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EU to help Turkish companies

ISTANBUL
Hürriyet Daily News

Turkey's small- and medium-size enterprises, or SMEs, have the chance to grab a share of 2.2 billion euros in funds the European Union will provide to Europe.

Industry and Trade Minister Zafer Çağlayan called SMEs, chambers and universities to urgently prepare projects that could benefit from EU grants, the Small and Medium Industry Development Organization, or KOSGEB, announced Wednesday on its Web site.

The support comes within the scope of the Entrepreneurship and Innovation Program, or EIP, of the EU Competitiveness and Innovation Framework Program, or CIP, approved by the Turkish Parliament.

Zafer Çağlayan said SMEs would be supported in four main areas of activity under the coordination of the ministry. The Credit Guarantee Fund, which supports SMEs that encounter guarantee problems when obtaining loans, will boost its guarantee volume by funds from the EU.

Providing capital

Bodies, such as the KOBI Venture Capital Investment Trust will benefit from EU funds and provide more capital by becoming partners with more SMEs that face financial problems or wish to grow.

Moreover, the Euro Info Centers and the Innovation Relay Centers will be transformed under the SME Support Center with the EU's financial support. Seven centers that will offer services to 81 cities will provide free consultancy to SMEs, according to the announcement.

SMEs will also benefit from grants for their innovation and technology projects in certain areas determined by the union. Applications can be made directly to the EU, but the Ministry of Industry and Trade will also supply information on the issue.



ACCUSATIONS: Tekerekoğlu Tekstil, based in the southeastern city of Gaziantep, was the world's third-biggest company in home textiles, thanks to its "Elegant" brand which was exported to 54 countries. Now bankrupt, Arif Tekerekoğlu says they could have paid their debts if it were not for his partner-brothers.

Textile giant bankrupts

AHMET KAYA
GAZIANTEP - Doğan News Agency

Tekerekoğlu Tekstil, the world's third-biggest company in the industry, known for its "Elegant" home textile brand, has closed-up shop. Two factories were sold to pay off \$42 million of debt and three others will also be put up for sale. The company has laid-off nearly 1,800 workers.

This crisis in the textile giant has spurred accusations between three brothers, partners of the company.

A success story

Exporting to 54 countries, Tekerekoğlu went into partnership with İpra, an Iranian state company, in 1999. The partnership spent \$6 million on İpra, but when İpra refused to accept the letter of guarantee from İşbank, one of Turkey's largest lenders, the investment was put on hold.

Reportedly, in an effort to modernize its factories, Tekerekoğlu became heavily in-

Tekerekoğlu, the Turkish textile company that created the successful brand 'Elegant', is now bankrupt. As 1,800 workers are laid off, three brothers who formed the Gaziantep company blame each other

debted to foreign exchange. As foreign currencies gained against the Turkish lira, the company's debts to banks mounted automatically. Cheap goods imported from countries such as China added to the woes and Tekerekoğlu's sales started to suffer.

Mounting problems also drew daggers between Arif, Mustafa and Cemal Tekerekoğlu, partners and brothers, who could not agree on what to do. Thus, the bank debt of \$38 million rose to \$42 million.

Under enormous pressure, the company first sent some workers on unpaid leave, and then during the last six months many workers were laid off. The last gasp came when five factories stopped production and a total of 1,800 workers were laid off.

According to workers' claims, the company owes them a total of YTL 5 million. The workers recently distributed leaflets in the southeastern city, accusing company executives of deception.

Chairman: We could have paid our debts, but...

Speaking to the Doğan News Agency, Arif Tekerekoğlu, chairman of the board of directors, said the company went bankrupt because of the actions of his brothers. "Our assets today total \$300 million. The cost of the factories to us is \$250 million and our debts stand at \$42 million. We could have paid our debts, but we went bankrupt because of the wrong action taken by my brothers."

Tekerekoğlu went further and

said there has been a "dishonest sale" in the bankruptcy. "The bank who buys the factory will resell it again to my brothers. Then they will transfer the machinery to Iran," he said.

What really bankrupted the company was "not being able to institutionalize," Tekerekoğlu said.

Cemal Tekerekoğlu, meanwhile, said what caused the bankruptcy was the instability of exchange rates, a narrowing domestic market, senseless competition and a rise in costs.

"We could not succeed in crisis management. The bank waited for a year, but we could not pay. There also are family issues. Arif [Tekerekoğlu] must wake up from his dream. Let's say you want to sell something for YTL 5, but they offer YTL 2. How can anyone say our assets total \$300 million?" he said.

Cemal Tekerekoğlu also accused of his brother of "living in Moscow" and not facing claimants.

Estonian lobby calls for links with Russia

TALLINN
Bloomberg

Estonia's government should re-establish "closer contacts" with its Russian counterparts to improve ties between the former Soviet neighbors, a business lobby group said.

Prime Minister Andrus Ansip should "seriously consider" setting up an intergovernmental commission with Russia because it would be in the interests of both countries, the Estonian Business Association, representing the Baltic country's largest entrepreneurs, said in an e-mailed statement last week.

Estonian Business Association

President and former Prime Minister Tiit Vähi has called on Ansip to resign, saying last year's decision by his government to relocate a Soviet war monument from central Tallinn has worsened economic ties with Russia while Estonia's other export markets are slowing. Authorities say relations with Russia won't improve unless Moscow gives up its criticism of Estonia's citizenship and language policies.

"We call for a prejudice-free discussion to improve ... relations that presumes acknowledging mistakes and requires a will to focus on finding solutions," the association said.

Small businesses in need of big ideas

ISTANBUL
Hürriyet Daily News

The European Union is preparing to organize an event to support small- and medium- size enterprises, or SMEs, in May next year.

The European Commission will hold the first European SME Week in Brussels from May 6 to 14, 2009. The 'SME Week' is a campaign aiming to promote entrepreneurship and inform entrepreneurs about support available to them at the European, national and local level, the commission said Monday

on its Web site. It will provide SMEs with an array of information, advice, support and ideas.

All EU member states and seven non-members are committed to the first European SME Week. National and regional authorities, business organizations and education institutions will brand their events under the umbrella of the week in an effort to bring entrepreneurship into the spotlight. Hundreds of events will take place throughout Europe and beyond, the European Commission said.



POLICY: SME Week is one of the measures implementing the Small Business Act, the first comprehensive SME policy framework for the EU.

Göcek by

HERMES

"Slow me down, Lord"

Change the route of your life and
steer your helm to Göcek...

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*The 'sectors' page of HürriyetDN is the venue of our weekly exploration of the deeper dynamics in Turkey's economy