



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

THE GLOBAL CHANGE:
HOW INTERNATIONAL TRADE IS
RESHAPING THE GLOBAL ECONOMY

TÜRKİYE'S LOGISTICS CAPABILITIES

SEPTEMBER 2022



AGENDA



**OUTLOOK TO GLOBAL
TRADE & LOGISTICS**



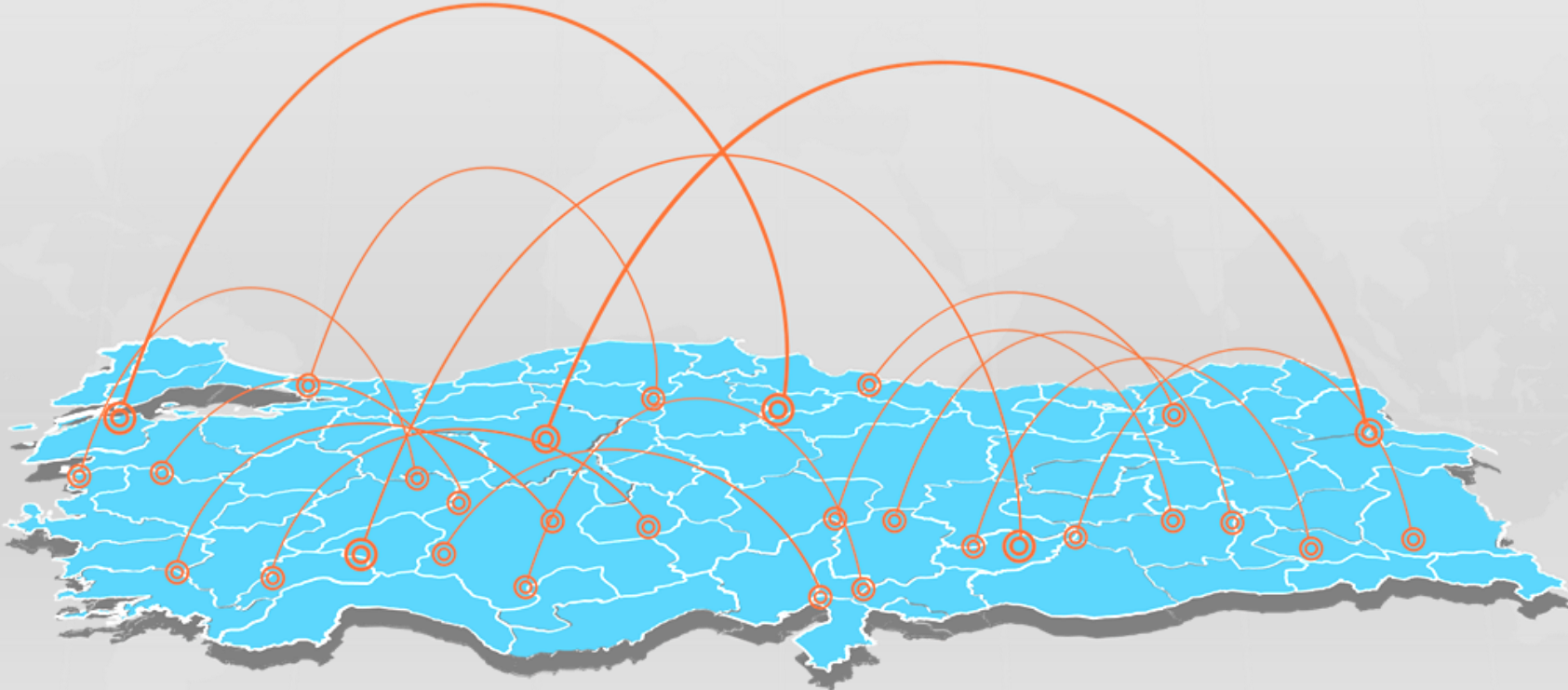
OUTLOOK TO
TRADE &
LOGISTICS IN
TÜRKİYE



LOGISTICS
CAPABILITIES
OF TÜRKİYE



TURKISH LOGISTICS
SECTOR AFTER
PANDEMIC



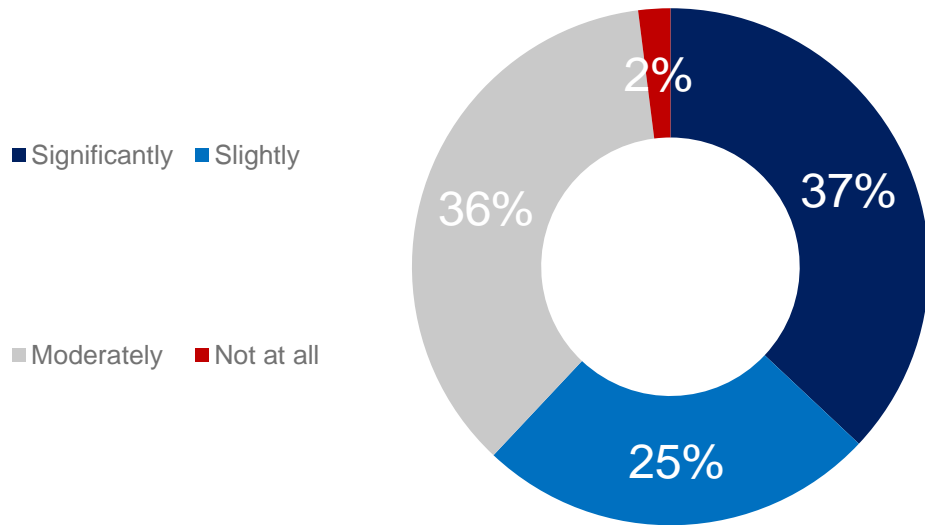


WHAT WAS EXPECTED: GLOBALIZATION OR DEGLOBALIZATION

SIGNIFICANT STRUCTURAL CHANGE WAS EXPECTED

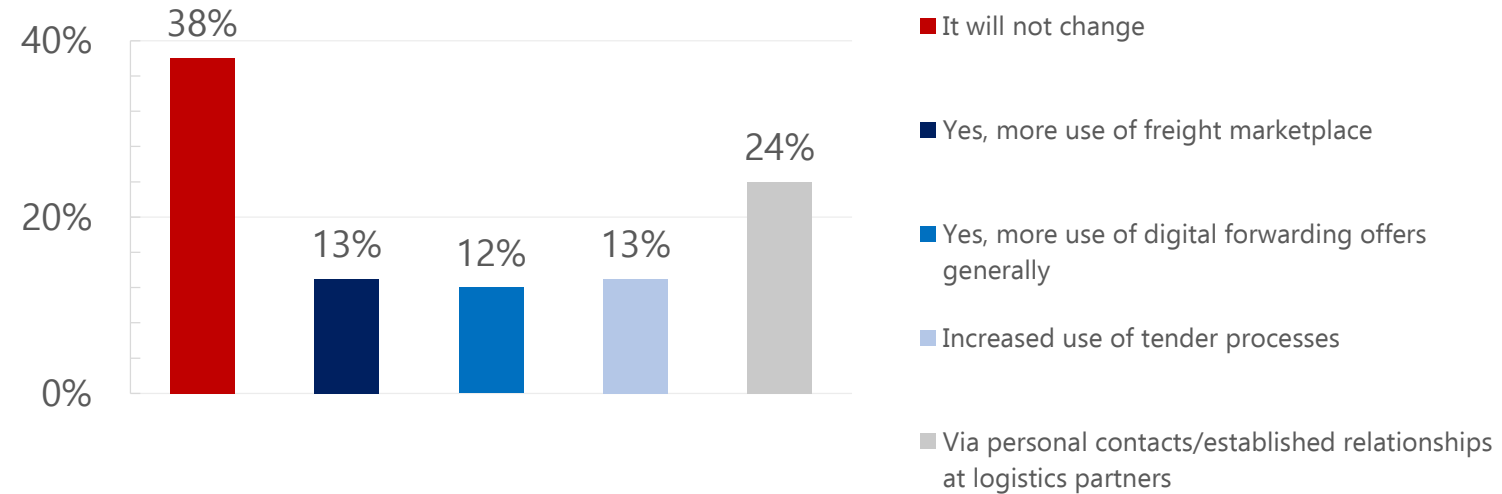
The Future Of Freight Forwarding In A Post-Covid World Survey

How will the Covid-19 crisis impact your supply chain strategy over the medium term?



Except 2% of the respondents, most expected a change in supply chain strategy to some extent.

Will your freight procurement method change as a result of Covid-19?



Major change in how shippers purchase freight services was anticipated by firms.

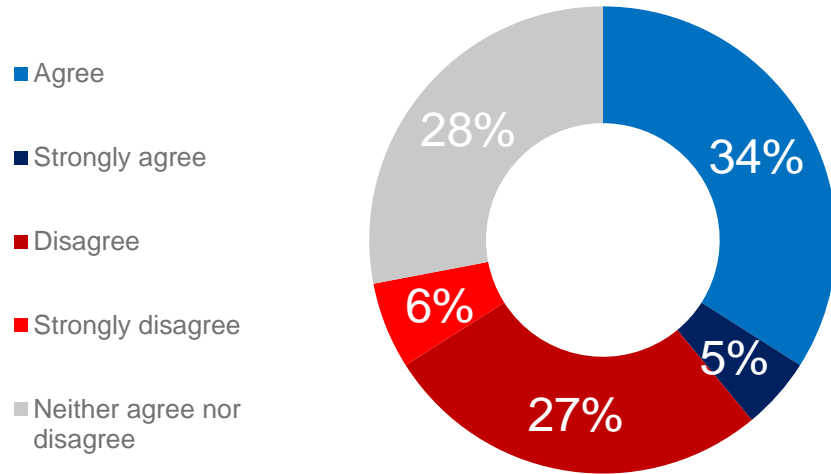


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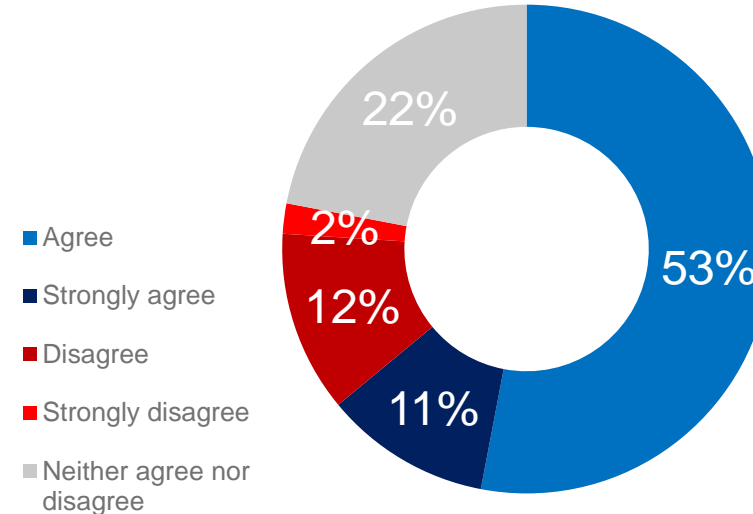
The Future Of Freight Forwarding In A Post-Covid World Survey

The Covid-19 crisis will lead to the end of globalization and the reemergence of national/local supply chains. Do you:



As many as 34% of respondents agree that the Covid-19 crisis will lead to the end of globalization.

Will your supply and flow-planning model become more flexible?



Flexibility results suggested that, over the medium-term, the most successful supply chains would be those that can most effectively respond and mitigate potential disruptions.



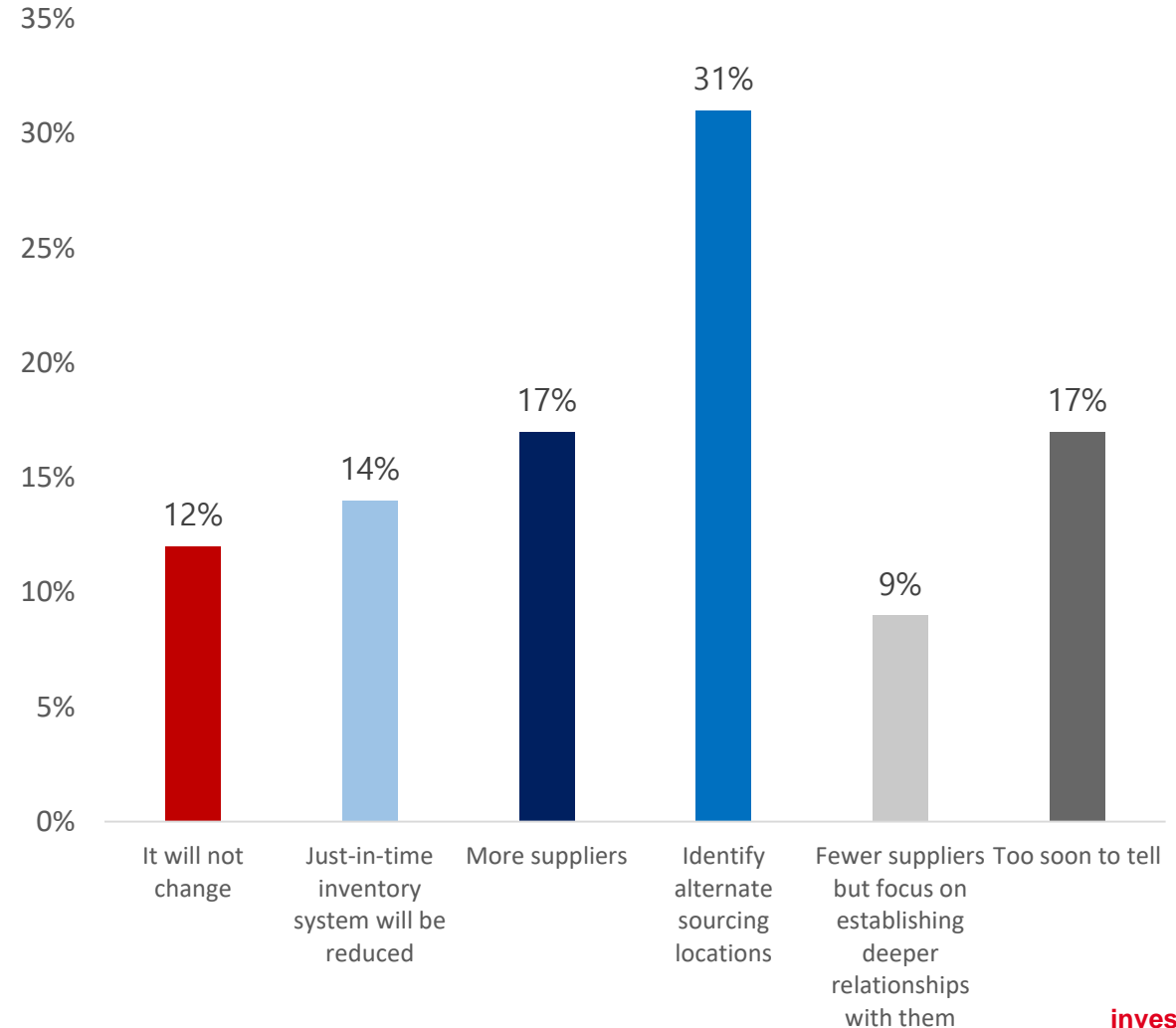
WHAT WAS EXPECTED: GLOBALIZATION OR DEGLOBALIZATION

FIRMS PLANNED TO ADOPT DIFFERENT STRATEGIES

The Future Of Freight Forwarding In A Post-Covid World Survey

- At that time, firms agreed on risks and de-globalization but they were thinking to adopt different strategies.
- 88% was planning to change their inventory procurement strategy.
- 31% was thinking that depending on single geography for procurement was not reliable.
- Significant amount of respondents was more conservative to change due to complexities such as identifying alternate locations, ensuring product quality and finding a reliable market.

How will your inventory procurement strategy change?

