

INVEST IN TURKEY



TURKEY

INTEGRATES ASIA AND EUROPE

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Turkey has entered a strong transformation period and posted an all-time record high for its current account surplus at **USD 5.1 billion** in August 2019.

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zynga

Opsgenie ATLASSIAN

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Message from the Investment Office

In the IMF's October 2019 Global Economic Outlook Report, the global growth forecast for the world this year was revised down from 3.2 percent to 3 percent, and from 3.5 percent to 3.4 percent for the coming year. The growth forecast for 2019 is the slowest expected since the 2008 global financial crisis.

As a result of the reforms implemented in the last 17 years to improve economic and investment environment, Turkey is now the 13th largest economy in the world according to GDP at PPP in 2018, with an average growth rate of 5.6 percent in the 2003-2018 period.

Against this backdrop, in November, international organizations and rating agencies revised upwards Turkey's GDP growth forecasts for 2019 and 2020.

Arda ERMUT
President, Investment Office

TURKEY'S "MIDDLE CORRIDOR" INTEGRATES ASIA AND EUROPE

The first Europe-bound ex-China freight train traveling via Turkey's Middle Corridor continued its historic journey after a stop at the Turkish capital of Ankara in the first week of November. Traveling over two continents and ten countries, the train crossed into Europe using Istanbul's undersea tunnel, the Marmaray.

Turkey, in line with its strategic location between continents and regions, supports the development of regional transportation projects. It is integrating its Middle Corridor initiative with China's Belt and Road Initiative.

The Trans-Caspian East-West-Middle Corridor Initiative, known simply as the "Middle Corridor", is the revival of the ancient Silk Road. It begins in Turkey and passes through the Caucasus nations of Georgia and Azerbaijan before crossing the Caspian Sea and traversing Central Asia and terminating in China. Creating a natural synergy with the Belt and Road Initiative, it aims to develop connectivity between the East and the West.

The Middle Corridor is Turkey's vision of connecting with its civilizational roots in Central Asia. In that sense, pioneering a new trading route through the middle of Eurasia, integrating the Middle Corridor with the Belt and Road initiative is seen as a "win-win" for Turkey.



Compared to the Trans-Siberian Railway, which is also known as the Northern Corridor, the Middle Corridor is a more feasible trade route between Europe and Asia since it is 2,000 kilometers shorter, has more favorable climate conditions, and shortens the travel time by one third compared to the sea route.

Furthermore, thanks to the port connections in Turkey, cargo loads from Asia can reach the Middle East, North Africa, and the Mediterranean regions. Thus, when used effectively, the Middle Corridor offers important economic opportunities for the Central Asian countries to benefit from the trade between China and Europe, which is estimated to be worth USD 600 billion annually.

Another important component of the Middle Corridor is the Baku-Tbilisi-Kars Railway (BTK), which was inaugurated in October 2017. Having an initial annual capacity of 1 million passengers and 6.5 million tons of cargo, BTK offers a new perspective for uninterrupted trade between China and Europe.

Furthermore, Turkey is undertaking various projects to revive the historical Silk Road, such as the "Marmaray" undersea rail, the Yavuz Sultan Selim Bridge in İstanbul,


the Eurasia Tunnel, and the new İstanbul Airport. The Three-Level Grand İstanbul Tunnel Project in İstanbul, the Çanakkale Strait Bridge project, various rail and motorway projects, and the Filyos, Çandarlı, and Mersin ports are major examples of further ongoing mega projects that will also enhance regional interconnectivity.

