

Foreign Investments in Turkey: A Research about How Foreign Media Investments Developed in Turkey and the Thoughts of Future Journalists

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Abstract

This paper explores the idea of foreign investment in Turkish media industry. The paper consists of three parts. In the first part there is a conceptual research about the foreign investment concept and about its reference in Turkey. In the second part of paper there a historical research about the foreign capital that came out Turkey to Turkish local media environment. The paper consists of a research about the thoughts of Turkish people on that issue. There is a descriptive research done with the method of face to face meeting with various Turkish university students. In these meetings the idea about the foreign investment to Turkish media is asked and the findings analyzed. In the research part of the paper, the answers to “What do you think about the foreign investments in Turkish media?” are discussed and the ideas of the sample target population are explored in detail. At the conclusion part it has been seen that the increasing nationalism level in the Turkish university teens is bringing a doubt towards foreigner capital in media in Turkey.

Keywords: Media, Economy, Turkey, Foreign Investment, Media Economics

Türkiye’de Yabancı Yatırımlar: Türkiye’de Yapılan Yabancı Medya Yatırımları ve Bu Yatırımlara Geleceğin Gazetecilerinin Bakış Açısı Üzerine Bir Araştırma

Özet

Bu makalede Türk medya sektöründe dış yatırım fikri araştırılıyor. Makale üç bölümden oluşmaktadır. İlk bölümde yabancı yatırım kavramı ve bu kavramın Türkiye’deki referansı ile ilgili kavramsal bir araştırma vardır. Makalenin ikinci bölümünde Türkiye’den Türk yerel medya ortamına gelen yabancı sermaye hakkında tarihsel bir araştırma vardır. Makale, bu konuda Türk halkının düşünceleri hakkında araştırmadan oluşmaktadır. Çeşitli Türk üniversite öğrencileri ile yüz yüze görüşme yöntemi ile yapılan açıklayıcı bir araştırmadır. Bu görüşmelerde, Türk medyasında yabancı yatırımlarla ilgili fikir sorulur ve bulgular incelenir. Gazetenin araştırma bölümünde, “Türk medyasındaki dış yatırımlar hakkında ne düşünüyorsunuz?” sorusunun cevap tartışılmış ve örnek hedef nüfusun fikirleri ayrıntılı olarak incelenmiştir. Sonuç bölümünde, Türk üniversitesindeki gençlerin Türkiye’de artan milliyetçilik seviyesinin medyada yabancı sermayeye karşı şüphe uyandırdığını görülmüştür.

Anahtar Kelimeler: Medya, Ekonomi, Türkiye, Yabancı Yatırımlar, Medya Ekonomisi

Direct Foreign Capital Investments

Direct Foreign Capital Investments, one of the ways to enter into the foreign markets, is an advanced phase of the internationalization of businesses. Foreign investments can be defined in very different ways, however, in a general evaluation they are the financial and technological resources that a country can add to its economic power in short period of time from other countries to be paid in different ways in future.

According to the definition of OECD, Direct Foreign Capital Investments refer to the objective of the entities or institutions resident in one country to obtain a lasting interest in another country (Mucuk & Demirsel, 2009:45). According to the State Planning Organization (DPT), Foreign Direct Investments are defined as the investments made as a partnership with one or more local firms or by acquiring one or more international investors except the portfolio investments that refer to the purchase of the shares being traded in one country's stock exchange by other countries or countries' institutions (Saray, 2011:132).

As can be seen in the definitions, the foreign direct investment is a concept with two dimensions, that is, host country and foreign investors. There is no significant difference between the terms used as "foreign capital investment" or "private direct foreign capital investments." The word "foreign" used in the terms refers to being outside the national borders of a country (Alagöz, Erdoğan, & Topallı, 2008). The direct foreign capital investors are generally comprised of the companies producing goods and services. Nevertheless, it does not matter whether the acquired wealth preexists or it is recreated, building production plants in foreign countries or purchasing the existing ones with the objective of expanding the production beyond the borders of the country where the firm is established is included in the scope of the direct foreign investments (Vergil & Ayaş, 2009:255).

Foreign direct investments are made by multinational corporations and, therefore, there is a close relationship between the foreign direct investments and multinational corporations. Multinational corporations are defined as the corporations operating in different countries under the management and supervision of a headquarters (Mucuk & Demirsel, 2009:167).

The most important aspect that differentiates the direct foreign capital investments from the portfolio investments is the fact that in direct foreign capital investments the capital transfer between the countries is realized from one country to another without any market transaction. Therefore, the direct investment provides the technology, risk analysis, and organization transfer along with the inter-market transfer and usually focuses on the industry sector. In addition, while in the direct foreign capital investments the foreign investor brings the production technology and the management know-how along with its capital, in the portfolio investments the foreign investor has no contribution to the host country apart from its capital (Karabıyık & Anbar, 2010:43-45).

Direct investments affect in many aspects the production, employment, prices in the economy, export, import, balance of payments, economic growth, and the economic welfare in general in the country where the investment is made. While these effects may be either positive or negative, it may take long years for these effects to emerge. Direct foreign investments especially help the developing countries have a sustainable growth and the rapid developments in the global economic conditions and the reforms for the free market encourage many countries to attract direct foreign investments (Çinko, 2009:95).

The amount and quality of the foreign investment is one of the important factors determining the development level of the countries. That the relationship between the amount of direct foreign capital and the economic development is directly proportional is considered as a fact revealed by the experience of many countries.

