PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
INVESTMENT
OFFICE

LOGISTICS AND TRANSPORTATION INDUSTRY IN TÜRKİYE

June 2023

INVEST.GOV.TR

AGENDA

WHY INVEST IN TÜRKİYE

LOGISTICS INDUSTRY
IN TÜRKİYE

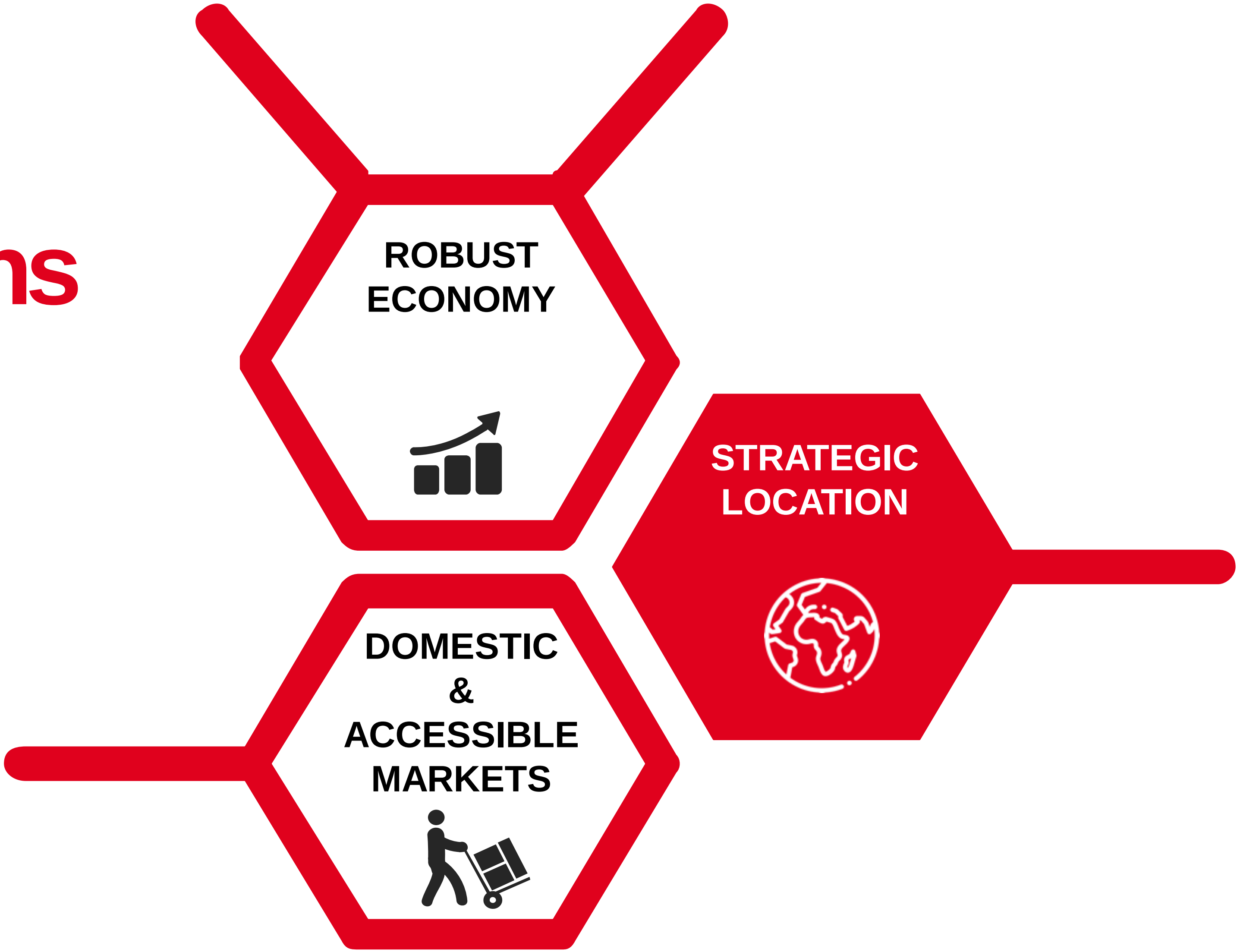
TRANSPORTATION INDUSTRY
IN TÜRKİYE

10 reasons to invest in Türkiye

- ROBUST ECONOMY
- DOMESTIC + ACCESSIBLE MARKETS
- STRATEGIC LOCATION
- FAVOURABLE DEMOGRAPHICS
- SKILLED AND COMPETITIVE LABOR FORCE
- CONTINUOUS REFORM PROCESS
- BUSINESS-FRIENDLINESS
- LUCRATIVE INCENTIVES
- BENIGN R&D ECOSYSTEM
- SECTORAL OPPORTUNITIES

WHY INVEST IN LOGISTICS?

3 main reasons to invest in Logistics



11th largest economy in the World

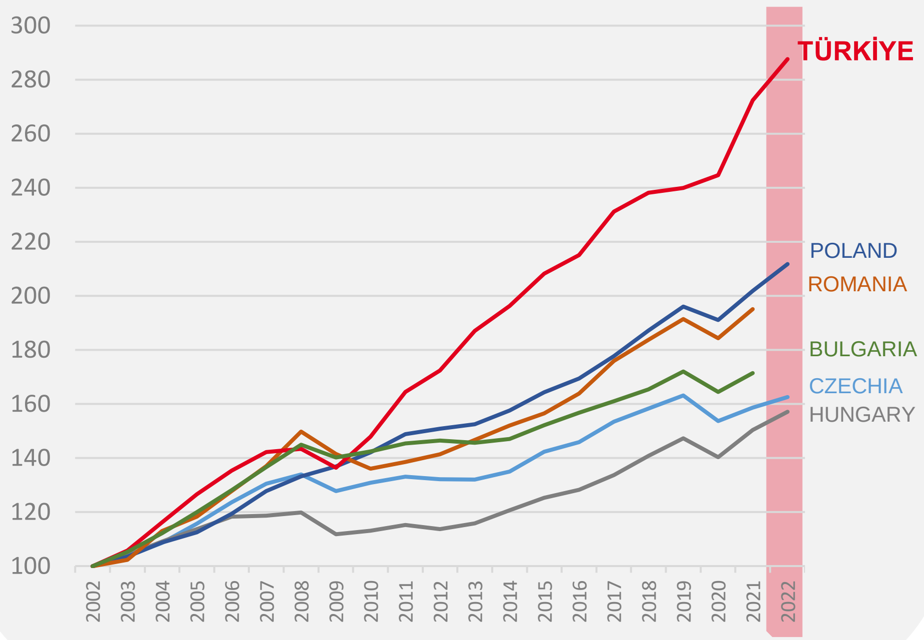
RANKING OF ECONOMIES BY GDP AT PPP

2003	2019	**2022**
1. USA	1. CHINA	1. CHINA
2. CHINA	2. USA	2. USA
3. JAPAN	3. INDIA	3. INDİA
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. UK
10. ITALY	10. FRANCE	10. FRANCE
11. MEXICO	11. MEXICO	**11. TÜRKİYE**
12. INDONESIA	12. ITALY	12. ITALY
13. SPAIN	**13. TÜRKİYE**	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. TÜRKİYE	18. IRAN	18. EGYPT

AVERAGE ANNUAL GDP GROWTH (%) 2002-2022

- **5.4 TÜRKİYE**
- 3.9 POLAND
- 3.6 ROMANIA*
- 2.9 BULGARIA*
- 2.5 CZECHIA
- 2.3 HUNGARY

REAL GDP GROWTH (INDEX: 2002=100)



Source: TurkStat, IMF, PPP: Purchasing Power Parity, *2021 Data

STRATEGIC LOCATION

HUB FOR MULTINATIONALS TO MANUFACTURE, EXPORT AND MANAGE

Working Hours Intersect with 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

Cargill
66 countries

Microsoft
70 countries

Nestlé
Production base for MENA

BOSS HUGO BOSS
Its **largest production facility** worldwide

B/S/H/
89 countries

GE Healthcare
22 countries

中国电建 POWERCHINA
63 countries

KNAUF
80 countries

TOYOTA
Exporting **85%** of its production

Ford
- Exporting **87%** of its production
a

SANOFI
14 countries

gsk
30 countries

DOMESTIC + ACCESSIBLE MARKETS

IMPRESSIVE ECONOMIC GROWTH LEADING TO A SIZEBLE MIDDLE CLASS WITH INCREASING PURCHASING POWER

$ 10,998
2002

$ 39,301
2022

DOMESTIC MARKET FURTHER SUPPORTED BY EMERGING URBAN CENTERS

24 urban centers
With Populations
over 1 million

DOMESTIC MARKET + EU MARKET + FREE TRADE AREA

Customs Union with the EU allows direct access to the market

FREE ACCESS
1 BILLION CONSUMERS

85 MILLION in TÜRKİYE

476 MILLION in FTA AREA

458 MILLION in EU

in 28 countries with Free Trade Agreements

Source: TurkStat, Eurostat

AGENDA

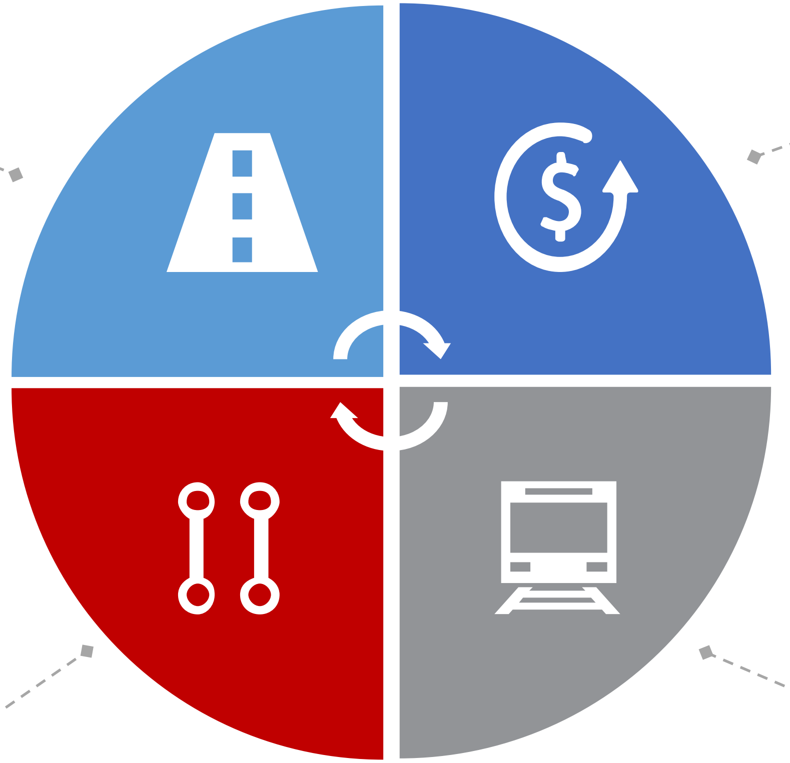
WHY INVEST IN TÜRKİYE

LOGISTICS INDUSTRY IN TÜRKİYE

TRANSPORTATION INDUSTRY IN TÜRKİYE

LOGISTICS PLAN AND POLICIES

PILLARS OF LOGISTICS MASTER PLAN



Making Türkiye regional logistics hub by attracting transit cargo to Türkiye

Decreasing logistics costs

Directing resources to productive investments and prioritizing

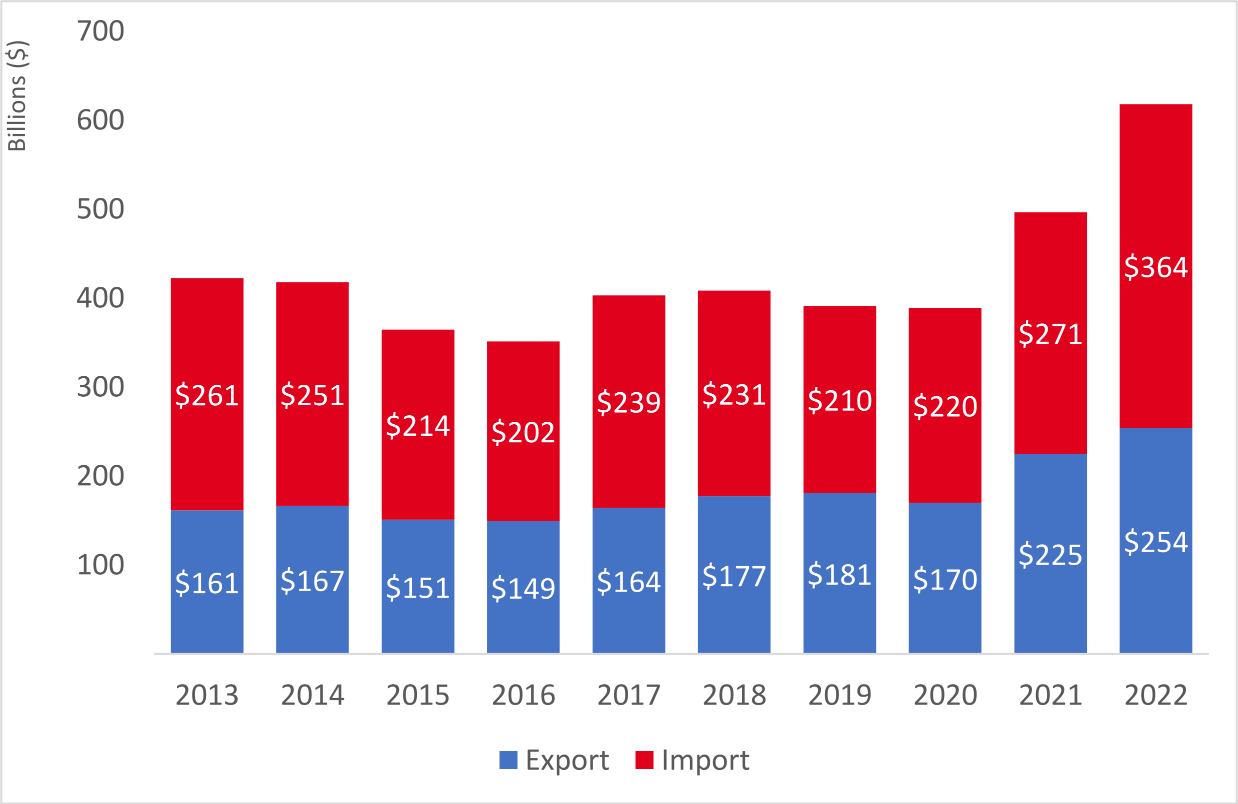
Increasing logistics maturity, improving technology and human capacity

