



# İĞDIR EXPORT STRATEGY AND ACTION PLAN

March 2016

## Introduction

First of all, a mandatory disclosure: Although the Export Strategy and the Action Plan were set forth to be separate, during the writing stage it has come to our notice that the topics cannot be separated and the "export strategy" was a determining factor for the grounds of the "action plan". Thus, in order to avoid redundancy, it was deemed necessary to unite the two topics with a more integrated approach.

The first question to be answered, when setting a course for an export strategy, whether for a country, region or a city, or a company, concerns "the export capacity" of the relevant country, region or company. After this question is answered and the potential or the existing export capacity is determined, then the second and third questions could be answered. Although the order of these questions may differ depending on the approach, the aforementioned questions are as follows: "The objective is to export to which markets?" and "What are the demands in these markets?" or "which products are to be exported?" and "what are the markets to which these products can be exported?"

As it can be clearly seen from the aforementioned questions for which the answers are sought, there are two dimensions to be taken into account while setting the course for the export strategy: Demand and supply...

"Export Strategy and Action Plan" that we are presenting here is the outcome of an approach, which takes the "supply" side mainly into account, while questioning the "demand" side, when necessary. Therefore, what is discussed here is an "export strategy", which should be reviewed or redrawn when the "demand" side is addressed.

As it shall be valid for also any other city, when we are talking about "Export of Iğdır", we need to differentiate between several models with different characteristics

First one comprises of the products that are already present in Iğdır and/or produced in Iğdır with the inputs, which are present in Iğdır, and that are exported exiting from the Dilucu Border Gate. In this case, almost all of the revenue obtained from the export remains in Iğdır.

The second group comprises of the products that are produced in Iğdır by the inputs coming out of Iğdır and that are exported exiting from the Dilucu Border Gate. In this case, the revenue earned by Iğdır from the export is limited with the value added to the costs of the inputs arriving out of Iğdır with the production in and export from Iğdır. In other words, the export revenue is shared between Iğdır and the place from where the inputs are arriving.

The third group comprises of the products, which are produced in or exported from the cities other than Iğdır with the inputs already existing and/or produced in Iğdır. In this case, a great portion of the added value is obtained out of Iğdır and a relatively small portion of the added value remains in Iğdır.

The fourth group comprises of the products, which are not produced in Iğdır in terms of input and final product but produced elsewhere and whose export is realized from Iğdır due to the geological advantage of Iğdır. In this case, the only revenue earned is that obtained from the transportation of the products, provided that this revenue earned from the transportation remains in Iğdır.

The fifth one is the opposite case, where both the inputs and the final products are produced in Iğdır but their export is carried out from the border gates in other cities. In this case, a great portion of the added value, if the transportation is Iğdır origin then almost all of it, can remain in Iğdır.

During the studies, we have encountered almost all of these models. However, the aforementioned distinction has not been used for the writing of the text. The reason for this is that we assume that the purpose, independent of the model in question, is to increase the revenue of Iğdır obtained from export and as a result to increase the welfare level of Iğdır. Certainly, in the first model mentioned above, since all the stages, starting from production to export, are realized in Iğdır, almost all of the "added value" of each stage can remain in Iğdır. Although this is an ideal situation, given the modern day complex production processes, it seems unlikely to happen. For the remaining last four models, depending on where Iğdır is situated in the process, the added value accruing during the process from the production to the export is divided between Iğdır and the cities participating in this process.

After these explanations, in order to determine the "export strategy" we would proceed with the presentation of the answers to these required questions.

## **1/ Infrastructure of the export**

When determining the export strategy of Iğdır, we have focused on finding answers to two specific questions: What is present in Iğdır as "export infrastructure"? What are the "present situation" and the "possibilities" in Iğdır? That is to say, "What is the capacity to do or able to do export in Iğdır?"

The answers to both these questions are vital, since if the infrastructure required for exporting and the "existing" and/or "potential" production capacity is not present in Iğdır, it would be pointless to discuss exporting or determine an export strategy in Iğdır.

We need to clarify the meaning of "export infrastructure" and discuss it within the context of Iğdır. The "export infrastructure" includes a series of variables from the information resources regarding production and export to the entrepreneurship level, and from banking to transportation infrastructure. When we examine the variables in question, the situation in Iğdır is as follows:

### **a/ Information resources regarding production and export**

Although a portion of the observations based on both the in-depth interviews and other studies conducted by reviews carried out on-desk seems to be not directly related to "production" and/or "export" at first glance, when we go into the detail, we can see that they have a direct relationship both with the export and the production.