With their contribution of capital transfer to the national economy, the foreign capital investments are important in terms of ensuring the elimination of the capital deficit in the developing countries. As well as the other production factors, labor force, and land; the capital is limited in developing countries and this situation causes the radius of action of the developing countries to be limited. The most important reason for this limitation is the low level of the domestic capital formation. Domestic capital is determined by the per capita income in a country and the low per capita income in the developing countries limits the capital formation as well. It is accepted that as this value increases in real terms, the welfare level in the country increases. In order to achieve this, the production capacity should be extended and this is only possible through increasing the investments year after year (Gedikli, 2011).

The effects of foreign capital investments on the level of employment of the receiving country differ according to the development level of the countries. While in the developed countries the realization of the investments is important, in the developing countries it important to receive the production and management techniques along with the foreign capital. While in the developed countries it is desired to provide new employment opportunities and start new businesses, in the developing countries the use of labor-intensive production techniques is preferred in terms of solving the employment problem (Gündoğan, 2002:87).

In the developing countries, one of the expectations of the host country from the foreign capital is an improvement in the balance of payments. In other words, the firm making investment has a positive effect on narrowing the foreign trade deficit and the inflow of foreign currency into the country. Because the scarcity of foreign currency is one of the most important problems of the developing countries, the direct foreign investments are important in terms of balance of payments.

The Types of the Direct Foreign Investments

The direct foreign investments are categorized according to the purpose of the investment, ownership status, creating a new business, and its place within the production chain. Along with the investment decision, it is an important decision how to make the direct investment. Strategy of the firm, ownership choice, and the characteristics of the market have an effect on the decision on which path to follow in direct investment. In general, the types of the direct foreign investments are examined under three titles; joint venture, mergers or acquisitions, and strategic mergers.

In the joint venture, two or more natural or legal entities that are legally and financially independent of each other go into a business partnership with the purpose of realizing a business or a continuous operation and making a profit. In most cases, the joint venture is the method applied by the businesses in order to realize the investment that cannot be made alone. However, in some cases, it can be made compulsory by the host country. Host country government may aim to increase the know-how and experience of the local companies through going into partnership with the foreigners (Özkan, 2018).

In the mergers formed through the way of establishing a new company, the legal entities of all companies come to an end and a new legal entity is created. In this case, the assets and liabilities of the merged companies are all transferred to the newly established company. After the merger, the rights of the parties are preserved and in exchange for shares of the old companies to which they are partner it is possible to give from the shares of the newly established company or make payment with another security or cash. The mergers can take place in four ways: vertical merger, horizontal merger, mixed merger, and the geographical merger (Mucuk, 2011:54).

Strategic merger, which involves the joint ventures and marketing agreements, is a kind of equivalent of the foreign direct investment. The main difference between them is that in general there is an exchange of shares between the main companies in the strategic mergers. Strategic mergers with the companies of the countries of CIS (commonwealth of independent states) are quite common among the American, Canadian, Japanese, and Australian firms.

According to the place of investments in the production chain, the foreign capital investments are also categorized as horizontal and vertical investments. Making investment in the host country in order to dominate the market of the host country is referred to as the horizontal direct capital investment. Horizontal investments are mostly applied in situations where there is an obstacle to the international trade and the transportation costs are high. As for the vertical investments; in the production types requiring different factors, the production is divided into the stages and each stage is shifted to the countries where its factor is cheap. For example, the labor-intensive stage is carried out in the countries where the labor is cheap.

The Foreign Capital Investments in Turkey

Although the direct foreign capital investments flowed into Turkey in the early years of the Republic, there was no considerable foreign investment realized until the liberalization in 1980. Direct foreign capital investments were stirred after the 24 January 1980 Decisions, but did not reach to the sufficient level until the 2000s. Starting from the 2000s, the inflow of foreign capital accelerated. In this section, the development of direct foreign capital investments in Turkey will be examined.

Direct Foreign Capital Investments in the Ottoman Period

The foreign investments were shaped within the framework of capitulations in the Ottoman period. In this period, the foreign investors made investments in the transportation sector such as railways and harbors, infrastructure sector such as electricity and gas, and service sector such as banking and insurance. From the mid-19th century onwards, the Ottoman Empire liberated the imports from the foreign countries and applied 5% tariff to the import and 12% tariff to the exports. Thus, the foreign countries turned the Ottoman Empire into an open market where they can sell all kinds of goods. Although the precise information cannot be given due to lack of keeping records, the estimated investment of the French and the British amounted to 3.3 billion French francs and 22 million British pounds, respectively. Domestic investors and domestic producers were becoming unable to compete day by day. In this period, the profit transfers from the transportation sector, in which the foreign investments intensified, almost approximated to the external debts of the Ottoman Empire. The Aydın Railway Company transferred £11 million of profit between 1864 and 1913. In this period, the total external debt of the Ottoman Empire to England was £25 million. Before the First World War and at the beginning of 1914, of the direct foreign capital investments made within the Ottoman Empire's lands, which constitute the borders of Turkey now, 63.1% was in the railway sector; 12.7% was in the banking and insurance sector; and for the trade, industry, and municipal services each had 5% share on average.