First Europe-bound ex-China freight train

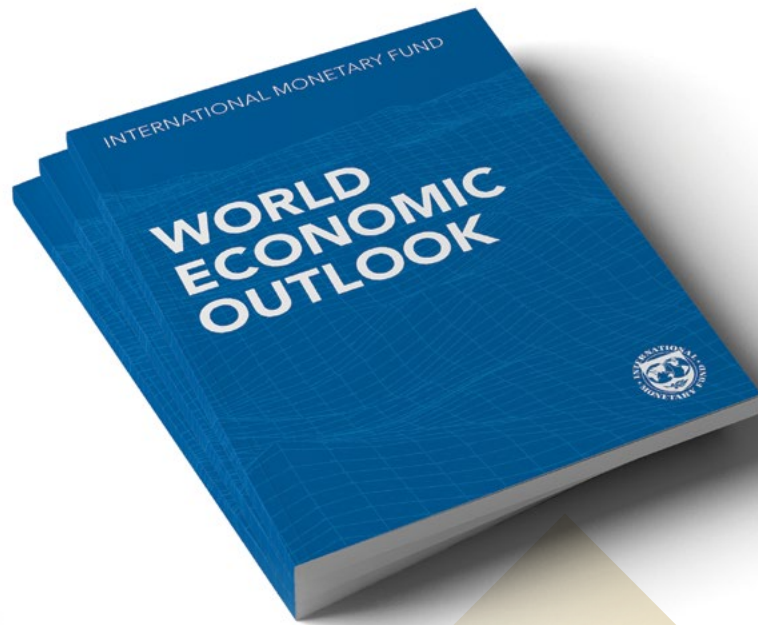
 **2** continents

 **10** countries

 **2** seas

 **11,483 km (7,135 miles)** overland

 **12** days



INTERNATIONAL ORGANIZATIONS REAFFIRM TURKEY'S STRONG TRANSFORMATION PROCESS AND REVISE GDP FORECASTS UPWARDS

In the IMF's October 2019 Global Economic Outlook Report, the global growth forecast for this year was revised down from 3.2 percent to 3 percent, and from 3.5 percent to 3.4 percent for the coming year. The growth forecast for 2019 is the slowest expected since the 2008 global financial crisis. Trade wars between the US and China and the uncertainty surrounding Brexit remain the most important headlines of the global economic agenda.

In light of this, developments related to monetary policies are crucial now more than ever. The Central Bank of the Republic of Turkey (CBRT) lowered the policy rate by 1,000 basis points to 14 percent over its last three monetary policy meetings. Rate cuts were not limited to the CBRT. The Federal Reserve made rate cuts totaling 75 basis points in the policy rate since the beginning of the year.

The European Central Bank revised its policy interest rate by 10 basis points to 0.5 percent and announced the launch of a monthly 20 billion Euro asset program starting from November. The Bank of England and the Bank of Japan have not changed policy rates since the beginning of the year. Therefore, it is unlikely that the central banks of developed countries will take strong tightening steps in their monetary policies for a while. On the contrary, we see that central banks prefer expansionary policies against the concerns of a slowdown in the global economy and a possible risk of recession. This can be seen as an advantage for developing countries that need financing for their growth.

Turkey has entered a strong rebalancing period and posted an all-time record high for its current account surplus at USD 5.1

GDP Growth Revisions for Turkey (%)	2019		2020	
	OLD	NEW	OLD	NEW
OECD	-0.3	0.3	1.6	3.0
WORLD BANK	-1.0	0.0	3.0	3.0
IMF	-2.5	0.2	2.5	3.0
EU	-2.3	0.3	3.9	3.1
MOODY'S	-2.0	0.2	2.0	3.0

billion in August 2019. Inflation dropped to its lowest level since December 2016 at 8.53 percent in October. Commenting on Turkey's achievements, Minister of Treasury and Finance Berat Albayrak said, "We will maintain the same decisive stance in the fight against inflation and achieve the year-end target." Also commenting on the "Advanced, Productive, Indigenous, Industry Financing Package" for real sector enterprises announced in May – targeting companies with export potential – Albayrak revealed that the loans surged 106 percent, reaching TRY 24.5 billion in October. Minister Albayrak further added that the growth target of 5 percent is expected to be reached in 2020.

As a result of these developments, most of the international organizations and rating agencies revised their growth targets for Turkey.

On November 21, the OECD revised its forecast for Turkey's GDP to 0.3 percent from -0.3 percent for 2019 and to 3 percent from 1.6 for 2020. Previously, in mid-October, the IMF revised its expectations from -2.5 percent to 0.2 for 2019 and from 2.5 percent to 3 for 2020. Also in October, the World Bank revised its -1 percent forecast for Turkish GDP in 2019 and reaffirmed its 3 percent forecast for 2020. According to the European Commission's European Economic Forecast Autumn 2019 Report, the forecast for Turkey's GDP growth in 2019 rose to 0.3 percent from -2.3, while the forecast for 2020 has been revised to 3.1 percent. Moody's also revised upwards its GDP forecasts for Turkey to 0.2 percent for 2019 and to 3 percent for 2020.



