

# 2021 FOREIGN DIRECT INVESTMENTS IN TÜRKİYE



PRESIDENCY OF  
THE REPUBLIC OF TÜRKİYE  
INVESTMENT  
OFFICE

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The Presidency of the Republic of Türkiye Investment Office, the official investment advisory body of Türkiye, is a knowledge center for foreign direct investments and a solution partner for the global business community in all stages of investments. It provides customized guidance and qualified consulting before, during, and after entry into Türkiye.





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**A. Burak Dağlıoğlu**  
President, Investment Office

### **Dear Valued Readers,**

A resilient, fast-growing economy, Türkiye offers business-friendly policies, a deep talent pool and global market access at the nexus of Europe, Asia and Africa to attract sustainable FDI. With its unique geo-strategic location, manufacturing capabilities and logistics infrastructure, Türkiye is at the center of economic activity in the region.

Buoyed up by viable fundamentals and a decisive reform agenda, cumulative FDI inflows to Türkiye have climbed to USD 239 billion since 2003. Türkiye has become a regional R&D, design, manufacturing, logistics, and management hub for multinationals to run their operations in the wider region.

With 2021 in hindsight, FDI inflows to Türkiye have further recovered quickly thanks to the resilience of the economy and global trends. International investors continue to make significant commitments with surging cross-border transactions, serving as a testament. In 2021, the FDI inflows surged to USD 13.6 billion, notching up an 74% rise compared to the same period a year earlier. Meanwhile, exports have reached USD 225 billion in 2021, showing a nearly 33% increase compared to the previous year. Türkiye's share in global exports has surpassed 1% for the first time in its history. Additionally, Türkiye's economy grew 11% year-on-year in 2021. It is evident that Türkiye is having a V-shape recovery in the post-COVID-19 era.

Recently, there have been two main trends in FDI projects. Firstly, Türkiye has proven itself a resilient player in global value chains with multinational companies shoring up their presence in the country in line with their strategies of nearshoring, regionalization and diversification. Given its strategic location that unites three continents, Türkiye is strengthening its position as a powerhouse in the search for alternatives to the Asian-based production network. Valuable examples of such investment projects are available in this booklet.

Secondly, technology startups have proven instrumental to channeling FDI flows into Türkiye in recent years. Powered by an entrepreneurial business culture, young and tech-savvy population and skilled engineer pool, Türkiye's entrepreneurship ecosystem raised USD 1.6 billion funding in 2021, setting a new record. International investors accounted for 89% of the investment volume. That being the case, Türkiye claimed a spot among the 10 top recipients of investment in Europe. More to that point, Türkiye's ecosystem has seen three unicorns and a decacorn recently.

In the meantime, Türkiye's 2021-2023 FDI Strategy was published in the Official Gazette on June 22, 2021. We are working devotedly towards our objective to boost Türkiye's share in global FDI to 1.5%.

This report involves news ranging from Investment Office activities to FDI news in 2021. The contents of these topics reflect key areas that add value to the promotion of Türkiye as a global business center. We hope this report will inform corporations, individuals, and business executives who are interested in investing, operating, or doing business in Türkiye.

**A. Burak Dağlıoğlu**  
**President**



## TÜRKİYE AND UAE SIGN A SERIES OF INVESTMENT AGREEMENTS

Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed Al Nahyan paid an official visit to Türkiye on November 24 upon the invitation of President Recep Tayyip Erdoğan. A series of significant investment agreements and MoUs that will enhance cooperation in the fields of trade, energy and environment were signed between the two countries.

The list of agreements signed between the United Arab Emirates' sovereign investment fund ADQ and the Türkiye Wealth Fund (TWF) includes a general cooperation agreement, an MoU to establish a "Technology-driven Venture Capital Fund" to invest in Turkish tech companies, and a cooperation agreement related to Abu Dhabi Ports' port and logistics investments in Türkiye. Meanwhile, a cooperation agreement was also inked between the Abu Dhabi Stock Exchange—also owned by ADQ— and

TWF's Borsa Istanbul. In addition, ADQ signed a strategic cooperation agreement with the Investment Office, entailing a direct investments and cooperation with Türkiye in the fields of petrochemicals, technology, transportation, infrastructure, healthcare, financial services, agrofood, and energy, including the existing and new projects for renewables of up to 3 GW in Türkiye. ADQ also inked a cooperation agreement with Kalyon Holding in the fields of energy, infrastructure and transportation, and another agreement with CCN Group in the healthcare sector. UAE's Minister of Industry and Advanced Technology Sultan bin Ahmed Al Jaber previously stated that they intended to enhance cooperation with Türkiye in the fields of energy, healthcare, agriculture, logistics and transportation, infrastructure, finance, tourism as well as climate change, energy, water and food security.



# PRESIDENT ERDOĞAN ATTENDS THE OPENING CEREMONY OF CEYHAN POLYPROPYLENE PRODUCTION PLANT

On October 9, President Recep Tayyip Erdoğan attended the groundbreaking ceremony for the Ceyhan Polypropylene Production Plant and the opening of recently completed projects in Adana, including a public hospital and several health centers.

Noting that Türkiye had recently declared the launch of its Green Development Revolution, President Erdoğan said, “It will be this approach with which we will plan and implement every investment to be made in our country from now on, as has been the case with this plant for which we are breaking the ground.”

“We are determined to equip our country with a future industrial infrastructure ahead of time by utilizing new technologies such as digitalization and artificial intelligence,” President Erdoğan added.

President Erdoğan called on investors to invest in Türkiye during this era of reconstructing the global production and logistics system, saying, “As I often say, no one who trusts and invests in Türkiye will regret it. On the contrary, they will always enjoy the handsome profit of their investments. Saying ‘Let us win all together,’ I would like to reiterate that our doors are wide open to investors.”

The plant, slated for commissioning in 2024, will slash 20 percent of Türkiye’s polypropylene imports.



# TAV AND FRAPORT MAKE BEST BID FOR ANTALYA AIRPORT

Türkiye's TAV Airports and Germany's Fraport joint venture made the highest bid of EUR 7.25 billion in a tender for the capacity expansion of Antalya Airport and its operating rights for 25 years. TAV-Fraport joint venture will invest approximately EUR 765 million in order to increase the capacity of the airport to 80 million passengers annually, which is more than double of the existing capacity.

"We have made a successful offer with our experience at operating Antalya Airport for many years and developing it as one of the leading tourism centers in the world. Together with our partner TAV, we will continue to serve for many years with a focus on customer satisfaction, innovation and operational excellence," Fraport AG CEO Stefan Schulte said. Under the management of TAV and Fraport, Antalya Airport served 35.7 million passengers in 2019.





# TÜRKİYE EN ROUTE TO BECOME ONE OF THE LARGEST ELECTRIC VEHICLE MAKERS



“Türkiye will be one of the world’s largest commercial electric vehicle manufacturers with the new investment of a top-notch automotive company-Ford Otosan,” President Recep Tayyip Erdoğan announced today.

The joint venture of Türkiye’s Koç Holding and American automotive giant Ford, Ford Otosan has decided to expand its battery production in Türkiye with a new investment.

Delivering a speech at the Ford Otosan Future Vision Meeting held in the Presidential Complex in Ankara, President Erdoğan emphasized that this investment will be a kick-start for 2021. “We are decisive to make the private sector the driving force behind Türkiye’s growth,” said President Erdoğan, then elaborating on Türkiye’s incentive mechanisms provided to investors. Ford Otosan’s new investment will be made within the scope of the Project-based Incentive System of the Turkish government in Türkiye’s industrial province, Kocaeli and the first electric vehicles will be ready in 2022.

During the meeting, an agreement has been signed between Ford Otosan and Ford Europe in order to purchase the vehicles to be produced in the new plant.

# PMI BECOMES MAIN SHAREHOLDER IN PHILSA

Philip Morris International (PMI), the majority shareholder of Philip Morris Sabancı Sigara ve Tütünçülük A.Ş. (PHILSA) and Philip Morris Sabancı Pazarlama ve Satış A.Ş. (PMSA) since their establishment, has acquired the outstanding 25 percent stake and became the main shareholder in the two companies following the approval of the Competition Board on January 5, 2022.

In a press release, PMI Middle East, Africa, and Duty Free President Drago Azinovic said, “We have been investing in Philip Morris Sabancı and its employees for over 30 years, as well as in various social, economic, and agricultural programs across Türkiye,” and added that the acquisition shows PMI’s confidence and commitment to both Türkiye’s future and its economy.

PMI paid TRY 2.88 billion for the Turkish tobacco producer’s outstanding 25 percent shares.



# HYUNDAI MOTORS TO RAISE STAKE IN HYUNDAI ASSAN

South Korean automotive manufacturer Hyundai Motor Company has applied to the Turkish Competition Authority to buy Kibar Holding’s equity interest in Hyundai Assan Otomotiv.

Hyundai Motors currently holds a 70 percent share in Izmit-based Hyundai Assan Otomotiv with the Turkish group Kibar Holding taking ownership of the outstanding 30 percent equity share. With this acquisition, Hyundai Motors will turn its Türkiye factory to a wholly-owned subsidiary.

Hyundai Assan Otomotiv manufactures over 230,000 units of the i10 and i20 models annually, with its output bound for export to 40+ countries. Its total workforce comprises 2,500 employees.



# TRENDYOL BECOMES TÜRKİYE'S FIRST "DECACORN"

Trendyol became the first Turkish technology company to be defined as a “decacorn”, with a valuation of USD 16.5 billion, getting USD 1.5 billion financing in a new investment round. The fresh round of financing was led by General Atlantic of the United States and SoftBank Vision Fund 2, which is based in Japan and managed by SoftBank Investment Advisers. The tour was also attended by Berlin-based Princeville Capital, the UAE-based ADQ and the Qatar Investment Authority (QIA).



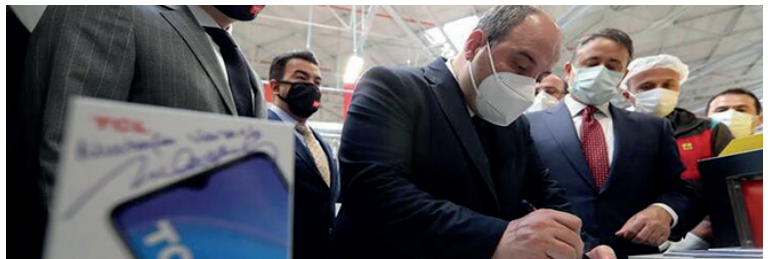
## CHINESE SMARTPHONE MANUFACTURERS TCL AND VIVO COMMENCE PRODUCTION IN TÜRKİYE

**Following the lead of global electronics giants such as Oppo, Xiaomi, Realme and Tecno Mobile channeling their investments in Türkiye, Chinese smartphone manufacturers TCL and Vivo have also invested in Türkiye. TCL commenced the test production of its phones at its facility in the country with its partner Arçelik, the Turkish conglomerate Koç Holding's white goods and technology company.**

During his visit in the plant that is located in the Çerkezköy Organized Industrial Zone (OIZ) in Tekirdağ province, the Minister of Industry and Technology Mustafa Varank said that global brands in the smartphone market have invested in Türkiye and that the market continues to grow gradually in the world and within the country.

Noting that the Ministry of Industry and Technology provides a wide range of incentives and advantages to global brands and domestic producers, Minister Varank said, “We have the following advice to global brands: Consider its export potential and establish a local production base for your brand more efficiently in our country where you can cut costs relying on a continually growing number of domestic suppliers.”

Meanwhile, another Chinese mobile phone maker Vivo has also begun production of its phones at its Gebze factory. The investment cost of the facility in Gebze, which has an annual production capacity of 500,000 phones, is USD 25 million. Y11s, the first domestic model of Vivo, is expected to take its place on the shelves in a short time.



# FINCH CAPITAL ACQUIRES WIRECARD TÜRKİYE

Finch Capital, a Fintech-focused venture capital company with offices in the United Kingdom and the Netherlands, announced plans to acquire Wirecard Türkiye. The acquisition will take place through Nomu Pay, an entity bent on investments in payment assets.

In a press statement, Radboud Vlaar Managing Partner of Finch Capital explains, “We see tremendous growth opportunities to further enhance payments for Türkiye’s 80 million inhabitants. We are excited to team up with Wirecard Türkiye and we continue to actively look for further M&A opportunities in the region to speed up its growth and development.”

Founded in 2008, Wirecard Türkiye started its operations the following year as the Türkiye’s first direct carrier billing service provider. It offers payment services in three major categories: Direct Carrier Billing (DCB), Credit Card Acquiring and E-money.



# AUSTRIAN CONSTANTIA FLEXIBLES EXPANDS INVESTMENTS IN TÜRKİYE

Austria-based Constantia Flexibles signed an agreement with the Turkish private equity investment company Gözde Girişim to acquire 100 percent of the shares of Propak Ambalaj, a packaging producer located in Düzce Türkiye, for EUR 120 million.

Constantia Flexibles said in a press release that Propak, one of the leading players in snacks market, will complement their packaging solutions portfolio and will perfectly support their position in Europe by strengthening the consumer base, while also increasing future growth prospects.

“This acquisition is part of our Vision 2025 growth strategy and provides an excellent opportunity for us to grow in European market. It will also give us the opportunity to speed up our R&D activities to offer innovative solutions for the sector,” Pim Vervaat, CEO of Constantia Flexibles said.

The deal is subject to approval of the regulatory bodies and is scheduled to be closed in the second quarter of 2021. Constantia Flexibles has entered the Turkish market by acquiring Asaş Ambalaj in 2011.