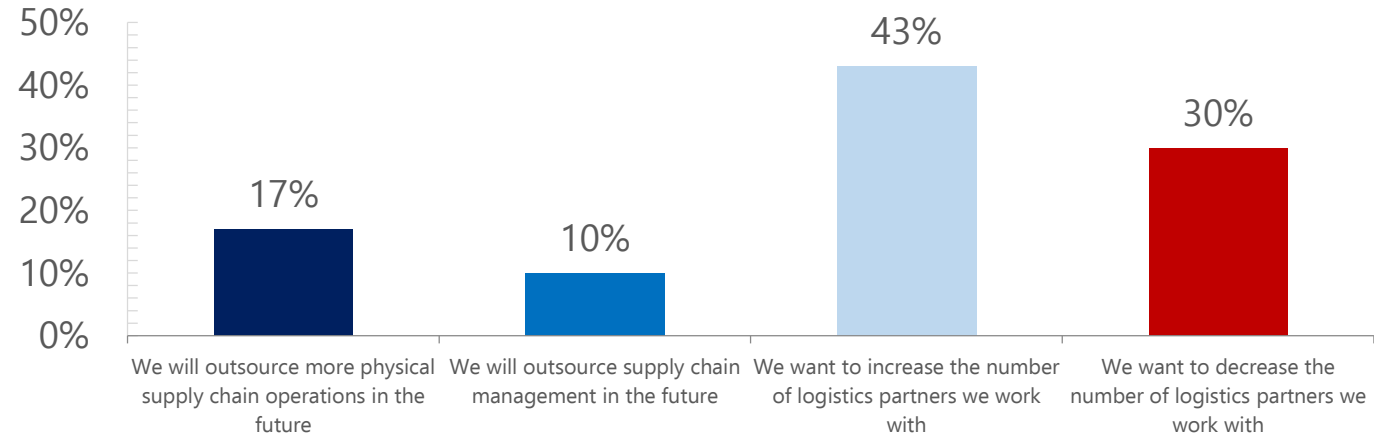




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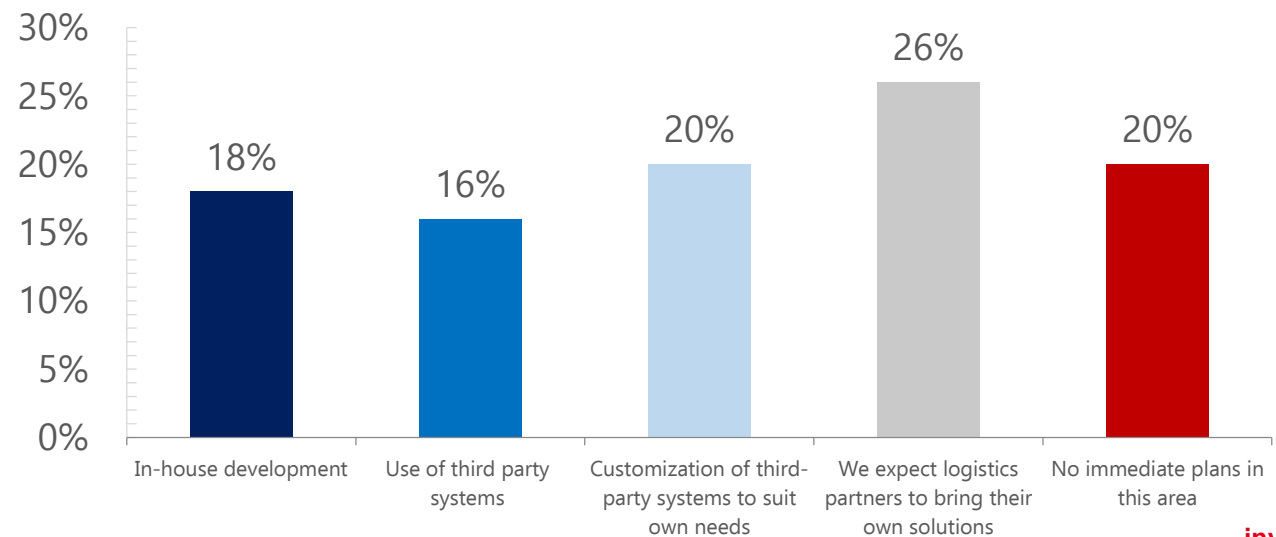
Which of the following describe your logistics outsourcing strategy?



Most of the firms still wanted to control their supply chain management. 43% of respondents would like to diversify their supply chain partners.

In contrast, 30% of respondents would like to decrease number of supply chain partners. This was an indication that firms were adopting different strategies.

How do you plan to integrate further technology solutions into your supply chain?



80% of respondents was planning to continue the integration of technology into their supply chain operations.

Majority were expecting logistics partners to bring their own solutions.

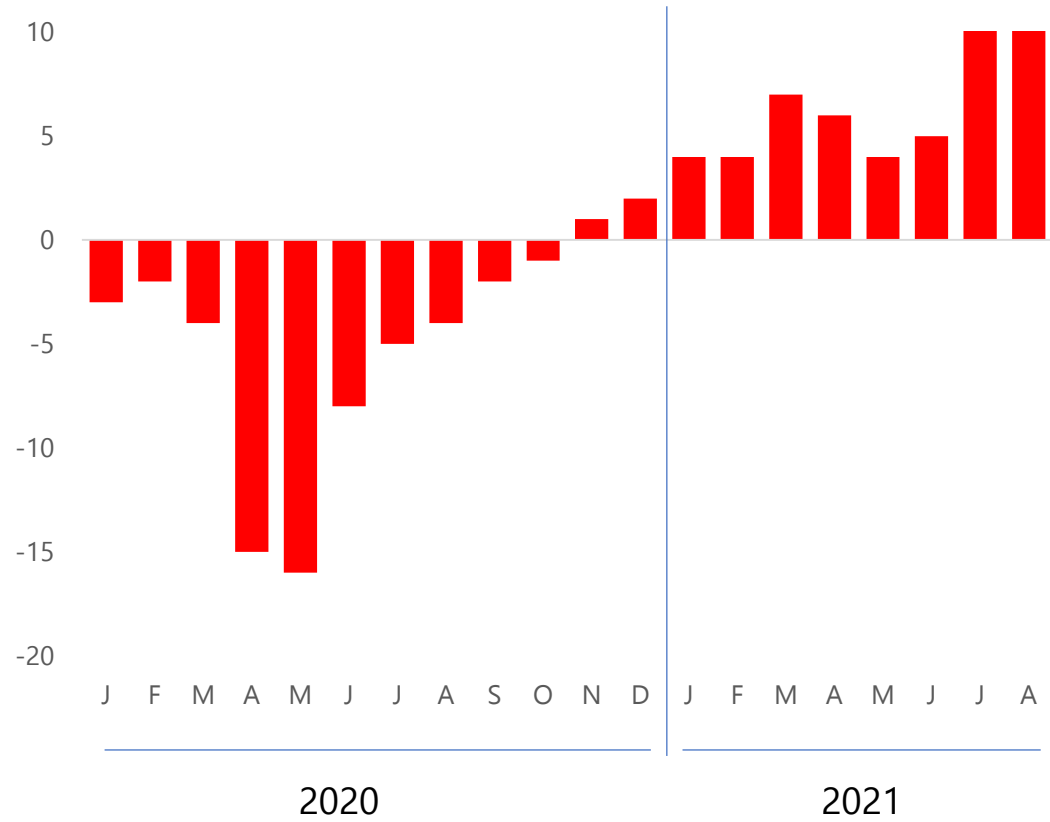
Customization of third-party systems appears to be the second best alternative.

WHAT HAPPENED: WORLD TRADE ACTIVITY

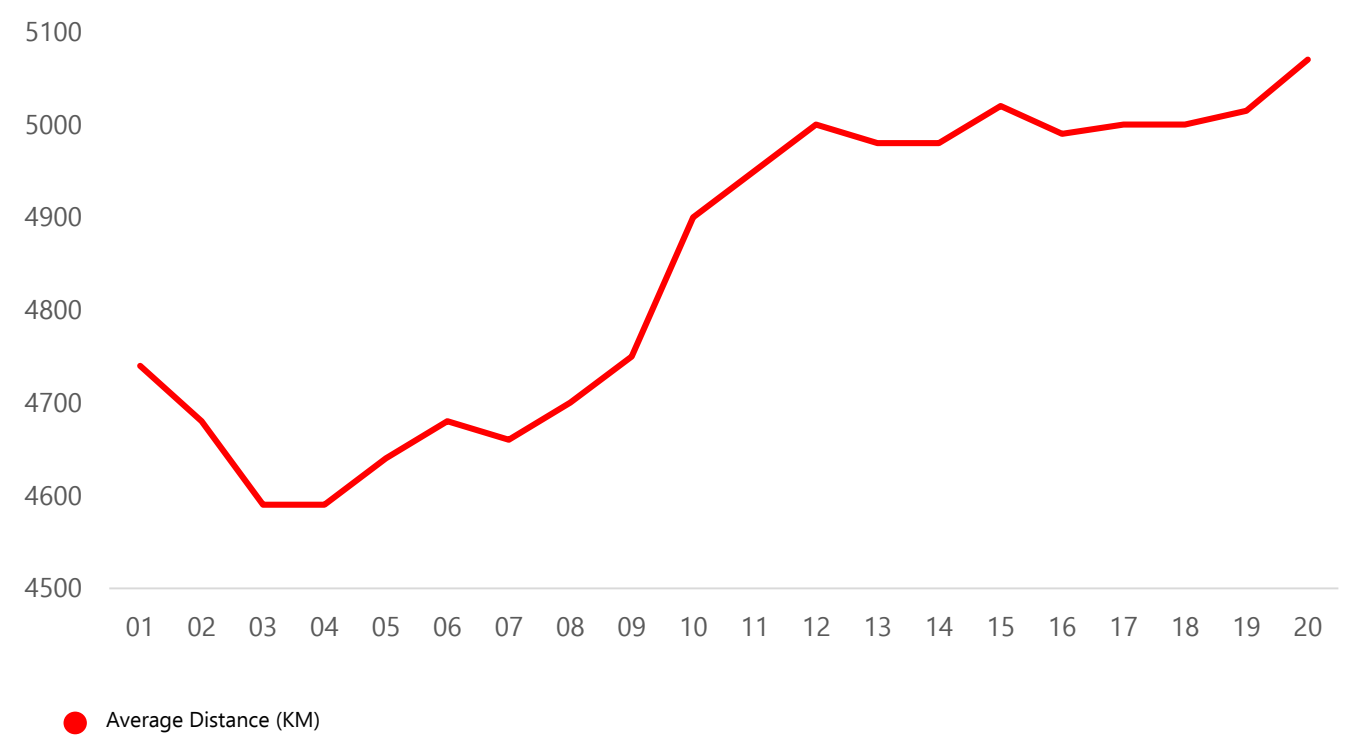
DATA CLEARLY SHOWS THAT TRADE BEGUN REBOUNDED & EXCEEDED PRE-PANDEMIC LEVELS



Merchandise Trade Volume (vs. Dec. 2019)



Average Distance Traversed by Merchandise Trade Kilometers, 2001-2020

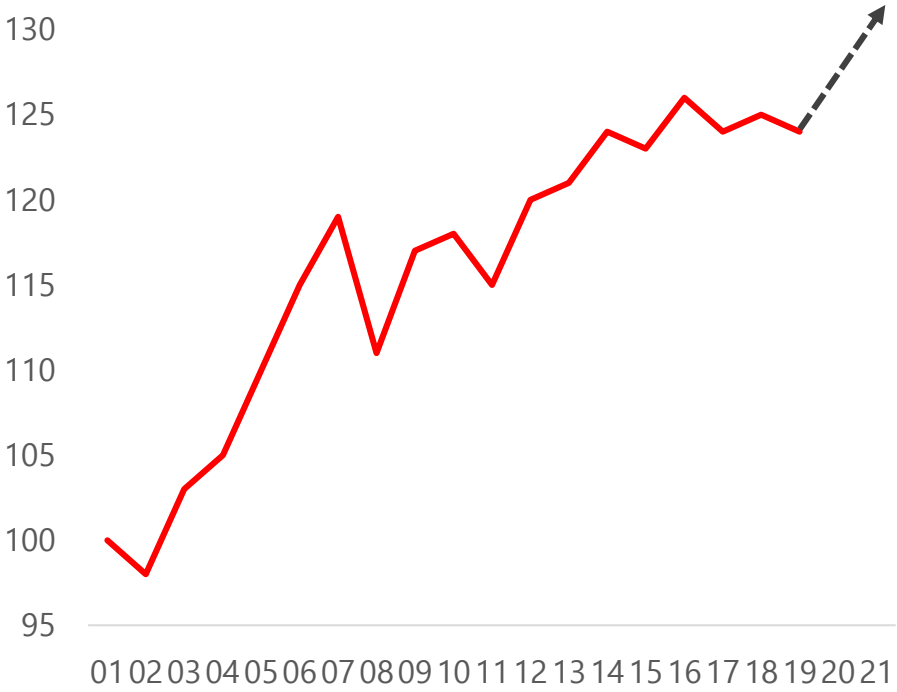


WHAT HAPPENED: GLOBALIZATION OR DEGLOBALIZATION

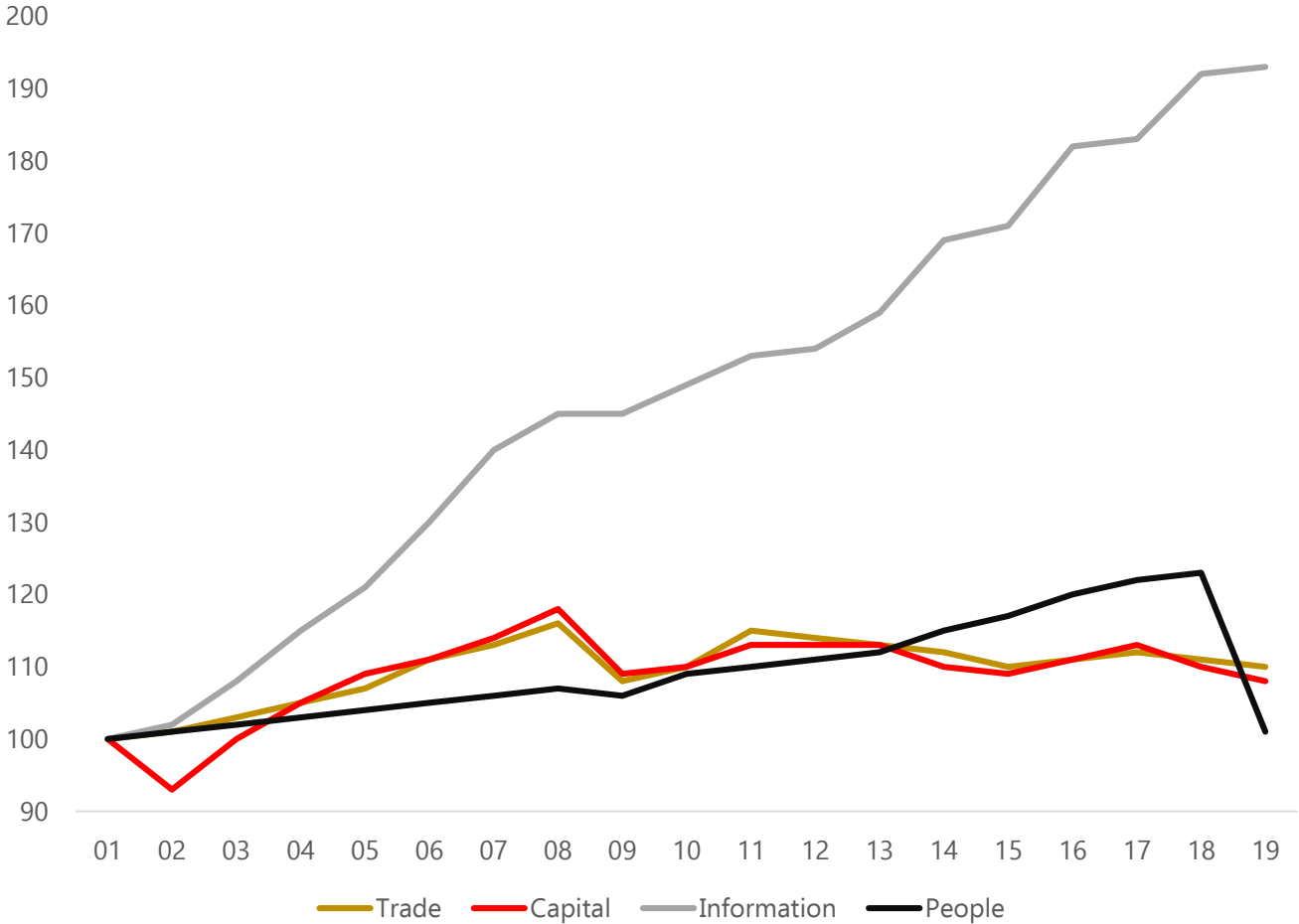
GLOBALIZATION IS RECOVERING FROM THE PANDEMIC IN A MORE ROBUST WAY THAN EXPECTED



Global Connectedness Index 2021 Update



Four Pillars of Global Connectedness 2001-19'