INVESTMENT OFFICE SHOWCASES ENTREPRENEURSHIP ECOSYSTEM OF TURKEY IN BAHRAIN

The World Entrepreneurs Investment Forum 2019 was held on November 11-13 in Manama, Bahrain. Themes covered in the forum included the digital revolution and Industry 4.0, entrepreneurship and innovation, and the financial inclusion of entrepreneurs.

Investment Office President Arda Ermut delivered a presentation on Turkey's entrepreneurship ecosystem at the forum. "One of our important goals is to train free-minded, well-equipped, and talented young people who have decision-making competence, who are able to question events, and who have social and universal awareness," said Ermut.

As part of his Bahrain program, Investment Office President Arda Ermut also took the stage at the Bahraini Businessmen's Association and presented on Turkey's investment opportunities.

Entrepreneurship in Turkey
Turkey believes that startups and young entrepreneurs can make valuable contributions to its endeavors to attract value-added investments into the country. This is because startups are part of the financial investor activity that is a major source of FDI in the world as well as in Turkey.

The entrepreneurial spirit has been a key element of the Turkish business ecosystem, and from family-owned companies to startups, successful enterprises with record growth stories have been established in Turkey.

Turkey has implemented many reforms to encourage entrepreneurship and startups.

MILESTONES IN TURKEY'S STARTUP ECOSYSTEM

2012

Introduction of VC Funds by the Capital Markets Board of Turkey

2013

Enactment of the Regulation on Angel Investments

Introduction of Tübitak's 1514 Tech-InvesTR "Venture Capital Funding Program" V.1

2014

Launch of Tax Incentives Program for companies investing in VC Funds

2016

Commissioning of a prominent R&D reform and introduction of support for design

Passing of crowdfunding legislation

2017

Enactment of a new law on Industrial Property Rights

2018

Convening of the Global Entrepreneurship Congress in Istanbul

Introduction of Tübitak's 1514 Tech-InvesTR "Venture Capital Funding Program" V.2

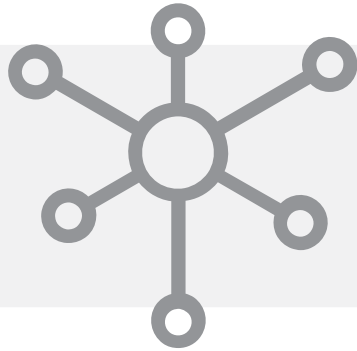
Design is the most important component of high value-added production, and R&D is the most critical part of it. Turkey carried out a prominent R&D reform in early 2016, and introduced support for design for the first time. A new Industrial Property Law was released in early 2017, ensuring protection of R&D, patents, and innovation.

Turkey put into practice the Regulation on Angel Investments in 2013, which provided some tax incentives to angel investors, and thus promoted financing of small enterprises and entrepreneurs. According to the regulation, licensed angel investors are allowed to deduct 75 percent of the capital that they invest under the angel investment system from their income tax.

Turkey has taken steps in all spheres of the startup ecosystem and has started to reap the fruits of these efforts. The Global Entrepreneurship Congress was held in Istanbul in 2018. Istanbul had competed with Dublin and Doha to organize this event. Around 1,300 delegates from around the globe attended the congress.

In 2018, three of the top ten venture capital-backed exits in Europe were Turkish. China's Alibaba acquired Turkish e-commerce platform "trendyol.com" for USD 728 million, Australia-based software developer Atlassian acquired Turkish software developer "Opsgenie" for USD 295 million, and US-based Zynga acquired "Gram Games" for USD 250 million. These are the best examples of startup investments in Turkey.

HIGHLIGHTS OF THE TURKISH STARTUP ECOSYSTEM



Turkey is

the largest startup hub

in Southeast Europe.



550

Number of startups established each year in Turkey.



USD

488 million

Amount raised through angel investors and VC funding in 2010-2018 period in Turkey.

In 2018

3 of the top 10 venture capital-backed exits in Europe were Turkish.

1 out of every 3 investments was made by Corporations & CVCs.