# TURKISH RAPID DELIVERY STARTUP GETIR TRIPLES VALUATION TO USD 7.5 BILLION

The Turkish rapid delivery startup Getir raised its valuation to USD 7.5 billion after raising USD 550 million funding, just three months after its last funding round in March 2021, Financial Times quoted.

With this valuation, Getir worths more than food delivery applications Deliveroo and Grubhub, as well as UK supermarkets WM Morrison and Marks & Spencer, FT says.

Getir's new investors included two subsidiaries of the Abu Dhabi sovereign wealth fund, DisruptAD and Mubadala Investment Company, as well as Silicon Valley-based Silver Lake and existing investors Tiger Global and Sequoia Capital.

Launching operations in London this year, Getir recently expanded into Amsterdam and plans to expand to Germany, France, and the US in 2021.



# KRAFT HEINZ ACQUIRES TURKISH ASSAN FOODS

US-based Kraft Heinz announced it has agreed to buy Turkish sauce company Assan Foods from Kibar Holding in a deal for around USD 100 million. Assan Foods, a manufacturer of a varied range of sauce products including ketchup, mayonnaise, pasta sauces, and more at its plants in Izmir and Balıkesir, has been a Kraft Heinz certified production partner since 2019.

“We believe Assan Foods is a high performance organization that brings best-in-class local innovation and production of sauces and tomato products, as well as a significant distribution network in the fast-growing foodservice channel, enabling us to further build our scale and agility by expanding the Heinz brand in Türkiye, as well as our International Taste Elevation platform more broadly,” President of Kraft Heinz International Zone Rafael Oliveira said.

**Kraft** *Heinz*

# BELGIAN DW REUSABLES ACQUIRES ETAP INJECTION AND ETAP DOĞAN

Belgium-based DW Reusables, a producer of injection moulded reusable packaging, signed an agreement with Özgörkey Holding for purchasing shares in Etap Enjeksiyon, a subsidiary of Özgörkey Holding, and Etap Doğan Plastik, a joint venture of Özgörkey Holding and Doğan Plastik. Etap Injection and Etap Doğan produce crates, pallets and containers for storage and logistics purposes.



# BELGIAN RAVAGO MAKES FOURTH INVESTMENT IN TÜRKİYE

Belgium-based polymer supplier Ravago has made its fourth investment in Türkiye, purchasing a 51 percent stake in Türkuaz Kimya, a chemical distributor. Previously, the company acquired Turkish firms Zoberrock, Tekpol, and Kemiropa.



# UK ACTİS ACQUIRES ULUDAĞ ELECTRIC

Actis Long Life Infrastructure Fund, a British private equity firm, purchased Uluğ Enerji Dağıtım ve Perakende and its subsidiary companies Uludağ Elektrik Dağıtım and Limak Uludağ Elektrik Perakende. "This agreement is showing interest on the part of international investors in Türkiye's potential, especially in infrastructure investments. We expect our country and industry, widely seen as a safe haven for foreign investors, to continue to grow in the coming years," said Ebru Özdemir, Chairwoman of Limak Holdings.

ULUDAĞ  
ELEKTRİK  
DAĞITIM

actis



# ROVIO ACQUIRES TÜRKİYE'S RUBY GAMES

Finnish game developer giant Rovio Entertainment Corporation, best known as the team behind the Angry Birds franchise, announced its plan for a staged all-stock buyout of Turkish hyper-casual game studio, Ruby Games. As part of the deal, Rovio will acquire the Izmir-based game developer's equity in tranches over the next five years.

"With the acquisition of hyper-casual game studio Ruby Games, we are taking an important step forward in our growth strategy," says Alex Pelletier-Normand, CEO of Rovio. "By entering the rapidly growing hypercasual market, we are enriching our audience base, and offering our players a more diverse portfolio of titles. Ruby Games has launched several successful games and their hit-ratio is impressive. Expanding Rovio's family with the talented and highly-agile developers of Ruby Games is exciting," he added.

"Becoming part of a company that has created one of the most beloved mobile gaming brands in the world, Angry Birds, is exciting and we are very proud of joining Rovio. This acquisition opens up a new chapter for us, and Rovio's long history and expertise in free-to-play games will help us reach higher levels," says Mert Can Kurum, CEO of Ruby Games.

**ROVIO**



**RUBY  
GAMES**

# IKEA SHIFTS MORE PRODUCTION TO TÜRKİYE

International companies with overseas activities have been looking to diversify or change their geographic and sectoral activities to survive the pandemic with minimal impact. The recent developments, including the covid-19 pandemic, as well as the pre-pandemic trends, have forced companies to reorganize their global supply networks.

The recent example of this is the Swedish flat-pack furniture giant IKEA. As quoted by the CFO of the company, IKEA is planning to move more production to Türkiye to minimize problems with global supply chains and increased shipping costs. "The pandemic showed us the importance of diversification. We are planning to shift more

production to Türkiye as we faced shipment problems during the pandemic," CFO Kerim Nişel said.

Operating with 461 stores worldwide, IKEA entered the Turkish market in 2005 in Istanbul. Having actually 7 showroom across the country, the company manufactures textile, glass, ceramic and metal products.



# MALAYSIAN MR. DIY OPENS FIRST STORE IN TÜRKİYE

Malaysian home improvement retailer Mr. DIY has launched its first store in Istanbul with plans to expand across Türkiye rapidly, generating new employment opportunities.

With over 1600 stores worldwide particularly in Thailand, Brunei, Indonesia, Singapore, Philippines, Cambodia & India and about 18,000 variety of products for do-it-yourself projects, Malaysian homegrown brand is bound to conquer the Turkish market of 84 million people.

Launched in 2005 in Kuala Lumpur, Mr. DIY showcases products in various categories such as household appliances, electrical equipment, furnishing, car accessories, stationery & sports, toys, gifts, computer & mobile accessories, jewelry and cosmetics via online and offline stores.

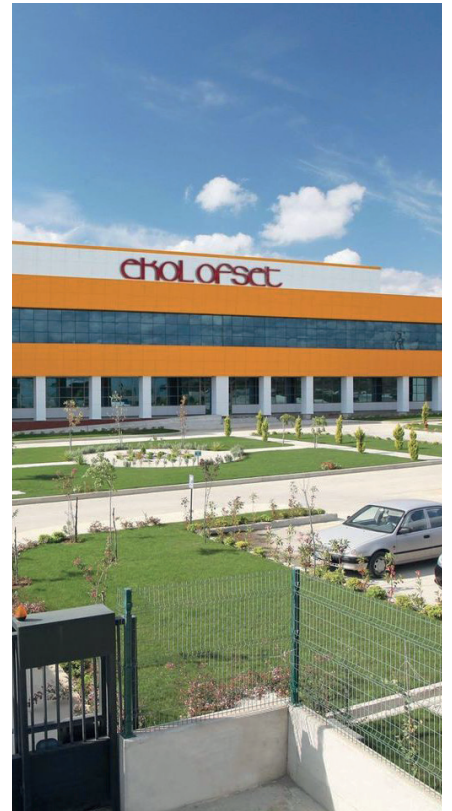


# DUTCH ROMVAN NV ACQUIRES SHARE AT TURKISH PACKAGING PRODUCER

Dutch Romvan NV (PVDV) has announced the acquisition of a 75.01 percent share in Türkiye's Ekol Ofset.

Listed among the 500 biggest enterprises in the paper industry, Ekol Ofset started its journey in 1978 in a 120 m<sup>2</sup> unit in Cağaloğlu, Istanbul and has grown to a 40,000 m<sup>2</sup> facility in Silivri, equipped with advanced technical machinery designed by the German company Eurografica, specializing in strategic and conceptual design in the cardboard, packaging, and printing sector.

Romvan NV is a subsidiary of the Van De Velde Packaging Group, operating for over 80 years in the sector. The company possesses 17 branches across Europe. Known as a manufacturer of ecological cardboard packaging, Van De Velde offers high-quality packaging solutions in a wide variety of sectors.





# AUSTRALIA'S RHI MAGNESITA BUYS STAKE AT TURKISH SÖRMAŞ SÖĞÜT REFRAKTER



Turkish clay firebrick manufacturer Sörmaş Söğüt Refrakter has agreed to sell 85 percent of its shares to the Australian RHI Magnesita.

Established in 1976, Sörmaş Söğüt Refrakter produces various heat resistant products, establishing itself as a key supplier for iron-steel, cement, glass, lime, metal and ceramic manufacturers, power plants, refineries and waste incineration plants. The company has an annual production capacity of 60,000 tons.

With a capital surfing around EUR 2.2 billion and 14,000 workers around the world, RHI Magnesita paid EUR 38.8 million for the acquisition. Having over 200 years of experience, RHI Magnesita seemed satisfied with bringing new solutions to the niche market and said in a statement, "With an enlarged product portfolio, this investment gives us the opportunity to deliver full-line service solutions to customers in Türkiye."

## FRENCH RENEWABLE ENERGY LEADER INVESTS IN TÜRKİYE

Albioma, a leading renewable energy producer based in France, decided to acquire 75 percent of the Turkish Gümüşköy Geothermal Power Plant's shares from its current owner BM Holding, according to a statement released by the company on January 26.



With a total of 910 MW of installed capacity worldwide, Albioma has debuted its first investment in Türkiye, acquiring its first geothermal power plant ever. Geothermal sector in Türkiye has great potential for development given that it ranks 4th globally in terms of geothermal capacity, the company noted.

Gümüşköy power plant was commissioned in 2013 with a capacity of 13 MW and operates with a license valid until 2040 with scope to extend for an additional 10-year period.

# PRESIDENT ERDOĞAN HERALDS NEW INVESTMENTS IN SOUTHEAST TÜRKİYE

President Recep Tayyip Erdoğan inaugurated the Zarova Bridge, Şirvan Dam and HEPP, and Lineer zinc smelting factory, among other newly completed projects in Siirt province of Türkiye.

President Erdoğan drew attention to the facilities and factories constructed in Siirt, emphasizing Türkiye's economic strategy of investment, employment creation, production, and exportation.

"We have improved our infrastructure in every area from education, healthcare and transportation to social means, sports and energy to the level where our citizens

can receive the services they deserve. And now, we have started a new initiative to make Türkiye one of the most developed countries of the world on the basis of this strong infrastructure of democracy and development," President Erdoğan asserted in his speech.

Attracting investment from Qatar, the zinc smelting facility will initially produce 50 thousand tons of zinc annually, then increase its capacity to 120 thousand tons, and finally to 250 thousand tons, meeting nearly half of Türkiye's zinc demand. A total of 7.5 thousand people will be employed once the lead-silver and sulfuric acid factories have been commissioned and total investment amount will reach USD 500 million by 2023.



## JAPAN'S EBARA ACQUIRES VANSAN

EBARA Corporation has signed an agreement to acquire 100 percent of the shares of leading Turkish pump manufacturer Vansan.

"With the acquisition of Vansan, EBARA will be able to enhance its global supply chain by strengthening access to markets in Europe, Central Asia, the Middle East and Africa in order to further expand its Standard Pumps Business," an official EBARA Corporation statement revealed.

Thanks to its strong international distribution network, Vansan exports approximately 70 percent of its products to more than 70 countries.



# DREAM GAMES BRINGS ANOTHER UNICORN TO TÜRKİYE

Dream Games, a Türkiye-based pioneering mobile gaming company, has become Türkiye's fourth unicorn with a valuation of USD 1 billion. With this cornerstone, the number of unicorns the Turkish startup ecosystem has created in the past two years has now increased to four including Peak Games, Trendyol, and Getir.

The company said on June 30 that it has secured USD 155 million from investors, valuing the company at USD 1 billion just months after releasing its inaugural product, Royal Match. Founded by former Peak Games staffers, Dream Games raised USD 50 million worth of investment in March 2021.

Turkish Gaming Startups Make Fast Entry into 2022

Mobile puzzle games developer Dream Games also raised USD 255 million in a series-C funding round, which carried its value to USD 2.75 billion, jumping three-fold just in six months. In June 2021, the startup raised USD 155 million in a series-B funding round and entered the "unicorn" league in

Türkiye. Among the investors in the latest financing led by Index Ventures were; Makers Fund, IVP, Kora, Balderton Capital, and BlackRock. Founded in 2019, Dream Games raised USD 468 million funding in total.

Another Turkish mobile gaming startup Spyke Games has recently raised USD 55 million seed financing from Griffin Gaming Partners.

In the last days of 2021, mobile gaming startup Libra Softworks has also finalized a USD 30 million financing in a funding round led by Actera.

Türkiye's resilient economy, entrepreneurial business culture and young and tech-savvy population have been attracting significant investments from global players into Turkish startups, which have proven their products and services are globally competitive.



# MOU WITH JAPAN INSTITUTE FOR OVERSEAS INVESTMENT



The Investment Office signed an MoU with Japan Institute for Overseas Investment (JOI) to enhance its support and promotion activities for Japanese investors. Through this

mutual cooperation, the Investment Office aims to boost its support to Japanese investors who are looking for opportunities or have already had operations in Türkiye.



## TEKNOFEST TECHNOLOGY FESTIVAL

The Investment Office will be one of the partners of the world's largest aerospace and technology festival Teknofest, which will be held on September 21-26, 2021. Investment Office President Burak Dağhoğlu attended the launch event held on January 3 at Istanbul Ataturk Airport.



# INVESTMENT OFFICE PRESIDENT'S MEDIA BRIEFING

Investment Office President Burak Dağhoğlu briefed members of the press on foreign direct investments in Türkiye.

