

Country Report: Turkey

Introduction

This report has been written as a part of the Europe INNOVA Cluster Mapping Project. One part of the project is a mapping of cluster policies, cluster institutions and cluster programmes in European Countries.

For each country, a separate report has been written. Oxford Research AS in Norway has been responsible for the mapping of cluster policies. Oxford Research has developed the structure of the mapping and prepared the final reports. Most of the work has however been done by research institutes or consultancies in the different countries. These organisations are members of “The European Network for Social and Economic Research – ENSR” or partners in the Europe INNOVA Cluster Mapping Project.

Based on the national reports, the main findings have been summarised by Oxford Research in a separate report.

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Please find more information about the Cluster Mapping Project and the Authors of this report on:

www.clusterobservatory.eu

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Main ministries responsible for implementing cluster policy	Finance/ Economy	Science/ Research	Trade/ Industry	Interior	Other
			x		
Key agencies responsible for implementing cluster policy	Is cluster policy their only task?	Yes		No	x
Are there any national cluster programmes?	Yes	No	x	Number of programmes	
Are there any regional cluster programmes?	Yes	x	No		4
Source of financing	National programmes			Regional programmes	
National ministries					
EU structural fund				x	
Regional budget				x	
Business					
Other				x	
Importance of cluster policy		Low	Medium	High	
	National level	x			
	Regional level	x			
Policy papers on national level	Yes		No		x

Cluster policy over time	Increased impor- tance		Reduced importance		Shifted	
	x					
Since when has cluster policy been used?	1990-95	1995-2000		2000-05		2005-
Cluster development related to a particu- lar person/organization?	Yes			No	x	
	Individual			Business org.		
	Political party			Agency		
	Research inst.					
Successful cluster programmes	Sultanahmet cluster development programme, Adiyman ready-to-wear cluster development programme					

Is there a cluster or competitive council?	Yes	No		A general council exists	
		x			
Degree of obstacles when building cluster policy	No/Low	Medium		Important	
				x	
General assessments of competitiveness?		Yes	x	No	

Role of clusters as framework in policy areas	Low	Medium	High
Business network policy	x		
FDI attraction policy	x		
Export promotion policy	x		
Sectoral industry policy	x		
Science and education policy	x		
Competition and marked integration	x		
Source: Oxford Research			

1.1 Terminology

In each country there will be one or possibly several **terms** or **phrases** used to describe clusters. In some cases, different terms represent “competing” perspectives on clusters and, as perspectives change over time, one term may gradually replace another.

In Turkey a cluster is called kümelenme.

1.2 Cluster development programmes and cluster organisations

In many countries, there are **programmes** set up specifically to promote cluster development. Such programmes can be carried out by existing **actors** (for example a government agency), or new actors can be set up to run them. Often, one of the purposes of such programmes is to help initiate **cluster organisations**, that is, the programme provides financing or otherwise promotes the formation of cluster-specific organisations, typically in some form of public-private partnership. A country can have many (even hundreds) of such cluster-level organisations in operation.

Here is presented the identified cluster agencies and cluster programmes at national and regional level in Turkey.

1.2.1 Agencies for cluster policy implementation

The main ministry departments, agency or other government organization responsible for the implementation of cluster policy at a national level in Turkey are The State Planning Organization (DPT), The Small and Medium Enterprises Development Organization (KOSGEB), and The Undersecretary of the Prime Ministry for Foreign Trade. Cluster development is not the only task of these organizations.

Source: URAK

Regional organizations/agencies that work with cluster development in Turkey:

-GAP İdaresi (GAP Administration) that is responsible from the development of GAP region works with cluster development (Adıyaman ready-to-wear)

-Bolu Ticaret ve Sanayi Odası (Bolu Chamber of Commerce and Industry) works with cluster development (tourism)

-URAK works with Sultanahmet tourism cluster development

-İTKİB works with textile and ready-to-wear cluster development

Source: www.gidem.org, www.btso.com, www.urak.org

These organizations have different tasks as well and therefore cluster development is not their only task.

Source: URAK

1.2.2 National cluster programmes

There is not yet any national program for cluster development in Turkey.

