PRESIDENCY OF THE REPUBLIC OF TÜRKİYE
INVESTMENT & FINANCE OFFICE

INVEST IN TÜRKİYE

nexus OF THE WORLD

20 YEARS OF EXCELLENCE

THE ECONOMIC FOOTPRINT OF FDI FIRMS IN TÜRKİYE

2026

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Foreword

“FDI is more than a flow of capital; its true economic footprint is reflected in the value international investors create across the economy.”

Over the past two decades, Türkiye has built a strong and increasingly sophisticated investment ecosystem under the leadership of President Recep Tayyip Erdoğan. Through sustained reforms, major investments in infrastructure and human capital, and policies supporting production, innovation, and global integration, Türkiye has strengthened its position as a competitive powerhouse for international investors.

Today, the contribution of international investment to Türkiye goes far beyond the capital initially committed. International investors have become an important part of Türkiye's industrial capacity, innovation ecosystem, export base, and employment structure. Their presence across a wide range of sectors also reflects Türkiye's growing role as a platform for companies seeking to produce, innovate, export, and manage regional operations from a single strategic location.

This is precisely why the quality and impact of FDI matter as much as its volume. As global investment patterns are reshaped by technological change, the green transition, supply chain reconfiguration, and increasing competition for strategic investment, countries are placing greater emphasis on the long-term economic value generated by international investors.

The findings presented in The Economic Footprint of FDI Firms in Türkiye provide compelling evidence of this value. Although FDI firms account for a relatively small share of the total number of firms operating in Türkiye, their contributions to private-sector turnover, employment, R&D, and exports are disproportionately large. In 2024, they accounted for 17.4 percent of private-sector turnover, 9.3 percent of private-sector employment, 30 percent of private-sector R&D expenditure, and 30.5 percent of Türkiye's total exports.

These figures underline an important point: the significance of FDI cannot be understood through investment inflows alone. Equally important are the productive capacity built over time, the technological capabilities developed, the jobs supported, the export performance achieved, and the connections established across Türkiye's production ecosystem.

This perspective is fully aligned with the direction of Türkiye's investment policy. Through the Türkiye FDI Strategy 2024-2028, we are pursuing a more selective and impact-oriented approach that prioritizes investments contributing to technological upgrading, green and digital transformation, deeper integration into global value chains, quality employment, and regional development.

At the Investment and Finance Office, we see our role as extending well beyond attracting new investment. We work to support investors throughout the investment lifecycle, encourage existing investors to expand their operations, deepen their integration into Türkiye's economy, and help them create greater value through innovation, production, and international connectivity.

This report therefore carries significance beyond the figures it presents. It provides a stronger basis for understanding the role of international investors in Türkiye's economic transformation and supports a more informed discussion on how FDI can contribute to the next phase of our country's development.

I would like to express my sincere appreciation to all colleagues who contributed to this important study. I am confident that **The Economic Footprint of FDI Firms in Türkiye** will serve as a valuable reference for investors, policymakers, and other stakeholders, while further strengthening the evidence base underpinning Türkiye's efforts to attract and grow high-quality international investment.

A. Burak DAĞLIOĞLU
President of the
Investment and Finance Office

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EXECUTIVE SUMMARY

Foreign Direct Investment (FDI) firms have a broad economic footprint in Türkiye. In 2024, the analysis identified 76.1 thousand **firms with international capital participation,** corresponding to **1.9% of all firms** in Türkiye. Their firm base spans a diverse set of source regions and economic activities. Middle East & North Africa, Europe and West & Central Asia account for the largest numbers of FDI firms overall. When firm size is taken into account, however, the geographic profile shifts, with Europe clearly leading among medium-sized and large firms, followed by North America and Asia-Pacific. Sectorally, trade dominates in firm numbers, although manufacturing nearly matches it among larger firms. Although FDI firms represent a relatively small portion of the overall firm population, their shares in private-sector turnover, employment, R&D and foreign trade are considerably larger, underscoring an economic weight well beyond their numerical presence.

A significant source of employment, with stronger job-quality indicators. FDI firms employed approximately **1.44 million people in 2024,** representing **9.3% of total private-sector employment** in Türkiye. Average wages in FDI firms were substantially higher than in domestic firms, while women accounted for a larger share of their workforce across most occupational groups. The combination of better-paid jobs and stronger female representation adds an important qualitative dimension to their employment contribution.

A substantial contribution to business activity, accompanied by higher turnover generation relative to resources employed. FDI firms generated **USD 513 billion in turnover in 2024,** accounting for **17.4% of total private-sector turnover**. Trade and manufacturing together generated nearly four-fifths of this total. FDI firms also recorded higher turnover relative to both employment and fixed assets than their domestic counterparts, pointing to a stronger capacity to generate business activity from their labor and physical asset base.

A prominent place in Türkiye's R&D ecosystem. FDI firms spent approximately **USD 3.16 billion on R&D in 2024** and accounted for around **29.6% of total private-sector R&D expenditure.** International investors therefore undertake almost one-third of corporate R&D activity in Türkiye, making innovation and technological development one of the areas in which their economic weight is most pronounced.

A strong position in Türkiye's export performance, particularly in technology-intensive activities. FDI firms generated **USD 79.9 billion in exports in 2024,** equivalent to **30.5% of Türkiye's total exports.** Over the 2006–2024 period, medium-high- and high-technology products together accounted for **62.1% of FDI firm exports on average**, compared with **37.2% of Türkiye's total exports**, driven predominantly by medium-high-technology products. High-technology exports alone, however, represented a slightly smaller share of FDI firm exports than of Türkiye's overall exports, pointing to further scope for strengthening their contribution to the country's high-tech ambitions.

A large share of imports, shaped by fundamentally different sectoral dynamics. FDI firms recorded **USD 125.8 billion in imports in 2024,** corresponding to **36.6% of Türkiye's total imports.** The aggregate import-export gap is concentrated mainly in trade firms, whose activities are largely oriented toward supplying Türkiye's domestic market, while manufacturing FDI firms recorded a much more balanced external trade position. Manufacturing imports are predominantly composed of raw materials and semi-finished products used in production, reflecting integration into international value chains while also highlighting further scope for local supplier development and stronger domestic sourcing.

The economic footprint of FDI firms varies across sectors and investor origins. Manufacturing and trade remain the two principal sectors across most indicators, but their roles differ markedly: manufacturing is particularly prominent in employment, exports and R&D, while trade carries greater weight in turnover and imports. Automotive stands out across several dimensions within manufacturing, alongside machinery, chemicals, electrical equipment, food and beverages, and rubber and plastics. Europe provides the largest regional base across most indicators, complemented by major investors from North America and Asia-Pacific, while R&D displays a more distinctive country profile.

The findings show that the significance of FDI firms in Türkiye extends well beyond their number or the volume of capital invested. Their economic footprint is visible in employment and wages, business activity, innovation, foreign trade and technology-intensive exports, as well as in their integration into Türkiye's production and supply-chain structure. **FDI firms therefore represent an important component of Türkiye's productive capacity, technological development, competitiveness and integration into global markets.**

The Economic Footprint at a Glance

From business activity and employment to innovation and international trade, FDI firms play an important role in Türkiye's economic development. Two decades of data reveal the scale and evolution of this contribution.

#of FDI Firms

2006 **6,481** → 11.7x → 2024 **76,093** firms

Share in total firms

0.3% → **1.9%**

Employment

2006 **0.52** → 2.8x → 2024 **1.44** million people

Share in total employment

7.5% → **9.3%**

Turnover

2006 **186.8** → 2.7x → 2024 **513.0** USD billion

Share in total turnover

17.5% → **17.4%**

R&D Expenditure

2007 **0.86** → 3.7x → 2024 **3.16** USD billion

Share in total private-sector R&D expenditure

38.7% → **29.6%**

Merchandise Exports

2006 **25.2** → 3.2x → 2024 **79.9** USD billion

Share in Türkiye's merchandise exports

29.4% → **30.5%**

Merchandise Imports

2006 **46.2** → 2.7x → 2024 **125.8** USD billion

Share in Türkiye's merchandise imports

33.1% → **36.6%**

INTRODUCTION

Over the past two decades, Türkiye has substantially strengthened its position as a destination for international investment. Since 2003, reforms aimed at improving the investment environment, supporting private-sector development and deepening integration with the global economy have enhanced Türkiye's capacity to attract FDI.

The scale of this transformation is reflected in both investment flows and the expanding presence of firms with international capital participation ("FDI firms") across Türkiye's economy. Since 2003, Türkiye has attracted more than USD 294 billion in FDI, while international investors have established a broad presence across manufacturing, services and technology-intensive activities. FDI firms have consequently become an integral part of Türkiye's corporate, production and trade landscape.

The economic significance of FDI extends beyond the initial transfer of capital. Once established in the host economy, FDI firms contribute through production, employment, investment in productive assets, research and development, foreign trade, domestic sourcing and participation in regional and global value chains. A comprehensive assessment of FDI performance therefore requires an understanding of both the capital invested and the economic activity generated by FDI firms over time. Firm-level evidence makes it possible to assess the scale, structure and evolution of this activity, as well as the extent to which international investment is integrated into the domestic economy.

The study draws on a dedicated **firm-level data** infrastructure developed to identify FDI firms, determine their ownership characteristics and assess their economic performance over time. An extensive inventory of firms with international capital participation was constructed through the consolidation, cross-checking and reconciliation of information obtained from a broad range of national and international sources. For the purposes of the study, firms in which international investors hold an **equity participation of 10% or more** are classified as FDI firms, consistent with the internationally established threshold for identifying a direct investment relationship.

Particular attention was given to the identification of investor origin. As cross-border investments may be structured through intermediate holding companies and jurisdictions, the country of the immediate investor may differ from that of the ultimate investor. The study therefore undertook a comprehensive ownership reconciliation process to identify the **ultimate investor country,** where sufficient information was available, and adjusted investor-country classifications accordingly.

The resulting firm inventory was subsequently integrated with longitudinal administrative, financial and operational firm-level data, enabling consistent assessment over the 2006–2024 period. The report examines key dimensions of FDI firm activity, including turnover, employment, R&D expenditure, exports and imports.

Across these indicators, the study considers both the absolute scale of activity generated by FDI firms and their share within Türkiye's economy, while tracing changes over time. Sectoral and ultimate-investor-country breakdowns provide further insight into the composition of FDI activity, while comparisons with domestically owned firms, where analytically relevant, help identify differences in firm characteristics and performance.

Taken together, the breadth of the underlying data, the longitudinal scope of the study and the refinement of investor-country information provide a robust basis for assessing the role of FDI firms in Türkiye's economy. This framework enables the report to examine how their economic footprint has evolved over time, how it varies across sectors and investor countries, and how FDI firms are positioned within Türkiye's broader economic structure.

This perspective is particularly relevant as investment policy places increasing emphasis on the quality and economic impact of FDI. Türkiye's National FDI Strategy 2024–2028 reflects this approach by prioritizing investments that strengthen technological capabilities, advance green and digital transformation, deepen integration into global value chains, generate quality employment and support regional development.

By providing comprehensive empirical evidence on the economic footprint of FDI firms, this report strengthens the evidence base for assessing Türkiye's investment performance and for shaping policies that support the attraction, retention and expansion of high-quality international investment. More broadly, it contributes to a deeper understanding of the role of international investment in Türkiye's productive capacity, competitiveness and long-term economic development.

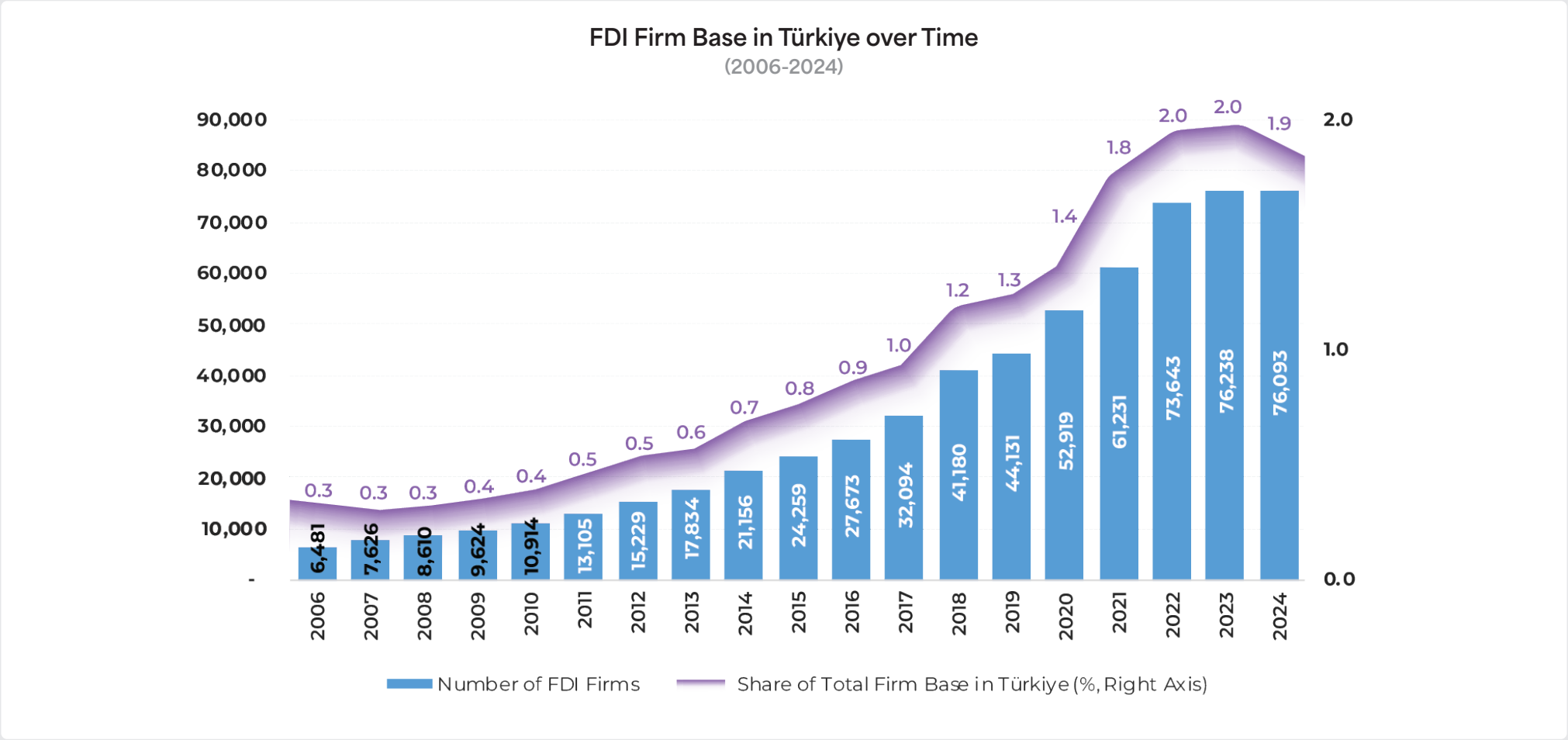
1. FDI FIRM BASE IN TÜRKİYE

The growing presence of FDI firms across Türkiye's economy reflects the country's expanding international investment base. Despite their relatively small share in total firm numbers, their economic contribution extends far beyond their numerical presence.

Overview of FDI Firm Base

The number of FDI firms in Türkiye has increased remarkably over the last two decades, rising twelvefold since 2006 to reach 76,093 in 2024. Their share of all firms also increased from 0.3% to 1.9% over the same period, indicating that their presence expanded both in absolute terms and relative to the overall firm base.

Despite representing a relatively small share of the firm population, FDI firms play a much larger role in Türkiye's economy. Their broader economic weight becomes clearer in the following sections, with substantially higher shares in employment, turnover, exports and R&D than their 1.9% share of the total firm base.



