



From Tradition to the Future...



IZMIR COMMODITY EXCHANGE





PEARL OF THE AEGEAN REGION

Izmir, the third largest city of Turkey, is a contemporary, developed and busy commercial centre. On its west lies Cesme Peninsula with its exquisite sea, beaches and thermal centres. Of the most famous cities of ancient ages, Ephesus and Bergama come first among the fascinating centres of tourism in Izmir. Izmir with a temperate climate is almost identified with the "imbat" breeze that is defined as the refreshing coolness coming from the sea in summer months. The historic Clock Tower built during the reign of Sultan Abdul Hamid and the famous Kordon (a famous seaside area in Izmir) are the two "most well-known" symbols of Izmir. Izmir International Fair and Izmir International Arts Festival stand out as the most important components of the city's cultural and artistic life. The city has the second largest export port of Turkey after Istanbul.

IZMIR AND AGRICULTURAL SECTOR

The agricultural sector and the agro-based industry are of great importance for the economy of Izmir. The vast agricultural hinterland of Izmir and the surrounding Western Anatolian provinces is the area with the largest agricultural product pattern in Turkey. The three most fertile agricultural basins not only of Turkey, but also of the world (the Little Meander, Bakircay and Gediz) are within the provincial boundaries of Izmir.

Despite having 344 thousand hectares of cultivated area that is 1,4% of Turkey's total arable land, Izmir generates nearly 4 percent of the total value of agricultural production of the country. While the vegetative production constitutes 48% of the agricultural production, the remaining sum is comprised of animal production by 47% and aquaculture by 5%.

In Izmir where modern and conscious production techniques are applied, the agricultural productivity is relatively high. About 15% of the overall export volume of food and agricultural products of Turkey is carried out from Izmir.



HISTORY

The commodity exchanging started in Turkey in 1891 when today's Izmir Commodity Exchange, which was called "Izmir Commodity and Industrial Exchange" back then, was established. The foundation of today's Izmir Commodity Exchange (ICE) was laid in 1891 thanks to the efforts of Nisli Hacı Ali Efendi and a handful of traders gathered around him.