Commenting on the 2020 FDI figures, Dağhoğlu acknowledged Türkiye attracted around USD 8 billion of FDI last year despite devastating effects of COVID-19 pandemic on FDI globally and said, “We continue to work on a national FDI strategy, which will also help overcome these negative effects and provide more investments in the aftermath of this period. And, we will continue to increase Türkiye’s share in global FDI.”

Dağhoğlu stated that according to United Nations Conference on Trade and Development (UNCTAD), global FDI amounted to USD 859 billion in 2020, down 42 percent compared to the previous year, mainly stemming from the 69 percent decrease in FDI inflows into developed countries.

“International investors continued to make significant investments in Türkiye in 2020, with FDI reaching USD 7.73 billion. The 16.5 percent decrease in



FDI inflows into Türkiye was mild compared to the sharp decline in global FDI,” Dağhoğlu added.

Dağhoğlu also revealed that the first ten countries investing in Türkiye in 2020 were Italy, the USA, the Netherlands, the UK, Luxembourg, Qatar, Germany, Ireland, Azerbaijan and Hong Kong, while the top three sectors in terms of capital inflows were financial services, ICT and manufacturing.

## TÜRKİYE VIRTUAL ROADSHOW TO GERMANY



At this address, Dağhoğlu briefed attendees from Germany and Türkiye on the Turkish government’s actions and policies during and after the COVID-19 period.

“Türkiye’s diversified economy, entrepreneurial business culture as well as young and tech savvy population have been attracting significant investments from global players. Türkiye is an ideal location for the German companies looking for diversification of their supply chains,” remarked Dağhoğlu.

The Investment Office attended a webinar jointly organized by Citi Germany and Citi Türkiye Banking Teams on February 24. Investment Office President Burak Dağhoğlu was featured as a speaker at the webinar entitled “Türkiye Virtual Roadshow to Germany”.

# ASIA ANEW INITIATIVE AND OPPORTUNITIES

Investment Office President Burak Dağlıoğlu took the stage as a keynote speaker at the “Asia Anew Initiative and Opportunities” webinar hosted by the Platin Magazine on February 25.

During his remarks, Dağlıoğlu offered an overview on the Investment Office’s efforts to further strengthen economic relations with Türkiye’s Asian peers.

The webinar geared towards drawing FDI into Türkiye and channeling Turkish investors to make more profitable investments in Asian markets, China in particular, under the Asia Anew Initiative.

“Our expectation is to carry the trade relations between Türkiye and China to a more balanced point, starting with the first export train departing for China through the Silk Road”, he said.

## CREATING SYNERGIES BETWEEN TURKISH STARTUPS AND VCS IN THE GULF REGION

The Investment Office and the Turkish Consulate General in Dubai held a joint webinar on February 25 to enhance cooperation between Turkish startups and venture capital funds based in the Gulf region.

Together with the Consul General of Türkiye in Dubai İlker Kılıç, Investment Office President Burak Dağlıoğlu delivered messages to both entrepreneurs and investors at the opening speech.



Explaining how Türkiye integrates investors into its manufacturing ecosystem, Dağlıoğlu said, “As the Investment Office, we would like to create a system of synergic partnership between Turkish startups and VCs in the Gulf region for a win-win opportunity.”

As part of the webinar, Investment Office Financial Investments Unit Manager Ahmet Cüneyt Selçuk made a presentation on the startup landscape in Türkiye.

# A WINDOW OF INVESTMENT OPPORTUNITIES IN TÜRKİYE THROUGH COMMERCIAL BANK



Investment Office and Commercial Bank co-hosted a webinar, “A Window of Investment Opportunities in Türkiye Through Commercial Bank” in cooperation with the Turkish Embassy in Doha and Alternatif Bank on March 31.

Türkiye’s Ambassador to Qatar M. Mustafa Göksu delivered a speech in which he said, “The relations between Qatar and Türkiye are strategic, special, and gaining strength. Both countries are working on increasing mutual investments and trade. They look forward to increasing the cooperation between them and continuing the dialogue.”

Investment Office President Burak Dağlıoğlu also addressed Qatari investors about Türkiye’s investment climate. “Türkiye’s diversified economy offers many lucrative opportunities and the leaders of both countries share a great vision,” announced Dağlıoğlu.

“As the Investment Office, we are committed to contributing to this vision at the investment level. We are available to offer our services at our offices at the Qatar Financial Centre. We are ready to support Qatari investors in all the different aspects of investing in Türkiye,” Dağlıoğlu promised.

Among the attendees of the webinar were Group CEO of Commercial Bank Joseph Abraham and CEO of Alternatif Bank Kaan Gür.

# MOU WITH BOSNIA’S FIPA

**President Recep Tayyip Erdoğan met with Chairman Milorad Dodik and Members Šefik Džaferović and Željko Komšić of the Bosnia and Herzegovina Presidential Council at the Presidential Complex in Ankara on March 16.**



Our bilateral trade volume reached USD 650 million in 2020, growing more than nine fold since the free trade agreement took effect. Undoubtedly, the two countries’ potential is way above this level. We aim to increase our trade volume to USD 1 billion in a short span of time,” said President Erdoğan at the joint press conference.

Within the scope of the official visit, Investment Office Vice President Ahmet İhsan Erdem signed an MoU with the Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) to enhance cooperation on investments.

Through this agreement, the Investment Office aims to step up its support for Bosnian investors looking for opportunities in Türkiye or those who are already operational in the country.





## FIRESIDE CHAT WITH INVESTMENT OFFICE PRESIDENT BURAK DAGLIOĞLU

The US Chamber of Commerce's US-Türkiye Business Council held a fireside chat with Investment Office President Burak Dağlıoğlu on March 1.

During the event, Dağlıoğlu answered questions on the future of the US and Türkiye's commercial and investment relations.

Reminding President Recep Tayyip Erdoğan's statements; "We believe our common interests with the United States far outweigh our differences and we want to strengthen cooperation through a long-term perspective on a win-win basis," Dağlıoğlu said, along with bilateral relations, there are also abundant opportunities in other markets, where Turkish and US companies may complement each other.

## INVESTMENT OFFICE BRIEFS JAPANESE INVESTORS AT A WEBINAR

Investment Office President A. Burak Dağlıoğlu addressed Japanese investors at a webinar co-hosted with the Japan Institute for Overseas Investment (JOI), touching on the two countries' evergrowing friendly ties that began with the frigate Ertuğrul and have evolved into commercial relations over 150 years.

Giving examples of Japanese investments in Türkiye such as HIS Travel, Basaksehir Cam and Sakura Hospital, Ebara, Daio Paper, and mentioning the recent MoU signed with JOI, Dağlıoğlu underlined Türkiye's consent to increase bilateral investments and cooperation with Japan.



## WEBINAR SERIES WITH AMCHAM TÜRKİYE

On April 5, Investment Office and AmCham Türkiye co-hosted the first series of webinars entitled "GVC Talks-Investment Perspective" that brought together industry experts and practitioners to discuss the transformation of GVCs.

Among the attendees of the webinar were Deputy Minister of Industry and Technology Çetin Ali Dönmez, Deputy Chair of

AmCham Türkiye Canan Özsoy and Deputy GM of Ford Otosan Dave Johnston.

Investment Office Vice President Ahmet İhsan Erdem offered insights into Türkiye's investment climate in the changing world to the participants. "A task force has been established with the participation of relevant ministries, agencies, and private sector representatives in order to prepare Türkiye's investment climate for the changing global environment. Furthermore, the recent reform package has also included exclusive reform and policy actions to increase Türkiye's participation in GVCs," said Erdem.

# “INTERNATIONAL INCUBATION CENTER FOR STARTUPS” IN ISTANBUL

In the signing ceremony, Investment Office President Burak Dağlıoğlu said the center will make Istanbul a global hub for startups and entrepreneurs. The center will provide support for startups during all stages of their activities, such as providing, financial and legal information, technical assistance, process management services, consultancy on creating a business model, training for marketing activities, and creating a brand management strategy.



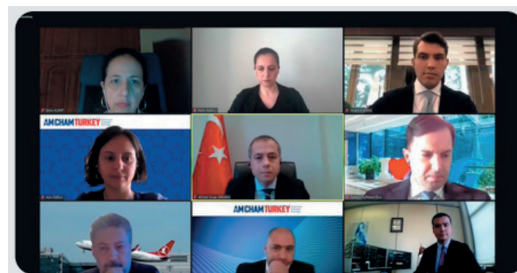
On May 4, the Investment Office signed a protocol with the Islamic Cooperation Youth Forum (ICYF) and the Technology Development Zone to establish an International Incubation Center for Startups in Istanbul.

# WEBINAR FOR CHINESE INVESTORS

On May 21, the Investment Office, the Chinese Embassy in Türkiye and the China Export & Credit Insurance Corporation (Sinasure) jointly organized a webinar on Türkiye’s investment climate. Among the attendees of the webinar were Türkiye’s Ambassador to China A.Emin Önen, China’s Ambassador to Türkiye Liu Shaobin and Investment Office President Burak Dağlıoğlu.



# INVESTMENTS OFFICE HOSTS SECOND EDITION OF GVC TALKS



Investment Office VP Ahmet İhsan Erdem spoke at the second edition of the GVC Talks, a series of webinars, co-organized together with AmCham Türkiye, focusing on regional trade relations, Türkiye’s extensive network of free trade agreements, and proximity to major markets.



Investment Office and the Somalia Investment Promotion Agency (SOMINVEST) signed a memorandum of understanding (MoU) to encourage mutual investments.

The agreement was signed by Investment Office President Burak Dağlıoğlu and the Minister of Foreign Affairs and International Cooperation of the Federal Republic of Somalia.

The MoU covers topics such as boosting investment cooperation, promoting collaborative ventures between the two countries, and technology transfer.

## MOU WITH SOMINVEST



## ROUNDTABLE MEETING WITH GERMAN INVESTORS

Investment Office President Burak Dağlıoğlu gave a keynote speech on recent developments and opportunities in Türkiye's economy and investment environment at an online roundtable meeting held with the German Near and Middle East Business

Association (NUMOV) on May 31.

Among the attendees of the meeting were Germany's Minister of Economic Affairs and Energy Helge Tolksdorf, WILO Türkiye's CEO Mehmet Ürek and Bosch Türkiye CEO Steven Young.

## INVESTMENT OFFICE PLAYS KEY ROLE IN BOKOREA 2021

Türkiye took part in the BOKOREA 2021—one of the largest international bio events—under the coordination of the Investment Office of the Presidency of Türkiye and in collaboration with the Pharmaceutical Manufacturers Association of Türkiye and the Turkish Biopharmaceuticals Platform (TBP).

Speaking on the strengths of the Turkish healthcare industry, Investment Office President Burak Dağlıoğlu said, "Strong public health policies, lucrative incentives, geostrategic location for accessing markets in neighboring countries and our population of 84 million stand out as the prominent factors of the Turkish healthcare sector."



# Investment Office Attends WORLD KNOWLEDGE FORUM, SIGNS MOU IN SOUTH KOREA



Investment Office President Ahmet Burak Dağhoğlu was a speaker at the “Ensuring Sustainability in Global Value Chain Networks in the Post Pandemic World” session at the World Knowledge Forum in Seoul, South Korea.

During his address at the forum, Dağhoğlu said “In today’s world, where the trend of nearshoring has gained momentum with the pandemic, many MNCs prefer Türkiye as an R&D, manufacturing, export, and management hub for a solid integration into GVCs”.

In another occasion hosted by the Turkish Ambassador to South Korea Ersin Erçin, the Investment Office and the Korea Institute of Startup & Entrepreneurship Development (KISED) signed a Memorandum of Understanding (MOU) to promote and strengthen global cooperation between startups in the two countries.

Referring to the MoU, Erçin emphasized the significance of active cooperation between the two organizations, as well as the global entry of startups from both countries.

Meanwhile, Dağhoğlu invited South Korean funds and startups to collaborate with Türkiye and access global markets together, saying, “In the last year, the Turkish entrepreneurship sector saw 4 unicorns with their success in international markets. They have proven that their products and services are globally competitive.”

The agreement’s major aspects include discovering and nurturing technology based startups, exchanging information, and extending cooperation on startups in both countries’ startup ecosystems.



## GERMAN PHARMA COMPANY BOEHRINGER INGELHEIM EMBARKS ON LOCALIZATION WITH TÜRKİYE’S ABDİ İBRAHİM

Investment Office President Burak Dağhoğlu addressed the launch meeting held to mark global pharma company Boehringer Ingelheim’s commencement of its localization plans in Türkiye in collaboration with Abdi İbrahim, a major player in Türkiye’s pharmaceutical industry.

In his speech, Dağhoğlu said the Turkish economy has expanded with the liberalization backed with significant reforms carried out since 2003 under President Recep Tayyip Erdoğan’s leadership.

Dağhoğlu stated that the Turkish economy posted an average annual growth of 5.1 percent and exports have surpassed USD 200 billion, while FDI inflows have totaled more than USD 230 billion since then.

Commenting on the new investment, Dağhoğlu stated that the localization project is aimed at contributing to Türkiye’s efforts in securing drug supply in areas including the central nervous system, diabetes, and chronic diseases such as cardiovascular.

# INTERVIEW WITH BLOOMBERG

Investment Office President A. Burak Dağlıoğlu met the potential investors and venture capitalists (VCs) in Dubai, United Arab Emirates. In an interview with Bloomberg, Dağlıoğlu also comments on the reasons why investors from all over the globe favor Türkiye as an investment destination.



# INVESTMENT OFFICE SHOWCASES TURKISH STARTUP ECOSYSTEM AT WEB SUMMIT

Startups, accelerators, policymakers, founders and executives of technology companies from around the globe gathered in Lisbon on November 1-4 for the world's premier tech conference Web Summit to exchange ideas and share experiences on the latest technologies and developments.