	France	England	Germany	Other Countries	Total
Railways	23,247	4,588	17,248	1,785	46,869
Banking-Insurance	3,850	3,050	1,750	800	9,450
Municipality Services (Water, gas etc.)	1,701	363	304	1,449	3,816
Trade	3,031	757	300	200	4,289
Industry	1,220	1,665	300	774	3,959
Harbors	2,206	409	576	-	3,191

Mining	2,007	450	175	100	2,732
Total	37,262	11,281	20,653	5,108	74,305
*: 1 Pound = 1,10 Ottoman Lira					

Table 1. Direct Foreign Capital Investments in the Ottoman Period Source: Simplified from (Yavan & Kara, 2003)

Direct Foreign Capital Investments in the period of 1923-1949

Although the development of the foreign capital investments in Turkey started in the Ottoman Empire period; before the proclamation of the republic, the decision to support the foreign investment was officially taken at the Turkey Economic Congress held in İzmir on 17 February 1923. However, after the founders of the Republic, the foreign capital investments which were supported with the establishment of the Republic started not to be able to attract enough attention and were treated as a resource to be avoided.

During the period of 1923-1930, many foreign firms entered Turkey as per the decisions taken at the Economic Congress. With the law for the encouragement of industry enacted in 1927, the entry of these firms became obvious. In this period, new ones were added to the privileged companies remaining from the Ottoman Empire. The following companies gained the privileged status in the given years: Istanbul Seydiköy Gas and Electricity Company (Belgian-capitalized) in 1924; Izmir Telephone Company (Swedish-capitalized) in 1925; Izmir Electricity and Tramway Company (Belgian-capitalized) in 1926; Zingal Forestry Company (Belgian-capitalized), South Anatolia Manganese Mining Company (German-capitalized), and Kireçlik Chromium Mining Company (French-capitalized) in 1927; Adana Electricity Company (German-capitalized), Ankara Electricity and Gas Company (British-capitalized), Fethiye Silvery-Lead Mining Company (French-capitalized) in 1928; and Ford Company (US-capitalized) and Coal Mining Company (French-capitalized) in 1929. In addition to these, the companies established in the same period without any privileged status are as follows: Cement Factory (Belgian/French-capitalized), Ginnery Factory (British-capitalized), Chocolate Factory - Nestle (Swiss-capitalized), Plaque Factory - HMV and Colombia (US-capitalized), Pharmaceutical Factory (Swiss-capitalized), and the Silk Weaving Factory (Japanese-capitalized) (Boratav, 2018:176).

Again in this period, from 1928 onwards, 24 foreign-capitalized companies were nationalized on the strategic grounds. These nationalizations, which were perceived as an operation against the foreign-capitalized companies, were realized due to the strategic disadvantages arising from the fact that the transportation sector were in the hands of the foreigners. The nationalizations carried out took 16 years. The amounts paid in compensation to the foreign companies were 236.5 million Swiss francs, 204.5 million French francs, 34.8 million British pounds, and 10.7 million Turkish Liras.

The first legislation on the foreign capital was the Securities and Foreign Exchange Law No. 1447, which was put into force in 1929. After this law, which aimed at controlling the foreign exchange, the Law on the Protection of the Value of Turkish Currency was enacted in 1930. The Law, which was in force in order to prevent the inflow of the foreign capital until 1947, was abrogated by the decision dated 22 May 1947 and numbered 13. With the entry into force of this law, the foreign-capitalized companies accounted for the 43% of the paid-in capital amounting 71 million TL of the joint stock companies established in the period of 1923-1930. But, in the following years due to the world drifting into war step by step and the World War II between 1939 and 1945, Turkey applied the rules of war economy required by the conditions of that period and frightened the foreign capital through the nationalization movements. From 1939 onwards, with the influence of the war, the nationalizations that progressed slowly until 1939 increased rapidly.

Direct Foreign Capital Investments in the period of 1950-1979

With the end of World War II, having a stagnant, even declining, economy due to the war economy applications; Turkey needed the foreign investments to develop rapidly and, in order to achieve this, enacted some legislative regulations to stimulate the foreign investment.

In 1950, with the transition to a multi-party system and the accession to power of the Democratic Party, the imports were liberated. Thus, the increasing imports brought the external loans in its wake in order to eliminate the foreign trade deficit and external deficit. With the devaluation in 1958, the value of the Turkish Lira was decreased. As a result of the Turkish-USA relations which developed with the Marshall Aid received from USA, the Law for Encouragement of Foreign Capital, backed by USA, was enacted in 1954. With this law, the areas in which the foreign investors could operate were also expanded (Mucuk, 2011:59).

The first legislative regulation on the foreign capital in this period was the Law No. 5583 on the Guarantee of the Domestic Capital and the Commitment of Foreign Currency by the Treasury. Thus, the way was paved for the domestic capital to borrow with foreign currency. But, after one year this law was repealed by the Law for Encouragement of Foreign Capital Investments (No. 5821). According to this new law, the foreign capital would be able to operate in the areas open to the domestic capital. The annual profit transfer was limited to only 10%. This law, which did not create the desired effect during the validity period of 3 years, was repealed by the Law Numbered 6224 and dated 1954, which was characterized as the most liberal foreign capital law of the world. With the Law No. 6224, it was possible to make foreign investments in all areas except the oil exploration, extraction, and operation. Again, according to this law, there was no limitation in the profit transfer, however, it was a must to fulfill certain conditions.

The capital movements became official in Turkey with the “Foreign Capital Law” (No. 6224) enacted in 1954. They were supported by the Foreign Capital Framework Decrees which was put into force with the liberalization policies and the amendments in the foreign exchange legislations. And finally the Law No. 6224 was repealed by the “Foreign Direct Investment Law” numbered 4875 and dated 17 June 2003.