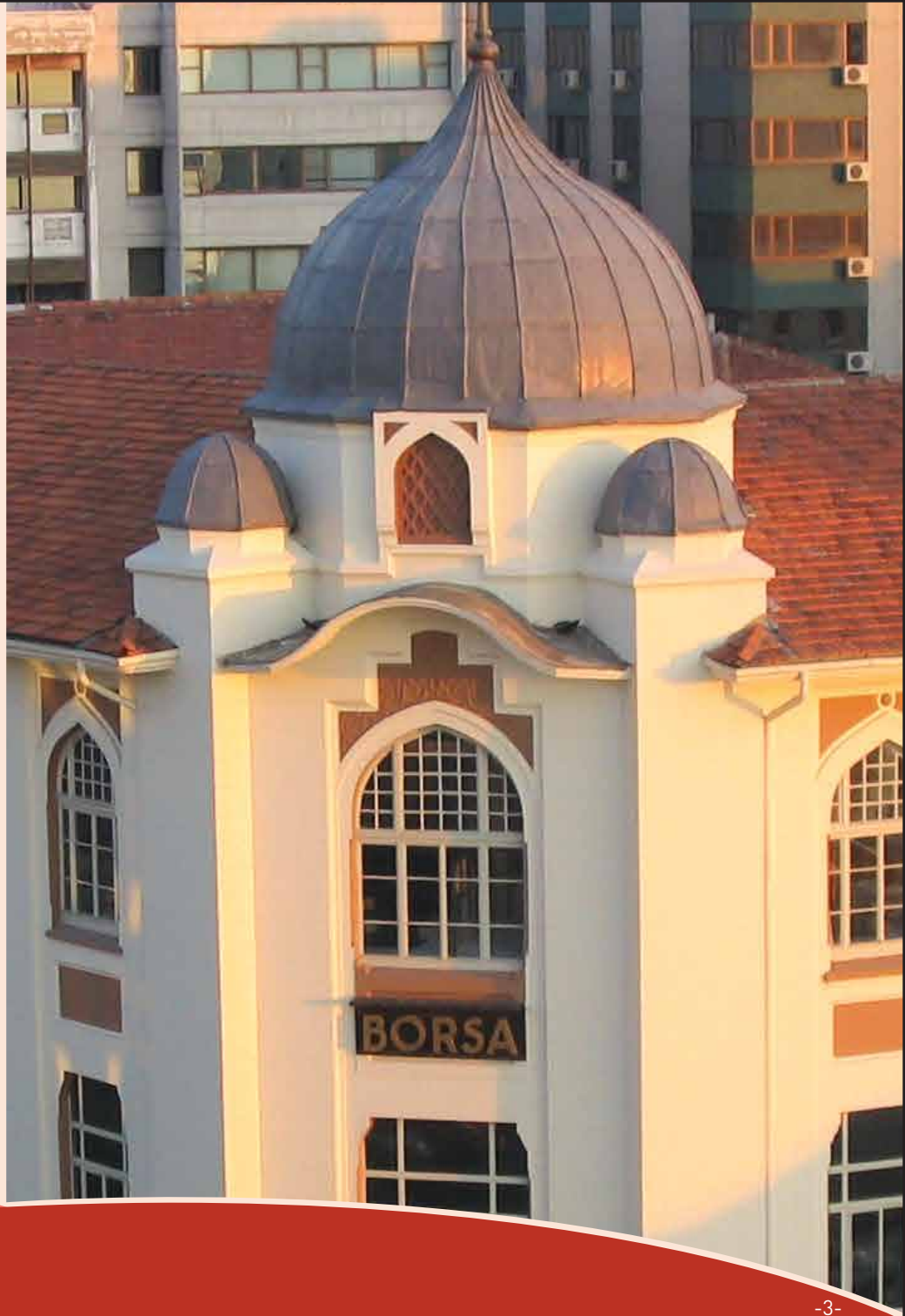
The expansion of trade volume in Izmir in the second half of the nineteenth century brought along some problems. Although problems such as transportation and storage were resolved, the unfavourable environment in putting the products to the market adversely affected the commercial life. Despite the fact that there were places where buyers and sellers also came together before 1891 and traded various products through bargaining as the commercial life was dynamic in Izmir, they were not places that fall within the definition of an exchange in modern sense. The discussions regarding establishing a modern exchange that has a legal status and functions within certain principles came about only in the early 1890s. While these discussions were in progress, Arabyan Karabet Efendi and Nisli Hacı Ali Efendi started working separately on establishing an exchange in Izmir. Considered as the foundation of today's Izmir Commodity Exchange, the exchange established by Nisli Hacı Efendi was opened on Monday, 14 December 1891.



COMMODITY EXCHANGES IN TURKEY

Commodity exchanges are public institutions with legal entity that are affiliated to Ministry of Customs and Trade and established to trade the agricultural products included in their quotation lists and to determine, register and announce the prices set in the exchange.

United under the Union of Chambers and Commodity Exchanges of Turkey (TOBB), commodity exchanges are established in provinces, where the business needs require their establishment, with the unqualified opinion of the TOBB upon the approval of the Ministry of Customs and Trade.



DUTIES OF COMMODITY EXCHANGES

According to Law No. 5174 on the Union of Chambers and Commodity Exchanges of Turkey and the Chambers and Commodity Exchanges, some of the important duties of commodity exchanges are as follows:

- To arrange and register the purchase and sale of the goods quoted with the commodity exchange,
- To duly determine and announce the daily prices, which occur in the commodity exchange, of the goods quoted with the commodity exchange,
- To make general regulations that are to come into effect by the approval of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) concerning the obligations of sellers and buyers for delivery, acceptance and payment, conditions of liquidation terms of transactions, conditions that have an effect on prices, and arbitration procedures for resolving disputes that may arise,
- To follow domestic and overseas commodity exchange and markets activities and to communicate the prices, to guide its members concerning electronic commerce and internet networks,
- To establish laboratories and technical offices or participate in the ones that have already been established in order to determine the types and characteristics of the goods quoted with the commodity exchange,
- To determine the customs and practices regarding the commodity exchange in their region, to submit them to the approval of the Ministry and to announce them,
- To make offers, wishes and applications to the relevant official authorities with regard to the subjects of activities of the commodity exchange; to file lawsuits on behalf of itself or members when all or some of the members have interest,
- To monitor the agreements, decisions and actions in a character of concerted practice that may have deteriorative effects on competitiveness, and in case of determination of any such agreements, decisions or concerted practices, to inform the relevant authorities,
- To provide necessary documents to its members and render services in connection therewith,
- To assess the applications to be filed for domestic fairs and make proposals to the Union in this respect.