Investment Office, a partner of the summit, attended the event with a delegation of industry professionals, along with the Deputy Minister of Industry and Technology Fatih Kacır and representatives from government institutions to highlight the Turkish startup ecosystem for international investors.

Attending the summit, Investment Office President Burak Dağlıoğlu said the event focused on the most recent developments in the startup ecosystem.

"Türkiye's startups raised USD 146 million funding in 2020, while they attracted around USD 1.5 billion investment during the first nine months of 2021, setting a record. We believe more Turkish companies will join the "billion dollar club" with their valuations soon on the back of a developed



entrepreneurial ecosystem, a large and a young population with hightech penetration, a competent product developer pool, an evergrowing investment trend, and successful exits to global companies," noted Dağlıoğlu, adding that the Web Summit is a great platform for showcasing Türkiye's blooming startups that typically receive investment from venture capital and private equity funds, but have now landed on the radar of sovereign wealth funds and pension funds as they scale up.



# INVESTMENT OFFICE PRESIDENT SPEAKS TO ITALIAN BUSINESS COMMUNITY

Investment Office President A. Burak Dağlıoğlu addressed Italian businesspeople at an exclusive meeting honored by the Italian Ambassador in Türkiye Massimo Gaiani.

President Dağlıoğlu discussed Investment Office's services for the global business community, Türkiye's vast potential for investments and its growing startup ecosystem.



## MOU WITH IOFS



Investment Office and Islamic Organization for Food Security (IOFS) sign MoU for improving agro-business investment opportunities and cooperating in food security and rural development in IOFS member states.

The agreement was signed by Investment Office President A. Burak Dağlıoğlu and Islamic Organization for Food Security Director General Yerlan Baidautet.

# INVESTMENT OFFICE PRESIDENT SPEAKS AT TURKISH CAPITAL MARKETS SUMMIT

Investment Office A. Burak Dağlıoğlu was a speaker at the “Policymakers Discuss New Post-Pandemic Strategies” panel at the Turkish Capital Markets Summit. “The entrepreneurial ecosystem is a critical tool for triggering FDI in emerging markets. In the last 18 months, 5 Turkish companies have been valued over USD 1 billion,” President Dağlıoğlu said.



# Investment Office Participates IN DEIK'S WEBINAR

Investment Office, the Turkish Embassy in Kuwait, Kuwait Direct Investment Promotion Authority (KDIPA), and Foreign Economic Relations Board (DEIK) provided a unique platform for those interested in finding out more about trade and investment opportunities in Türkiye and Kuwait at the “Bilateral Trade and Foreign Direct Investment for Kuwait and Türkiye: Leveraging Economic Relations to Promote Further Growth” report’s launch webinar.



# MOU WITH SOUTH KOREA'S KIND



Investment Office and the Korea Overseas Infrastructure and Urban Development Corporation (KIND) have signed a memorandum of understanding (MoU) on December 28 to cooperate on large-scale infrastructure projects, promote collaborative ventures, and provide technology transfer between the two countries.

The agreement was signed by Investment Office President Burak Dağlıoğlu and Korea Overseas Infrastructure and Urban Development Corporation President and CEO Kang Hoon Lee.

“We are happy to see that Korean investors are closely interested in public private partnership (PPP) projects in Türkiye,” Dağlıoğlu said during his address at the ceremony and added “The Eurasia Tunnel, 1915 Çanakkale Bridge, and Gaziantep City Hospital are just a few of the notable infrastructure projects in Türkiye that South Korean engineering and construction companies have so far worked on.” and Foreign Direct Investment for Kuwait and Türkiye: Leveraging Economic Relations to Promote Further Growth” report’s launch webinar.

# INVESTMENT OFFICE PRESIDENT INTERVIEWS WITH TRT WORLD

Investment Office President A. Burak Dağlıoğlu interviewed with TRT World.

Commenting on the latest economic measures announced by President Recep Tayyip Erdoğan, Burak Dağlıoğlu said, “These measures will definitely provide stability for the economy, decision makers, firms, and households”.

“More than 90% y-o-y increase in FDI inflows in the first 10 months of 2021 being one of the evidences, Türkiye is now on the V-shape recovery in terms of FDI, exports, and GDP growth,” Dağlıoğlu added.

# Amcham Türkiye Awards US COMPANIES OPERATING IN TÜRKİYE

American Business Forum in Türkiye (AmCham Türkiye) held the third “I Am Champion Awards” ceremony attended by executives from U.S. and Turkish companies.



As a jury member, Investment Office President Burak Dağlıoğlu delivered a speech at the ceremony on the significance of the awards to contribute to the economic relations between Türkiye and the U.S.

“The interest and commitment of US investors to our country during the pandemic that has afflicted the entire world is a source of appreciation. They have completed investments during this period by assisting Türkiye’s transformation in green manufacturing and they continue to announce new projects that we are closely following,” Dağlıoğlu noted.

Dağlıoğlu also presented Ford Otosan with the “U.S Investor Champ of the Year” award.

## MAN TÜRKİYE SITE VISIT

Investment Office President A. Burak Dağlıoğlu visited MAN Türkiye A.Ş. - MAN Truck & Bus’ soon-to-be-opened test facility in Ankara. Dağlıoğlu was briefed on the company’s upcoming R&D center that is slated for commissioning over the next years and will bring the total number of its R&D engineers to 1,000.





## PLATIN BUSINESS BOOK AWARDS

Investment Office President A. Burak Dağlıođlu attended the “Platin Global 100 Awards - Education” ceremony held by Platin Magazine, highlighting Türkiye’s highly skilled labor force as a leading reason for global companies to invest in the country. President Dağlıođlu also addressed at Platin Magazine’s “Platin Business Books Awards” ceremony, where he emphasized the importance of biographies of business leaders for young entrepreneurs.

## South Korean Investors BRIEFED ON TÜRKİYE’S INVESTMENT CLIMATE

Turkish Ambassador to South Korea Ersin Erçin, South Korean Ambassador to Türkiye Won-Ik Lee, Investment Office President Burak Dağlıođlu, and KOTRA President & CEO Jeong-Yeol Yu delivered keynote speeches at the “Korea-Türkiye Business & Investment Partnership” webinar co-hosted by the Investment Office and the Korea Trade-Investment Promotion Agency (KOTRA).

Dağlıođlu said in his speech that Türkiye offers unique opportunities for South Korean companies to access lucrative markets around Türkiye and to diversify their supply chains, particularly in terms of reaching out to European markets, the MENA and CIS countries.



## TURKISH TAXATION SYSTEM

Türkiye has one of the most competitive corporate tax rates among OECD member countries.

The Turkish corporate tax legislation has noticeably clear, objective, and harmonized provisions that are in line with international standards. The Turkish tax legislation may be classified under three main headings:

### INCOME TAXES

The Turkish tax legislation includes two main income taxes, namely personal income tax and corporate income tax.

### Personal Income Tax

Real persons' income is subject to personal income tax. Income is defined as the net amount of all earnings and revenues derived by an individual within a single calendar year. An individual's income may consist of one or more income elements listed as follows:

#### ELEMENTS OF INDIVIDUAL INCOME TAX LAW



Agricultural profits

Business profits



Salaries and wages



Income from independent personal services

Income from immovable property and rights (rental income)



Income from movable property (income from capital investment)



Other income and earnings



### INDIVIDUAL INCOME TAX RATES APPLICABLE FOR 2020

Income Scales (TRY) (Employment Income)	Rate (%)	Income Scales (TRY) (Non-Employment Income)	Rate (%)
Up to 14,000	15	Up to 24,000	15
24,001-53,000	20	24,001-53,000	20
53,001-190,000	27	53,001-130,000	27
190,001-650,000	35	130,001-650,000	35
650,001 and over	40	650,001 and over	35

### Corporate Income Taxes

In case income elements specified in the Income Tax Law are derived by corporations, taxation is applicable on the legal entities of these corporations. Corporate taxpayers defined in the law are as follows:

In Türkiye, the corporate income tax rate levied on business profits is 20%. The rate for corporate income tax has been increased to 22% for the tax periods 2018, 2019, and 2020; however, the Council of Ministers is authorized to reduce the 22% rate to a rate as low as 20%.



## CORPORATE TAXPAYERS

Capital companies

Cooperatives

Public economic enterprises

Economic enterprises owned by associations and foundations

Joint ventures

## TAXES ON EXPENDITURE

### Value Added Tax (VAT)

The generally applied VAT rates are set at 1%, 8%, and 18%. Commercial, industrial, agricultural, and independent professional goods and services, goods and services imported into the country, and deliveries of goods and services as a result of other activities are all subject to VAT.

### Special Consumption Tax (SCT)

There are four main product groups that are subject to SCT at different tax rates:

- Petroleum products, natural gas, lubricating oil, solvents, and derivatives of solvents
- Automobiles and other vehicles, motorcycles, planes, helicopters, yachts
- Tobacco and tobacco products, alcoholic beverages
- Luxury products

Unlike VAT, which is applied on each delivery, SCT is charged only once.

## Banking and Insurance Transaction Tax

Banking and insurance company transactions remain exempt from VAT but are subject to a Banking and Insurance Transaction Tax. This tax applies to income earned by banks, such as loan interest. Although the general rate is 5%, some transactions, such as interest on deposit transactions between banks, are taxed at 1%. No tax has been levied on sales from foreign exchange transactions since 2008.

## Stamp Duty

Stamp duty applies to a wide range of documents, including contracts, notes payable, capital contributions, letters of credit, letters of guarantee, financial statements, and payrolls. Stamp duty is levied as a percentage of the value of the document at rates ranging from 0.189% to 0.948% or is collected as a fixed price (a pre-determined price) for some documents.

## TAXES ON WEALTH

There are three kinds of taxes on wealth:

- Property taxes
- Motor vehicle tax
- Inheritance and gift tax

Buildings, apartments, and land owned in Türkiye are subject to real estate tax ranging at a rate between 0.1% and 0.6%, while Contribution to the Conservation of Immovable Cultural Property is levied at a rate of 10% of this real estate tax. Motor vehicle taxes are collected on the basis of fixed amounts that vary according to the age and engine capacity of the vehicles each year. Meanwhile, inheritance and gift taxes are levied at a rate of 1% to 30%.



## ESTABLISHING A BUSINESS IN TÜRKİYE

### REQUIRED DOCUMENTS

While the documents required to establish a joint stock or limited liability company in Türkiye are quite few in number, their particulars and the time required to obtain them are ultimately determined by the number and location of the shareholders and directors. The establishment of a company must be registered with the relevant trade registry in the location of the company's registered office and the documents requested by each trade registry may slightly vary. The most important aspect in establishing a company in Türkiye by a foreign shareholder is that all documents which are not executed in Türkiye must be notarized in their country of origin and either apostilled or alternatively ratified by the relevant Turkish consulate, depending on whether the country of origin is a party to the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents. These documents must then be translated into Turkish by a notary sworn translator and notarized in Türkiye.

One of the material documents required for establishing a company in Türkiye if the legal entity shareholder is not a Turkish company is an extract from the relevant authority where that legal entity

is resident, detailing, inter alia, its incorporation date, share capital, and areas of activity. Other documents generally required by all trade registries are a bank letter evidencing deposit of at least 25% of the subscribed share capital by each shareholder according to their shareholding ratio, a receipt evidencing the payment of 0.04% of the share capital to the Competition Authority, and notarized copies of the articles of association of the new company.

*Türkiye's FDI Law is based on the principle of equal treatment, allowing international investors to have the same rights and liabilities as local investors.*



## STEPS OF INCORPORATION

The process of establishing a joint stock or limited liability company is fairly simple and straightforward, especially once the notarization and apostille certification or ratification formalities are completed in respect of the documents to be submitted with the application. In order to begin the process of establishing a company in Türkiye, certain information must be entered on MERSIS\*. This step requires, among others, a tax identification number to be obtained for non-Turkish individuals and/or legal entities who will be shareholders and/or directors of the company. Once the tax identification numbers have been obtained from the relevant tax authority and provided to MERSIS, a MERSIS number will be generated for such foreign nationals. Following this, the requisite information on the new company, which includes

without limitation the type of company to be incorporated, its trade name and the number of shareholders and directors must be entered into the system. The fundamental item to be submitted into MERSIS is the articles of association (AoA), which must be written on and saved into the system. Once all the required information is provided, this is saved on the system, following which a MERSIS number is generated for the company to be incorporated.



Upon submission of AoA through MERSIS, the same shall be certified by a public notary or the relevant trade registry in Türkiye. Once the AOA are duly notarized, they, along with all other supporting documents of incorporation (e.g. declarations of signatures by the members of the board of directors and other signatories, a blocking certificate from a bank in Türkiye certifying that at least 25% of the nominal share capital of the entity in formation has been deposited and blocked in a bank account, etc.), as mandated by the relevant trade registry; must be submitted in physical format for registration. Once the relevant trade registry certifies all documentation as complete and suitable, a registration certificate is issued as proof of the incorporation of the new company. The trade registry will also provide the mandatory legal and financial books of the newly incorporated company together with the registration certificate.

\*MERSIS is a central information system for carrying out commercial registry processes and storing commercial registry data electronically on a regular basis. A unique number is given to legal entities that are actively involved in business. Online establishment of new companies is possible on MERSIS, and already-established companies may operate through the system after the transfer of their records.