FDI Firms by Origin

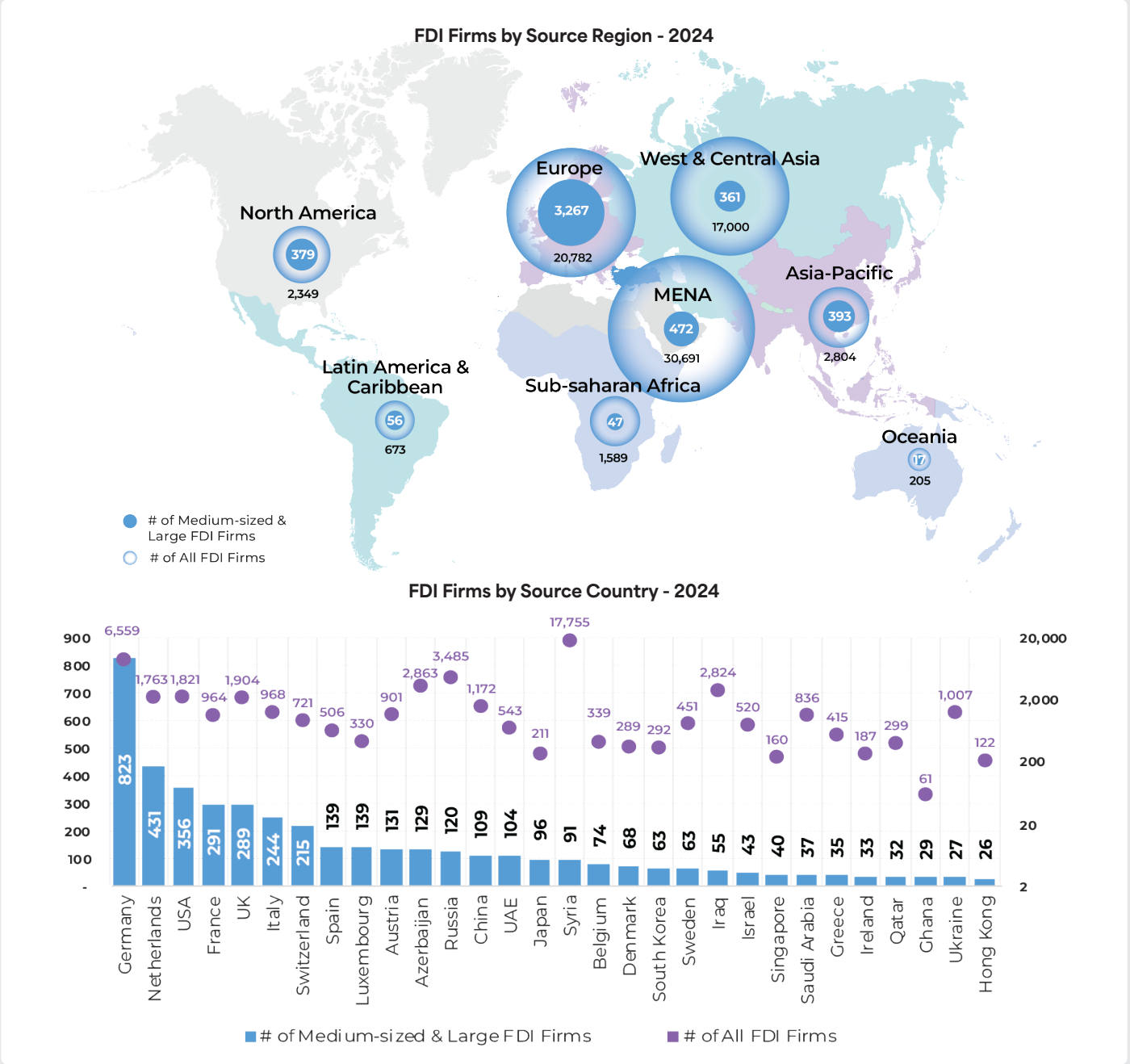
FDI firms in Türkiye originate from a broad and geographically diverse base of source countries and regions.

Middle East & North Africa (MENA) was the largest source region by number of all FDI firms in 2024, followed by Europe and West & Central Asia; together, these three regions accounted for around 90% of the total.

Firm size adds another layer to this geographic profile. Europe clearly led in medium-sized and large FDI firms, while MENA and West & Central Asia were more heavily concentrated in smaller firms. North America and Asia-Pacific also maintained a notable presence, whereas Latin America, Sub-Saharan Africa and Oceania remained more limited.

At the country level, rankings based on medium-sized and large FDI firms further highlight Europe's strength. Germany ranked first by a wide margin, followed by other major European sources including the Netherlands, France, the United Kingdom, Italy and Switzerland, while the United States also ranked prominently. Beyond Europe and North America, Russia and Azerbaijan stood out in West & Central Asia, the United Arab Emirates in MENA, and China, Japan and South Korea in Asia-Pacific.

Overall, Türkiye's larger FDI firm base draws on a mix of established global investment sources and major economies across its wider region, shaping a geographic pattern that carries through to the broader economic footprint of FDI firms.



FDI Firms by Sector

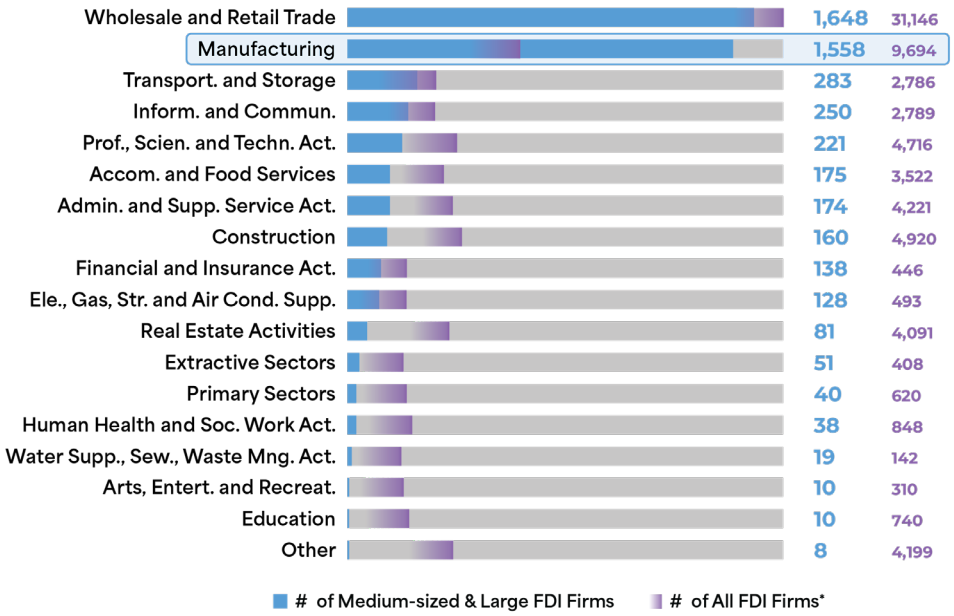
Türkiye's FDI firm base extends across a broad range of economic activities, with distinct sectoral patterns in both scale and composition.

Trade dominates the sectoral profile of FDI firms in Türkiye, with manufacturing a distant second in terms of overall firm numbers. Much of trade's numerical lead is driven by retail trade, which accounts for the largest share of the sector's FDI firm base.

The gap narrows sharply among medium-sized and large firms, where manufacturing almost matches wholesale and retail trade. This points to a much stronger representation of larger firms within manufacturing. Transport and storage, information and communication, and professional, scientific and technical activities form a clear second tier among larger FDI firms.

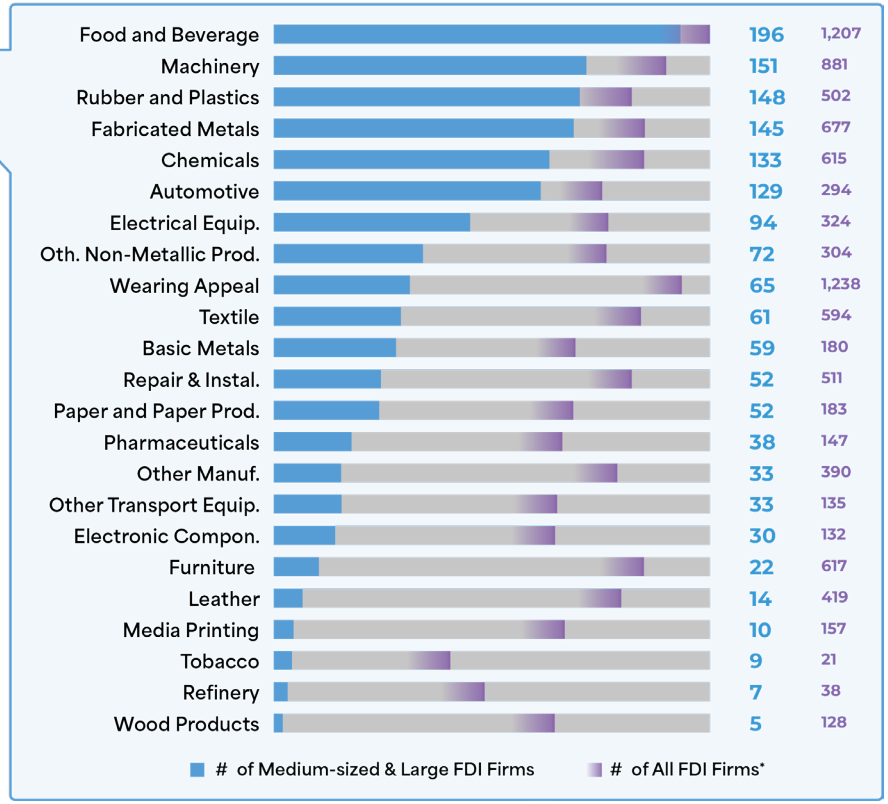
The two leading sectors also differ markedly in their internal structure. Trade is heavily concentrated in one subsector, while manufacturing's larger FDI firms are spread across a broad range of activities, led by food and beverages, machinery, rubber and plastics, fabricated metals, chemicals and automotive. This breadth gives manufacturing a particularly important place within Türkiye's larger FDI firm base and helps explain its strong presence across the economic performance indicators examined in the following sections.

FDI Firms by Main Sector - 2024



(*) Plotted on a secondary y-axis with a logarithmic scale.

Manufacturing FDI Firms by Sub-Sector - 2024



2. FDI FIRM EMPLOYMENT IN TÜRKİYE

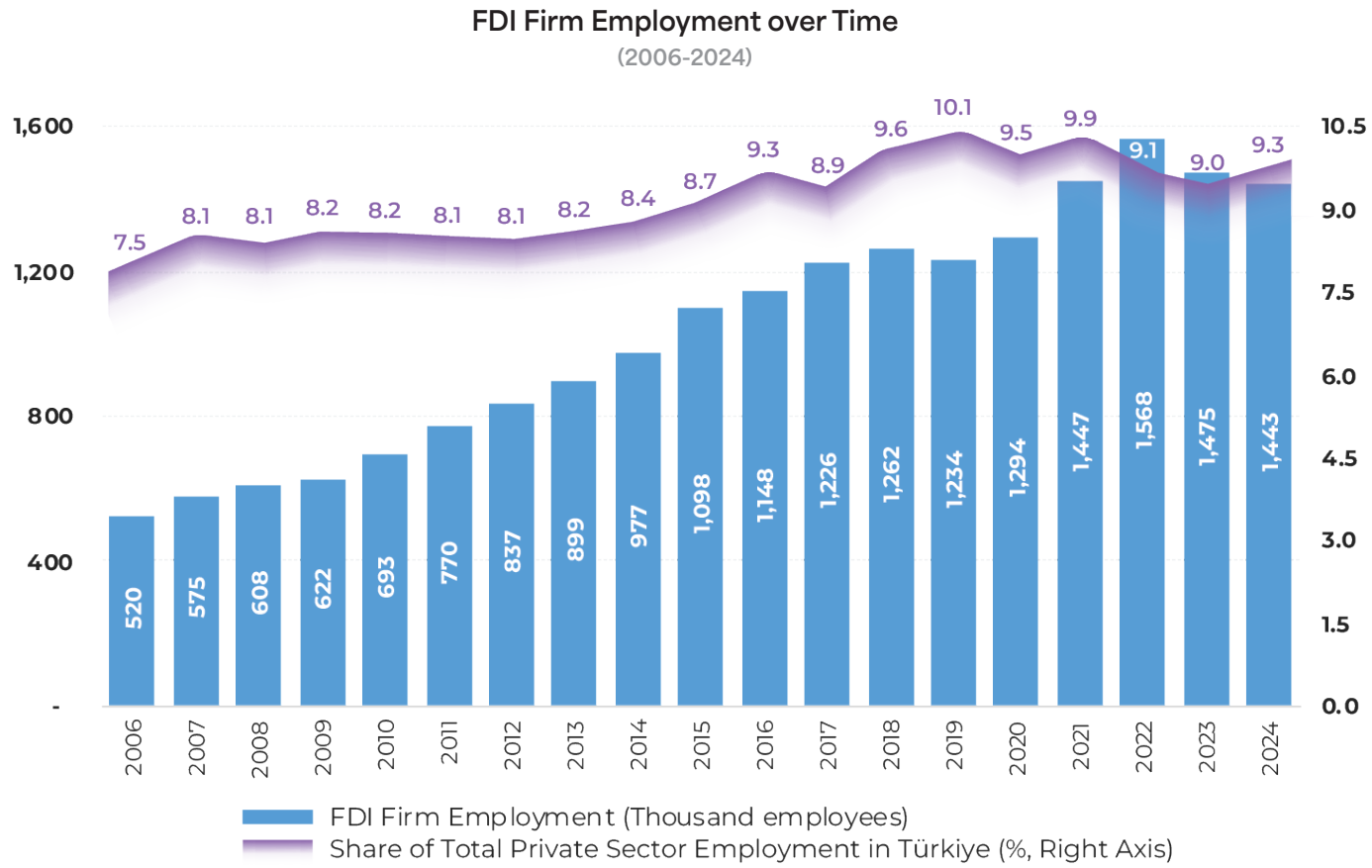
FDI firms play a significant role in Türkiye’s labor market, contributing not only to employment creation but also to job quality through higher wages and stronger female representation.

Overview of FDI Firm Employment

Employment is one of the clearest channels through which FDI firms contribute to Türkiye's economy, reflecting both the scale of their operations and their role in job creation.

Over the past two decades, employment in FDI firms has expanded substantially, rising from 520 thousand in 2006 to 1.44 million in 2024. Their share of total private sector employment also increased from 7.5% to 9.3% over the same period, showing that the growth in FDI firm employment outpaced the expansion of overall employment.

The post-pandemic period was marked by particularly strong employment growth, followed by a more balanced trajectory in recent years. Viewed over the longer term, FDI firm employment has nearly tripled while also gaining share in Türkiye's labor market, underscoring the increasingly significant role of international investment in employment creation.