Another building block regarding the foreign capital investments was the Decision numbered 17 and dated 1962, which was the continuation of the Decision numbered 13 and dated 22 April 1947. With this Decision, many foreign-capitalized companies were established. 95% of the foreign capital that came in this period was invested in the industry sector. In addition, the foreign capital investments made in the industry went into a partnership with the domestic capital amounting to the three times of the foreign capital investments. However, since the imported input was used in the production instead of domestic input, the domestic production was not able to revive. Of the investments realized in this period; about 40% was made by USA, 10% by West Germany, 10% by Switzerland, and 10% by Netherlands and this capital was directed to the production of the durable consumer goods (Yavan & Kara, 2003).

Despite the laws for Encouragement of Foreign Capital enacted in the 1950s by the administration of Democratic Party and Adnan Menderes, there was not a considerable amount of foreign capital inflows in the period of 1950-1960. After the military coup in 1960, the planned development model was initiated, however, this also had no effect on the foreign investments. After 1960, the foreign investments were realized at low levels. The Table 2 shows the foreign capital investments made in Turkey in the period of 1950-1979.

Annual (Million \$)		Annual (Million \$)	
Until 1954	2.8	1967	9.0
1954	2.2	1968	13.9
1955	1.2	1969	13.2
1956	3.4	1970	9.0
1957	1.3	1971	11.7
1958	1.1	1972	12.8
1959	3.4	1973	67.3
1960	1.9	1974	-7.7
1961	1.2	1975	15.1
1962	4.2	1976	8.9
1963	4.5	1977	9.2

1964	11.9	1978	11.7
1965	11.6	1979	-6.4
1966	9.7		

Table 2. Direct Foreign Capital Investments in the period of 1950-1979 Source: (Yavan & Kara, 2003).

Direct Foreign Capital Investments in the period of 1980-2000

Although the legislative regulations were enacted in order to encourage the foreign investors between 1950 and 1980, Turkey was not able to benefit from the capital movements in the world due to the effect of Oil Shock, the political instability and the chaotic atmosphere in the country.

With the liberal policies applied after the 24 January Decisions; the capital inflow was encouraged, the bureaucracy was reduced, the tariffs were reduced, the foreign exchange regime was liberated, the agreements on the mutual encouragement of investment were made with various countries, and the privatizations were made open to the foreigners. The operation areas of the foreign capital were expanded and the sectors like agriculture and mining were made open to the foreign investors. The way was paved for the foreign capital to inflow into and outflow from the country freely and it was attempted to provide an environment of confidence for the foreign investors. Thanks to the liberalization policies, the efforts to integrate with the world were increased and it was attempted to make Turkey an attractive market for the foreign investors (Güven, 2008). However, as a result of the political instability in the post-1980 period, ever-changing governments, and the economic crises; the direct foreign capital investments followed a fluctuating course.

With the purpose of encouraging the foreign capital inflow, the “Foreign Capital Framework Decree”, numbered 8/168, was issued in 1980 and an authorized body, that is, Department of Foreign Capital was established. With the Decree No. 83/7285, the General Directorate of Free Zones was established under the Prime Ministry and went into action. The Law No. 3218 (dated 1985) including the regulations on the operation of the Free Zones was put into force. The law No. 18445 (dated 1984) abolished the restrictions on the foreigners to acquire the immovable property in Turkey. With the Law No. 2634 (dated 1982) enacted for the encouragement of tourism, it was attempted to facilitate the foreign capital investments in the tourism sector. With the elimination of the delays in profit distribution, the most remarkable regulation on the foreign capital ensured the equality in profit distribution among the domestic and foreign partners. With the additional incentives, on condition that they must get the required permits from the Department of Foreign Capital, the natural or legal entities non-resident within the borders of Turkey can purchase the immovable property, open a branch, and work as the representatives of the foreign companies in Turkey, however, in these situations the capital has to come from abroad (Erçakar & Karagöl, 2011:97).

In 1985 the 20% withholding tax, which was paid from the profit share of the foreign partner, was canceled out. In the same year, with the Law No. 3239, it was ensured that the limited taxpayer institutions benefited from the investment allowance exemption. In 1988, with the Law No. 3418, of the increment value earning gained by selling the shares of the foreign investor, the portion resulting from the exchange rate increase was made exempt from tax. Apart from these regulations, with the entry into force of the Foreign Capital Framework Decision (No. 95/6990) on 07.06.1995, which introduced significant changes in the foreign capital regime, the foreign capital regime became more liberal and the bureaucracy was reduced considerably. With the amendments in the Foreign Capital Framework Decision on 23.07.1995, the advanced rights such as patent and trade mark were included in the concept of foreign capital. In addition, the amounts being paid for the franchise agreements were determined as the transferable values (Şimşek & Behdioğlu, 2006:102).

Another legislative regulation that is of particular concern to the foreign capital is the Law No. 3966 dated 13 June 1994 on the “Certain Investments and Services within the Framework of Build-Operate-and Transfer Model.” While the foreign companies subject to the build-operate-and transfer model could only operate in the areas related with the electricity production, transmission, and distribution; with this new law, the following areas were included in the model: bridge, tunnel, dam, irrigation, drinking water, treatment plant, sewage, highway, railway, seaway, and airports. In addition, some other laws, which were indirectly related to foreign capital, although not directly, were enacted. These laws are as follows: “Law on the Protection of Competition” on 13 December 1994, “Decree Law on the Protection of Patent Rights” on 27 June 1995, “Decree Law on the Protection of the Trademarks” on 24 June 1995, and “Law on the Protection of the Consumer” on 23 February 1995. The Table 3 shows the development of the direct foreign capital investments between 1980 and 2002.