THE IMPORTANCE AND PLACE OF IZMIR COMMODITY EXCHANGE AMONG OTHER COMMODITY EXCHANGES

There are 113 commodity exchanges in Turkey. Established in 1891, Izmir Commodity Exchange is the first commodity exchange in Turkey. Bearing the title of being the first commodity exchange of Turkey, Izmir Commodity Exchange has played a significant role in developing the agricultural production, trade and exchange activities since its establishment. Izmir Commodity Exchange stands out among the leading Commodity Exchanges of Turkey with the experience it has and the projects it runs where the "true exchange rules" are applied and major agricultural products are traded.

Izmir Commodity Exchange (ICE) has gained a significant and respected place among other commodity exchanges with the local and national projects it has run in addition to the basic exchange services.

The transactions carried out in the raisins and cotton halls of Izmir Commodity Exchange are the oldest and best-functioning samples of spot market. The prices announced for cotton, raisins and oil seeds by Izmir Commodity Exchange are reference prices for the related markets.

Izmir Commodity Exchange is among the top three exchanges in our country in terms of the trading volume. It generates 5% of the overall trading volume of commodity exchanges in the country.



CORPORATE AND ADMINISTRATIVE STRUCTURE

The corporate and administrative structure of Izmir Commodity Exchange (ICE) is formed under the Union of Chambers and Commodity Exchanges of Turkey in accordance with the Law No. 5174.

Members of Izmir Commodity Exchange are active in one of the nineteen professional groups that are set according to their field of activity. These professional groups form the professional committees with elections held every four years. The professional committees then shape the Assembly of the Exchange with the election held among themselves. The Assembly of Izmir Commodity Exchange comprises fifty three members. The tenure of the Assembly that is the highest decision-making and supervisory body of the Exchange is four years. A Board of Directors comprising eleven members with the tenure of four years is elected from among the members of Assembly of Izmir Commodity Exchange. A chairperson and one or two deputy chairpersons are selected for the Board of Directors and the Assembly apiece. A treasurer is selected from the Board of Directors and a secretary member is selected from the Assembly. In addition, there is also a Discipline Board consisting of six members elected by the Assembly from among the exchange members for a term of four years.

In Izmir Commodity Exchange, the General Secretary consists of a Secretary General and two deputy Secretary Generals. In addition, there are the Department of Member Operations and Decisions, Finance Department, Department of Research and Development, Department of Registration and Control, Laboratory Department, Corporate Communication Department and the Human Resources Department under the General Secretary. There are also posts of Advisor to the Chairperson and Advisor of Health within the organization of the Exchange. Moreover, media, legal and financial advisory services as well as security and cleaning services are purchased from outside.



SERVICES PROVIDED BY IZMIR COMMODITY EXCHANGE

Hall Services: Izmir Commodity Exchange (ICE) is a transparent market where free market rules apply. Trading transactions are regularly carried out in raisins and cotton halls every business day. Transactions are conducted by buyers and sellers that are members of the Exchange or through their agents and brokers, who are also members of the Exchange.

Cotton Transactions and "Korbey"

System: The system called "Korbey", in which buyers and sellers come together face to face and trade cotton through open out-cry method, displays a model for trade ethics with its feature based completely on reliability. The transactions that are conducted in Korbey where 130 people can trade through open out-cry method can be carried out on week-days for 10 minutes between 12.20 and 12.30. The short length of time set for bargaining brought together the tradition that conversations are kept brief and to the point. Only fibre cotton, all types of cotton and cotton seeds are traded in Korbey (a mini trading pit that is 7 metres in diameter).