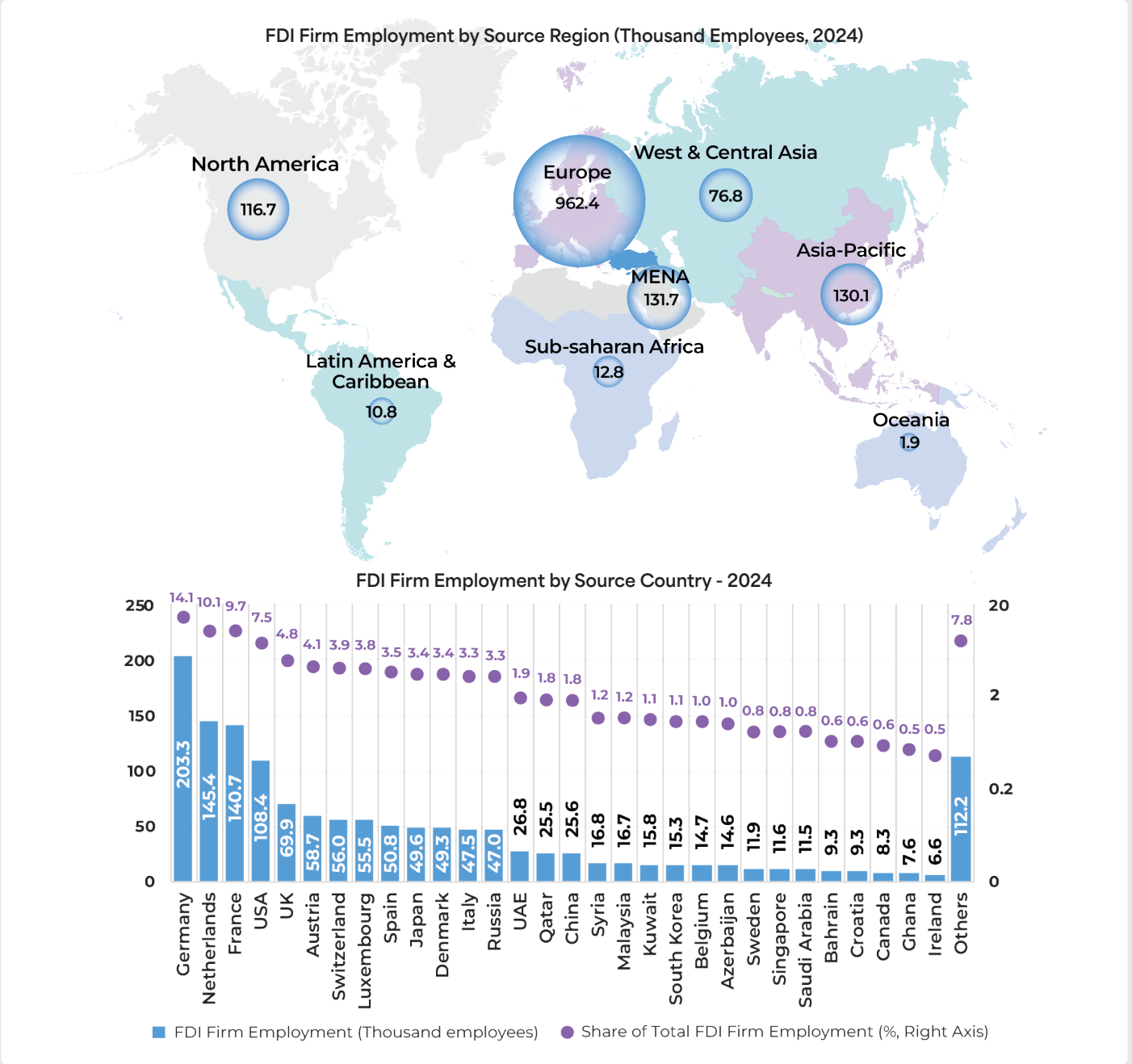
FDI Firm Employment by Country of Origin

The geographic profile of FDI firm employment reveals clear differences in scale across source regions.

European-origin firms account for around two-thirds of total FDI firm employment in Türkiye, corresponding to approximately 962 thousand employees. MENA, Asia-Pacific and North America form a second group of broadly similar size, each accounting for more than 100 thousand employees, while West & Central Asia follows at a lower level.

At the country level, Germany stands out as the largest source of FDI firm employment, followed by the Netherlands and France, while the United States also ranks prominently. The United Kingdom, Austria and Switzerland further reinforce Europe's strong position. Beyond Europe, Japan is the leading contributor from Asia-Pacific, followed by China, while Russia stands out in West & Central Asia and the UAE in MENA.

The country profile shows that Europe's regional weight is supported by a broad base of major source economies, complemented by prominent individual countries from other regions.



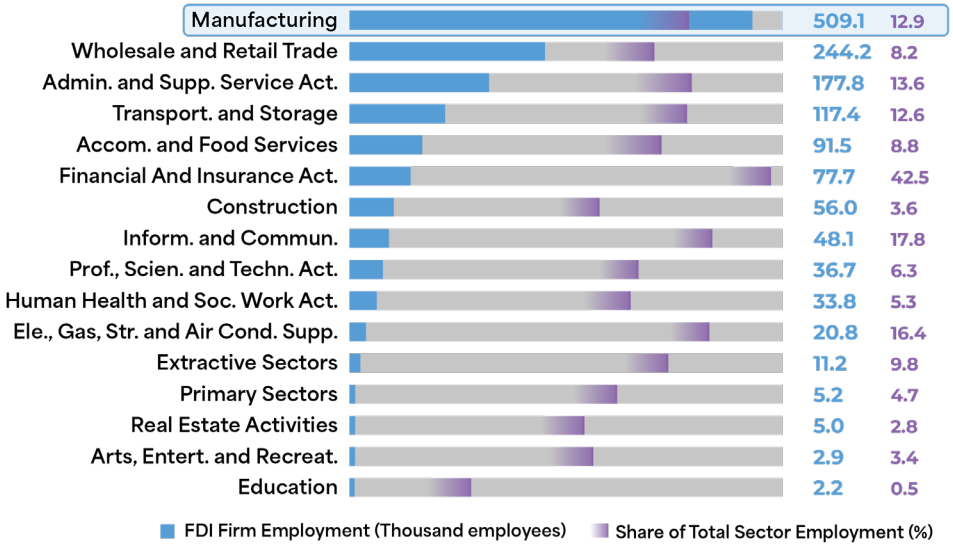
FDI Firm Employment by Sector

FDI firm employment spans a broad range of economic activities in Türkiye, but manufacturing stands apart in terms of scale.

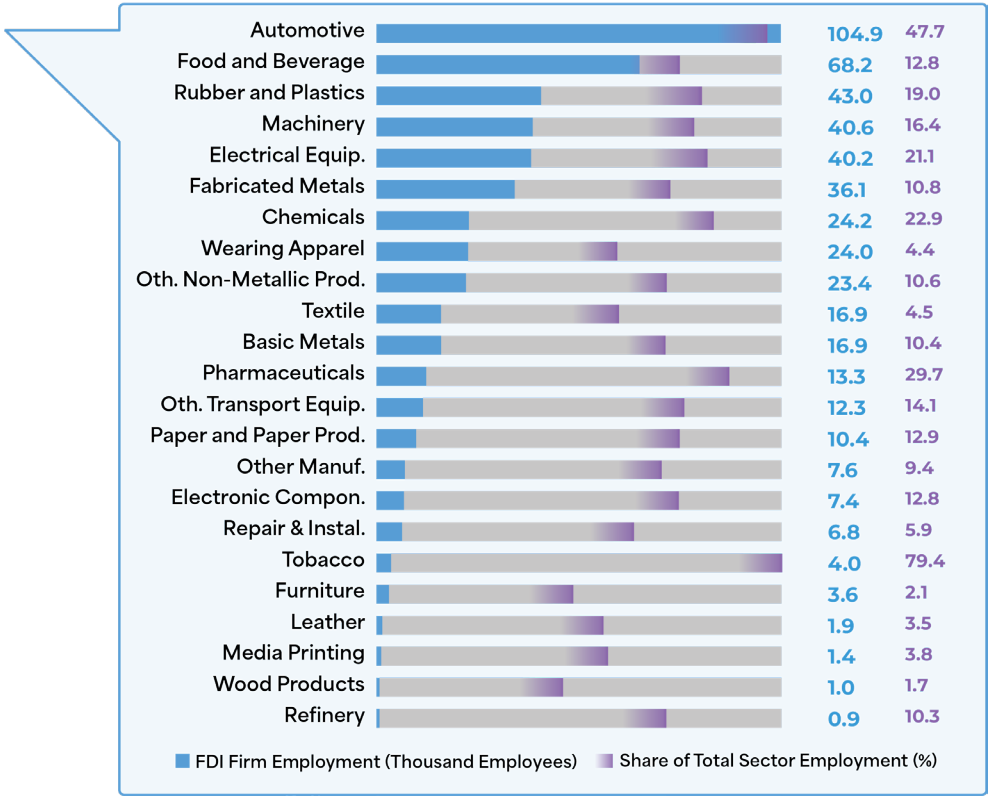
In 2024, manufacturing accounted for around 509 thousand employees, more than twice the level recorded in wholesale and retail trade, while administrative and support service activities also represented a sizeable employment base. Beyond absolute employment levels, FDI firms have a particularly strong presence in financial and insurance activities, where they account for more than 40% of sector employment, as well as in information and communication, utilities and manufacturing.

Within manufacturing, employment is spread across a broad range of industries rather than being driven by a single activity. Automotive leads with around 105 thousand employees, followed by food and beverages, rubber and plastics, machinery and electrical equipment. Automotive also stands out in relative terms, with FDI firms accounting for nearly half of total subsector employment. Pharmaceuticals, chemicals, electrical equipment and rubber and plastics likewise record substantial FDI shares, highlighting the depth of international firm participation across a diverse set of manufacturing activities.

FDI Firm Employment by Main Sector - 2024



FDI Firm Employment in Manufacturing Sectors - 2024



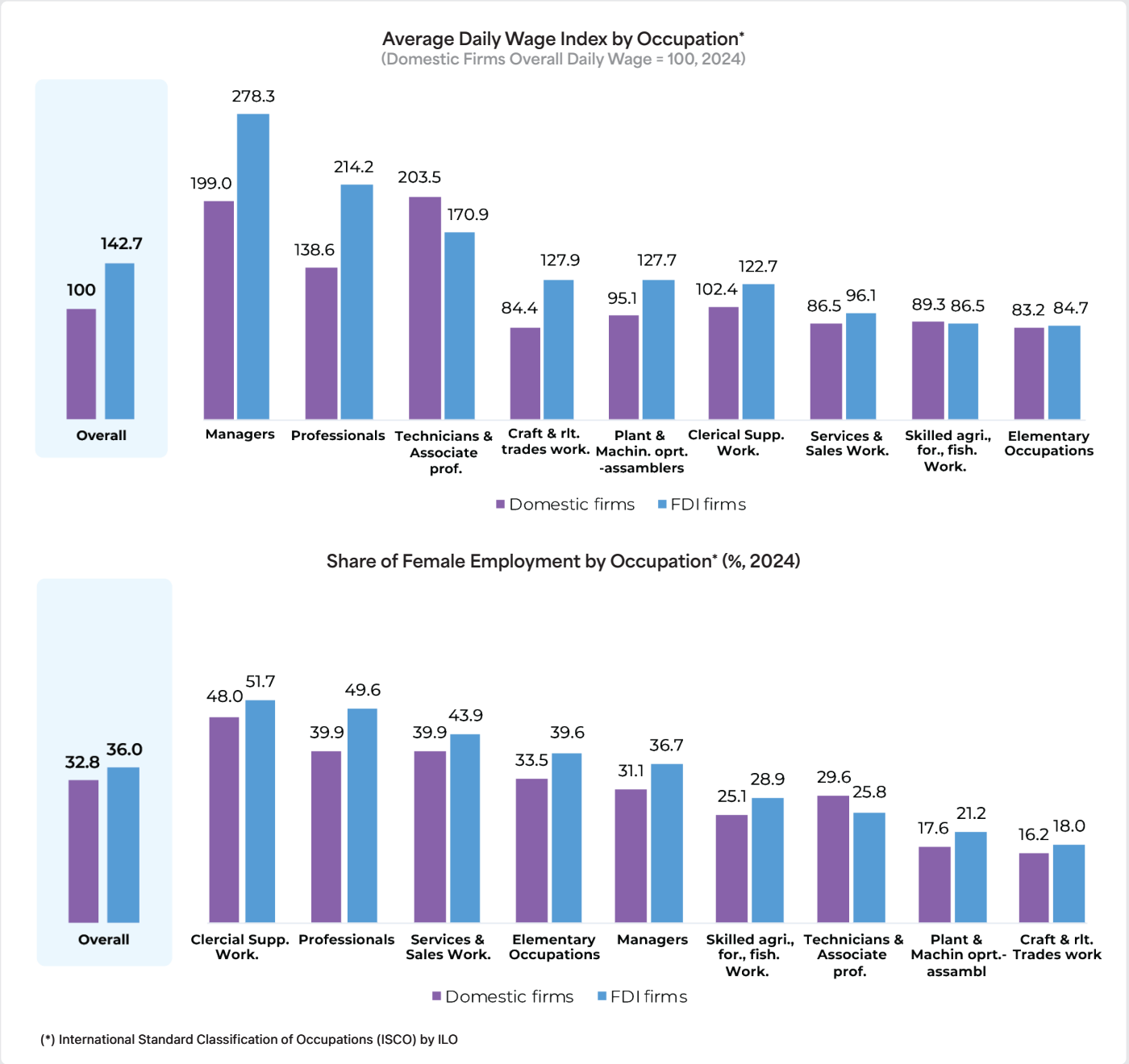
Wages and Gender Dynamics in FDI Firms

Beyond the scale of employment they generate, FDI firms in Türkiye also stand out in terms of wages and workforce composition.

In 2024, average daily wages in FDI firms were 42.7% higher than in domestic firms, with the premium particularly pronounced in professional, managerial and skilled production roles. The gap narrows considerably in lower-paid occupations, indicating that the wage advantage is strongest in higher-skill segments of the labor market.

FDI firms also display a more balanced gender profile. Women account for 36.0% of employment in FDI firms, compared with 32.8% in domestic firms, and their representation is higher across most occupational groups. The difference is particularly notable among professionals, where women account for nearly half of FDI firm employment, while female representation is also higher in managerial roles.

Taken together, these findings point to a broader contribution to high-quality employment in Türkiye, combining better-paid jobs with stronger female representation across much of the occupational structure.