Source: Ministry of Transport and Infrastructure

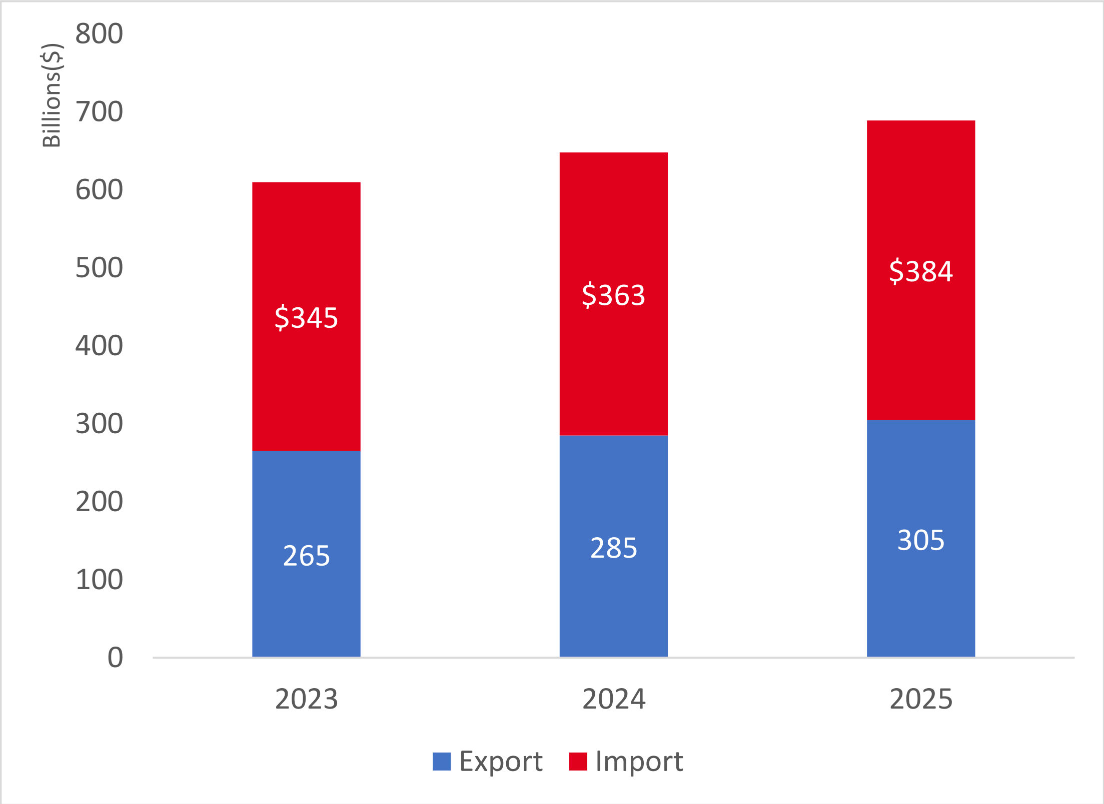
LOGISTICS ACTIVITY IN TURKEY

FOREIGN TRADE IS MAIN DRIVER OF LOGISTICS SECTOR

Foreign Trade Statistics, 2013-2022



Foreign Trade Growth Estimate, 2023-2025

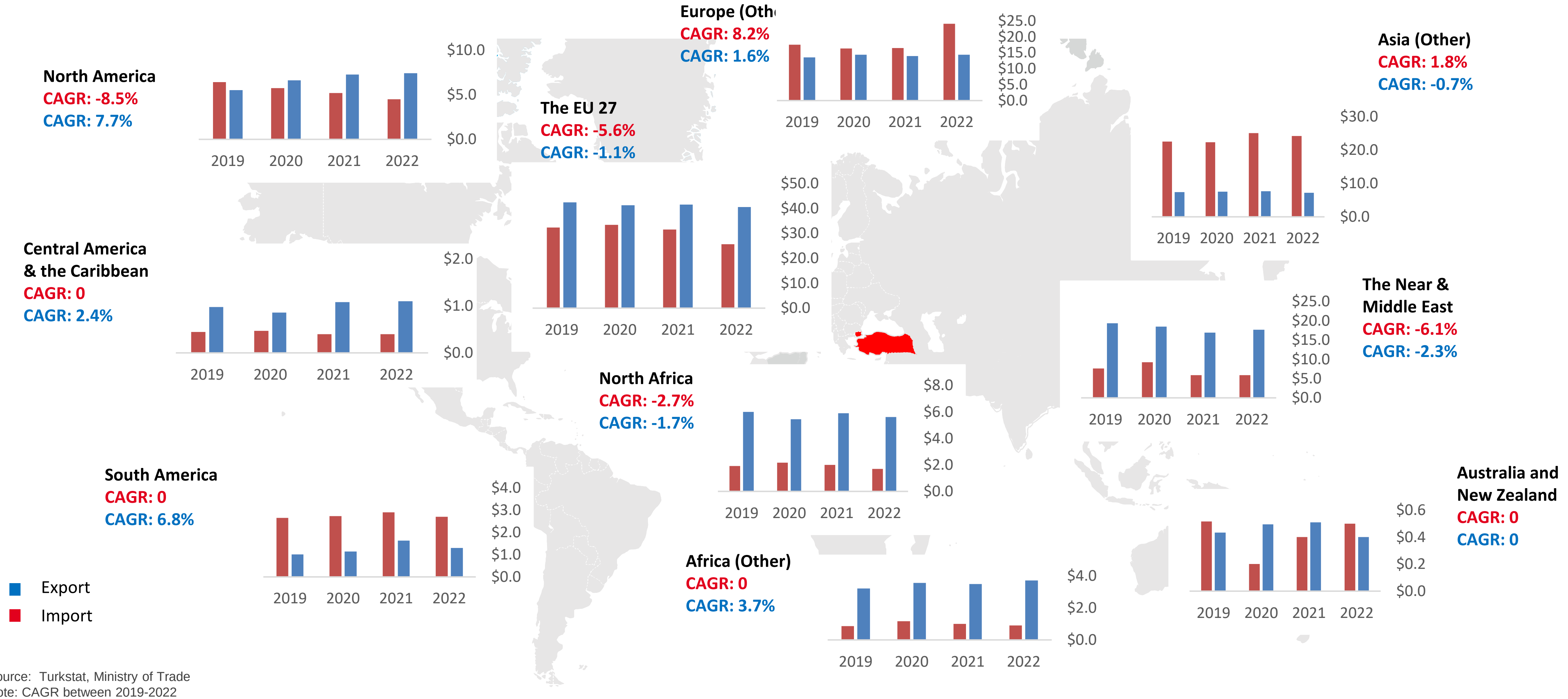


Source: Turkstat, Medium Term Program Foreign Trade (GTS) 2023-2025

TRADE ACTIVITY WITH COUNTRY GROUPS

UPGRADED LOGISTIC INFRASTRUCTURE INCREASED FOREIGN TRADE ACTIVITIES ACROSS THE GLOBE

- Main export partners of Türkiye: Germany, the USA, the UK, Iraq and Italy.
- Main import partners of Türkiye: China, Russia, Germany, the USA and Italy.

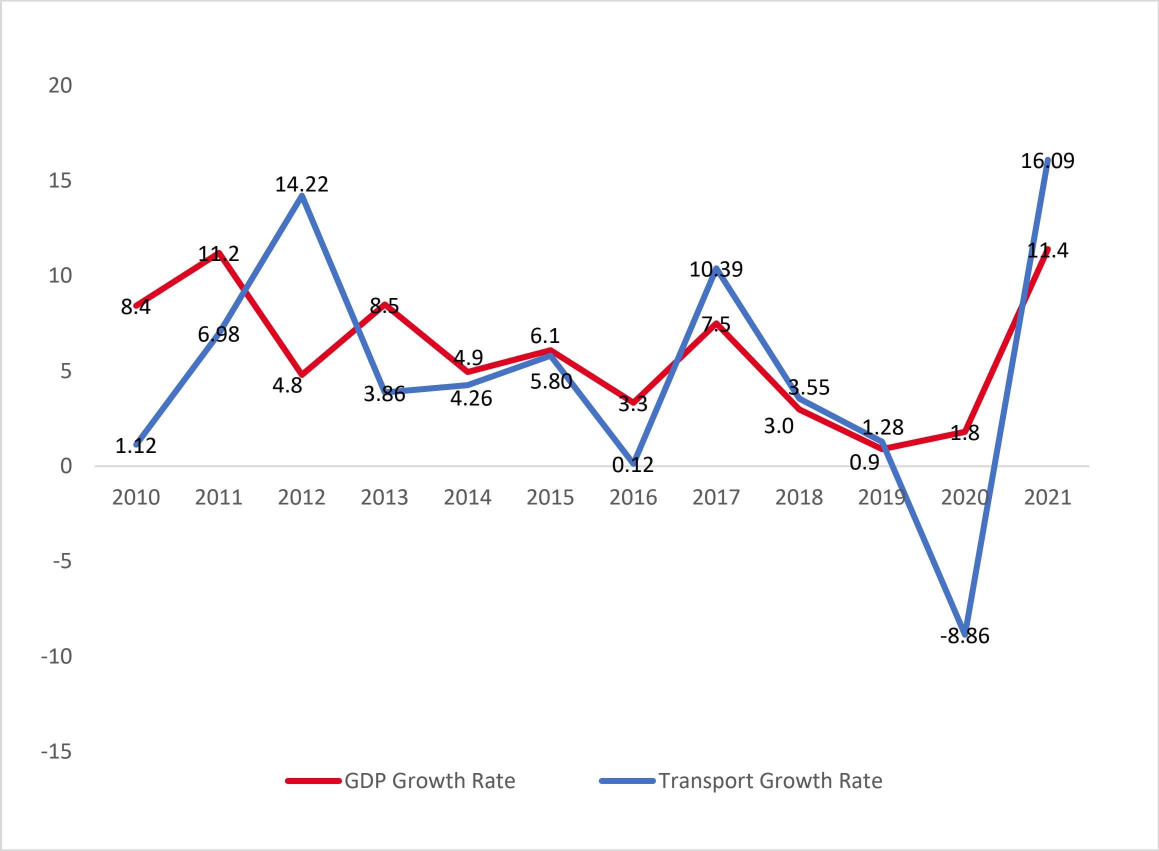


Source: Turkstat, Ministry of Trade
Note: CAGR between 2019-2022
*Numbers are in Billion ($)

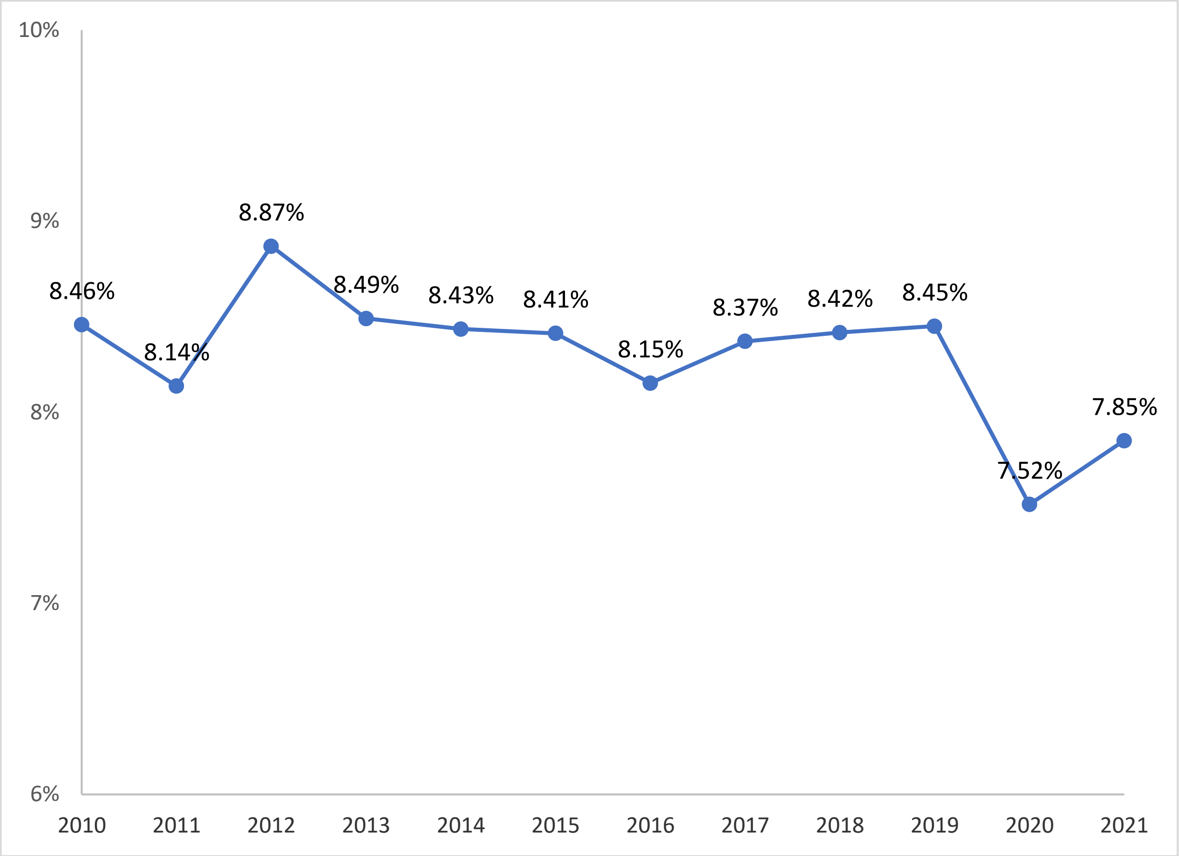
LOGISTICS ACTIVITY IN TÜRKİYE

TRANSPORT AND STORAGE SECTOR SHARE IN THE GDP

Growth Rates of GDP and Transport and Storage (%)



Share of Transport and Storage in GDP (%)