- ✎ **Preparatory works in connection with the incorporation (such as obtaining tax identification numbers for foreign shareholders and/or directors)**
- ✎ **Preparation and submission of the articles of association through MERSIS**
- ✎ **Certification of the articles of association by a public notary or the relevant trade registry in Türkiye**
- ✎ **Registration of the entity by the relevant trade registry**
- ✎ **Submission of the certified articles of association and other supporting establishment documents to the relevant trade registry in Türkiye**
- ✎ **Post-incorporation actions (e.g. registrations with tax authorities and the Social Security Institution, etc.)**



# TÜRKİYE YOUR **RESILIENT** PARTNER



## SMART & YOUNG TO STAND SHOULDER TO SHOULDER WITH YOU

**Exponentially increasing working age population** expected to hit 82.3 million in 2071, according to UN's projections.

**The youngest** population in the EU.

The 2<sup>nd</sup> largest **workforce** in the EU **with 32 million people**.

**Over 8.2 million students** enrolled in **higher education**.

Around **1.1 million university graduates** annually.

**World-class engineering** education.

The Presidency of the Republic of Türkiye Investment Office, the official investment advisory body of Türkiye, is a knowledge center for foreign direct investments and a solution partner for the global business community in all stages of investments. It provides customized guidance and qualified consulting before, during, and after entry into Türkiye.



## STATE INCENTIVES FOR INVESTMENTS IN TÜRKİYE

Applicable both for greenfield and brownfield projects, the Turkish government offers a comprehensive investment incentives program with a wide range of instruments that helps to minimize the upfront cost burden and accelerate the returns on investments.

These incentives may also be tailored for projects in priority sectors classified as key areas for the transfer of technology and economic development. In addition, the Turkish government provides generous support programs for R&D and innovation projects, employee training initiatives, and for exporters through various grants, incentives, and loans.

## INCENTIVES PROVIDED BY THE MINISTRY OF INDUSTRY AND TECHNOLOGY

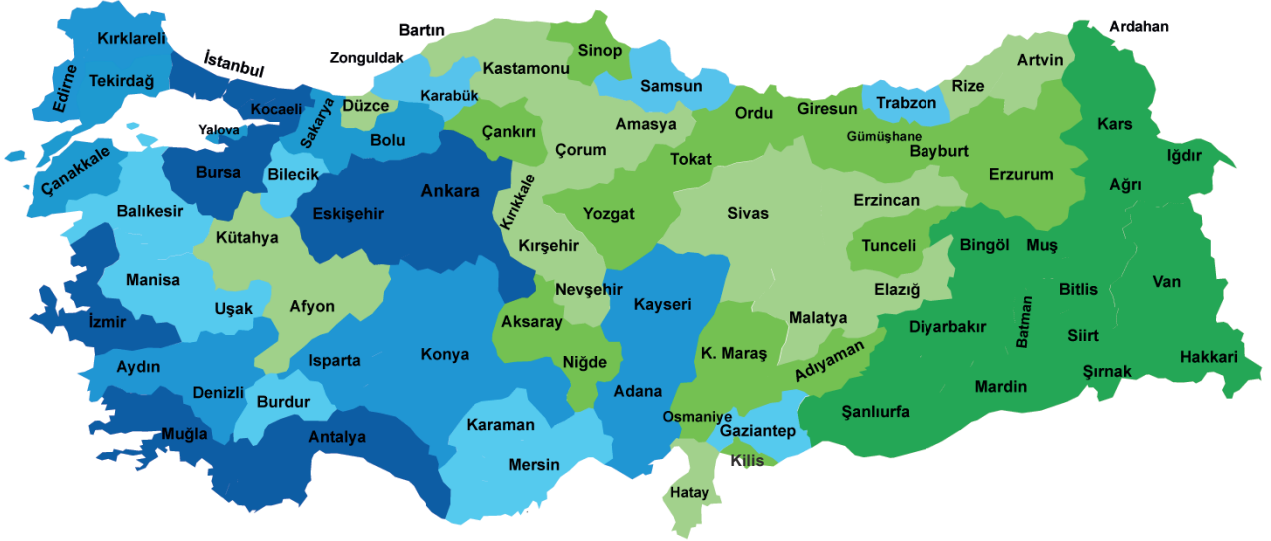
General Incentives	Regional Investment Incentives	Strategic Investment Incentives	Project Based Investment Incentives
<ul style="list-style-type: none"> <li>■ Customs Duty Exemption</li> <li>■ VAT Exemption</li> <li>■ VAT Refund*</li> </ul>	<ul style="list-style-type: none"> <li>■ VAT Exemption</li> <li>■ Customs Refund*</li> <li>■ Customs Duty Exemption</li> <li>■ Corporate Tax Reduction</li> <li>■ Interest Rate Support</li> <li>■ Land Allocation</li> <li>■ Social Security Premium Support (Employer's Share)</li> <li>■ Income Tax Withholding Support*</li> </ul>	<ul style="list-style-type: none"> <li>■ VAT Exemption</li> <li>■ Customs Refund*</li> <li>■ Customs Duty Exemption</li> <li>■ Corporate Tax Reduction</li> <li>■ Interest Rate Support</li> <li>■ Land Allocation</li> <li>■ Social Security Premium Support (Employer's Share)</li> <li>■ Income Tax Withholding Support*</li> </ul>	<ul style="list-style-type: none"> <li>■ VAT Exemption</li> <li>■ Customs Refund*</li> <li>■ Customs Duty Exemption</li> <li>■ Corporate Tax Reduction</li> <li>■ Interest Rate Support</li> <li>■ Land Allocation</li> <li>■ Cashback Support</li> <li>■ Qualified Personnel Support</li> <li>■ Energy Support</li> <li>■ Infrastructure Support</li> <li>■ Purchasing Guarantee</li> <li>■ Social Security Premium Support (Employer's Share)</li> <li>■ Income Tax Withholding Support*</li> </ul>

\*For the investments to be made in the manufacturing industry by the end of 2024.

\*\* For the investments take place in 6<sup>th</sup> region



# INCENTIVE REGIONS



## REGION 1

Istanbul  
Kocaeli  
Bursa  
İzmir  
Muğla  
Antalya  
Eskişehir  
Ankara

## REGION 2

Edirne  
Tekirdağ  
Kırklareli  
Çanakkale  
Aydın  
Denizli  
Sakarya  
Bolu  
Isparta  
Konya  
Adana  
Kayseri  
Yalova

## REGION 3

Bilecik  
Balıkesir  
Manisa  
Uşak  
Burdur  
Karaman  
Mersin  
Gaziantep  
Zonguldak  
Karabük  
Samsun  
Trabzon

## REGION 4

Kütahya  
Afyon  
Düzce  
Bartın  
Kastamonu  
Amasya  
Çorum  
Kırıkkale  
Kırşehir  
Nevşehir  
Sivas  
Malatya  
Elazığ  
Erzincan  
Rize  
Artvin  
Hatay

## REGION 5

Çankırı  
Sinop  
Aksaray  
Niğde  
Yozgat  
Tokat  
Ordu  
Giresun  
Gümüşhane  
Bayburt  
Erzurum  
Tunceli  
K. Maraş  
Adıyaman  
Osmaniye  
Kilis

## REGION 6

Ardahan  
Kars  
Ağrı  
Iğdır  
Muş  
Bingöl  
Diyarbakır  
Şanlıurfa  
Mardin  
Batman  
Siirt  
Bitlis  
Şırnak  
Van  
Hakkari



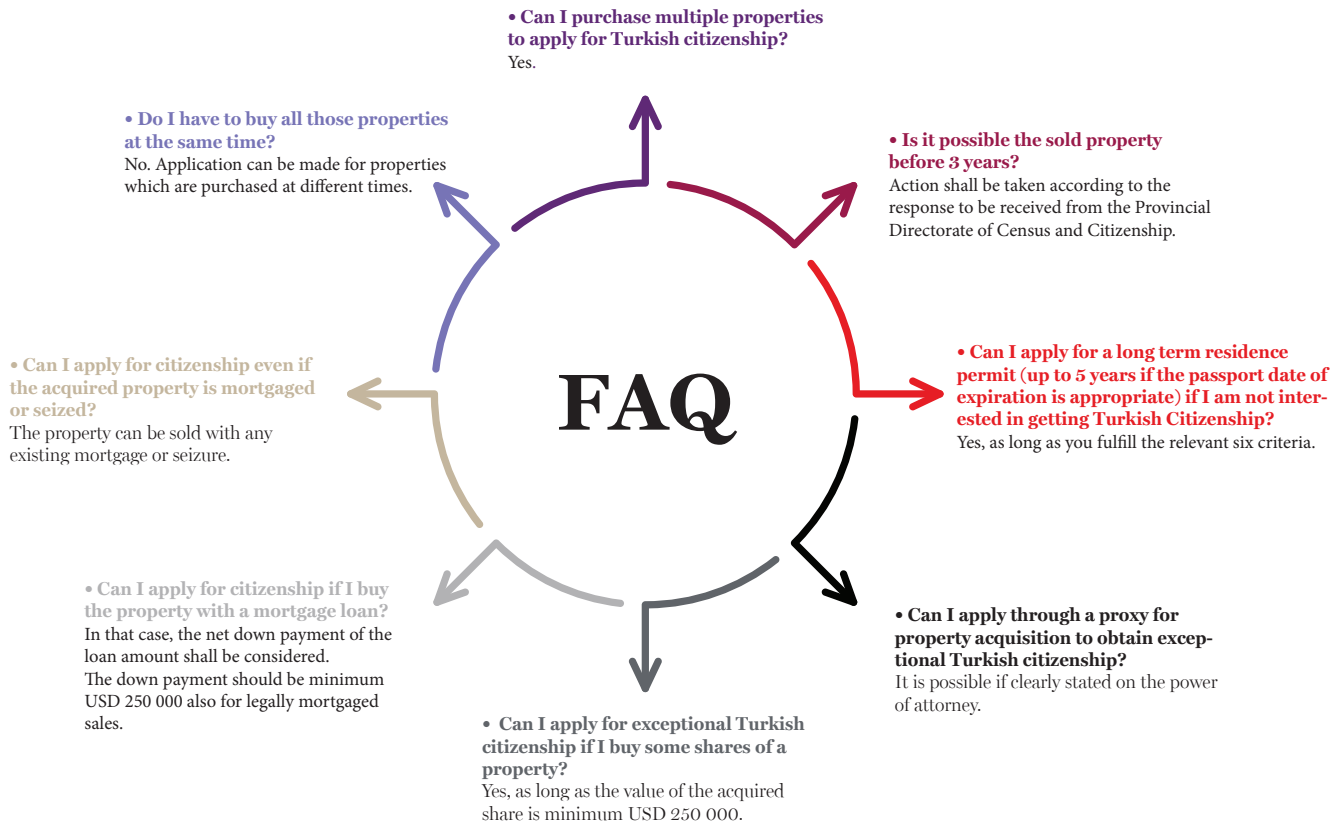
## INCENTIVES TEAM AT THE INVESTMENT OFFICE

- Has extensive experience with investment incentives authorities
- Prepares preliminary financial calculations for investment projects
- Prepares tailor-made information packages on available incentives
- Assists and guides through the process of applying for investment incentives
- Communicates in the investor's language
- Supports further expansion and business plans
- Provides all services free-of-charge and works on a confidential basis

## PROPERTY ACQUISITION FOR TURKISH CITIZENSHIP

As per the regulations published in the Official Gazette on September 18, 2018, foreigners who meet any of the following criteria may be eligible for Turkish citizenship, subject to the decision of the President of the Republic of Türkiye.

1. Making a minimum fixed capital investment of USD 500,000 or equivalent foreign currency or Turkish lira, as attested by the Ministry of Industry and Technology.
2. Acquiring a property worth a minimum of USD 250,000 or equivalent foreign currency or Turkish lira with a title deed restriction on its resale for at least three years, as attested by the Ministry of Environment and Urbanization.
3. Creating jobs for at least 50 people, as attested by the Ministry of Family, Labor and Social Services.
4. Depositing at least USD 500,000 or equivalent foreign currency or Turkish lira in banks operating in Türkiye with the condition not to withdraw the same for at least three years, as attested by the Banking Regulation and Supervision Agency.
5. Buying at least USD 500,000 or equivalent foreign currency or Turkish lira worth of government bonds with the condition that they cannot be sold for at least three years, as attested by the Ministry of Treasury and Finance.
6. Buying at least USD 500,000 or equivalent foreign currency or Turkish lira worth of real estate investment fund share or venture capital investment fund share with the condition that they cannot be sold for at least three years, as attested by the Capital Markets Board of Türkiye.



A "property assessment report" shall be obtained by applying to one of the organizations authorized by Board of Capital Markets (SPK) for property assessment.

The directorate of title deed checks whether the receipt, appraisal report, and the declare values satisfy the criteria required in the directive.

The appointment time to sign the contract after the payment of the fees shall be communicated by SMS.

Following the completion of the transaction, the directorate of land registry sends the transaction documents via the system to the General Directorate/Regional Directorate to issue the "certificate of conformity" for citizenship application.

1

An agreement shall be reached for the property to be purchased. The value of the property must be minimum USD 250,000.

2

3

Application shall be made to the directorate of land registry with the required documents.

4

5

If the required conditions have been satisfied, the title deed fee required to be paid for action and the revolving fund payment shall be communicated to the related person by SMS.

6

7

After the contract is signed and completed, a statement indicating that the property may not be sold for three years shall be registered and the title deed of the property shall be handed over to the landlord.

8

9

The 'certificate of conformity' issued after the necessary checks have been completed is sent for action to the General Directorate of Census and Citizenship and General Directorate of Immigration Administration with an official letter, and for information to the related individual by e-mail.