(*) International Standard Classification of Occupations (ISCO) by ILO

3. FDI FIRM TURNOVER IN TÜRKİYE

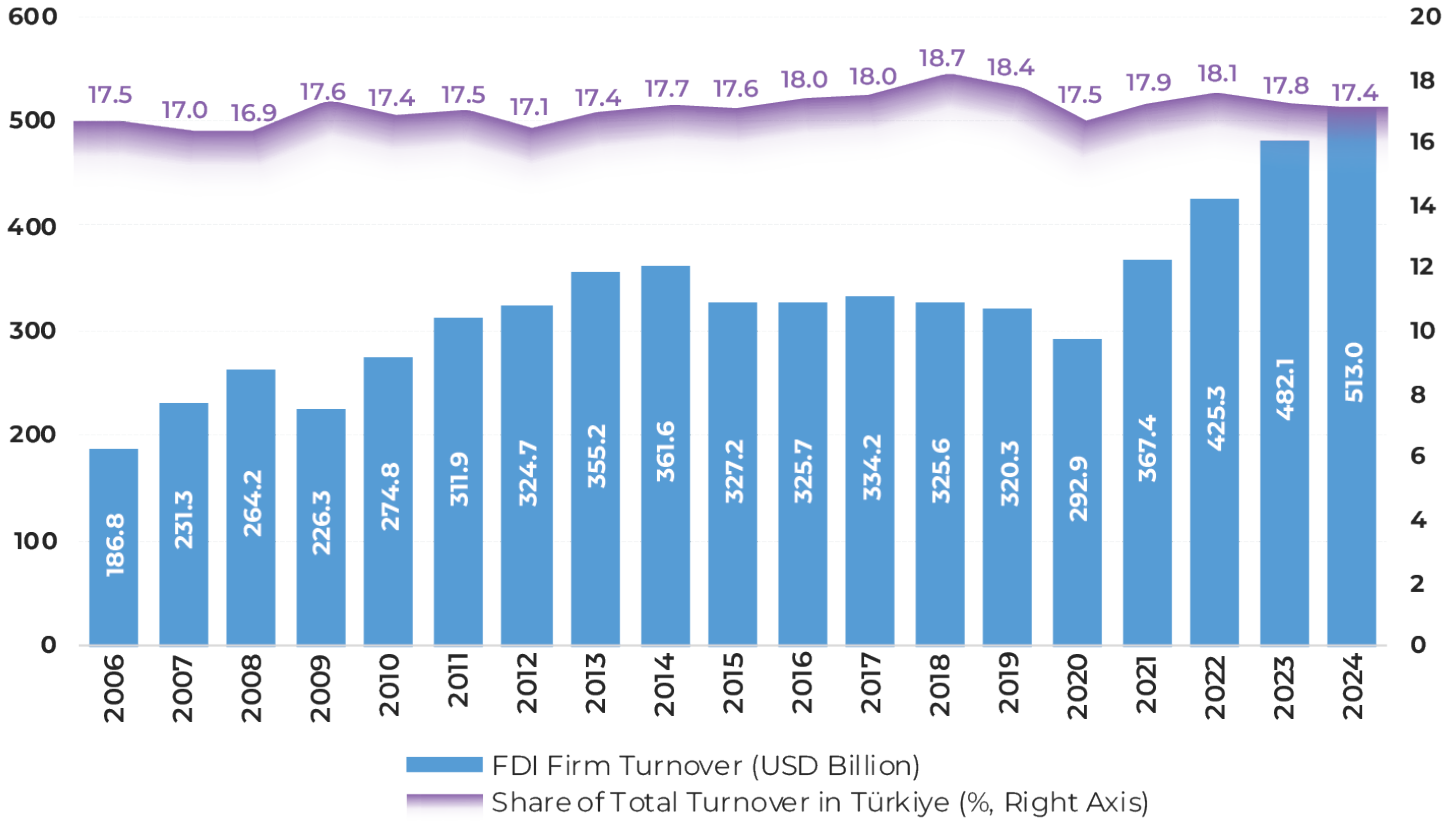
FDI firms account for a substantial share of Türkiye’s business activity, reflecting their significant economic presence across manufacturing, trade, and other key sectors.

Overview of FDI Firm Turnover

Turnover provides a broad measure of the scale of economic activity generated by FDI firms and offers a useful indication of their weight within Türkiye's corporate sector.

Over the past two decades, FDI firms have maintained a substantial presence in overall business activity, even as the size of the economy expanded significantly. Their turnover increased from USD 186.8 billion in 2006 to USD 513.0 billion in 2024, reaching approximately 2.7 times its 2006 level. At the same time, their share of Türkiye's total turnover remained broadly stable, at 17.5% in 2006 and 17.4% in 2024, generally fluctuating within a narrow range throughout the period.

The post-pandemic years stand out for a particularly strong increase in FDI firm turnover, coinciding with a period in which Türkiye strengthened its position in regional production and trade networks amid shifts in global supply chains. This long-term stability points to the enduring role of FDI firms as a significant component of Türkiye's business activity.

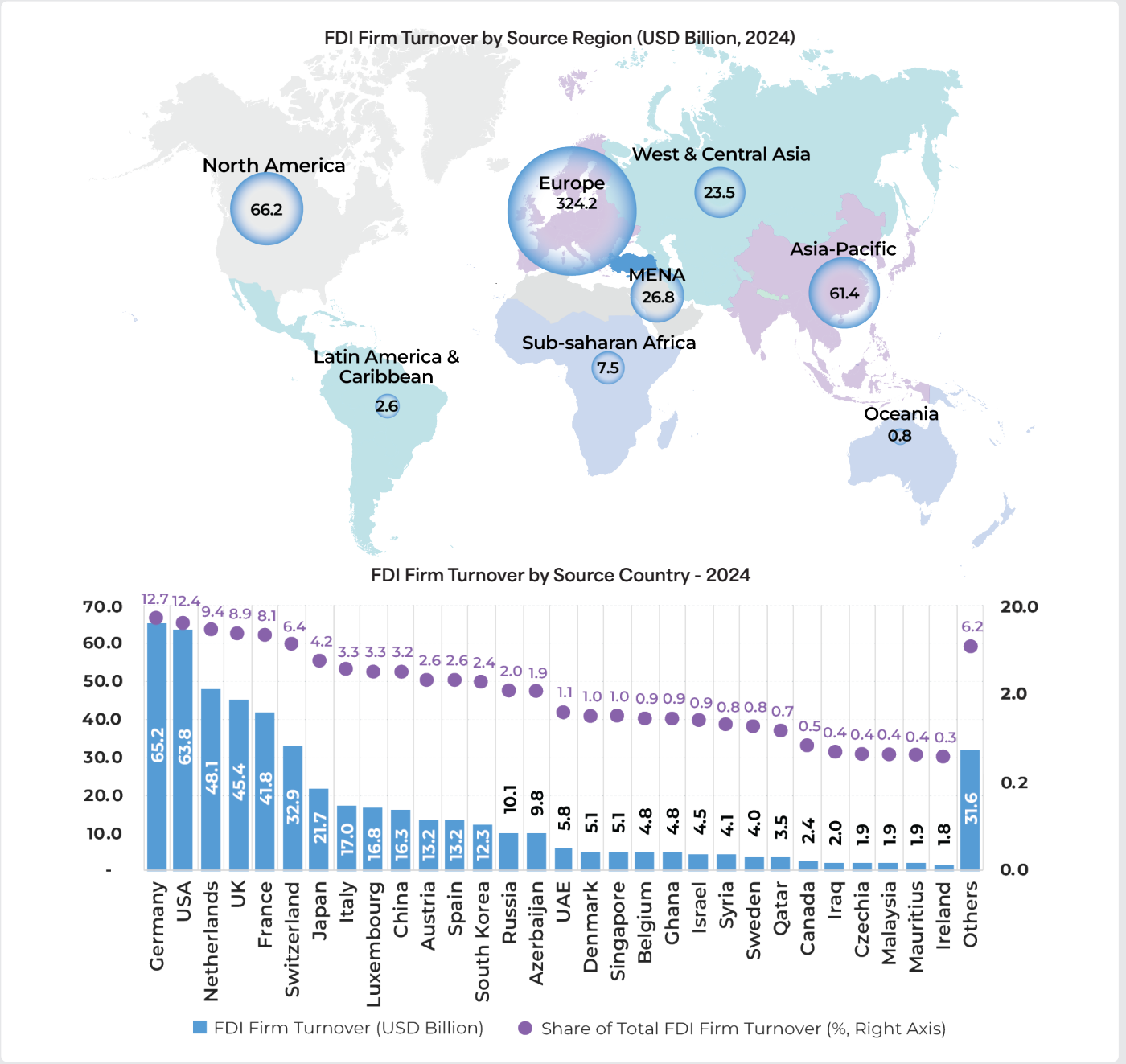


FDI Firm Turnover by Country of Origin

The geographic composition of FDI firm turnover reflects the diverse international origins of firms operating in Türkiye, while also revealing clear regional differences in economic weight. Europe dominates this profile, accounting for USD 324.2 billion, equivalent to 63% of total FDI firm turnover in 2024. North America and Asia-Pacific follow at broadly comparable levels, with USD 66.2 billion and USD 61.4 billion, respectively, while the contribution of other regions is more limited.

At the country level, Germany and the United States stand out as the two largest sources, with very similar turnover levels. Europe's regional weight is supported by a broad group of major economies, notably the Netherlands, the United Kingdom, France and Switzerland. Japan, China and South Korea are the principal contributors from Asia-Pacific, while Russia and Azerbaijan stand out in West & Central Asia.

The country profile combines a broad European base with several prominent source economies from other regions.



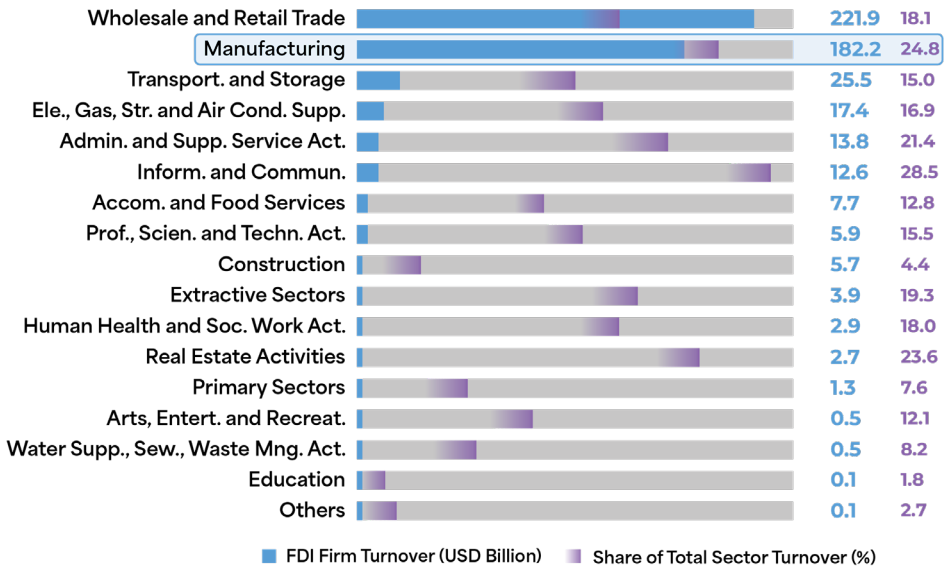
FDI Firm Turnover by Sector

The sectoral profile of FDI firm turnover highlights where international investment carries the greatest economic weight in Türkiye. Trade and manufacturing dominate total FDI firm turnover, followed at a considerable distance by transport and storage and information and communication. Beyond their contribution to overall FDI firm turnover, FDI firms also hold sizeable shares within a number of sectors, particularly information and communication, manufacturing, real estate activities, and administrative and support services.

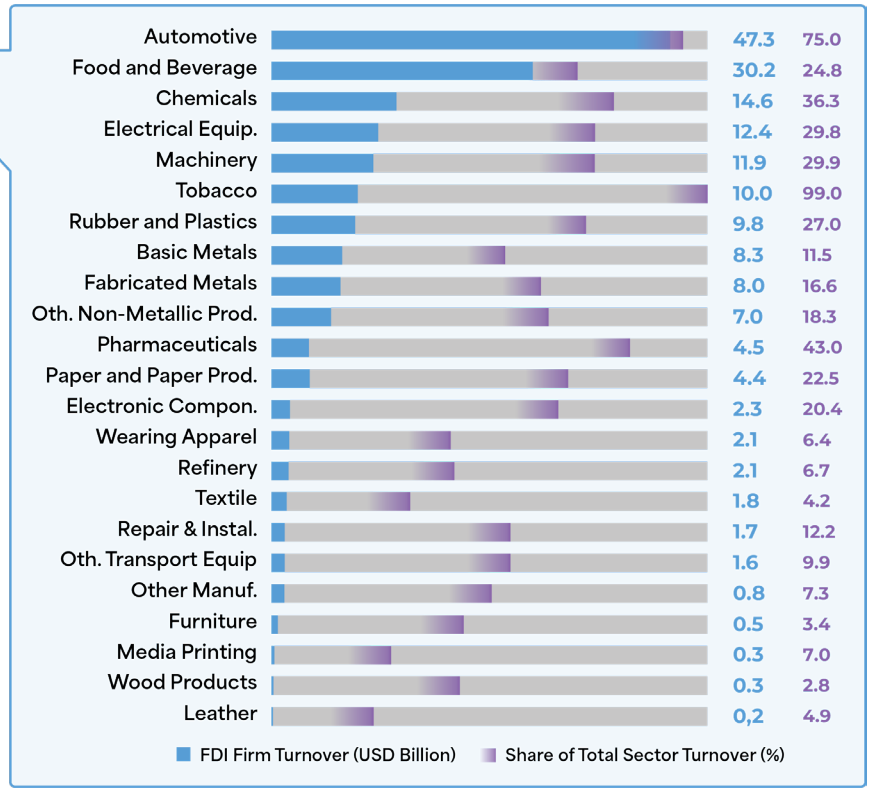
Within manufacturing, turnover is spread across a broad range of industries, led by automotive and food and beverages, followed by chemicals, electrical equipment and machinery. Automotive is particularly prominent, with FDI firms accounting for 75% of the subsector's turnover. High FDI shares are also observed in pharmaceuticals and chemicals, while tobacco records an exceptionally high share despite its smaller turnover base.

The scale of FDI participation reinforces the central role of international firms across several of Türkiye's key manufacturing industries.

FDI Firm Turnover by Main Sectors* (USD Billion, 2024)



FDI Firm Turnover in Manufacturing Sectors - 2024



(*) Excluding financial and insurance activities sector

Resource Utilization in FDI Firms

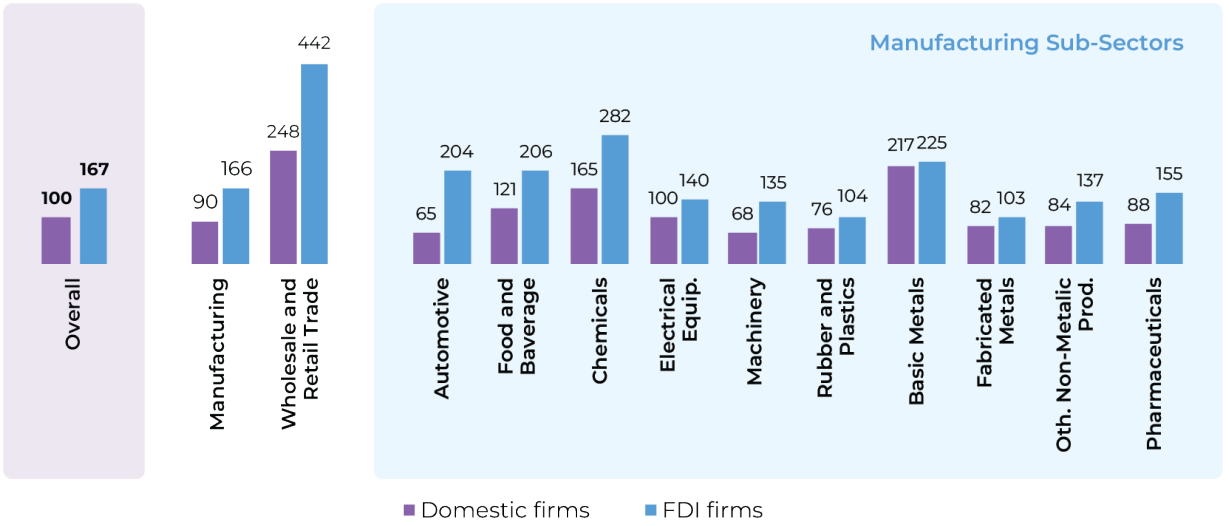
Turnover relative to labor and fixed assets provides a complementary perspective on how FDI firms translate their resource base into economic activity.

FDI firms recorded an overall turnover-per-employee index of 167 and a fixed-asset-turnover index of 133, compared with the domestic-firm benchmark of 100. The difference is therefore not limited to the size of the workforce: FDI firms also generate more turnover relative to their fixed asset base.

