer may well be different for different territories.



# ENTERING THE MARKET AND START-UP CONSIDERATIONS AGENTS AND DISTRIBUTORS (CONTINUED)

## Finding the right agent or distributor

The checklist below details things you should bear in mind when looking for a suitable agent or distributor.

### Background

- Size of agency
- History of agency
- Number of salespeople, their length of service and qualifications
- Other agencies held and success record
- Banking and trade references

### Distribution

- Geographical coverage
- Types of outlets covered and frequency of calling
- Transportation
- Warehousing

### Are they right for your product?

- Knowledge of local market conditions
- Marketing competence
- Degree of English language skills throughout the organisation
- Agent's interest in and enthusiasm for new products – and yours in particular
- After-sales service levels
- Required skills of salespeople

Once you have chosen an agent or distributor you will want to ensure that your products receive a fair share (or more than a fair share) of the agent's attention. This can be achieved as follows:

- Visiting as regularly as is practicable at senior management level – this shows interest in, and commitment to, the agent and the market. This will also provide you with an opportunity to learn about conditions in the market and see how your products are faring.
- Working closely with the agents to show them how they can profit from your products.
- Helping to prepare marketing and sales plans for the agent.
- Providing regular training for the sales staff and after-sales training for the technical staff in the UK.
- Linking performance to incentives and agreeing milestone targets.

### Agents

The best agents are those who know the market, and it's a fair bet that if a potential agent is not already active in the market they will not succeed for you. There are several types of agent but they can be put into three broad categories:

1. A sole agent will be the only agent you appoint in the territory, but it still leaves the way clear for you to sell direct. The sole agent will only get commission for those orders that they have brought in.
2. An exclusive agent will want exclusivity. This way they have no competition and receive a commission for all sales made in the territory, whether or not they have assisted in bringing in the order.

3. A non-exclusive agent will normally be appointed where you are not too concerned about splitting the world into territories or having agents compete with each other.

Whenever you appoint an agent make sure you have a contract:

- Verbal contracts are as binding as formal written contracts.
- Operation as an agent is sufficient to assume a contract exists.
- Failure to limit territory or products will lead to unlimited territory for all products.

Within the contract make sure you define:

- type of agency,
- products,
- market area,
- territory,
- targets,
- commission levels,
- reporting requirements,
- negotiating limits,
- house accounts,
- termination conditions,
- disputes (arbitration or courts), and
- control of IPR.

## ENTERING THE MARKET AND START-UP CONSIDERATIONS AGENTS AND DISTRIBUTORS (CONTINUED)

### Distributors

There are really only two types of distributors:

1. Exclusive, where a distributor is given a territory where no other distributor will be appointed.
2. Non-exclusive, where any number of distributors may be appointed in any territory.

Some care needs to be taken in contracts where exclusivity is offered, otherwise the parties can find themselves unwittingly breaching competition policy, an expensive error that can lead to penalties of up to 10 per cent of turnover going back up to three years. This is particularly so if you have a large market share, something easily achieved with a specialist or unique product.

In any contract you should define:

- products,
- territory,
- targets,
- promotion strategy and responsibilities,
- stockholding requirements,
- forecasting requirements,
- block exemptions (if exclusivity is granted),
- payment terms,
- use of IPR (intellectual property such as trademarks and copyright), and
- termination reasons and conditions.

Do not include:

- customer prices,

- restrictions on markets,
- restrictions on who else he buys from, and
- anything that might distort the operation of a free market.

Distributor termination is not bound by the same regulations as agency termination, but it is often a very fractious and litigious process. Be aware that any notice period must be “reasonable” (three months may be considered reasonable for most products), and damages for breach of contract are unlimited, but must be real.

This information was supplied by Tony Brown of UK Trade & Investment North West. For more information or help with agents and distributors, please email [tony.brown@itcgm.co.uk](mailto:tony.brown@itcgm.co.uk) or call +44 7764 836945.

## ENTERING THE MARKET AND START-UP CONSIDERATIONS ESTABLISHING A PERMANENT PRESENCE IN TURKEY

### Starting a business

The main company types in Turkey are the limited liability company, which is appropriate for small- and medium-sized enterprises, and the joint stock company, which is more suitable for large-scale investors. Shareholders can be either real persons or legal entities. Foreign businesses can also open a liaison office, and limited liability companies with shared capital can open a branch in Turkey.

### To set up a limited liability or joint stock company, it must:

- prepare the establishment petition and the notice form and the attachments,
- have the documents to be attached to the petition notarised where necessary,
- apply to the Trade Registry Office, providing the above-mentioned documents, and
- register the company to the tax office.

