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Fakulta filozofická

Bakalářská práce

**BUSINESS RELATIONS BETWEEN TURKEY
AND CZECH REPUBLIC:
ANALYSIS OF THE EVOLVING RELATIONSHIP BETWEEN TWO
COUNTRIES**

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Prohlašuji, že jsem práci zpracoval(a) samostatně s použitím uvedené literatury a zdrojů informací.

V Plzni, 20.dubna 2014

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1. Introduction

The thesis deals with the topic of business between Turkey and the Czech Republic. This topic was chosen because of my personal interest in this field. I have inducted a close relationship with Turkey and I would like to work there in the future.

One of the objectives of the thesis is to demonstrate how much Turkey, together with its economy, is important for the business in the Czech Republic. It is apparent that the Czech Republic needs Turkey more than Turkey needs the Czech Republic. Turkey as a member of TIMBI is one of the fastest growing economies in the world and its growth potential is immense. The specific stated examples in the thesis are focused primarily on the business done within the last five years.

Another objective of this thesis is to help readers to create an idea and knowledge about business relations between these two countries through the analysis done.

The thesis is divided into two main parts. The first part deals with the general information about business in both countries, their brief history, the diplomatic relations, the different aspects of reciprocal relations and the most important businesses done between Turkey and the Czech Republic in last five years. An important part of the thesis is also the appendices, where all necessary supplementary information like glossaries or charts can be found.

The second part of the thesis is written in a form of interviews with three different representatives of business proceedings representing

some of the activities in their fields. I interviewed the chief representative of Czech Trade in Istanbul Mr. Michal Koščo, the Marketing Specialist of Czech – Turkish Joint Chamber of Commerce Ms. Eliška Rajchlová and the managing director of the company Metalist Mr. Emin Sönmez.

While writing the thesis the printed sources well as electronic ones were used and can be readily found in the bibliography. Many sources used were written in Czech or Turkish language so appropriate translations had to be done. The thesis used the primary sources in the form of interviews which highlighted some issues discussed in the theoretical section.

2. International Business

International business is the most important part of international economic relations. Its volume is growing from the long-termed point of view faster than the gross domestic product of the international economics as a whole. There are several theories concerning international business from which the first ones are dated to 18th century. [1]

International business is created by the external economic relations and international economic collaboration. International business which has very long history was supported during the Middle Ages through the discoveries and colonization. As an example the Silk Road can be named. The merchants and the caravans were passing all Asia to deliver their goods and products from China or other eastern countries to the West. The means of payment varied through time and the civilization passed from the barter exchange to silver, gold and other precious stones and later to banknotes and coins. All these kinds of payments and exchange of goods were actually creating the international business. [2]

“Trade policy makes part of international business. Trade policy is based on economic policy of the country and on the foreign policy but not in the subordination.” [3] There are several techniques of trade policy, the passive and the active means. The oldest ones which are classed between the passive means of trade policy are customs duties (the indirect tax on imported goods while crossing the borders of the country). The customs duties help to protect the producers from foreign competitors and make a part of state budget. [4] Among the active means of trade policy there are several institutions as Ministry of industry and trade and the like. In trade policy, the term liberalism is also very important, because it expresses a free trade without obstacles and pro-export policy.

For successful international business an economic integration is substantial because then the countries remove obstacles from the market and co-operate between each other. The lowest step of the integration is a free-trade zone, where the trade barriers are eliminated (NAFTA), then it is a customs union, which is open also to non-member countries (Customs Union between EU and Turkey). A common trade so called the internal trade, where the countries do not use customs anymore, the schedule of charges is determined for non-member countries and there is free movement of services and capital (EU), follows. The last step of the economic integration is the economy and monetary union, which is based on common monetary policy. [5]

There are also the international organizations whose aspects are also very important concerning international business.

International abbreviations are used frequently in international business. These abbreviations and terms called Incoterms were created and published by the International Chamber of Commerce (ICC) to specify the means of the transportation, the payment, the risks and obligations of both seller and buyer. [6]

2.1 Active means of trade policy in the Czech Republic

2.1.1 Ministry of Industry and Trade

“Ministry of Industry and Trade cooperates tightly with Ministry of Foreign Affairs. It removes the barriers obstructing the export, participates on trade-diplomatic activities, collaborates with Export Guarantee and Insurance Corporation (EGAP) and with Czech Export Bank (CEB), ensures the consultancy and promotes and represents Czech companies abroad.” [7]

2.1.2 CzechTrade

CzechTrade is the pro-export agency founded in 1997 which helps to find and mediate the business between foreign and Czech companies. It provides services offered by the state pro-export policy and know-how. The agency offers to search and find the business contacts, to prepare the market research and SWOT analysis, to check up on the quality of services and to determine, if the possible product can be successful on the definite market. The agency also finds and contacts the companies interested in potential collaboration with Czech company. Also the courses and consultancy are provided for the companies or the entrepreneurs interested. The objective of CzechTrade is to increase and to promote the competitiveness of Czech companies and exporters. CzechTrade has offices in 30 countries all over the world (e.g. Belgium, China, Turkey, Russia).

The office regarding business between Turkey and the Czech Republic is located in Istanbul and the head of this office is nowadays Mr. Michal Koščo. [8] [9]

2.1.3 CzechInvest

This agency came into existence by merger of CzechIndustry, CzechInvest and Business Development Agency. CzechInvest supports foreign direct investments mainly for the manufacturing industry. CzechInvest also propagates the Czech Republic as an investment-attractive country. Together with the agency CzechTrade supports the small and medium enterprises and helps them to gain the prestige in the foreign markets. [10] [11]

2.1.4 Export Guarantee and Insurance Corporation

EGAP is the credit insurance corporation and its main function is to protect the exporters and the banks which finance the ongoing export against commercial and political risks. EGAP offers to its client's large scale of insurance services. In 2012 the insured volume reached 72,1 billion CZK. [12]

"EGAP was founded in 1992 as a joint stock company fully owned by the state. The Czech Republic exercises its shareholder rights through the Czech Ministry of Finance, the Czech Ministry of Industry and Trade, the Czech Ministry of Foreign Affairs and the Czech Ministry of Agriculture." [13]

2.1.5 Czech Chamber of Commerce

Chamber's main function is to help and to back up the export and the small and the medium enterprises. The export is promoted by the entrepreneurial foreign missions and agreements. Nowadays there are 52 countries which cooperate with this institution, Turkey included. The part of Chamber is the institution CEBRE (Czech Business Representation) which represents Czech interests within EU. [16] [17]

2.1.6 Czech Export Bank

CEB is an institution positioned under the supervision of Ministry of Finance. It was founded in 1995 to ensure the long-term financing of important consignments of Czech exporting companies. CEB promotes the export and provides the preferential loans. 80% shares of this institution are owned by the state and the remaining 20% shares are owned by EGAP. From the 80% state shares the amount of 41% shares belongs to Ministry of Finance. [14] [15]

2.1.7 Czech – Turkish Joint Chamber of Commerce

This Chamber is a non-profitable organization which was established in 2006. The Chamber helps to its members to find the business partners in Turkey and vice versa likewise the institutions mentioned above. The Chamber offers networking, mediation of business contacts, promotion and advertising.

The Chamber has already arranged various meetings between Turkish and Czech entrepreneurs and participated to many trade fairs. As an example the meeting with representatives of Erzurum¹ Chamber of Commerce and Industry on 17th February 2014 and the attendance in International Engineering Fair in Brno between 8th and 9th October 2013 can be named. The Czech-Turkish Joint Chamber of Commerce was also a partner of the international trade Amper² which was held in Brno from 18th till 21st March 2014 at Brno Exhibition Centre.[18]

¹Erzurum is a city in eastern Turkey.

²Amper is an International Trade Fair of Electrotechnics, Electronics, Automation, Communication, Lighting and Security Technologies.

2.2 Active means of trade policy in Turkey

2.2.1 Ministry of Economy

Ministry of Economy has long history but the authority as it is itself these days was modified and renamed in 2011. Originally it was founded in 1920 as the Ministry of Trade. It is closely related to international trade and EU. This authority takes all steps and measures which are necessary to take in favour of national economy and takes into consideration the international obligations and regulations. Ministry helps to increase the export and ensures its sustainable growth.

It's mission is to *“develope and implement policies regarding foreign trade and investments in order to contribute to the national economy and development of the social welfare.”* [19]

The parts of this policy are also the bilateral investment treaties (BIT). BIT with the Czech Republic came into force on 1st August 1997. Till nowadays has Turkey co-signed 82 BIT with 82 different countries all over the world. Turkey and the Czech Republic have signed several agreements for example Bilateral Investment Promotion and Protection Agreement in 1992. [20]

2.2.2 The Union of Chambers and Commodity exchanges of Turkey

TOBB was founded in 1950. This organization is the highest legal entity and represents the private sector of all spheres and regions in Turkey as a whole. TOBB has become the global actor who speaks for Turkish entrepreneurs both in Turkey and abroad. TOBB supports not only large companies but also small and medium-sized enterprises. TOBB also offers the consultancy to its members. There are 59 Sectorial Assemblies and 365 chambers (of commerce, industry, maritime commerce etc.) through which approximately 1.300.000 companies and

firms are represented.