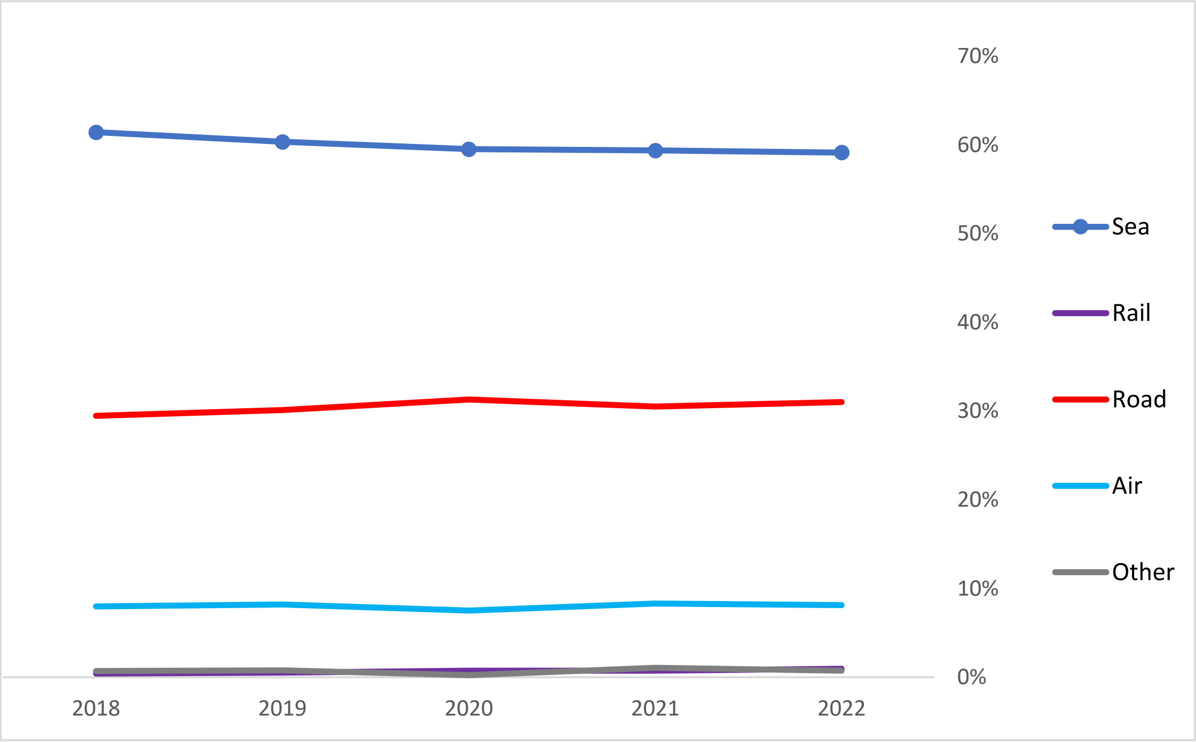


Source: TurkStat

LOGISTICS ACTIVITY IN TÜRKİYE

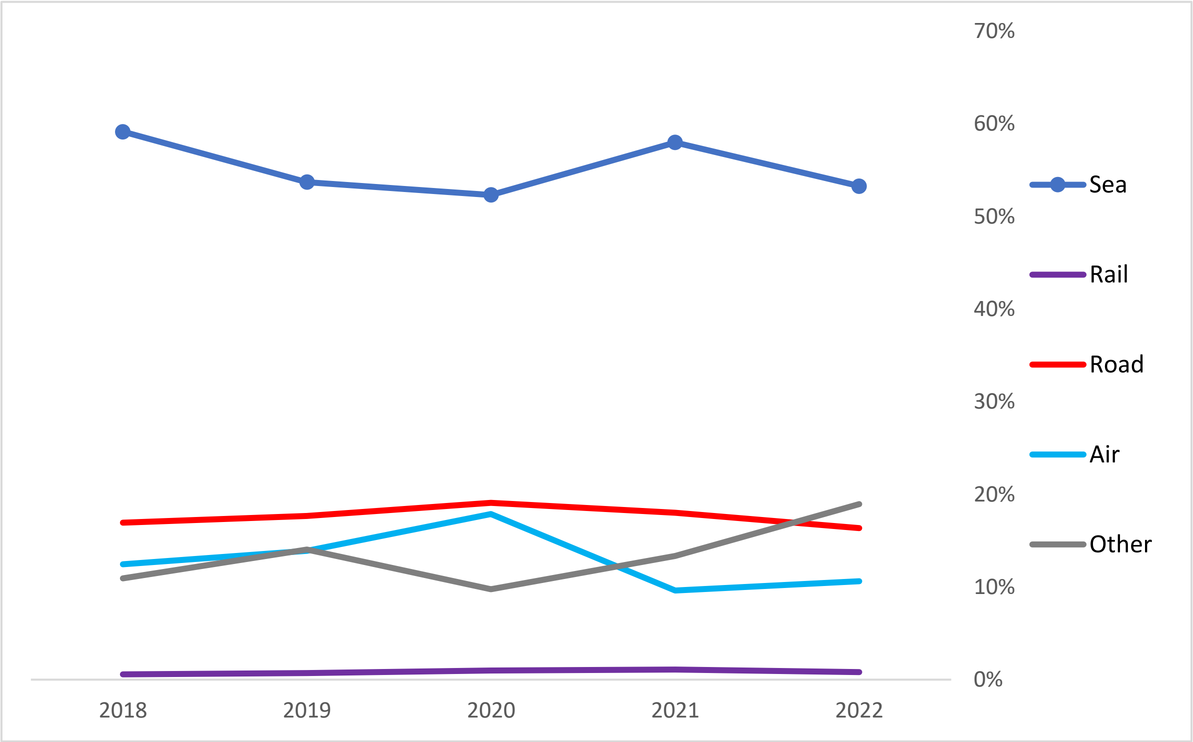
EXPORTS AND IMPORTS BY MODE OF TRANSPORT

EXPORTS BY MODE OF TRANSPORTATION, 2018-2022



Sea CAGR 8.4% **Rail CAGR 34.4%** **Road CAGR 10,8%** **Air CAGR 10%** **Other CAGR 10,7%**

IMPORTS BY MODE OF TRANSPORTATION, 2018-2022

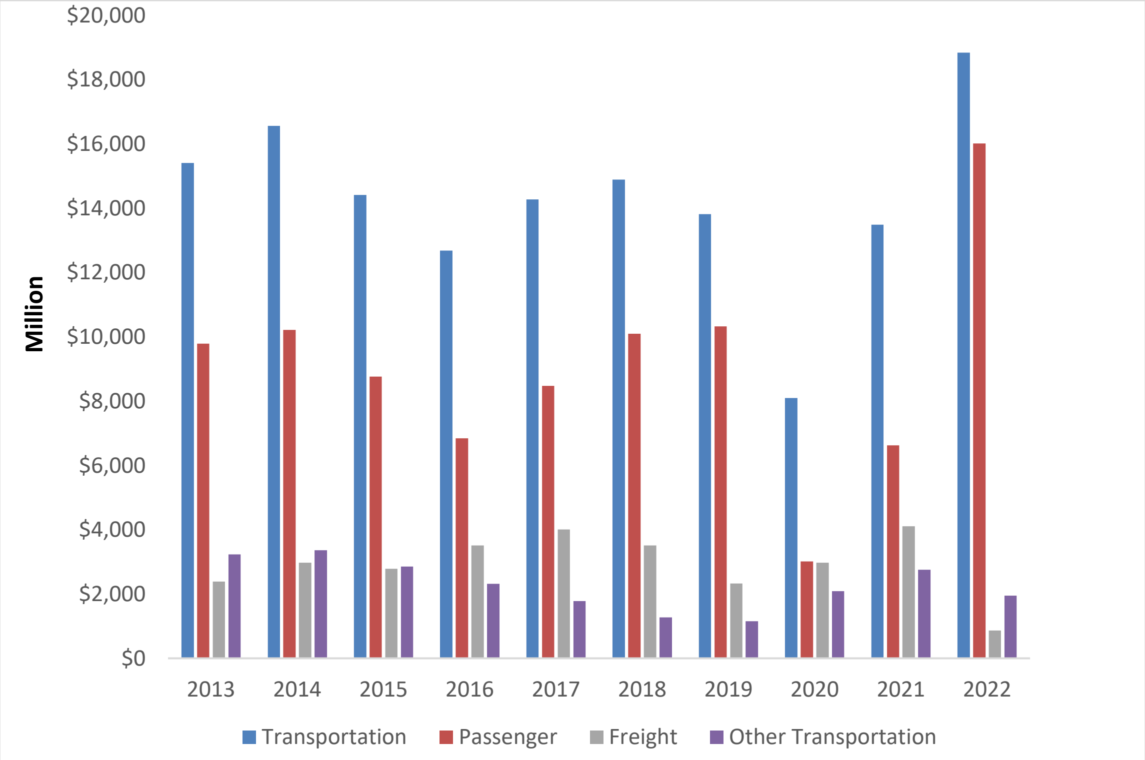


Sea CAGR 9,1% **Rail CAGR 22,9%** **Road CAGR 11%** **Air CAGR 7,6%** **Other CAGR 28,6%**

Source: Turkstat.
Note: CAGR (Compound Annual Growth Rate) between 2018-2022 Other: Posta and other courier services

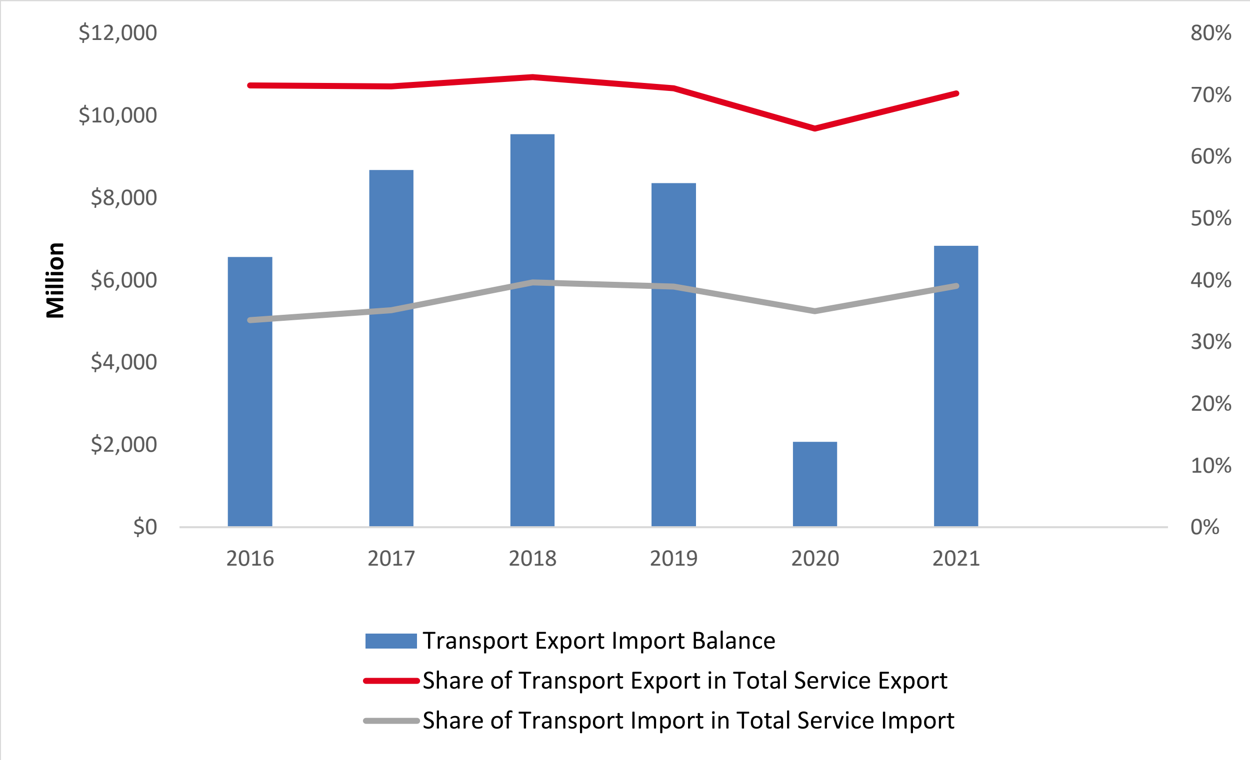
TRANSPORT ACTIVITIES IN BALANCE OF PAYMENTS & INTERNATIONAL SERVICE TRADE STATISTICS

Transport Activities in Balance of Payments (Million $) (2013-2022)



International Service Trade Statistics (2016-2021)

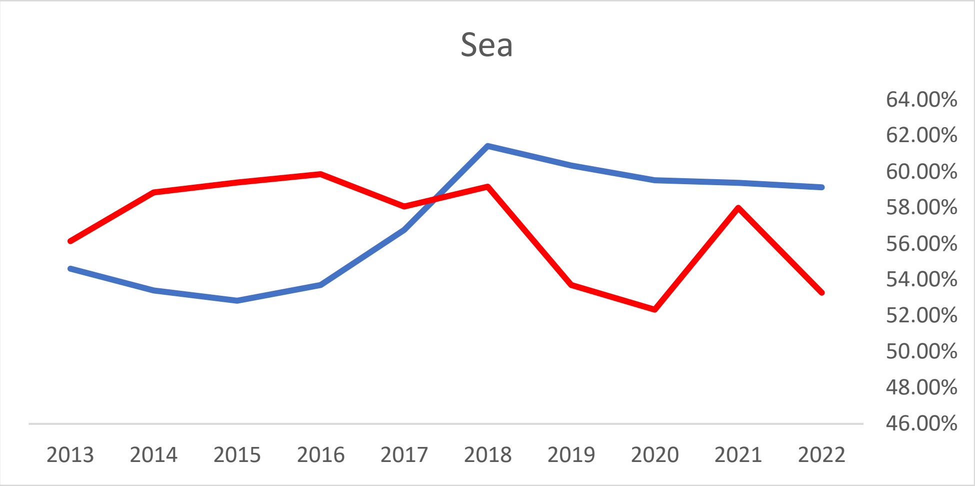
(Tourism excluded)

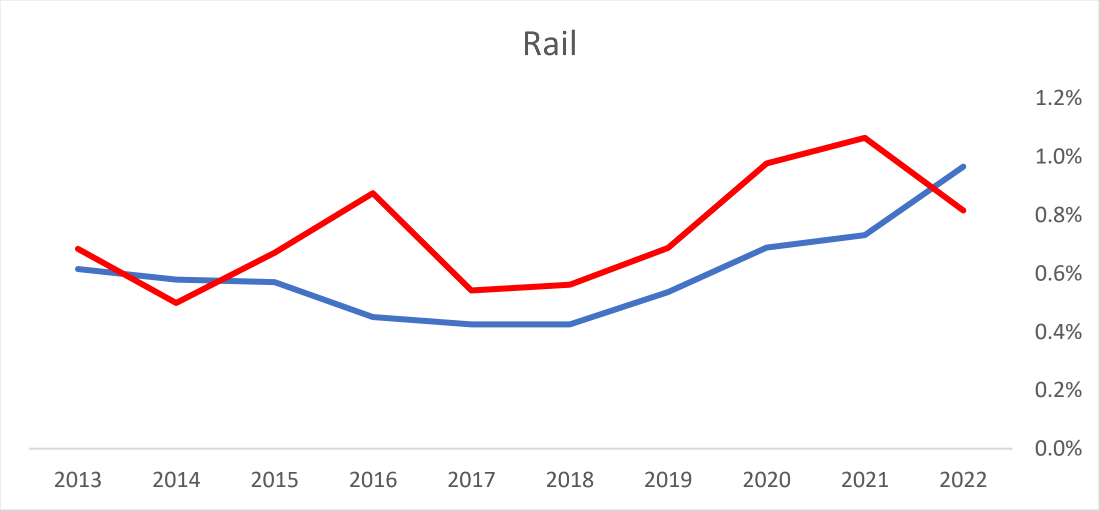


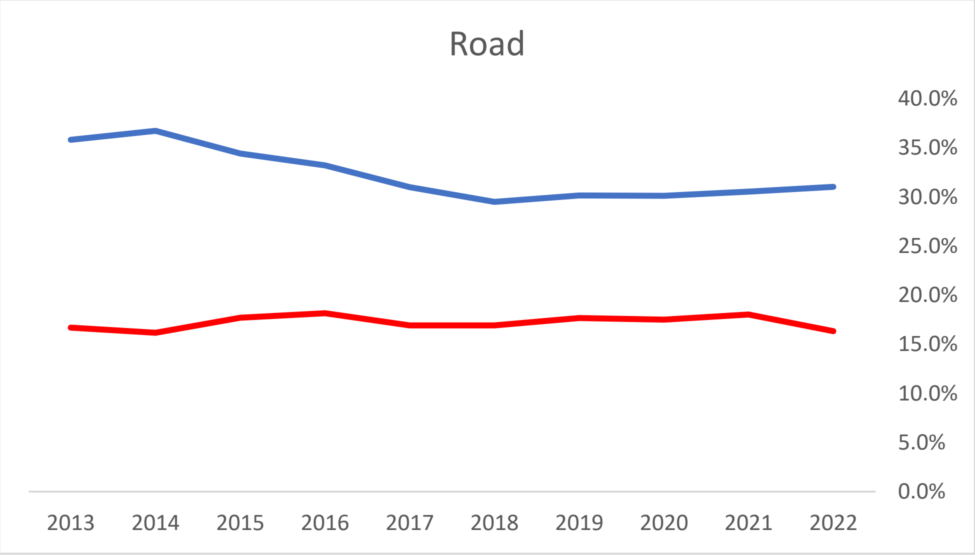
*Source: CBRT, TurkStat

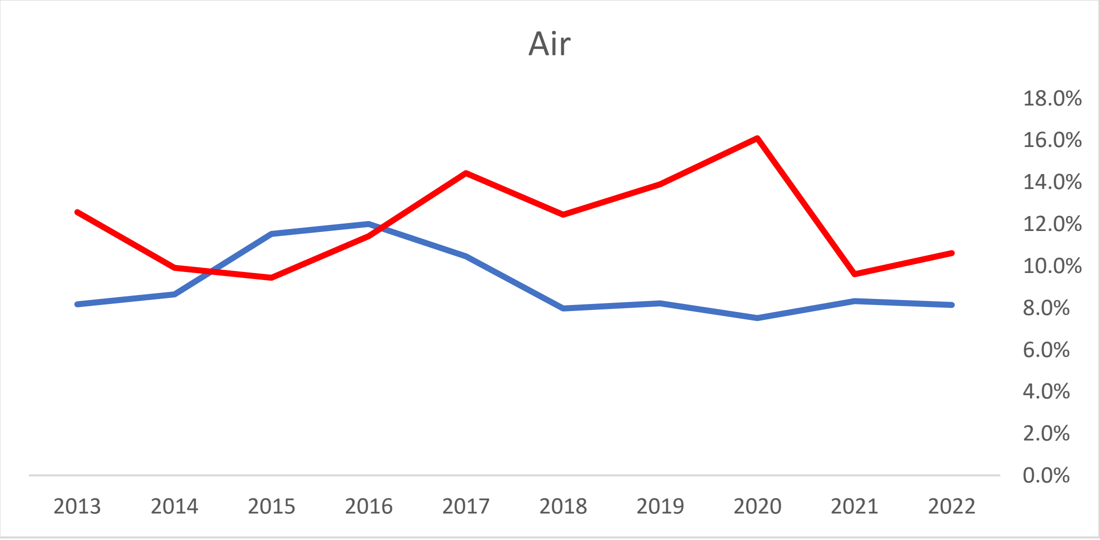
LOGISTICS ACTIVITY IN TÜRKİYE

EXPORTS AND IMPORTS BY VALUE OF GOODS AND BY MODE OF TRANSPORTATION









Import (by value of goods) Export (by value of goods)