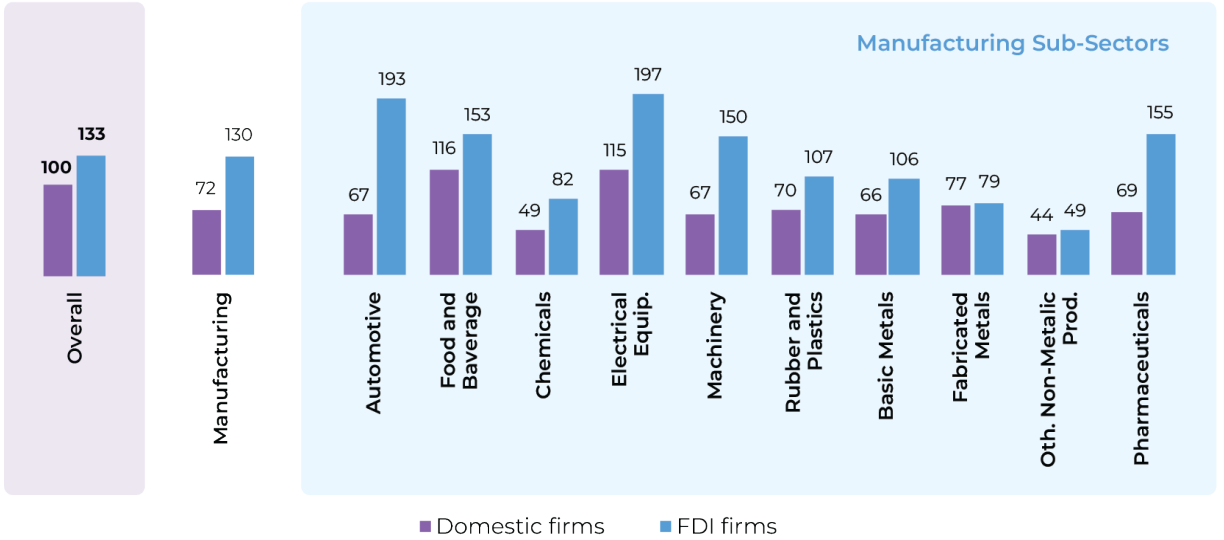
The pattern is particularly visible across manufacturing. FDI firms outperform their domestic counterparts on both indicators in almost all manufacturing subsectors shown, although the magnitude of the difference varies considerably. Automotive is especially notable, combining substantially higher turnover per employee with nearly three times the fixed-asset turnover of domestic firms. Chemicals, machinery, electrical equipment and pharmaceuticals also show sizeable differences, while the gap is considerably narrower in activities such as basic metals and fabricated metals.

While these measures should not be interpreted as direct measures of productivity, they point to a stronger capacity among FDI firms to generate turnover relative to both labor and fixed assets.

Turnover per Employee Index by Sector
(Domestic Firms Overall Turnover per Employee Index= 100, 2024)



Fixed Asset Turnover Index by Sector
(Domestic Firms Overall Fixed Asset Turnover Index= 100, 2024)



Note: To ensure comparability between FDI and domestic firms, resource utilization analyses include only medium-sized and large firms in both groups.

4. FDI FIRM EXPORTS* IN TÜRKİYE

(*) "Exports" refers to merchandise exports and excludes services exports.

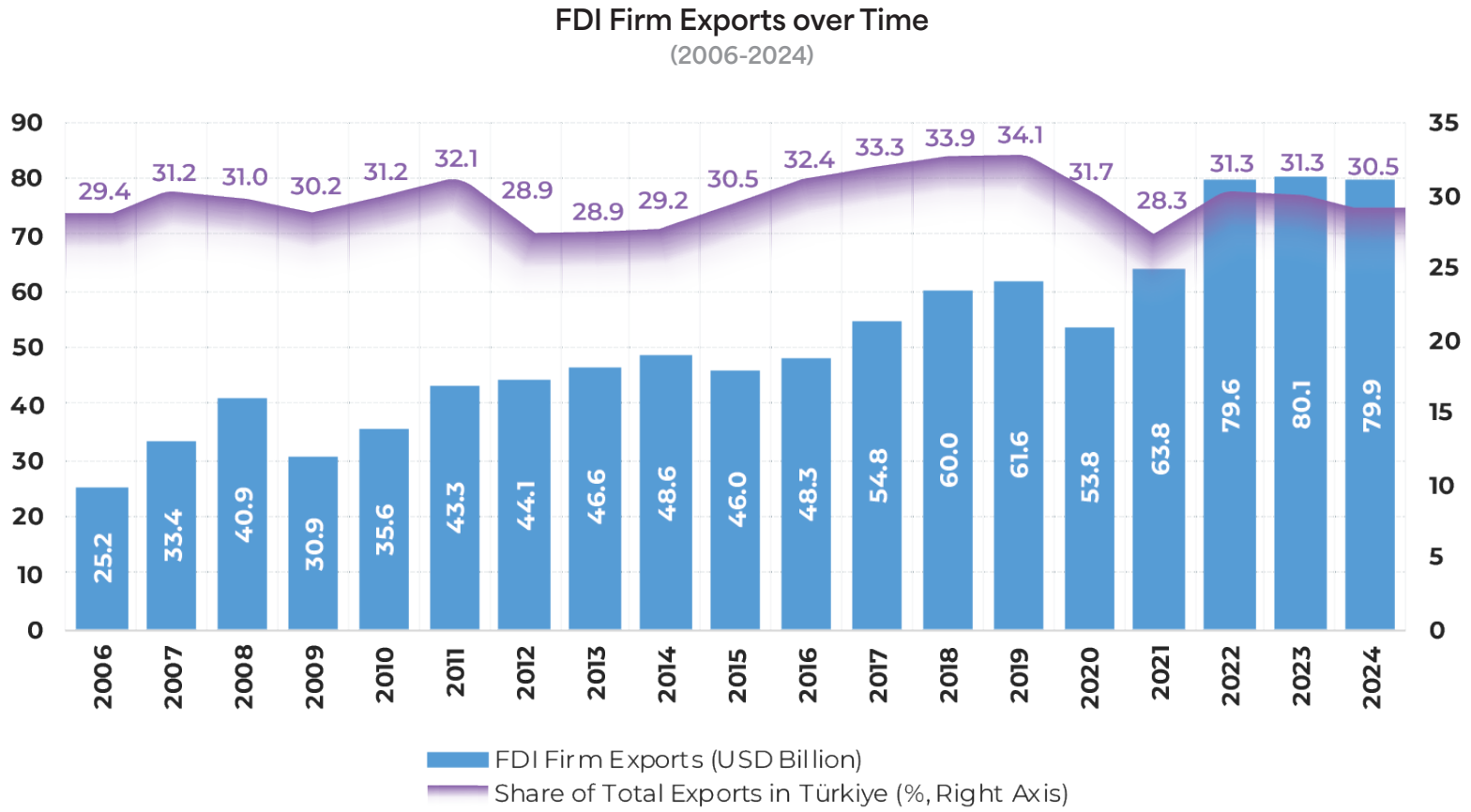
FDI firms are an integral part of Türkiye's merchandise export performance, strengthening the country's integration into global value chains and contributing significantly to technology-intensive exports.

Overview of FDI Firm Exports

FDI firms are a structural pillar of Türkiye's export economy and an important channel through which the country is connected to global production networks.

Between 2006 and 2024, their exports more than tripled, rising from USD 25.2 billion to nearly USD 80 billion, while their share of Türkiye's total exports remained broadly stable at around 30%. This sustained contribution has become increasingly significant as global supply chains have diversified and regionalized, reinforcing Türkiye's role as a competitive manufacturing and export hub at the nexus of Europe, Asia and surrounding markets.

The strong post-pandemic recovery in FDI firm exports further highlights this position. Their consistently sizeable share of total exports points to a deeply embedded role in Türkiye's external trade performance, global value-chain integration and evolving position as a regional production base.



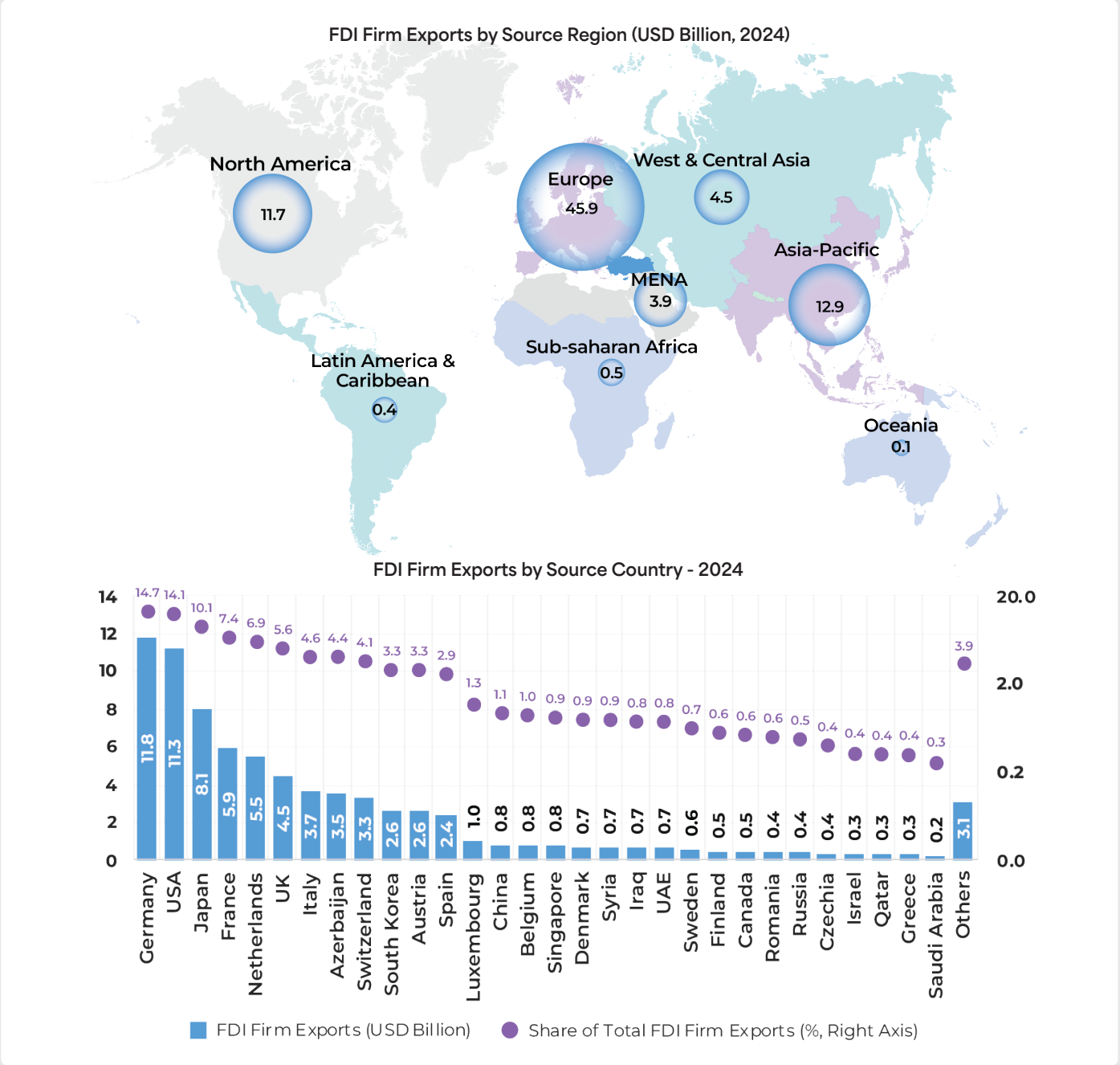
FDI Firm Exports by Country of Origin

The geographic profile of FDI firm exports reflects the strong role of several major source regions in Türkiye's export economy. Europe is the largest source region, accounting for USD 45.9 billion of FDI firm exports in 2024, followed by Asia-Pacific at USD 12.9 billion and North America at USD 11.7 billion. West & Central Asia and MENA also make visible contributions, adding further geographic breadth to the export footprint of FDI firms.

At the country level, Germany and the United States stand out as the two largest sources, each generating more than USD 11 billion in exports, followed by Japan at USD 8.1 billion. Europe's regional strength is supported by a broad group of economies, including France, the Netherlands, the United Kingdom, Italy and Switzerland. South Korea ,China and Singapore further strengthen the Asia-Pacific contribution, while Azerbaijan stands out in West & Central Asia.

A strong presence across major source economies in Europe, North America and Asia-Pacific gives Türkiye's FDI-driven export base a distinctly international reach.

Note: Source region/country refers to the region/country of origin of the FDI firm, not the destination of exports.



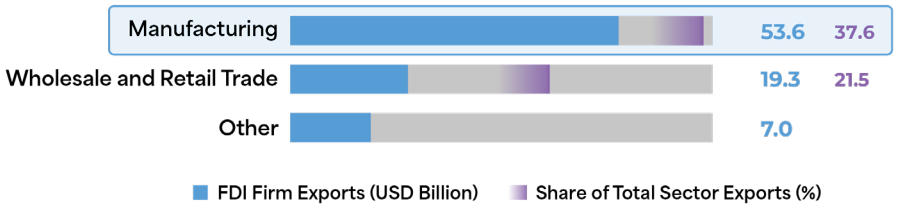
FDI Firm Exports by Sector

FDI firms play a substantial role in Türkiye's export economy, with their contribution particularly strong in manufacturing.

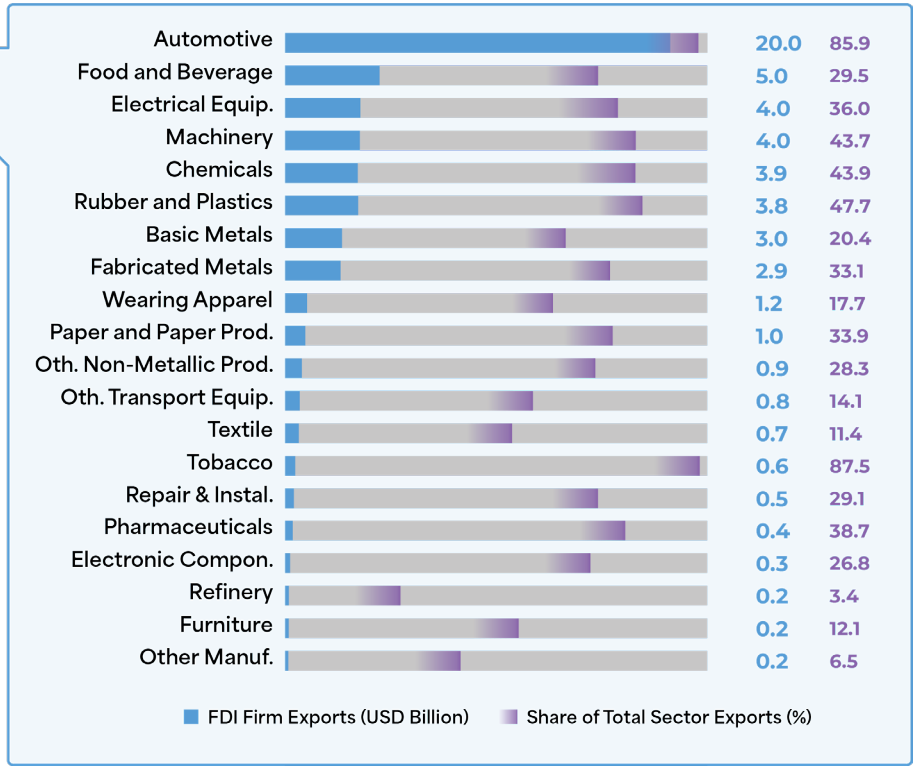
In 2024, FDI firms operating in manufacturing generated USD 53.6 billion in exports and accounted for 37.6% of all exports by manufacturing firms in Türkiye. Firms in wholesale and retail trade also made a sizeable contribution, generating USD 19.3 billion in exports.

Within manufacturing, automotive stands out, with FDI firms generating around USD 20 billion in exports and accounting for 85.9% of total exports by firms in the sector. Yet this contribution extends well beyond automotive, with FDI firms across food and beverages, electrical equipment, machinery, chemicals, and rubber and plastics combining sizeable export volumes with significant shares of total sector exports. Taken together, these patterns highlight the broad and substantial role of FDI firms across Türkiye's manufacturing export base.