Once the required documents have been submitted to the Trade Registry Office the company becomes a legal entity. The company is in operation when it has registered with the tax office.

### Limited liability company

In order to establish a limited liability company, a minimum capital of YTL 5,000 (around £2,000) is required. There can be between two and 50 shareholders, any number of which can be foreign nationals. A limited liability company does not issue a stock certificate. Capital amounts put in by shareholders may vary; however, they should be at least YTL 25 or multiples of this amount.

### Preparing the articles of association

The articles of association of a limited liability company must contain the subjects stipulated in Articles 506 and 511 of the Turkish



# ENTERING THE MARKET AND START-UP CONSIDERATIONS ESTABLISHING A PERMANENT PRESENCE IN TURKEY (CONTINUED)

Civil Code. This must be supplied in writing and must include:

- full names, addresses and citizenship of the founders,
- the company's trade name, which must incorporate the phrasing "Limited" (the trade name must not have been previously registered at any registry office, and must be in Turkish),
- the name and district of the province at which the company's headquarters are located,
- the company's open address,
- the company's specific objective and field of activity – a limited liability company cannot operate banking or insurance businesses, and
- the company's principal capital, capital amounts subscribed by each shareholder, and method

and terms of how this capital should be paid.

The articles of association are registered at the Trade Registry Office within 15 days of notarisation. The company becomes a legal entity upon registration.

## Joint stock company

In order to establish a joint stock company, a minimum capital of YTL 50,000 (around £20,000) is required. There must be at least five shareholders. Any number of shareholders can be foreign nationals. The company's stock capital is divided into shares, and the shareholders' liability is proportionate to the capital paid.

## Preparing the articles of association

The articles of association of a joint stock company must contain the subjects stipulated in Article 279 of the Turkish Civil Code. This must be supplied in writing

and must include:

- full names, addresses and citizenship of the founders,
- the company's trade name, which must incorporate the phrasing "Anonim Sirketi", which means "joint stock company" (the trade must not have been previously registered at any registry office, and must be in Turkish),
- the name and district of the province at which the company's headquarters are located,
- the company's open address,
- the company's specific objective and field of activity, and
- the company's capital amount, the nominal value of each share, and the method and terms of the payment of capital.



# ENTERING THE MARKET AND START-UP CONSIDERATIONS ESTABLISHING A PERMANENT PRESENCE IN TURKEY (CONTINUED)

The articles of association are registered at the Trade Registry Office within 15 days of notarisation. The company becomes a legal entity upon registration.

## **Liaison office**

UK companies can open liaison offices in Turkey, although commercial activities cannot be carried out from such offices. To open a liaison office the company must apply to the Directorate General of Foreign Investments of the Undersecretariat of Treasury at the following address:  
Hazine Müstesarlığı  
Yabancı Sermaye Genel  
Müdürlüğü  
20. Kat Emek  
Ankara 06510  
Turkey

## **Application documents**

Applications will be finalised within five days, provided that the necessary documents are complete and proper. The following documentation must be submitted with an application:

- The original copy of the approved certificate of activity.
- The company's operational report or balance sheet and income statement.
- The original copy of the power of authority issued to the person appointed to carry out the operations of the liaison office.
- The original copy of the power of attorney, in case another person carries out the establishment transactions of the liaison office.

When an establishment permit is granted by the Directorate General of Foreign Investments, the liaison office must register with the local tax office and send a copy of the tax office registration document to the Directorate General within one month. Once registration with the tax office is complete, the office is in operation.

## **Extensions**

Liaison offices are granted permits for a maximum of three years. Successive extensions, also of a three-year maximum can be granted taking into account the office's previous activity and future objectives.

As per the original establishment, applications for extensions will be finalised within five days, provided that the necessary documents are complete and proper.

## **Branch**

UK companies based abroad whose capital is divided into shares can open branches in Turkey. In order to open a branch the company must gain permission from the Turkish Ministry of Commerce and Industry (MoCI). The company must also gain approval from the MoCI in order to open secondary branches, substitute the company representative based in Turkey, change title, address or business type, increase the branch's capital, or close down the branch.

Before applying to open a branch the company must assign a fully authorised representative, who must be a resident in Turkey. Once this has been completed the company must submit a petition to the Directorate General of Domestic Trade of the MoCI. The petition must be stamped by the

company and must include the company's date of establishment, nationality and capital amount. It must also include the name, address and nationality of the authorised representative, a letter of commitment pledging that the representative will abide by Turkish laws and regulations, and the address and fields of activity of the branch.