# FAQ

## • How to appraise value if payments are made after the selling transaction?

Effective selling exchange rate of the Central Bank of Türkiye on the date prior to the payment date for receipt and prior to the selling transaction for the value on the official title deed shall be considered. In that case, both values are required to reach USD 250 000.

## • How to transfer the selling cost of the property?

Must be deposited and documented as bank remittance, EFT etc by the buyer or the buyer's representative to the bank account of the seller or the seller's representative.

The transfer/payment of price for properties owned by public institutions and ventures such as TOKI and Emlak Konut may also be reported with the approved bank receipt or an official letter indicating the price of the property purchased.

## • Can I apply for Turkish citizenship with a preliminary contract for sale?

An application can be made with a promise that the property would be transferred and released in three years through a notarized contract if minimum USD 250.000 or equivalent amount was paid as down payment for any properties with established commonhold or construction servitude on or after 07 December 2018

## • How to appraise value if multiple receipts with different dates are presented (paid in Turkish Lira)?

The sum of values calculated on the basis of the effective selling exchange rate of the Central Bank of Türkiye on the work day prior to the date when each receipt is issued must be USD 250 000.

## • How to appraise value for properties required for citizenship at land registry?

The sum of receipts evidencing payments must have a value equal to USD 250 000 according to the USD selling exchange rate of the Central Bank of Türkiye on the date prior to the date of deposit. The amounts listed in the appraisal report and the official bill may not be less than the sum of values in the receipt.

## • What should be the attribute of the property?

The attribute of the property does not matter for citizenship through property purchase. (It may be a residence, workplace, land, field, yard etc.) However, for any commitments through notarized promise of sale, the property must have an established commonhold or construction servitude.

## • The exchange rate of which date shall be considered for bank receipts evidencing payments?

In the event that the receipt is paid in Turkish Lira, the selling exchange rate of the Central Bank of Türkiye on the date prior to the date of payment shall be considered to calculate USD equivalent of the receipt amount.

## • How should the appraisal report be issued?

A property appraisal report representing the market value (present market value/present value) is required. The appraisal report must be based on the value on the date of the report for buildings which are actually completed on the ground, and the value to occur upon completion of building for properties which have not been completed or the construction of which is ongoing and for which a construction servitude was established.

## • Does the seller of the property matter in the application for citizenship?

Properties sold or subject to a sale promise must be registered in the name of Turkish citizens. Furthermore, they should not be any properties transferred by a foreign real person after 12 January 2017 ..(Including self, spouse and children of the foreign person who acquires it)

## • Can foreigners owning or shareholding a foreign capital company apply for citizenship with a property owned by the company?

The property to be acquired by foreign nationals through actual sale or a sale promise should not be registered to the title of the legal entity of the company that the real person owns or manages.



## TURKISH STARTUP ECOSYSTEM

**Developing startup environment in Türkiye furnishes alternative investment opportunities for domestic and global investors.**

Türkiye is aiming to become a stronger global actor and rank among the top ten economies in the world by 2023. As a center of attraction, Türkiye has advantages in key areas such as legal environment, diversification of financial products, tax regime, and work-life balance that would add value to a global investment hub and would compete effectively in the world league. Living in a competitive world, one thing is certain; global trends such as startups will be more important than ever for countries mulling plans to attract new investments.

With a strengthened physical infrastructure, including the İstanbul Airport, a third bridge over the Bosphorus, Yavuz Sultan Selim; the Osmangazi Bridge at the İzmit Bay that shortens the route to inner Anatolia and the Aegean Region; and underwater metro tunnels – the Eurasia Tunnel and the Marmaray; Türkiye meets the prerequisites for becoming a startup and Fintech hub.

The skilled labor force, investor-friendly regulations, and the tax codes based on equal opportunity for international and local investors, position Türkiye strategically to serve all the world and step up as the next-generation startup and finance center of the world.

One of the key components of a prominent startup hub is the Fintech ecosystem. Evolutionary technological developments and changing customer expectations require financial services to be delivered in a cheaper, faster and

enhanced fashion. Well aware of this, Türkiye places great emphasis on the Fintech ecosystem and has made great strides forward over the past few years, particularly in digital banking, e-commerce, and insurance.

Besides, Türkiye has attracted prominent private equity and venture capital funds, particularly for the rapidly emerging startup environment in the country, and many of these funds had successful exits with high returns over the years. These successful exits have proven Türkiye's attractive investment environment, where PE and VC investors can realize a full cycle of investing in and divesting from an enterprise.

Through these investments, billions of dollars' worth of FDI poured into Türkiye, and their share in overall investments continues to increase. While the local private equity and venture capital (VC) markets are steadily growing in terms of deal count, variety of mandates and volume of funds, global limited partners (LPs) and general partners (GPs) are looking to increase their commitments in V by either investing directly in local assets or backing their portfolio companies.

Given these advantages, Türkiye stands out regionally with its robust economy, sweeping reforms and enthusiasm to position itself as a hub for multinationals looking to diversify their businesses.



# Rising Startups in TÜRKİYE LURE INVESTORS

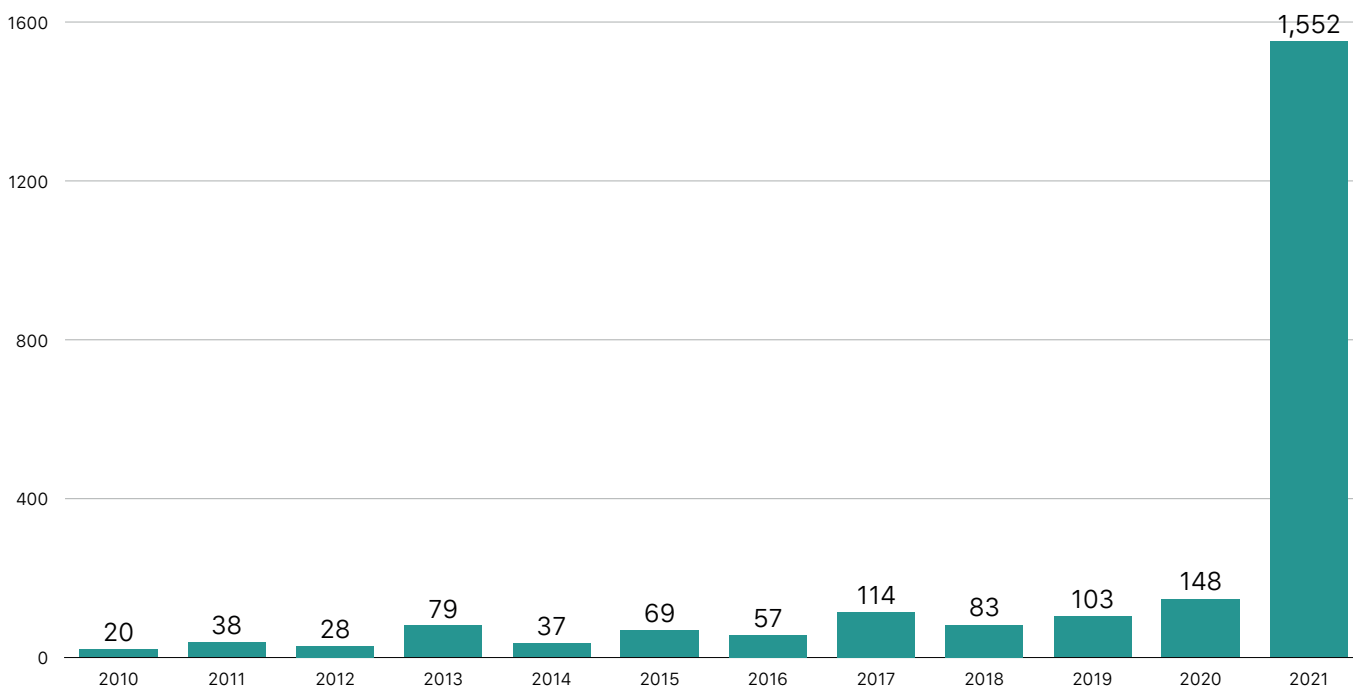
In 2018, three of the top ten venture capital-backed exits in Europe were Turkish. Chinese Alibaba acquired Turkish e-commerce platform “trendyol.com” for USD 728 million, Australia-based software developer Atlassian acquired Turkish software developer “Opsgenie” for USD 295 million and US-based Zynga acquired “Gram Games” for USD 250 million.

Türkiye also saw similar exits in 2019 as well. The first one was the acquisition of a Turkish open-source data company “Citius Data” by Microsoft in January, and it was again a USD 100M+ ticket. 2019 and 2020 also staged striking exits of Turkish gaming startups, with Türkiye’s gaming industry clinching the top spot on the list of the most popular category of startups. Foremost among

these was Türkiye-based gaming startup Peak Games, which made Europe’s biggest VC-backed exit in 2020 and became the country’s first unicorn with the USD 1.8 billion worth acquisition by again Zynga.

In 2020, Turkish Startups also broke fundraising record from angel investors and venture capitals (VCs). According to Startups Watch, 165 Türkiye-based startups received USD 139 million from angel investors and VCs in total in 2020 – a record for the country’s ecosystem. Among all European countries, Türkiye ranked 3rd with total angel and VC funding, preserving its place in the 1st League. Turkish startups Insider, Meditopia and Getir were the country’s largest fundraisers of 2020.

## Early Stage Investments in Türkiye



In August 2021, a group of private equity investors acquired 9.09 percent of Trendyol for USD 1.5 billion, carrying its value to USD 16.5 billion as the first decacorn of Türkiye. Also, in its last round finalized in June 2021, Getir’s valuation reached USD 7.5 billion and in January 2022, Dream Games raised USD 255 million in a Series-C funding round and startup’s value reached USD 2.75 billion.

These are the best examples of startup investments in Türkiye. It should be noted that most of these startups have sales revenues in terms of US dollar or EURO and are not affected by the fluctuations or volatilities in FX rates, which is another reason for investors or venture capital funds not to get worried while investing in such startups in Türkiye.



# The Turkish Government Supports STARTUP ECOSYSTEM IN TÜRKİYE















Along with incentives introduced such as R&D supports, the Turkish government has established solid support mechanisms to increase and encourage startups in Türkiye.

The Ministry of Treasury and Finance and the state-owned TUBITAK, the Scientific and Technological Research Council of Türkiye, unveiled a new “Venture Capital Funding Program” in order to provide direct funding for technology startups. For this purpose, the fund has approved 5 GPs as fund managers in Türkiye; namely 500 Startups, Arz Portföy, Collective Spark, Diffusion Capital Partners and Gedik Portföy-Boğaziçi Ventures partnership. TUBITAK and the Ministry of Treasury and Finance will invest in these funds up to TRY 1 billion (USD 140 million) as LPs.

The Ministry of Industry and Technology has also established a TRY 350 million (USD 45 million) fund as a LP to invest in VC funds who invest in technology startups or co-invest in Serie C level technology startups, where the Development Investment Bank of Türkiye acts as the GP.

Technology Development Zone and Istanbul Development Agency have also established two different funds to invest in such startups as a GP and a LP respectively for a total of USD 45 million. Türkiye Wealth Fund (TWF) is also set to launch a TRY 250 million technology fund to bolster Türkiye’s growing tech sector, and will announce details in 2022.

## State Supported VC Funds in Türkiye

Investor (Limited Partner)	Fund Manager (General Partner)	Fund Size	Rate (%)
 Ministry of Treasury and Finance  Scientific and Technological Research Council of Turkey	 BOĞAZIÇI VENTURES  ARZ PORTFÖY  dcp  collectivespark  Gedik portföy	Total Size: ~ TL 1 Billion	Direct Investment in Technology startups
 Ministry of Industry and Technology	 KALKINMA YATIRIM BANKASI	TL 350 Million	Investment in VC funds who invest in technology startups + Co-Investment in > Serie C level technology startups
 İSTANBUL GELİŞİM AJANSI	General partners to be included in the program will be announced in June 2021	TL 250 Million	Investment in VC funds who invest in technology startups
 alBaraka  VAKIF KATILIM	 BiLiŞiM VADİSi <small>Technology Development Zone</small>	TL 100 Million	Direct Investment in technology startups
 TWF	 TWF	TL 250 Million	Details will be announced in 2022

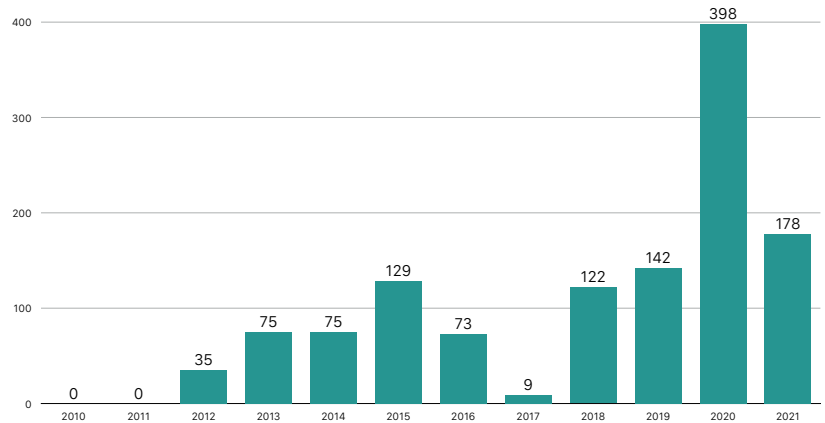
Besides these state-backed funds, venture capital fundraising activity in Türkiye reached USD 178 million in 2021, one of the largest total funding bases in recent years.