Years	Permitted Foreign Capital (Million \$)	Total Amount of the Investment Certificates (Billion TL)	Number of the Operating Firms (Cumulative)	Total Capital of the Operating Firms (Cumulative) (Billion TL)	Actual Inflow (Million \$)
1980	97.00	7,687	78	28.39	35
1981	337.51	7,216	109	47.40	141
1982	167.00	21,814	147	100.20	103
1983	102.74	19,922	166	147.11	87
1984	271.36	31,228	235	254.78	162
1985	234.49	116,816	408	464.98	158
1986	364.00	309,974	619	707.16	170
1987	655.24	317,953	836	960.04	239
1988	820.52	546,827	1,172	1,597.10	488
1989	1,511.94	950,735	1,525	4,847.83	855
1990	1,861.16	18,021,978	1,856	7,943.78	1,005
1991	1,967.26	1,589,398	2,123	13,101.04	1,041
1992	1,819.96	1,797,636	233	23,441.21	1,242
1993	2,063.39	7,013,627	2,554	36,737.05	1,016
1994	1,477.61	3,720,236	283	62,449.96	830
1995	2,938.32	32,844,782	3,161	113,013.79	1,127
1996	3,836.97	125,065,213	3,582	235,971.18	964
1997	1,678.21	62,446,110	4,068	458,968.46	1,032
1998	1,646.44	101,665,354	4,533	823,560.55	976
1999	1,699.57	159,952,036	495	1,446,502.79	817
2000	3,477.42	788,300,485	5,328	3,063,463.63	1,719
2001	2,725.28	256,875,000	5,841	6,184,411.71	3,288
2002	2,242.92	153,559,900	678	10,092,737.82	590

Table 3. Net Capital Movements into Turkey (Million \$) (Güven, 2008).

Direct Foreign Capital Investments in the 2000s

The Encouragement of Foreign Capital Law (No. 6224), which was put into force in 1954, was repealed by the Foreign Direct Investments Law in 2003. According to the Article 3 of the law in question, it is free for the foreign investors to make the foreign direct investments in Turkey. Foreign investors are subject to the equal treatment with domestic investors. As per the legislation in

force, the foreign direct investments cannot be expropriated or nationalized unless the public benefit requires and their provisions are paid. Thereby, the law provides an assurance that the investments of foreign investors cannot not expropriated.¹

Again with this law, the obligation to obtain a preliminary permit in practice since 1954 was abolished; instead of this, some regulations were made for monitoring. Within this context, the preliminary permit obligation for the foreign investors who wanted to make investment in Turkey was abolished and, in addition, there was a practice that made it mandatory to bring a minimum amount of foreign capital (50,000 USD) when establishing a company, opening a branch, and going into partnership; this practice was terminated. With the law, the terms “foreign investment” and “foreign investor” were defined in line with the international practices and it was made possible for the Turkish citizens living abroad to make investment within this context (Hazman, 2010:51).

In Turkey, there are incentives and facilities stipulated by the legislations for the direct foreign capital investments. For example, the foreign investors and Turkish investors have the same status, rights, and responsibilities. There is no limitation in terms of the shares of the foreign partners of companies. The foreign currencies brought to the country as the foreign capital can be kept in the foreign currency deposit account without an obligation to convert into Turkish Lira. There is no legal obstacle to the transfer of earnings such as profit share, liquidation share etc. outside the country. In case of need, foreign investors can employ foreign personnel. There is no requirement of approval in the license, know-how, technical assistance or management agreements. Only the registration is sufficient. There is no requirement of approval in the external loan agreements.

For years, Turkey got a small share of the cake of direct foreign capital investments in the world due to the red tape, chronic high inflation, economic instability, the inward-oriented structure until the 1980s, the lack of inflation accounting, and the failures in the privatizations. Thanks to the increasing funds in that period and the Foreign Direct Investment Law (No. 4875, dated 17 June 2003) enacted with the accession to power of the Justice and Development Party, Turkey started to get increasing amount of share from the foreign capital investments. With the privatization moves of the government, the direct foreign capital investments surpassed the 10 Billion Dollar line in 2005, reached the peak with 22 Billion Dollars but fell to the level of 8 Billion Dollars due to the incontrovertible effects of the 2009 global crises. Figure 1 shows the direct foreign capital investments made in Turkey.