1.2.3 Regional cluster programme

1) GİDEM (Entrepreneur Support Centres)

Financing: UNDP (United Nations Development Program)

Source of programme financing: UNDP

Budget: 7.6 million Euros

Time horizon: 2007

Actor: GİDEM

Programme initiator: UNDP

Carried out by: GAP İdaresi, UNDP, EU

The actor is not formed for this purpose. GAP GİDEM is an EU-funded SME development project, executed by UNDP in cooperation with GAP Regional Development Administration.

The actor has other tasks apart from this programme. The vision of the actor is to increase the competitiveness of the GAP Region in national & international markets, whereas its mission is to improve the managerial, operational and administrative capacities of micro, small & medium sized enterprises in the Region, through provision of business development services (training, information and consultancy).

Organizational set up at programme and project level: GIDEM services are delivered through our local offices located in the four provincial capitals of the GAP Region: Adiyaman; Diyarbakir; Mardin and Sanliurfa. Each local GIDEM office is staffed with 3-4 management consultants.

Scope and target: To increase the competitiveness of the GAP Region in national & international markets, whereas its mission is to improve the managerial, operational and administrative capacities of micro, small & medium sized enterprises in the Region,

Geographic coverage: South East Anatolia

Policy focus: Regional policy

Clusters in a certain stage of the lifecycle are not targeted.

Programme contents: Adiyaman Textiles and Ready-to-wear Cluster, Sanliurfa Organic Farming Cluster, Diyarbakir Marble Processing Cluster and Mardin Food Cluster.

Short description: Projects aim at increasing the competitiveness of the sectors.

Prioritized areas: Cluster mapping and cluster development. The prioritized areas are; textiles and ready-to-wear, marble, organic arming and food industry.

Ambitions/goals: Increase the regional competitiveness and to identify the missing players to be completed.

Target group: SMEs

The main focus is on SMEs.

Level of R&D involvement: No specific R&D involvement.

What the programme offers the projects (i.e. financial support, training): business development services (training, information and consultancy)

Cross-country/interregional activity: No.

Process: Still in progress.

Based on applications or appointments: Cluster mapping and development

Top down or bottom-up approach in selection of clusters to support: Top down

Main elements in applications: Cluster mapping

Evaluation: Even though still in progress, it is successful for the time being.

Results so far/conclusions from evaluations: In cluster development in Adiyaman, the regional committee meetings are held and there is an increasing linkage between the regional players.

Planned future: To reach efficient number of players, to attain determinism in regional cooperation and regional governance.

2) Bolu Tourism Cluster Development Project

Financing: BTSO (Bolu Chamber of Commerce and Industry)

Source of programme financing: BTSO (Bolu Chamber of Commerce and Industry)

Time horizon: 2008

Actor: BTSO (Bolu Chamber of Commerce and Industry)

Programme initiator: BTSO

Carried out by: Vezir Danışmanlık

The actor was formed for this purpose, in 2005.

The actor has other tasks apart from this programme.

Organizational set up at programme and project level: The analysis is carried out by Vezir Consultancy.

Scope and target: Regional Development
 Geographic coverage: Bolu province
 Policy focus: Regional policy
 Clusters in a certain stage of the lifecycle are not targeted.
 Programme contents: Tourism sector analysis.
 Short description: Regional development through the development of tourism sector by using cluster method.
 Activities – prioritized areas: Analysis and reporting. Regional development is the priority area.
 Ambitions/goals: To increase the competitiveness of the region through tourism cluster analysis.
 Target group: Players of tourism sector.
 There is a particular focus on SMEs. Under the EU SME definition, all of the players in the area operating in the tourism sector are SMEs.
 Level of R&D involvement: There is R&D in tourism sector.
 What the programme offers the projects (i.e. financial support, training): The program is built upon analysis, the development phase has not been accomplished yet.
 Cross-country/interregional activity: No
 Process: Field Research and Analysis
 Based on applications or appointments: Cluster Analysis Approach developed by Vezir Consultancy.
 Top down or bottom-up approach in selection of clusters to support: This is not a support program; it is a cluster analysis on which the selection of cluster development projects will be based.
 Main elements in applications if that is used: Field research
 Evaluation: Sector has five different sub-sectors; gastronomy, sport tourism, health tourism, nature tourism and congress tourism.
 Results so far/conclusions from evaluations: Tourism sector has high competitiveness levels
 Planned future: Cluster Development