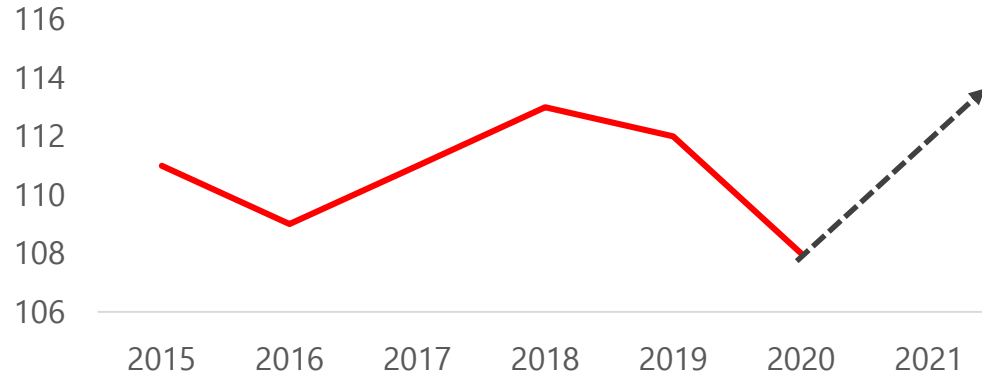


FOUR PILLARS OF GLOBAL CONNECTEDNESS

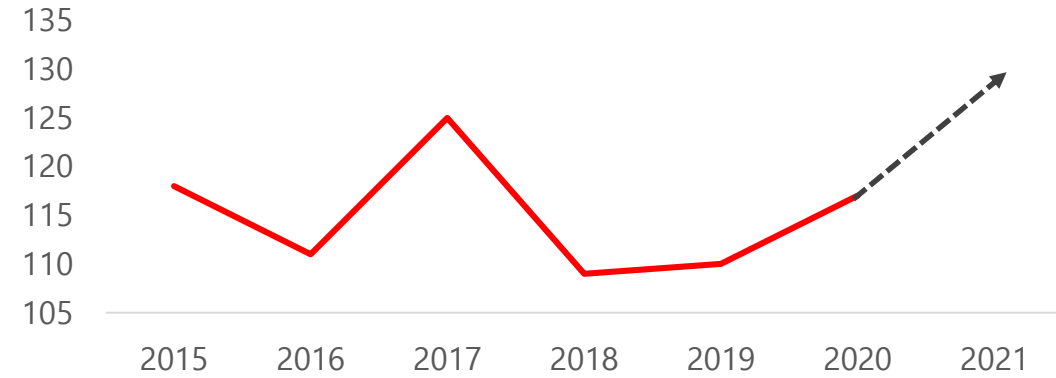
EXCEPT PEOPLE MOVEMENT ALL FLOWS QUICKLY STABILIZED



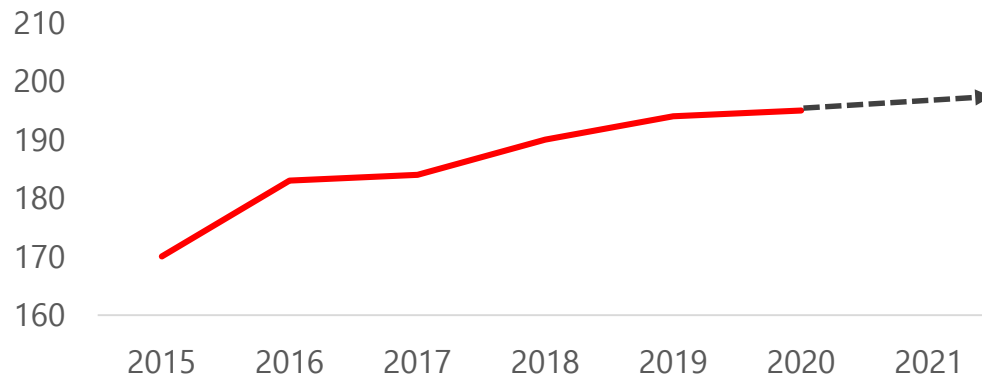
Trade



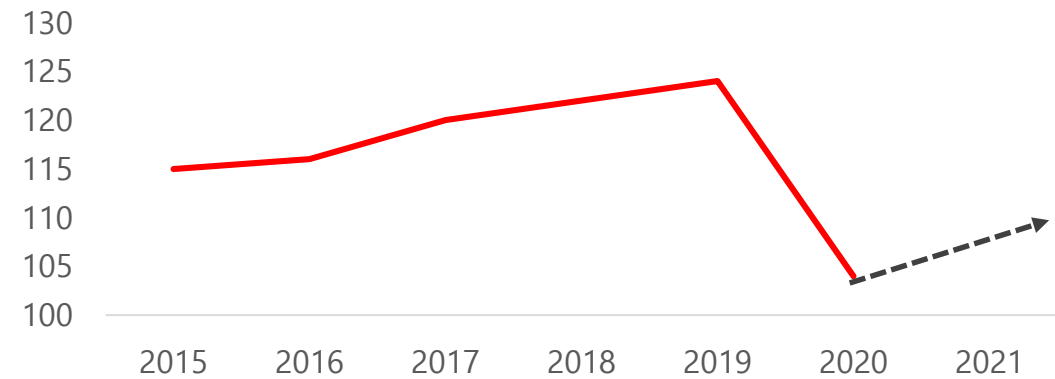
Capital



Information

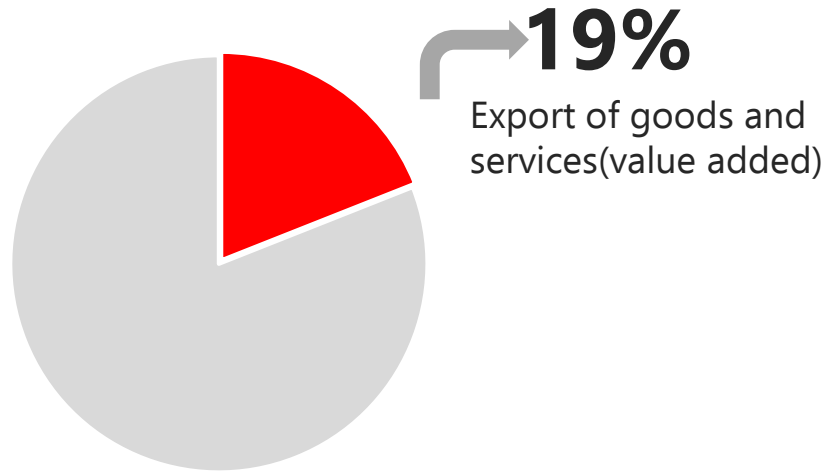


People

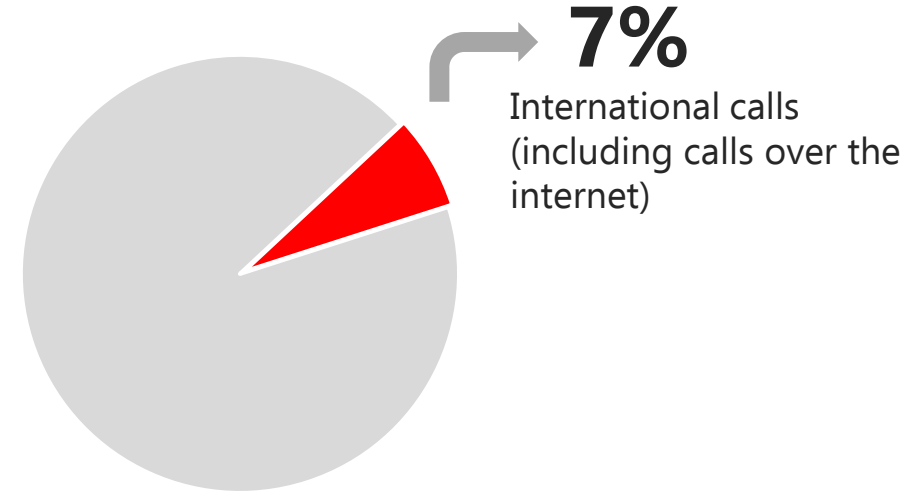


FOUR FLOWS THAT CONNECT THE WORLD

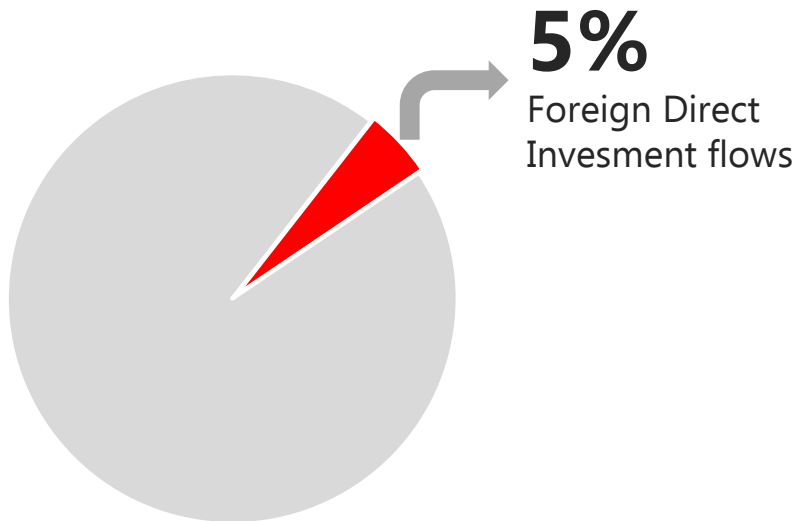
MOST FLOWS ARE DOMESTIC RATHER THAN INTERNATIONAL



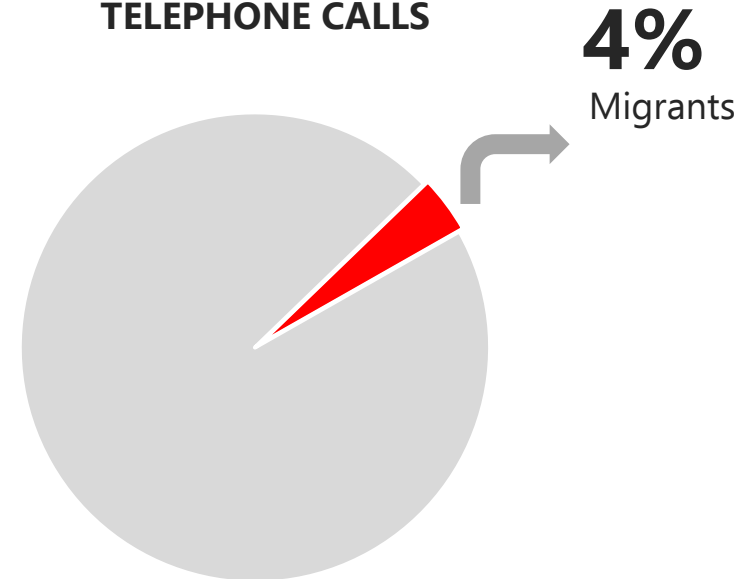
GLOBAL GDP



TELEPHONE CALLS



GLOBAL FIXED INVESTMENT



WORLD POPULATION

TRENDS IN 2022 & BEYOND

RESILLIENCE OF LOGISTICS FIRMS WILL BE FURTHER TESTED IN 2022 & NEW STRATEGIES WILL BE ADOPTED



Technology Investments



Elastic Supply Chains



Labor Shortage



Near-Shoring



Production Delays



Circular Logistics



Green Logistics



AGENDA



OUTLOOK TO GLOBAL
TRADE & LOGISTICS



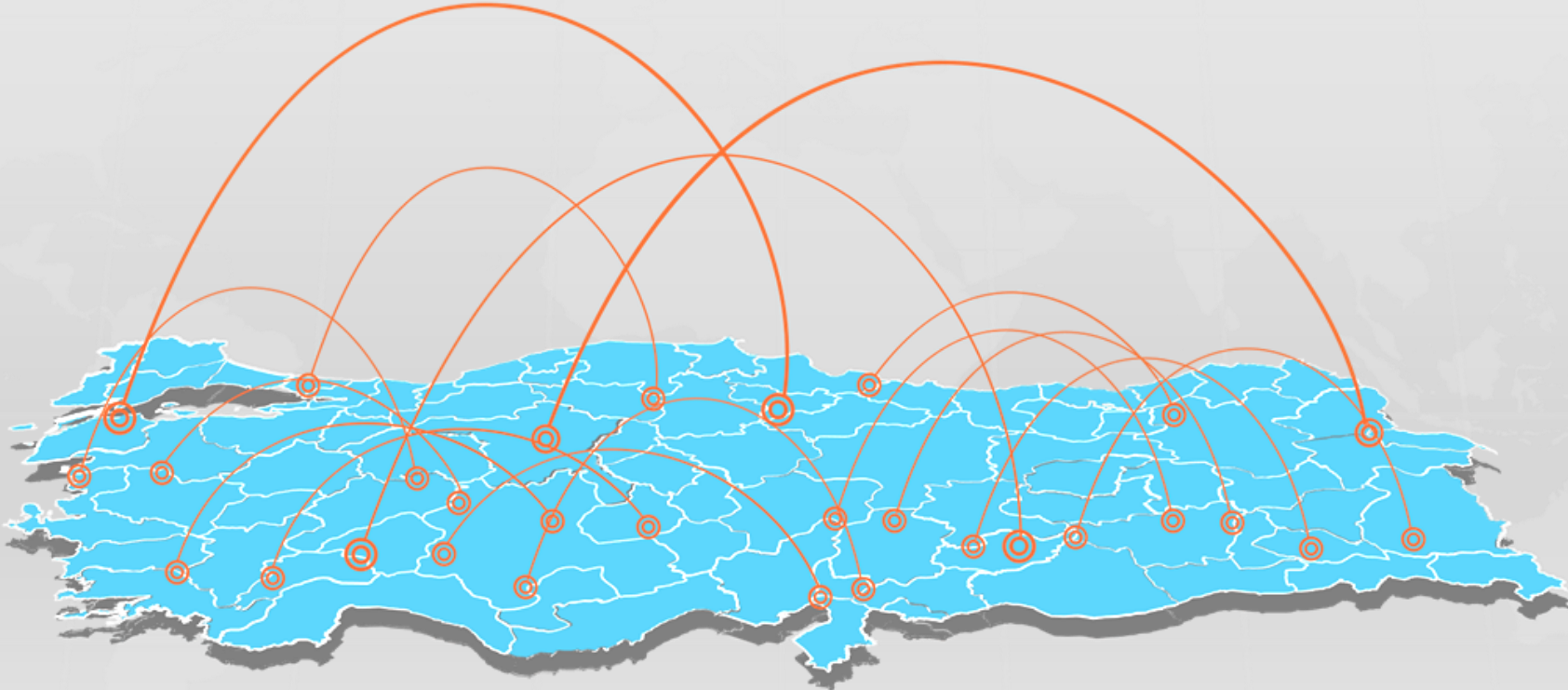
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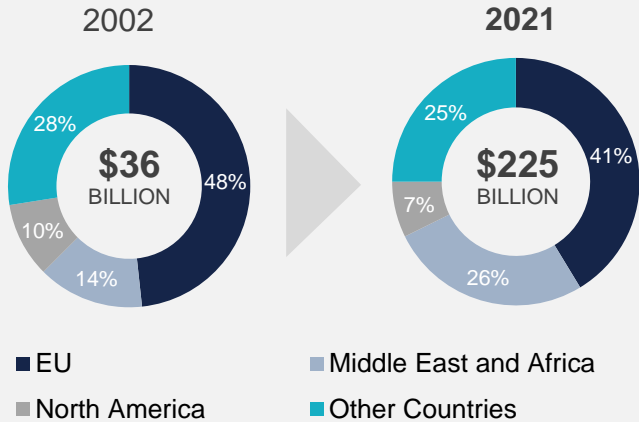


STRATEGIC LOCATION

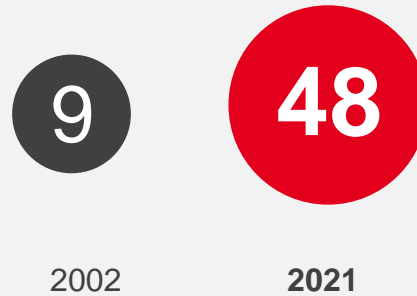
STRATEGIC LOCATION AND ENHANCED PRODUCTION CAPABILITIES ATTRACTING MULTINATIONALS TO INVEST FOR EXPORT