## VC Fundraising Activity IN TÜRKİYE

There is an opportunity for investors here; they can invest in these funds instead of investing in Turkish startups one by one. When invested through a venture capital or a private equity funds, instead of investing directly into the companies, a zero percent withholding tax for the distributed dividends and a zero percent withholding tax on exit is charged in Türkiye. If the investor to these funds is a corporation, the investment amount can be deducted from the corporate income tax base.

And, if the investor of a startup is an individual with a Business Angel Certificate, 75 percent of the investment amount can be deducted from the angel investor's personal tax base.

The total amount of new funds raised equaled USD 178 million in 2021, one of the largest total funding bases in recent years.



Turkish startups, thanks to the maturing ecosystem that has been developing with supportive reforms, provide lucrative opportunities for investors. With a population of 84.6 million people (median age 33.1), 78 million mobile subscribers and 70 million internet users, Türkiye ranks 14<sup>th</sup> in Facebook reach, 6<sup>th</sup> in Instagram, 7<sup>th</sup> in Twitter use and 14<sup>th</sup> in LinkedIn reach.

## Türkiye Global Rankings in SOCIAL MEDIA USE



14<sup>th</sup> Facebook 37M Reach



7<sup>th</sup> Twitter 11.8M Reach



6<sup>th</sup> Instagram 38M Reach



14<sup>th</sup> LinkedIn 8.4M Reach

Source: Digital 2021 Report, Hootsuite & we are social

## Investment Office Promotes TURKISH STARTUPS GLOBALLY

Türkiye hosted several startup events in recent years, such as Take Off International Startup Summit, the biggest technology and startup event in the region, World Business Angels Forum (WBAF), Webrazzi Summit and Startup Türkiye. Presidency of the Republic of Türkiye Investment Office (Investment Office) has attended all these events in order to promote the startup ecosystem in Türkiye.

Believing that Türkiye needs to be more active in this field, the Investment Office has organized or taken part in various startup events in Türkiye or globally recently.

In May 2021, the Investment Office signed a protocol with the Islamic Cooperation Youth Forum (ICYF) and the Technology Development Zone to establish an International Incubation Center for Startups in Istanbul.

In November, Investment Office, a partner of the summit, attended the world's premier tech conference Web Summit in Lisbon with a delegation of industry professionals, along with representatives from government institutions to highlight the Turkish startup ecosystem for international investors and to share experiences on the latest technologies and developments.

In these and many other events, the dedicated team of the Investment Office aimed to support the tech ecosystem in Türkiye by acting as a bridge between investors and Turkish startups for win-win opportunities.

In order to promote and raise awareness about the Turkish startup ecosystem, the Investment Office regularly publishes its flagship report 'The State of Turkish Startup Ecosystem' together with Startups Watch.

## IMPACT INVESTMENT AS A NEW MODEL

**Impact investment can be defined as investments made intending to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending on investors' strategic goals.**

In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 SDGs. The 17 SDGs of the 2030 Agenda for Sustainable Development are the blueprint for achieving a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate environmental degradation, prosperity, and peace and justice. According to the Better Business Better World report by the Business & Sustainable Development Commission, achieving the Global Goals could open up an estimated USD 12 trillion in market opportunities in four economic systems: food and agriculture, cities, energy and materials, and health and well-being.<sup>8</sup> These systems represent around 60 percent of the real economy and are critical to delivering the United Nations Sustainable Development Goals.

By coupling sustainable development with a new “business-as-usual” framework, impact investing is positioned as a leading enabler of SDG financing and an innovative way of boosting the private sector’s contribution to sustainable development. The promise of impact investing lies not in achieving the SDG agenda alone, but also in its offer of a new avenue to unlock substantial market opportunities that will incorporate the bottom of the pyramid (BoP) in private sector value chains.

Investment Office co-prepared a report on stakeholder mapping and preliminary analysis for impact investing in Türkiye in partnership with the Istanbul International Center for Private Sector in Development (IICPSD) team. The report was published in December 2019.

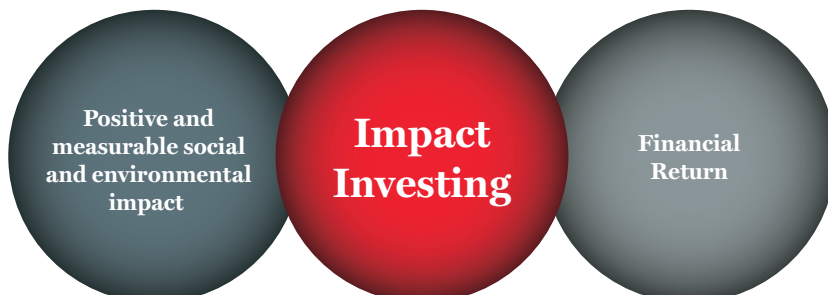
In March 2021, the Sustainable Development Goals Investor Map Türkiye—developed jointly by the Investment Office and the IICPSD upon the request of the United Nations Development Programme (UNDP)—was launched at

the 11<sup>th</sup> Bosphorus Summit held in Istanbul and honored by President Recep Tayyip Erdoğan. In addition, in partnership of the UNDP, the Impact Investment Platform (Etkiyap), the Development Investment Bank of Türkiye and the Investment Office, the Turkish National Advisory Board for Impact Investing has been established.

At the summit, President Erdoğan thanked all these institutions and the Investment Office for the establishment of this board and said, “Any investment that does not consider the social good and create added-value for sustainable development is incomplete. Impact investments, which put together sustainability, social entrepreneurship and social responsibility, present important opportunities for the humanity. We find it very significant to support companies that bring together this innovative approach to today’s business and social life. We will give all necessary support to the works on impact investment as the Presidency and through our institutions.”

The “SDG Investor Map Türkiye” provides in-depth information on 27 investment opportunity areas identified across 9 priority sectors and 14 subsectors. The map has classified the priority sectors for Türkiye as technology and communications, transportation, renewables and alternative energy, education, healthcare, food and beverage, consumer goods, infrastructure and financials.

Investment Office President Burak Dağlıoğlu, also, addressed the attendees at the “SDG Investor Map Türkiye: Policy Dialogue” panel of the event saying, “This study is a very useful guide both for public and private sector decision makers to have a quick look at the investment opportunities in Türkiye. It encompasses good examples of target companies, as well. A very good exemplary target is on the e-mobility side, Türkiye’s local EV brand TOGG.”





## Impact Investment AUM by Year (US\$ billion)

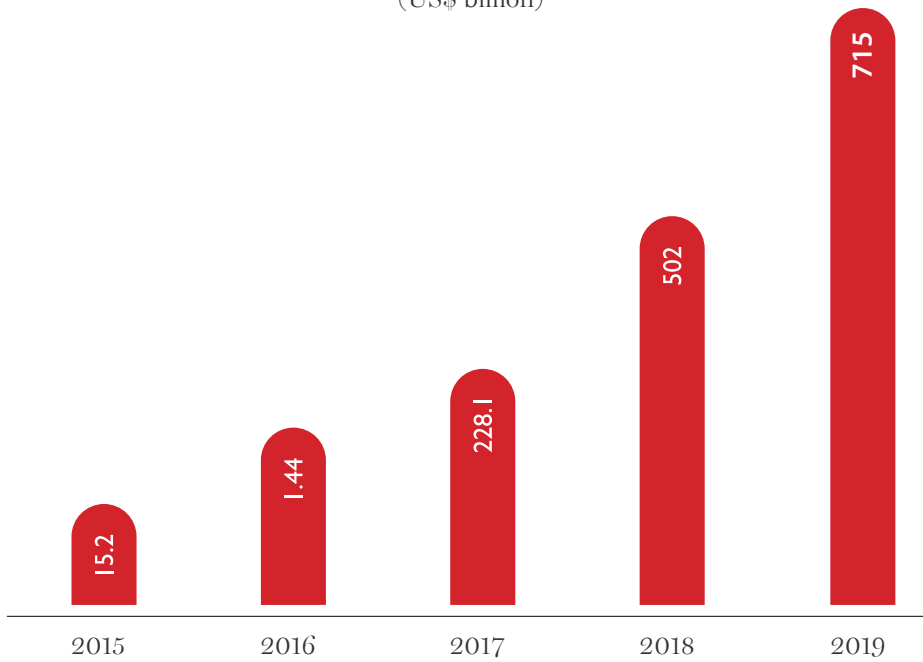


Figure 3. Growth of the Impact Investing Market. GIIN.

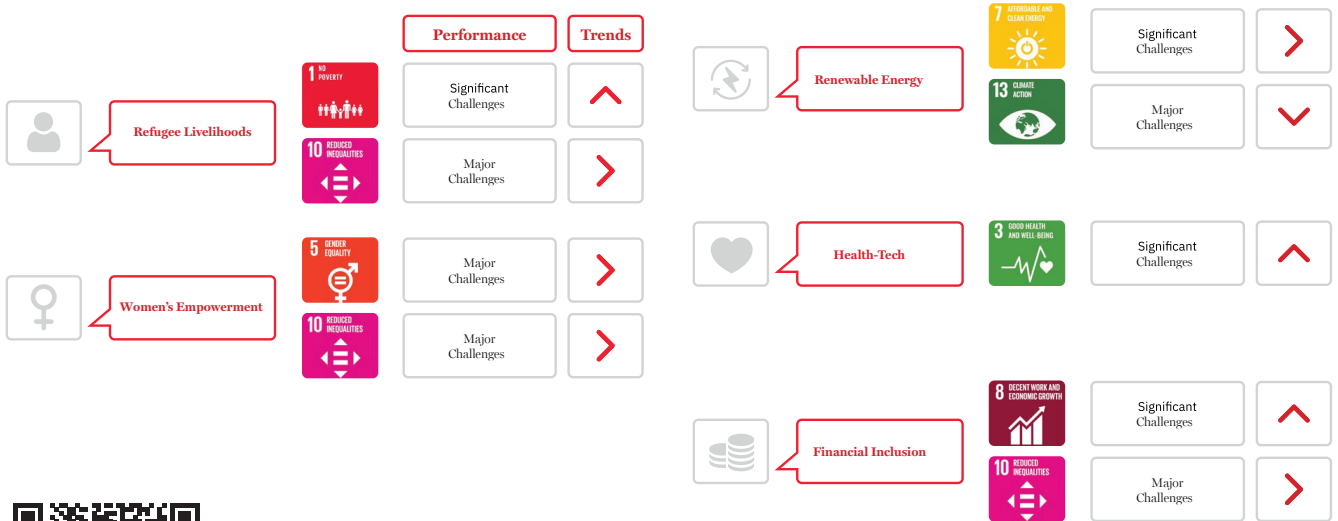


Figure 10. Türkiye's SDG Performance. Sustainable Solutions Network, 2019.



Source: The Impact Investing Ecosystem in Türkiye - Stakeholder Mapping and Preliminary Analysis of the Ecosystem, Presidency of the Republic of Türkiye Investment Office, Istanbul International Center for Private Sector in Development (IICPSD), United Nations Development Programme

## REFORMS SUPPORT TÜRKİYE'S SUCCESS STORY

**Türkiye has implemented comprehensive reforms during the last 18 years and continues to introduce new ones.**

Türkiye has implemented comprehensive reforms during the last 19 years and continues to introduce new ones.

Türkiye has plenty of advantages that stand out for investors looking to increase their commitments in the country and to grow their investments in the region by using Türkiye as a springboard. A diversified economy with a track record growth, a young population, a strategic location to access regional markets, and an entrepreneurial business culture supported by reforms can be listed among these advantages. Investors may find some advantages that Türkiye offers in other locations as well, but what makes Türkiye unique is that they may find all these advantages in one place.

Türkiye stands out as the 11<sup>th</sup> largest economy in the world according to 2020 GDP at purchasing power parity and outperformed many rival economies, with record growth over the past decade and a half. The Turkish economy has been growing robustly, with an impressive performance of 5.5 percent average annual growth during the 2002-2021 period. This made Türkiye one of the fastest growing economies in the world. In 2021, Türkiye posted a growth rate of 11 percent, making it the fastest growing economy in G20, OECD, and the EU.

A robust economy requires well-established regulations and an investor friendly environment. Incentives and structural regulations enable investors and traders to conduct their operations more quickly, enhance their activities, and allow for quick realization of implemented policies. An economy keen to thrive and that is aspiring to be amongst the top ten should implement attractive incentive policies and undergo structural reforms to achieve its goals.

Türkiye in the last two decades experienced a huge leap forward in terms of globalization, expanding its industrial and commercial capabilities. Especially in the last decade, several structural reforms and projects enabled Türkiye to keep its growth rate despite several crises in the global markets. As per its

“sustainable growth” policy, new institutions were established and a visionary approach to activate Türkiye’s potential ushered in a new phase of Türkiye’s history. These structural changes and sweeping reforms over the 19 years have enabled Türkiye to emerge as the most reformist country among the OECD members according to the OECD FDI regulatory restrictiveness index.

In hindsight, there are several reforms in the recent history of Türkiye that proved to be turning points that enabled Türkiye to ride out the storm in several crises. The FDI law in 2003 that made it easier for foreigners to bring their money to Türkiye and to invest in Turkish markets, the renewed labor law that introduced new regulations updated for newly emerging phenomena and necessities, and the law that made it easier to establish companies (2004) were the first critical reforms that strengthened Türkiye’s economy. Combined with the establishment of the Investment Support and Promotion Agency of Türkiye (2006) and the Presidency of the Republic of Türkiye Investment Office in the aftermath of the Presidential System of Government (2018), further FDI laws and investment incentives were introduced.

Along with these, the Turkish Constitution explicitly grants foreign investors international arbitration, which is codified in the International Arbitration Act, for dispute settlement and protection against nationalization. Foreign investments in Türkiye are also protected by the bilateral investment promotion and protection treaties that Türkiye has signed with over 70 countries. These moves enhanced the economy and attracted investors who were disturbed by the recession in certain countries.