The current president of TOBB is Mr. Rifat Hisarcıkliođlu who holds the presidency post since 2001. [21] [22]

2.2.3 Foreign Economic Relations Board

DEİK was founded in 1988 with the aim to promote Turkish business community. DEİK follows the economical, commercial, financial and industrial relations of the private sector. DEİK supports Turkish companies while establishing and strengthening their brands abroad. DEİK has nowadays more than 1600 Council representatives and more than 750 member companies. The Czech Republic is involved into its activity:

“Czech Economy Congress has been organized by the Embassy of Czech Republic, with the cooperation of TOBB and DEİK on October 12th, 2012 in Sheraton Hotel Ankara. The Congress has served to promote the bilateral economic relations of the two countries. Representatives of automotive industries, environmental technologies, engineering, infrastructure, metallurgy and finance, in particular have participated in the event.” [23]

DEİK does not have the headquarters just in Turkey (Istanbul, Ankara) but also in Washington and Moscow. [24] [25]

2.2.4 Türk EXIMBANK

Türk EXIMBANK is the bank supporting foreign trade and export. Türk EXIMBANK tries to find new markets and business partners and acts according to Five-Year Development Plans and Annual Programs. *“(…) Development Plans set strategies regarding foreign trade, industrial development and foreign relations in addition to other economic and social policies.”* [26]

This bank is fully owned by the state and co-operates with the government. It offers various credits, insurance programs and guarantees. Türk EXIMBANK was founded in 1980s after the adoption of export growth strategy in Turkey. [27]

2.2.5 Turkish Exporters Assembly (TIM)

TIM is the organization of the exporting companies founded in 1993. *“The primary reason of existence of TIM is to determine the issues related to the export, conduct improvement studies, and to insure the transfer of the problems of the exporters to the highest competent authorities.”* [28]

13 associations make part of TIM (e.g. Eastern Black Sea Exporters Association).

3. Development of business in Turkey since 1923

The Ottoman Empire which was created in 13th century lasted till 1922 when the sultanate was abolished. On October 29th, 1923 the Republic of Turkey was proclaimed. The very first president of this republic was Ghazi Mustafa Kemal Paşa called Mustafa Kemal Atatürk. Atatürk was realizing the radical difference between Turkey and Europe and started with the assimilation of the country. He made many reforms which have fundamentally transformed the country. The state was modernized and secularized³. Except for the secularization of the country the Gregorian calendar was introduced, the usage of the surnames was ordered, the access to the universities and the suffrage were granted to women. Also Turkish language refrained from using the Peers-Arabic script while adopting the Latin alphabet and many more. The borders were opened and foreign trade supported. Till Second World War the agriculture dominated all over the country. The centrally planned economy followed five-year plans and was fiscally supported by Soviet Union.

In 1926 the Mecelle code⁴ and Shariah laws⁵ were replaced by Turkish Civil Code. The Criminal code, the Commercial code and the Code of obligations were also reformulated together with Turkish Civil Code. In 1936 Turkey acquired full control over the straits the Bosphorus and the Dardanelles and enabled to the merchant ships to sail through these straits on condition that the ship sending countries were not at war with Turkey.

Turkey was fighting during and after Second World War with very high inflation and lack of goods in all aspects. The radical change came in 1950 when the Democrat Party won the elections. The cooperation with United States was strengthened and the military and economic aid

³*The influence of Islam was decreased under the politics.*

⁴*The civil code of the Ottoman Empire in the late 19th and early 20th century*

⁵*The moral code and religious law*

programs were sent to Turkey. Thanks to the aid from America was Turkey enabled to broaden the infrastructure, the electrification. The agriculture was highly supported and also the food and the construction industry were in the expansion. As the response to the progress in the country the foreign trade was slowly increasing.

In 1953 felt Turkey into debts and new and new loans from other countries brought just the devaluation of money and the price hike. One year later import exceeded export. The result of this phenomenon was the migration of Turkish citizens as the economic immigrants to European countries like Germany, France or the Netherlands.

Turkey understood that becoming a member of the international organizations is a key strategy and became a part of Council of Europe, OPEC, EEC and the like. The important amendment regarding EEC came into force in 1970 and enabled Turkish products and articles to enter to the European market thanks to the cancellation of the customs so the most of the goods became duty free. Still the restrictions were applied on the fruit, the vegetable, the tobacco and the textile products.

Later Turkey also desired to be a part of the EU but again with the rejection. Even if its application was unsuccessful Turkey has turned into very important EU business partner which supplies the EU with the vegetable, the fruit but the most with the fabrics, textiles and the goods of manufacturing industry and nowadays more than half of Turkey's foreign trade is realized with the EU. The important trade partners from non-European countries are e.g. Iran, Iraq, Russia or America. [29] [30]

Last years was Turkey one of the fastest economically growing countries and nowadays makes part of TIMBI⁶. As a result the foreign

⁶TIMBI is an acronym for 5 the fastest economically growing countries in the world – Turkey, India, Mexico, Brazil, Indonesia

investments are growing rapidly. *“In 2011 the investments reached 460 million USD and in 2012 it was already almost 900 million USD. The Indian tractor manufacturer Solanika has started to invest in Turkey, the Malay HHI Group has bought 75% of Turkish famous private hospitals ACIBADEM and the sultan of Brunei invested 100 million USD into the vegetable oil factory Marsa.”* [31]

The positive factor is the fact, that the corporate income tax was reduced to 20%. Turkey is also the country connecting the East and the West and offers low-cost sea transport facilities. [32]

Export key sectors for Turkey are the automotive industry, the textile industry, the engineering and the power engineering industry.

Turkey is a member of many international organizations. Some of these organizations are:

LN since 1932, UN since 1945, NATO since 1952, OECD since 1960, OSCE since 1975, ECO since 1985, WTO since 1995, D8 since 1997, BLACKSEAFOR since 2001, ASEAN since 2010. [33]

4. Development of business in the Czech Republic since 1918

The Czech Republic was created on 1st January 1993 as the independent republic after the dissolution of Czechoslovakia.

Our country was a part of the Austro-Hungarian Empire and Bohemian Region was one of the most economically and industrially developed ones and had large reserves and deposits of black and brown coal. After the capitulation of the Austro-Hungarian Empire on 28th October 1918 the independent Czechoslovakia was proclaimed.

Czechoslovakia was also very developed country and its production reached 15th place in the world before the Second World War. The majority involvement in international business had the joint-stock company Škodovy závody which was manufacturing the world-top quality goods especially in the armament industry. The very first president of Czechoslovakia was Mr. T.G. Masaryk. Thanks to him Czechoslovakian law was modified (e.g. the working hours were eliminated to 8 hours, the suffrage was granted to women, the health and social care were the best in all Europe). [34]

The then Finance Minister Alois Rašín prepared and introduced the monetary reform. Czechoslovakian Crown then became independent and related with the gold standard. In those days the government decided to create the reserves of gold. In 1938 the amount of gold gathered reached 96.6 tons. Nevertheless the war was approaching so the reserves were transferred into the foreign banks for example into the Bank of England.[35]

In 1945 was the Second World War over. Czechoslovakia became part of the Soviet Union. The Communist Party became the strongest after the elections in 1946 and had everything under control. All the

opponents were persecuted and hunted. The Communist Party nationalized all companies and enterprises. All inhabitants of Czechoslovakia had to enter to the cooperative farm and to share all their property as fields, estates, lands and cattle with the country. The centrally planned economy followed two-year plans. The borders were closed and just the heavy industry and the manufacturing were supported. There was immense lack of basic foodstuff and consumable goods. As the result many inhabitants migrated. [36]

As it was indicated before in 1993 the Czech Republic was proclaimed. This was the time of general privatization⁷. The conception of privatization was discussed (especially concerning the big-size enterprises) and finally achieved victory over the selling them to the foreign investors.

The process of privatization lasted few years but the stabilized capitalistic system was then established. The CNB was founded together with the Czech Republic in 1993. CNB was warranting all the transactions and the financial operations. Export was fuel and raw materials centred. The uranium and arms industry were eliminated. The question of agriculture was difficult so that is why the Czech Chamber of Commerce commenced its activity. [37]

“From 1997 the economic situation was not very bright: the unemployment was growing and almost reaching 6%, the inflation was nearly 10%. The country had debts (the deficit was 16 billion Czech crowns) and wanted to attract the foreign investors to ameliorate the situation.” [38] That was the time when CzechInvest came into force and started to cooperate with Ministry of Industry and Trade.

⁷The transformation of ownership (enterprises, business) from public to private sector

The year 1998 was the crisis year for the whole world and of course the Czech Republic was also influenced. CNB had to cut down the interest rate several times. The year 1999 brought little improvement and as much the Czech Republic was closer to EU that much was trying to fulfil the Maastricht criteria⁸. The government was working on the foreign trade and employment increasing.