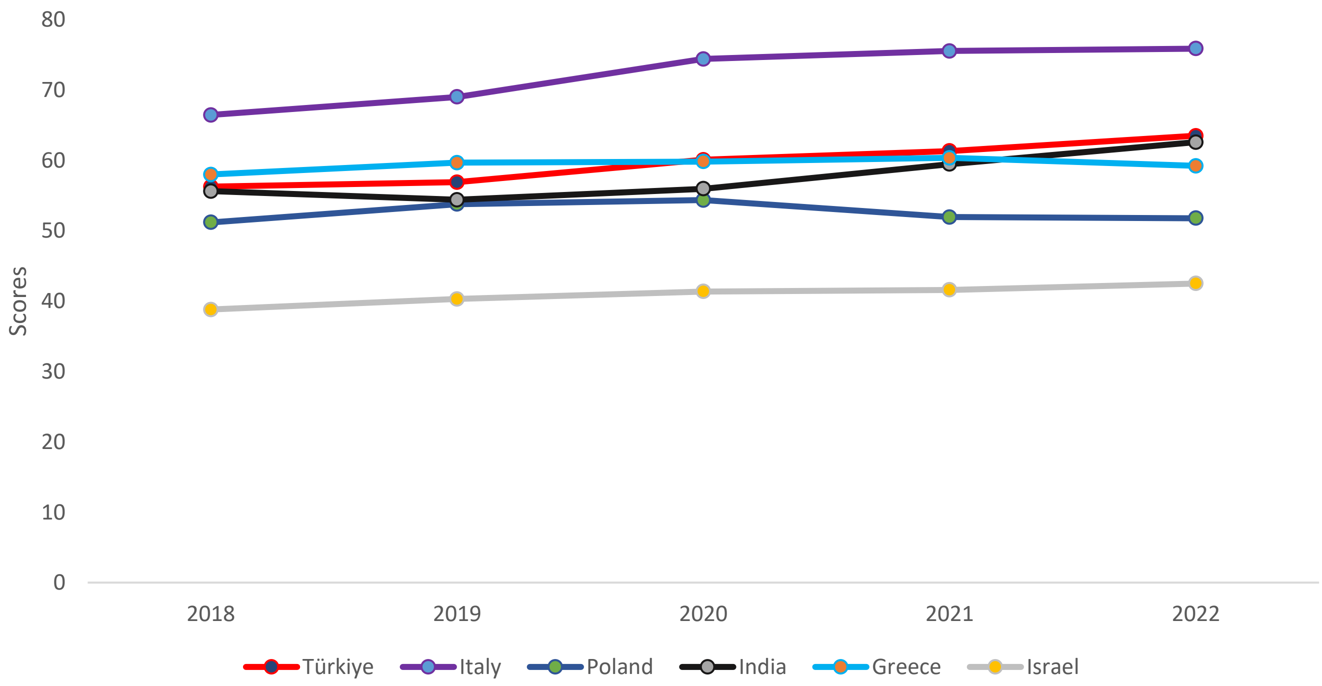
Source: Turkstat

Note: Share of other modes (Postal and courier activities) are about 0,75% in export and 18,9% in import for 2022.

LOGISTICS INDEX

CONNECTIVITY AND LOGISTICS CAPABILITIES OF TÜRKİYE HAS BEEN STEADILY GROWING OVER THE PAST 5 YEARS

Liner Shipping Connectivity Index (LSCI)



The Six Components of LSCI

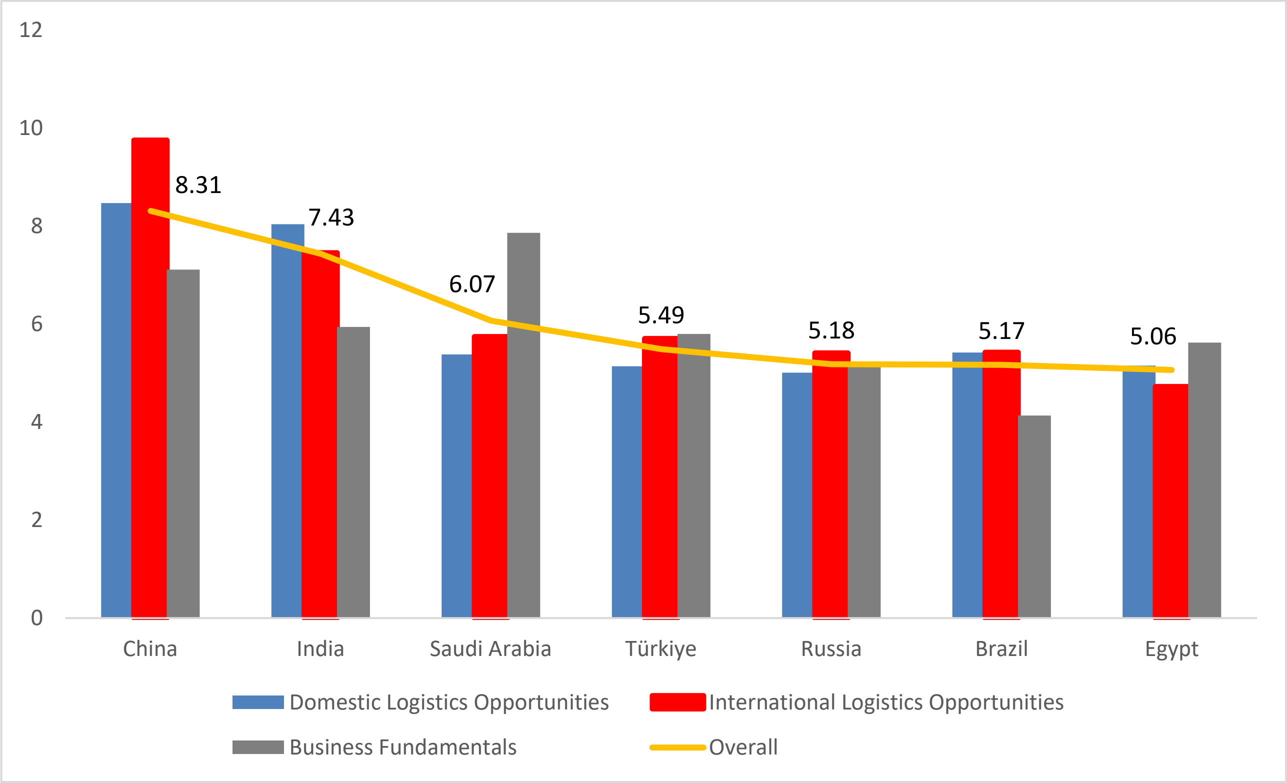
1. The number of scheduled ships
2. The total deployed annual capacity in TEU
3. The number or regular liner shipping services from and to the country
4. The number of liner shipping companies that provide services from and to the country
5. The number of other countries that are connected to the country through direct liner shipping services
6. The average size in TEU of the ships deployed by the scheduled service

Source: UNCTAD, Global Infrastructure Connectivity Index

LOGISTICS INDEX

TÜRKİYE OFFERS A STABLE ENVIRONMENT AND FAST GROWTH FOR THE LOGISTICS INDUSTRY AS A WHOLE

Agility Emerging Markets Logistics Index 2022



Türkiye is ranked as the 11th best country in logistics out of 50 emerging markets

Score

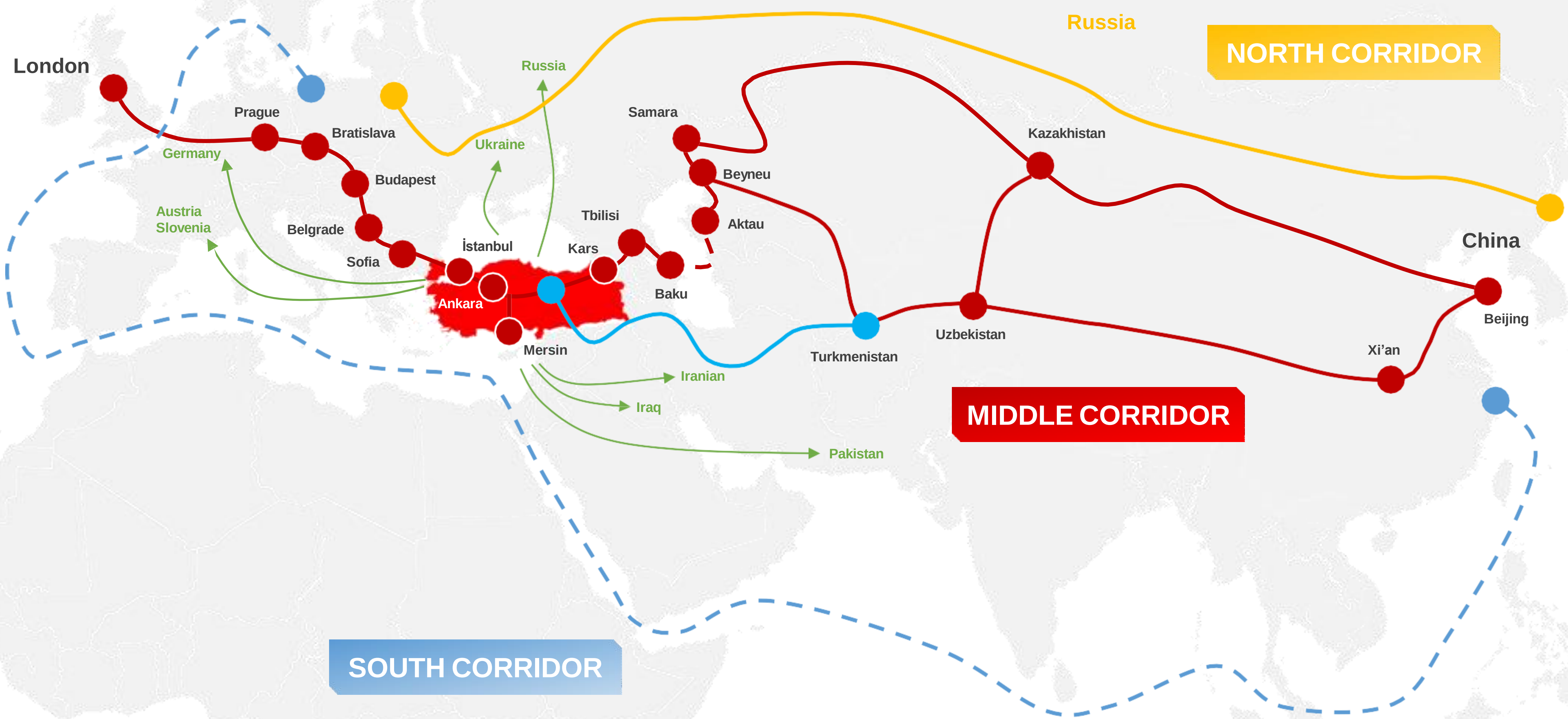
5.49

1	Domestic opportunities	5.14
2	International opportunities	5.70
3	Business fundamentals	5.80
4	Digital Readiness	5.50

Source: Emerging Market Index 2022

LOGISTICS ADVANTAGES OF TÜRKİYE

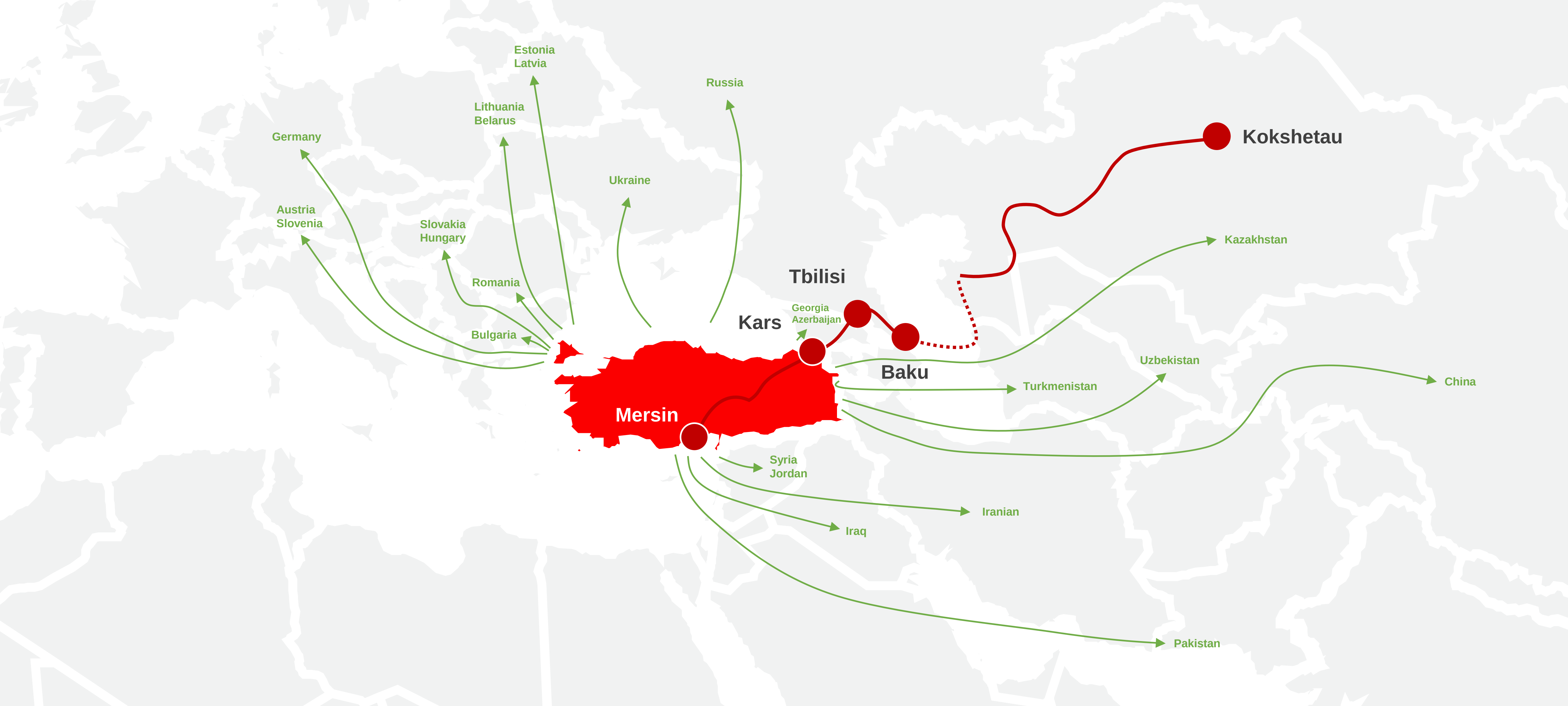
THE MIDDLE CORRIDOR IS MORE ECONOMICAL AND FASTER COMPARED TO THE NORTHERN CORRIDOR



