

Turkish Transport News

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TURKEY INCREASES PORT INVESTMENTS

**NEW ROUTE:
CASPIAN TRANSIT CORRIDOR**

**1 TRILLION US DOLLARS
TO BE INVESTED IN RAILWAYS**



VEGA CELEBRATES 25TH ANNIVERSARY

► **Congratulations on the 25th anniversary of Vega, a quarter century filled in with ever-increasing success. What is the main theme of Vega's 25th celebration?**

For our 25th celebration we invited people from the whole history of Vega because a company lives from the entrepreneurial spirit as well as from the intake from outside. It is like a puzzle. There are a thousand stones. Somebody has to direct where to put them. Approximately 250 guests are invited for the celebration and all of them have a relation with the company in a way. I either learnt



something from them or I took some positive things out of them and put it into a new system. In the history of Vega, one of the key roles belonged to Mr. Saffet Ulusoy. I was in his office and I told him that -as a student- I was driving trucks to Iraq and Iran and he got very sentimental because when he was young he was taking pilgrims to Mecca. He was so touched that he -in a way- adopted me. And a huge success story between our company

and Turkey started. I learnt a lot from him. I learnt how to negotiate, how to be tough. You (Altınay Bekar) played your role as well. We met 15 years ago and since then we made a lot of inaugurations, we had good relation and this relation at the end is the feedback to the market. Because the market needs news...

Vega is an important witness of how Turkish logistics market evolved in the last quarter century. You experienced transportation by road and by RO-RO. Today rail also plays an important role in transports. How

Having a successful story in the transport sector, Vega celebrated its 25th anniversary in Vienna with its friends whom have always been by Vega. We interviewed General Manager Mr. Franz Blum for the 25th year of the company.



can you compare and contrast these modes?

When we started the business, Europe was a settled market. So we had to find new places. What I did was to ask all the importers' addresses all over the Mediterranean, not only Turkey; Israel, Libya, Egypt and we made that time a telex advertisement. Then Unal (Ergun) called me on Saturday on purpose because Ulusoy was working on Saturday but Europe usually did not work. He could reach me because I linked my telephone to my home. Then he said "This must be a good company because they work on Saturday." In logistics you need three things: You have to be hardworking, you have to be at the right time at the right place and you have to be lucky. And then once you have a relation, you have to extend the relation and you have to develop it further. In fact this alliance we built up with Saffet Ulusoy, continued with Mr Bayülgen



and Mr Solakoğlu and now with Sedat (Gümüšoğlu) and Fuat (Pamukçu) is an excellent bridge.

We are doing block trains as well. We still believe that the multimodality concept is not fully finished yet. We are working on some new concepts that we cannot open yet because they

are secret and confidential but it will be always the right mix of modality. And market is always under cost pressure. You have to develop further and you have to offer customers better rates no matter where the prices are going. You always have to be innovative, develop, take a tender,



win the tender and then develop lower costs during the tender phase. It is nonsense to fight against this. You have to adapt to the system. Like nature; if you don't adapt, you die. To my belief, the most important thing is cost leadership. If you offer the lowest costs, you will always be number one. I do the business almost for 40 years because my father had a transport business and as a small boy I was with my father in the truck all over Europe. Today I am already a senior in the business. We know everything about the costs, we have very good relations, very strong alliances. Now it is time that we grow the business further with the expertise we have. Today with the maturity we reached, we have a lot of projects inside the company. Coming back to Turkey; Turkey always has a major role and is the place to be. It was always on the Silk Road and considering its position in the region, Turkey is the place for logistics. Why are the Americans in Incirlik for ages? It is a very unique center point on the crossroads to Asia, to Europe and even to Africa. No matter if it is by rail, ocean or airway, Turkey will be a fantastic hub. With the new airport, Istanbul will not only be a mega city but very important as a traffic junction. So, no matter what today's perspective looks like with surrounding problems, Turkey has a

magnificent future. There is a very young population in comparison to Europe. What I learnt about Turkey over the 25 years I am doing business there is the enormous dynamics in the market. U.N. RO-RO is an excellent example of how quickly and correctly the Turkish market can adapt. The success is going on.