FDI Firm Exports by Main Sector - 2024



FDI Firm Exports in Manufacturing Sectors - 2024

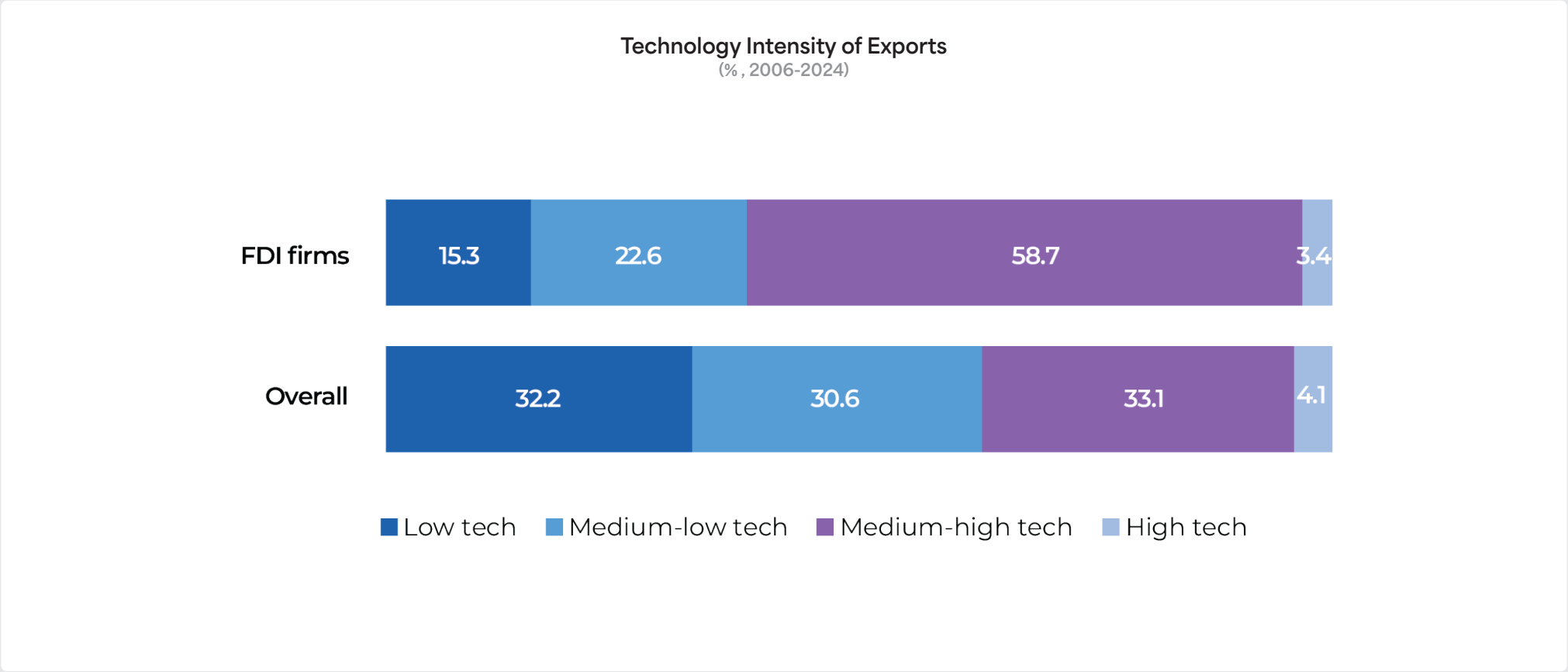


Technology Intensity of FDI Firm Exports

The contribution of FDI firms to Türkiye's exports is not only substantial in scale, but also distinctly more technology-intensive than the country's overall export profile.

Over the 2006–2024 period, medium-high and high-technology products together accounted for 62.1% of FDI firm exports on average, compared with 37.2% of Türkiye's total exports. This difference was driven predominantly by medium-high-technology products, highlighting the strong role of FDI firms in more technology-intensive manufacturing and export activities.

High-technology exports, however, present a more nuanced picture. Their long-term average share in FDI firm exports stood at 3.4%, slightly below the 4.1% recorded for Türkiye overall. This suggests that, while FDI firms make a strong contribution to medium-high-technology exports, there remains scope to deepen their role in high-tech activities and strengthen their contribution to Türkiye's technological upgrading and higher-value export ambitions.



5. FDI FIRM IMPORTS* IN TÜRKİYE

(*) "Imports" refers to merchandise imports and excludes services imports.

The merchandise import activities of FDI firms in Türkiye reflect different sectoral dynamics, particularly between manufacturing and trade, highlighting the diversity of their roles in the country's external trade structure.

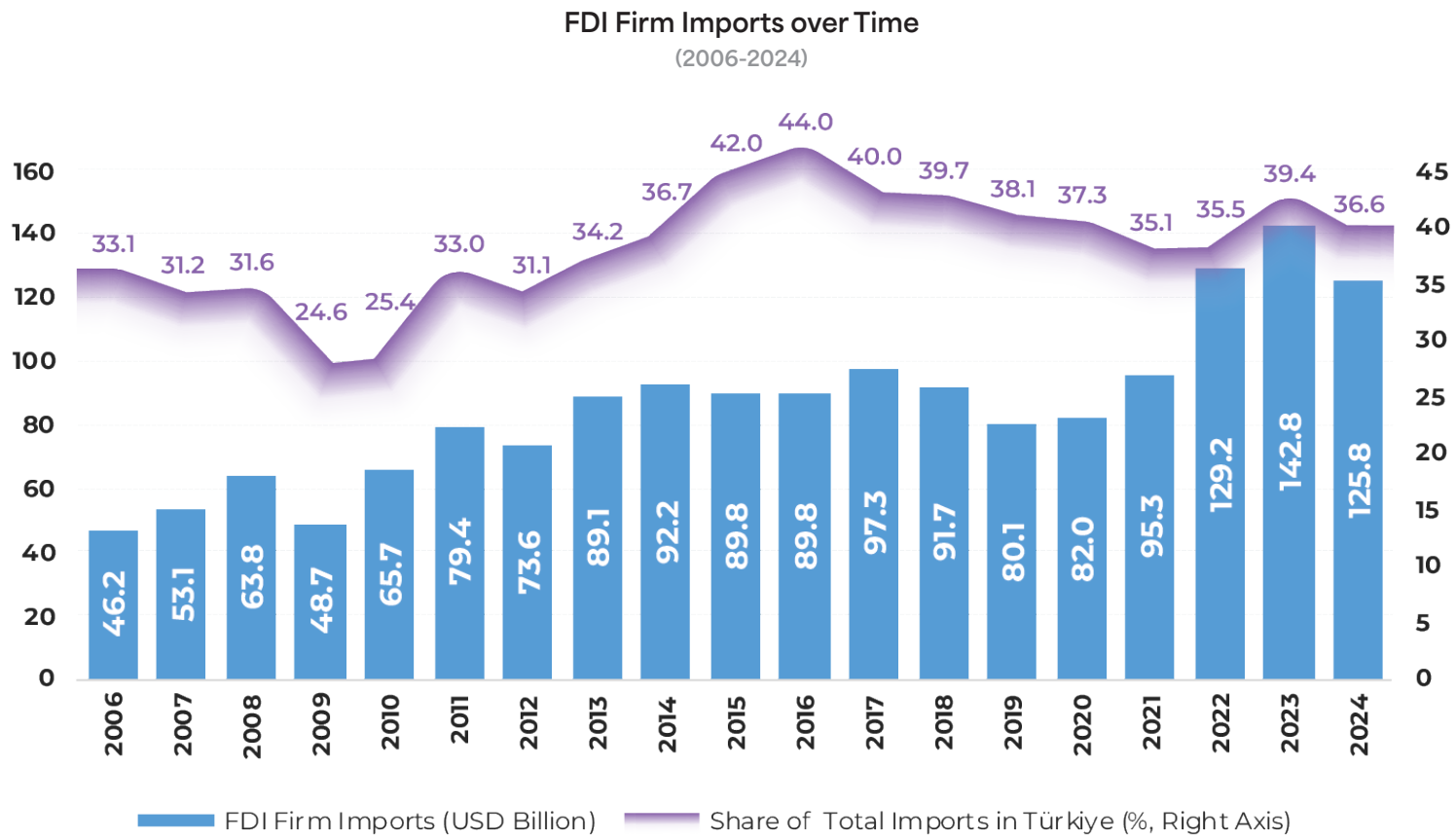
Overview of FDI Firm Imports

FDI firms represent a major and persistent component of Türkiye's import activity.

Between 2006 and 2024, their imports increased from USD 46.2 billion to USD 125.8 billion, reaching around 2.7 times their 2006 level. Their share of Türkiye's total imports remained substantial throughout the period, generally accounting for more than one-third of the total and standing at 36.6% in 2024.

Import activity accelerated particularly strongly in the post-pandemic period, reaching a record USD 142.8 billion in 2023 before moderating in 2024.

While FDI firm imports exceed their exports at the aggregate level, a fuller understanding of this difference requires examining both the sectoral structure of importing firms and the composition of their imports.



FDI Firm Imports by Country of Origin

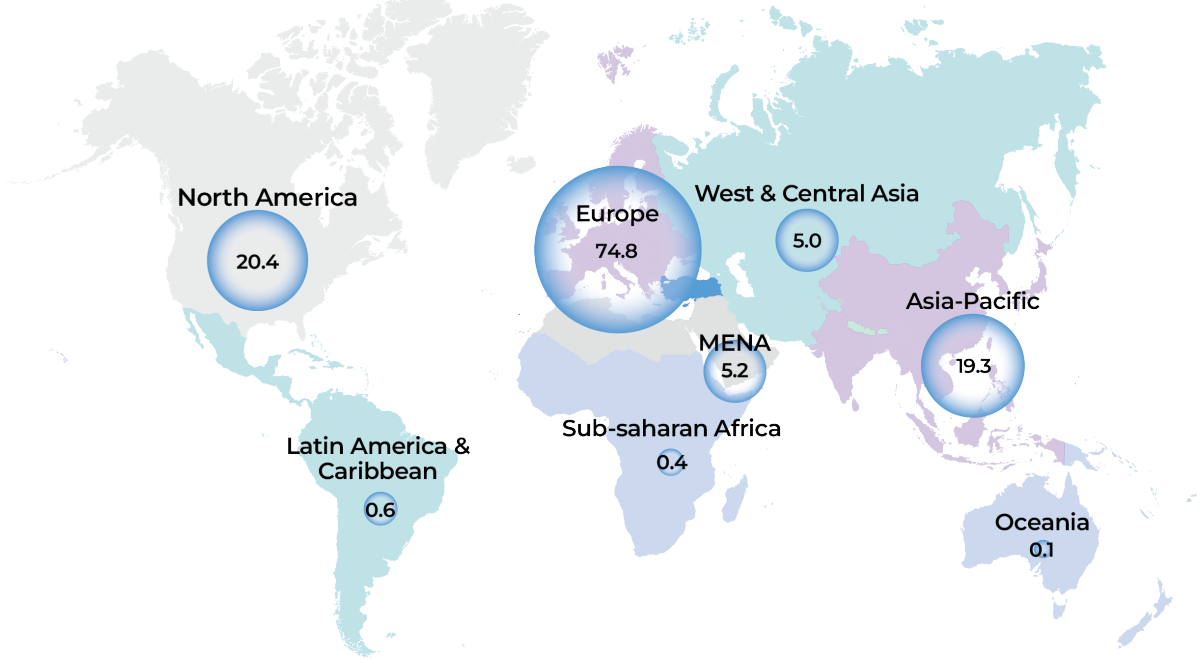
The geographic profile of FDI firm imports—based on the country of origin of the investing firm rather than the origin of imported goods—is led by European-origin firms. In 2024, they generated USD 74.8 billion in imports, accounting for close to 60% of the total. North America and Asia-Pacific formed a second group at broadly comparable levels, with USD 20.4 billion and USD 19.3 billion, respectively, while imports by firms originating from other regions remained considerably lower.

At the country level, the United States was the largest source, followed by Germany and France, while Japan also ranked prominently. Europe's regional weight was supported by a broad group of source economies, including the Netherlands, Italy, the United Kingdom, Switzerland and Spain. In Asia-Pacific, Japan was followed by South Korea and China, while Azerbaijan and Russia stood out in West & Central Asia and the UAE in MENA.

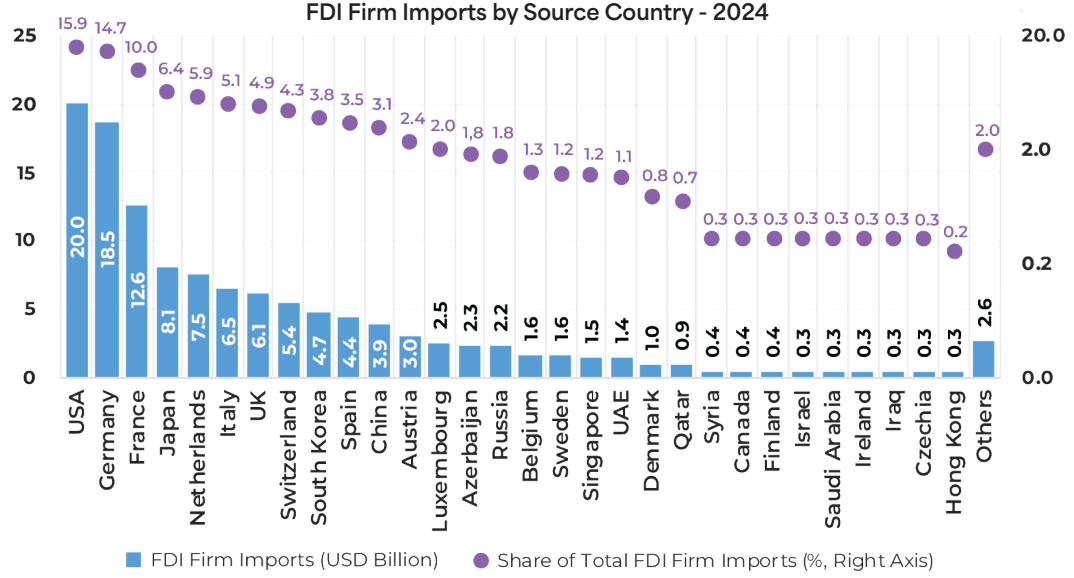
The pattern broadly mirrors the wider geographic footprint of FDI firms in Türkiye, with Europe providing the broadest base and major economies from North America and Asia-Pacific adding substantial scale.

Note: Source region/country refers to the region/country of origin of the FDI firm, not the origin of imported goods.

FDI Firm Imports by Source Region (USD Billion, 2024)



FDI Firm Imports by Source Country - 2024



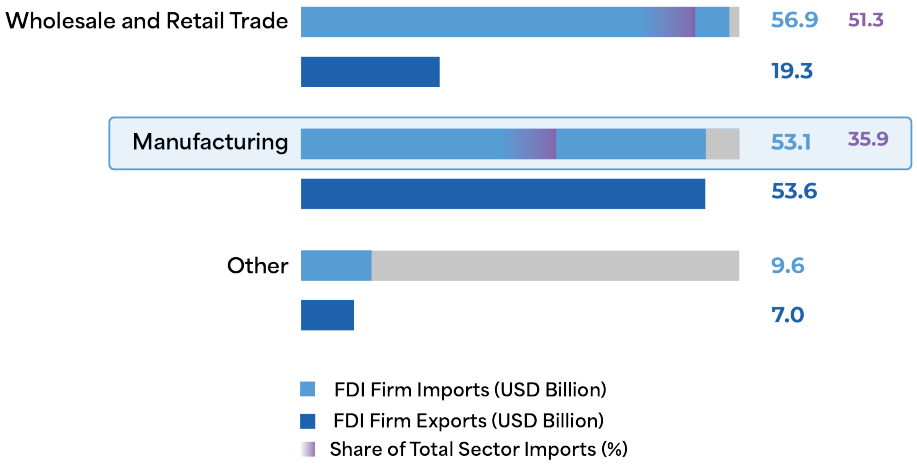
FDI Firm Imports by Sector

The sectoral profile of FDI firm imports helps explain the gap between aggregate imports and exports.