### **(i) Insufficiency of the statistical data**

A "primary concern", which is revealed almost by all the studies conducted about Turkey, is also present for the case of Iğdır: Insufficiency of the statistical data. Especially, when "agriculture" comes into question, this becomes a significant problem. For example, for Iğdır, where there should be reliable data concerning agricultural production and whose economy mostly relies on agriculture and where agro-industries would play a significant role in the development of its economy, there are limited data on the cultivation area of various agricultural products, their production amounts, productivity etc. Only the data concerning the farmers, who are registered at the National Registry of Farmers (ÇKS) could be monitored and the data concerning the production units consisting of mostly small family-run businesses outside the ÇKS are lacking. Although the presence of such a lack can be understood for highly populated cities, given that the population of Iğdır has reached around 190.000 from the population of 180.000 in 2007, and which consisted of 192.056 of which 98.908 are men and 93,148 women in 2014 and expected to be 192.879 in 2015, this is not an understandable lack for Iğdır. Moreover, when we take into account the variables such as the sizes of the families and age distribution, it would not be a mistake to assume that these numbers should further decrease in terms of "productive unit".

Before moving onto the suggestions regarding the solution of this problem, we need to mention another problem, which is directly related to the first one and can be observed in all the studies conducted in Turkey: the lack of sufficient coordination between the relevant units, whether they are public or private. Generally speaking, the different units assume that they would lose their "power" on the information that they possess, if they share the information they have with other units and/or produce information by cooperating with them and -to put it mildly- they seem to be reluctant regarding these matters. Moreover, when we take into account of the fact that the existing "regulations" in Turkey has a tendency to cause many confusion about the "distribution of authority", the solution of the problem in question depends on the goodwill and perspectives of the officers and/or the authorized persons and they are limited to some "good examples" encountered from time to time.

When we link these two "central issues" to each other, we face different institutional structures, at least within the context of the "export strategy of Iğdır", which is the foundation of this study:<sup>1</sup>Governorship of Iğdır (including the District Governorships); Municipality of Iğdır (including the district municipalities); Iğdır University (including the faculties, institutions etc.); Ministry of Science, Industry and Technology (including Organized Industrial Sites and Small and Medium Industry Development Organization); Ministry of Labor and Social Security; Ministry of Development (Serhat Development Agency); Ministry of Economics; Ministry of Energy and Natural Resources; Ministry of

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<sup>1</sup> In order to avoid the impression of preferring an institutio n over the others in the list, we have based our list order of the relevant institutions on the "Protocol List" of the website of Iğdır Governorship.

Food, Agriculture and Livestock; Ministry of Customs and Trade; Ministry of Internal Affairs; Ministry of Finance; Ministry of Forestry and Water Affairs; Ministry of Transport, Maritime Affairs and Communications; public (and private) banks; professional organizations (especially Chamber of Commerce and Industry, Chamber of Agriculture etc.).

The institutional structures listed here comprise of the institutions, which have different functions in the process starting from the production and extending to exporting. First of all, they need to share what types of data they have in their possession and then the institutions have to create an Iğdır Database in one of these institutions by reaching an agreement.<sup>2</sup>

Subject	Creation of IğdırDatabase
Institution in Charge	Iğdır Chamber of Commerce and Industry
Relevant Local Institutions	All public institutions, which hold and/or are responsible for producing different data concerning Iğdır
Relevant Central Institutions	The problem can be solved on a local scale.
Duration	i/ Provision of the physical structure, hardware and human resource required for the Database ii/ Contacting the relevant institutions in order for them to transfer the data in their possession to the Database iii/ Making the data available on the electronic environment until the end of 2016

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<sup>2</sup>Since the subject of this work is "export",the institutional structures have been chosen by considering the export data that they are supposed to possess. If needed, other topics can be covered. We would recommend the institution that would host the Database to employ persons, who live in Iğdır, for the management of the database in order to maintain continuity.