USD

35.7 million

Amount of government grant in the Seed/Series A stage in 2018.



5,000

Number of freelancers and startups thought to work in 40 co-working spaces in Turkey.



6th

Turkey's rank in Instagram use globally.



7th

Turkey's rank in Twitter use globally.



STRYKER INAUGURATES NEW OFFICE IN ISTANBUL

Global medical tech company Stryker inaugurated a new office in Istanbul. The new facility offers product trainings on Stryker's latest technologies and office space for operations and services.

Speaking at the ceremony, Investment Office President Arda Ermut said that the commissioning of a new office by Stryker, which entered into the Turkish market in 2011 and currently exports to over 70 countries, is a proof that international companies rely on Turkey and believe in its long-term potential.



INVESTMENT OFFICE ATTENDS VIENNA ECONOMIC FORUM

The 16th Vienna Economic Forum (VEF) was held on November 18 in Vienna under the theme of "From Planned Economy to Market Economy 30 Years after the Fall of the Iron Curtain".

Investment Office President and VEF Board Member Arda Ermut delivered the main statement at the forum prior to participating in a panel. Highlighting the importance of free market policies, which have always been the main instrument for Turkey to improve relations with the world, Ermut said that protectionist policies will damage rule based international trade and investment regimes, which have come to fruition as a result of long multilateral negotiations and consensus.

EVENTS



NOV 21

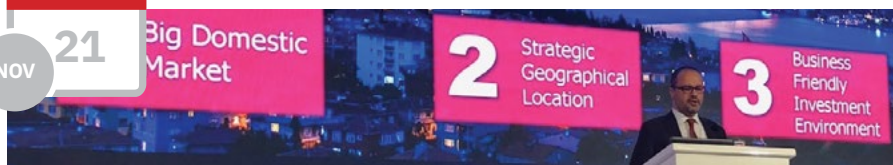


TURKEY

Abdullah Deniz of the Investment Office delivered a presentation on investment opportunities of Turkey at 14th Turkish-Arab Economic Cooperation Summit.



NOV 21



TURKEY

A. Cüneyt Selçuk of the Investment Office presented an overview of Turkey's FDI climate and investment opportunities in "Turkey - Kyrgyzstan Business Forum" held in Istanbul.



NOV 17



PAKISTAN

Investment Office Country Advisor Rahim Albayrak addressed Pakistani investors at the Pakistan-Turkey Chamber of Commerce and Industry Forum held in Karachi by the Union of Chambers and Commodity Exchanges of Turkey-TOBB.



NOV 14



TURKEY

A. Burak Dağlıoğlu of the Investment Office delivered a speech at the Bonds, Loans & Sukuk Turkey 2019 in Istanbul. He highlighted critical success factors to ensure continued Asian investments into Turkey and business opportunities for Asian investors as Turkey is a gateway to EMEA.



NOV 13

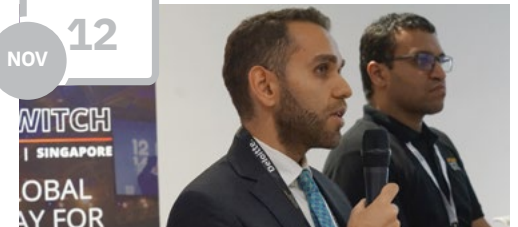


SPAIN

Investment Office Country Advisor Yasemen Korukcu was a speaker at a business meeting organized by the Sevilla Chamber of Commerce and Industry in Spain. Turkish Ambassador to Spain Cihad Enginay, Chairmen and Board Members of the Adiyaman and Gaziantep Chambers of Commerce, and businesspeople also attended the meeting.



NOV 12



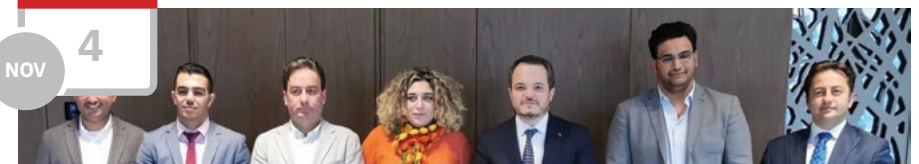
SINGAPORE

As part of the Singapore-Turkey Fintech Meetup Event, Investment Office Country Advisor Emre Büyükkılıç highlighted the investment scene of Turkish startups and the tech ecosystem at a panel hosted by the Singapore Fintech Association.