Since 2000 the economy was successively growing. CzechInvest played very important role and attracted German, Dutch, Austrian, American and Japanese investors the most. The investors were interested in the automotive industry. Thanks to this phenomenon Czech crown was stronger. [39]

In 2004 the Czech Republic has entered to the EU and reduced the trade barriers. Since then the trade is rising up, new work possibilities came together with the investors. Still entering to the EU has brought many differences for the Czech Republic. The Czech Republic was regulating and determining its trade policy by its own rules and powers. After joining the EU the Czech Republic is under the European Union law where the terms as *export* or *import* are replaced by *intra-community product circulation*. [40]

There are several export key sectors in the Czech Republic: the automotive industry, the mechanical engineering, the metallurgical industry, the chemical industry and the food industry. [41]

The Czech Republic is a member of many international organizations. Some of these organizations follow:

UNESCO since 1993, WTO since 1993, UN since 1993, OECD since 1995, NATO since 1999. [42]

⁸The criteria which countries need to meet in the case that they want to become a member of EU (Inflation, Government budget deficit, etc.).

5. Turkey and the European Union

The very first steps towards the EU were taken on 12th September, 1963 by signing the Ankara Agreement. This agreement established an Association between EEC countries and Turkey. Later in 1970 the proposal leading to creation of Customs Union in 1996 was made to simplify the cross-border goods transfer. Turkey applied for full EU membership in 1987 and again in 1989. Despite the fact that Turkey was in 1989 acknowledged as eligible to enter the EU, its postponement was recommended both by the Commission and the Council of the EU. As it was mentioned before the Customs Union came into force in 1996. It's natural that the Turkish market was opened with this Union. Turkey was then able to compete with the EU and third countries and in the same time the exporters were free to access EU markets.

“(...)With the completion of the Customs Union by Association Council Decision No. 1/95; custom duties, quantitative restrictions and measures having equivalent effect have been eliminated in trade of industrial goods between the parties to ensure the free movement of goods; while the Common Commercial Policy, including the Common Customs Tariffs, have been implemented towards third countries.(...)”
[43]

In 1997 the Luxembourg European Council rejected to integrate Turkey between other countries waiting for entrance level negotiations. The situation changed in 1999 on Helsinki European Council. In that Council the relations between Turkey and the EU were re-opened and Turkey was recognized as a candidate country. For entering to the EU Turkey had to comply with Copenhagen Criteria⁹.

In 2001 the Commission published an Accession Partnership

⁹The criteria which indicates if the country is eligible to enter the EU.

Document. During the year 2001 was Turkish government modifying its Constitution by 30 amendments with the aim to fulfil all requirements demanded by Copenhagen Criteria.

Between 2002 and 2004 Turkey has changed and approved many reforms: an abolition of death penalty, more freedom and rights for Kurdish minority, a diminution of army authority.

In 2004 the EU appealed to Turkey to accept formally the Republic of Cyprus which was rejected by Turkish side. [44]

In 2006 the EU has provisionally closed the negotiation with Turkey because of the Cyprus question. 8 from 35 chapters were suspended by the Council of the EU: *“Accession negotiations have been suspended on 8 chapters (Free Movement of Goods, Right of Establishment and Freedom to Provide Services, Financial Services, Agriculture and Rural Development, Fisheries, Transport Policy, Customs Union and External Relations) by the Brussels European Council on 14-15 December 2006, claiming that Turkey does not fully implement the Additional Protocol. In this respect, until the time the European Council decides that Turkey fulfils its commitment stemming from the Additional Protocol, screening reports will be prepared, opening criteria will be determined, but negotiations will not start in the said chapters and negotiations will not be closed in any chapters.”* [45]

Some conditions in Turkey are being continuously criticized by the EU. For example the execution of justice during trials, freedom of speech or freedom of religion. However there are some steps taken towards new mutual understanding: *“Turkey remains a key country for the EU, considering its dynamic economy, its strategic location and its important regional role. The Commission underlined that it is in the interests of both the EU and Turkey that accession negotiations regain momentum,*

ensuring that the EU remains the benchmark for reforms in Turkey. The Council agreed in 2013 on the opening of one chapter, namely Chapter 22 on regional policy. On 16 December, the Commission and Turkey signed the EU–Turkey readmission agreement, and initiated the EU–Turkey visa liberalisation dialogue. In order to support and complement the process of accession negotiations, the ‘positive agenda’ is to promote, inter alia, alignment with the EU acquis in many areas.” [46]

Despite all these facts the EU and Turkey have become very important business partners. The growth of reciprocal export and import can be observed noticeably. For more information see Appendix I and II.

6. Diplomatic Relations

6.1 Turkey and Czechoslovakia

The diplomatic relations almost did not exist till the formation of Czechoslovakia in 1918. The relations made before the year mentioned were just on the consulate level. The personality who was playing the major role during the creation of these relations was the politician Edvard Beneš, the very first Minister of Foreign Affairs of Czechoslovakia. He gained his experience during his studies in Dijon and in Prague and later when he immigrated and held the post of the Secretary of Czechoslovak National Council in Paris from 1916 to 1918.

Czechoslovakia was extending its diplomatic relations all over the world and of course also to Turkey. In 1919 Turkey was still the Ottoman Empire with Constantinople¹⁰ as the capital so it is natural that the very first delegate representing Czechoslovakia stayed there in 1919. There were just 3 delegates: Vladimír Fric, Petr Klemens and Rudolf Světlík. In 1920 the provisional statement was signed between Turkey and Czechoslovakia. This statement included the conditions of the business relations between these two countries and had to be renewed every six months.

The diplomatic relations between Turkey and Czechoslovakia were established in October in 1924 by the Friendship Agreement. In 1926 the embassy of Czechoslovakia was founded in Turkey. In this time Turkey had been already the republic with its capital Ankara¹¹ and it follows that the embassy was located there. Mr. Miloš Kobr, first accredited Czech representative, was holding the post for 8 years.

¹⁰Constantinople is today's Istanbul.

¹¹The republic of Turkey declared Ankara as its capital on 13th October 1923.

In 1927 the Consulate General of Czechoslovakia was founded in Istanbul. [47]

These commenced relations were upgraded in 1963 to the level of the Ambassadorship. The first Czechoslovakian ambassador to Turkey was Mr. Ladislav Tišliar. On the other hand the first ambassador of Turkey to Czechoslovakia was Mr. Cemil Vafi. [48] Mr. Cemil Vafi was followed by 11 more ambassadors till the Czech Republic was created in 1993. [49]

Czechoslovakia was exporting to Turkey the devices needed for the sugar-factoring, the breweries and the automotive industry. In 1976 the Agreement on Economic, Technical, Industrial and Scientific Long-termed Cooperation was co-signed. More agreements and conventions came into force during this period. Some of them follow: Consular Convention (November 15, 1977), Agreement on International Road Transport (June 30, 1981), Agreement on Cooperation in the Field of Tourism (June 30, 1981). [50] Gradually the relations were becoming stronger within the years and were developing also after the proclamation of the Czech Republic in 1993.

6.2 Turkey and the Czech Republic

Czech Embassy and Consulate General

The embassy is located in Ankara¹², the capital. The present-day ambassador of the Czech Republic is PhDr. Václav Hubinger Csc. He has entered his function in April 2010. [51]

The Consulate General of the Czech Republic is located in Istanbul¹³. The district administrated by the Consulate follows: Istanbul, Ardahan, Artvin, Balikesir, Bartin, Bayburt, Bilecik, Bolu, Bursa,

¹²The precise adress is: *Kaptanpaşa Sok. 15, Gaziosmanpaşa / ANKARA*

¹³The precise adress is: *Abdi İpekçi Cad. 71, P.O.Box 35 / ISTANBUL 34367*

Canakkale, Corum, Düzce, Edirne, Erzurum, Giresun, Gümüşhane, Karabük, Kars, Kastamonu, Kırklareli, Kocaeli, Ordu, Rize, Samsun, Sakarya, Sinop, Tekirdag, Trabzon, Yalova, Zonguldak.

The head of the Consulate General is Ms. Ester Lauferová. [52]

Turkish Embassy and Consulate General

The Turkish Embassy is located in Prague¹⁴, the capital of the Czech Republic. In the embassy there are also the Office of the Armed Forces Attaché and the Office of the Commercial Counsellor. After the proclamation of the Czech Republic, there were 5 more ambassadors. The sixth who holds the position since 2011 till nowadays is Mr. Cihad Erginay.

There is no Turkish Consulate General in the Czech Republic. [53]

¹⁴The precise adress is: Na Orechovce 69, 162 00 / PRAHA 616

7. Business Relations between Turkey and the Czech Republic

The successfully commenced relations between Turkey and Czechoslovakia have continued when and after the Czech Republic was proclaimed. Very important matter is the fact that the Czech Republic officially supports Turkey's EU accession process. The Czech Republic was Turkey's 40th largest goods export market and 27th largest supplier of goods import in 2012. [54]

7.1 Official meetings

On 4th February 2013 there was a meeting of Turkish Prime Minister Recep Tayyip Erdoğan and former Prime Minister Petr Nečas, former Czech president Václav Klaus and former Minister of Industry and Trade Martin Kuba. Turkish Prime Minister was accompanied by the former Minister of Economic Affairs Zafer Çağlayan and the current Minister of Energy and Natural Resources Taner Yıldız. During this meeting the Protocol concerning the trade and industry cooperation was signed. [55]

This meeting was preceded by the official meeting of previous Czech president Václav Klaus and more than 60 Czech entrepreneurs with Turkish president Abdullah Gül on February 2012 in the capital, Ankara. [56]

7.2 Trade fairs

There are many different trade fairs which are organized both by Czech and Turkish side and some of the most important ones follow. Trade fairs are important for attracting the attention of new possible partners or clients and for the possibility to demonstrate the products or services offered.

