

## China also export hydro equipment



**ANKARA**, Aug. 30, 2009 (Xinhua News Agency) -- "They are all my babies," said Ahmet Cemal Bafli, General Coordinator of Bereket Energy Production Inc., pointing to the white dam over the blue waters of the Dalaman River.

The 7.5-megawatt hydropower plant is among the first five projects of Bereket Energy, Turkey's first private hydroelectricity producer. For Bafli, they are not only his first "babies" but also a good start of his decade-long cooperation with Chinese exporters.

With lower prices and shorter delivery time, Chinese power-generating facilities have gained foothold in energy companies like Bereket Energy in Turkey, an emerging economy with strong energy demand.

Headquartered in southwestern Turkey's Denizli City, Bereket Energy now runs 11 power plants with a total installed capacity of about 150 megawatt, delivering electricity to over 1.3 million customers in the three southwestern Turkish provinces of Aydin, Denizli and Mugla. All those projects use partly or wholly China-made generating facilities.

China-exported equipment in Bereket Energy's projects is worth more than 50 million U.S. dollars, equaling about a third of the company's total assets, said Bafli. Including down payment for new orders with Chinese exporters, the figure is about 150 million U.S. dollars, he added.

"I've had a lot of experience in doing business with China and has never met any major difficulties," said Bafli, who is in his 60s and one of the founders of the Bereket.

Bereket was established in 1995, when the Turkish authorities first allowed private capital into the previously state-monopolized hydropower sector.

In order to find power-generating facilities, which were in shortage in Turkey, Bafli went to Germany, Austria, France, Italy, Spain and Romania but finally set his eyes on Chinese manufacturers, who had already matured in experience and technologies in domestic hydropower plants.

The European producers could only promise to deliver products in four years while their Chinese rivals gave a two-year delivery period, said Bafli.

What is more, Chinese manufacturers offered prices about 10 percent lower than most European counterparts, which was attractive to a cash-strapped start-up, he said.

## Feature: Turkish hydropower pioneer finds success in partnership with China

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But only cheapness was not convincing. In the 1990s, Chinese power-generating facilities were still behind the European standard in efficiency.

"I advised them to learn from German technologies," Bafli recalled, adding that "They listened and improved fast."

The first batch of Chinese facilities, altogether 15 turbines, were purchased and used in the five Dalaman power plants, worth roughly a quarter of the projects' total investment of 37 million U.S dollars.

Part of the investment was funded by loans from the Import and Export Bank of China (OOTS:BACHY) and the CITIC Bank of China, said Bafli.

"To find the right partner is the key," he said, referring to his cooperation with Hua Aiguo, now Chairman of the Zhejiang Orient Engineering Co., Ltd., since the initial stages of Bereket Energy. Hua helped Bafli in dealing business with all Chinese manufacturers including his own.

"Hua knows Turkish mentality and behavior," said Bafli. "We totally trust each other and never think of cheating."

The year 2004 marked a further success for Bafli's cooperation with Hua. Bereket built the sixth power plant in Dalaman, whose facilities including turbines, generator units and other equipment were all made in China as the Chinese side upgraded their technologies markedly.

### MORE OPPORTUNITIES

Hua's company also took off in Turkey. Zhejiang Orient has contracted for projects in more than 20 hydropower plants in operation in the country and over 10 plants in installation or test periods, the company said in a statement to Xinhua.

The company said it secured contracts with another some 50 Turkish hydropower plants between 2007 and 2008 with installed capacity ranging from 0.5 to 81 megawatt.

Meanwhile, Chinese manufacturers gained a market share globally. In the first half of this year, China exported power generator units with a combined installed capacity of 9,000 megawatt, figures from the China Machinery Industry Federation (CMIF) showed.

The contracted exports for 2009 will reach 18,000 megawatt, 18 percent of the total capacity of all generator units produced in China, up from a 4-percent share in 2007, according to the CMIF data.

Looking to the future, Bafli said hydropower industry has a good prospect in Turkey.

"The global financial crisis has hit the Turkish economy hard but affected our current business just a little, as the demand for electricity is still rising," said Bafli. The major negative influence was the stalling of expansion projects, he added.

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Hydropower is clean and will be more attractive, in Bafli's opinion, as Turkey's parliament in February approved its membership in the Kyoto Protocol, a UN-led pact aimed at fighting global climate change.

"Once installation is finished in a plant, we can produce electricity and earn money as long as the water is running -- there's no cost of raw materials," he said.

Turkey is forecast to see its energy demand surging above 350 terawatt hours (twh) per year in 2017 from an annual 198 twh in 2008, based on the low demand scenario, according to a study released by the European Bank for Reconstruction and Development ( EBRD) on its website last week.

Turkey has great potential for developing renewable energy projects, pressured by an energy-thirsty economy, a heavy reliance on foreign fossil fuels, and international calls for its contributions to tackling climate change, according to the study, which was commissioned by the EBRD to two Italian consultants this January and funded by the Italian government.

A third of Turkey's electricity demand is now met by hydropower plants, but the EBRD study said the share of fossil fuels in Turkey's total energy consumption had been rising, reaching 82 percent in 2007 from 72 percent in 2000.

Bafli said Bereket Energy eyes broader cooperation with China. It plans to build a 150 million-dollar thermal plant and 15 wind power projects, which are expected to be put in use in 2012 with a combined installed capacity of near 950 megawatt. All those projects will use China-made power-generating facilities, according to Bafli.

He even mentioned the intention of forming a 220-million-dollar joint venture with China's Zhejiang energy companies.

(Source: iStockAnalyst )