An original copy and a Turkish translation of the following documents must be attached to the petition:

- The company's relevant organ's decision on the issue.
- The company's articles of association.
- An establishment document, which shows where and when the company was established, and upon which country's law system it is based.

## ENTERING THE MARKET AND START-UP CONSIDERATIONS ESTABLISHING A PERMANENT PRESENCE IN TURKEY (CONTINUED)

- A certificate of good standing, which shows that the company is still active.
- A power of attorney assigning the duties of the authorised representative.

All documents must be ratified by a notary public and then legalised by the Turkish Consulate-General in London, or apostilled at the Foreign & Commonwealth Office. Once prepared, all documents should be sent to the Directorate General of Domestic Trade of the MoCI at:

Sanayi ve Ticaret Bakanlığı  
İç Ticaret Genel Müdürlüğü  
Eskisehir Yolu 7. km  
Ankara  
Turkey

In order to start operating, the following documents must be submitted to the branch's local tax registry office:

- An establishment petition and notice form.
- Two copies of the power of attorney.
- The MoCI's letter of approval.
- Special documents provided by the MoCI (Müzeyyel Beyanname ve ilanı).
- The authorised representative's identification card or passport.
- The authorised representative's signature circular.

- A letter of commitment confirming that all information provided is correct.
- A chamber registry declaration form, which can be obtained from the Trade Registry Office.

Sources: Turkish Embassy, London/UK Trade & Investment

A list of companies providing Turkey legal and professional services can be downloaded from [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

## BEST PRACTICE AND MANAGING RISK FINDING A CUSTOMER OR PARTNER

Once you have identified where you would like to start and the best market entry option for your company, the next step is to find potential customers or partners for your company.

The following are all equally effective ways of finding potential customers, partners or agents/distributors:

- Commission a UK Trade & Investment Overseas Market Introduction Service (OMIS) workplan for a tailor-made list of potential customers/partners. A programme of meetings with these potential customers/partners can also be arranged when you visit Turkey.
- Attend trade shows and exhibitions. Numerous trade shows and exhibitions take place in Turkey throughout the year and these can be an excellent way to meet potential customers face to face.

- Take part in a UK Trade & Investment-supported trade mission. A number of trade missions to Turkey are organised by trade associations and local chambers of commerce.

In addition, the approaches below are suitable for companies whose objective is exporting:

- Advertise in professional newspapers, magazines and journals. This can be beneficial for high-tech companies with leading-edge solutions, but less effective for companies without a technical background.
- When in Turkey hold a technical seminar or product introduction meeting to attract potential customers. You will need to involve a local consultancy or public relations firm to recruit an appropriate audience.

## BEST PRACTICE AND MANAGING RISK DUE DILIGENCE

It is essential to thoroughly check out your potential partner before agreeing to anything. However, Turkey is not like the UK – it is not possible to carry out a UK-type fully comprehensive due diligence check on a Turkish company, so building up an accurate picture of them presents something of a challenge.

There are different levels of due diligence that are appropriate for different situations. If your sole interest is in exporting, the best proof of a Turkish company's ability to pay is whether it is able to raise a letter of credit from the bank. If so, you do not need to check the company's financial standing as the bank will have already done so, although the reliability of this may depend on who their bankers are.

If you want to establish a business relationship that goes beyond exporting, you will need to carry out further research. A thorough evaluation of your potential partner may be time-consuming and expensive, but doing so will greatly reduce the risk of serious problems in the future.

[www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) has lists of consultancies based in the UK and Turkey, many of which provide due diligence services.

## BEST PRACTICE AND MANAGING RISK MARKETING

Trade shows, exhibitions and advertising have already been mentioned as ways of meeting potential customers, but you still need to persuade them to buy your product. You will need to ensure that your sales literature is effective in English and Turkish and whether advertising is appropriate. We recommend that you involve a specialist consultancy that can develop a marketing strategy appropriate to your product and the areas of Turkey it will be sold in.

You may need to adapt your product to meet Turkish preferences or requirements in order to be able to sell it. Ignoring local regulations, tastes and cultural preferences is a recipe for failure – it's hard to sell a left-hand drive car in a right-hand drive country!

### Cultural issues relating to marketing

Turkey is a secular country with a predominantly Muslim population, so care should be taken to ensure that this is considered when approaching the market. Awareness of Islamic holidays and attitudes to sensitive issues will help you to understand your customer and your business partner.

Many Turkish businesses are owned by more secular Turks, particularly in western Turkey, in Istanbul and around the Aegean region. These often equally devout Muslims keep this aspect of their lives separate from their business lives. They will have a more tolerant view of alcohol and will often be more western in outlook.