7.2.1 Trade fairs in Turkey

CzechTrade participates for example on *ICCI Conference and Exhibitions: International Energy and Environment Fair and Conference*. This trade was held in Istanbul in Istanbul Expo Centre from 24th to 26th April this year. This organizing of ICCI was important because the trade fair celebrated already its 20th anniversary. 15 Czech companies together with CzechTrade cooperation were presenting themselves on ICCI.

The parts of this trade fair are also B2B Meetings where the exhibitors or visitors can arrange the individual meeting. There are 8 registered participants from the Czech Republic. [57]

Eurasia rail: International Rolling Stock, Infrastructure and Logistics Exhibition is 3rd biggest railway exhibition in the world. This year was held between 6th and 8th March in Istanbul in Istanbul Expo Centre. 18 Czech companies together with government and diplomats were present on this 4th organization of Eurasia rail. The Czech Republic was one of the biggest exhibitors of this occasion. [58]

7.2.2 Trade fairs in the Czech Republic

AMPER: International Trade Fair of Electrotechnics, Electronics, Automation, Communication, Lighting and Security Technologies was held in Brno in Brno Exhibition Centre between 18th and 21st March this year with the participation of ČTSOK. ČTSOK prepared a workshop for the entrepreneurs interested in business in Turkey. Even that the representation of Turkish businessmen is not generally extensive (2 or 3 representatives are coming every year) still it is an important event. [59]

International Engineering Fair is a large annual trade fair in Brno in Brno Exhibition Centre and last time took place on 7th and 8th October 2013. Turkey was a partner country of this trade fair in 2013 and 16 Turkish exhibitors came to demonstrate their products. CzechTrade, CzechInvest, CEB and ČTSOK were also participating. This year will be this trade fair at the turn of September and October 2014. [58]

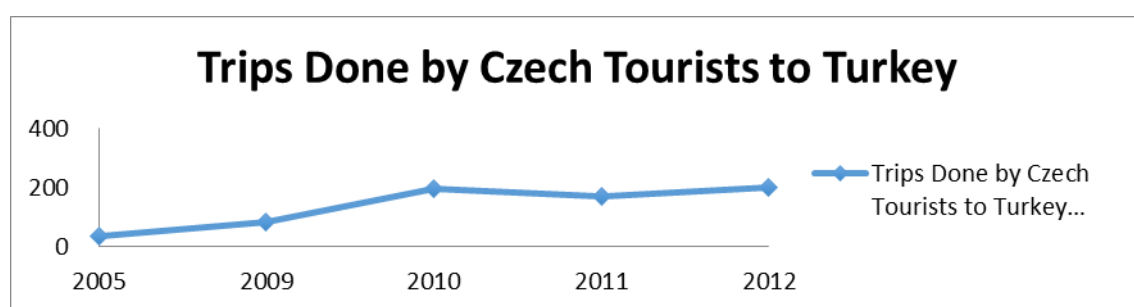
7.3 Tourism

Czech people have found Turkey as an attractive country to spend their holiday to and Turkey is now in their top ten favourite holiday destinations. This fact has also had the positive effect on the relations of these two countries. Tourism plays a very important role in Turkish economy which also supports the employment. According to the report from Business Reporter, there were 35.7 million foreign visitors in 2012. 202 thousand Czech tourists visited this country the same year (see the chart below) [61]

As a consequence of the tourism flood the third airport is being built near Istanbul¹⁵ because of the very high and still increasing air traffic. This

¹⁵There are already two airports in Istanbul: Atatürk Airport and Sabiha Gokçen Airport.

third airport which is being constructed in the Black Sea Region will be one of the biggest ones in the world. With the expansion of the airport the same expansion of the airplanes comes naturally. The national carrier Turkish Airlines which is also a member of Star Alliance¹⁶ since 2008, is extending its quantity of airplanes and has ordered more than 200 new planes this year. [62] [63]



7.4 Currency

The monetary unit in the Czech Republic is the *Czech crown*. The Czech crown has the ISO 4217 currency code **CZK** and its acronym is **Kč**. This currency started to be used after the dissolution of Czechoslovakia where the Czechoslovak crown had been used. There are 100 *haléř* in one crown but they are used just in cashless operations nowadays. [64]

The monetary unit in Turkey and Northern Cyprus is the *Turkish lira*. This currency started to be used in the Ottoman Empire and persisted

¹⁶A group of world class airlines. Nowadays there are 28 members.

¹⁷The chart was created by the author according to information found on: *Statistiky [online]*. Český statistický úřad, 2014. [Retrieved 15 March 2014]. Available from: <http://www.czso.cz/csu/redakce.nsf/i/statistiky>

till nowadays. After the proclamation of the republic the face of Mustafa Kemal Atatürk commenced to be applied on the banknotes on both front and reverse side. The Turkish lira has the ISO 4217 currency code **TRY**. [65] The Turkish equivalent of *haléř* is called *kuruř*. In the past was the Turkish lira ranked very low between the years 1995-96 and 2000-04. According to Guinness World Records¹⁸ in February 2003 the Turkish lira was 1,672,449 to US dollar and the least valuable currency. After the monetary reform in 2005 the New Turkish lira replaced Turkish lira. There are 100 kuruř in 1 lira.

The monetary authority of Turkey is the Central Bank of the Republic of Turkey and in the Czech Republic it is the Czech National Bank. CNB has the power to regulate the exchange rates of the Czech crown according to the value of the other countries and according to the supply and offer in the Czech Republic. [66]

The trade currencies in the comparison with the Czech crown valid for 10th April 2014 according to **CNB**:

- ⤴ 1.00 EUR = 27.405 CZK
- ⤴ 1.00 USD = 19.867 CZK
- ⤴ 1.00 TRY = 9.387 CZK

The trade currencies in the comparison with the Turkish lira valid for 10th April 2014 as published on **www.xe.com**:

- ⤴ 1.00 TRY = 0.343819 EUR
- ⤴ 1.00 TRY = 0.476779 USD
- ⤴ 1.00 TRY = 9.43340 CZK

¹⁸ Author has contacted the office of Guinness World Records about Turkish lira and got the answer concerning the currency evaluation by email.

7.5 Visa

Another important fact are the visas necessary for Turkish citizens who desire or need to travel to the Czech Republic. The visa is a must and contains lots of documentations and waiting. Our country loses many investors and investments from Turkey because of this problematic visa procedure.

This particular phenomenon was pointed out by Czech Finance Minister Mr. Andrej Babiš in television in the politic discussion called *Otázky Václava Moravce*. Mr. Babiš informed us that Turkish entrepreneurs who want to come to the Czech Republic are obliged to wait 1 month for visa which is single-entry type and is valid just for the duration of 2 days. He also said that it is no surprise that Turkish investors are discouraged by this situation and our country loses lots of possible investments (see the internet source). [67]

On the other hand it is possible to obtain a letter of invitation from the Czech company which ensures to Turkish businessmen the simplification of visa requirements. Another possibility is a Special so-called Green passport. With this passport are Turkish citizens allowed to travel without visa to some countries, the Czech Republic included.

Czech businessmen do not need any visa documents for visiting Turkey if their stay does not pass 3 months.

8. The most important business contracts between Turkey and the Czech Republic in last 10 years (2004-2014)

8.1 Yunus Emre thermal power plant

Yunus Emre is the name of a power station in province Eskişehir, Turkey. This power station is being in a process of building since 2011 and should be finished within this year.

Czech corporate consolidation VÍTKOVICE Power Engineering a.s. has won the contract offered by the private enterprise Adularya Enerji Elektrik Üretimi ve Madencilik A.Ş. in 2010.

Yunus Emre thermal power station's type is 2x145MW¹⁹ and is being constructed predominantly by the VÍTKOVICE Power Engineering and its subsidiaries Vítkovice Mechanika, Vítkovice ITS a.s., Vítkovice Doprava and Vítkovice Gearworks a.s. Among the subcontractors there are for example ČKD Praha DIZ a.s. and ŠKODA POWER s.r.o. Whole contract is being financed by CEB and insured by EGAP.