Source: Ministry of Transport and Infrastructure

LOGISTICS ADVANTAGES OF TÜRKİYE

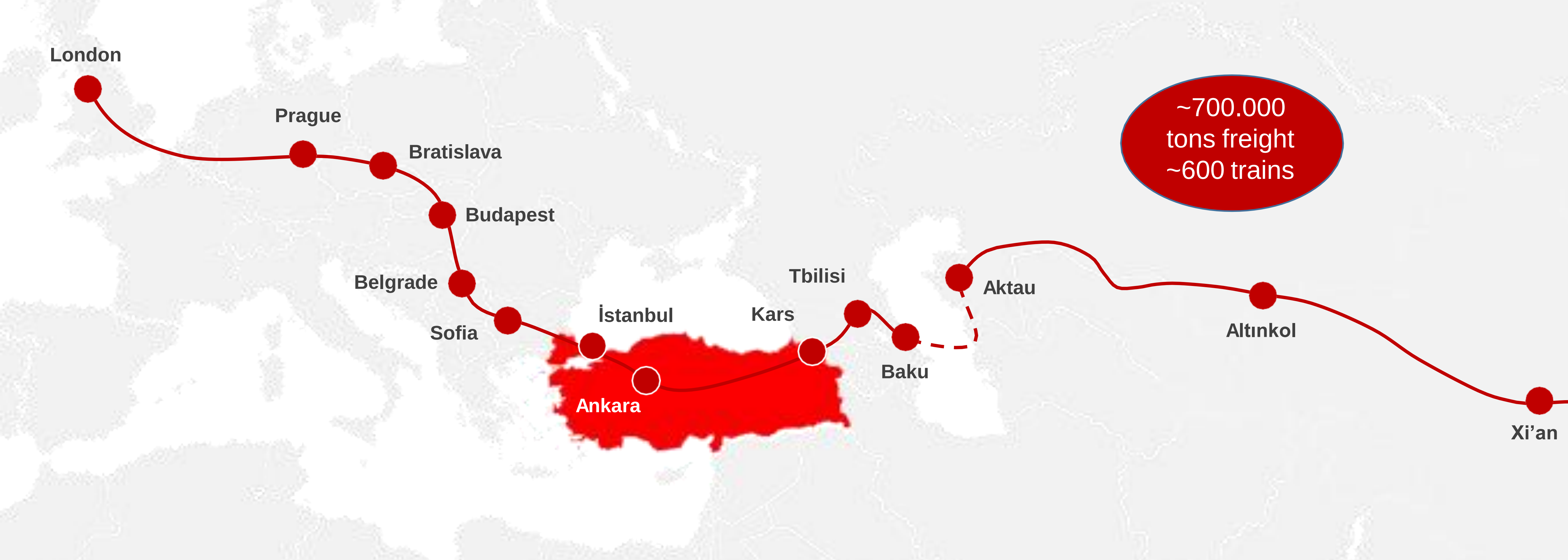
THE GEOGRAPHIC LOCATION OF TÜRKİYE ALLOWS INVESTORS TO REACH EUROPEAN AND ASIAN CAPITALS IN A FASTER WAY



Source: Ministry of Transport and Infrastructure

LOGISTICS ADVANTAGES OF TÜRKİYE

ON 7TH NOVEMBER 2019, FREIGHT TRAIN DEPARTED CHINA AND WENT CENTRAL EUROPE BY PASSING BELOW THE BOSPHORUS VIA ISTANBUL'S MARMARAY TUNNEL FOR THE FIRST TIME.



Route of First Train (11,500 km)

Xi'an(China)-Kazakhstan-Türkiye-Azerbaijan-Georgia-Bulgaria-Serbia-Hungary-Slovakia-Czech Republic (Prague)

Source: Ministry of Transport and Infrastructure

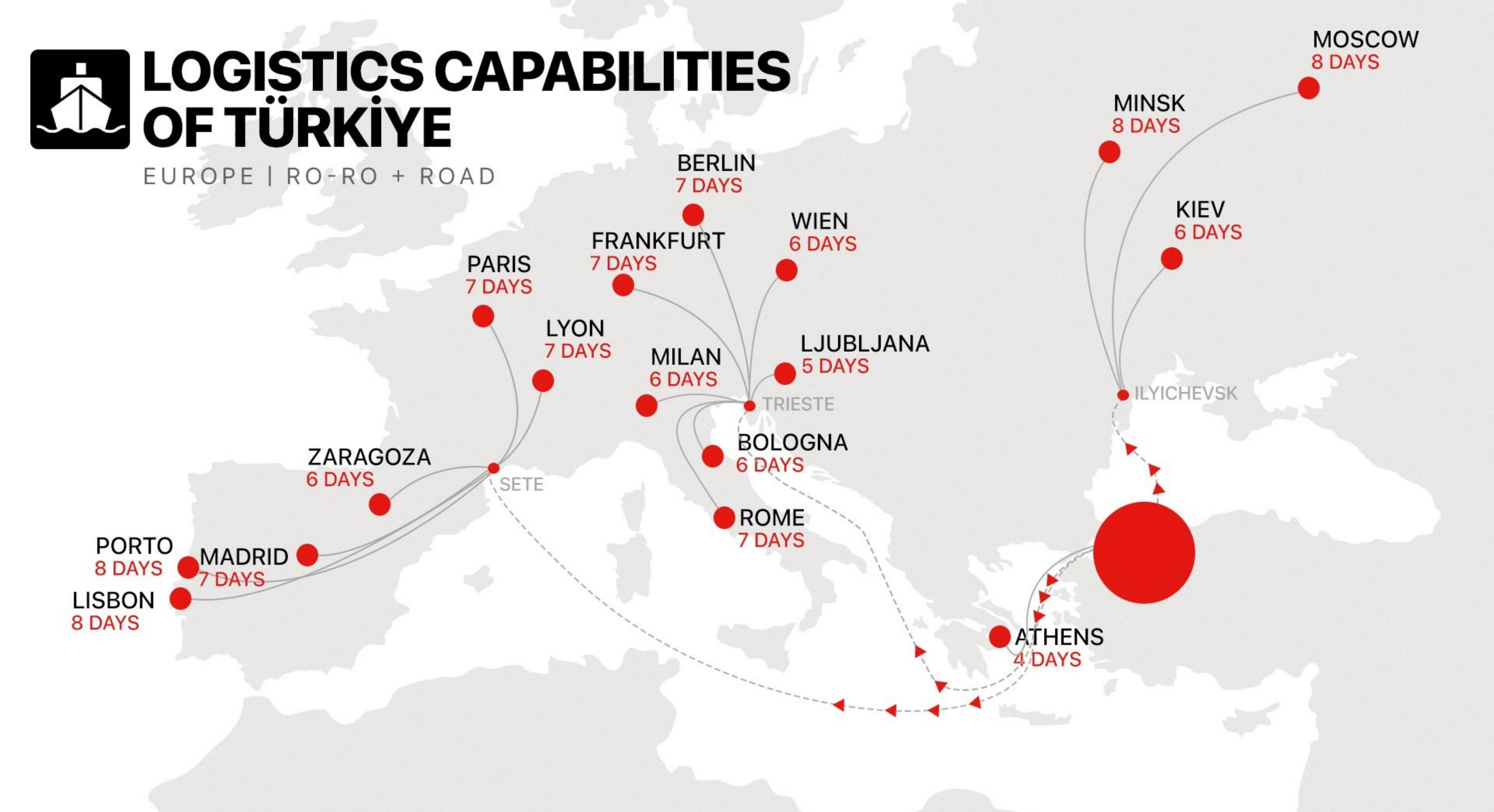
LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE | SEA / EXPORT

Source: Türkiye's Logistics Capabilities Report, Investment Office.

LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE | RO-RO + ROAD



Source: Türkiye's Logistics Capabilities Report, Investment Office.

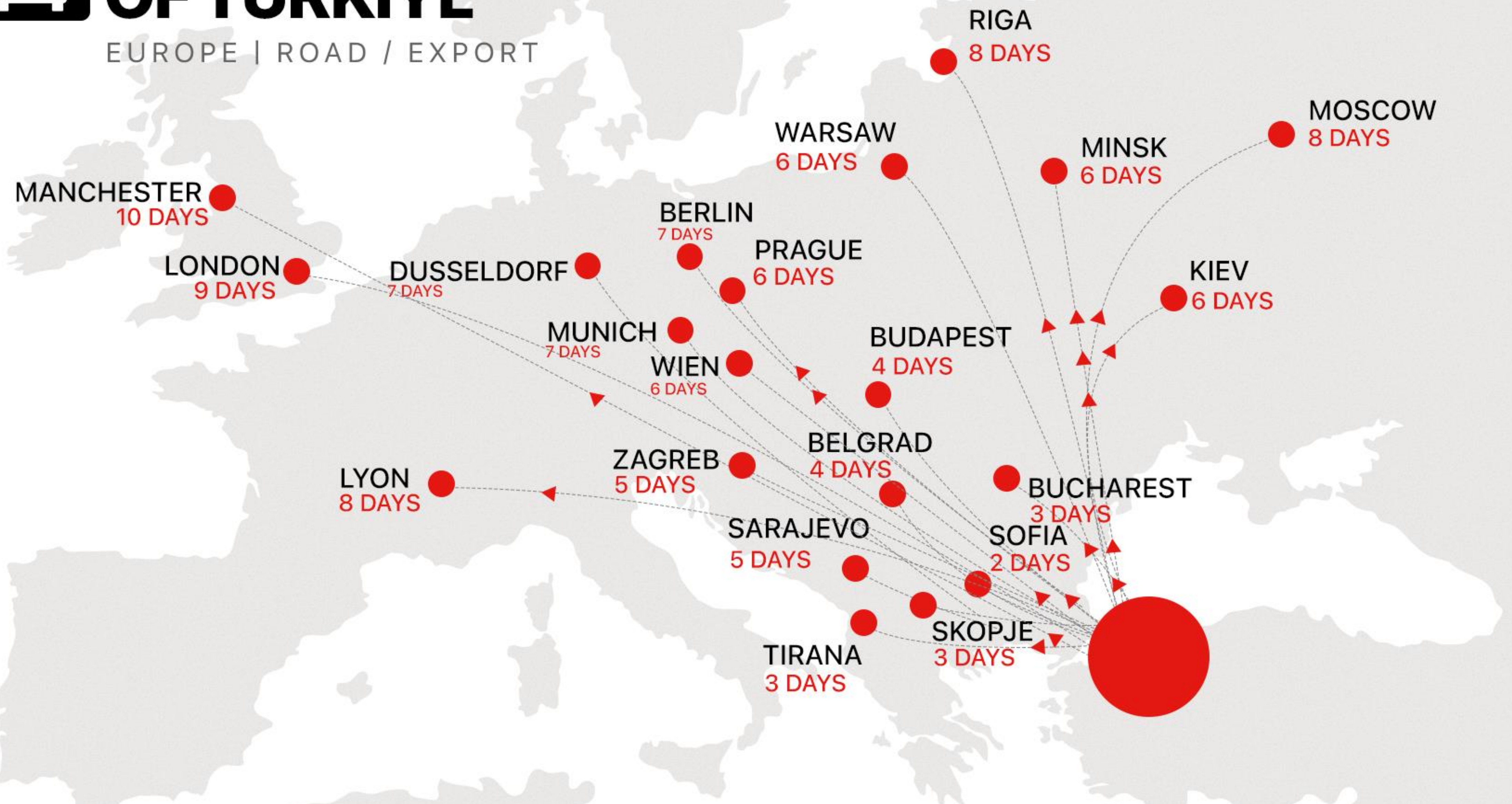
LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE | RO-RO +BLOCK TRAIN

Source: Türkiye's Logistics Capabilities Report, Investment Office.

LOGISTICS CAPABILITIES OF TÜRKİYE

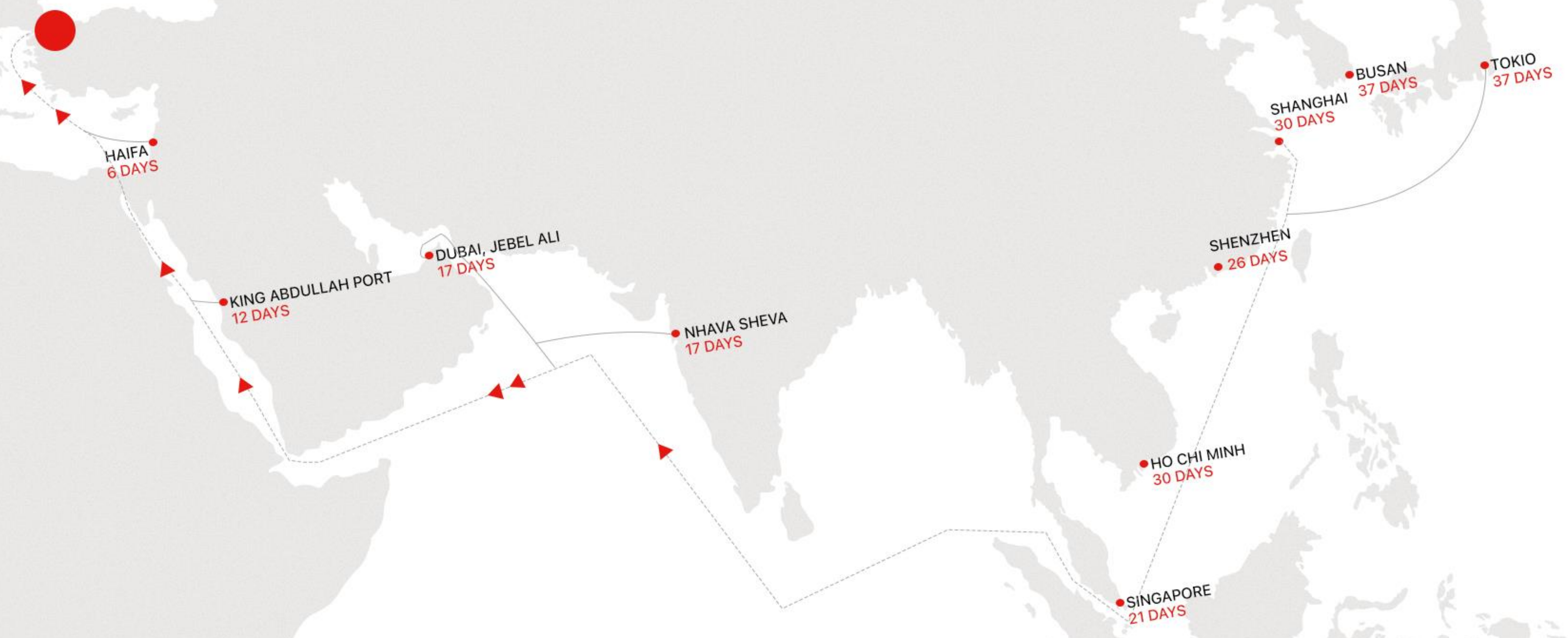
EUROPE | ROAD / EXPORT



Source: Türkiye's Logistics Capabilities Report, Investment Office.

