

Broadcast  
Cable & Satellite  
eurasia

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# Broadcast, Cable & Satellite MARKET REPORT 2007



Deutsche Messe  
Worldwide

Hannover-Messe International  
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### **General Information on Turkey**

<b>OFFICIAL NAME:</b>	Republic of Turkey
<b>POPULATION:</b>	72.8 <sup>1</sup> (2004); 67.4 (2000) in million
<b>POPULATION GROWTH:</b>	1.4% average (2001-2005) <sup>2</sup>
<b>LAND AREA:</b>	779.452 sq km <sup>3</sup>
<b>CURRENCY:</b>	since 01/05 New Turkish Lira (YTL)
<b>EXCHANGE RATE:</b>	July 2007: 1US\$=1.30 TRY; 1Euro=1.76 YTL <sup>4</sup>

### **Macro Economic Indicators**

The Turkish GNP grew by 9.9 per cent in 2004 mainly because of the sharp increase in private fixed investment spending and household consumption expenditure. These occurred, for the most part, during the first two quarters of the year.

	GNP (Current Price) (billion USD)	GNP Per Capita (Current Price-USD)	Growth (Real) (%)
1997	192,4	3.079	8,3
1998	206,5	3.255	3,9
1999	185,3	2.879	-6,1
2000	200,0	2.965	6,3
2001	145,7	2.123	-9,5
2002	180,9	2.598	7,9
2003	239,2	3.383	5,9
2004	299,5	4.172	9,9
2005	360,9	5.008	7,6
2006	399,7	5.477	6,0

Source: Turkish Statistical Institution (TURKSTAT)

<sup>1</sup> Turkey, Economic Newspaper, May 2005

<sup>2</sup> The economist, <http://www.economist.com>

<sup>3</sup> Department of foreign trade [www.dtm.gov.tr](http://www.dtm.gov.tr)

<sup>4</sup> [www.hurriyet.com.tr](http://www.hurriyet.com.tr) July 2007

## FDI in Turkey

### The number of companies with foreign capital

There has been a considerable increase in the number of companies with foreign capital since the 'Foreign Direct Investment Law No.4875' came into power on June 17<sup>th</sup> 2003. The number of companies with foreign capital established between June 17<sup>th</sup> 2003 and December 31<sup>th</sup> 2006 is 101% more than that of the previous years total.

### Inflows

According to the balance of payment statistics of the Central Bank of Turkey, total value of inflow reached to \$ 19.797 million in 2006, with a %202 increase relative to the 2005 value of \$9.813million.

FOREIGN DIRECT INVESTMENT (Inflows)						Million USD
	Equity Capital			Other Capital*	Real Estate (Net)	TOTAL (Net)
	Inflow	Outflow	Net			
1995	934	-49	885	--	--	885
1996	914	-192	722	--	--	722
1997	852	-47	805	--	--	805
1998	953	-13	940	--	--	940
1999	813	-30	783	--	--	783
2000	1.707	-725	982	--	--	982
2001	3.374	-22	3.352	--	--	3.352
2002	622	-5	617	520	--	1.137
2003	745	-8	737	17	998	1.752
2004	1.291	-100	1.191	349	1.343	2.883
2005	8.546	-336	8.210	-238	1.841	9.813
<b>2006</b>	<b>17.446</b>	<b>-657</b>	<b>16.789</b>	<b>86</b>	<b>2.922</b>	<b>19.797</b>

Source: Central Bank of the Republic of Turkey (CBRT)  
Notes:  
\* Credits which companies with foreign capital take from foreign partners

### **The Turkish Satellite Market**

Satellite systems play an important role for Turkey's domestic and international communications. Turkey is one of the seventeen countries worldwide operating its own satellite system.<sup>5</sup> Today, there are 3 telecommunication satellites in service, TURKSAT-1C, TURKSAT-2A, TURKSAT-3A.

Turkey has started its activities in satellite communication with its first earth station in 1979. Increasing confidence due to significant knowledge and experiences initiated the development of the country's own communication satellite system **TURKSAT**. ([www.turksat.com.tr](http://www.turksat.com.tr))

Turkey is one of the leader countries using satellite communications in the Eurasian region and is eager to implement the latest technology.

Due to the wide areas and the topography in Turkey the importance of satellite services will increase enormously. According to the Carmel Group estimations, there will be around 30 million subscribers for the digital satellite market in the year 2008 with a growth rate of 7 % between the years 2002 and 2008. Specifically the satellite radio sector is estimated to grow to 19.1 million subscribers in the year 2007. As all communication services are open to competition there is a huge potential for foreign businesses to enter the market. Regarding equipment best prospects for foreign manufacturers include data transmission services, VoIP, wireless local loop, intelligent network management centers, operational and business support systems, usage tracking, data network management systems, network security and disaster recovery systems.<sup>6</sup>

### **The Turkish Broadcasting Market**

Today's television and radio stations are broadcasting in three different ways: terrestrial, via satellite or by cable. A new report from Screen Digest predicts that over the next decade consumption and use of television is likely to be totally transformed in the same way that mobile phones have transformed the telecommunication industry in the last decade.<sup>7</sup>

From the late 1960s to the 1990s, the government enjoyed a monopoly over Turkish TV broadcasting. After the 1980s, the IT revolution changed the existing technology as the Internet became very popular. In the 1990s, this change affected Turkey. The consumers demanded quality products and the lifestyle they saw in other countries. The "digital" revolution had begun. Since then, analogue systems have been left aside and perfect digital coding systems have dominated the technology. Today, television is the main entertainment for Turkish families and according to research 97 % use television as their main source for news.<sup>8</sup>

Regarding the number of TV channels, Turkey ranks second worldwide behind the USA. It started to experience cable TV broadcasting in nine cities in 1991. The increase in the number of TVs and radios created a need for regulation, for the sake of the security and freedom of broadcasting as well as of the viewers. With regulation, broadcasting content, frequencies and infrastructure were to adapt to international standards. A committee named RTUK (Radio TV Supreme Council) was established. The main duty of this committee is to organize the frequency planning and establish technical infrastructure standards.