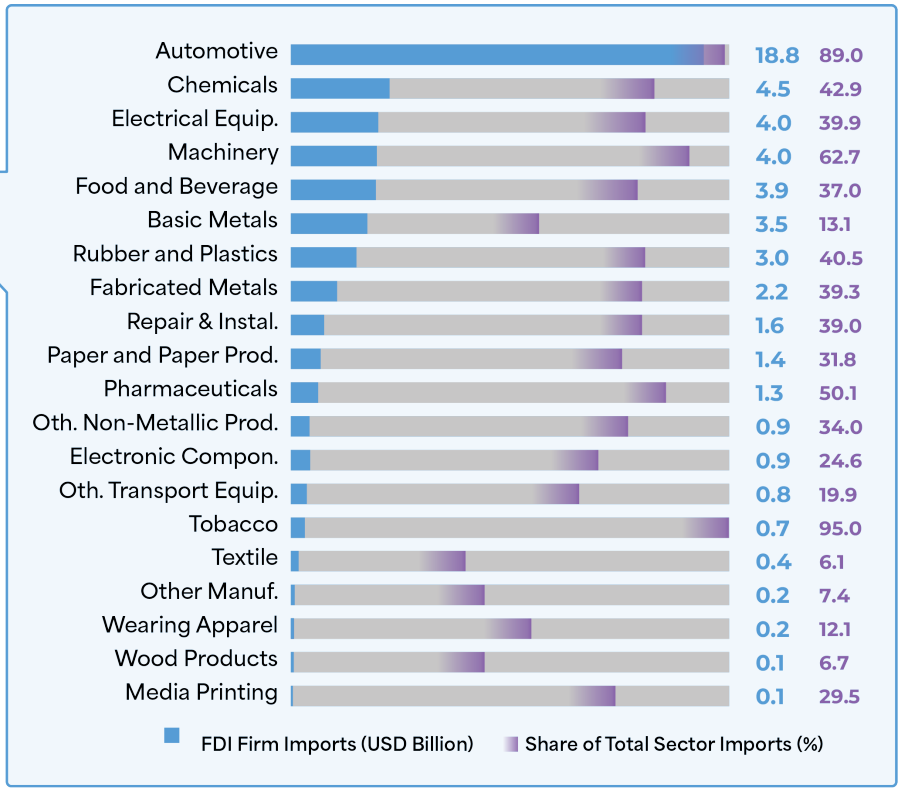
In 2024, wholesale and retail trade generated USD 56.9 billion in imports, slightly above manufacturing at USD 53.1 billion. The underlying dynamics, however, differ markedly: trade firms largely import to serve Türkiye's domestic market, whereas manufacturing firms use imports as part of broader production, sourcing and export activities. This helps explain why the import-export gap is concentrated mainly in trade, while manufacturing FDI firms show a much more balanced external trade profile.

Within manufacturing, automotive stands out both in scale and relative weight, with USD 18.8 billion in imports and an 89.0% share of total subsector imports. Chemicals, electrical equipment, machinery, food and beverages, rubber and plastics, and pharmaceuticals also combine sizeable import volumes with substantial FDI shares, reflecting the deep integration of FDI manufacturers into international production and sourcing networks.

FDI Firm Imports by Main Sector - 2024



FDI Firm Imports in Manufacturing Sectors - 2024



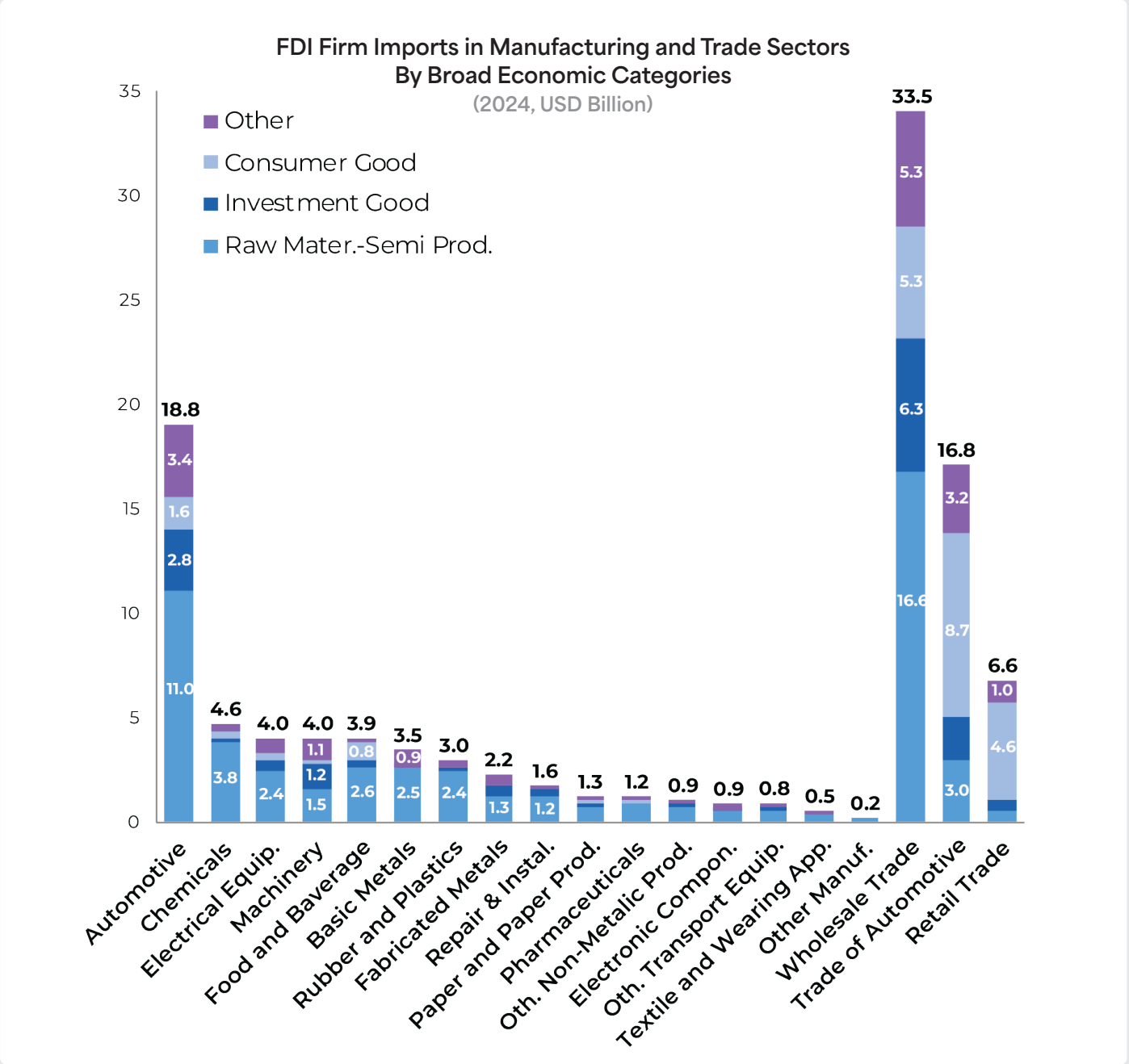
FDI Firm Import Composition by Product Type

The composition of FDI firm imports reveals markedly different underlying functions across manufacturing and trade.

In manufacturing, imports are predominantly production-oriented, with raw materials and semi-finished products forming the largest component across most major industries. Automotive provides the clearest example, while a similar pattern is visible across chemicals, electrical equipment, food and beverages, basic metals, rubber and plastics, and fabricated metals, underscoring the role of imported inputs within internationally integrated production processes.

Trade presents a different profile. Wholesale trade combines substantial imports of intermediate and investment goods, while automotive trade and retail trade contain a much larger consumer-goods component, consistent with their stronger orientation toward serving the domestic market. This distinction helps explain why the aggregate import-export gap is concentrated mainly in trade, whereas manufacturing imports are more closely linked to production and participation in cross-border value chains.

The prominence of imported intermediate inputs in manufacturing also points to further scope for local supplier development and stronger domestic sourcing, helping deepen industrial linkages and retain a greater share of value creation within Türkiye's economy.



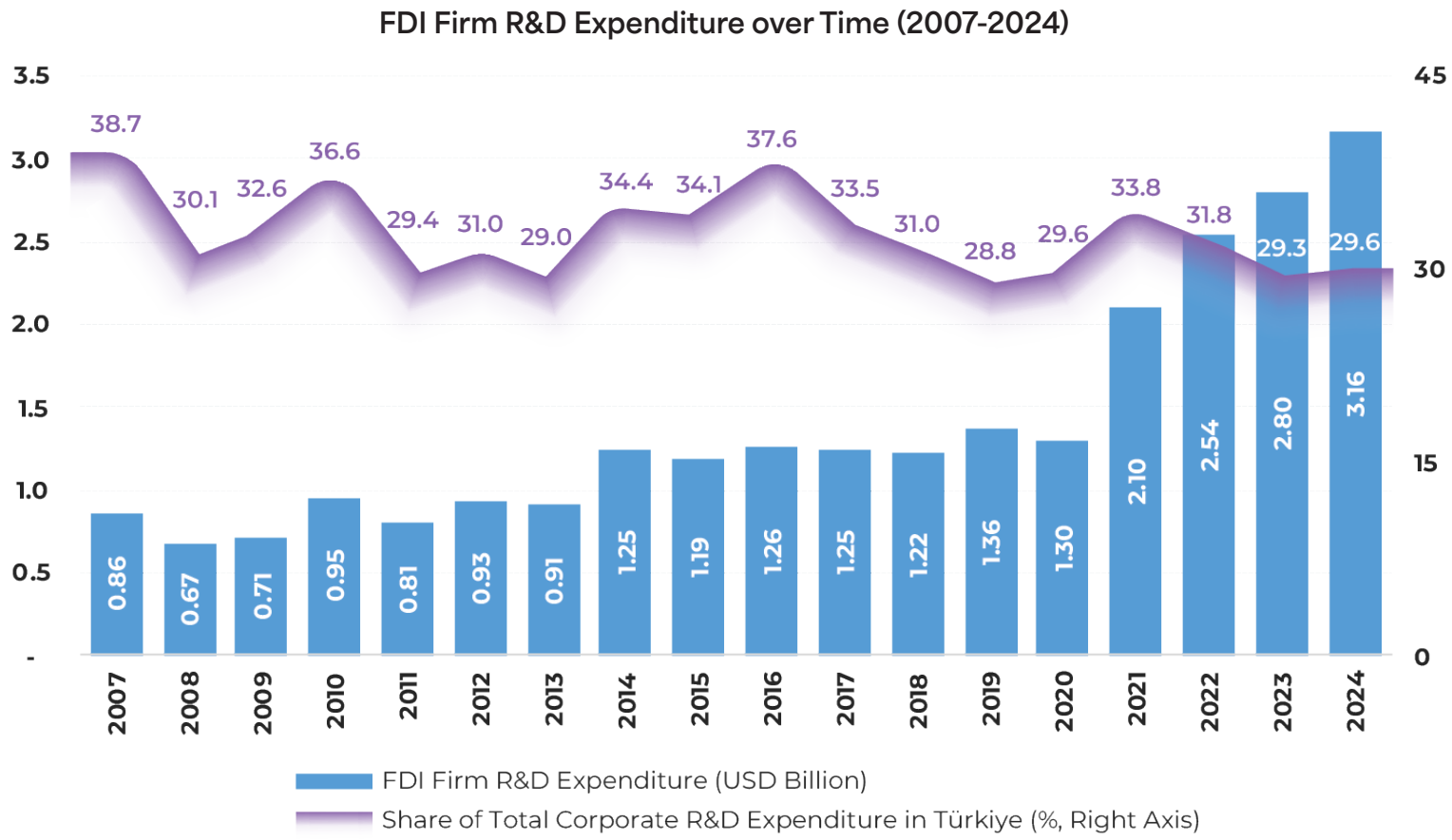
6. FDI FIRM R&D EXPENDITURE IN TÜRKİYE

FDI firms play a prominent role in Türkiye’s corporate R&D ecosystem, contributing significantly to innovation and technological development across manufacturing and knowledge-intensive activities.

Overview of FDI Firm R&D Expenditure

FDI firms make a substantial and sustained contribution to corporate R&D activity in Türkiye. Their R&D expenditure increased from USD 0.86 billion in 2007 to USD 3.16 billion in 2024, reaching nearly four times its initial level. Growth accelerated particularly after 2020, with expenditure rising sharply over the following four years.

Alongside this strong increase in absolute terms, FDI firms maintained a consistently sizeable share of total corporate R&D expenditure, generally around 30% and standing at 29.6% in 2024. This combination of rising expenditure and a persistently significant share highlights the continuing importance of FDI firms within Türkiye's corporate R&D ecosystem.



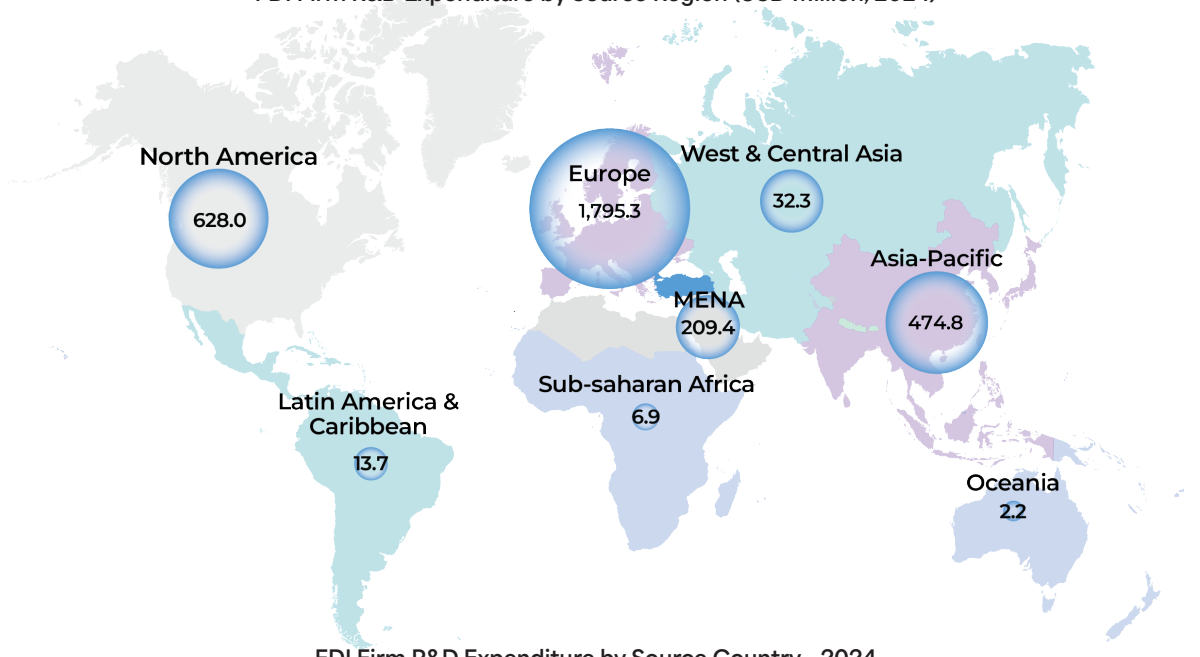
FDI Firm R&D Expenditure by Country of Origin

FDI firm R&D expenditure in Türkiye draws on a wide geographic base, with Europe forming the largest regional source in 2024. European-origin firms accounted for USD 1.80 billion in R&D expenditure, while North America and Asia-Pacific also held substantial positions, contributing USD 628 million and USD 475 million, respectively. MENA added a further USD 209 million, giving the regional profile a notable contribution from several major investment regions.