LOGISTICS CAPABILITIES OF TÜRKİYE

ASIA |SEA / IMPORT



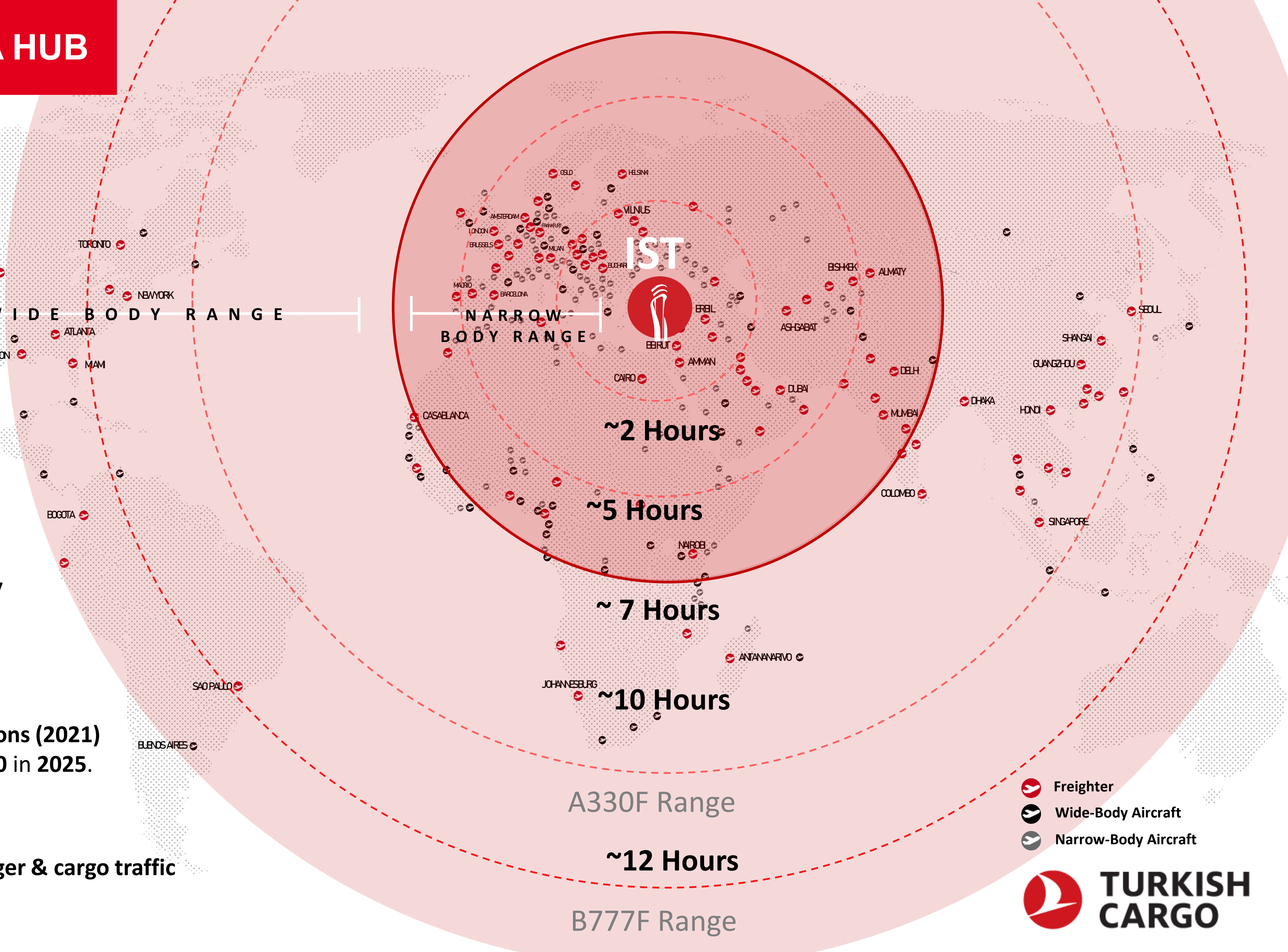
Source: Türkiye's Logistics Capabilities Report, Investment Office.

LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE / N. AFRICA | SEA / IMPORT

Source: Türkiye's Logistics Capabilities Report, Investment Office.

İSTANBUL AS A MEGA HUB



FLEET

257 Narrow Body
109 Wide Body
20 Freighter

98 freighter destinations (2021) expected to reach **120** in **2025**.

In 7 hours flight distance:

- **40%** of World's **passenger & cargo traffic**
- **Over 60 capitals**

TURKISH CARGO

TÜRKİYE'S COMPETITIVE ADVANTAGE IN THE POST-PANDEMIC PERIOD

Türkiye will be more lucrative location for three reasons

- Local production close to consumption markets becomes more favorable
- Less shipping duration becomes more desirable
- Increasing importance of capacity flexibility

Source: Ministry of Transport and Infrastructure

LOGISTICS ADVANTAGES OF TÜRKİYE

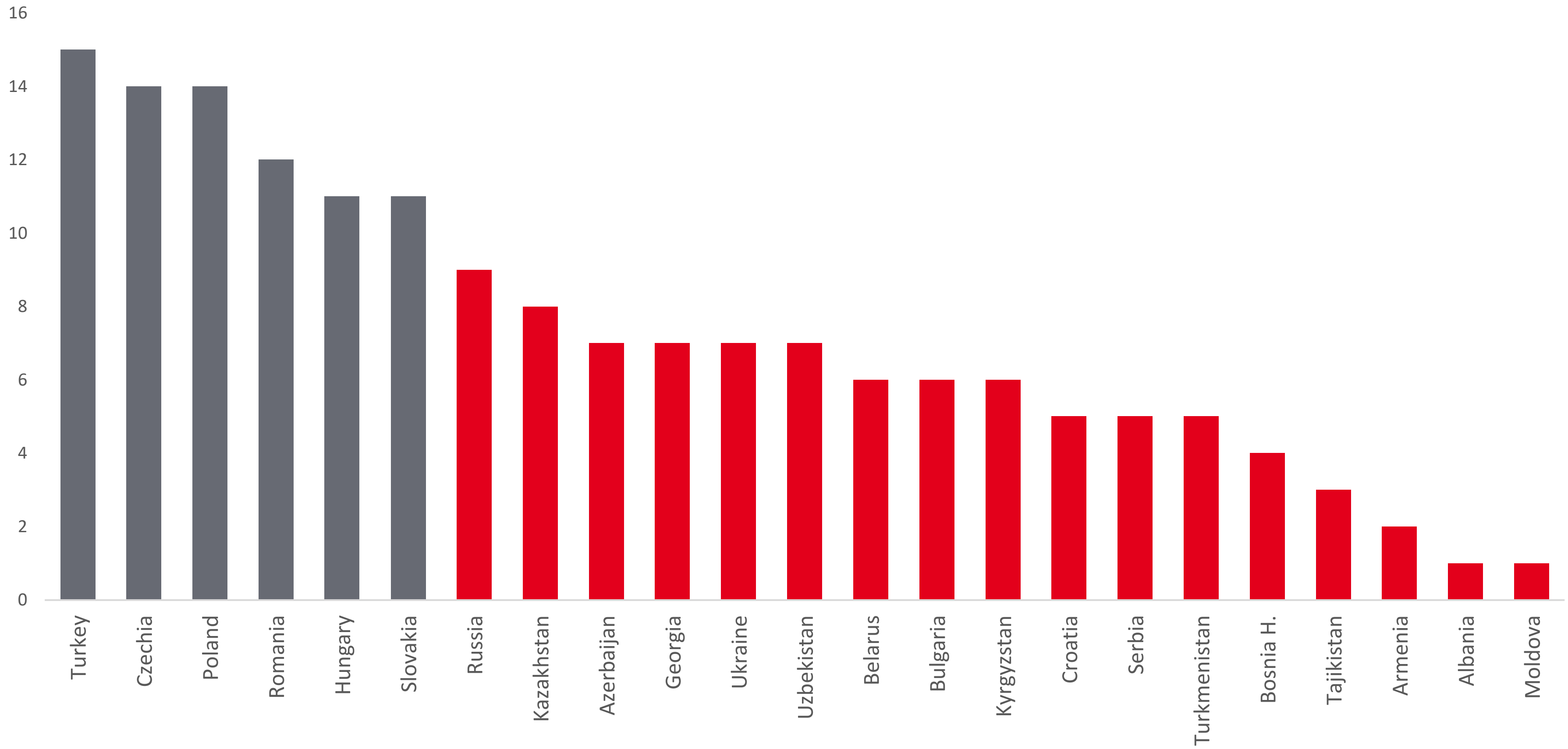
TÜRKİYE STANDS TO GAIN THE MOST FROM A SHIFT OF SUPPLY CHAINS

Who Will Benefit From Global Mid-Range Manufacturing Diversification

The score takes into account factors such as average wages, size & growth of the active population, extent & quality of transport infrastructure, access to basic utilities, preferential trade agreements, access to raw inputs, and current size of the mid-range manufacturing sector in each country among other factors to create a framework to identify countries with potential to benefit from supply chain diversification.

Emerging Europe Attractiveness Score

(a higher score is better)



Source: ILO, UN, World Bank, Trade Map, Fitch Solutions: “Emerging Europe To Benefit From Shifts In Mid-Level Manufacturing Supply Chains” July 13, 2020

NEW LOGISTICS MASTER PLAN

SIGNIFICANT CONTRIBUTIONS IS EXPECTED FROM LOGISTICS MASTER PLAN

	2035 (Long Term)	2053 (Vision)
Export *Billion $*	470	987
Transit Income *Billion $*	54	214
Cost Saving *Billion $*	25	113

Source: Ministry of Transport and Infrastructure

AGENDA

WHY INVEST IN TÜRKİYE

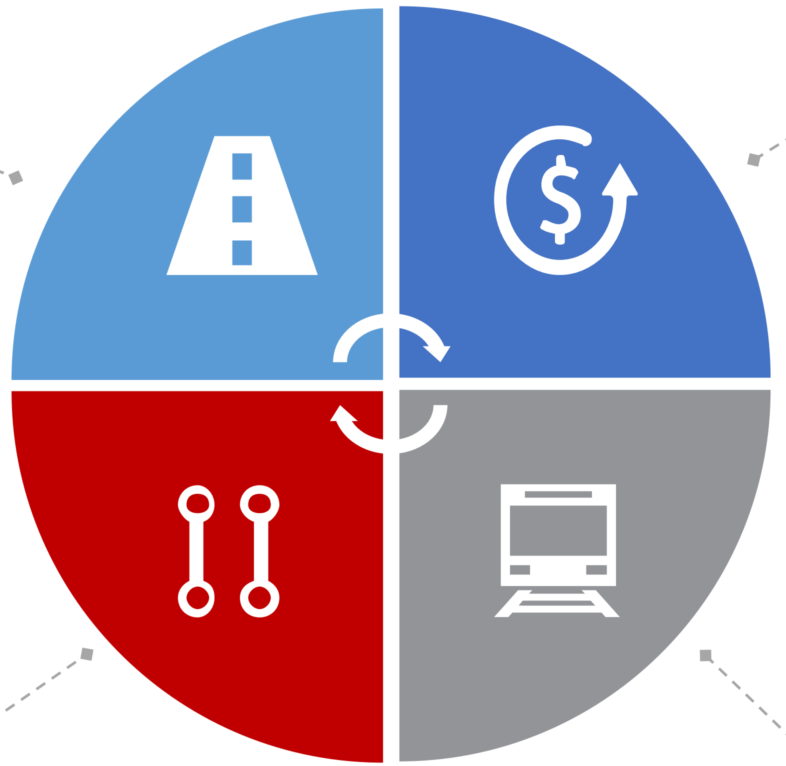
LOGISTICS INDUSTRY
IN TÜRKİYE

**TRANSPORTATION INDUSTRY
IN TÜRKİYE**

TRANSPORTATION POLICIES

PILLARS OF TRANSPORTATION POLICIES

Creating a sustainable transportation infrastructure



Providing alternative financing for realization of transport projects by utilizing PPP and External Credit public investment models

Prioritizing transportation investments with the corridor approach and strengthening international connections

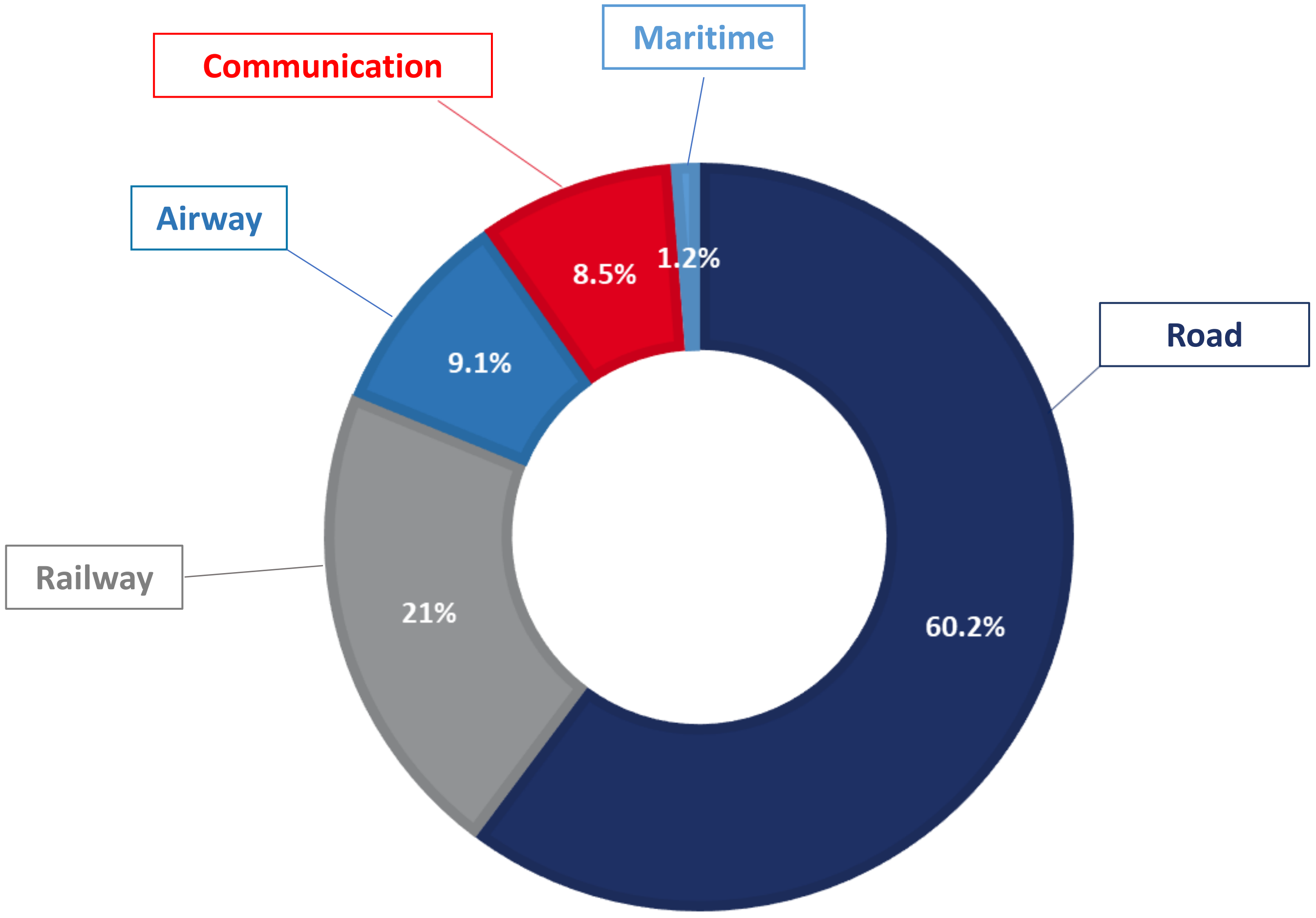
Supporting multimodal and balanced transportation by increasing rail freight and passenger transportation