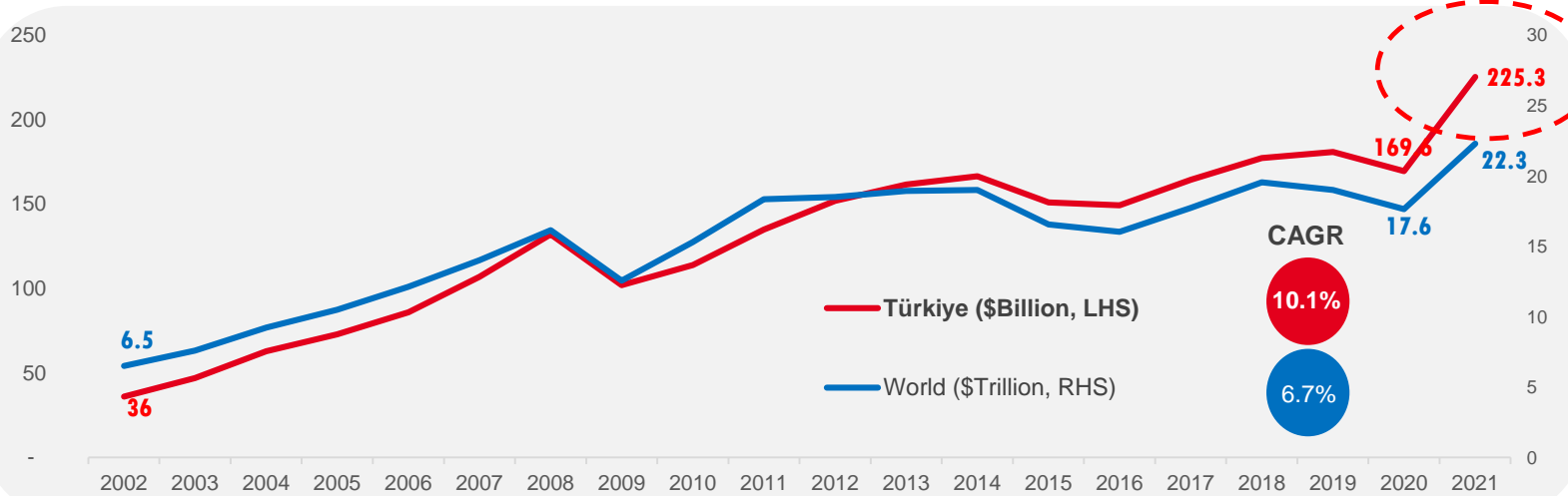
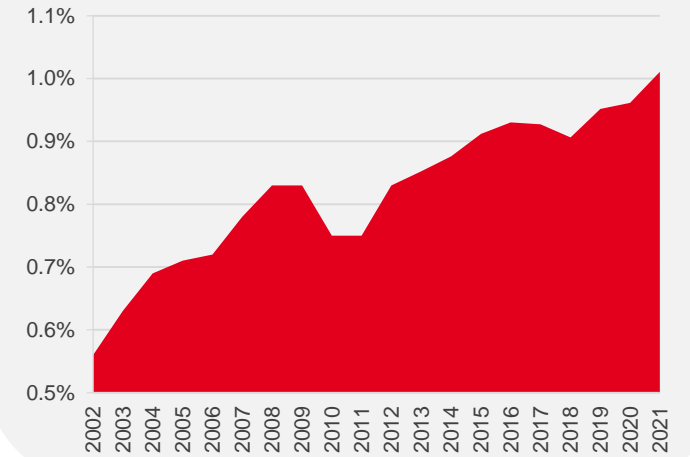
MERCHANDISE EXPORTS BY GEOGRAPHY



NUMBER OF EXPORT PRODUCTS OVER \$1 BILLION



TÜRKİYE'S SHARE IN GLOBAL EXPORTS OF GOODS



Türkiye Records All-time High Exports in 2021

Exports of Goods in Türkiye and World

SHOWCASE

PROCTER & GAMBLE, WORLD'S AND TÜRKİYE'S LARGEST CONSUMER PRODUCT COMPANY HAS BEEN OPERATING IN TÜRKİYE SINCE 1987 WITH 2 PRODUCTION FACILITIES, 1 LOGISTICS CENTER, AND 1 REGIONAL MANAGEMENT HUB;



- ✓ Management & production hub for 8 countries with 150 million population
- ✓ \$750+ million FDI
- ✓ 2,000 job opportunities
- ✓ Newest development center from Europe to Asia

- ✓ %35 of locally produced product is exported
- ✓ To +20 countries in Caucasus, Central Asia, MENA and Balkans
- ✓ Türkiye's export leader in detergents and paper categories

- ✓ 488 local suppliers, with \$175 million purchasing
- ✓ 89 of these suppliers also export \$173 million goods & services to other P&G facilities
- ✓ 42 of these suppliers are founded by 100% domestic capital, exporting \$167 million to P&G global



SHOWCASE

THE US AUTO GIANT *FORD* HAS BEEN PRODUCING MOTOR VEHICLES IN TÜRKİYE FOR DECADES, ACHIEVING MANUFACTURING EXCELLENCE IN ITS FACILITIES, AND MORE IMPORTANTLY EXPORTING AROUND 90% OF ITS PRODUCTION TO MORE THAN NINETY COUNTRIES



KEY VALUE CHAIN ACTIVITIES

- ✓ 52-80% localization (value-added) of vehicles
- ✓ Sourcing from 418 different supplier facilities; 151 of them export to Ford Global
- ✓ Engine Production
 - Euro 6 Ecotorq Engine (100% locally developed)
 - Euro 6 Ecotorq Engine
 - EcoBlue Engine

PRODUCTION in TURKEY (2019)

- ✓ Total vehicle production: 369K+
- ✓ Europe's largest commercial vehicle producer
- ✓ Lead manufacturing plant of Ford Transit globally
- ✓ Single source of Ford Custom & Ford Courier
- ✓ Center of Excellence for Ford Trucks (heavy trucks)

EXPORTS (2019)

- ✓ Türkiye's largest exporter
- ✓ \$5.9 Billion
- ✓ 90% of production
- ✓ 90+ countries



FORD OTOSAN



R&D Center & Engineering

- Global hub for Ford Trucks (heavy trucks) and related powertrains
- Global support for light commercial vehicle development
- Global support for diesel powertrain engineering

The only Ford factory among 4 automotive factories in the world included in the Global Lighthouse Network (a WEF and McKinsey research initiative on leadership in advanced manufacturing applying Fourth Industrial Revolution / Industry 4.0)



F-MAX: IPR owned 100% by Ford Otosan



SHOWCASE

TÜRKİYE IS A LINCHPIN IN HUGO BOSS' GLOBAL VALUE CHAIN. TÜRKİYE ACCOUNTS FOR THE LARGEST PART OF THE GROUP'S GLOBAL SOURCING & PRODUCTION VOLUME AT 23%.

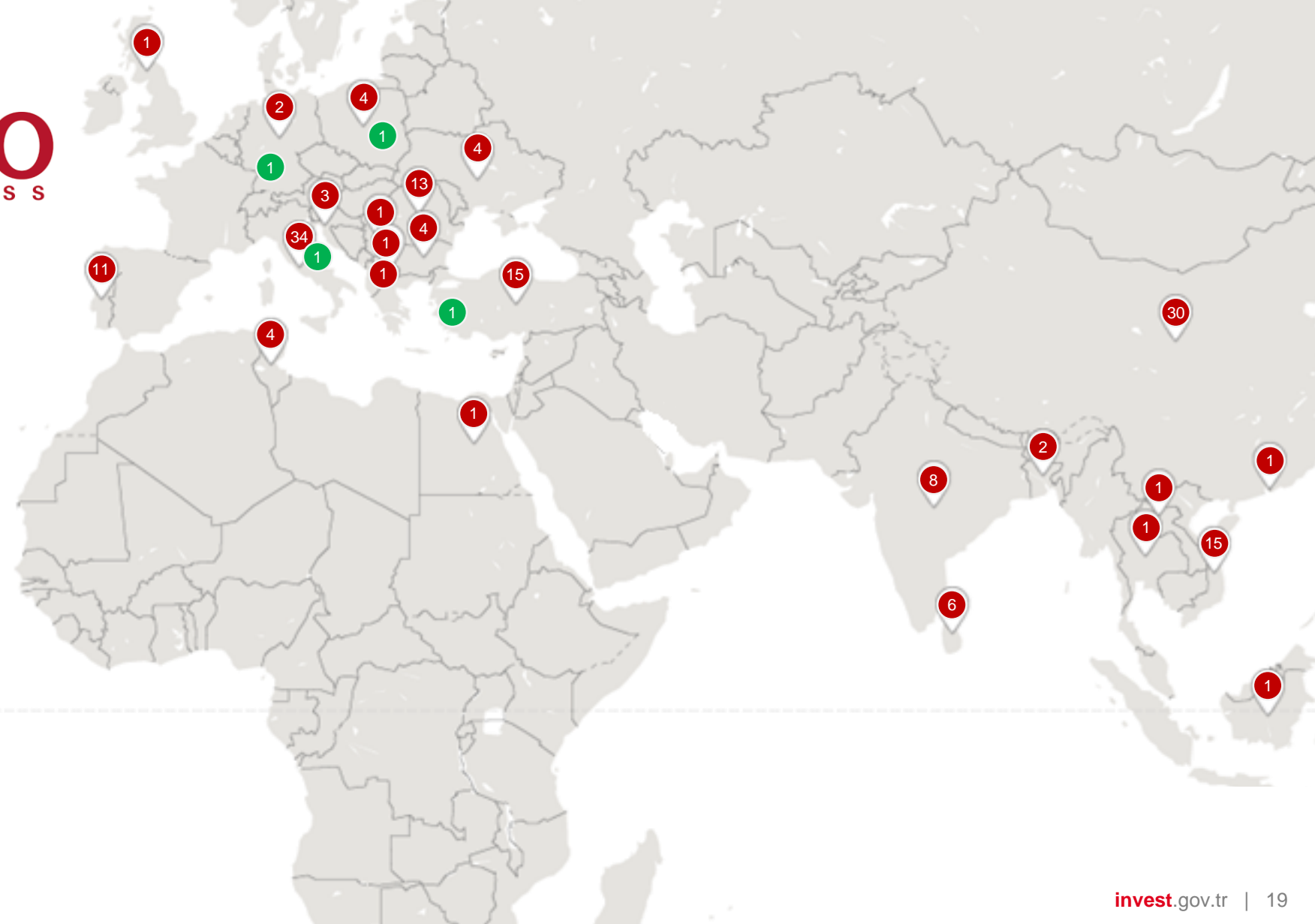


BOSSHUGO
HUGO BOSS HUGO BOSS

of suppliers (167)

of own production facilities (4)

- Germany (Metzingen)
- Italy (Morrovalle)
- Poland (Radom)
- Türkiye (İzmir)



SHOWCASE

INDITEX, THE SPANISH PARENT COMPANY OF ZARA, IS ANOTHER EXAMPLE OF MULTINATIONALS FOR WHICH TÜRKİYE PLAYS A KEY ROLE IN THEIR GLOBAL VALUE CHAINS. INDITEX WORKS WITH 175 SUPPLIERS AND 1459 FACTORIES IN TÜRKİYE



INDITEX

ZARA

PULL&BEAR

Massimo Dutti

Bershka

stradivarius

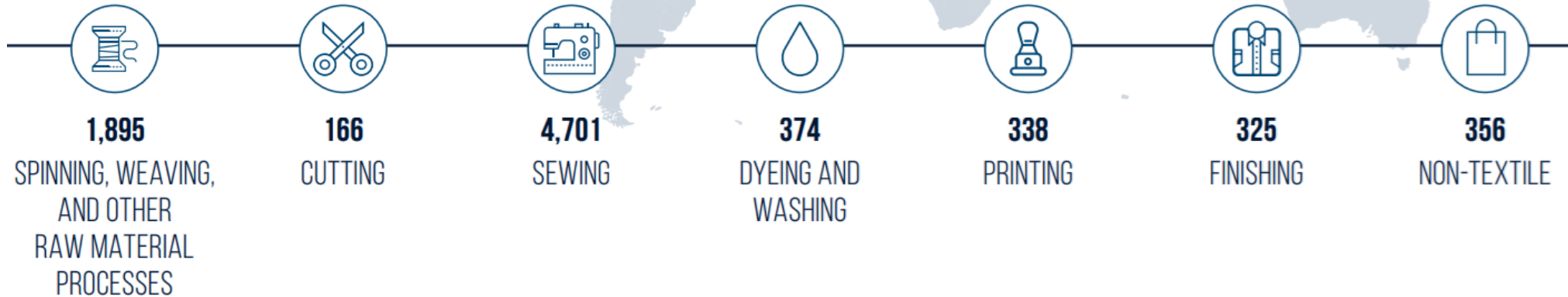
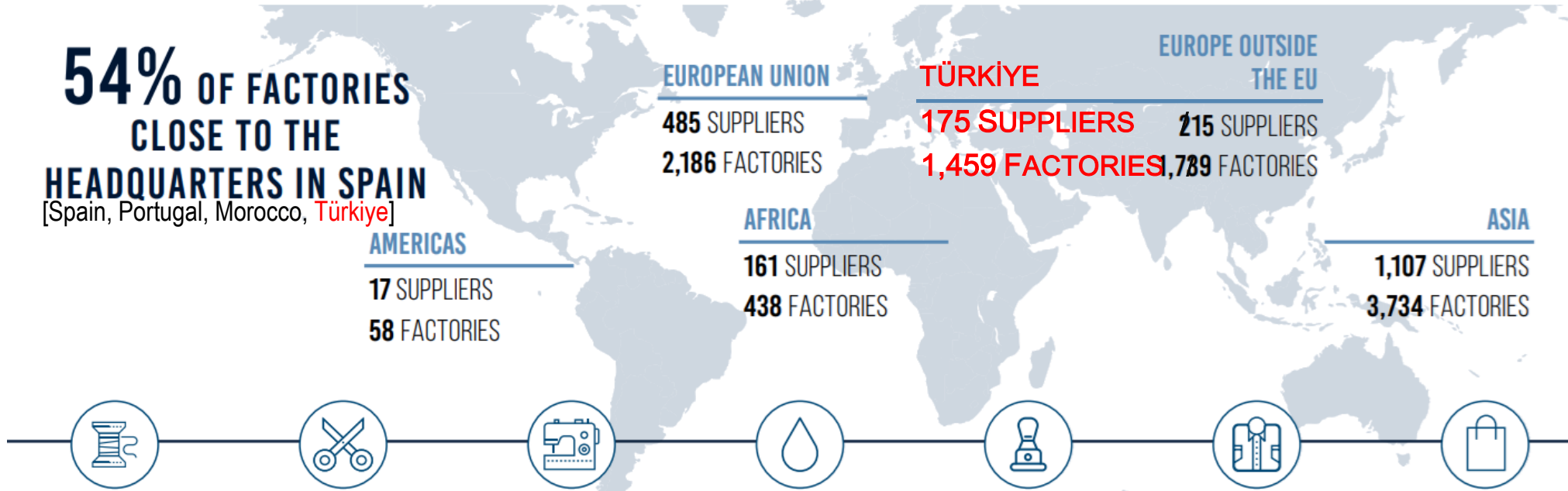
OYSHO

UTERQÜE

ZARA HOME



54% OF FACTORIES CLOSE TO THE HEADQUARTERS IN SPAIN
[Spain, Portugal, Morocco, **Türkiye**]



SHOWCASE

TURKISH COMPANIES HAVE DEVELOPED STRONG MANUFACTURING AND DESIGN CAPABILITIES TOGETHER WITH THEIR FOREIGN PARTNERS AND SIGNIFICANTLY CONTRIBUTE TO THE GLOBAL VALUE CHAINS