## (ii) Absence of a Research Library

Another problematic area observed is the absence of a Research Library that would contain, as much as possible, the existing researches conducted on Iğdır. As can be seen from the study, there are many printed publications such as books, reports, articles etc. directly and/or indirectly to Iğdır as well as many others that have not been printed. The ones used during the study were those already present on the electronic environment and printed. However, the Research Library that shall be created should compile, collect, catalogue and update the aforementioned material on the electronic environment and/or as printouts and present them to those who are interested. Although sometimes such a library might be perceived as "luxury" and therefore "unnecessary", the benefit of having it would be a decrease in the labor and time loss, and this alone would suffice to render such "luxury" a requirement.

Furthermore, in such a Library, all kinds of documents such as the regulations etc. needed by those, who want to invest, produce or export, should be present.

In fact, without doubt the problems mentioned here are not limited to Iğdır and they are also valid for other cities and districts, and consequently the "local universities" are considered to be the natural solutions to such problems. When we look at the Iğdır University from this perspective, the studies from various disciplines concerning Iğdır do not seem to be at a sufficient or required level.

Subject	Iğdır Research Library
Institution in Charge	Iğdır University
Relevant Local Institutions	All public and private institutions that hold all the research conducted on Iğdır and that would conduct a research in the future
Relevant Central Institutions	The problem can be solved on a local scale.
Duration	i/ Provision of the physical structure, hardware and human resource required for the Library ii/ Provision of the originals and/or copies of the printed and/or written materials such as books, periodicals, articles, report etc. that would be in the Library and to have them on the electronic environment by obtaining the required permissions from the copyright owners iii/ opening to the public the materials that shall be gathered at the Library until the end of 2016

### (iii) Absence of an Information Centre

Although there is an "Investment Office" in Iğdır that provides all kinds of assistance to those, who want to invest in Iğdır, there is no Export Information Center with similar characteristics. The presence of one Center, which would provide immediately and/or in a short period of time all kinds of information required by the investors, would allow for accessing the information that is distributed among various institutions due to different jurisdictions. Despite the existence of an Iğdır Agency of the Eastern Anatolia Exporter's Association, currently this agency cannot fulfill this function, neither in terms of quality nor quantity.

Subject	Formation of an Export Information Centre
Institution in Charge	Iğdır Chamber of Commerce and Industry Iğdır Agency of the East Anatolia Exporter's Association
Relevant Local Institutions	All public and private institutions that are authorized during different stages of export
Relevant Central Institutions	The problem can be solved on a local scale.
Duration	Determination of the relevant institutions and ensuring that these would provide the information and human resource support to the Export Information Centre until the end of 2016



## b/ Entrepreneurship

There are no serious problems regarding this subject in Iğdır. In fact, in the Eastern Anatolian Project Action Plan (2014-2018), according to the data for 2013, it has been observed that the number of enterprises in Iğdır was close to the Turkish average, in contrast to many cities in Eastern Anatolia, except Elazığ, Erzincan and Malatya. However, this situation, which can have a positive connotation in terms of quantity, is not quite supported in terms of quality, especially in terms of agriculture. The findings show that there is "inhibition" for the subjects of "risk taking" and "creativity". On the other hand, the scarcity of the number of corporations, especially the joint-stock companies, indicates "the absence of a corporate work culture".

Particularly, the Entrepreneurship Support Program" of KOSGEB (Small and Medium Industry Development Organization) provides assistance to those, who wish to embark on an enterprise, from hands-on-training to contributing to the initial capital. However, it can be clearly seen that the entrepreneurs also need significant consultancy and financial support during the operational stage, too.

Subject	Conducting a "Needs Assessment" on the subject of Entrepreneurship
Institution in Charge	KOSGEB Iğdır Directorate
Relevant Local Institutions	Iğdır Chamber of Commerce and Industry Iğdır Chamber of Agriculture Iğdır Chamber of Public Accountants and Certified Public Accountants
Relevant Central Institutions	The problem can be solved on a local scale.
Duration	Holding courses depending on the results of the Needs Assessment until the end of 2016

### c/ Banking

According to the data of Turkish Banking Association, 11 banks have branches in Iğdır. Apart from the TC Ziraat Bank, which has three other branches apart from its branch in Iğdır Centre, all other banks have their branches in Iğdır Centre.

During the in-depth meetings held, no problem regarding this issue was mentioned. However, when taking into consideration that the prevailing business type in the agricultural production is mainly family-run businesses, a credit system with positive discrimination towards small family-run businesses could have a positive impact on the agricultural production.