After the Korbey session that ends at 12.30, the cotton trading session that is run over the cotton samples continues until 13.30 through bargaining and the prices that are set at the end of the session according to the actual transactions carried out are announced as daily closing prices.



Raisins Transaction Hall:

Trading transactions in raisins hall are carried out through bargaining by agents and brokers that are members of the Exchange. The product samples sent from the production areas are displayed according to the product types and the trading transactions are carried out by buyer and seller agents/brokers through bargaining on samples.



The sessions in raisins transaction hall are held every day between 12.00 and 13.30. The prices that are set at the end of the session according to the transactions carried out are announced as daily closing prices.

Arbitration Services

Arbitration committees are formed by the Exchange in order to resolve the disputes arising from the trading of goods that are included in the quotation list of the Exchange. Izmir Commodity Exchange is the leading institution that best runs the arbitration process in Turkey. The arbitration awards given by the committees are approved by the Commercial Courts of First Instance. In this way, the disputes are resolved in a short period of time.

Upon requests from the members dealing with the foreign trade of cotton, Izmir Commodity Exchange became a member in 2000 of the Committee for International Co-operation Between Cotton Associations (CICCA) comprising the institutions that are considered an authority in cotton arbitration throughout the world.

Information Services

The prices formed through registration in the Exchange are announced regularly every day via the website of the Exchange under the name of "registration bulletins". Also, the closing prices formed in cotton and raisins halls are announced every day while the closing prices for oil seeds are declared on Tuesdays and Thursdays. The closing prices for meat, intestines, and hides and skins, however, are announced on Mondays.

In addition to these services, Izmir Commodity Exchange builds databases related to the overall economy and the agricultural sector. These data are provided to the members, researchers, academics, students and other relevant institutions, if requested.

Also, the regulations made on the legislation regarding our members' fields of activity, foreign economic relations activities, fair organizations as well as seminar and meeting announcements are published via bulletins.

Laboratory Services

Our Exchange has a laboratory where physical and chemical analyses are carried out on some of the goods that are traded in the Exchange. Also, Izmir Commodity Exchange Laboratory, R&D and Consultancy Services Inc. (IZLADAS) was established by Izmir Commodity Exchange in 2013. IZLADAS has been licensed by the Ministry of Customs and Trade as the "Competent Classifier" in accordance with the "Regulation on Licensing, Activities and Supervision of Competent Classifiers" and provides analysis support to licensed cotton warehouses.

Social Services and Aids

Throughout history, Izmir Commodity Exchange has been an institution conscious of its social responsibilities as well as its duties laid down in the law. In light of the belief that education is the best investment, Izmir Commodity Exchange had the "Commodity Exchange Elementary School" built in Bayrakli, Izmir in 1985. All needs of this school are still met by Izmir Commodity Exchange today.

In addition, a village library was established in Belevi village of Selcuklu district of Izmir and we do our best within our budgetary limits to meet any other requests coming from various educational institutions regarding physical and educational needs.

Also, Izmir Commodity Exchange regularly awards scholarships to a certain number of high school and university students every year.

IMPORTANT PROJECTS



Turkish Derivatives Exchange (TURKDEX)

Izmir Commodity Exchange (ICE) started working on establishing the Turkish Derivatives Exchange, which the ICE believed was a major need for Turkish economy and agricultural sector, in the 1990s. Turkish Derivatives Exchange Inc. was established as a result of long-term studies conducted by the partnership of Union of Chambers and Commodity Exchanges of Turkey, major finance institutions and Izmir Commodity Exchange, and began functioning in 2005.

Having achieved a great success in a short period of time, the TURKDEX was transferred to Borsa Istanbul Inc. (BIST) following the legislative amendments made in 2013. As a result of this transfer, Izmir Commodity Exchange also took its place among the shareholders of the BIST.

Aegean Agricultural Products Licensed Warehousing Inc. (ELIDAS)

Aegean Agricultural Products Licensed Warehousing Inc. (ELIDAS) was established in 2011 by 19 partners under the leadership of Izmir Commodity Exchange and received official authorization from the Ministry of Customs and Trade to operate in 2013.

ELIDAS is the first company among the licensed warehouses, which has adopted the licensed warehousing system for cotton and initiated the electronic product certificate application for the goods stored. Although ELIDAS initially serves for cotton warehousing, it may also extend its services for other agricultural products depending on the developments to occur.