3) Sultanahmet Tourism Cluster Development Project

Financing: URAK
 Source of programme financing: URAK
 Budget: USD 200.000
 Time horizon: 2000-2005 (completed)
 Actor: URAK
 Programme initiator: URAK
 Carried out by: URAK
 The actor was formed for this purpose, in 1999.
 The actor has other tasks apart from this programme.
 Organizational set up at programme and project level: Cluster analysis and development carried out by URAK.
 Scope and target: Regional Development
 Geographic coverage: Istanbul, Sultanahmet district
 Policy focus: Regional policy
 Clusters in a certain stage of the lifecycle are not targeted.

Programme contents: Field research

Evaluation: Culture and history tourism are the two sub-sectors.

Results so far/conclusions from evaluations: The competitiveness of Sultanahmet regional was evaluated as medium however, with the enhancement of cluster development projects the region increased its competitiveness.

Planned future: The project achieved success in this term. Today, there is tourism association established in the region and there is a special newspaper published and distributed by the tourism players.

4) Textile and ready-to-wear cluster development

Financing: EU and the Treasury of Turkish Republic

Source of programme financing: EU, İTKİB

Budget: 10 million €

Time horizon: -2008

Actor: İTKİB

Programme initiator: İTKİB, EU

Carried out by: İTKİB

The actor was not formed for this purpose.

The actor has other tasks apart from this programme.

Organizational set up at programme and project level: İTKİB undertakes the cluster analysis.

Scope and target: To robust the Turkish textile and ready-to-wear sector.

Geographic coverage: Istanbul

Policy focus: Industrial and enterprise policy

Clusters in a certain stage of the lifecycle are not targeted

Programme contents: Cluster analysis and development

Short description: Analysis, Field Research and Reporting

Activities – prioritized areas: Establishment of R&D Center, Training Activities.

Ambitions/goals: To increase the competitiveness of the sector.

Target group: Textile and ready-to-wear sector players.

There is a particular focus on SMEs.

Level of R&D involvement: There is a center founded for R&D.

What the programme offers the projects: Training

Cross-country/interregional activity: Sector based

Process: Training, field research, cluster development

Based on applications or appointments: Cluster analysis and development

Top down or bottom-up approach in selection of clusters to support: Top-down

Main elements in applications: Field research

Evaluation: Still in progress.

Results so far/conclusions from evaluations: Still in progress

Source: EU, İTKİB, Dr. Melih Bulu, Assist. Prof. Dr. Ashi Deniz Helvacioğlu, Assist. Prof. Dr. Abdulmecit Karataş

1.2.4 Successful cluster programmes

Sultanahmet cluster development program:

Sultanahmet district has a distinct and unique historical characteristic, which includes both Byzantine and Ottoman styles in the design of historical shopping centers, architecture in general, and mosques. CAT conducted a comprehensive cluster study in this historical district in 2001, and initiated the cluster development project. Cluster development study started in 2001 and continued until the 2005. From the initial analysis, it was seen that all the vital members of the value system was available in Sultanahmet area e.g. hotels, travel agencies, tourist handicraft shops, museums, historical places, restaurants, etc. Two major problems defined regarding to cluster; (1) links among members were rather low, and (2) intellectual level of the employees were under qualification standards. A local development committee was founded from the local cluster members. The representatives of the cluster that have leadership characteristics were preferred for the committee. The Local Committee defined various projects in order to increase employee qualifications and links among cluster members. These projects were realized until 2005 and continue to be realized. Firstly, members of the cluster increased common projects that are naturally in need of co-operation. For example, a travel agency gets the responsibility of a hotel for supplying regular tourists to it. Secondly, cluster members defined and participated in common projects. For example, similar hotels came together and established a fund for participating international tourism fairs, seminars etc. Each time a hotel participated in the fair and distributed other hotels' brochures as well. Moreover, new travel packages were defined as a result of cluster members' cooperation e.g. a travel agency used a hotel in Sultanahmet for accommodation need and a handicraft shop for tourist shopping requirements in its travel package. Besides, a new newspaper, namely Sultanahmet News, started to be printed in the region, and a web site designed, namely www.sultanahmetonline.org. These two outputs were very helpful to show the members what was going on in the cluster and how they could participate the new projects.