VÍTKOVICE Power Engineering is responsible for manufacturing all the components but also for putting the power station into the operation. This contract reaching approximately 15 billion Czech crowns is one of the most important ones in the history of the company. VÍTKOVICE Power Engineering is the biggest engineering company in Central Europe and operates world-wide. It has also its branch in Ankara, Turkey. [68] [69]

8.2 Low-floor trams

ŠKODA Transportation a. s. was selected among five other competitors in the tendering process for the manufacturing of 60 bi-directional low-floor trams for the city Konya, Turkey. The contract was

¹⁹MW = Mega Watts

signed on March 2013 and the final price of the contract was almost 3 billion Czech crowns. The first trams were delivered to Konya during the October last year and have come fully into operation on February 2014. The trams are highly modern light subway type with air-condition and internet connection. [70] [71]

8.3 Baku-Tbilisi-Ceyhan Pipeline

Czech valves manufacturing company MSA participated in the construction of Baku – Tbilisi - Ceyhan Oil Pipeline. This pipeline is transferring the oil from Baku, the capital of Azerbaijan through Tbilisi, the capital of Georgia to Ceyhan, the port on Mediterranean coast in Turkey. The pipeline has launched its activity in May 2005. The whole project's cost reached 3.5 billion dollars and the profit of MSA amounted to 330 million Czech crowns. MSA was supplying Turkish and Azerbaijanian constructors with the valves bigger than 20 tons. [72] [73]

8.4 Natural gas-fired power plant CCGT EGEMER

ČEZ Group is the biggest electricity producing company in the Czech Republic. ČEZ started its expansion in 2005 and has its subsidiaries in 6 different countries including Turkey. ČEZ is the owner of 27.5% shares of Turkish company Akenerji Elektrik Üretim A.Ş. and together creates AkČEZ consortium, both energy investors. AkČEZ has won the tender of the privatization of SEDAŞ company (Turkish energy investor) valued to 600 million dollars.

The power plant is situated in Erzin district and it is the 900MW combined-cycle gas turbine type. This plant will be built according to European emission standards and should be environment-friendly. The project construction was launched in 2011 and it is supposed that will be finished by the end of the year 2014. [74] [75]

8.5 Gas-steam power plant

PSG International is the construction company which has expanded into 7 different countries already. The branch in Turkey is located in Istanbul. PSG International has signed a contract with Turkish Renaissance Construction and they will participate together in the construction on second stage of gas-steam power plant (980MW) which is going to be located in Iraq near the city Erbil. The project has started at the beginning of this year, 2014. The loan will be provided by CEB and all project is insured by EGAP. There are approximately 50 another subcontractors taking part in this project. [76] [77]

8.6 Borcad

The company Borcad has found its partner in the Turkish firm Özbir Ltd. Şti. They made together some very important businesses. These companies co-signed the contract for the bed walls for 30 luxurious train carriages in 2011 for Turkish state company TUVASAS. In 2013 Borcad and Özbir Ltd. Şti. created together a standard-quality train seats for common transportation and high-quality train seats for the most luxurious classes. They have also presented their products on the international trade fair Eurasia Rail 2013 in Istanbul. Both companies are planning to cooperate again at near time in the future.

Borcad also produces multifunctional chairs for medical solutions, for example birthing and examination chairs. These chairs are being sold into private Turkish clinics. [78] [79]

9. Interviews

9.1 Interview with the chief representative of CzechTrade in Istanbul Mr. Michal Koščo²⁰

1) What exactly is the role of CzechTrade? Can you name some specific examples of proceedings for which CzechTrade is responsible for?

There are two factors which play role in the international trade of the Czech Republic. It is the Ministry of Foreign Affairs with its councils which focus on B2G business (Business to Government). Then there is CzechTrade which supports primarily B2B business (Business to Business). For example nowadays we are cooperating with Walmark company and we are trying to find a suitable Turkish partner for them. Our task consists of preparation of all document background which needs to be translated into Turkish language and finding of suitable partner companies. First we contact the companies which Czech company chooses from our previous research, then we contact the Turkish partner with the offer of this cooperation and in case that the partner is interested the meeting is also organized. Later when Czech company comes to Turkey we also cover all logistics, meetings, translation services and general assistance.

We are also responsible for the trade fairs. If there are several Czech companies interested in the power engineering industry for example, we prepare the exhibition stand with the given presentations. This April 10 Czech companies are coming to Istanbul to participate on one of these trade fairs.

In the case that some Turkish company creates the demand which does not exist in Turkey it is possible to contact us and we present their

²⁰ The interview was done through Skype on 10 April 2014.

demand to Czech companies.

If I make it short our main goal is to promote Czech companies in foreign markets, in our case in Turkey of course.

2) Can you tell me how many companies asked CzechTrade for help in last few years?

CzechTrade as a whole cooperates with approximately 3500 Czech companies. As regards Turkey we have about 150 clients and we assist to 50 of them.

3) In which field are they interested the most?

All companies are different and all of them are interested in different sectors but in last years the power engineering industry is getting more and more important. Because of this reason we have also prepared the special and unique project for Turkish and Czech companies interested in industry mentioned above. Its name is TENERWIKI. We have mapped all territory of Turkey and its power plants to simplify the future cooperation. Our clients can find there all necessary data such as Location, Operator, News etc. Our companies can try it first and later decide if they want to invest in this project.

Other fields are the automotive industry and mechanical engineering. The Czech Republic has long and accomplished tradition as the machines and devices concerns. Our country for example produces special machine tools which can not be found in Turkey. On the other hand Turkey also produces special machine tools which can not be found in the Czech Republic. So it is a question of reciprocal complementing.

4) Does CzechTrade cooperate also with DEIK or TOBB?

Yes, we cooperate with both of them. DEIK mostly covers the issues and business in Istanbul, TOBB in Ankara. Sometimes DEIK helps CzechTrade with finding new Turkish partners. Usually we ask DEIK for hint or assistance, DEIK addresses us rarely. I remember that last year during the official meeting of the Turkish Prime Minister Recep Tayyip Erdoğan with the Czech government which was happening in Prague DEIK appealed us for the participation of the proceedings and talks.

We sometimes also cooperate with TOBB, again for example while the former Czech president Václav Klaus visited Turkey. As I said at the beginning TOBB has stronger relations with the Chambers and organizations which reside in Ankara.

Generally we do and prepare everything just by ourselves because we have sufficient means and resources.

5) What is mostly the biggest problem while arranging the business between Turkish and Czech partners?

The biggest problem is definitely the communication. There is a language barrier and information mistakes as a consequence. The worst are generally the first steps of the partnership but sometimes also the mistakes while realizing the delivery.

6) Are Czech companies getting successful after getting on Turkish market?

It is hard to say. It depends on every firm but definitely the companies as Borcad or VÍTKOVICE made a boom in Turkey. Borcad with its multifunctional chairs for medical purposes is very successful. VÍTKOVICE are responsible for new thermal power plant and also

ŠKODA has excellent reputation.

There is just one problem in the Czech Republic and it is the fact that our country has Germany as its neighbour and our markets are similar. But we are asked to reduce the final price of 20% even that we have the same technologies as Germany has.

7) What are the risks known while doing business with Turkish partner?

Different culture plays here a key role. In Europe the deadlines should be kept, the ordered amount of the products should be delivered and the payment should be settled up in time. In Turkey they are more careless and negligent. If Turkish businessman orders blue machines and green machines come he does not care and sells them. Turkish businessmen can perfectly influence and convince the customer about the fact, that even he had ordered blue machine the green one would be better for him. Our companies can not adapt this behaviour of course and we have noticed many similar troubles. Again as I said before many of the problems are caused by the communication.

8) Turkish businessmen are complaining about visa system in the Czech Republic. It is not easy to get visa and it is just single-entry type. If Czech businessmen want to go to Turkey no visa is required. Do you think that this fact is also effecting the business between these two countries?

I think it does but not so much. There is a way which can simplify all visa proceedings and it is the invitation letter. Czech company invites Turkish company and if it is necessary the authorities are willing to give them even multiple-entry visa documents. It is all about the communication and all can be solved.

9) If you should recommend Turkey as a good business partner to Czech companies what would be your arguments?

To convince Czech company with an interesting product is not the problem. What I say every time is that Turkey has almost 80 million inhabitants it means immense market and potential. The country is in its economic growth and we need to show to Czech companies that their market is worth to follow up. It is also possible to go further through Turkey because Turkey has good business partnership with MENA countries which means the countries of Middle East and North Africa.

10) Which development do you expect in future years?

Turkish lira has strengthened since the election in this March. The economy is still growing and I suppose this progress will not change sharply. As the reciprocal business concerns I believe they will be strengthened too. The Czech Republic is perfect in developing of mechanical engineering and Turkey is perfect in cheap but good quality production. It means that our products are and will be successful in Turkey and vice versa.

9.2 Interview with the Marketing Specialist of Czech – Turkish Joint Chamber of Commerce Ms. Eliška Rajchlová²¹

1) Can you tell me what is exactly ČTSOK's task? How does it help while doing business?

Our principal task is to support the business relations between Turkey and the Czech Republic and to unify the subjects which create these relations. In practice we assist to our clients, help them with the selection of appropriate business partners and with the communication. We also provide all the information necessary for the enforcement on Turkish or Czech markets, we organize the workshops etc.

2) There was the international trade fair AMPER in Brno this March and Turkish businessmen were there too. Could you say that this trade was successful for the reciprocal business relations?

In my opinion the International Engineering Fair which was held in autumn 2013 in Brno was more important than AMPER. The Engineering Fair had an appropriate political support because Turkey was the partner country of the Fair. On the other hand AMPER is also beneficial because every visit of Turkish exhibitor or vice versa is always a contribution which helps to commence or broaden the reciprocal cooperation.