Global Supply Chain of A400M



Airbus A400M Program

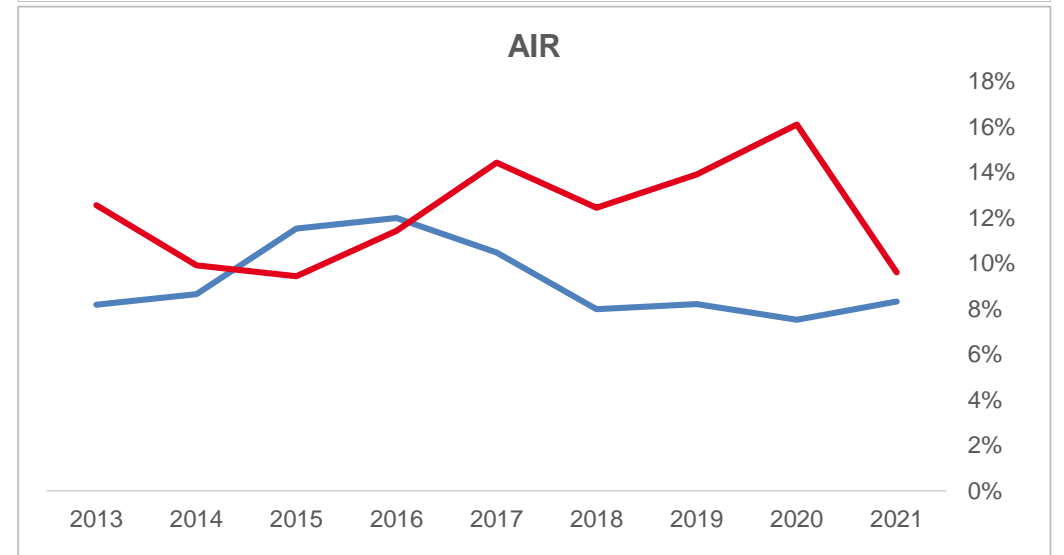
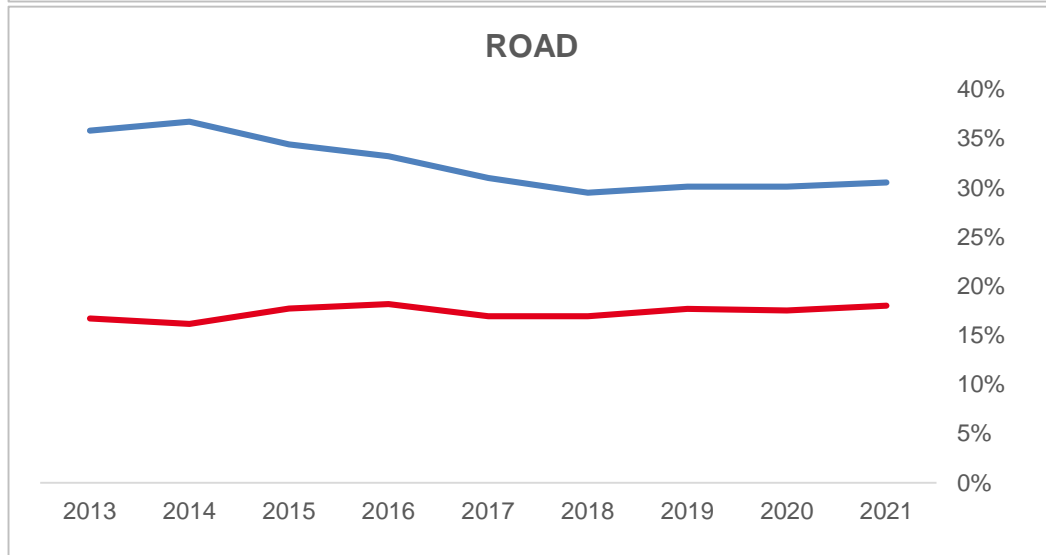
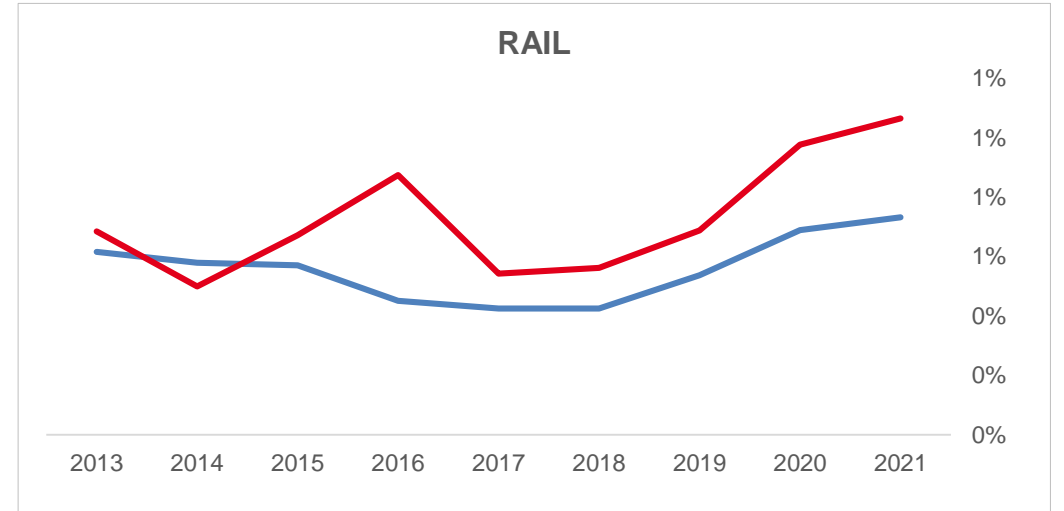
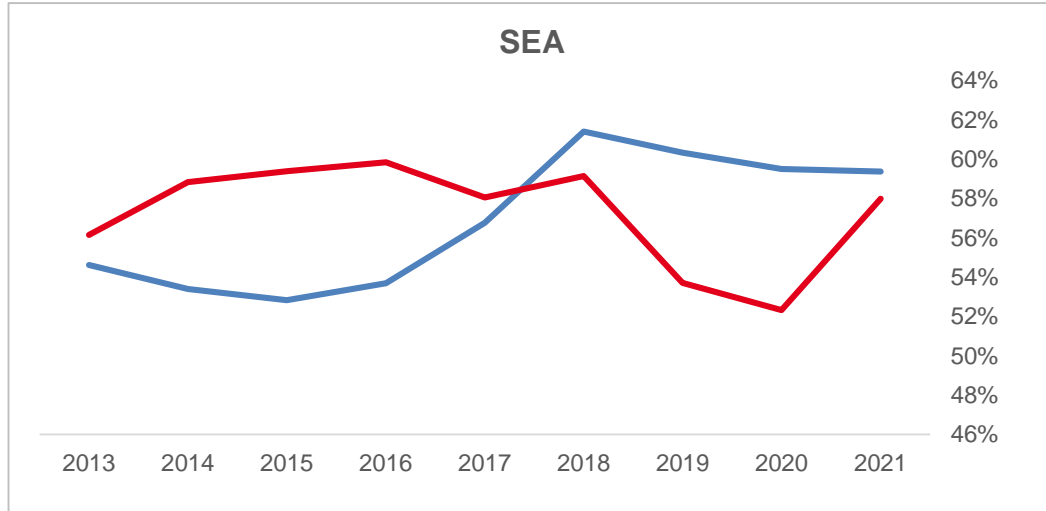
A400M is the first program that enabled TAI to gain capability and responsibility of a whole life cycled aerospace product starting from concept design studies to after sale logistics support activities. TAI's workshare in A400M Program includes design and manufacture of structural components as Forward Center Fuselage with Emergency Exit Door, Section 17 Upper Shell with Rear Hatch Door, Paratrooper Doors, Tailcone, Ailerons and Spoilers. TAI has also manufacturing responsibility of all fuselage harnesses. TAI has first level design and procurement responsibility on lighting system (except cockpit) and water and waste system.



1-Ratier-Figeac, 2-AM Seville, 3-AF Saint Eloi, 4-AUK Filton, 5-DENEL, 6-AF Nantes, 7-AD Stade, 8-AM Seville, 9-AD Stade, 10-TAI, 11-SOCATA, 12-TAI, 13-AD Bremen, 14-AD Bremen, 15-TAI, 16-AF Saint Nazaire, 17-Messier-Dowty, 18-PAG, 19-SOGERMA, 20-SOCATA, 21-Messier-Dowty, 22-SONACA, 23-AD Stade, 24-AUK Filton, 25-SONACA, 26-Aerolia, 27-TAI

LOGISTICS ACTIVITY IN TURKEY

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



■ Import (by value of goods)

■ Export (by value of goods)

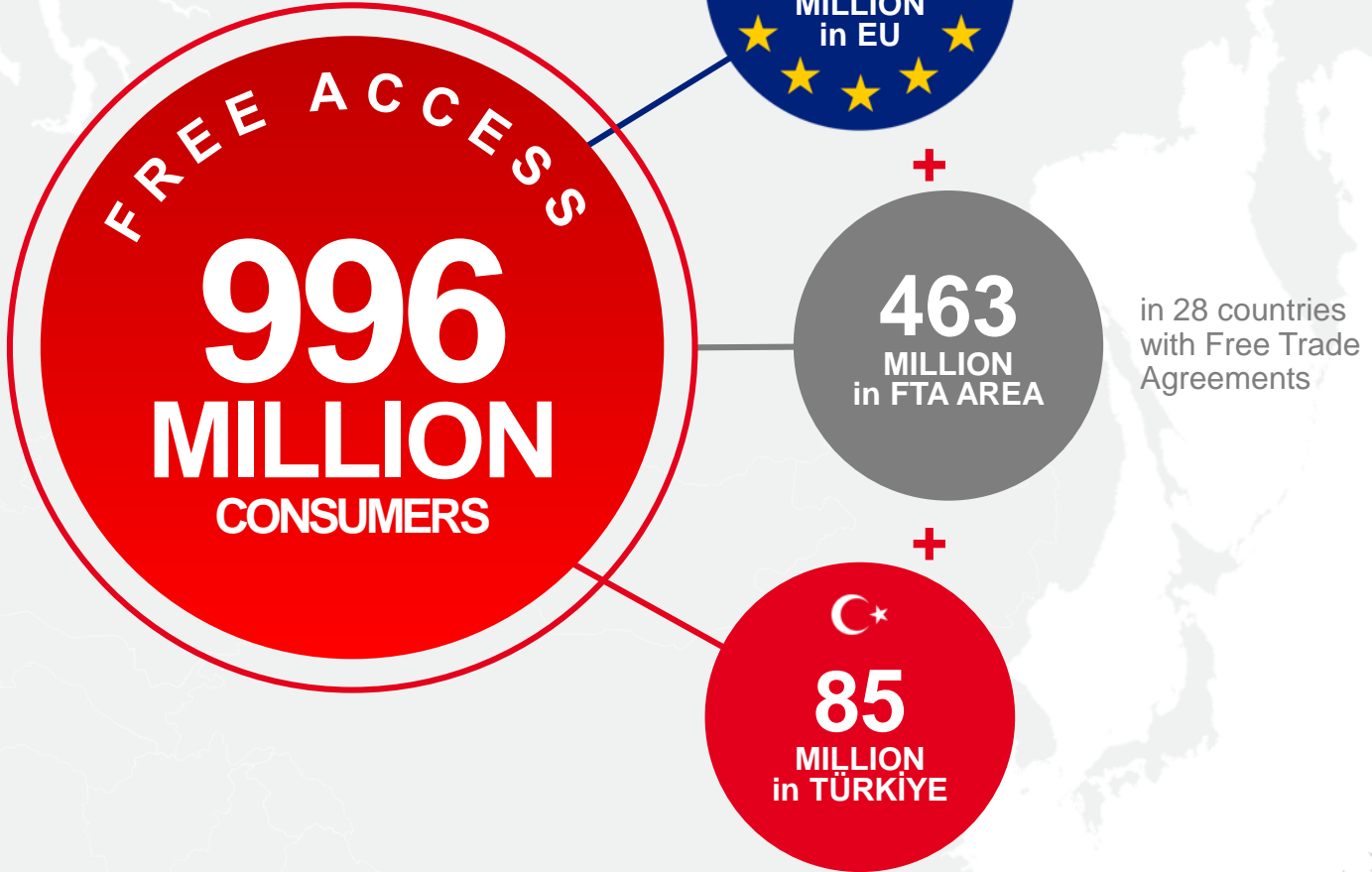
Source: Turkstat / Note: Share of other modes (Postal and courier activities) are about 1% in export and 14% in import for 2021.

DOMESTIC + ACCESSIBLE MARKETS

DOMESTIC MARKET + EU MARKET + FREE TRADE AREA



Customs Union with the EU allows direct access to the EU Market



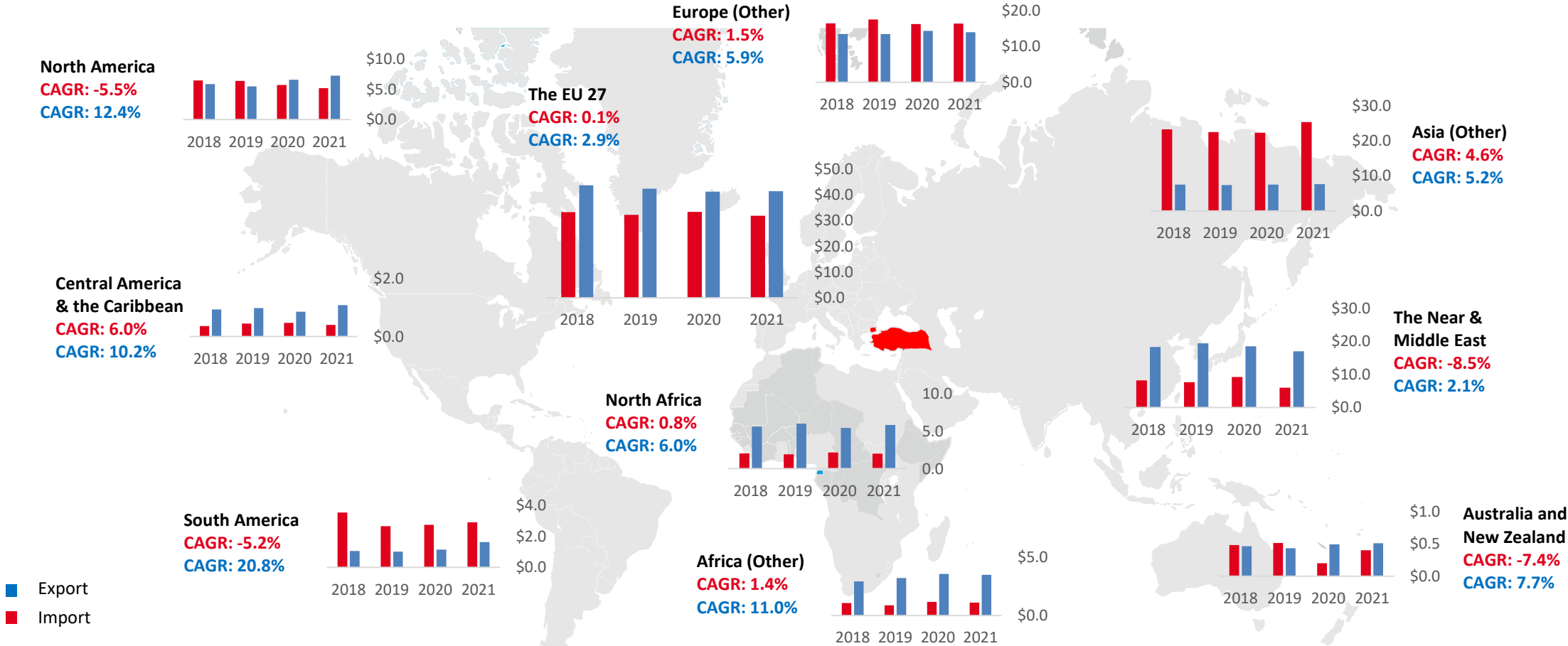
Source: IMF; Ministry of Trade, TurkStat, Population as of 2021
*in ratification process

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 2018-2021 *Numbers are in Billion (\$)

AGENDA



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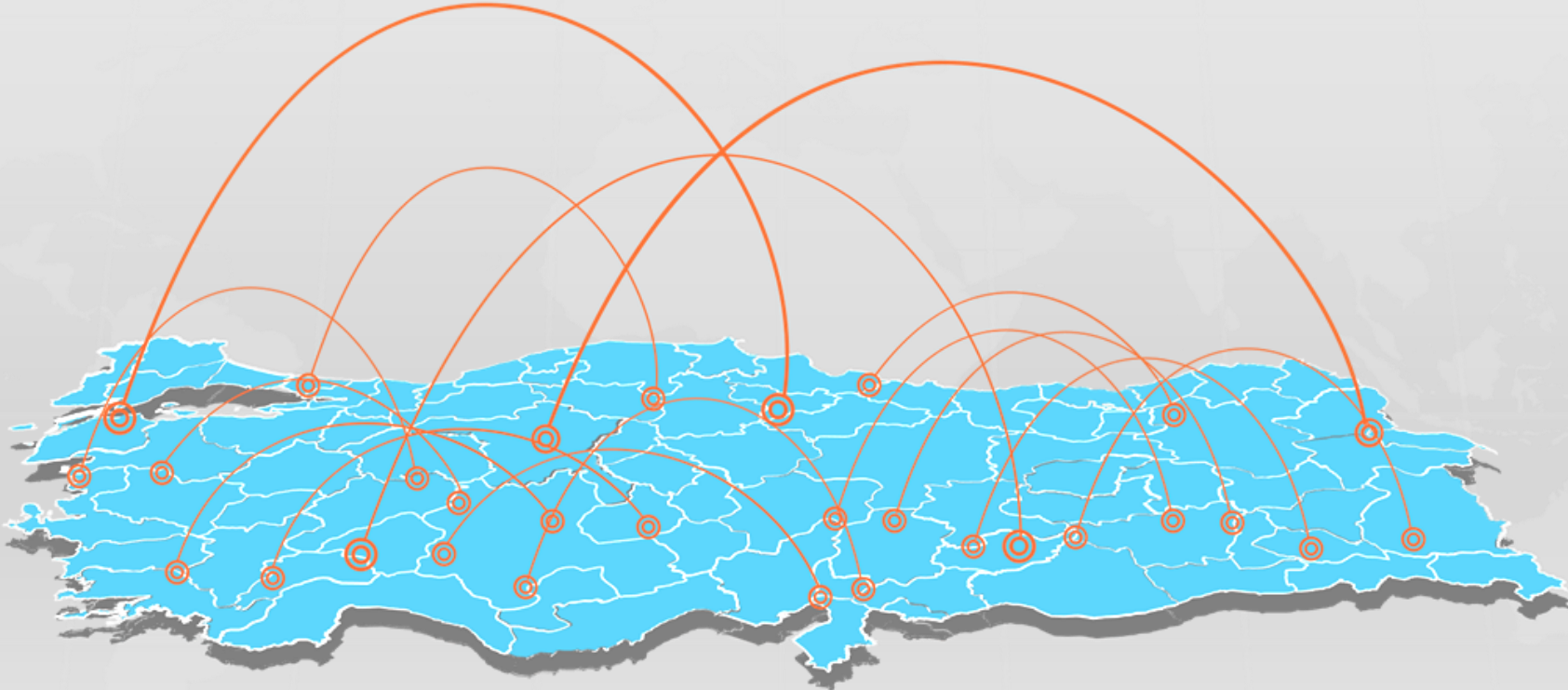
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LOGISTICS CAPABILITIES OF TÜRKİYE