Subject	Research on a credit system, which is suitable for small family-run businesses in agriculture
Institution in Charge	SerhatDevelopment Agency
Relevant Local Institutions	Banks that have branches in Iğdır
Relevant Central Institutions	Ministry of Development Turkish Banking Association
Duration	Addressing the possibility in the first nine months of 2016

#### d/ Transportation infrastructure

According to the DAP (Eastern Anatolian Project) Action Plan (2000), Iğdır, which is one of the least accessible cities in the Eastern Anatolia together with Tunneland Hakkari, has been undergoing a major transformation since the beginning of the second millennium. In addition to the Iğdır-Kars-Erzurum-Trabzon highway, other partitioned roads, which are completed in full or in part, are under construction. On the other side, the Iğdır Airport was opened in 2012. However, the most significant development in terms of the export to be realized in Iğdır shall be the completion of the Kars-Iğdır-Nakhichevan railway. According to the determined route, the Haydarpaşa-Kars railway line shall pass by the Ani Ruins near the Armenia border and reach Tuzluca. It would pass through the middle of the Iğdır City Forest and Ahıska Housing area, near the Alican Border gate at the Armenia border, which is now closed, travel around the Karakoyunlu and Aralık districts and reach Nachikhevan. The line would be 222.880 km in total, 136.030 km of it shall be in Iğdır and there shall be 7 stations on the Kars-Iğdır line. When taking into consideration that one of these stations will be located at Iğdır Organized Industrial Site (OSB), where loading and unloading can be carried out, and the proximity of the OSB to the Iğdır Airport, it is expected to have a significant contribution to the export carried out from Iğdır, which is the highest exporting city in the TRA2 Region.<sup>3</sup>

Subject	Completion of the Kars-Iğdır- Nakhichevan railway
Institution in Charge	Ministry of Transportation, Maritime and Communication
Relevant Local Institutions	Local institutions are limited beyond mobilizing the Relevant Central Institution responsible for this matter
Relevant Central Institutions	Ministry of Finance Ministry of Development
Duration	Since it is beyond the control of the local institutions, no duration can be given but it is strongly emphasized that it should be completed "as soon as possible".

<sup>3</sup> On this topic, see, Serhat Development Agency, **TRA2 Bölgesinde Serhat Lojistik Vadisi İmkani**, Aralık 2011 (haz. Dr. Hüseyin Tutar, Burak Aydoğdu, İbrahim Taşdemir, Musa Erdal)

On the other hand, although it is suggested Iğdır to be positioned as the "logistic center" by combining the magnitude of its SEMI fleet and the feature of Iğdır as the "door opening to the east", from the meetings during the field survey it was observed that Iğdır is gradually losing this opportunity for various reasons. It was emphasized that the SEMI fleet comprising of 4.500 semi-trucks until recently has been decreasing in number since 2014 and dropped to 2.000 semi-trucks as of 2015. Those concerned stated the matters listed below in terms of the growth and the decline:

\*The SEMI purchase increased in 1996-1997 and reached its peak in 2003.

\*The halt starting in 2004 turned into a decline in the following years and became a sharp decline since the last couple of years.

\*While a service trip costed around 5,000-7,000 dollars before, this number fell down to 700-800 dollars starting from 2013.

\* Despite the fact that the service trip fee fell down to 700-800 dollars, the transporters continue to transport the goods with the expectation that the situation would ameliorate. However, eventually they lost hope and many could not pay the credit installments for the SEMIs purchased with bank credits. Besides, when taking into consideration that the traffic insurance, which was 500-550 TL three years ago, has now become 4,500-10,000 TL due to the security risks, people began to sell their SEMIs.

\* There are three reasons for such decline: Increasing costs, the competition from SEMI's especially those from Iran and the exporters preferring the Iranian SEMIs due to price advantage.

\* 80% of the SEMIs are transporting the goods of the exporters to Azerbaijan, Iran, Turkmenistan, Uzbekistan, Tajikistan, Kirghizstan, Kazakhstan and Afghanistan.

\* In the current situation, for example, while travelling to Nakhichevan, the toll at Nakhichevan is 200 dollars and the "weighing machine price" is 50 dollars. The toll paid for travelling to Turkmenistan is 500 dollars.

\*The diesel fuel is purchased at Grbulak. However, Iran is providing the fuel at a cheaper price than Turkey and is providing a cost advantage to some extent.