In the more conservative east of the country, marketing material should be sensitive to the possibility of giving offence when not intended.

It will not be obvious always that your Turkish partner is either a secular or conservative Muslim, so getting to know them will be important.

## BEST PRACTICE AND MANAGING RISK LANGUAGE AND BRANDING

### Language

English is widely taught as the primary foreign language in most state-sponsored secondary schools. While it is not as widely spoken as in the business communities of Western European countries, the importance of English as a language of business is widely recognised, and the influx of English-language teachers is evidence of an increasing demand for the language. Most international and a growing number of domestic businesses will have at least one member of staff who will be able to speak English, and there are a number of English-language newspapers published in Turkey.

It is always recommended to attempt to learn a few key phrases when visiting the country. Even the most rudimentary attempts to converse in the local

language will be greatly appreciated and may add that much needed distinction to your business dealings.

### Branding

Awareness that intellectual property is difficult to protect in Turkey makes the defence of a company's brand more important.

Registering your brand or trademark in the United Kingdom (UK) does not protect it in Turkey.

You can protect your trademark in other countries by using the Madrid Protocol via the World Intellectual Property Organisation (WIPO). To get protection in individual countries you must make a separate application to each country.

A list of Turkish translators and interpreters can be downloaded from [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

## BEST PRACTICE AND MANAGING RISK DAY-TO-DAY COMMUNICATIONS

Turkish businesspeople expect regular contact from their business clients and friends. You should devote a proportion of your time to developing and maintaining a good relationship with your Turkish partner. It is important to understand your partner, and time taken getting to know them is time well spent.

Turkey is only two hours ahead of UK time. Modern telecommunications and IT work well there and it is relatively easy and cost-effective to visit the market.



## BEST PRACTICE AND MANAGING RISK INTELLECTUAL PROPERTY RIGHTS (IPR)

Entering the Turkish market poses some challenges in ensuring that your intellectual property rights are protected. For example, pirated software is a serious problem: almost 64 per cent of the entire software sector is illegal. There are also problems with protection of copyrights and with branding. While the overall framework for intellectual property law is improving, Turkey is considered one of the most problematic countries in the world as far as enforcement of intellectual property rights legislation is concerned.

Intellectual property rights are territorial, that is they only give protection in the countries where they are granted or registered. If you have only registered in the United Kingdom (UK) this may allow others to use your IP abroad without infringing your rights.

If you are thinking about trading internationally then you should consider registering your IP rights abroad.

The UK is a member of many international agreements where the national law of each country automatically protects copyright work falling within the scope of these agreements.

You should mark your work with the international © symbol, followed by the name of the copyright owner and year of publication.

Applying for a patent in the United Kingdom does not protect your invention elsewhere.

You can protect your invention in many international countries using the Patent Co-operation Treaty (PCT) through the World Intellectual Property Organisation (WIPO).

You can apply through the Intellectual Property Office (IPO), the European Patent Office (EPO) or WIPO.

## BEST PRACTICE AND MANAGING RISK CERTIFICATION AND STANDARDS

Turkey generally applies European Standards to all products imported into the country. There is also relatively widespread use of ISO standards.

Some imported goods into Turkey require health certification, particularly sanitary equipment, medical equipment and equipment involved in the preparation of food. British companies can obtain the relevant documentation from the Health and Safety Executive (HSE) or in the case of non-healthcare equipment a Certificate of Free Sale may be obtained from BERR (Department for Business, Enterprise & Regulatory Reform).

Most goods exported to Turkey can benefit from the EU free-trade agreement with Turkey. Goods which are accompanied by an A.TR certificate and are of EU origin do not have to pay an import tariff. These may be obtained at a cost from a local Chamber of Commerce or the Turkish British Chamber of Commerce.



## BEST PRACTICE AND MANAGING RISK GETTING PAID

### Short-term finance

When exporting to Turkey normal commercial rules should be followed, and you should discuss the arrangements for security of payment with the international department of your UK bank, the UK offices of Turkish banks or UK-based banks that have offices in Turkey.

If you are a first-time exporter to Turkey the standard method of receiving payment for your goods is by documentary letter of credit. The opening of the documentary letter of credit is based on the contract signed between the Turkish buyer and the foreign seller. There are no problems regarding letters of credit opened by Turkish banks being accepted by foreign banks. The Turkish bank will make payment provided that the requirements of the letter of credit are met.

However, be aware that a letter of credit is a form of contract between two banks. A bank will make payment provided that the documents submitted to it are in strict compliance with the conditions of the letter of credit. This is regardless of the purchase contract. To prevent the possibility of a payment being made if the terms of the purchase contract are not met, the seller should check the letter of credit against the terms of the purchase contract and request amendments from the buyer.