3) There is TOBB in Turkey. How much are ČTSOK and TOBB similar?

The connection between these organizations and ČTSOK is an effort to support the trade and the investments. That is all. TOBB, DEIK and

²¹ The interview was done through email on 15 April 2014.

ČTSOK are actually very different. ČTSOK is the non-profitable organization which is not supported by the state and the membership is completely voluntary. The number of the members does not exceed 20 and its goal is to back up the Turkish-Czech business relations. TOBB is an immense organization with hundreds of member organizations (the regional commercial and industrial chambers) plus all these chambers have thousands of members. The membership in these chambers is obligatory and serves as the register of the entrepreneurs in the given regions. In addition TOBB is not focused primarily on the international business. DEIK has also many members. Its task is the support of international business regardless of the territory. I suppose that DEIK is backed up by the state budget.

4) ČTSOK is also preparing many workshops for entrepreneurs who are interested in doing business with Turkey. How do these workshops work?

The workshop is usually divided into several thematic parts. These are the communication with business partner, the particularity of Turkish market, legal aspects of entrepreneurship in Turkey etc. The participants fill in the specific questionnaire before every workshop for us to know which topics interest them. Our goal is to make the workshops as effective as possible.

5) Can you evaluate how the interest concerning new Turkish markets the Czech businessmen has risen?

I think that the interest was and is still increasing. Nevertheless in 2013 was the interest higher than this year. The reasons were the official arrival of Turkish Prime Minister to the Czech Republic and the partnership on the Engineering Fair. Turkey is generally interesting for its power

engineering, mechanical engineering and medical sector.

6) According to the newsletter ČTSOK 1/2014 there are 3 new members: AF s.r.o, Mark2Corporation Czech a.s. and VÍTKOVICE MECHANIKA a.s. Can you tell me how does ČTSOK proceed with new members in first months? Can you name some specific examples on these three companies?

New members usually join us because of some specific intention. It can be the promotion of their company for Turkish partners or the interest in cooperation on certain project. All new members have the right to publish the opening article in the newsletter of ČTSOK. Later cooperation is designed according to demands of every company individually.

7) Do the companies also ask help from ČTSOK related with the visa proceedings? Does ČTSOK have the power to influence the visa for Turkish businessmen who want to come to the Czech Republic?

Yes they are, but not Turkish businessmen. Czech businessmen ask us concerning the visa issues, especially in the case of working permissions. Still at the same time we would be able to help Turkish businessman with all visa documents if he asked.

8) Is it necessary to speak Turkish for the employees of the ČTSOK? Do you think that possible ignorance of the language may cause difficulties?

It is not necessary or obligatory but very useful. Not everybody in Turkey has good knowledge of English, English is more popular here in the Czech Republic. It follows that often the one and only means of communication then is Turkish language.

9) There is going to be the Export Festival in Prague this June and ČTSOK is also participating. Can you tell me what will be the exact role of ČTSOK?

ČTSOK is going to participate for the second time. All details are still in the process of negotiation but we were promised to have the information stand in the territorial hall together with other Chambers of Commerce and Embassies. We should also have the space for our talk during the prepared programme.

10) Are the members of ČTSOK present also during the state officials meetings, for example in 2013 when the Turkish Prime Minister Recep Tayyip Erdoğan visited the Czech Republic?

We participate in these events usually as the guests. We are not considered as a political subject as for example CzechTrade is.

9.3 Interview with the managing director of the company Metalist Mr. Emin Sönmez²²

1) Can you tell us some information about the company Metalist?

Our company has started its activity in 2008 and is the partner company of Kaymet Metal A.Ş. The company Metalist (full name - Metalist Demir Çelik Sanayi ve Ticaret Ltd. Şti.) focuses on the production of the metal pipes and tubes, metal profiles and sections and the like. We also provide laser and plasma cutting. Our company is located in Istanbul. On the other hand our partner company Kaymet is located in Kayseri, the city in Central Turkey. Both companies cooperate together naturally but Kaymet is more focused on international markets.

2) How much is the company Metalist involved into the international business proceedings?

Metalist Company is not involved so much but our partner company Kaymet is. Kaymet is really successful company regarding international business and the export of large variations of products.

3) Do you have any experience with EU while doing business? How does the currency influence the trade?

We do not have so many experience with the European Union but it is the fact that euro affects all markets. Our company belongs to the raw product sector and as I said we do not export so much. It means that we are not so influenced if I did not speak about the rates and currency

²² The interview was done through email on 17 April 2014.

market changes and its consequences.

4) Does the situation change if the currency of the country is not euro (or dollar perhaps)

As I said above – yes, we are influenced but not in a large scale.

5) Do you have any experience with the business or the businessmen from the Czech Republic?

Unfortunately we do not have any experience with this kind of business. We would like to expand as our partner company Kaymet did and focus more on international trade but it is all at the begging.

6) There is a complicated visa issue while crossing the borders for Turkish citizens and businessmen. Does this fact also influence your decisions while looking for the new partners?

Yes, it is true - one of the main problems of the businessmen related with international business is the visa issue. This process is still strict and complicated in the EU countries. That is why the most of Turkish businessmen are trying to search the new market in other countries, for example Asian ones. Kaymet Company has several business partners (e.g.Libya, Iraq, Syria) but only 2 of them are the EU ones – Germany and Spain. To go to Germany is easier because of large base of Turkish citizens inhabited in all Germany.

7) Which kind of strategy do you use while searching new markets?

The very first thing of searching new markets is the participation on the

trade fairs. Secondly we visit all companies which were interested in our products and vice versa. We do everything to be successful and to attract the attention of other and new clients and partners. It is important to have good reputation, well-thought advertisements, reliable employees and the like.

8) Have you ever used help from the institutions as TOBB or DEIK or similar?

Yes, TOBB and DEIK always assist us. They help us with searching new markets and they are leading us to find very good customers from all the world. Metalist company is cooperating tightly with them these days because of our first steps towards international business. However the assistance is not provided just for the foreign markets. DEIK and TOBB help us also with the domestic's proceedings if necessary.

9) Do you participate in the international trade fairs?

Yes, we are participating in the trade fairs but rarely the international ones. Nevertheless our partner company Kaymet has a lot of experience with them. Generally they participate in 6 international trade fairs per year.

10) Do you think that TIM and TürkEximbank are successful while supporting and covering the international business?

Especially TürkEximbank has a lot of advantages for exporters. We are also trying to use all its services offered as effectively as possible. Still according to my opinion many companies are not properly informed about all these services and advantages and that they do not give TIM or TürkEximbank so much attention.

10. Conclusion

The aim of the thesis is to describe the reciprocal business relations between Turkey and the Czech Republic. The thesis is structured from the historic and temporal point of view. Many printed and internet sources have been used to analyse that form a major component of this thesis.

In the first part of the thesis, the facts concerning these business relations are enquired about later in the practical part of the thesis - in the interviews. The first part has 8 chapters and several sections.

In the latter half of the thesis each of the interviewee was asked 10 different questions considering the facts mentioned in the theoretical part like visa issues, trade fairs, business supporting organizations and the like.

As a result and output of the thesis the importance of this business can be seen. Many interesting phenomena were found while writing this thesis. The visa issue is generally known but the thesis demonstrates that the Czech Republic loses lots of money and possible investments because of this reason. Even then there are the methods how to proceed for easier acquisition of the visa, still it is an obstacle which discourages the possible investors. The question about visa was also asked in the latter part. All interviewees agreed that the visa an issue that needs to be addressed. Yet the interviewees are pointing out at different ways of acquiring all documents necessary for the visa.

Another problem of these reciprocal relations is the miscommunication or the lack of it. Turkish businessmen or companies

might or might not speak English. This fact brings the complications and misunderstandings too. The knowledge of the foreign languages is more common in the Czech Republic and not so much in Turkey.

A challenging issue that follows is the difference in the two cultures. Turkey and the Czech Republic are not very different just from demographical point of view. Despite the fact that Turkey has its territory partially in the Europe and is in the half way of being the member of the EU, still it can not be seen as the European country. Turkish lifestyle, common behaviour and habits can create issues with European countries which are more or less used to certain order and system while doing business and can be surprised then. Still as it was said before all obstacles can be overcome and the reciprocal cooperation can be very successful as for example the company VÍTKOVICE Power Engineering which is constructing new thermal power plant Yunus Emre in Turkey.

The Czech Republic and Turkey have generally good long term relationship and these relations, if one considers the indicators, will definitely develop and be mutually beneficial in the future. Both countries have a large number of common interests which should definitely inspire further studies in this field.

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Sources of Charts I in Appendix I

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Sources of Charts II in Appendix II

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13. Abstract

The aim of this thesis was to analyse and research Turkish and Czech business relationship, to discover the similarities and differences between these two countries and to point out the importance of this business connection.

The thesis is divided into two main parts and several sections. The first part introduces all important business aspects as diplomacy, history, currency and the like for both countries Turkey and the Czech Republic. In the second part the interviews of three different business representatives can be found. All of them were asked the questions regarding the information from the first part of this thesis.

It is expected that the thesis might help the readers to realize and understand the importance of this reciprocal business relation and broaden their knowledge as this business relationship grows in the future.