Izmir Commodity Exchange Laboratory, R&D and Consultancy Services Inc. (IZLADAS)

Izmir Commodity Exchange Laboratory, R&D and Consultancy Services Inc. (IZLADAS) was established in 2013 with the authorization of the Ministry of Customs and Trade and one hundred percent capital of Izmir Commodity Exchange. IZLADAS has been licensed by the Ministry of Customs and Trade as the "Competent Classifier" in accordance with the "Regulation on Licensing, Activities and Supervision of Competent Classifiers" and become the first and only competent cotton classifier company in Turkey.

IZLADAS fibre analysis laboratory serves the licensed cotton warehouse ELIDAS, members of Izmir Commodity Exchange and private individuals who want to have their cotton analysed with Uster HVI 1000 device.

Izmir Commodity Exchange Electronic Trading Platform (IZBEP)

Izmir Commodity Exchange Electronic Trading Platform (IZBEP) is the platform where the electronic product certificates issued by the licensed warehouses that have concluded an agreement with Izmir Commodity Exchange for the goods stored in warehouses are traded. IZBEP began functioning in 2013 together with ELIDAS.

It is the outset of a new era in the marketing of agricultural products.

Thanks to this platform, it is possible for producers, traders, industrialists and agricultural product investors to trade the agricultural products stored by the licensed warehouses via internet without physically relocating the products stored. With this system, the agricultural products are transformed into an investment instrument for all economic actors.



"E-Commodity Bazaar" Commodity Trading Portal

E-Commodity Bazaar is an electronic marketplace established by Izmir Commodity Exchange in order to improve the trading of agricultural and food products. The experience and knowledge accumulated by Izmir Commodity Exchange in the field of trading of agricultural products for over 120 years have been combined with the opportunities provided by the information technologies and the internet, and made available to the related parties. The mission of E-Commodity Bazaar is to improve the trading of agricultural and food products at international level and enable its members to benefit from the opportunities provided by electronic commerce.

E-Commodity Bazaar allows member companies to display their products and hold auctions for these products if they want. The website does not stand a guarantor to the parties for their trading transactions and only brings the buyers and sellers together. The platform also has mobile applications that runs on iOS and Android.

Harvest Estimation Studies

Agricultural production estimates are of great importance for producers, traders, industrialists and public units that make agricultural policies. Therefore, Izmir Commodity Exchange carries out harvest estimation studies for cotton, dried fig, raisins, olives and olive oil that are important products for the economy of the region.

Unlike the studies conducted for other products, determination of cultivation sites in harvest estimation studies for cotton have been carried out using satellite images since the season of 2000/01. Izmir Commodity Exchange is first in Turkey to make use of satellite images in product harvest estimation studies.

Registration of Geographical Indications

A geographical indication (GI) is a sign that indicates a certain product identified with the area, region or country of origin with a certain quality, reputation or other characteristics that are due to that origin.

Izmir Commodity Exchange had the geographical indications for cotton, sari lop figs and seedless Sultanas, which are of great importance for Izmir and Aegean Region, and have proved their quality worldwide, registered in 2003. As the result of the applications for registration; the cotton, sultana grapes and sari lop figs have been registered as “Aegean Cotton”, “Aegean Sultanas” and “Aegean Fig”, respectively.

"GMO-FREE" Labelling Project

Majority of the cotton production in the world is carried out with genetically modified seeds. Just as in other agricultural products in Turkey, non-GMO seeds are used in cotton production as well. Therefore, GMO-free Turkish cotton brings about an important marketing opportunity for both cotton markets and textile-apparel industries.

In order to benefit from this opportunity, Izmir Commodity Exchange concluded the project which will allow all textile and apparel products, starting from cotton bales to be labelled as "GMO-FREE" in cooperation with the National Cotton Council.





Project for Improving Yield, Quality and Food Safety in Raisins

Turkey ranks second in the production of seedless raisins in the world (25-30% share) while it ranks first in the export of the same product (35-40% share). The export of seedless raisins has been of great importance for Turkey throughout the history and it has thus been considered as one of "our traditional export products". The objective of this project was to ensure quality, healthy and productive production of seedless raisins.