The analysis in 2005 demonstrates that average annual revenue of the firms increased from 400.000 \$ to 1.000.000 \$ in Sultanahmet cluster. This is an over-performance when compared to the increase in Turkish tourism revenues at the same period. Furthermore, the data shows us that average employee of the firms increased from 12 to 18. This information is evidence that supports the enlargement of the cluster members.

The figures related to tourists coming to Sultanahmet also developed positively: days spent in the area and average daily spending amount of coming tourists increased significantly.

Adıyaman read-to-wear cluster development program

The aim was to increase the value-added created in the region, including Gaziantep, Adana, Şanlıurfa, Malatya, Kahramanmaraş and Diyarbakır, while focusing on Adıyaman province, and thus strengthen the competitive power of the textile sector and the economy of the region as a whole, by clustering all companies and institutions in the textile area.

The project carries the vision of making the GAP region, which produces 60% of Turkey's cotton yield, the centre of the labor-intensive textile and ready-to-wear industry within the span of 10 years.

Governor Halil Işık said that he believed the regional dimension of clustering and its contributions to the region would be extensive, adding that putting Adıyaman in the

focus of the Clustering Project was enthusiastically welcomed by local industrialists and investors.

Source: URAK, Nasir, A., Bulu, M., and Eraslan, İ.H., 2007, The Analysis of Tourism Cluster Development of Istanbul: A Longitudinal Study in Sultanahmet District (Old Town), Rob MacGregor, Ann T. Hodgkinson (ed.), Small Business Clustering Technologies: Applications in Marketing, Management, IT, and Economics, Information Science Publishing., www.undp.org.tr; Dr. Melih Bulu, Assist. Prof. Dr. Aslı Deniz Helvacıoğlu, Assist. Prof. Dr. Abdülmecit Karataş

1.3 Cluster policies

Above the level of agencies and programmes is the policy level. On the policy level, plans and strategies are developed in the form of policy documents, directives and legislation, rather than concrete programmes and organisations.

There may be one overarching policy for clusters, a “cluster policy”, outlining specifically how cluster development should be pursued. In addition, clusters may form a framework in a long range of policy fields. Primarily, this is often the case in three key areas: innovation and technology policies, regional economic development policy, and entrepreneurship/SME policy. However, it can also occur in many other policy areas.

1.3.1 Overarching cluster policy

There is an increasing awareness of clusters; however, decision-makers still do not realize the importance of the issue.

Both regional and sectoral development objectives play crucial roles on the attempts aiming at attaining the cluster policy in Turkey. The candidate status of Turkey also provides the essential basis for to utilize cluster policies under regional development schemes. The service procurement on the development of cluster policy for Turkey funded under the National Pre-Accession Financial Assistance Programme is one of the most recent instruments to develop a comprehensive and visionary clustering policy that contributes to the sustainable social, environmental and economic development in Turkey. Clusters are also one of the main activities to be supported under the regional development grant schemes as a part of the priority areas of regional competitiveness and the promotion of human resources.

Source: The Central Finance and Contracts Unit (CFCU)

1.3.2 Clusters as framework in key policy areas

Innovation and technology policy:

No connection has been established yet between innovation/technology and cluster framework. Most recently, TÜBİTAK, the Scientific and Technological Research Council of Turkey has provided funding to cluster projects in Ankara.

Source: Dr. Melih Bulu

Regional economic development policy:

Some examples are being initiated for regional economic development by using cluster framework. In Adıyaman and Bolu there are sample projects that are established upon the cluster approach. However, as in Adıyaman the cluster project is initiated

with the support of UNDP, in Bolu the cluster project is realized with the visionary attempt of the local Chamber of Commerce and Trade.

Cluster policy is one of the major policy areas for regional development. The establishment of Regional Development Agencies is indeed very new in Turkey. Currently, there are two Agencies operating in İzmir and Mersin. Cukurova Development Agency in Mersin is one of the first two applications of the local development agency models in Turkey.

İzmir Development Agency was opened officially on the 17th of January, 2007. In the Regional Pre-Development Plan (2008-2009) of İzmir, cluster is stated under the priority areas and is regarded as an activity having the utmost importance in achieving innovative, dynamic and efficient sectors creating value-added services.