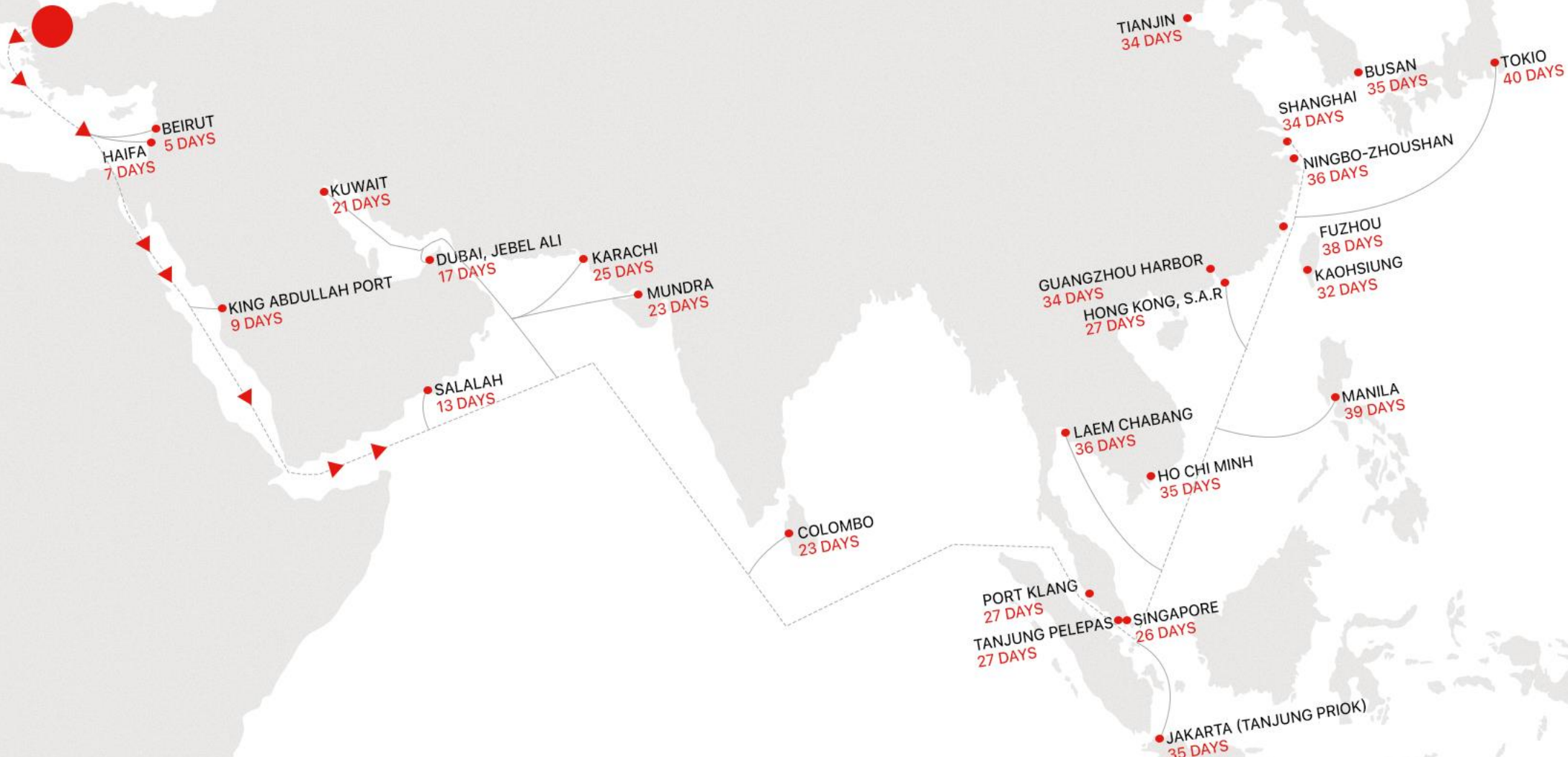
EUROPE | SEA / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

ASIA | SEA / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

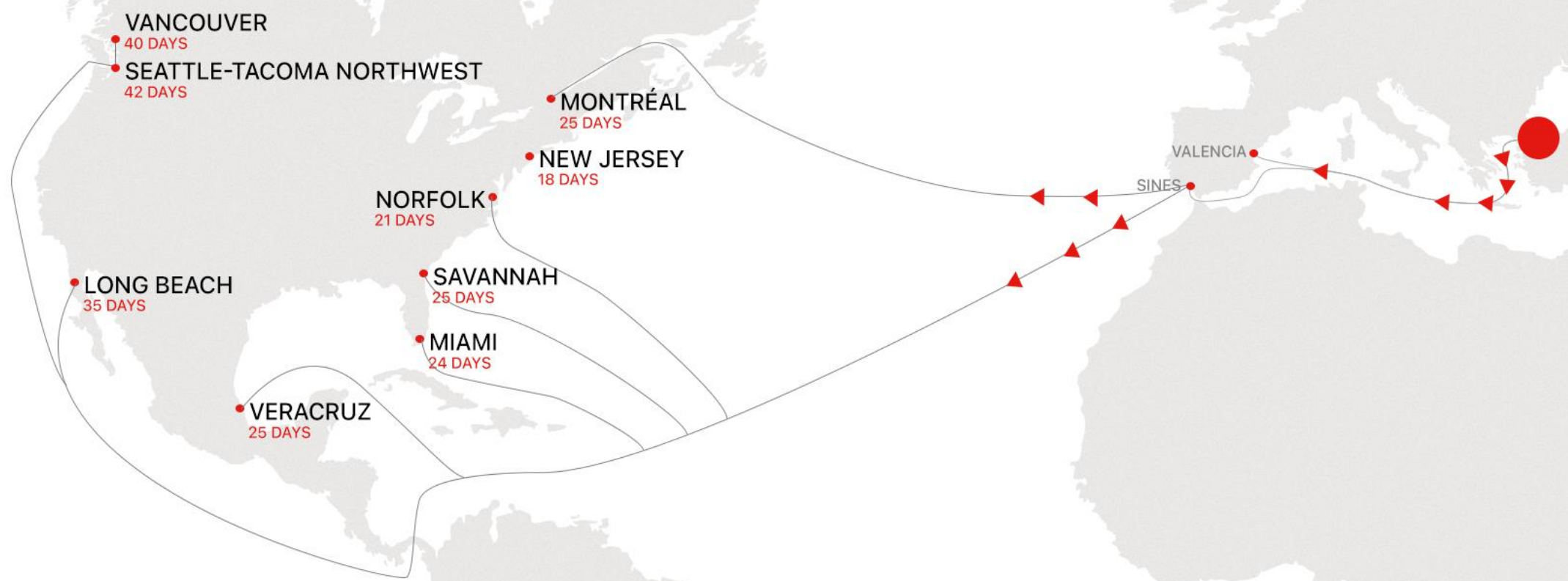
AFRICA | SEA / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

NORTH AMERICA | SEA / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

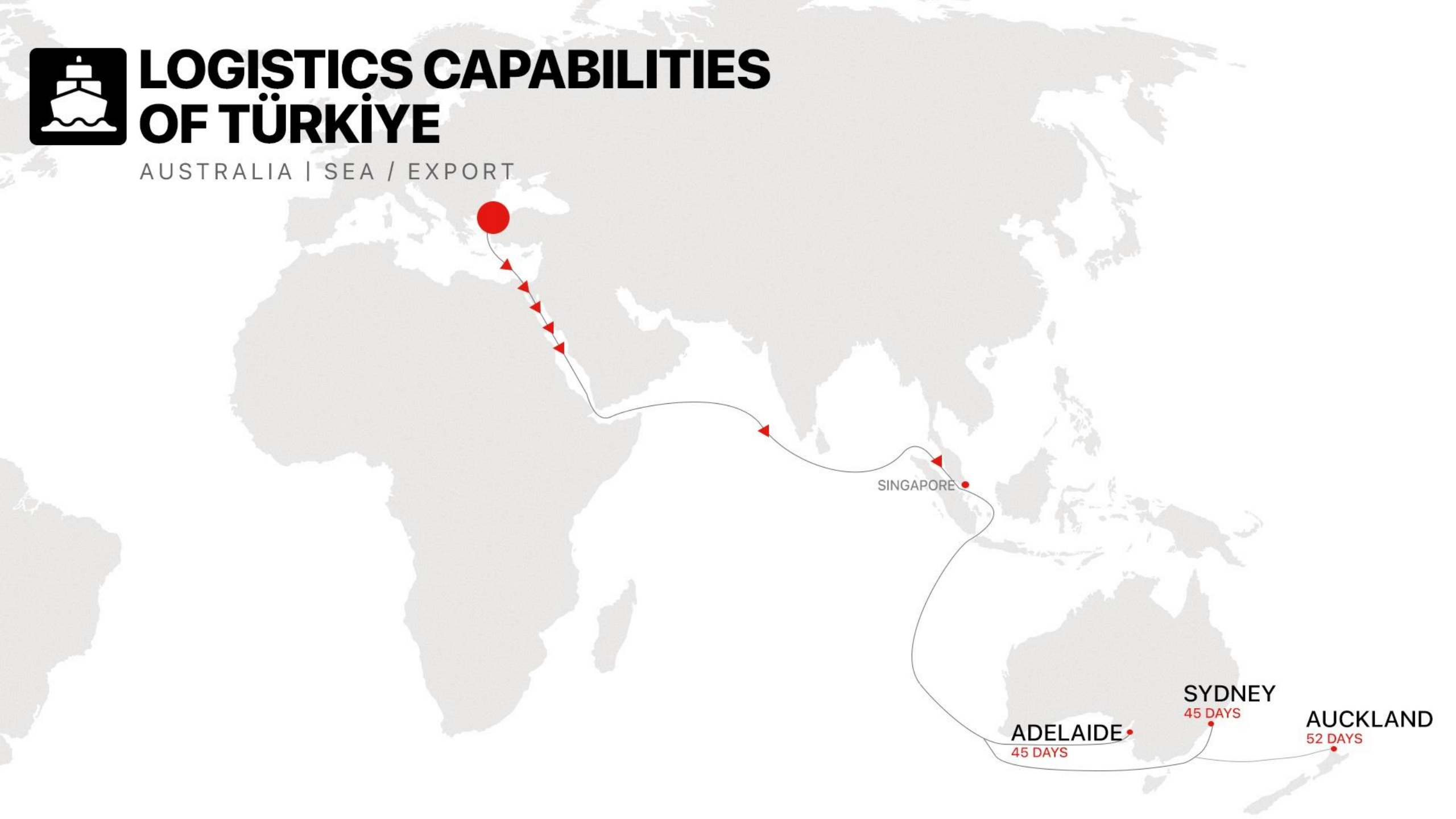
SOUTH AMERICA | SEA/EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

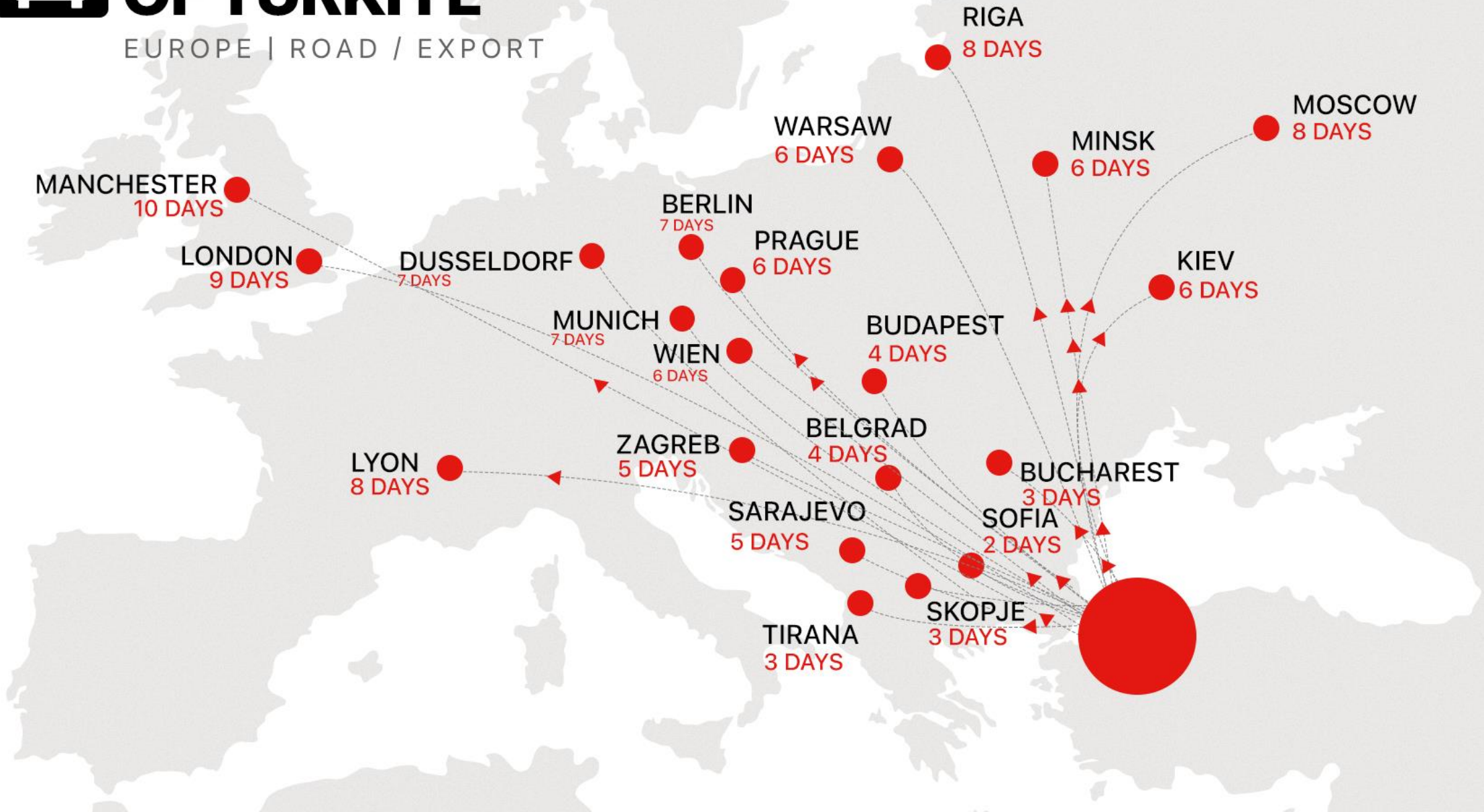
AUSTRALIA | SEA / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

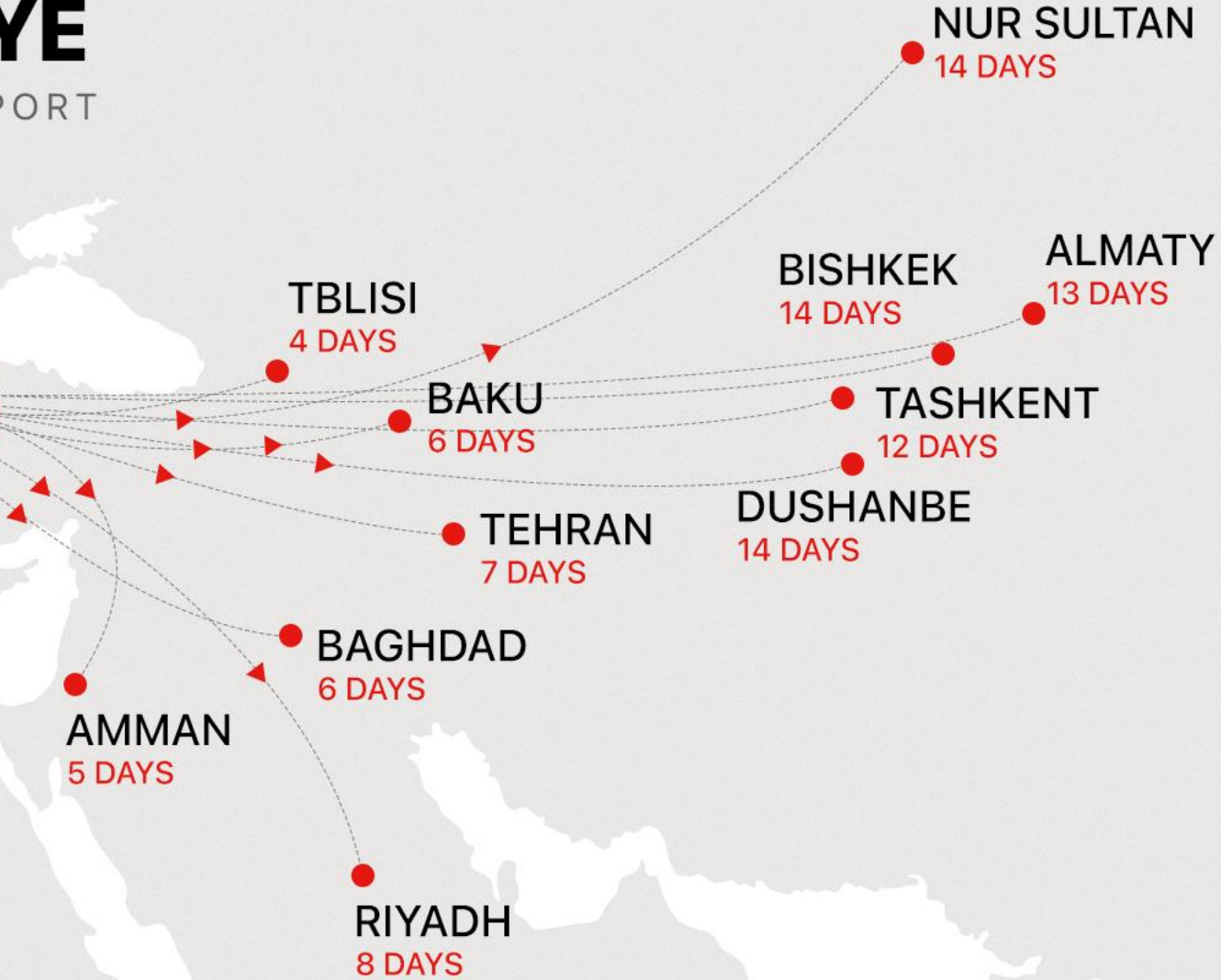
EUROPE | ROAD / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