Further information on securing payment and dispute resolution can be obtained from [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

Open Account and Bills for Collection are other payment methods commonly used between UK exporters and

Turkish importers when a trustworthy relationship between the two parties has been developed. Major exports and those requiring long-term finance will require specialist payment and financing.

Regulations regarding exchange control and remittance of currency have to be strictly adhered to by the Turkish importer, so the UK exporter will have to ensure that correct documentation is supplied to their customer. There have been a number of reported instances of major problems being encountered due to insufficient or incorrect documentation.

Any agency payments would normally be expected to be paid out of the proceeds of sale.

## BEST PRACTICE AND MANAGING RISK PRICING AND INSURANCE

### Pricing

Turkish companies accept pricing in Turkish liras (YTL) or euros. It is possible to suggest pricing in sterling but that puts the exchange risk onto your Turkish partner. In recent years the Turkish lira has been stable but inflation is rising again and your customer may be interested in exploring other currency options.

### Insurance

The private sector provides credit insurance for exports of consumer goods, raw materials and other similar goods. Speak to your banker or insurance broker for more information, or contact the British Insurance Brokers' Association (BIBA) for impartial advice. Its details are as follows:

British Insurance Brokers' Association  
14 Bevis Marks  
London EC3A 7NT  
Tel: +44 (0)870 950 1790  
Fax: +44 (0)20 7626 9676  
Email: [enquiries@biba.org.uk](mailto:enquiries@biba.org.uk)  
Website: [www.biba.org.uk](http://www.biba.org.uk)

However, private sector insurance has some limitations, particularly for sales of capital goods, major services and construction projects that require longer credit packages or are in riskier markets. The Export Credits Guarantee Department (ECGD), a separate government department that reports to the Secretary of State for Business, Enterprise & Regulatory Reform, provides a range of products for exporters of such goods and services. Its details are as follows:

Export Credits Guarantee Department  
PO Box 2200  
2 Exchange Tower  
Harbour Exchange Square  
London E14 9GS  
Tel: +44 (0)20 7512 7000  
Fax: +44 (0)20 7512 7649  
Email: [help@ecgd.gsi.gov.uk](mailto:help@ecgd.gsi.gov.uk)  
Website: [www.ecgd.gov.uk](http://www.ecgd.gov.uk)

## BEST PRACTICE AND MANAGING RISK BRIBERY AND CORRUPTION

Anyone doing business in Turkey is likely to encounter or hear of corruption in one form or another. Historically, practices such as facilitation payments, bribes and giving and receiving expensive gifts in order to develop relationships were often regarded as a normal part of doing business. This is still the case in some areas, although the level of corruption varies according to sector, type of business and region. However, the general perception is that the situation is improving.

Our advice to companies encountering corruption is simple – don't get involved. Not only are there issues of business integrity to bear in mind, but it is also, of course, illegal. The Turkish Government is keen to crack down on corruption and penalties can be severe. In addition, under the Anti-Terrorism, Crime and Security Act 2001, UK companies and nationals can now be prosecuted in the UK for acts of bribery or other illegal activity committed wholly overseas.

## BEST PRACTICE AND MANAGING RISK RELATIONSHIPS

### Scams, and how to avoid them

Ensure that you carry out basic due diligence checks before issuing a letter of invitation.

#### Too good to be true?

If you receive an apparently very attractive order from Turkey (or indeed, anywhere else), ask yourself: is this too good to be true? If your product is a low-tech manufactured component or other item easily made or provided overseas, ask yourself why someone in Turkey would want to import items which could probably be made locally for a fraction of the price. If you are not entirely sure, speak to your local International Trade Adviser by way of the web link or contact the relevant Embassy or Consulate-General, that will often be aware of current scams. Whatever you do, don't get on the plane without carrying out appropriate due diligence checks.

The one overarching point to consider before doing business in Turkey is that business is personal. The key to any good business venture relies heavily upon a good personal relationship. Although facts, figures and projected profit margins do go some way towards getting contracts signed and deals done, the relationship is crucial. Your Turkish counterpart will need to have trust in you, both as a person and a professional, and also like you on a personal level. This combination spells a long-term association.

Such relationships are built through spending time together, either over long meals or socialising. Chatting over shared interests helps build rapport and find common ground. Revealing personal information and showing an interest in your counterpart's life and family is also important.

## BEST PRACTICE AND MANAGING RISK

### MEETING AND GREETING

The traditional hospitality of the Turks determines business etiquette. Although appointments should be made wherever possible, most executives will receive visitors without an appointment if they are able to do so.

