

# Emerging Markets Center News



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Newsletter Q2 '10

Special edition on Turkey

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## D&B establishes new partnership in Turkey

D&B has announced that it is establishing a strategic partnership in the Turkish market to drive improvements in data quality and coverage for our customers across the globe.

D&B's strategic partner in Turkey is the D&B SAME Group, a leading provider of business information and the existing partner of the Worldwide Network in the South Asia, Middle East and a vast part of Africa.

The D&B SAME Group has recently expanded their operations into Turkey, acquiring Finar, D&B's existing correspondent in this market. It will operate this business under the name D&B Turkey and will continue to distribute D&B products throughout Turkey and Northern Cyprus.



The D&B SAME Group has also committed to a number of investments in the business that will deliver a series of improvements in the quality of data on Turkish businesses and greater insight about the market:

- Enhanced data coverage: investments are planned that will increase our coverage of the market to 98%.
- Greater insight: building on these increased coverage, further data depth and data freshness improvements will take place, through the launch of a trade programme, the introduction of an EMMA score (followed by a failure score), the collection of bulk financial statements, full SIC coverage, full linkage programme, all driving towards elevating product availability for our customers to 80%.

As Turkey attracts significant foreign investment and is an important market for our global customers, this strategic partnership in the region will increase the value we provide to customers locally and globally, strengthen the D&B brand and improve our competitive position internationally.

Following the establishment of a joint venture in Russia, this development is part of our ongoing strategy to improve commercial insight in the region.

Best regards,

Jean-Marie Christophe  
Strategy Execution Leader, Europe and EMC

## Turkey: Delivering Data Improvements

To support D&B new strategic partnership in Turkey a formal, structured and time framed data improvement plan has been agreed upon, supported by a number of investments committed to by our partner.

As part of these efforts, Turkish coverage on D&B database will be built up to ensure stronger coverage of all the active businesses in this market. This will happen over the next two years starting from now: year one we will upgrade from 613K records to 960K records and supplement this further in year two reaching 1.1M records. At this point, Turkish coverage on D&B database will reach 98% of all the active businesses in this market place. As a result of that, we will see significant improvement around matching experience, making it easier to find the businesses.

We understand that record coverage alone is not enough and in parallel the new Turkish operation will start uplifting record content with key identity data elements (name, address, phone, contact, SIC, registration information). To this end we target having 720K records with improved data depth by end of year one and a total of 900K records by end of year two.

It is clear that financial data is also of absolute importance to proactively manage credit risks and business decisions. This is a tough challenge in a market where businesses in the main part are currently not required to publish their financial statements. D&B Turkey will overcome this challenge employing alternative and innovative means to ensure that we are collecting and making available to D&B customers an additional 4K financial statements each year from year one.

There is full recognition that product availability is really important to our customers and therefore in year one, we are accelerating our efforts to raise the bar around the numbers of records that can provide an online, fresh and ready Business Information Report. Today our customers find product availability at around 64% but this will be pushed to 80% before the end of this first year of operating.

Currently the Turkish Business Information Report contains the D&B Rating (Financial Strength and Risk Indicator). To move one step beyond and make the Business Information Report even more insightful, two of our biggest, yet most important challenges, will be around establishing a successful trade programme and initial implementation of an EMMA score (Emerging Market Mediation Alert score) followed by a D&B failure score. D&B Turkey commit to having 760K records with at least one Payment Experience, coupled with the implementation of the EMMA score, both by the end of year two. The Failure Score is targeted to come in year three.

As time moves forward, we will be sharing regularly the progress on the latest developments in this market.

Best regards,

Rossalyn Witherall  
EMC Data & Operation Leader

## D&B Country RiskLine Report: TURKEY

### RISK FACTOR

The key area of risk continues to be the growing tensions between the ruling moderate Islamist Justice and Development Party (AKP) and the secular elite (including the military, which views itself as the ultimate guardian of Turkey's secular constitution, and the judiciary). The secular elite believes that the AKP and its conservative supporters harbour a deeper Islamist agenda that will result in Turkey turning away from the Western secular values upon which the republic was founded. Tensions have ratcheted up gradually since October 2008 when, at the behest of the AKP, the state prosecutor launched a court case against a shadowy right-wing group with alleged links to the military accused of seeking to topple the AKP government.