## Ongoing Reform Process IN TÜRKİYE



# WHY INVEST IN TÜRKİYE?

## 10 reasons to invest in Türkiye



### ROBUST ECONOMY

TRACK RECORD GROWTH AND BRIGHT FUTURE WITH PROVEN RESILIENCE

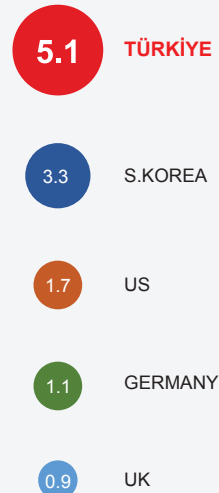
## 11<sup>th</sup> largest economy in the World

### RANKING OF ECONOMIES BY GDP AT PPP

2003	2019	2020
1. USA	1. CHINA	1. CHINA
2. CHINA	2. USA	2. USA
3. JAPAN	3. INDIA	3. INDIA
4. GERMANY	4. JAPAN	4. JAPAN
5. INDIA	5. GERMANY	5. GERMANY
6. RUSSIA	6. RUSSIA	6. RUSSIA
7. FRANCE	7. INDONESIA	7. INDONESIA
8. UK	8. BRAZIL	8. BRAZIL
9. BRAZIL	9. UK	9. FRANCE
10. ITALY	10. FRANCE	10. UK
11. MEXICO	11. MEXICO	11. <b>TÜRKİYE</b>
12. INDONESIA	12. ITALY	12. ITALY
13. SPAIN	13. <b>TÜRKİYE</b>	13. MEXICO
14. CANADA	14. S.KOREA	14. KOREA
15. S.KOREA	15. SPAIN	15. CANADA
16. S.ARABIA	16. CANADA	16. SPAIN
17. IRAN	17. S.ARABIA	17. S.ARABIA
18. <b>TÜRKİYE</b>	18. IRAN	18. AUSTRALIA

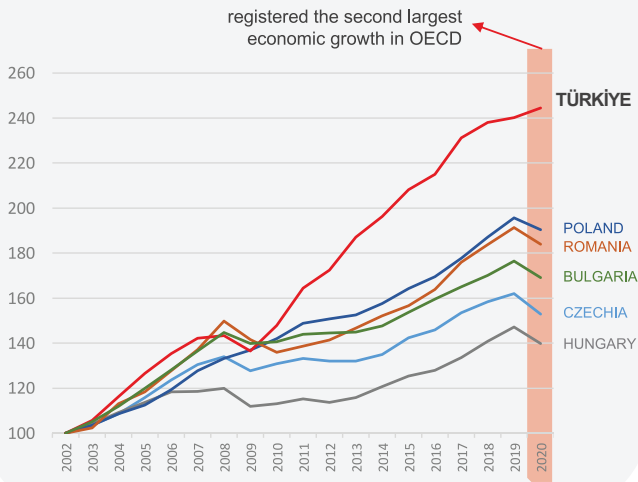
### AVERAGE ANNUAL GDP GROWTH (%)

2003 - 2020





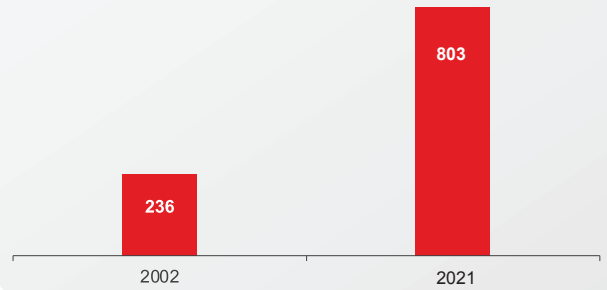
### REAL GDP GROWTH (INDEX: 2002=100)



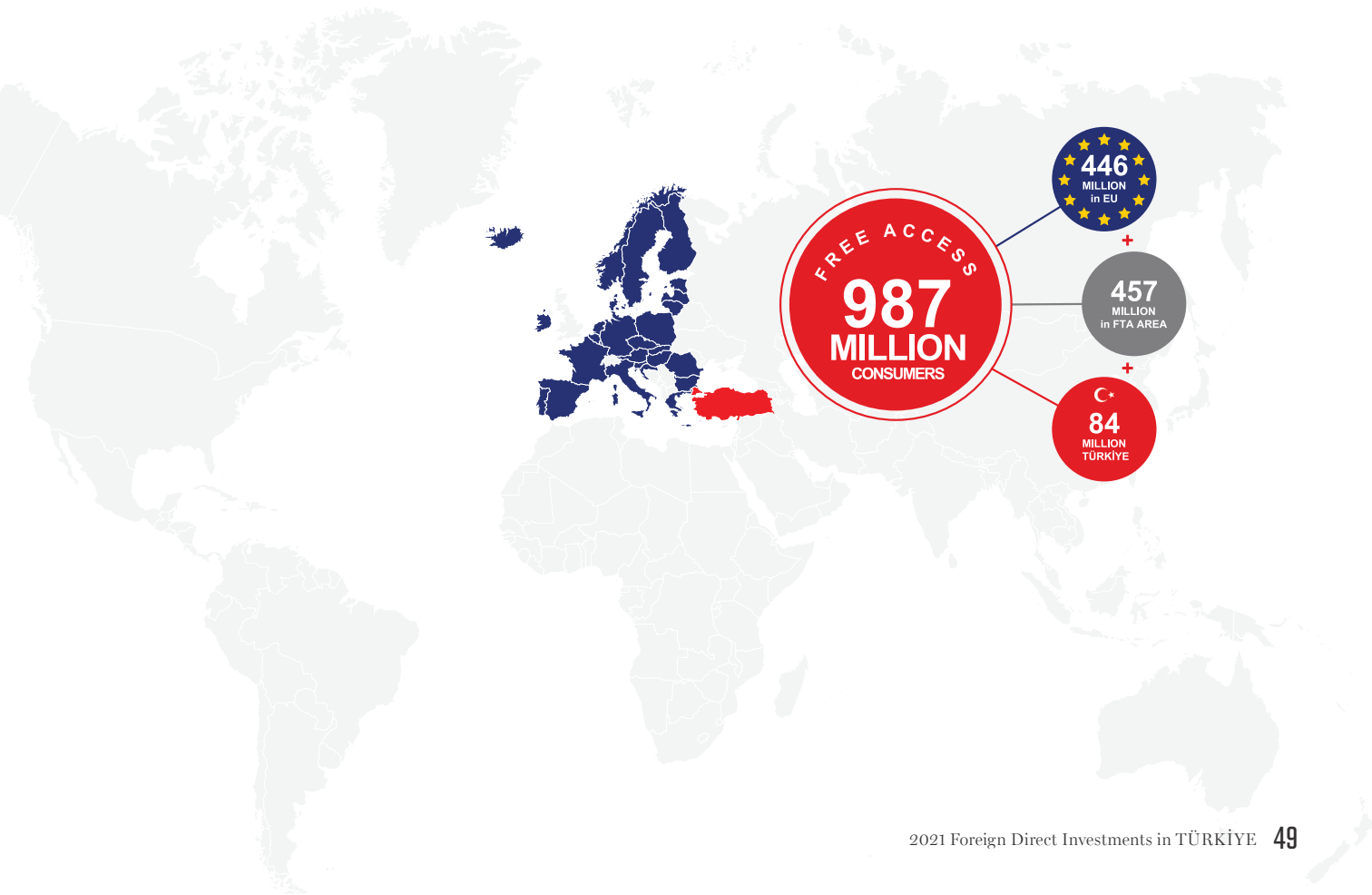
Turkish economy has **more than tripled over** the past 18 years and is promising to be on the growing trend

### Turkish Economy

(GDP at current prices, \$Billion)



## DOMESTIC MARKET + EU MARKET + FREE TRADE AREA



# TÜRKİYE: A HUB FOR MANUFACTURING, EXPORTS AND MANAGEMENT

**16  
TIME  
ZONES**

**PROXIMITY TO MAJOR MARKETS**  
1.3 billion people and \$26T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

**CONNECTIVITY**  
Turkish Airlines connects you to 323 destinations in 127 countries

**MANUFACTURING & EXPORT HUB FOR MULTINATIONALS**

**AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS**



Exporting 85% of its production



Exporting 77% of its production



Production base for MENA



Its largest production facility worldwide



89 countries



80 countries



80 countries



72 countries



67 countries



63 countries



60 countries



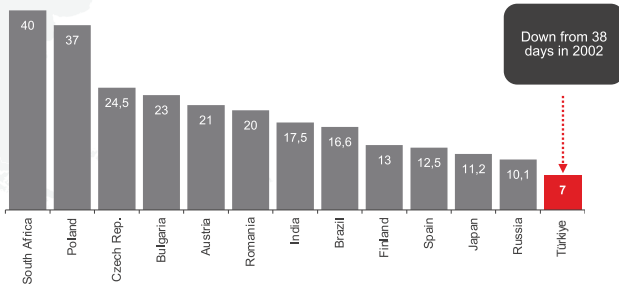
30 countries



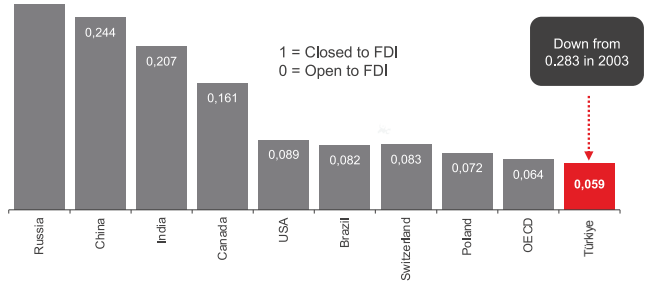
25 countries

## TÜRKİYE HAS IMPLEMENTED SWEEPING REFORMS IN MANY AREAS AND CONTINUES TO INTRODUCE NEW REFORMS

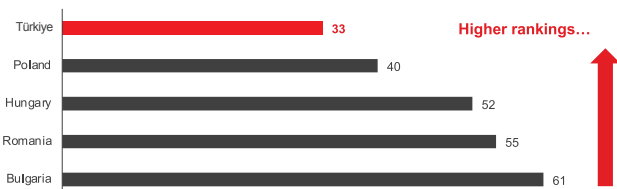
NUMBER OF DAYS TO SET UP A COMPANY, 2020



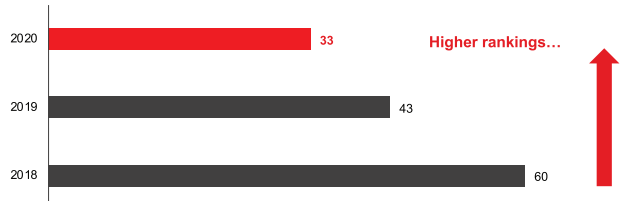
FDI REGULATORY RESTRICTIVENESS INDEX, 2019



EASE OF DOING BUSINESS RANKING, 2020

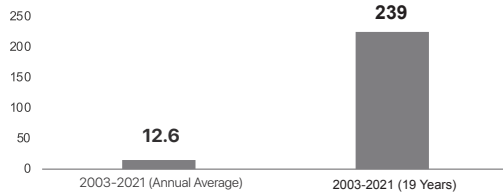


EASE OF DOING BUSINESS RANKING (Y-O-Y)

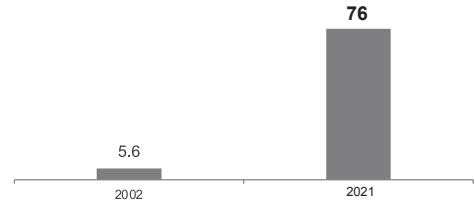


# TÜRKİYE'S VALUE HAS BEEN APPRECIATED BY FOREIGN INVESTORS WITH INCREASING FDI INFLOW TO TÜRKİYE

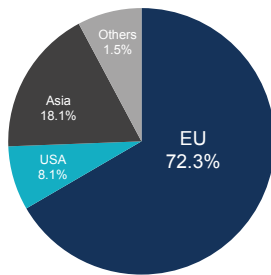
**FDI INFLOWS (\$ BILLION)**



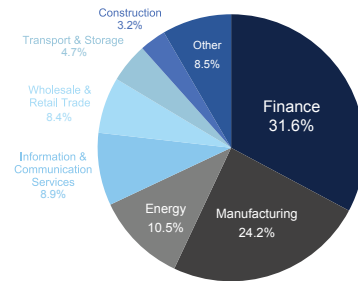
**NUMBER OF FOREIGN COMPANIES IN TURKEY ('000)**



**GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2021)**



**MOST ATTRACTIVE SECTORS (CUMULATIVE 2002-2021)**



## INVESTMENT OFFICE ASSISTS YOU BEFORE, DURING AND AFTER YOUR ENTRY INTO TÜRKİYE



**PRIVATE SECTOR APPROACH WITH PUBLIC SECTOR CAPABILITIES**



**A GOVERNMENTAL AGENCY REPORTING TO THE PRESIDENT**



**ACTING AS YOUR SOLUTION PARTNER**



**CUSTOMIZED CONSULTING**



**COORDINATION WITH STAKEHOLDERS**



**BUSINESS FACILITATION**



**SITE SELECTION SUPPORT**



**TAILOR-MADE DELEGATION VISITS**



**PROJECT LAUNCH**



**PARTNERSHIP DEVELOPMENT ASSISTANCE**



**ONGOING SUPPORT**





PRESIDENCY OF  
THE REPUBLIC OF TÜRKİYE  
**INVESTMENT  
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