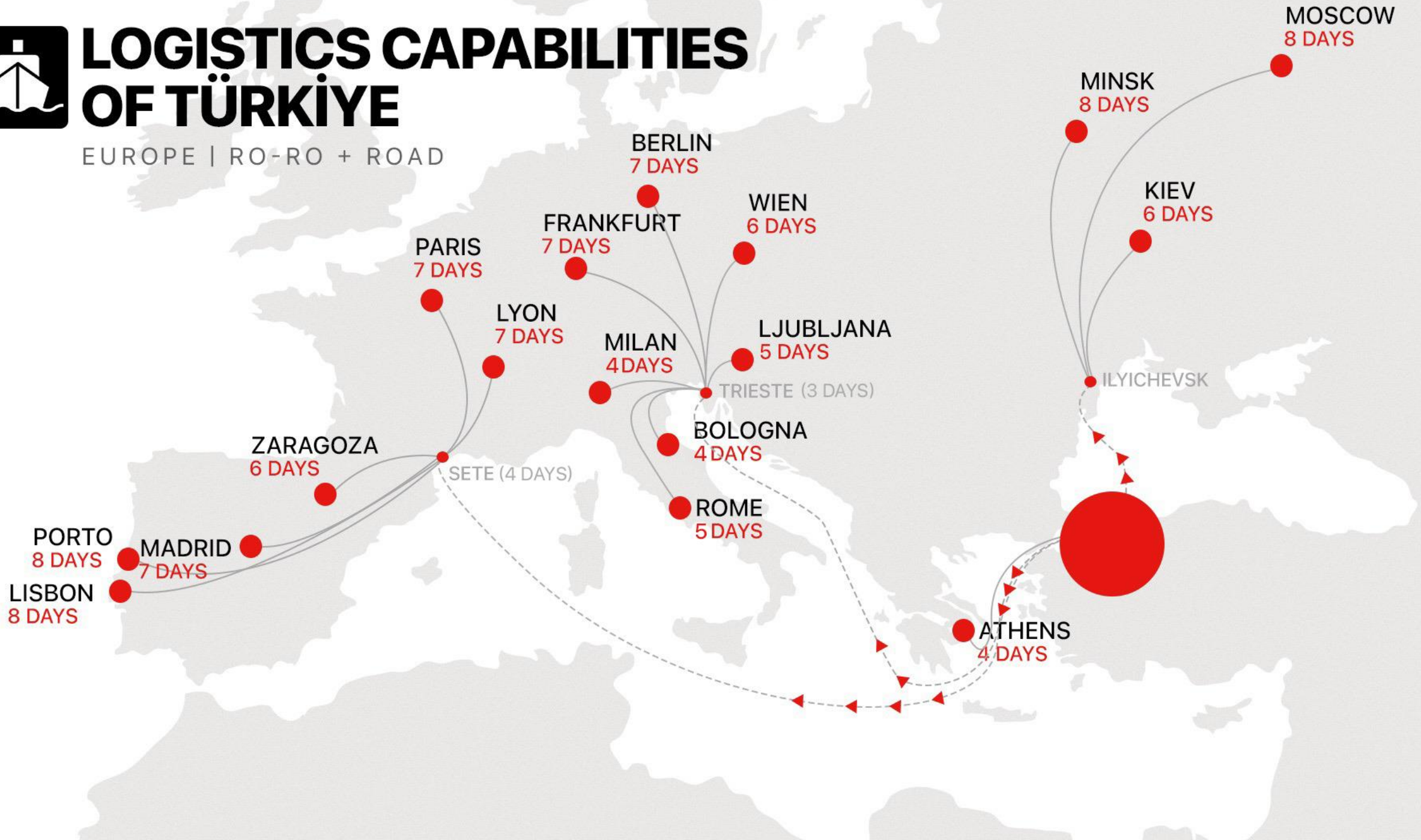
ASIA | ROAD / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE | RO-RO + ROAD





LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE | RO-RO + BLOCK TRAIN





LOGISTICS CAPABILITIES OF TÜRKİYE

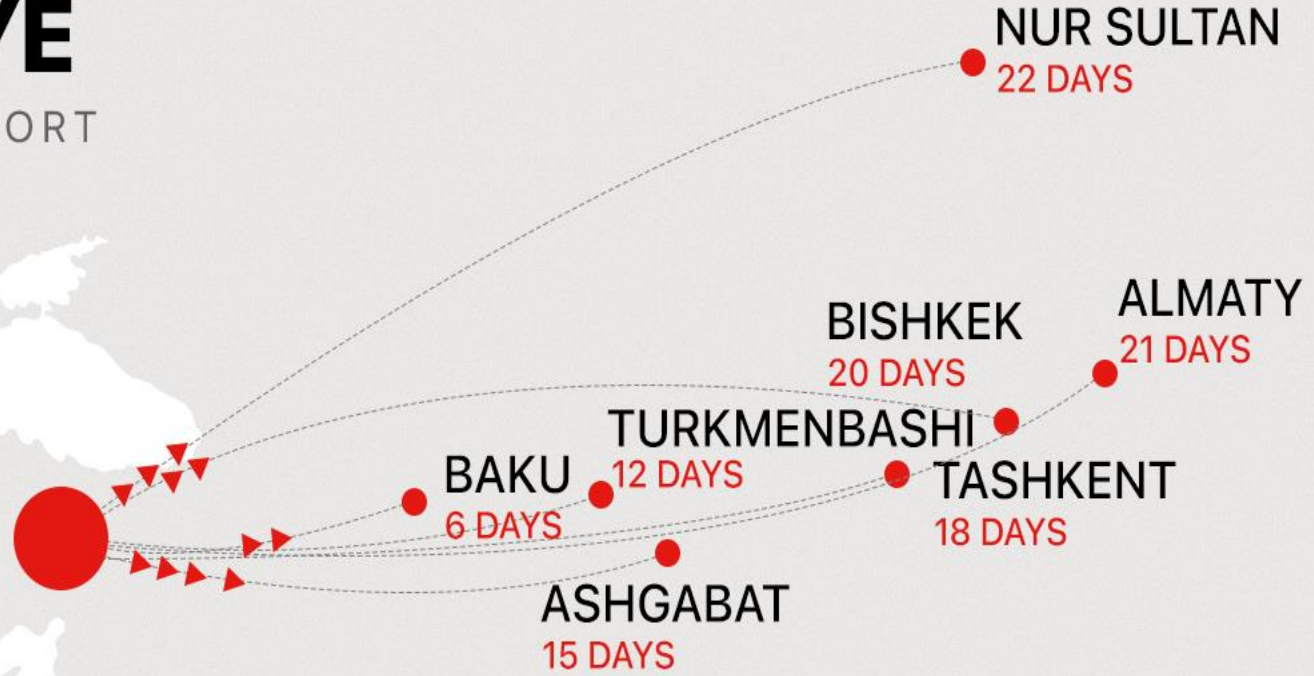
EUROPE | TRAIN / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

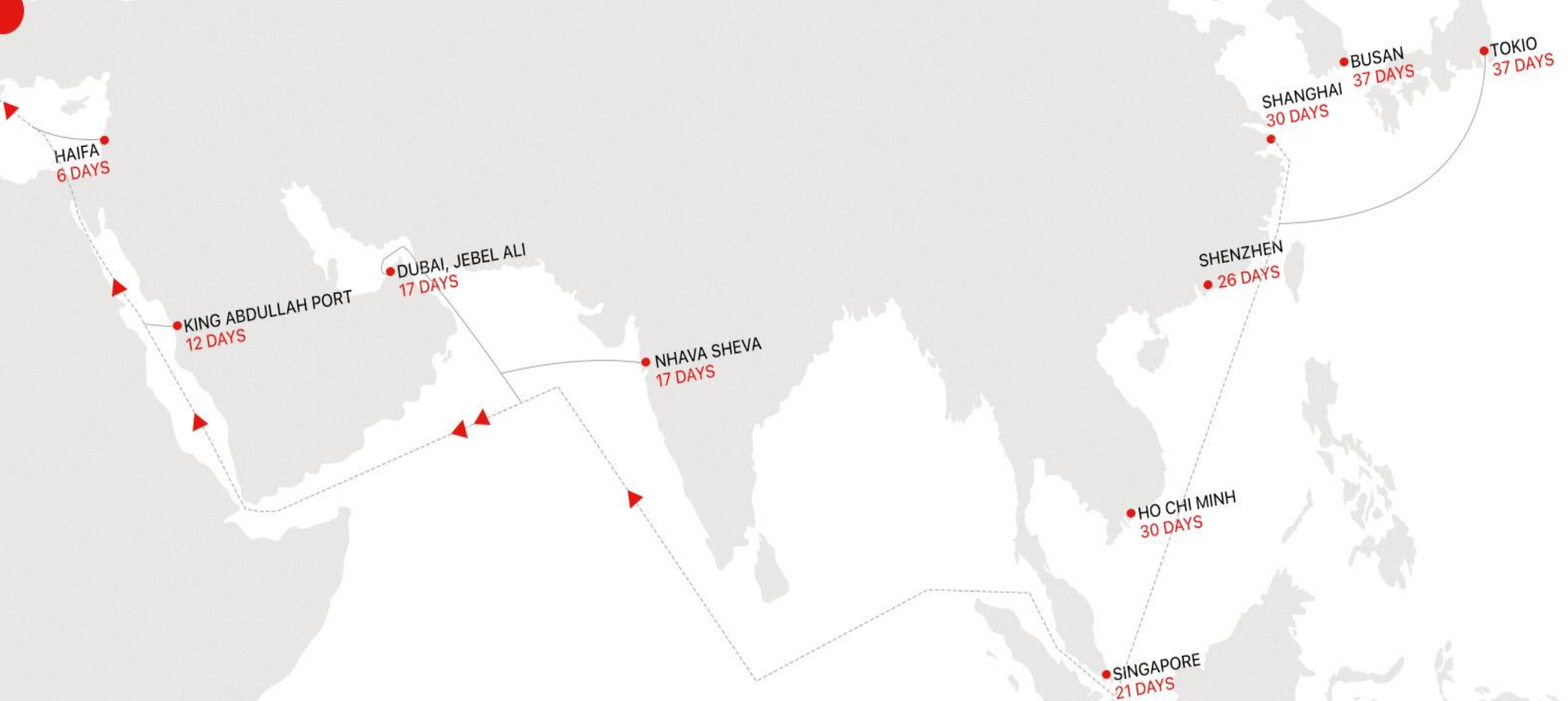
ASIA | TRAIN / EXPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

ASIA | SEA / IMPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE / N. AFRICA | SEA / IMPORT