Considering the new enterprises as well, can you give us your opinion about RO-RO transports? Is it a mode that has future?

I think so. The position in the Mediterranean is so excellent and sea is always the cheapest transportation. If it comes to mass transportation you have no choice. Rail can never do the capacity, cannot cope with the frequency. How many trains do you need to get to the capacity of a RO-RO? Let's count... You can load 350 trailers on the big vessels of U.N. RO-RO, which means minimum 10 trains a day. A complete train needs 35 wagons. These wagons will be on the way for ten days. So 35 multiplied with 10; 350 and then 10 days on the way. You need 3.500 wagons to make the same like one vessel does. It cannot take the capacity which Turkey and the whole region needs. Imagine that Iran will really do better. Then the vessels will be full with Iranian trucks as well. So I think and it has

been shown with Ekol line, with U.N. RO-RO that there is enough space. There is even space for a third line. Or one of the two will take the market share. Ekol and U.N. RO-RO are very aggressive. They do right and they are ready to invest when the business grows. The only bottleneck today seems to be the ports. Haydarpaşa is a problem since ever. Pendik is okay but looks to have come to its limits.

Are there any alternatives for Trieste?

That port has a special status. Number one; Trieste has permissions. Number two; it is the far north port in the Mediterranean. So geographically it is a right place. But the capacity of the port is limited. They try to get more and new lands but it takes so long to take permits. Italian bureaucracy is difficult.

How would you comment on the developments in Iran?

I have been there with the official delegation in June and in September. They are not investing for the moment because everybody expects that the exchange rate will get better. Until it happens very little business is expected. We have business now. 5 thousand ambulances will be bought. We have contracts there, which will be via Turkey as well but this is only



governmental investment to show that they are ready to invest. The private sector is on hold for the moment. They will start with business hopefully in the middle of 2016. Because finalizing all the bureaucracy on the contracts takes time. But the sector is ready. We feel that everybody wants to invest. But where is the money? Oil prices are low, exchange rate is bad. Saudis keep oil prices low by pumping the oil out. I think Saudis are not happy that the agreement was signed in Vienna so they try to stop the possibility to strengthen Iran. Certainly they are richer and they have the longer breath. What I learnt from the officials there, they want foreigners to invest. But who will invest there if there are so many answers to get. When I was there with the delegation I gave an interview and I said, "Everybody is flying. What are they flying for? I didn't see money, I didn't see concrete orders. I just heard big blah blah blah..." But the market is huge. The population is even younger than in Turkey. They have suffered for thirty years. Despite all, we believe Iran will play a major role in the near future.

Do you have any investment plans in Turkey?

We enlarged the fleet last year already, one year earlier, because we started some good business

with Iran. We were expecting that Iran would grow but in 2015 it in fact collapsed. We have almost no business in 2015. So our fleet was underemployed in the last year. We are monitoring at the moment if Iran volume will come back in 2016. Regarding our compound definitely our place in Orhanlı is becoming too small - we are completely full. But it is logistically and geographically the best place for us for the time being and so we have already rented some further lands there. But the storage demand could be a peak only related with the Euro-5 boom we had this year because Euro-5 engines are imported in advance for 2016. We have to observe what is happening next year. For the time being we are watching and will start to invest when we think the business will grow further. It depends much on Iran and the domestic development in Turkey. We will decide further investments in mid-summer in 2016. You are one of the persons who can make a clear assessment about the commercial vehicle fleet in Turkey.

What can you say about the Turkish fleet?

It is quite a modern fleet because a lot of investment has been made in the last 5-6 years. Turkey has grown with the export it has done and the



Franz Blum and Altınay Bekar
(Editor-in-chief of *Intermodal Magazine*)

fleet has grown with the export. So whenever you see Turkish trucks on European roads, they look very fine and in a very good shape and they are quite new. I think you have quite a young fleet. But comparing to Europe, trucks are exchanged there every 4-5 years. I don't think this is the case in Turkey yet but I think it is catching up. ■