\*On the other hand, more emphasis has been put on the transportation in Iran and the state is also supporting this.

\*Although the Iranian SEMIs cannot transport goods from Turkey to a third country, this obstacle is eliminated by invoicing from Turkey to Iran and then from Iran to the third country.

Subject	Supporting land transportation
Institution in Charge	Ministry of Transportation, Maritime and Communication
Relevant Local Institutions	Iğdır International Carriers Association
Relevant Central Institutions	Ministry of Development International Carriers Association
Duration	To be finalized within the year 2016

## Conclusion

When we bring together all these information/data, it is observed that the "advantage" of Iğdır being a neighbor to two countries (Iran and Armenia) and the Nakhichevan Autonomous Region has not been put into good use and the problems in the export infrastructure, which could be easily overcome, were not sufficiently elaborated, thus the situation is gradually approaching towards inactivity. However, we need to emphasize that apart from the "transportation infrastructure", which falls under the responsibility of the central administration, the problems could be overcome by the authorized/responsible units in Serhat Development Agency<sup>4</sup> and Iğdır.

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<sup>4</sup>We are of the opinion that the intentment of the Law Regarding the Foundation, Coordination and Duties of the Development Agencies numbered 5449 which has been accepted at the Grand National Assembly of Turkey on January 25th, 2006 and the fifth article titled "Duties and Authorities of the Agency" of this law gives such authority to the Development Agency.

## **2/ From production to consumption...**

After it is established that Iğdır has the capacity to do/be able to do export and the export infrastructure is mostly ready, we can now move on to the second step of the "export strategy", that is searching for an answer to the question, "What are/can be the products that Iğdır can export?". In other words, what is discussed here is the "production structure" of Iğdır...

The production comprises of the subtopics of agricultural production, manufacturing industry and services. Here, the term "production" shall not be considered as all the goods covered by agriculture, industry and services sectors but we shall try to put emphasize on certain production activities by taking into consideration which products have been deemed to be significant in terms of "export" during the course of our study.

## a/ Agricultural production

When we are discussing the topic agricultural production, the first product that comes to mind is the "Şalاک apricot" endemic to Iğdır. However, this is a certain kind of apricot that should be consumed or processed as soon as possible, otherwise it is easily spoiled. On the other hand, the harvest also changes depending on the weather conditions; for example when there is a frost, the yield remains low. Moreover, market conditions, with price being in the first place, could have an impact on the harvest; for example, like it happened in 2013, the apricots might not even be collected.

The Şalاکapricot can be used; (i) as fresh fruit on the table, (ii) as fresh fruit export, (iii) for jam making after being sun-dried and (iv) by stoning its seed and curing it.

What is significant in terms of the export strategy is the exporting part of the şalاک apricot. Currently, this apricot is exported as fresh fruit to Russian Federation, Azerbaijan, Iraq, Ukraine and Nakhichevan Autonomous Region.

However, in order to increase the added value, it has become crucial to move from "fresh fruit" to the "industrial fruit". The first stage shall be the "dried apricot". While the price of Şalاکapricot is between 1.00-2.00 TL/kg, the dried apricot can be sold as high as 12.00 TL/kg. Moreover, the fact that Turkey is the world leader in dried apricot production provides an advantage here; Turkey is followed by Iran, China, Republic of South Africa, USA, Australia and Tajikistan. For example, in 2012, 74 percent of world's dried apricot production was realized by Turkey. Respectively USA, Russian Federation, France, Germany, England, Australia, Brazil, Netherlands, Spain and Egypt are the main dried apricot exporting countries.<sup>5</sup>

In terms of Iğdır, there seems to be a "dilemma" here: Although it is obvious that there would be an increase in the "added value" when the apricot is utilized as a "dried fruit" rather than a "fresh fruit", there is also the possibility that if the "Iğdır apricot", which already has a "brand value", is offered to the market as a dried fruit, it can lose its "brand value" or it cannot compete with the "Malatya apricot", which already has a "brand value" or lose its characterization as the "Iğdır apricot".

Therefore, before making the decision to embarking on the business of "dried apricot", it would be appropriate to analyze in detail the markets and the potential markets for both the "dried apricot" and the "fresh apricot".