Among the panelists were EY Global EM Fintech Leader Varun Mittal and MAS Fintech Development Senior Program Manager Dea Markova. The Investment Office also supported the first-ever Turkish pavilion at the Singapore Fintech Festival, the world's largest financial tech conference and exhibition.



NOV 4



KUWAIT

A delegation of Kuwaiti journalists, guided by the Investment Office, the Turkish Ambassador, and the Turkish Commercial Attaché in Kuwait, visited Kuwaiti companies in Turkey. Journalists received first-hand information about Turkey's investment climate.



NOV 4



TURKEY

Necmettin Kaymaz of the Investment Office delivered a presentation on Turkey's investment climate and economic outlook at the 24th Asia Securities Forum held in Istanbul by the Turkish Capital Markets Association.



OCT 22



SPAIN

The Spanish Confederation of Employers' Organizations, the Investment Office, and the Embassy of Turkey in Spain recently embarked on a program to provide guidance to Spanish companies seeking to do business in Turkey. The educational program is set to take place in the first six months of 2020 and will feature a business trip to Turkey.

FDI NEWS

H

Singapore-based private equity firm **The Huntington Group** invests in Turkey's Skor Veri.

IKCO

Iranian automotive giant **Khodro Company** announced a decision to establish a USD 150-200 million facility in the eastern city of Van. The facility is expected to employ one thousand workers.

TCL

China-based display technology company **TCL** entered the Turkish market joining Xiaomi, Huawei, and Oppo, with the launch of its first smartphone, the TCL Plex.

ICBC

The Industrial and Commercial Bank of China has purchased the Istanbul Tower 205 project with an investment of USD 594 million.

TGN

During Taiwan Business Day, held in Istanbul, Taiwanese business leaders announced their decision to begin the process of establishing a USD 100 million steel factory in Turkey.

MITSUBISHI

Through their new company Mitsubishi-Aksa, Turkey-based Aksa Jenerator and Japanese giant **Mitsubishi** have agreed to establish a high-tech power generator production facility, expected to create a volume of USD 100 million a year.

INVESTMENT OFFICE ORGANIZES OIC HIGH LEVEL PUBLIC AND PRIVATE INVESTMENT CONFERENCE IN ISTANBUL



The OIC High Level Public and Private Investment Conference will be hosted by Turkey on December 8-9, 2019.

Under the theme of “Unleashing Intra-OIC Investment Opportunities: Investment for Solidarity and Development”, the upcoming OIC conference is slated to be held in collaboration with the Presidency of the Republic of Turkey Investment Office, the General Secretariat of the OIC, and the Islamic Development Bank Group with a view to boosting the volume of intra-OIC investments, eliminating barriers to trade and investment, and ensuring sustainable socio-economic development.

One of the main objectives of the conference is to get a better assessment on the investment opportunities and implications associated with doing business in the region by involving all key stakeholders and allowing them to make informed decisions about investments and reforms.

Conference invitees are set to include a selection of

businesspeople from a range of leading companies in the area of banking, construction, tourism, and commerce sectors operating in the OIC geography, in addition to 56 OIC member states, observers, and international organizations. Furthermore, opinions and suggestions from countries where Muslim business circles are present, e.g. the US, UK, and Germany, will also be considered.

The OIC Investment Conference will represent a key win-win platform between the OIC private and public policymakers to discuss policy recommendations that will enable us to reach a vibrant public and private dialogue. On the sidelines of the conference, thematic panel sessions in which private sector decision makers and investors are expected to meet among themselves (B2B) and hold meetings with governmental entities (B2G) have been planned.

Visit
oicinvestmentconference.org
 for registration



WHY TURKEY?

TURKEY: HUB FOR INNOVATION AND GROWTH

Easy access to multiple markets of \$25 trillion GDP, \$7.8 trillion trade, 1.7 billion people.