14. Resumé

Cílem této bakalářské práce bylo provést analýzu a výzkum týkající se obchodu mezi Tureckem a Českou republikou, odhalit podobnosti, ale také odlišnosti mezi těmito dvěma státy a poukázat na důležitost tohoto obchodního partnerství.

Bakalářská práce je rozdělena do dvou hlavních částí a několika kapitol. V první části jsou představeny všechny důležité obchodní aspekty obou zemí, jako například diplomacie, historie nebo měna. Ve druhé části jsou zpracovány rozhovory se třemi různými představiteli těchto obchodních vztahů. Všem byly položeny otázky týkající se informací zpracovaných v první části bakalářské práce.

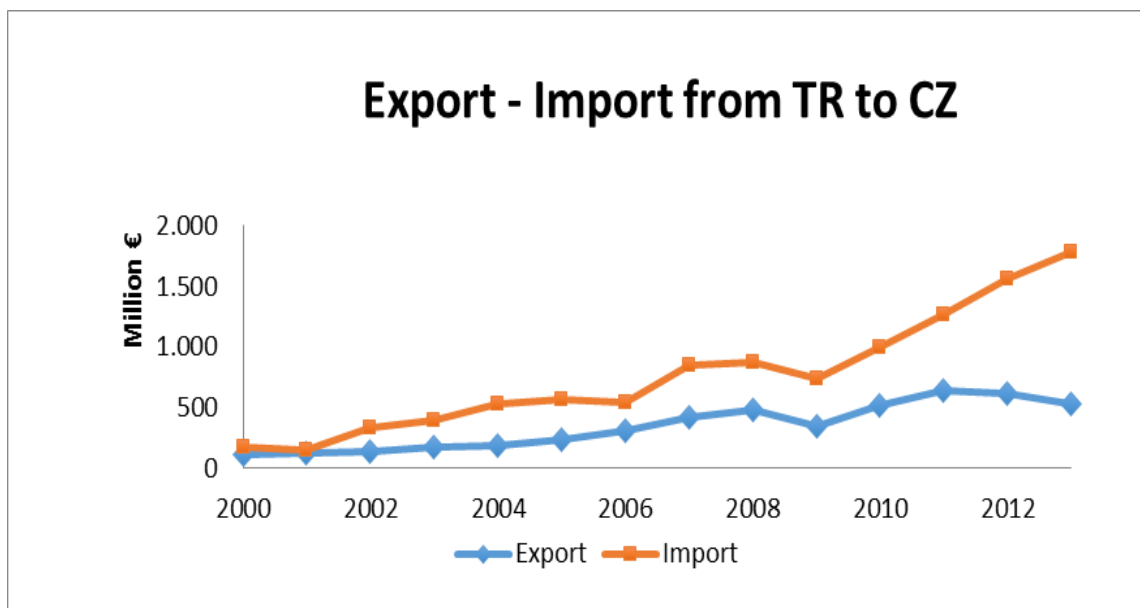
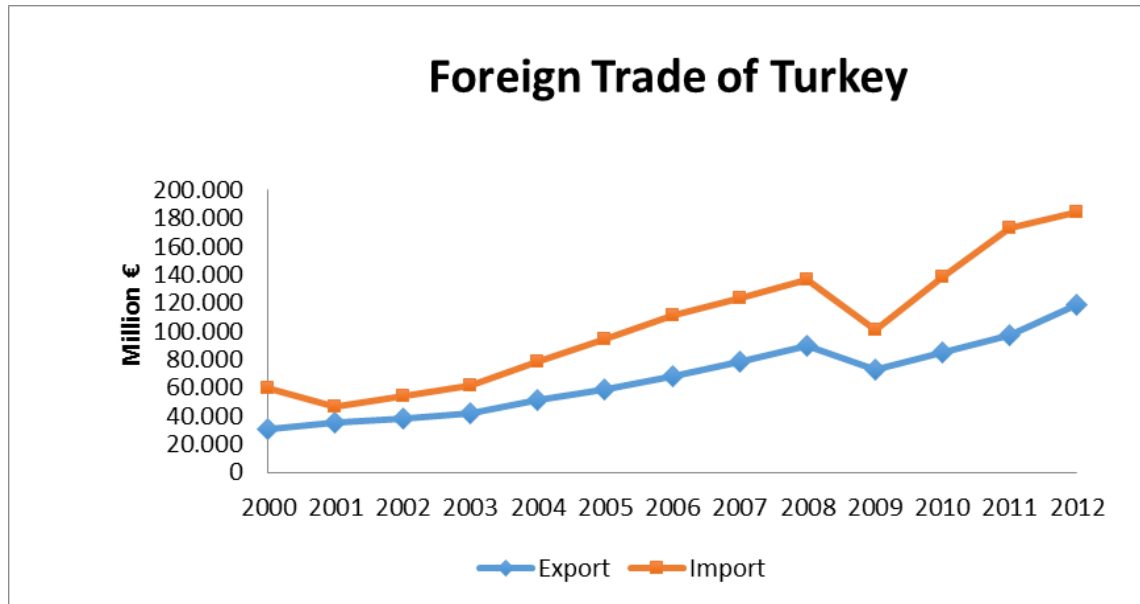
Tato práce by měla pomoci čtenářům uvědomit si a pochopit důležitost těchto obchodních partnerství a rozšířit si přehled, co se obchodu mezi Tureckem a Českou republikou nejen do budoucna týká.

15. Appendices

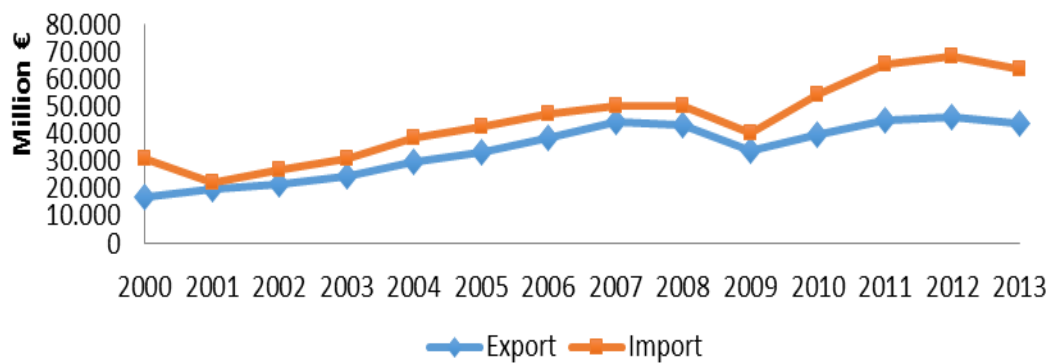
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- Appendix II: Charts II**
- Appendix III: Glossary of Turkish related entities**
- Appendix IV: Glossary of Czech related entities**
- Appendix V: Glossary of Acronyms and Abbreviations**