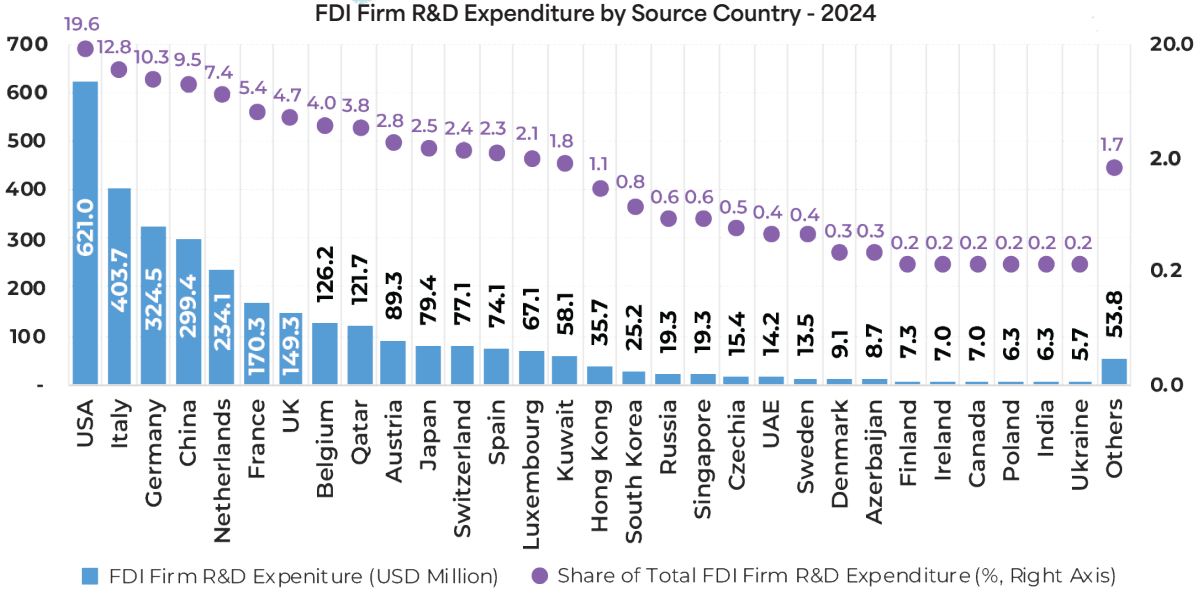
At the country level, the ranking differs noticeably from several other indicators. The United States emerges as the largest source of FDI firm R&D expenditure, while Italy rises to second place ahead of Germany. China also ranks prominently, reinforcing the weight of Asia-Pacific, while the Netherlands, France and the United Kingdom remain important European contributors and Qatar stands out in MENA.

The resulting profile suggests that R&D activity is shaped not only by the largest sources of FDI in Türkiye, but also by countries whose firms maintain a particularly strong innovation and technology footprint.

FDI Firm R&D Expenditure by Source Region (USD Million, 2024)



FDI Firm R&D Expenditure by Source Country - 2024

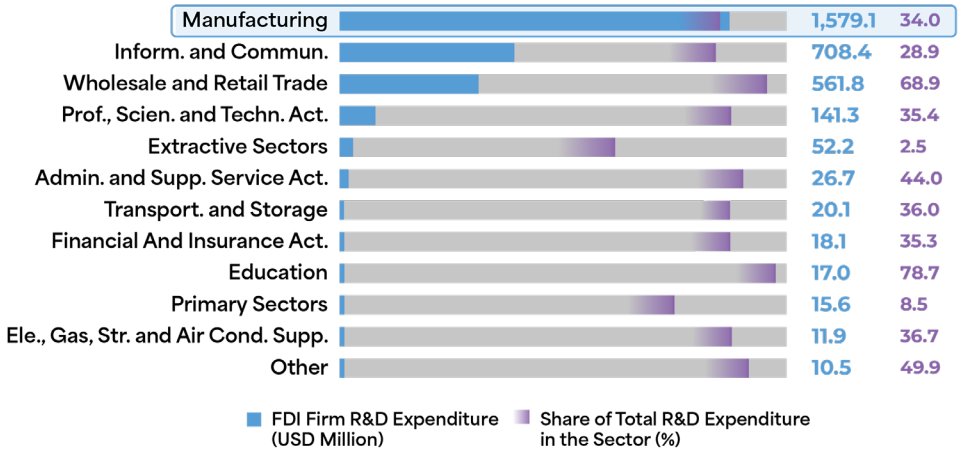


FDI Firm R&D Expenditure by Sector

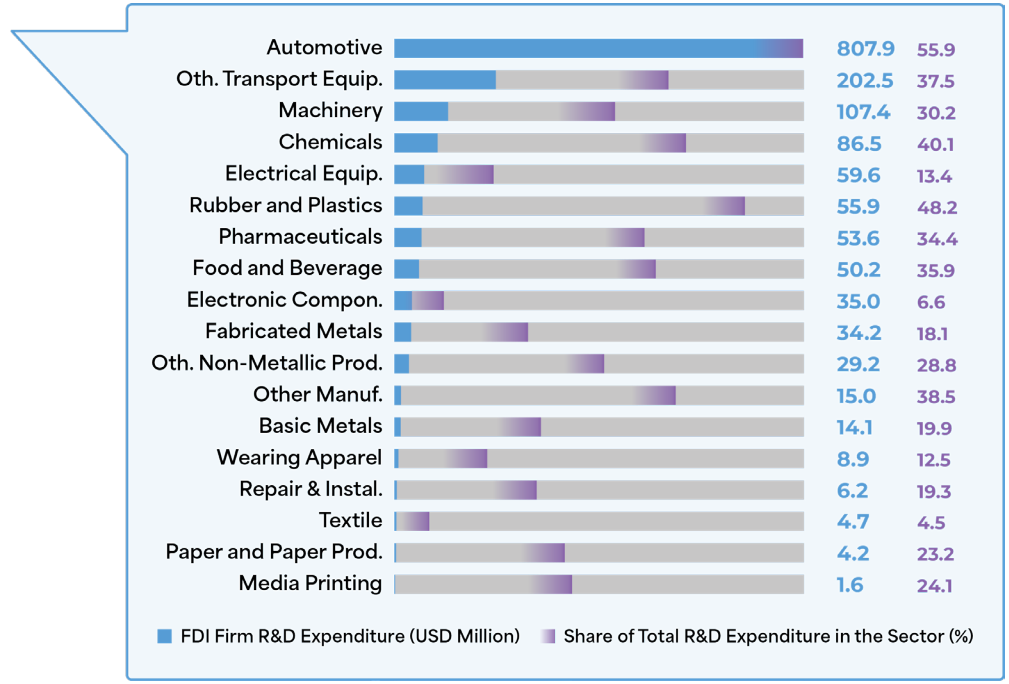
The sectoral profile of FDI firm R&D expenditure differs notably from the patterns observed across several other performance indicators. Manufacturing remains the largest contributor, with USD 1.58 billion in R&D expenditure in 2024, while information and communication emerges as a clear second at USD 708 million, ahead of wholesale and retail trade. Professional, scientific and technical activities also make a visible contribution, reinforcing the strong presence of technology- and knowledge-intensive activities in the R&D profile of FDI firms.

Within manufacturing, automotive plays a particularly prominent role, accounting for more than half of FDI firm R&D expenditure in the sector. Other transport equipment follows at a considerable distance, with machinery, chemicals, electrical equipment, rubber and plastics, pharmaceuticals, and food and beverages forming the next group. FDI firms also account for substantial shares of total sector R&D expenditure in several of these industries, particularly automotive, rubber and plastics, and chemicals. The resulting picture shows an R&D footprint centered on manufacturing but extending strongly into information and communication and other knowledge-intensive activities.

FDI Firm R&D Expenditure by Sector - 2024



FDI Firm R&D Expenditure in Manufacturing Sectors - 2024



7. GLOSSARY

The definitions presented in this section establish a consistent framework for interpreting the report's findings, ensuring clarity and comparability across indicators.

Employment

The number of employees is count of persons who work for an employer and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind

Export

Selling goods by resident real or legal persons in one country to other countries.

Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) refers to the investments that reflect a lasting interest and a degree of control by a resident entity in one economy (the direct investor) in an enterprise located in another economy (the direct investment enterprise). A threshold of at least 10% of voting power is used to distinguish FDI from portfolio investment (IMF).

Import

Buying goods by resident real or legal persons in one country from other countries.

International Trade

International trade refers to trade with foreign countries. It means buying and selling of goods by one country with other countries. Foreign trade or international trade means the trade which is spread beyond the boundaries of a country.

Research & Development

Regular, creative work to increase the body of knowledge that includes knowledge of society, culture and people and to use it in new applications.

Sector

The sector in which the investment is made, determined according to the NACE methodology.

Source Country

The source country of an FDI firm is the country of residence of its ultimate investor.

Turnover

Turnover is the total of the sales of goods and services invoiced by the observation unit during the reference period.

Product Type

The structural classification of physical commodities or products into distinct macroeconomic groupings based on their intended industrial application, phase of processing, or final destination in the market, primarily standardized internationally by the United Nations Broad Economic Categories (BEC) framework.

Intermediate Good

Commodities that are used as manufacturing inputs and are completely consumed, transformed, or permanently incorporated into other products during a production cycle.

Investment Good

A durable asset purchased by enterprises to be repeatedly or continuously used over a long period (typically exceeding one year) to produce other goods, services, or economic value. These items do not get physically used up during production.

Consumer Good

Any final commodity purchased by individual households or end-users for immediate personal gratification, consumption, or utility, rather than for use in a commercial business operation.

Other

A residual accounting classification within international trade and national statistics reserved for commodities that cannot be definitively assigned to a primary end-use category. This typically encompasses generic dual-use fuels, special transaction items,

FDI Firm

A legal business entity incorporated under local laws but partially (at least %10) or wholly owned by non-resident individuals or non-resident parent organizations, typically defined by non-resident investors holding a stake over the company's assets and strategic decisions.

Firm Type

Official authorities categorize businesses based on the official Regulation on Small and Medium Enterprises according to firms' employment and turnover size.

Micro Firms

The smallest category of business entity, typically encompassing small family shops, startups, or freelancers, defined by employing fewer than 10 people with an annual net sales revenue or balance sheet total of up to 10 million TRY.

Small Firms

A business entity operating on a modest scale with a structured management framework, defined by employing fewer than 50 people with an annual net sales revenue or balance sheet total of up to 100 million TRY.

Medium Firms

An institutionally advanced corporation that operates across regional locations or international markets, defined by employing fewer than 250 people with an annual net sales revenue or balance sheet total of up to 1 billion TRY.

Large Firms

A major corporation or conglomerate operating beyond the SME scope, defined by employing 250 or more people, or generating an annual net sales revenue or balance sheet total exceeding 1 billion TRY.

Technology Intensity

The statistical dispersion, allocation, or mapping of economic activities, industries, or products across different levels of technological intensity within an economy

Low Tech

Traditional, mature manufacturing sectors with low R&D expenditures where competitive advantage relies primarily on labor costs, material inputs, and traditional production methods.

Medium-Low Tech

Sectors with lower R&D spending that typically focus on the processing of raw materials, fabrication, or modification of existing hardware components.

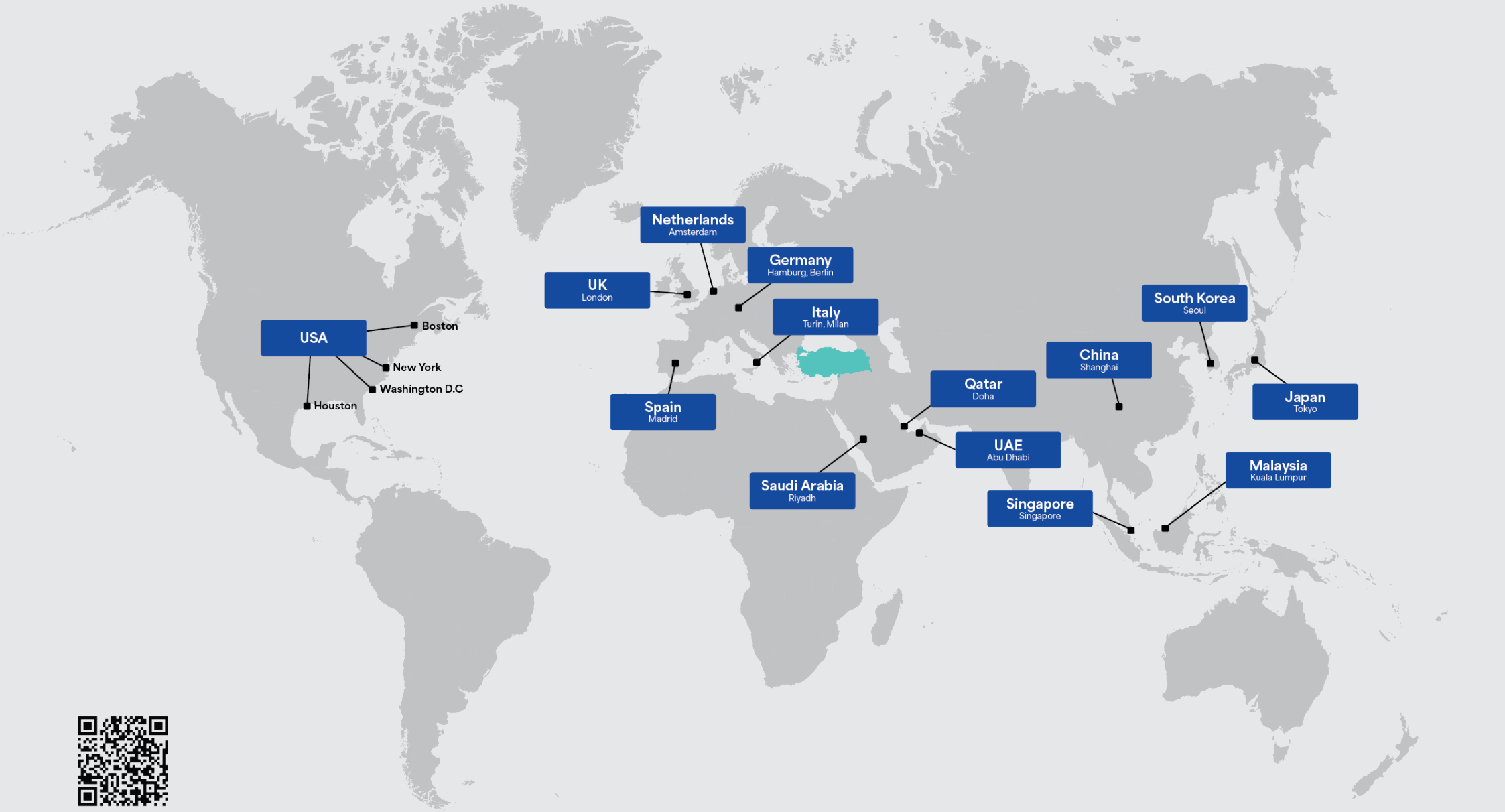
Medium-High Tech

Sectors with a substantial but lower R&D footprint than high-tech industries, heavily reliant on highly skilled engineering and advanced manufacturing processes.

High Tech

Sectors and industries characterized by a very high level of R&D intensity, dealing with cutting-edge innovations and complex scientific engineering.

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