ACCESS TO MULTIPLE MARKETS

Europe

GDP: \$19.5 trillion
Import: \$6.5 trillion
Population: 700 million

MENA

GDP: \$3.6trillion
Import: \$1.0 trillion
Population: 800 million

Russia

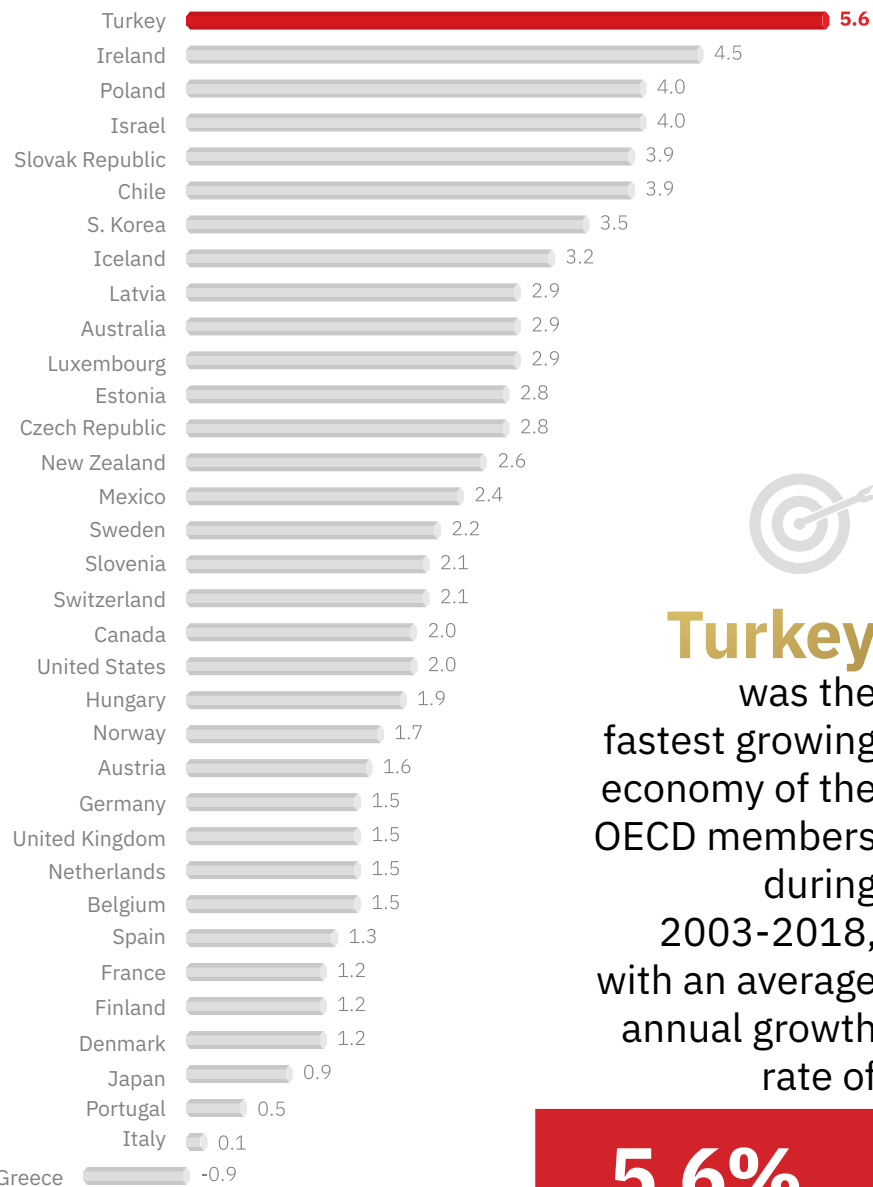
GDP: \$1.5 trillion
Import: \$0.2 trillion
Population: 100 million

Central Asia & Caucasus

GDP: \$0.3 trillion
Import: \$0.1 trillion
Population: 100 million

- Booming economy reaching USD 784 billion in 2018, up from USD 231 billion in 2002.
- One of the fastest growing OECD economies between 2014-2025, with an estimated average annual growth rate of 4.7%.
- USD 209 billion of FDI between 2003-2018, while the total amount of FDI attracted between 1923-2003 stood at USD 15 billion.