LOGISTICS CAPABILITIES OF TÜRKİYE

AMERICA | SEA / IMPORT

LONG BEACH
45 DAYS

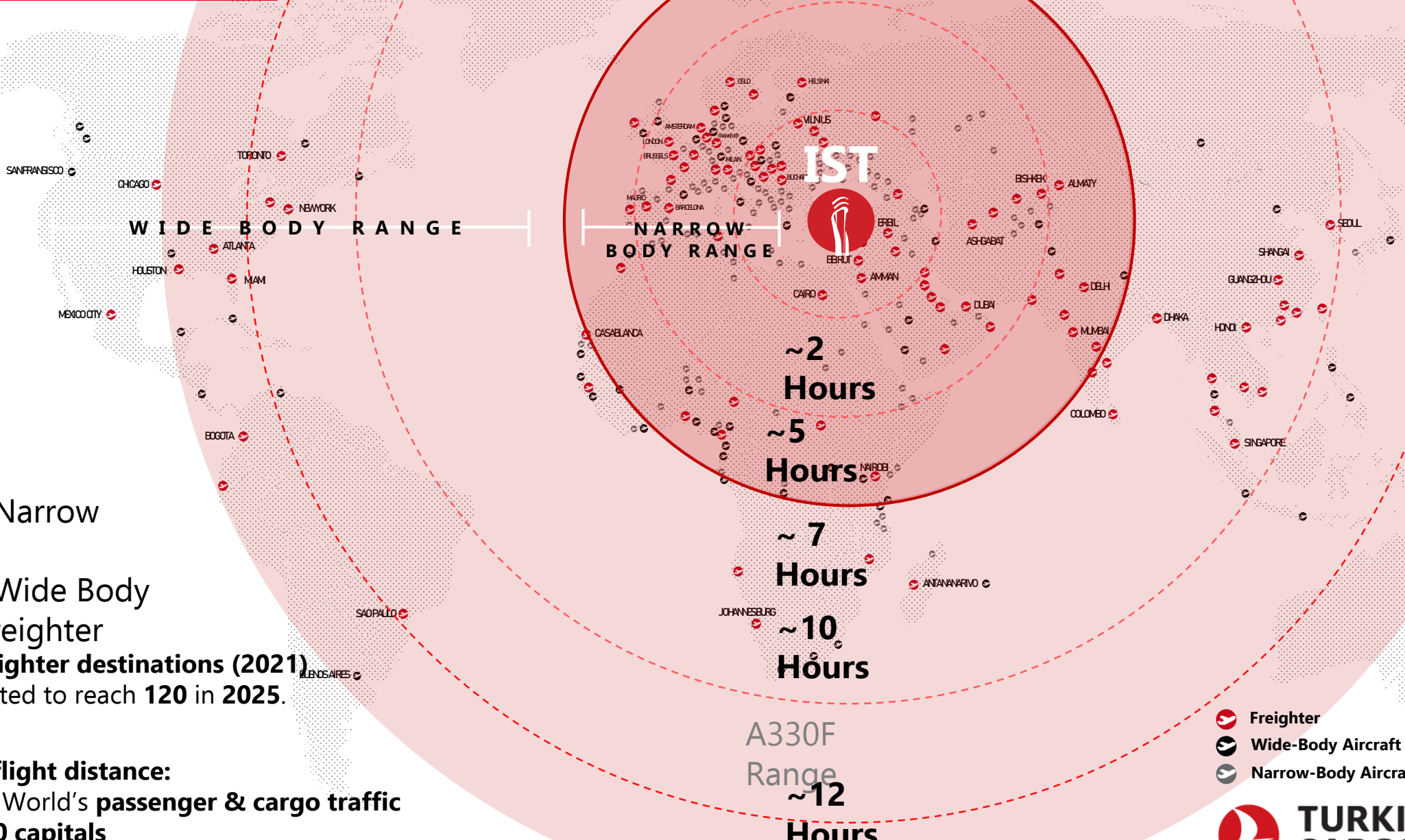
NORFOLK
27 DAYS

BUENAVENTURA
32 DAYS

SANTOS
27 DAYS



ISTANBUL AS A MEGA HUB



WIDE BODY RANGE

NARROW BODY RANGE



~2
Hours

~5
Hours

~7
Hours

~10
Hours

A330F
Range
~12
Hours

B777F

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

- Freighter
- Wide-Body Aircraft
- Narrow-Body Aircraft



AGENDA



OUTLOOK TO GLOBAL
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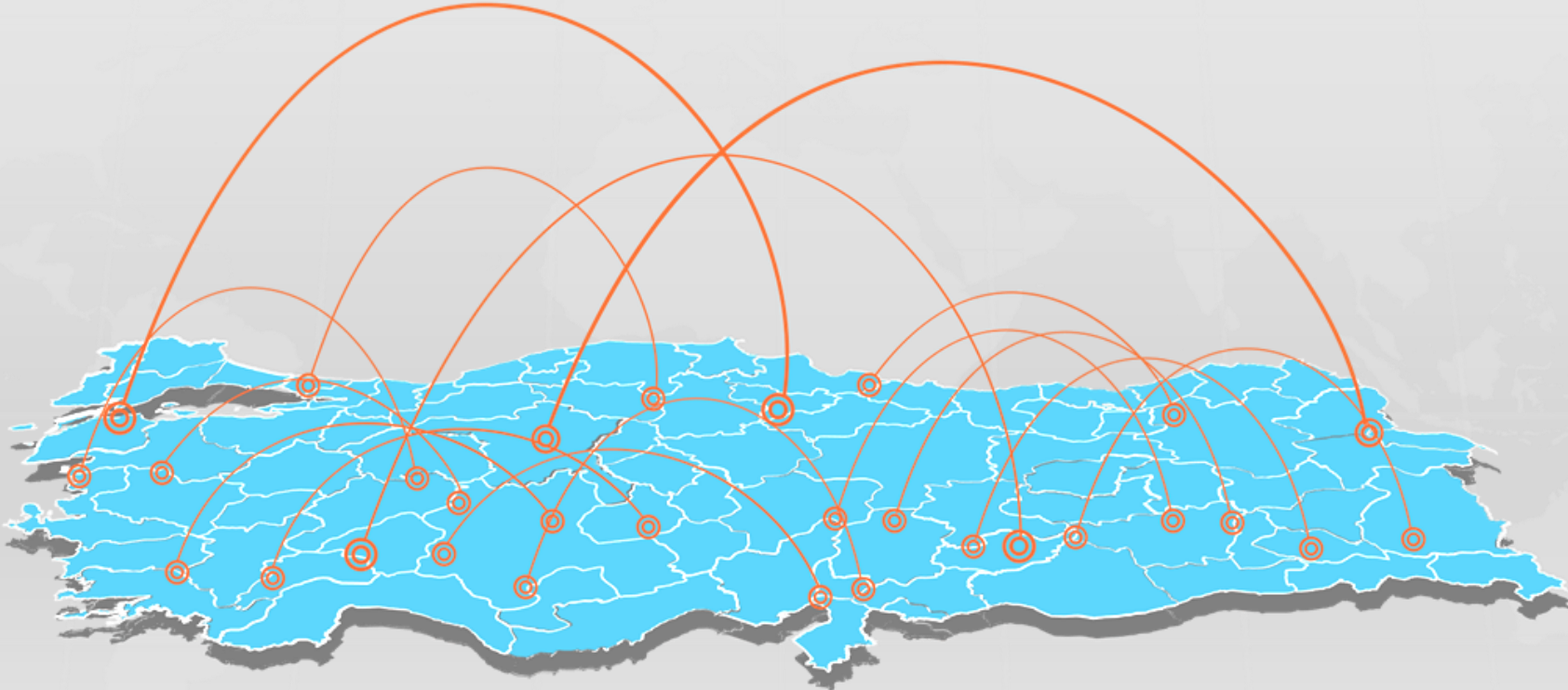
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TÜRKİYE'S VALUE PROPOSITION

CONSIDERING ITS CAPABILITIES, TÜRKİYE OFFERS A FAVORABLE ENVIRONMENT FOR INTERNATIONAL COMPANIES TO PLUG IN GLOBAL VALUE CHAINS



**Strategic
Location**



**Free Trade
Network**



**Robust Logistics
Infrastructure**



**Diversified
Manufacturing**



**Lucrative
Incentives**



**Skilled Workforce
with Cost Advantage**



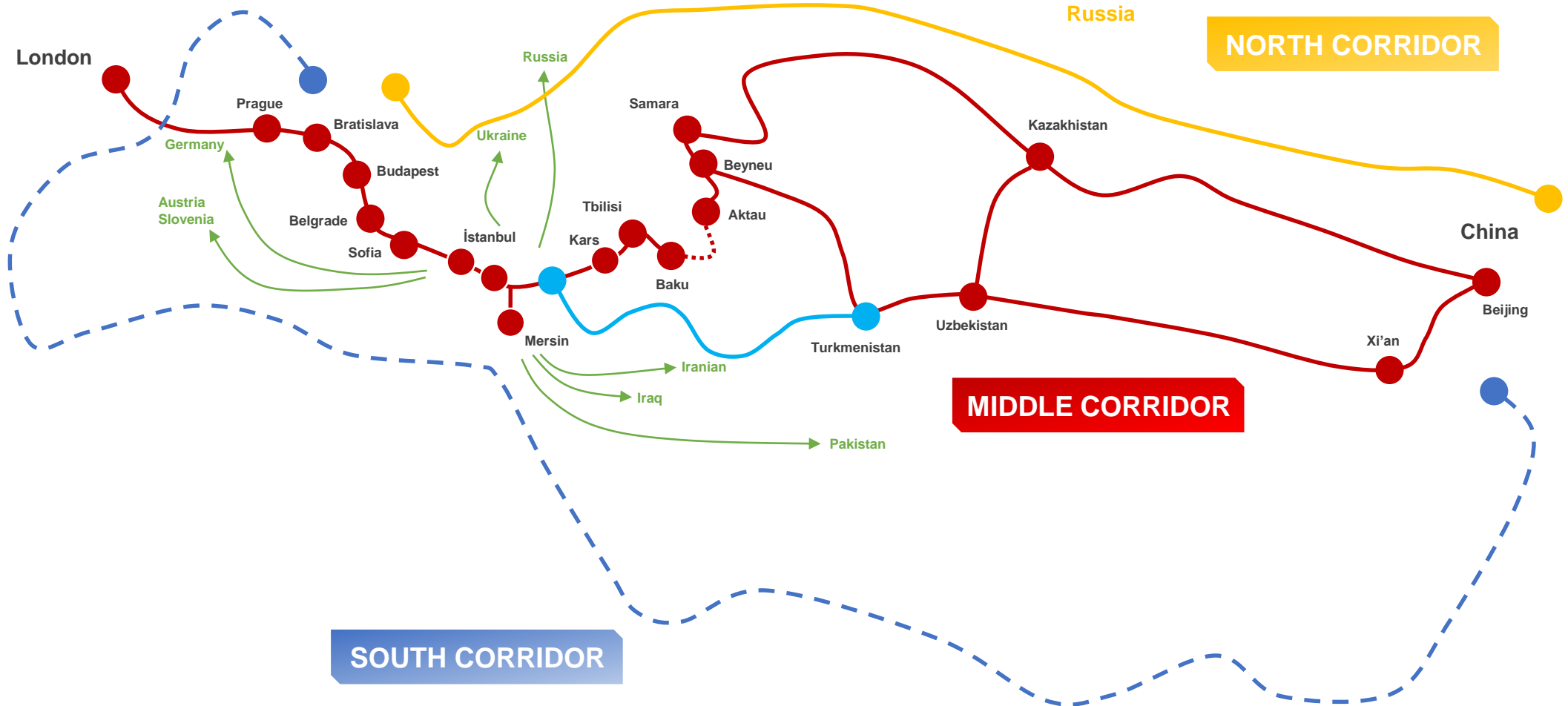
**Strong Industry
Clusters**

**OPEN
for
BUSINESS**

**Liberal
Investment
Climate**

TÜRKİYE'S LOGISTICS ADVANTAGES

THE MIDDLE CORRIDOR IS MORE ECONOMICAL AND FASTER COMPARED TO THE NORTHERN CORRIDOR AS A TRADE ROUTE BETWEEN EUROPE AND ASIA



TÜRKİYE'S LOGISTICS ADVANTAGES

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: China H.C. (Xi'an) -Kazakhstan- TÜRKİYE- Azerbaijan-Georgia-Bulgaria-Serbia-Hungary-Slovakia Czech Republic (Prague): 11,500 km



Türkiye will be more lucrative location for three reasons



Local production close to consumption markets becomes more favorable



Less shipping duration becomes more desirable

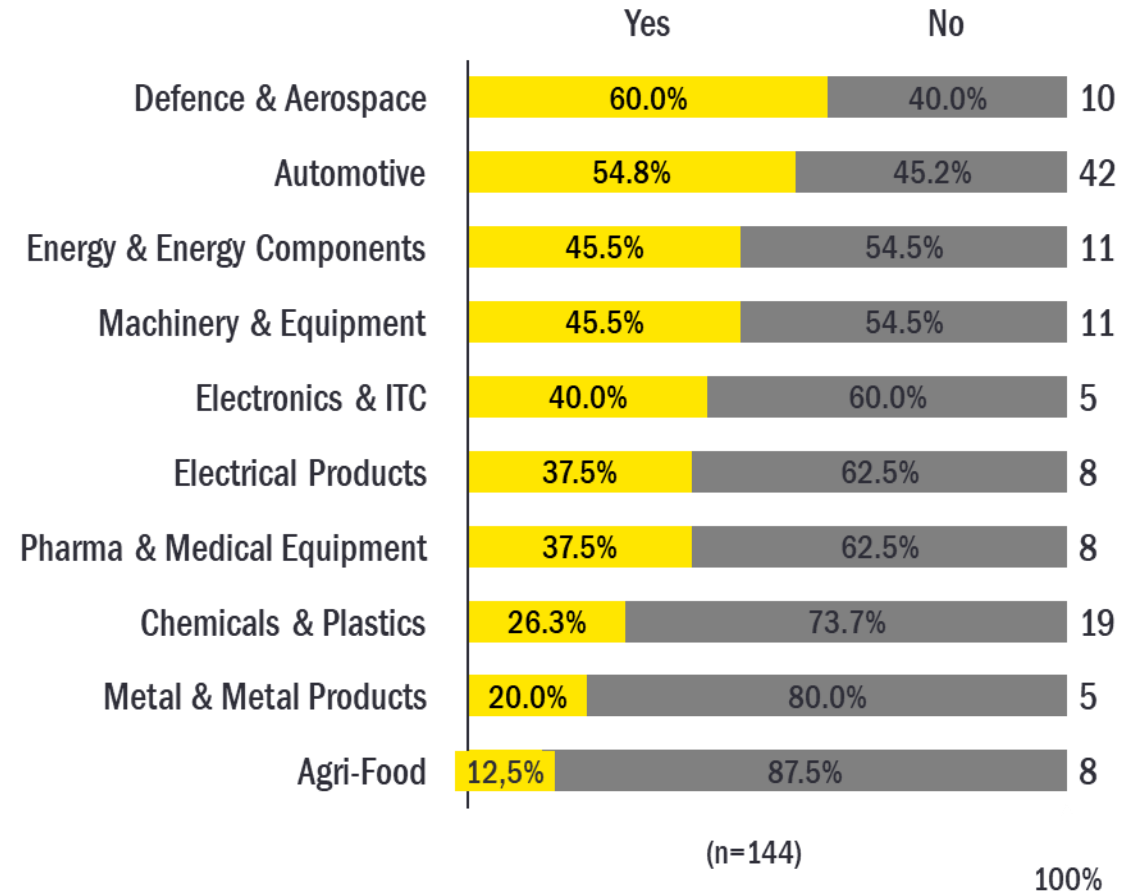
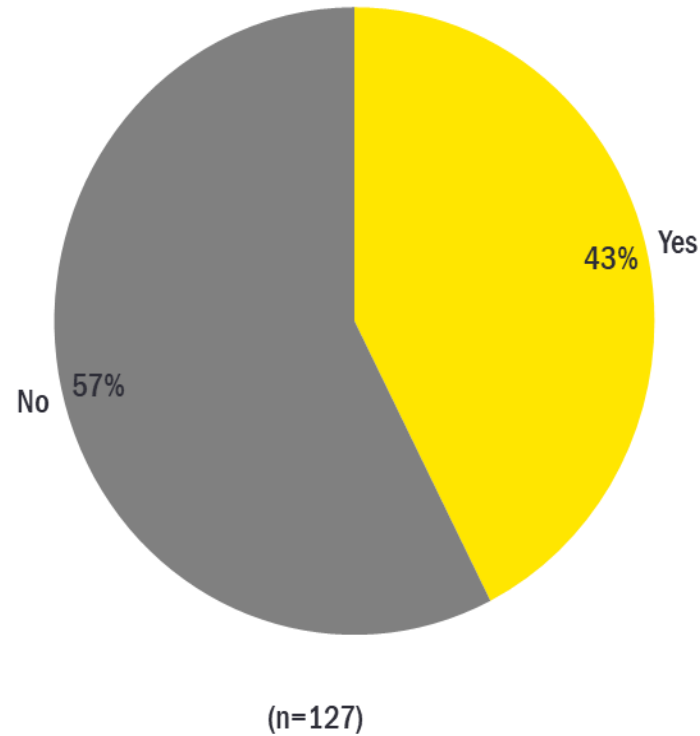


Increasing importance of capacity flexibility

SUPPLY CHAIN SUCCESS FACTORS OF THE MULTINATIONALS IN TÜRKİYE HAS CHANGED WITH THE OUTBREAK OF COVID-19.



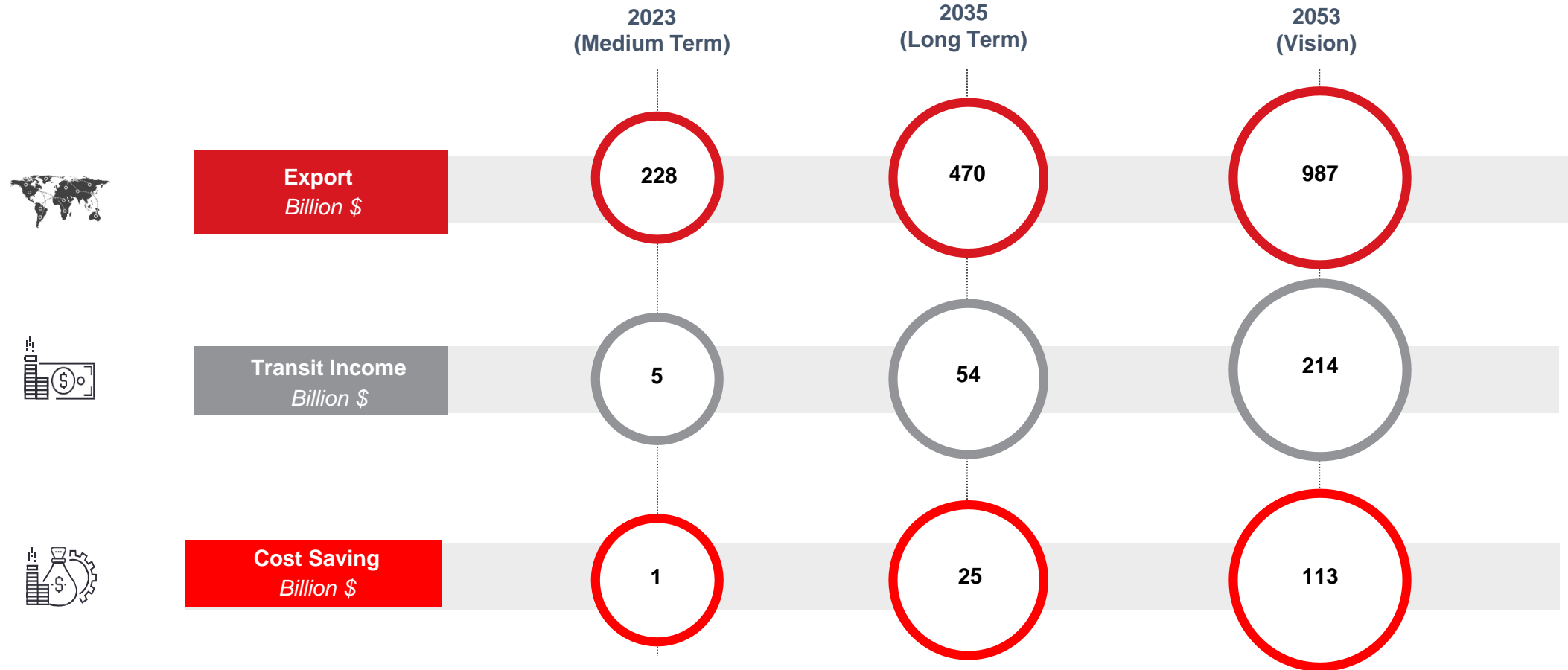
Investors Survey 2020 – Does your company work toward relocating the operations of its suppliers to Turkey? – Answers of manufacturing intensive sectors

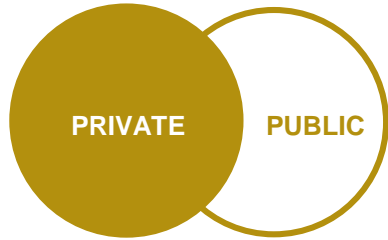


Source: Investors Survey 2020

NEW LOGISTICS MASTER PLAN

SIGNIFICANT CONTRIBUTIONS IS EXPECTED FROM LOGISTICS MASTER PLAN





**PRIVATE SECTOR APPROACH
WITH PUBLIC SECTOR CAPABILITIES**



**A GOVERNMENTAL AGENCY
REPORTING TO THE PRESIDENT**



**ACTING AS YOUR
SOLUTION PARTNER**



General & customized
business information &
Sectoral analysis & reports



Site selection support to
find appropriate location/
land for your investment



Arrangements of meetings
with governmental bodies
and other stakeholders



AFTERSALES



Facilitating your
investment at all stages



Matchmaking with local
partners & establishing
business linkages



Project launch & Press
release Services



Facilitating your
visit to TÜRKİYE



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

THANK YOU