Within the scope of the project that started in 2009, training activities are conducted in order to raise the awareness of raisin producers, in particular, and sector representatives such as pesticide dealers, officials that prescribe pesticides, consultants etc. and the developments that occur throughout the season are assessed according to the data of the previous years.

Project for Forming an Olive Oil Tasting Panel

Changes in domestic and foreign consumer preferences and the developments in international trade also bring about changes and developments in national and international olive oil quality standards and the methods used for determining these standards. One of the important criteria that determine the quality of olive oil is the sensory properties. The ultimate goal of this project was to form the Izmir Commodity Exchange Olive Oil Tasting Panel in Izmir where more than half of Turkey's olive oil export is carried out. The candidates for the panel group to be formed were chosen from among the staff and members of the ICE and the experts from Olive Cultivation Research Institute of the Ministry of Food, Agriculture and Livestock of the Republic of Turkey.



Situation Analysis Project for R&D and Innovation Capacity of Izmir Commodity Exchange

Within the scope of the cooperation protocol concluded between Izmir Commodity Exchange and Ege University Science and Technology Centre- Technology Transfer Office (EBILTEM-TTO), a project was run in order to improve the R&D and innovation capabilities of member companies of Izmir Commodity Exchange, their skills in cooperating with the university and their opportunities to benefit from national and international support. Under this project, training was organized for the members of the Exchange and a survey was conducted by interviewing in person the officials of 63 manufacturing companies in order to reveal the current situation of the member companies of the Exchange in innovation, project development, intellectual property rights etc. The obtained results were published under the name of "Situation Analysis on R&D and Innovation Capacity of Izmir Commodity Exchange".

Project for Researching the Fungal Causes Leading to Eutypa Dieback, Bud Break Disorders and Dead Vines in Izmir and Manisa Sultana Seedless Grapevines

A project was run in partnership with Izmir Commodity Exchange and Manisa Viticulture Research Institute of the Ministry of Food, Agriculture and Livestock in order to research into the causes of fungal-induced diebacks and deaths of shoots and xylems in Izmir and Manisa Sultana seedless grapevines. Within the project, different vines were checked, and prevalence of diebacks and deaths and the occurrence rates of these diseases were revealed. In addition, the fungal agents subject to the symptoms were researched. In line with the obtained results, three different posters showing the diseases and explaining the control methods were printed and distributed, and producer information meetings were held.

CHRONOLOGY FOR IZMIR COMMODITY EXCHANGE

1891: Izmir Commodity Exchange was inaugurated.

1924: Raisins started to be traded on the exchange.

1925: Dried figs started to be traded on the exchange

1928: Current building of the ICE was opened.

1928: Laboratory of the Exchange was established.

1940: "KORBEY" system, which is still active today for cotton transactions, was put into use.

1985: Izmir Commodity Exchange Elementary School was opened.

2000: First use of satellite images in cotton harvest estimation studies in Turkey by Izmir Commodity Exchange.

2002: Turkish Derivatives Exchange (TURKDEX) was established under the leadership of Izmir Commodity Exchange.

2005: TURKDEX began functioning.

2011: Aegean Agricultural Products Licensed Warehousing Inc. (ELIDAS), which is the first licensed warehouse for cotton and the second licensed warehouse in Turkey, was established under the leadership of Izmir Commodity Exchange.

2013: ELIDAS started to operate as the first licensed warehouse to issue Electronic Product Certificates (ELUS).

2013: Izmir Commodity Exchange Electronic Trading Platform (IZBEP), the first electronic platform of Turkish agricultural markets, where the electronic product certificates issued by licensed warehouses for the products stored in the warehouse are traded.

2013: Izmir Commodity Exchange Laboratory, R&D and Consultancy Services Inc. (IZLADAS) was established.

2014: Izmir Commodity Exchange became one of the shareholders of Borsa Istanbul when the TURKDEX was closed in accordance with the decree of Council of Ministers and transferred to Borsa Istanbul.

2015: "E-Commodity Bazaar" portal, which will serve as an electronic marketplace for agricultural and food products, was opened.





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