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<sup>5</sup> Türksat, [www.satcom.gov.tr](http://www.satcom.gov.tr)

<sup>6</sup> US Commercial Service, [www.buyusainfo.org](http://www.buyusainfo.org)

<sup>7</sup> [www.screen Digest.com](http://www.screen Digest.com) *Mobile Digital Television - The Coming Handheld Revolution*

<sup>8</sup> DYH, [www.dyh.com.tr](http://www.dyh.com.tr)

### **The Turkish Cable Market**

After the revolutionary developments in telecommunication, the share of telecommunication cables is rapidly increasing in the world share of cables and telecommunication and information cables are developing most rapidly<sup>9</sup>.

Cabling activities amount to US\$ 30 – 40 billion every year. Companies in the sector are in charge of both building up and developing cable networks on a 10-year contract-operating base. Still, the infrastructure for cable TV is insufficient, especially in densely populated areas. As the number of cable TV users will continue to increase, there is a future prospective for growing investments in the infrastructure and consequently an attractive opportunity for foreign cable manufacturers.

Following new investments, interactive services, Pay TV, video on demand, home shopping and home banking will continue to penetrate the Turkish market. Imported products such as trunk amplifiers, splitters, fiber transmitters, fiber receivers, cable connectors and other equipment are already meeting with an increasing demand in Turkey.

### **MARKET POTENTIAL OF THE EURASIAN REGION AND TURKEY**

Considering its key role in the Eurasian market for companies exporting to this region, Turkey offers excellent business opportunities. The European market is already saturated for many product lines whereas Turkey still provides a huge potential. The existence of an emerging market with a dynamic and young population leads to an increasing demand for new production techniques and technologies.

With its growing economy and young population, Turkey and the Eurasian Region promise significant opportunities for foreign manufacturers of satellite, broadcast and cable technologies. Turkey is considered as a “bridge” between West and East Europe and Asia. Moreover, the Eurasian Region is supposed to be one of the world's leading growth markets for communication technologies directly based on satellite, terrestrial and cable infrastructure and to become a key area in the future. With its close proximity to both continents, Turkey also offers an ideal trading platform. The economy undergoing major changes in recent years has become stable and predictable. Due to the EU candidate approval reforms towards EU standards will continue and boost liberalization. Turkey will benefit from these changes, becoming a major importer as well as a supplier and cooperation partner.

New digital technologies find an increasing demand and are quickly introduced into the market in order to meet global requirements. While in many developed countries new technologies have to replace the previous ones step by step, Turkey, an emerging market, implements state-of-the-art systems from the beginning. Turkish customers use the same technical standards as European countries and demand products and services of high quality and reliability. ADSL is a good example of this implementation, once Turkish Telecom prepared the infrastructure, the consumers were quick to adapt and sign-up. This will be the same for Voice over IP and other products.<sup>10</sup>

There are promising sales prospects in the cable and satellite sector, e.g. fiber optic cable and related equipment, Vsat systems, IBS earth stations, mobile earth stations and mobile satellite

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<sup>9</sup> Igeme, [www.igeme.gov.tr](http://www.igeme.gov.tr) *Cables and Wires 2006*

<sup>10</sup> US Commercial Service, [www.buyusainfo.net](http://www.buyusainfo.net)

## Market Report 2007 Broadcast Cable & Satellite Sector

services, synthesized hand-held radio systems, trucked radio systems, data transmission equipment, CATV equipment and lightweight portable satcom terminals.

The broadcast sector has experienced a hold-up of investments in the past due to the economic crisis. However, now that the economy has been stabilized in the past 4 years, this hold-up in investments is breaking down. The pent-up demand in this attractive market paves the way for foreign companies to offer their latest product and services.

Due to rapid progress, the demand for new interactive digital services such as high-speed Internet access, pay per view, and video on demand, home banking and home shopping is increasing tremendously.

Turkey welcomes foreign companies and provides business opportunities for sales, production and installation of a wide range of telecommunications/broadcasting products and services. Since 2004 many hindering regulations have been abolished to reduce bureaucracy and ease investments for foreign companies. According to the balance of payment statistics of the Central Bank of Turkey, total value of inflow reached to \$ 19.797 million in 2005, with a %202 increase relative to the 2005 value of \$9.813million.

The broadcast, cable and satellite market, while somewhat volatile, has a wide base and significant growth potential ahead of it. In the future, satellites will continue to be required to meet key telecommunications service needs. Turkish broadcast, cable & satellite industry demand is mainly covered by imports. Only a few local manufacturers are capable of mastering the state-of-the-art technologies involved. The latest products and services of digital technology in particular have to be imported and are mostly distributed by local representatives or distributors of international leading brands. International manufacturers thus face a huge unmet market potential in Turkey.