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<sup>5</sup>See, T.C. Ekonomi Bakanlığı, **Sektör Araştırmaları: Kuru Kayısı**, Ankara, bty. Although it has been conducted on an earlier date, also see, Tülay Sobutay (haz), **Kayısı Sektör Araştırması**, İstanbul Ticaret Odası, İstanbul, Şubat 2003.

We would like to refer to two "illusions", which we have observed during the course of our study, concerning the agricultural production: "All products can be produced in Iğdır" and "it is a market problem".

Despite the fact that the studies and practices carried so far have proven that the microclimate of Iğdır is suitable for growing almost all agricultural products -with the exception of a few-, attempting to grow many different products based on "subjective" evaluations without establishing the markets and market conditions for these products would be an inefficient way of using the available opportunities. What needs to be done is to determine the variety of products that can be grown together with the domestic and foreign demand conditions and then to decide on the product, which would yield the highest "added value".

As for the second illusion, although the size of the market has an impact on the production, to produce a product solely based on the size of its market would perhaps mean to give up the production of other products, which would yield higher added values: That is to say, the "alternative cost" of not using the resources properly would be higher.

Subject	Determining the "optimum production pattern" for the products, particularly the şalaka apricot
Institution in Charge	Provincial Directorate of Agriculture
Relevant Local Institutions	Serhat Development Agency Iğdır Chamber of Agriculture Iğdır University Faculty of Agriculture
Relevant Central Institutions	Ministry of Development Ministry of Economics Ministry of Food, Agriculture and Livestock
Duration	To be completed within the year 2016



On the other side, another problem stated during the in-depth conversations and also the Workshop is the "absence of a corporate work culture"; the solution suggested for this matter has been "becoming a cooperative". Although there is no serious "cooperative system" with positive and negative aspects in Turkey, it cannot be denied that a "skeptical" view has emerged due to the socio-economic policies, which have been put into practice since many years. We are of the opinion that the way to eliminate this "suspicion" and to develop "a corporate work culture" is to share the experiences of positive examples concerning this topic.

The Ministry of Customs and Trade, Ministry of Food, Agriculture and Livestock along with the international institutions such as the European Commission etc. are practicing positive discrimination acting particularly on the significance of the "women's cooperation" in rural development and they are providing support to the cooperation founded and operated by women. Furthermore, the functions of women's cooperation are clearly stated in the Rural Area Empowerment of Women National Action Plan (2012-2016).

In Iğdır, as a first step to actualize the cooperatives, particularly those whose members and directors are women, it is deemed important that the "success stories" in other cities and districts of Turkey to be voiced by those who actually lived through and supported such stories.

At first glance, one might question the significance of this suggestion within the Export Strategy. However, when taking into consideration the "women's solidarity" in global context and the significance of women's cooperation within this solidarity, it can be realized that the products produced by women shall be exported by women's cooperation in other countries. There are various examples from different countries regarding this matter.

Subject	Raising awareness on the significance of women's cooperation in the agricultural activities
Institution in Charge <sup>6</sup>	Serhat Development Agency
Relevant Local Institutions	Provincial Directorate of Agriculture Iğdır University Faculty of Agriculture
Relevant Central Institutions	Ministry of Food, Agriculture and Livestock Ministry of Customs and Trade
Duration	To be started in 2016 and completed in 2017

<sup>6</sup>The term "Institution In Charge" refers to the institution, which would promote the awareness efforts mentioned here, bring the relevant parties together and assume the responsibility regarding this matter.

## **b/ Manufacturing industry**

When we look at the state of the manufacturing industry in Iğdır, we can see that "agro-industries" and "manufacture of construction materials" have significant importance. Within the logic of economics, the bases for both are strong.

Since climatic conditions and the soil structure that are suitable for agricultural production would enable the production of various different agricultural products, the problem of the industries based on fruit and vegetable processing such as fruit juice, concentrate etc. that use these products as inputs is caused by the fact that fruit and vegetable production is not sufficient to be maintained during the whole year. Although the producer has the capacity to carry out production to meet the demand of the industry, if "purchase guarantee" can be given, it seems unlikely that a purchase guarantee can be given without ensuring a "market guarantee" where the product can be sold. Due to this and some other reasons, both the Salih Aras fruit juice factory in OSB and the UNIT near the OSB remain idle without being able to provide the contribution expected from them.