On initial meetings a good, firm handshake is the norm. Men may occasionally also hold your arm with their left hand as a sign of warmth. Unlike in the UK, the handshake is not usually used when departing. You may find once the relationship warms up that you are kissed on the cheek.

In the business context most women will shake hands with men. However, this may not be the case in eastern or rural Turkey where people are more conservative. If unsure, wait for the woman to extend her hand.

## BUSINESS ETIQUETTE IN TURKEY

### MAKING CONVERSATION, MODES OF ADDRESS AND GIFTS

#### Making conversation

Personal relationships are highly rated, and no visitor should come straight to the business in hand without exchanging a few friendly words first.

Turks say “yes” by nodding their head forward and down and say “no” by nodding their head up and back while lifting their eyebrows. Wagging your head from side to side doesn’t mean “no” in Turkish, it means “I don’t understand”. Talk about family, food and sports; they are very suitable icebreakers.

#### Modes of address

Turks prefer to communicate directly, so you are advised to phone rather than write to contacts. Turks answer the phone by saying *Alo?* – a specific Turkish word for answering the phone. Turks may also say *Buyurun*, equivalent to saying “at your service”. Turks also tend to use the expression *hah!* as a sign of agreement.

Turkish letters are usually addressed with the name of the main street first, then the minor street and then the number of the building. *Bey* means Mr and *Bayan* means Mrs or Miss.

For officials, you or your interpreter should refer to them by their title.

#### Gifts

Don’t offer gifts that are too lavish or personal and be sure to check that your Turkish counterparts drink before giving alcohol. The exchanging of gifts is not a predominant feature of Turkish business culture. However, if a gift is given it will be gratefully accepted.

## BUSINESS ETIQUETTE IN TURKEY MEETINGS

Business meetings are the time to present your company proposal and to talk about business seriously.

In Turkish business practice it is respectful to address a Turkish professional by his or her occupational title alone, should they have one, eg “Doctor” or “Lawyer”. However, Turks are generally informal with names and when meeting someone for the first time they tend to address people by “Mr” or “Mrs” followed by their first name.

Business cards should be exchanged. Although there

is no formal exchange ritual, you are advised to present your card with both hands and, if possible, have one side of your card translated into Turkish. Offer your business card to everyone you meet, especially to those with whom you wish to establish a business relationship.

Every visitor will immediately be offered coffee or tea; it is impolite to refuse. Coffee is served “sade” (without sugar) and “orta” (with some sugar). Tea comes with one or two lumps on the side.

If negotiating, it may not always be necessary to focus on financial benefits. It is just as useful to point to areas such as prestige, influence, honour, respect and other non-monetary incentives.

Reach the decision-maker at the top, at least at the first meeting or on first contact. Send your top person to meet with their top person. This would be indicative of how much you value your prospective business in Turkey.

### Relationships

Initial meetings should always concentrate on relationship-building. Engage in some conversation to establish rapport. The Turks are proud of their country and will enjoy answering questions on their culture, history and food, although it is advisable to avoid discussing political history. Most Turkish men love football and usually support one of the three Istanbul teams: Galatasaray, Besiktas (pronounced Beshik-tash) or Fenerbahçe (pronounced Fener-bach-e). Asking after their team’s recent fortunes will always produce lively and animated responses.

## BUSINESS ETIQUETTE IN TURKEY PRESENTATIONS, ENTERTAINMENT AND INTERPRETERS

### Presentations

It is good to bear in mind that people are primarily oral and visual communicators, so in addition to written statistics and projections try to present information vocally or with maps, graphs and charts.

### Entertainment

Food lovers will be glad to know that dining in restaurants is part and parcel of Turkish business culture. You will inevitably be invited to dine out and it would be impolite not to accept. The meal is a time for relaxing, engaging in some good conversation, getting away from business and firming up that relationship.

The protocol of Turkish hospitality dictates that the host always pays for the meal. The concept of sharing a bill is alien. You may offer to pay, which will be seen as polite, but you will never be allowed to do so. The best policy is to graciously thank the

host and then a few days later invite them to dinner at a restaurant of your choice. If you do so it may be a good idea to have a quiet word with the restaurant manager to inform them that under no circumstances are they to accept payment from your guests.

Although the majority of Turks are Muslims, not all abstain from drinking alcohol. However, it is wise to wait and see if your host or guest orders any alcoholic drinks before you do so, as it may be uncomfortable for them to sit at a table with alcohol or to pay for it.