¹ 4875 No. Foreign Direct Investment Law

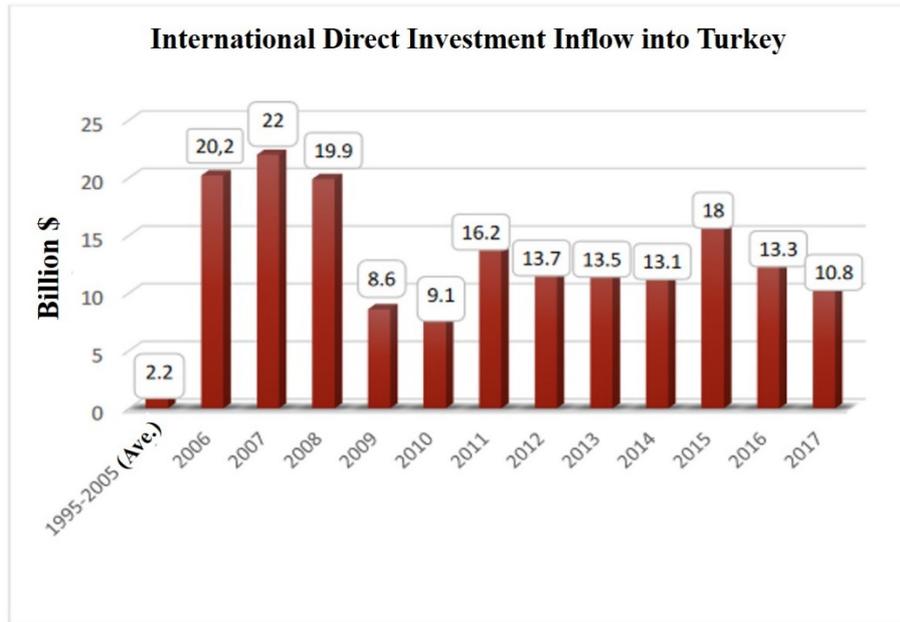


Figure 1. Direct Foreign Capital Investments per Years (Billion USD)

Source: The Central Bank of the Republic of Turkey

When the breakdown by sector of the direct foreign capital investments made in Turkey was analyzed; as of the end of 2017, 64% (\$4.7 billion) of the total capital inflows (\$7.4 billion) were realized in the services sector. The services sector was followed by the industry sector with \$2.65 billion and a share of 35.6%.

Within the services sector; while the finance and insurance sector were the most invested sub-sector with \$1.4 billion, the transportation and storage sub-sector took the second place with \$1.35 billion.

Sectors (million \$)	2013	2014	2015	2016	2017
Capital Inflow	10,523	8,632	12,077	7,534	7,437
1. Agriculture	47	61	31	38	31
2. Industry	5,390	4,258	5,774	3,067	2,653
Manufacturing	2,843	2,742	4,227	2,241	1,261
Electricity, Gas, Steam	1,794	1,131	1,338	676	943
Mining, Quarrying	717	382	207	148	448
Water Supply, Waste Management	36	3	2	2	1
3. Services	5,086	4,313	6,272	4,429	4,753
Finance and Insurance Operations	3,415	1,470	3,516	1,766	1,452
Transportation and Storage	364	594	1,524	635	1,350
Construction	178	232	106	291	627

Information and Communication	120	214	150	91	557
Wholesale And Retail Trade	379	1,137	599	688	501
Human Health and Social Services	106	204	58	274	62
<i>Capital Outflow</i>	<i>587</i>	<i>261</i>	<i>364</i>	<i>621</i>	<i>1,869</i>
<i>Other Capital (Net)</i>	<i>578</i>	<i>427</i>	<i>2,133</i>	<i>2,540</i>	<i>619</i>
<i>Immovables (Net)</i>	<i>3,049</i>	<i>4,321</i>	<i>4,156</i>	<i>3,890</i>	<i>4,643</i>
Total	13,563	13,119	18,002	13,343	10,830

Table 4. Capital Inflows per Sectors (Source: The Central Bank of the Republic of Turkey)

When the breakdown by country of the foreign capital investments made in our country as of the end of 2017 analyzed, it can be seen that the most investment was made by Netherlands, Spain, and Azerbaijan. In general, while the investment received from European Countries accounted for the 67% of the foreign capital investments; Asian countries accounted for 23%, ocean countries 6%, USA 3%, and Africa 1%.

Countries	Capital Inflow (Million \$)	Share (%)
Netherlands	1,768	24
Spain	1,451	20
Azerbaijan	1,009	14
Australia	459	6
Austria	326	4
England	324	4
Germany	295	4
Japan	295	4
Belgium	225	3
USA	171	2
Italy	124	2
Other	990	13
Total	7,437	100

Table 5. Foreign Investments per Country (2017) (YASED, 2018).

Foreign Capital Investments Made in the Media Sector

It is possible to go back to 1970s for the first foreign media investments in Turkey. After the 12 March 1971 Military Memorandum, the American radio channels, which started to broadcast in

Turkey as per the mutual agreements with USA, can be seen as the first examples of these. The foreign capital investments literally made in the Turkish media took place in 1999 with the establishment of CNNTurk, a joint venture of Time Warner and Doğan Media. It was the first TV channel established in a partnership with a foreign media outlet in our country.

However, it is also worth mentioning that CNN's first relations with Turkish media started with NTV, not CNNTurk. As per the agreement with CNN; NTV, the first news channel in Turkey, had the right to connect to CNN and benefit from its live broadcasts and news for 1 hour each day for a specific amount of fee. However, this agreement was canceled as per the CNN's partnership with the Doğan Group. After cancellation of the agreement, NTV agreed with BBC.

After CNNTurk, CNBC-e began its broadcasting life with the cooperation of CNBC, the leading economy channel in the 2000s in the world, and Kanal-e, a channel within Doğuş Group. CNBC-e had different broadcasting policies for daytime and evening. While CNBC-e was giving economy and market information in the daytime, it was turning into an entertainment channel in the evening. Unlike the equal-share partnership structure of CNNTurk, CNBC-e was established as a know-how transfer paid from the license fee and profit. In September 2015, the channel was sold to Discovery Communications. As of November 2015, the channel ended its broadcasting life. The channel was replaced by TLC Turkey.