In order to overcome this vicious cycle, one of the tasks to be assumed by the Iğdır Export Institution, whose foundation is suggested below, is to search for markets, which would enable the fruit and vegetable processing factories to go into production both in the neighbor markets and the other markets that would constitute the "secondary" link. Another subject to be researched is whether the agricultural products, which would be used as inputs, are sufficient in terms of quantity and quality in the TRA2 Region and/or Iğdır.

Subject	Development of the Agro-industries
Institution in Charge	Iğdır Chamber of Commerce and Industry Serhat Development Agency Iğdır Export Institution, when it is established
Relevant Local Institutions	Relevant industrial establishments
Relevant Central Institutions	The problem can be solved on a local/regional scale
Duration	To be completed in 2017

The construction material manufacturing is based on the fact that the construction sector is acting as a "locomotive" since this sector receives inputs from hundreds of

sub-sectors from cement to ready mixed concrete, glass to wood, paint to insulation materials, uses heavy construction equipment, and also provides business opportunities to the services sector such as contracting, consultancy, architecture and finance.

The expectation is the materials needed by the construction sector, whether for apartments, factories or trade centers that are located in Iğdır and its vicinity, and the bordering countries, to be provided from Iğdır and Iğdır is gradually reaching the level to be able to offer these possibilities.

Subject	Development of the construction material manufacturing
Institution in Charge	Iğdır Chamber of Commerce and Industry Serhat Development Agency; Iğdır Export Institution, when it is established
Relevant Local Institutions	Relevant industrial establishments
Relevant Central Institutions	The problem can be solved on a local/regional scale
Duration	To be completed in 2017

Another advantage of Iğdır in terms of manufacturing industry is that this city has the most dynamic Organized Industrial Site of the TRA2 Region and perhaps the Eastern Anatolia Region. Both the transportation facilities and the existence of an infrastructure increase the appeal of the industrial parcels in the OSB. The only thing to be added on this subject would be to point out the importance of the benefit to be provided by bringing together the industries which would complement each other and which trade inputs-outputs from each other.

#### d/ Services

Since the positioning of banking and transportation in export and in Iğdır has been discussed many times elsewhere in this text, we would not repeat them again. What would be emphasized here shall be the "dealings", in other words "trade", which has been discussed both in the Eastern Anatolia Action Plan and the TRA2 Regional Plan.

The two matters discussed in both Plans, "Strengthening the Commercial tourism" and "increasing commercial possibilities in Iğdır Centre" were also discussed within the context of tourism. However, coming to Iğdır from the neighboring countries and "shopping" in Iğdır not only helps to develop tourism but also has another, and perhaps a more important function to "bring in foreign exchange".

"Bringing in foreign exchange" can be considered as an "export" and also when compared to "export", both "export cost" and "import cost" are relatively low-cost activities. The buyer comes to the seller and the latter is able to sell directly his good without the intervention of many intermediaries.

When we approach the matter from this perspective, it is necessary to construct venues, where people can do the shopping of different local product, even brands. These venues, whether they are like the Grand Bazaar or markets in the old formats or the new commercial centers, should be located outside the city, in order not to increase the traffic in the city center, with easy access to the shoppers like it is done in other countries and in other cities in Turkey.

There are many successful examples of this in Turkey: Laleli in İstanbul was the center of "suitcase trading" and the effect of the sanction decision imposed by the Russian Federation after the straining of relationships with Russian Federation towards the end of was first observed in Laleli. In İzmir, the local markets, particularly the Alaçatı Bazaar, are providing many opportunities, from food to clothing, to many people arriving from the Greek Islands. Similar examples can also be found abroad, for example, in many places visits to local markets are organized from the accommodation facilities on specific days.

Subject	Iğdır Market
Institution in Charge	Iğdır Chamber of Commerce and Industry or Iğdır Chamber of Merchants and Craftsmen
Relevant Local Institutions	All the institutions that would deem the existence of such a market as required
Relevant Central Institutions	The problem can be solved on a local scale
Duration	To be finalized within the year 2016

### **3/ Foreign markets Iğdır can aim**

The location of Iğdır renders Iran, Azerbaijan and particularly the Nakhichevan Autonomous Region -and Armenia when the border gate is opened- as the "natural" markets. Hence the export from Iğdır is mostly directed towards these markets. In fact, it is even suggested that there is export to Armenia over Georgia. However, we believe that it would not be correct to say that these markets were chosen as a result of "active" market research beyond a "passive" approach of them being the natural markets.