AVERAGE ANNUAL REAL GDP GROWTH (%) (2003-2018)



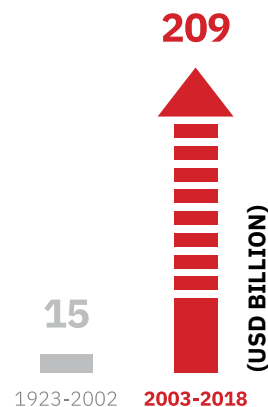
Turkey was the fastest growing economy of the OECD members during 2003-2018, with an average annual growth rate of

5.6%

Source: IMF World Economic Outlook (October 2018)

CUMULATIVE FDI INFLOWS TO TURKEY (USD BILLION)

- Investment incentives as well as R&D support.
- Equal treatment to national and global investors guaranteed by law.
- 6.5 days to set up a company in Turkey, while it takes an average of 8.5 days in OECD high-income countries. (World Bank Doing Business 2018)



HIGHLIGHTS

- 13th largest economy in the world with **USD 2.2 trillion** (GDP at PPP). (IMF, 2018)
- The fastest growing economy in Europe and one of the fastest growing economies in the world with an average annual **GDP growth rate of 5.6%** over the past 15 years. (TurkStat, 2003-2018)
- The largest bus producer and the 2nd largest commercial vehicle producer in the EU. (OICA, 2018)
- 2nd largest steel producer in the EU and 8th in the world. (Worldsteel, 2016)
- Among top 6 holiday destinations in the world with over **46 million** international tourists in 2018. (UNWTO & Ministry of Culture and Tourism)

SOPHISTICATED CONSUMER BASE



A population of 82 million, half of which is **under the age of 32**. (2018, TurkStat)

Largest youth population compared with the EU. (Eurostat)



72 million broadband internet subscribers and 80.6 million mobile phone subscribers. (2018, TurkStat and ICTA)

SKILLED AND DEDICATED LABOR FORCE



Over **32.3 million young, well-educated** and **motivated** professionals. (2018, TurkStat)



More than **800,000 students** graduate annually from over **183 universities**. (2018, CoHE)

INFRASTRUCTURE



Well-developed and low-cost **sea transport facilities.**



Railway transport advantage
connecting Asia to Central and Eastern Europe.

AIRPORTS IN TURKEY

Swift and efficient air transportation with 55 airports connected to international destinations



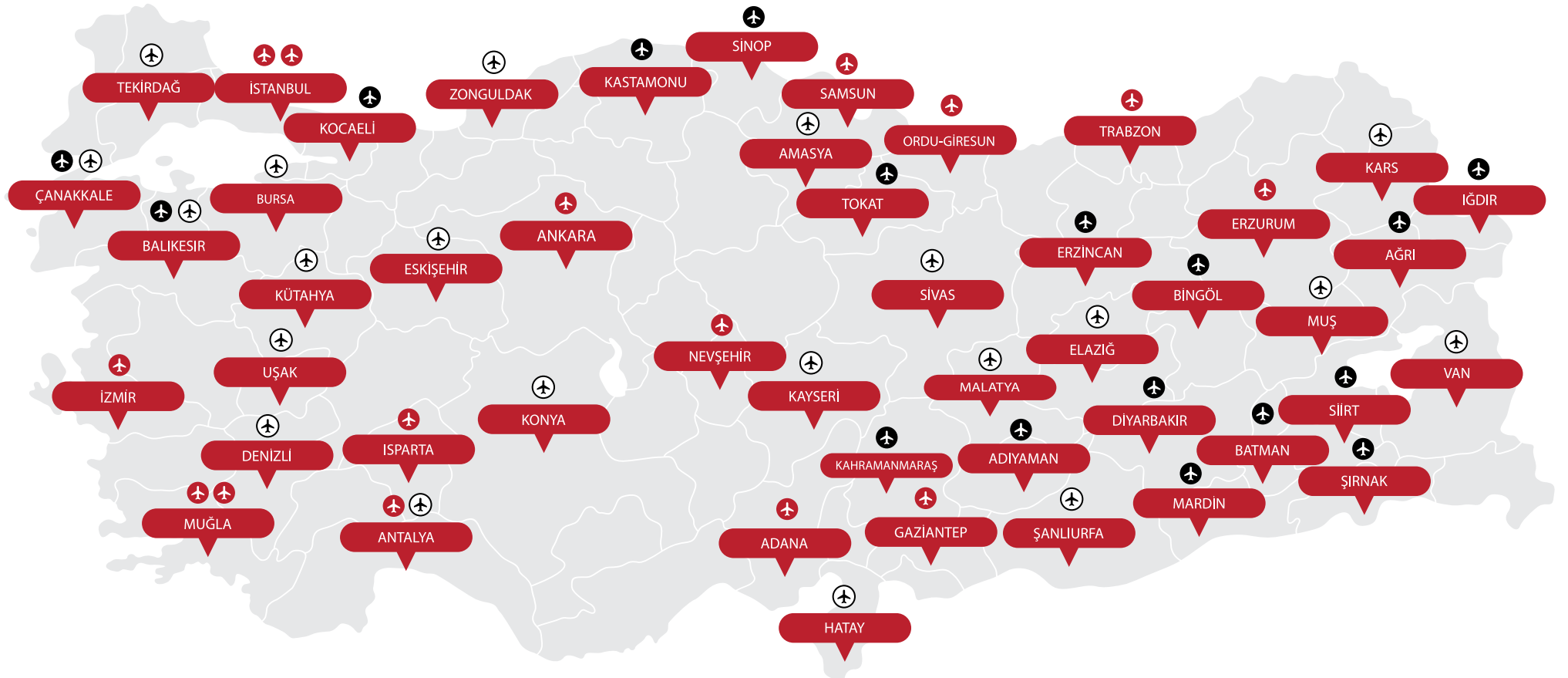
Airports open to domestic and international flights