Another foreign investment made in the Turkish media was Fox TV, which was established in February 2007. News Corporation, owned by Rupert Murdoch, one of the most important media moguls, entered our country through purchasing the frequency of TGRT, owned by Huzur Radio TV, with Ahmet Ertegün, the owner of Atlantic Records which is known as making Ray Charles popular. The trademark "TGRT" was left to the ownership of Ören family, the ex-owner of Huzur Radio TV. Unlike CNNTurk and CNBC-e, this was a direct acquisition.

After CNNTurk, Doğan Media Group made a cooperation with Turner for the broadcast of TNT Cartoon Networks, a children channel. Cartoon Network and TNT began their broadcast life in January 2008 and in March 2008, respectively. TNT channel was closed on the grounds that it made loss and replaced by tv2. On the other hand, Cartoon Network is still continuing its broadcast life.

The first investment of the 2010s was the cooperation of Haberturk with Bloomberg TV, a channel broadcasting in 68 countries, in Turkey. The channel broadcasting with the name "Bloomberg HT" communicates the 7/24 news on the business and finance life through the satellite to Turkey and Turkic republics.

German Axel Springer AG is one of the media giants that entered our country through acquiring the 25% share of Doğan Media Group in 2006. In 2004, BMG Music within the group merged with Sony Music within Sony and was renamed Sony BMG. It is continuing its operations as Sony Music in Turkey.

With an amendment in the Radio and Television Supreme Council Law in 2011, the foreign capital share limit was increased to 50%, which was 25% before. The law also stipulates that a foreign natural or legal person may be a direct partner of up to two media outlets. Now if a foreign investor want to make a media investment in Turkey, according to this rule he can only obtain the 50% of the total capital share of the company, the rest 50% of the share must be in the hand of a local, Turkish investor.

By 2019 year there are many foreign media investors in Turkey. Most of them prefer to get in the market in digital media. The reason of this may be described as, since digital media is getting more importance in media environment nowadays and sine there no ownership rule about the digital media in Turkey as there is in traditional media.

Today, The Doğan-Egmont Publishing, which still continues its presence in the printed media, publishes the world-famous magazines with the partnership of Doğan Media and Scandinavian Egmont. In addition to Doğan Egmont, which continues its publishing for the children on the themes such as entertainment, education, and social responsibility; Doğan Burda Rizzoli was established within the Doğan Group with the partnership of Italian Rizzoli and German Burda. Doğan Media Group was acquired by Demirören Media Group in May 2018. Doğan Egmont was excluded from this acquisition. Bloomberg TV is merchandised by Turkish media group Ciner media, FOX TV is an American tv investor in Turkey in traditional media, Digiturk which is the biggest digital television platform of Turkey is owned by a Qatar media group beIN.



Figure 2. Foreign Media Investments in Turkey By 2019.

As of 2019 in Turkey, Sputnik (radio + Digital), a Russian media investment; CRI TURK (radio + digital), a Chinese media investment; and Independent Turkey which is owned Arab capital is still operating in the Turkish media as foreign investors. Next to these investments Deutsche Welle

Turkish Service, BBC Turkish service, Voice of America Turkish service, Euronews Turkey are producing Turkish content in digital platforms as foreign media companies in Turkey.

The Aim and Method of the Study

As especially in the developing countries, the foreign capital has been a highly controversial topic in Turkey. Foreign capital, a topic causing a continuous conflict between those with a conservative view and those with a more liberal view, creates bigger debates especially in the sensitive sectors. Considering that the media is the fourth power, it is natural to have some debates on the foreign investments in the media sector. Considering that both the media outlets and the owners of the media outlets provide an opportunity for the governments to gain power, the entrance of foreign capital in Turkey brings in its wake the debates on the topics such as what its number will be and what the share of it will be within the Turkish media outlets. The purpose of this study was to identify the opinions of the students of communication faculty, the future journalists, on the entrance of foreign capital in the Turkish media.

This research was designed as a qualitative analysis. In line with the purpose of the study, the questionnaires comprising of 3 open-ended questions were administered through the interviews made with 30 participants studying at the department of journalism of the communication faculties of the universities operating in İstanbul. In the interviews each lasting 15 minutes, the in-depth interview method was used and the findings were analyzed. All the spoken words of the interviews were recorded in audio files and deciphered. The answers were categorized according the thoughts of the participants as "1" (supporters of foreign media investments), "0" (unstable about foreign media investments) and "2" (against to foreign media investments).

Analysis of the Findings Obtained from the Study

In addition to the general opinions of the participants on the investment of foreign media capital in the Turkish media sector in Turkey, their opinions were received on the following topics: whether the number of the foreign investors should increase in the media sector or not, what percentage of the shares of media outlets in the media sector in Turkey the foreign capital investors should have.

	%
Supporters of Foreign Media "1"	60,00
Unstable "0"	6,66
Against to Foreign Media "2"	33,34
Total	100,00

Table 6. The Statistical Results of the Research

In the research it was seen that the 60% of the future journalists supports foreign media's investments in Turkey, while the 33,34 of them were against to foreign media investments, only the

6,66 % of the sample population expressed that they have no idea believe that either its good or bad to have more foreign media investments in Turkish media market.

It was observed that the opinions of the participants on the investments of the foreign media outlets (foreign capital) in the Turkish media sector differentiated. While some of the participants think that the foreign capital should enter Turkey in any case; although others support the foreign capital, they state that the partnership share should be less than the capital. And some others do not support the foreign capital and state that its share should be very limited.