Source: İzmir Development Agency

Entrepreneurship and SME policy:

KOSGEB is forming its support mechanisms for SME development by using cluster framework. However, the areas of implementation are not determined yet.

Source: KOSGEB

1.4 Cluster or competitiveness councils

In some countries, councils have been set up to promote a dialogue about clusters and competitiveness. Often, these councils have representatives from the government sector as well as from the academic world and the business community.

There is no official competitiveness council in Turkey. However, the Board of URAK may be considered as acting like a cluster council due to the nature of the Board. The Board consists of 12 people, each of them CEOs or heads of sectoral institutions, representing different sectors at the highest level.

Source: Assist. Prof. Dr. Aslı Deniz Helvacıoğlu, Assist. Prof. Dr. Abdülmecit Karataş

1.5 Other policy issues

Sometimes it is useful to know about any other issues that have an impact on clusters in a country. Such issues could be, for example, any macro economic policies that may be relevant for clusters (tax regimes, etc), or if any general evaluation has been made about the country's competitiveness and barriers to competitiveness.

There is an EU tender about forming national cluster policy. This project will be very helpful for the formation of national cluster policy. The service procurement on the development of cluster policy for Turkey funded under the National Pre-Accession Financial Assistance Programme is one of the most recent instruments to develop a comprehensive and visionary clustering policy that contributes to the sustainable social, environmental and economic development in Turkey.

Source: Assist. Prof. Dr. Aslı Deniz Helvacıoğlu, Assist. Prof. Dr. Abdülmecit Karataş

At the beginning private sector was leading the cluster related activities. Then state organizations started to take the leadership.

Source: URAK

Obstacles to the process of building cluster policy: State organizations are not synchronized. The competence on cluster policy among the public institutions; namely State Planning Organization, KOSGEB and the Under secretariat of Foreign Trade still remain unclear.

Source: URAK

There are only very few and new articles on cluster analysis in Turkey, however, it is expected that the number of academic studies will also increase in line with the progress in cluster policies. Most of the authors of the academic articles on cluster are the members of URAK.

Source: Assist. Prof. Dr. Aslı Deniz Helvacıoğlu, Assist. Prof. Dr. Abdulmecit Karataş

There has been a general assessment of competitiveness of Turkey, made by URAK in 1999. Besides, the recent approach in the reports published in Turkey is to identify the regions or sectors that have competitiveness potential. The Vision 2023 for Turkey, a futuristic initiative of TUBİTAK, sets biotechnology as one of the areas for cluster policies to be developed upon. In the 9th Development Plan of the State Planning Organization, it is stated that the cluster initiatives of the enterprises operating in the industrial areas shall be supported and the clusters taking place in the strengthened social network structure and led by active sectors shall also be sustained under the goal of attaining development based on regional dynamics.

Source: www.competitiveturkey.org, 9th Development Plan, Assist. Prof. Dr. Aslı Deniz Helvacıoğlu, Assist. Prof. Dr. Abdulmecit Karataş

1.6 Policy trends

Policy trends			
Policy Stream	Old Approach	New Approach	Cluster Programme Focus
Regional policy	Redistribution from leading to lagging regions	Building competitive regions by bringing local actors and assets together	Target or often include lagging regions Focus on smaller firms as opposed to larger firms, if not explicitly than <i>de facto</i> Broad approach to sector and innovation targets Emphasis on engagement of actors
Science and technology policy	Financing of individual, single sector projects in basic research	Financing of collaborative research involving networks with industry and links with commercialization	Usually high technology focus Both take advantage of and reinforce the spatial impacts of R&D investment Promote collaborative R&D instruments to support commercialization Include both large and small firms; can emphasize support for spin-off start ups
Industrial and enterprise policy	Subsidies to firms; national champions	Supporting common needs of firm groups and technology absorption (especially SMEs)	Programmes often adopt one of the following approaches: Target the "drivers" of national growth Support industries undergoing transition and thus shedding jobs Help small firms overcome obstacles to technology absorption and growth Create competitive advantages to attract inward investment and brand for exports

Source: OECD review of national cluster policies: why are they popular, again?, June 2006