Source: Ministry of Transport and Infrastructure

INVESTMENTS IN TRANSPORT

Sectors	Billion TL
Road	995.9
Railway	346.6
Airway	150.6
Maritime	19.9
Communication	140.5
Total	1.653,5

SECTORAL SHARE OF INVESTMENTS IN TRANSPORTATION AND COMMUNICATION (2003-2022)



Source: Ministry of Transport and Infrastructure

INFRASTRUCTURE INVESTMENTS IN TRANSPORT

INVESTING IN TRANSPORTATION HAS REMARKABLY TRANSFORMED TÜRKİYE'S INFRASTRUCTURE LANDSCAPE YET TÜRKİYE IS DETERMINED TO IMPROVE IT FURTHER

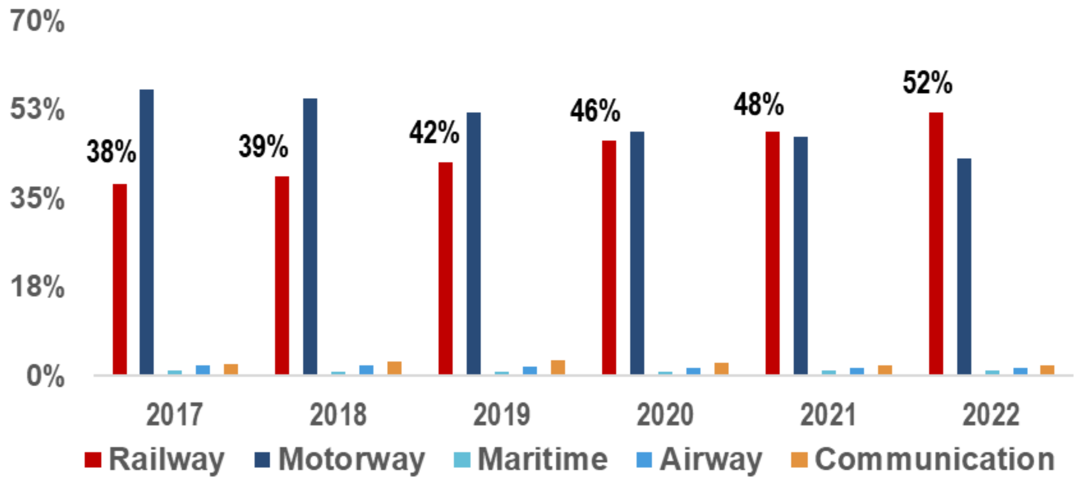
	2003	2022
DUAL CARRIAGEWAY	6.101 km	28.816 km
HIGH SPEED RAILWAY	0 km	1.460 km
MARITIME CONTAINERS TRANSPORT	190 million Tons	542 million Tons
NUMBER OF AIRPORTS	26	57

Source: Ministry of Transport and Infrastructure

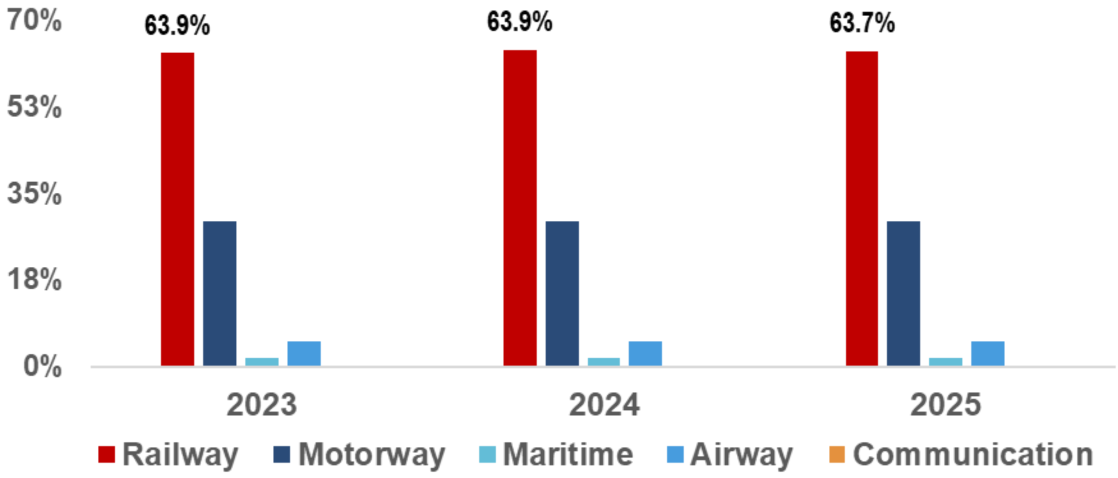
INVESTMENT IN RAIL NETWORK

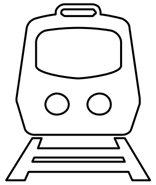
THE SHARE OF RAIL IN TRANSPORT INVESTMENTS CONTINUE TO RISE

Investment Budget Percentages of Transport Subsectors (Current Situation)



Investment Budget Percentages of Transport Subsectors (Projection)





Investment *Billion $*	2024 (Short Term)	2035 (Long Term)	2053 (Vision)
	30	77	82

Source: Ministry of Transport and Infrastructure

INVESTMENTS IN TRANSPORTATION

ECONOMIC BENEFITS OF TRANSPORTATION INVESTMENTS (2003-2022)

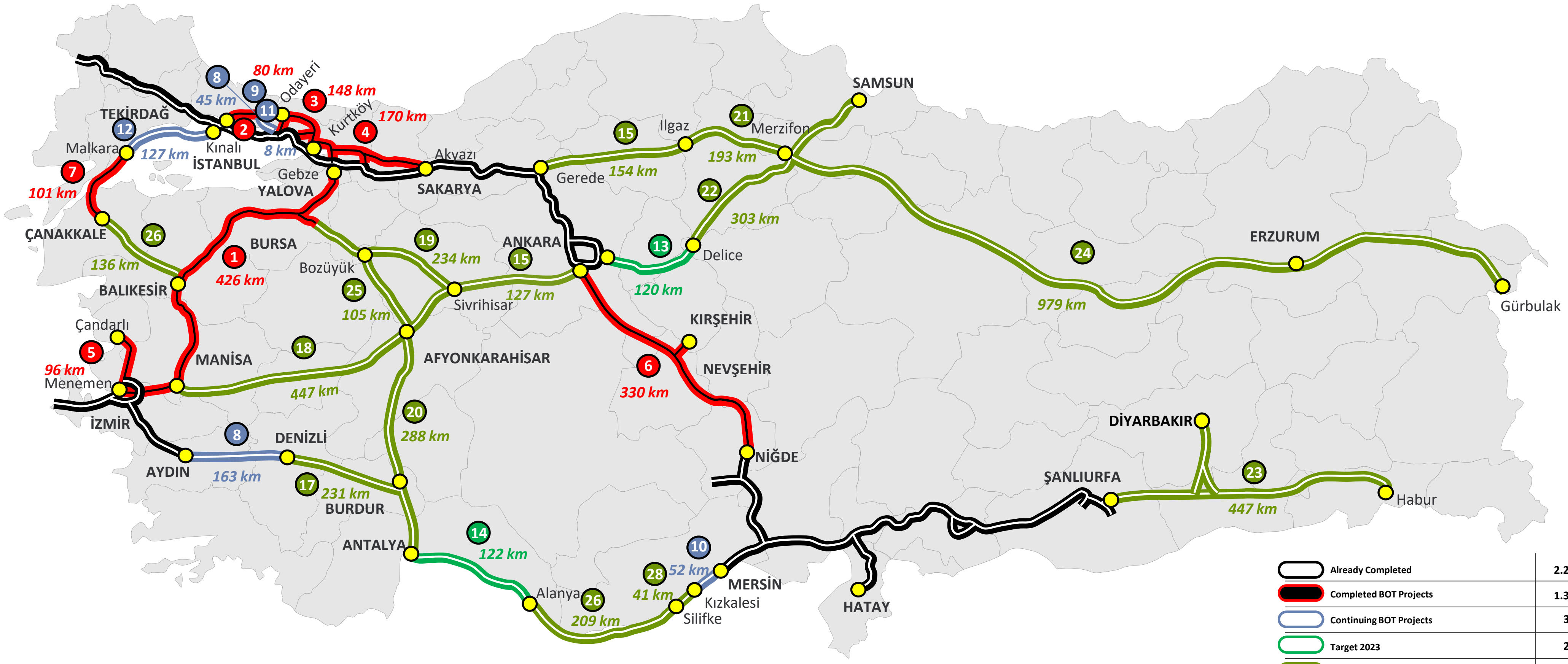
SECTORS		Investment (Billion $)	GDP Contribution (Billion $)	Production Effects (Billion $)	Employment Effects (Annual average, Thousand people)
Road Transport	➢ Highway ➢ Divided road ➢ Other motorway	112.4	124.5	225.5	215
Rail Transport	➢ High speed lines ➢ Speed lines ➢ Conventional lines	36.8	38.5	83.4	88.8
Air Transport	➢ Airport related investments	16.2	201.5	439.5	386.4
Maritime Transport	➢ Marinas ➢ Freight ports ➢ Fishing shelters and yards	2	22.1	41.8	27.6
TOTAL		167.4	386.6	832.7	784.2

Source: Ministry of Transport and Infrastructure

OPPORTUNITIES IN TRANSPORTATION

MOTORWAYS (TOLL ROADS) ARE KEY TO TÜRKİYE'S ROAD TRANSPORTATION. AROUND 5,000 KM IS IN THE PIPELINE OFFERING SIGNIFICANT PPP OPPORTUNITIES

The total length of highways currently in service is **3,633 km.** Following the completion of the highway projects under construction and planning stages, it is aimed to increase the total length of the highway to **8,164 km** in **2035.**



Already Completed	2.282 km	3.633 km
Completed BOT Projects	1.351 km	
Continuing BOT Projects	395 km	4.531 km
Target 2023	242 km	
Target 2035	3.894 km	
TOTAL		8.164 km

OPPORTUNITIES IN TRANSPORTATION

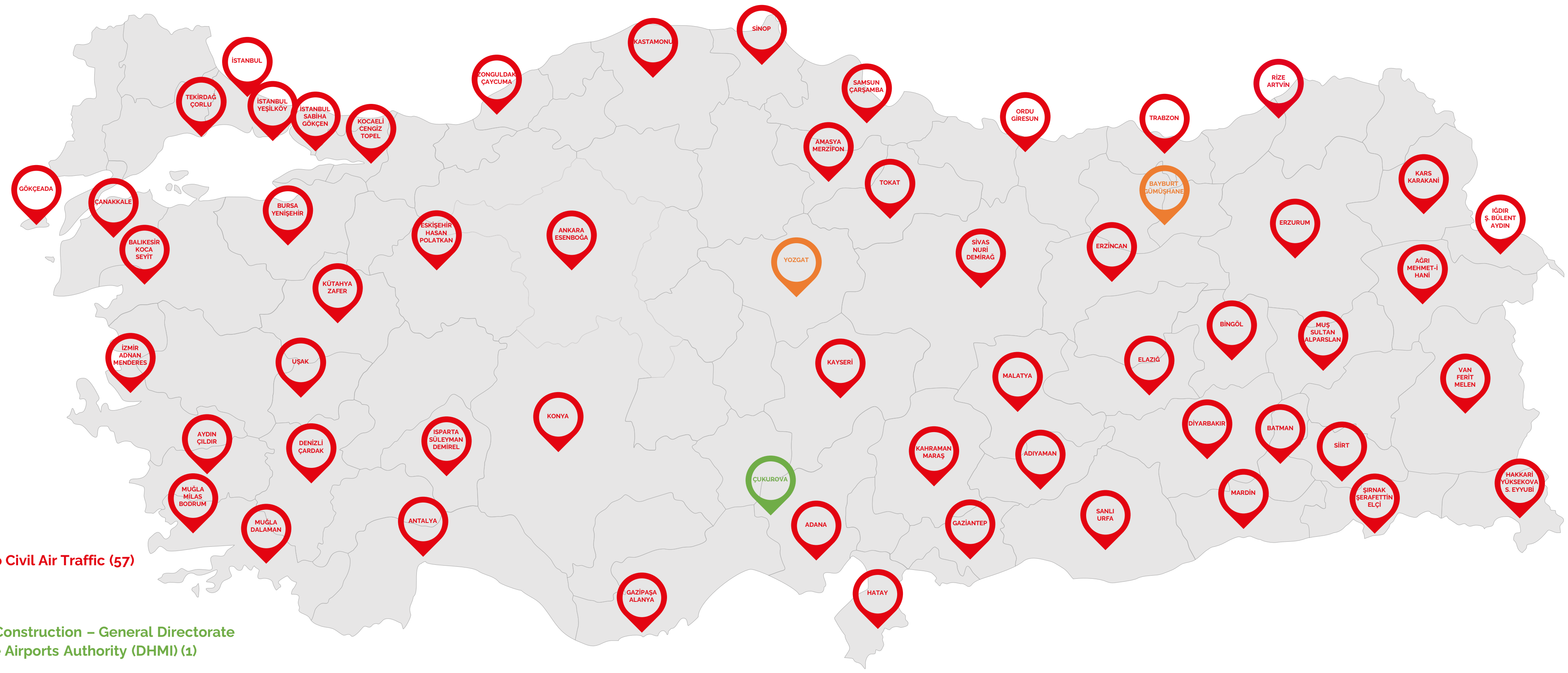
TÜRKİYE IS COMMITTED TO TRANSFORMING ITS RAIL TRANSPORT INFRASTRUCTURE FROM CONVENTIONAL TO HIGH SPEED