### Interpreters

Taking the time to learn the language is a useful asset but interpreters are plentiful. It will be expected that UK businesses will not necessarily know Turkish, so interpreters are expected in these circumstances. Many Turkish businesspeople will know English, some to a high standard.

## NEGOTIATING TECHNIQUES SOME GOLDEN HINTS

Prior to entering negotiations in Turkey, you should know your bottom-line figure. You will then need to add a percentage to this figure, making the price seemingly expensive. This is done as concessions are expected: they show compromise and a willingness to put the relationship first. When conceding on figures, work slowly towards your bottom-line figure through meaningful concessions – you present this as a decision made out of respect and liking for your counterpart. Try to concede only once you have gained agreement on a reciprocal concession on a separate or related issue.

It is not advisable to use deadlines or pressure tactics, as the Turks may use this to their advantage and reverse the tactic by threatening to cancel agreements or end negotiations. Be patient.

The first President and founder of the Modern Republic, Kemal Ataturk, is revered and you should be careful not to say anything about him which might be construed as critical.

This information is provided by Kwintessential. [www.kwintessential.co.uk](http://www.kwintessential.co.uk).



## NEGOTIATING TECHNIQUES SOME GOLDEN HINTS (CONTINUED)

### Contracts

Turkish importers tend to use standard form contracts in their transactions. Foreign contracts are seldom accepted for fear of being trapped by unfamiliar contract stipulations. Adding special provisions to the contract form is normally acceptable. You can expect to see the following key terms and conditions in a Turkish import contract:

### Terms of price and shipment

Turkish import businesses often conduct transactions at FOB prices in consideration for using Turkish shipping companies. C&F and CIF terms are accepted only if the freight is proved to be cost-effective.

### Insurance

Turkish importers generally have “open insurance” for their import cargoes – ie importing companies submit notifications of import cargo shipments and other relevant documents which are then acknowledged by the insurance company as insurance orders, and against which the insurance premium will be settled with the insured. Terms of payment: this is normally by letter of credit (L/C). See the **Getting Paid** section on page 42 for more information.

### Inspection

Certificates of quality, quantity or weight – issued by manufacturers or public assessors – are normally required as part of the process of setting up a letter of credit. However,

if the goods are discovered not to be in conformity with the certificates after re-inspection by Turkish inspection authorities, the buyer will either return the goods to the seller or lodge claims against the seller for compensation on losses on the strength of inspection at the port of destination.

In the case of equipment imports, Turkish companies often insert a clause in the contract withholding a portion of the payment – normally 5 to 10 per cent of the total contract value – which will be paid only when the equipment is installed and commissioned. This retention sum tends to become a permanent rebate, so beware of allowing a figure too high.

### Dispute resolution

In cases of dispute the formal contract has a provision that a solution must be sought through friendly consultation. If this does not work, arbitration is then adopted to settle the dispute. Litigation is only used as a last resort.

### Mobilise local assets

In-country partners and agents can be of real assistance with negotiations. Many multinationals now manage their businesses in Turkey locally, with local nationals responsible for the business in Turkey. If you have a joint venture, even in an unrelated area of business, this knowledge of your seriousness will be of reassurance to new Turkish customers.

## Face to face

### DO

- Maintain eye contact with your Turkish counterpart while speaking, as Turks take this as a sign of sincerity.
- Dress conservatively. You will be expected to wear a suit and tie. Women should avoid short skirts, low-cut blouses or shorts.
- Ensure that you greet each of your Turkish counterparts individually. The most common greeting is *Merhaba* but *Selaminalayküm*, a greeting with a more religious connotation, can also be used.

### DON'T

- Back away if your Turkish colleagues stand close to you during conversation. Turks do not require as much personal space as many other cultures and this may be construed as unfriendly.

## NEGOTIATING TECHNIQUES TRICKS OF THE TRADE

Turkish negotiators are shrewd and use a wide variety of bargaining tactics. The following are just a few of the more common stratagems...

### **Controlling the meeting place and schedule**

The Turkish know that some visitors will be reluctant to journey home empty-handed. Putting pressure on foreigners just before their scheduled return can often bring useful benefits to the other side.

### **Threatening to do business elsewhere**

Foreign negotiators may be pressured into making concessions when the Turkish side threatens to approach rival firms if their demands are not met.

### **Using friendship to extract concessions**

Once both sides have met, the Turkish side may remind the foreigners that true friends would reach an agreement of maximum mutual benefit. Make sure that the benefit is genuinely mutual and not just one-way.

### **Attrition**

Some negotiators are patient and can stretch out discussions in order to wear their interlocutors down. Excessive hospitality the evening before discussions can be another variation on this theme.