This matter needs to be discussed further in detail. While establishing the market(s) is a fundamental element of an "export strategy", there are two approaches regarding this subject: Being "active" or "passive" while determining the market(s)... In the first approach, export is conducted as a response to the "export" demands emerging from trade expos, advertisements, coincidental relationship etc. In the second approach, there is a "conscious" search and effort: the markets to which export can be conducted should be determined, the "import structures" of the determined markets should be studied, from where the imports are conducted, in other words the potential rivals, and the characteristics of the imported goods, such as their prices, quality etc., should be examined in detail, "article reports" concerning the different markets and countries should be prepared and these should be offered for the use of producers and exporters.

In this matter, like the case for the determination of "production pattern", it is required to focus on a couple of countries instead of aiming for all countries at the same time. The generally accepted strategy is to start from the countries, which are geographically or culturally close, and to apply the experience obtained from these countries in time to different countries.

Approaching from this perspective, Iran, Azerbaijan and Nakhichevan are the countries, which are geographically and culturally close to Turkey. What is required at this stage is to curb the ambition to open to other countries for some time and to focus on the socio-economic and political tendencies in the already targeted markets. If we are to elaborate on this matter, tracking closely the markets in question would allow the fluctuations that would directly affect the export of Iğdır, such as the devaluation in Azerbaijan towards the end of 2015, could determine the socio-economic conditions of those who use ex-Iğdır goods as "intermediary goods" or "consumption goods", and as it can be seen from the recent examples, the structures, which could develop suggestions against the unfavorable changes emerging in the political relationships between Turkey and Iran, should be created. If no such structure is formed, each exporting unit would be obliged to act on its own with limited possibilities and to fend for itself when facing unexpected situations.

Such a structuring can be created within the Export Information Centre or can be provided by the Iğdır Export Institution with the participation of all the units that export or plan to export. What is significant here is this structuring, no matter which model is chosen, to have the experience and the knowledge to be able to follow the "primary" markets in question and to employ those who are equipped with the qualities, such as foreign language, relationship network, information sources etc.

Subject	Formation of Iğdır Export Institution
Institution in Charge <sup>7</sup>	Iğdır Chamber of Commerce and Industry
Relevant Local Institutions	All the institutions that concern themselves with the ex-Iğdır export
Relevant Central Institutions	The problem can be solved on a local scale
Duration	To be finalized within the year 2016

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<sup>7</sup>The term "Institution In Charge" refers to the institution, which would take the initiative to establish an Iğdır Export Institution, bring the relevant parties together and assume the responsibility regarding this matter. The structure of Iğdır Export Institution shall be determined after this process.

## PROVISORY CONCLUSION

The reason why this conclusion is titled "provisory" is due to the fact that this analysis has been conducted based on the "supply" side of export. After an analysis of the "demand" side, the term "provisory" can be removed. However, what is important in terms of the export strategy is to determine clearly the objectives of Iğdır regarding this matter, make the required arrangements accordingly, form the "pressure groups" required in order to solve the issues outside the control of Iğdır, such as Kars-Iğdır-Nakhichevan railway etc., and being able to continuously "revise" the strategy according to all kinds of changes in the established markets.

Finally, we are obliged here to remind something: There are some serious "conflicts of interest" between the actors in the process starting from production and extending to consumption.

\* The producer/manufacturer is mainly concerned with receiving the highest price for his product. When this is achieved, it is not important whether this is in the form of domestic consumption or export to foreign countries.

\* What concerns the consumer, whether domestic or abroad, is the quality of the product consumed and thus its price. He wants to buy the highest quality product from the lowest price.

\* The same situation prevails for the manufacturer, who uses the finished product as an "input" for the manufacturing of another product. Therefore, his interest intersects that of the consumer at some point.

\* However, what is important for the manufacturer -and the exporter- is to be able to sell the products, which he received with a low cost, from the highest price possible.

\* The exporter is mainly concerned with having the transportation of the exported good to be performed with the lowest cost; when the product in question is an easily spoiled product like apricot in a short period of time, "the quickest transportation" becomes crucial. Consequently, what determines whether a product is to be transported via land route or air route is again the cost, like the case in the SEMI transportation in Iğdır, not the fates of those providing the transportation services...