RAILWAY MAP OF TÜRKİYE

OPPORTUNITIES IN TRANSPORTATION

TÜRKİYE HAS SIGNIFICANTLY IMPROVED AND UPGRADED ITS AIRPORT INFRASTRUCTURE AND CONTINUES TO INVEST IN AIRPORTS

AIRPORT MAP OF TÜRKİYE



Open to Civil Air Traffic (57)

Under Construction – General Directorate of State Airports Authority (DHMI) (1)

Under Construction - General Directorate of Infrastructure Investments (AYGM) (2)

LOGISTICS IS AN INTEGRAL PART OF TÜRKİYE'S TRANSPORT INFRASTRUCTURE. TÜRKİYE HAS ESTABLISHED INTERMODAL LOGISTICS CENTERS ALONGSIDE THE TRANS-ASIAN RAILWAY NETWORK TO LOWER COSTS AND INCREASE EFFICIENCY OF LOGISTICS NETWORKS

LOGISTICS CENTERS

26 logistics centers

73.2 million tons additional transport capacity

19 million m² container storage and handling area

In Service and Completed (13)

Planned (7)

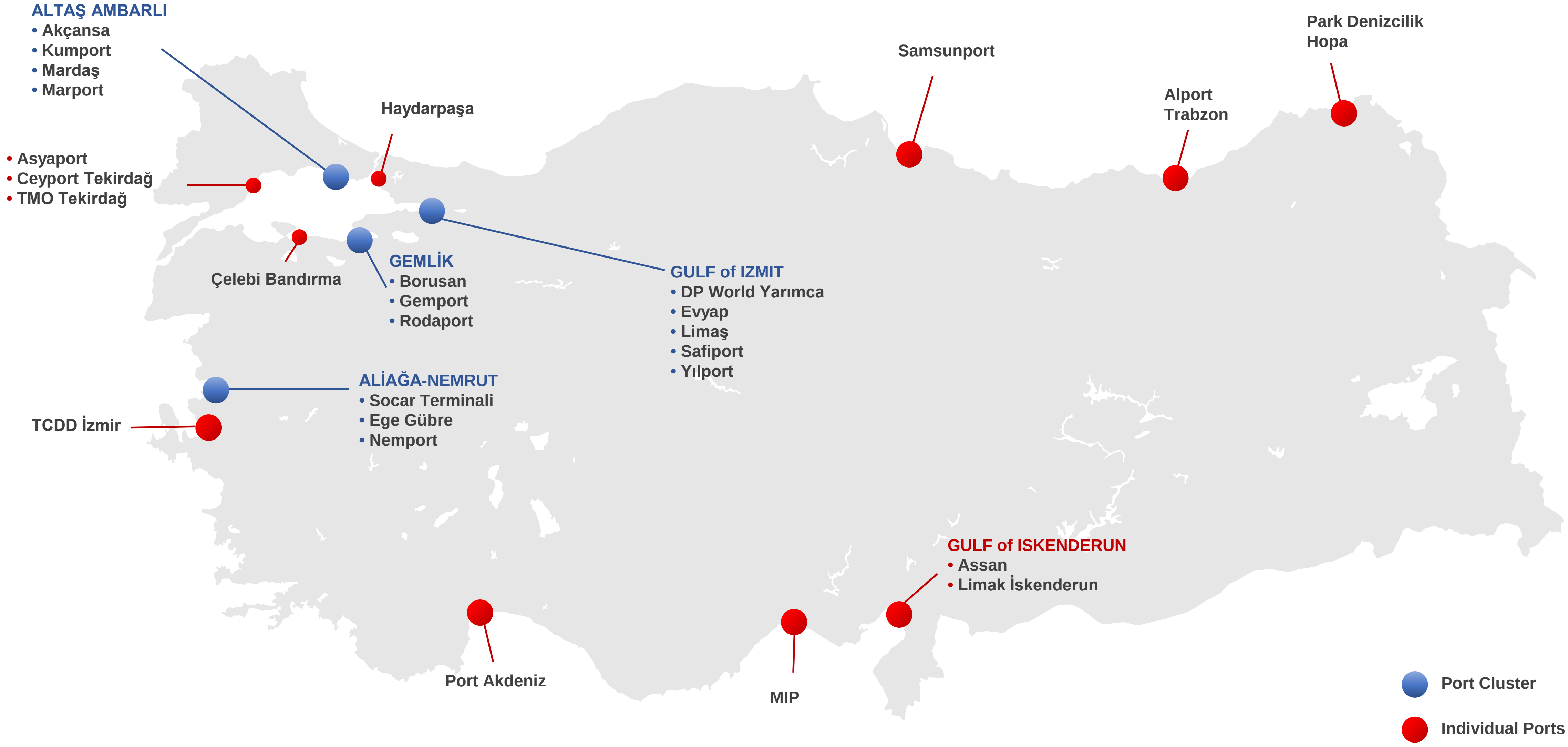
Under Construction (4)

In Tender Stage (2)

Source: Ministry of Transport and Infrastructure

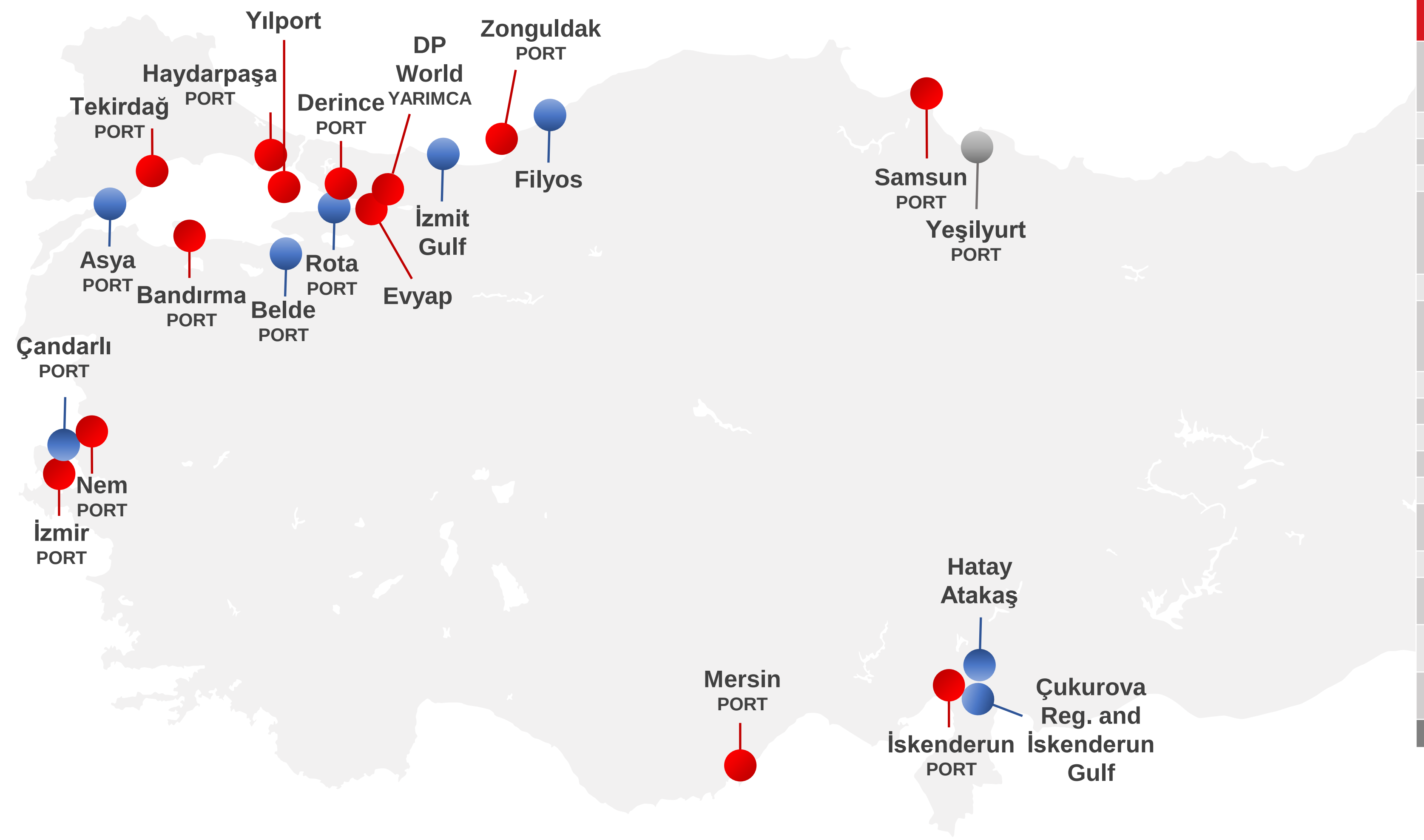
CONTAINER PORTS IN TÜRKİYE

PORT CLUSTERS PROVIDES SIGNIFICANT TRADE OPPORTUNITIES



JUNCTION LINES CONNECTED TO PORTS

JUNCTION LINE INVESTMENTS CONTINUE FOR PORTS, WHICH ARE OF GREAT IMPORTANCE FOR INTERNATIONAL TRADE.



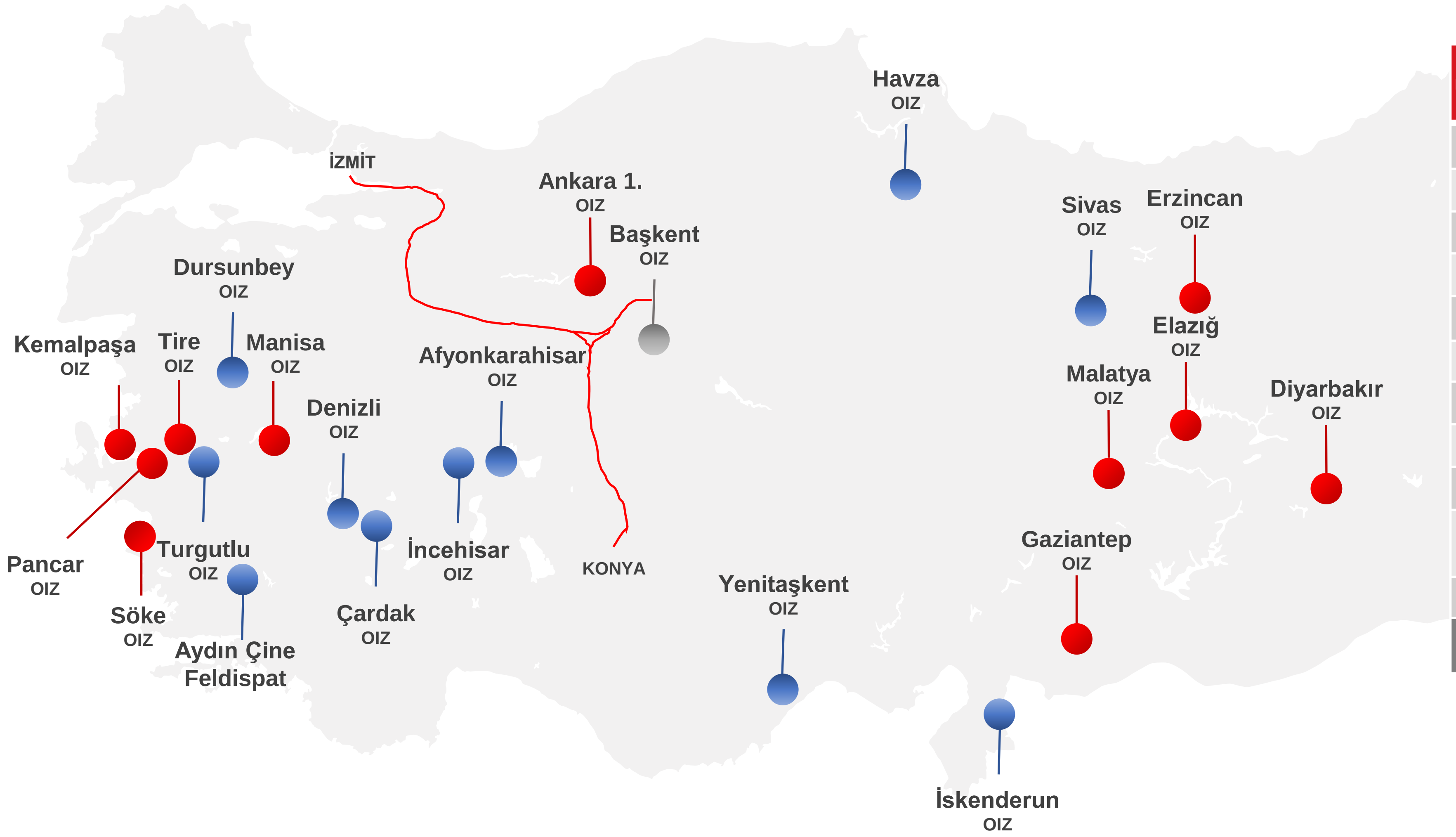
PORT CONNECTIONS					
EXISTING LINES	Km	UNDER CONSTRUCTION	Km	PLANNED	Km
H. Paşa	2.5	Samsun Yeşilyurt Gelemen	6.76	Belde Port	1
İzmir	5.3			Rota Port	1.5
Nemport	3.4			Hatay Atakaş	3
Bandırma	5.1			Asyaport	4
Mersin	13.8			Çukurova Reg. and Iskenderun Gulf	36
Samsun	14.6			Filyos Port	12
İskenderun	19.0			İzmit Gulf Industrial Centers	10
Derince	7.5			İzmir Çandarlı	7
Tekirdağ	1.6				
Zonguldak	1.7				
Yılport	0.2				
Evyap	1.9				
DP World Yarımca	1.0				
Kozlu Pier	4.3				
Ekinciler Pier	3.3				
Gübretaş Pier	0.3				
İsdemir Pier	3.0				
TOTAL	88.5		6.8		74.5

EXISTING 13
PLANNED 8
UNDER CONSTRUCTION 1

Source: Ministry of Transport and Infrastructure

JUNCTION LINES CONNECTED TO OIZS

THE SHARE OF RAILWAYS IN COMBINED TRANSPORTATION APPLICATIONS IS INCREASED WITH THE JUNCTION LINES CONSTRUCTION IN ORGANIZED INDUSTRIAL ZONES, WHICH HAVE A HIGH SHARE IN FREIGHT TRANSPORTATION.



EXISTING LINES	KM	UNDER CONSTRUCTION LINES	KM	PLANNED LINES	KM
Ankara 1. OIZ	8.6	Başkent OIZ	3.75	Havza OIZ	3.45
Pancar OIZ	1.25			Sivas 2.OIZ	1
Tire	0.62			Yenitaşkent OIZ	16
Kemalpaşa	27.8			İskenderun OIZ	4.2
Manisa	7.6			Afyonkarahisar OIZ	12
Erzincan OIZ	9.11			İscehisar OIZ	12
Elazığ OIZ	1.41			Çardak OIZ	2.3
Diyarbakır OIZ	4			Denizli OIZ	1
Malatya OIZ	0.87			Aydın Çine Feldispat OIZ	7
Gaziantep (Başpınar) OIZ	9			Turgutlu OIZ	1.5
Söke (OIZ)	1.27			Dursunbey OIZ	4
TOTAL	71.5			TOTAL	64.45

EXISTING 11
PLANNED 11
UNDER CONSTRUCTION 1

Source: Ministry of Transport and Infrastructure

PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
INVESTMENT
OFFICE

THANK YOU