The latest round in this battle, which is polarising the electorate, concerns the new constitution, which has been demanded by the EU as part of Turkey's accession commitments. In mid-April the EU approved the draft constitution, which includes articles that reduce the political role of the military and make it subject to civilian courts, but which also increases government control over the judiciary by reforming the Constitutional Court and an official body regulating judges and prosecutors. After President Abdullah Gul approved the new constitution on 12 May, the main opposition party, the Republican People's Party (CHP) not unexpectedly filed a suit with the Constitutional Court on 14 May to annul the bill; however, the CHP needs to gain 110 signatures from MPs in order to launch the appeal (it currently has 97 deputies in parliament). The CHP is facing its own difficulties as a result of its leader Deniz Baykal, having to resign in mid-May over sex scandal allegations. The situation is further complicated by the bill having gained less than a two-thirds majority in parliament, requiring that final approval be sought in a referendum. When the constitution goes to a referendum we expect a significant increase in socio-political tensions, which will be marked by large demonstrations, possible violence and a further polarisation of the population. The political tensions create uncertainty in the markets and undermine both consumer and business confidence.

Meanwhile, in a more positive political development, tensions between long-standing neighbours Turkey and Greece appeared to have eased after a ground-breaking visit to Athens by Turkish Prime Minister Recep Tayyip Erdogan. Relations have been undermined by the Cyprus dispute and conflicting territorial claims in the Aegean Sea. A resolution of the Cyprus issue would remove one of the main barriers to Turkish EU accession, which would see a significant increase in trade and investment opportunities. However, we do not expect accession to be approved by the EU until well into the medium term.

## TRADE & COMMERCIAL ENVIRONMENT

### Trade Terms

#### **Minimum Terms: Letter of Credit**

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

#### **Recommended Terms: Letter of Credit**

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

#### **Usual Terms: 30-90 days**

Normal period of credit associated with transactions with companies in the stated country.

### TRANSFER SITUATION

Local Delays: 0-2 months

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

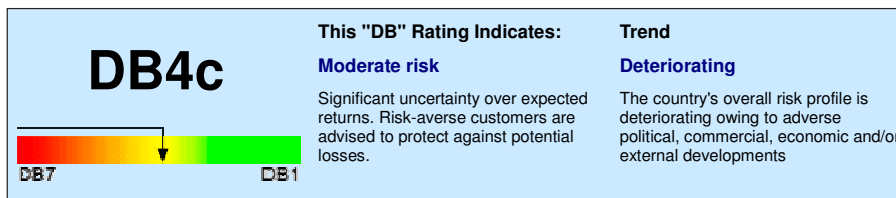
#### **FX/Bank Delays: 0-2 months**

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

### Trade & Commercial Environment

According to D&B's latest proprietary cross-border payments performance data, 26.6% of payments arrived 30 or more days over terms in the year to end-Q1 2010. Around 67.4% of payments were paid promptly in the same period, while 13.9% of payments were paid 60 or more days over terms. Some 2.2% of payments were severely delinquent after a delay of 120 days or longer. These figures represent a slight improvement in payments performance on the position at the start of 2009, and we anticipate that this trend will continue throughout 2010. In view of the payments performance of companies operating in Turkey, D&B still recommends the use of LC terms when trading with counterparties in the country.

## D&B Country RiskLine Report Turkey: June 2010



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

### Economic Indicators

	2007	2008	2009	2010f	2011f
<b>Real GDP growth, %</b>	4.7	0.9	-5.2	3.8	4.2
<b>Inflation, annual ave, %</b>	8.8	10.4	6.3	10.5	9.8
<b>Govt balance, % GDP</b>	-1.6	-1.8	-5.5	-5.1	-4.8
<b>Unemployment, %</b>	9.8	10.6	13.5	14.4	13.8
<b>C/A balance, % GDP</b>	-5.9	-5.7	-2.3	-5.2	-6.3

D&B Country Risk Services group provides analysis on over 130 countries worldwide which are available to be purchased online. If you wish to order individual reports using your subscription please click the link and follow the on screen instructions, alternately please contact Customer Services at your local D&B office. For further information please e-mail us at [CountryRisk@dnb.com](mailto:CountryRisk@dnb.com)