## NEGOTIATING TECHNIQUES COUNTERPLAY

...and here are some useful tactics that may help foreign negotiators dealing with their Turkish counterparts:

### **Be absolutely prepared**

At least one member of the foreign team must have a thorough knowledge of every aspect of the business deal. Be prepared to give a lengthy and detailed presentation, taking care not to release sensitive technological information before you reach full agreement.

### **Play off competitors**

If the going gets tough you may let the Turkish side know that they are not the only game in town. Competition between Turkish producers is increasing. There may be other sources in the country for what your counterpart has to offer.

### **Be willing to cut your losses and go home**

Let the Turkish side know that failure to agree is an acceptable alternative to making a bad deal.

### **Cover every detail of a contract before you sign it**

Talk over the entire contract with the Turkish side. Be sure that your interpretations are consistent and that everyone understands their duties and obligations.

### **Be patient**

Turks generally believe that Westerners are always in a hurry, and they may try to get you to sign an agreement before you have adequate time to review the details.

## NEGOTIATING TECHNIQUES

### RETURN VISITS

#### UK visas

The UK visa service has been complimented by major Turkish investors for its efficiency. For full information we recommend visiting <http://ukinturkey.fco.gov.uk> – all the relevant information concerning UK visas is under “Visas for the UK” on the left-hand menu. While the majority of visas are issued, some common problems arise:

#### Unfamiliarity with the procedures

New applicants for UK visas need to have interviews and sometimes are unwilling to impart the information required. Reassure your client that the same procedures apply to all applicants.

#### Omitting the truth

It is an unfortunate fact that some applicants believe that they should not tell the truth to officials. Therefore they leave vital information out of their applications which results in their being called to interview; they then compound the problem by giving contradictory information.

#### Last-minute rush

Unfortunately, meetings in Turkey are often arranged one day in advance. Therefore, it does not occur to businesspeople that they need to prepare in advance for a visa application. This is particularly the case when they are visiting multiple countries and require multiple visas. With the best will in the world, given the numbers of applications – particularly in peak periods – there will be times when Turkish partners do not leave enough time to process applications.

#### The importance of paper

In the Turkish system, paperwork comes second to relationships. Unfortunately, this means that senior contacts can often neglect to complete visa applications themselves, and their assistants may miss vital information.

#### The concept of “hosting”

The Turkish take the concept of being host (and you being in the role of a guest) very seriously. Companies doing business in Turkey are often treated to a wide range of assistance, including hotels, transport, meals and evening entertainment. Turkish companies can often lean on an extensive network of relationships to provide these without incurring direct costs, or at a substantial discount.

Unfortunately, when they are visiting the UK they expect the same, and most UK companies do not have the budget to handle all-in travel for contacts they have never done business with and are not sure they ever will do business with. Therefore, it is best to be cautious about the extent to which hospitality is expected. Don't be rude, but do take the trouble to explain that things are different back home.

# BASIC TURKISH

Turkish is a Turkic Language spoken by approximately 70 million people. It is the official language of Turkey, spoken by around 90 per cent of the population as a first language. It is also an official language of Cyprus and is spoken by minority groups in Azerbaijan, Bulgaria, Greece, Macedonia and Romania as well as expatriate groups around the world, most notably in Germany.

Turkish uses a 29-letter variant of the Latin alphabet. It was introduced as part of Kemal Ataturk's cultural reforms in 1928, replacing the Arabic variant used during the Ottoman Empire and early years of the Turkish nation.

English	Turkish with English characters	Turkish with Turkish characters	Phonetic
Hello	Merhaba	Merhaba	mehr-hah-bah
Goodbye	Güle güle	Güle Güle	gew-leh gew-leh
Yes	evet	Evet	eh-veht
No	Hayir	Hayır	hah-yuhr
How are you?	Nasilsiniz?	Nasılsmız?	nahs-suhl-suh-nuhz
Please	Lutfen	Lütfen	lewt-fehn
Thank you	Tesekkür ederim	Teşekkür ederim	tesh-ek-kewr eh-dehr-eem
Sorry	Ozur dilerim	Özür dilerim	uz-urr the-le-reem
Mr	Bey	Bey	(as in "bay", an area of a sea)
Mrs/Ms/Miss	Hanim	Hanım	Hah-num
Excuse me	Pardon	Pardon	pahr-dohn
Cheers	Serefte	Şerefe	she-re-fe
No problem (it's okay)	Birsey degil	Bir şey değil	beer shehy deh-yeel
I don't understand	Anlamadim	Anlamadım	ahn-lah-mah-durn

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