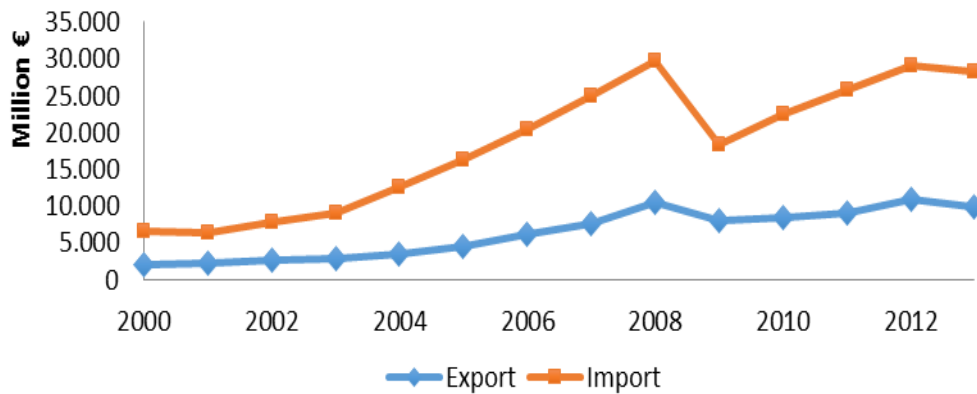
Appendix I – Charts I



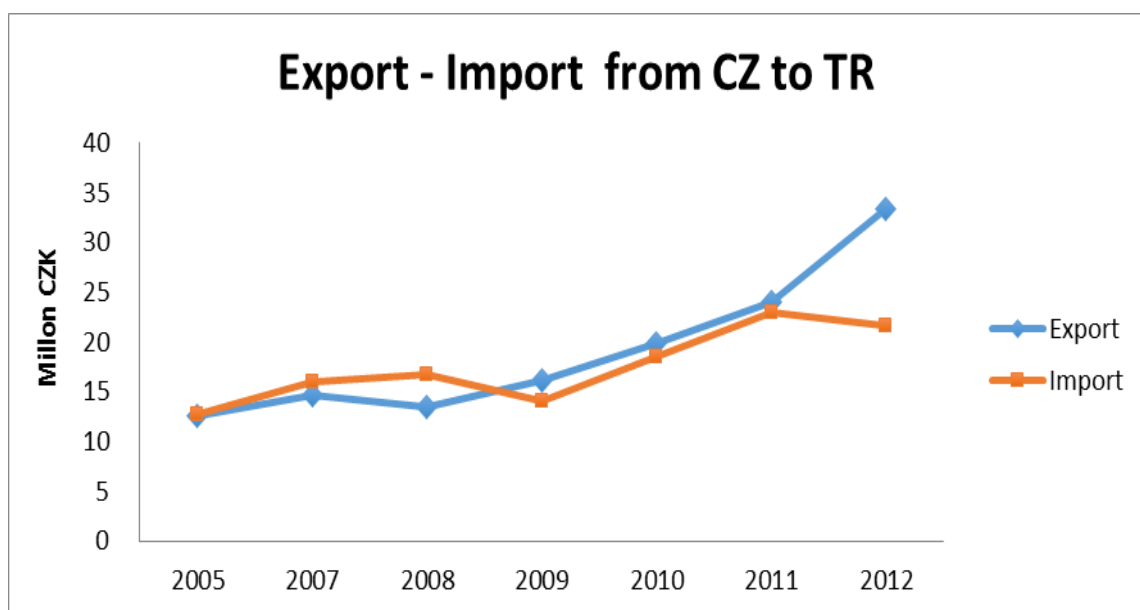
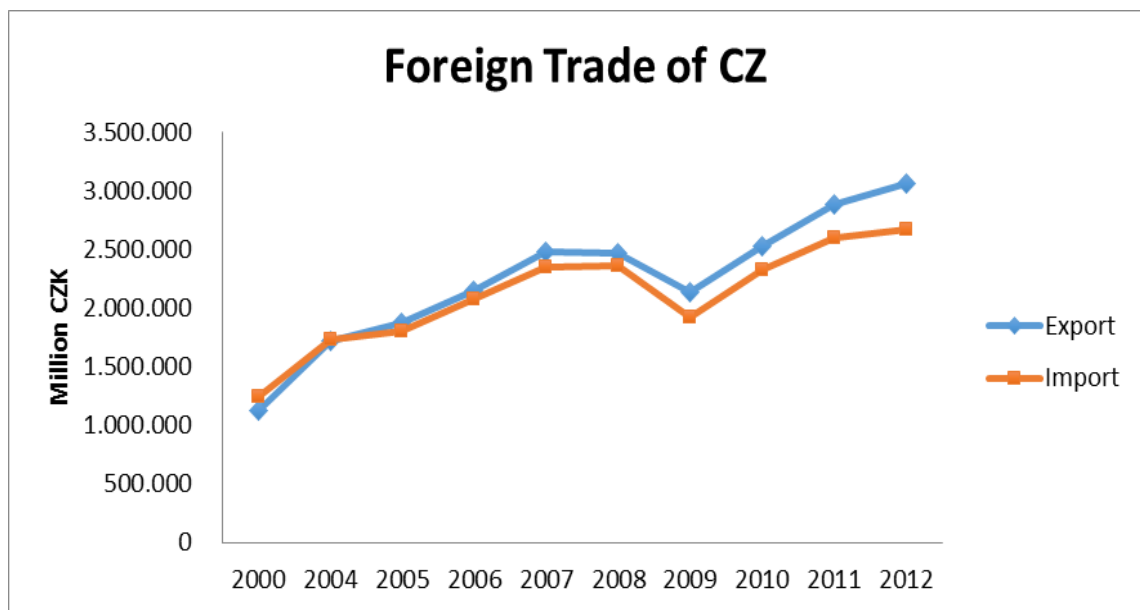
Export-Import from TR to EU



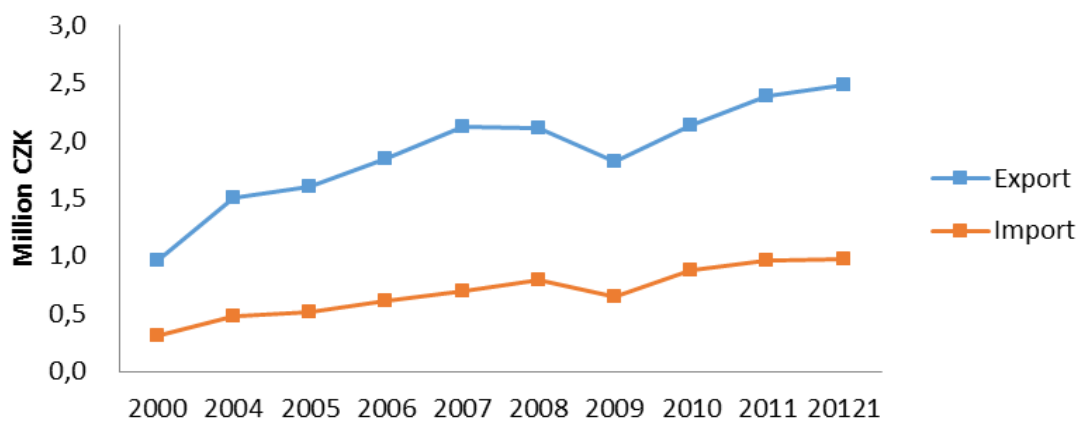
Export-Import from TR to Non-EU countries



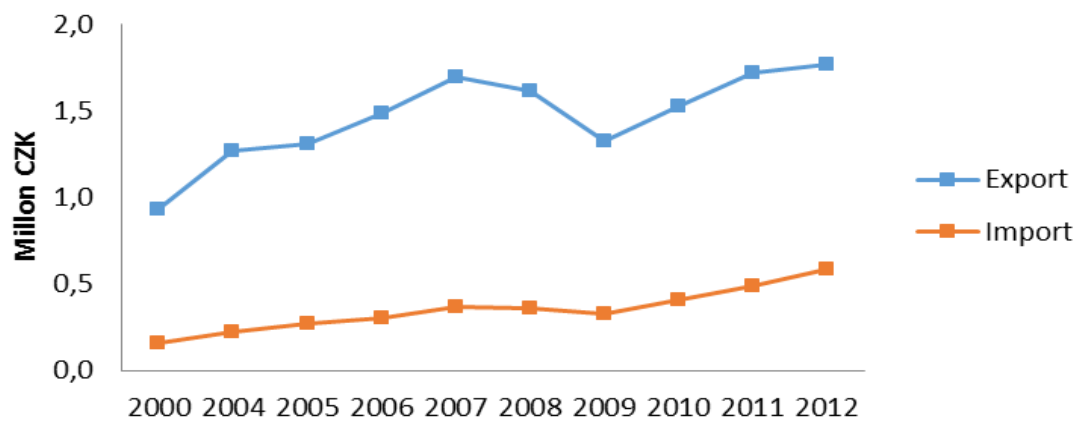
Appendix II – Charts II



Export - Import from CZ to EU



Export - Import from CZ to Non-EU Countries



Appendix III - Glossary of Turkish related entities

(New) Turkish lira

(Yeni) Türk lirası

Central Bank of the Republic of Turkey

Türkiye Cumhuriyet Merkez Bankası

Czech – Turkish Joint Chamber of Commerce

Çek-Türk Müşterek Ticaret Odası

Foreign Economic Relations Board

Dış Ekonomik İlişkiler Kurulu

Ministry of Economy

Ekonomi Bakanlığı

The Union of Chambers and Commodity exchanges of Turkey

Türkiye Odalar ve Borsalar Birliği

Turkish Airlines

Türk Hava Yolları

Turkish Export Assembly

Türkiye İhracatçılar Meclisi

Turkish penny

kuruş

Appendix IV - Glossary of Czech related entities

Czech – Turkish Joint Chamber of Commerce

Česko – Turecká smíšená obchodní komora

Czech Business Representation

Česká podnikatelská reprezentace při EU

Czech Chamber of Commerce

Hospodářská komora

Czech Export Bank

Česká exportní banka

Czech National Bank

Česká národní banka

CzechInvest

Česká agentura pro podporu podnikání a investic

CzechTrade

Česká národní proexportní agentura

Export Guarantee and Insurance Corporation

Exportní garanční a pojišťovací společnost

Ministry of Industry and Trade

Ministerstvo průmyslu a obchodu

Appendix V - Glossary of Acronyms and Abbreviations

ASEAN

Association of Southeast Asian Nations

CNB

Czech National Bank

CZ

Czech Republic

ČTSOK

Czech-Turkish Joint Chamber of Commerce

D8

Developing Eight Countries

DEIK

Foreign Economic Relations Board

ECO

Economic Cooperation Organization

EEC

European Economic Community

EU

European Union

LN

League of Nations

NAFTA

North American Free Trade Agreement

NATO

North Atlantic Treaty Organization

Non-EU

Non European

OECD

Organization for Economic Cooperation and Development

OPEC

Organization of the Petroleum Exporting Countries

OSCE

Organization for Security and Cooperation in Europe

THA

Türk Haberler Ajansı

TİM

Turkish Exporters Assembly

TOBB

The Union of Chambers and Commodity Exchanges of Turkey

TR

Turkey

UN

United Nations

UNESCO

United Nations Educational Scientific and Cultural Organization

WTO

World Trade Organization