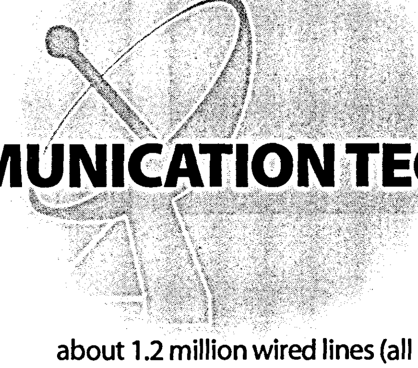

INFORMATION *and* COMMUNICATION TECHNOLOGIES

OPPORTUNITIES

OPPORTUNITIES: With the exception of Global System for Mobile Communications (GSM) and the Very Small Aperture Terminal (VSAT), state-owned Türk Telekom (TT) is the only carrier for all other systems in Turkey. Both GSM and VSAT have two private operators licensed by TT. Expansion of the Turkish telecommunications system was slow until 1984, due to lack of funding and limited local manufacturing capacity. Since then, the number of installed lines has increased to about 20 million (for a population of 64 million). The proportion of digital switching is 82%, and the growth rate of Turkey's annual telecommunication network capacity is around 6% to 7%, which is the highest in Europe. The number of installed telephone lines per 100 inhabitants reached 28 by the end of 1999, and the total value of the telecommunication market was estimated to be around US$4 to US$5 billion by the end of 1999. The number of GSM lines is around 10 million, and the number of GSM subscribers was expected to increase to 11 million by the end of 2000. In 1999, a total of around US$3 billion worth of various telecommunication equipment was imported. Some of the imported telecommunication equipment include wireless telephone systems, broadcasting equipment, and telephone and fax devices. During this period, exports exceeded US$1 billion. In 1999, the total value of revenues in the local information technologies (IT) market was around US$10 billion. Turkey's Internet network, which was improved within the last two years, currently serves about two million users. In 1999, about 800,000 PCS were sold, and some taxi companies in major cities started to use computerized vehicle dispatch.

In May 2000, the Turkish Ministry of Communications issued a new cellular telephone licence, which is PCS at 1800 MHZ. The members of the winning consortium were Telecom Italia and Turkish Is Bank. Another licence was issued to TT on a direct sale basis. Canadian Nortel, through its Netas plant, is in contact with new operators in an effort to obtain contracts for the supply of networking equipment. In 2000, about 1.2 million wired lines (all digital) were expected to be procured and installed by TT. The Turkish government had plans to sell 20% of the shares of TT to institutional investors in 2000. Cable TV and the pay-phone network are also expected to be privatized.

MARKET CONSIDERATIONS

MARKET CONSIDERATIONS: The IT sector offers tremendous opportunities. Major end-users in these fields are banks, stock exchange brokers, large corporate holdings, transportation companies and media firms. The financial sector especially promises a lucrative market potential. Some increase on the demand side is expected due to modernization investments by financial corporations, the opening of huge retail outlets, and projects that have foreign financing. There are many opportunities in the Geographic Information Systems field (such as remote sensing and digital mapping). However, the lack of funding has precluded the Turkish government from procuring hardware and software. The general trend of the government is to purchase data from private companies in this field. Computer software and hardware is one of the very rapidly growing markets in Turkey. Almost all brands of PCs, Local Area Network/Wide Area Network (LAN/WAN) equipment and parts are imported and distributed by local firms. The competition is very stiff in the Computer-aided Design (CAD) products, in which the local textile sector show major interest. Multimedia is another booming field, especially since interest from university students has led to the opening of many new retail stores in major cities. Finally, Turkey is perceived as a leader and acts as a liaison in the establishment of the emerging data-communications equipment market in this region. Because of the increasing demand for these informatics services, Turkey's influence has extended to foreign and local businesses, newspapers, and others who utilize satellite equipment in Central Asia.

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