The participants who supported the entrance of foreign capital into Turkey generally state that this is *“important in terms of polyphonic media.”* According to the participants having this opinion, it is an important issue that the media outlets in Turkey have *“started to become increasingly monophonic.”* Besides, thanks to the foreign capital, *“the pressure on the media outlets in Turkey will be alleviated.”* In addition to this, *“the foreign capital will bring the competition and, all in all, the winner will be the media sector in our country.”*

Those who do not support the entrance of foreign capital into the Turkish media approach the issue from a more conservative point of view. These participants generally state that the entrance of the foreign capital into the media sector will *“cause the cultural imperialism,” “the media being in the hands of the foreign capital will pave the way for the realization of the goals of the foreign countries on Turkey,” “it will make the propaganda against Turkey widespread,” “it will be able to make the agenda of Turkey more turbulent,”* and *“the local media outlets and newspaper will be terminated.”*

The common ground on which the supporters and non-supporters of the entrance of foreign capital into Turkey meet is that the foreign capital to be invested *“should not have the majority share.”* The fundamental ground of the participants in both group is the aforementioned conservative concerns. However, they did not meet on a common ground in terms of the percentage. While the non-supporters of the foreign investments stated that the share *“should not exceed even 10%,”* the supporters of the foreign investments stated that *“it should be between 25% and 49%.”* Even the supporters of the foreign investments stated that the share percentage exceeding 49% would cause the concerns such as the cultural degeneration and being open to propaganda. However, among the supporters of the foreign investments there were those stating that the shares of the domestic and foreign investments should be equal. The fundamental ground of this opinion is that *“the domestic and foreign capital will enhance the quality without establishing a superiority.”*

On the other hand, only one participant stated that the share of foreign investment should be more than the domestic investment; because, *“the domestic capital provided a monophonic broadcast”* and *“it was obvious that the establishment of the Turkish media could not be within itself”*; and therefore, the foreign investment should come to Turkish media.

Those supporting the foreign capital especially express the opinion that the quality of the entertainment programs will increase. “*Stating that especially the quality of the entertainment programs is low*” in the current media sector, the participants say that the foreign capital can fill the gap in this field. In addition, the fundamental ground of the supporters of the foreign capital for this opinion is as follows: “*the foreign capital will bring quality to the media sector,*” “*this new situation will make the media outlets of the domestic capital have to tend towards the quality*”, “*the sector will advance in general.*” Besides, the participants supporting the foreign capital stated that “*the entrance of foreign capital would mean the inflow of foreign currency for getting out of the bottleneck Turkey was in*” and “*with the help of mutual interaction Turkish media could expand abroad and, as a natural result, this would mean inflow of foreign currency.*”

Conclusion

The social effect of the media has been increasing day by day as the technology develops. The media ownerships have been open to dispute due to the factors such as the media being the fourth power and interwoven with the politics. The place of foreign capital within the media industry, which has an oligopolistic market structure in Turkey, has come to fore after the 2000s. Due to both the young and consumer population structure and the geopolitical position of Turkey, the owners of foreign capital have started to show interest to Turkey. Making many investments in the areas apart from the media such as construction - energy, the foreign capital has started to show interest to the Turkish media. This manifested itself especially in the 2000s and the number of the foreign media investors coming from the foreign countries to Turkey increased. The entrance of CNN into Turkey and the investments made in the Turkish media by MTV, CNBC, and Fox between 2000 and 2010 put Turkey at the center of attraction of the foreign media investors. After 2010, the countries such as Russia, Japan, China, and Qatar as well as the West have made investments in the Turkish media. As of 2019, it can be seen that there are investors in the Turkish media from different countries such as USA, Russia, China, and Qatar.

The place of foreign capital ownership in the Turkish media has been subject to serious debates in this process. While those looking at the issue from a more nationalistic point of view think that it is unfavorable for Turkey to receive the foreign investment, those having a liberal point of view argue that the foreign capital is in the other sectors, so likewise it should be in the media. In this study, the thoughts of the future journalists on the existence of foreign capital in the media ownership in Turkey were examined. In the in-depth interviews made within the scope of the study, it was identified that the opinions on the entrance of foreign capital into Turkey were very varied. Some of them supported, others gave a limited support, and some others did not support. However, in general it was seen that the opinions supporting the existence of the foreign capital in the Turkish media were more.

The existence of foreign media for a country may have many different advantages and disadvantages. If we look to issue economically it may be seen as an advantage, because it's a kind of import of investment to Turkey. This would bring extra capital and money to market, would help the media market to groove and of course this would help the increase of media employment. On the other hand if we look to the issue strategically and under the nationalist focus it may bring some ideas that should be discussed. It's a very good point to have visitors from foreign media investor for the polyphony of media in Turkey. One thing that may be underlined could be the strategic position of these companies in their content production. These companies either should not be silenced under the term of "control" neither should not be allowed to have a free speech for saying whatever someone (this may be the ownership of the capital, the local or investor's government authorities). There should be a balance between in the operation of content management. Because we shouldn't forget that a foreigner is a guest, but this could be a good guest as soon as he or she applies the rules of the place where he is. So, motivate the investment of foreign media to Turkey and controlling this media under ethic and democratic global media rules would be the best choice for Turkish media environment's growth both economically and in the name of polyphony.

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