Airports open to domestic and chartered international flights



Airports open to domestic flights



Turkey is a perfect investment destination

with its strategic location and motivated and qualified workforce. Global investors are invited to be a part of Turkey's economic and social growth.

Running
79 countries
from
Istanbul

We are running 79 countries from Istanbul and are enjoying the dynamism, diversity, and availability of a high-quality work force. These attributes and more, we believe, represent big potential for Turkey, in the way of development through the effective use of technology as well as becoming a software and services provider to other countries, particularly the EU. Microsoft Turkey will be here to support economic development and capacity building.



Jean-Philippe COURTOIS
Executive Vice President & President -
Global Sales, Marketing & Operations,
Microsoft

Two factories and over 3,000 direct employees

Turkey is a dynamic and promising market with its young population and great location. It has a strategic importance for Nestlé and offers interesting opportunities for us to grow and invest. We are proud to be here for more than 100 years and to make contributions to the development of the Turkish food industry and Turkish consumers' tastes over the years. We are convinced that there is still great potential to grow our business even more and to contribute to the development of the Turkish economy. Having established our first factory in Turkey in 1927, today, we are carrying out local production in Turkey together with two factories and more than 3,000 direct employees. We are committed to offering high-quality products to our consumers that are healthy, nutritious, and tasty.

Félix ALLEMANN

Former Chairman & CEO, Nestlé Turkey



Turkey's economic dynamism –
perfect match for innovation culture

We believe 3M's innovation culture built on 3M Science and Turkey's economic dynamism is a perfect match. 3M's global manufacturing and technological legacy, combined with the skills and dedicated work of our Turkish employees, will continue to strengthen 3M and the Turkish economy. We thank the Investment Office for its valuable assistance and guidance throughout our decision and investment processes.

Hak Cheol SHIN

Former Executive Vice President -
International Operations, 3M



45 years of experience as a domestic manufacturer in Turkey

The core of the Turkish national economic agenda, and the key value for investors, is a dedicated effort to promote innovation, enhance competitiveness, and encourage investment in global value chains. Dow has over 45 years of experience as a domestic manufacturer in Turkey, and our new joint venture with AKSA is a key example of how we can bring together raw materials, a high-skilled workforce, and most importantly a booming downstream customer industry. With a strong, pro-business government in Turkey, the investment environment makes sense. And it is also easy to operate, thanks to the Investment Office President and his entire team.

Andrew N. LIVERIS

Former Chairman & CEO, DOW



WHO WE ARE

Investment Office is the official organization that:

- Promotes the investment environment of Turkey and provides assistance to investors.
- Reports directly to the President.

WE ARE HERE TO FACILITATE YOUR INVESTMENT IN TURKEY

HOW WE HELP

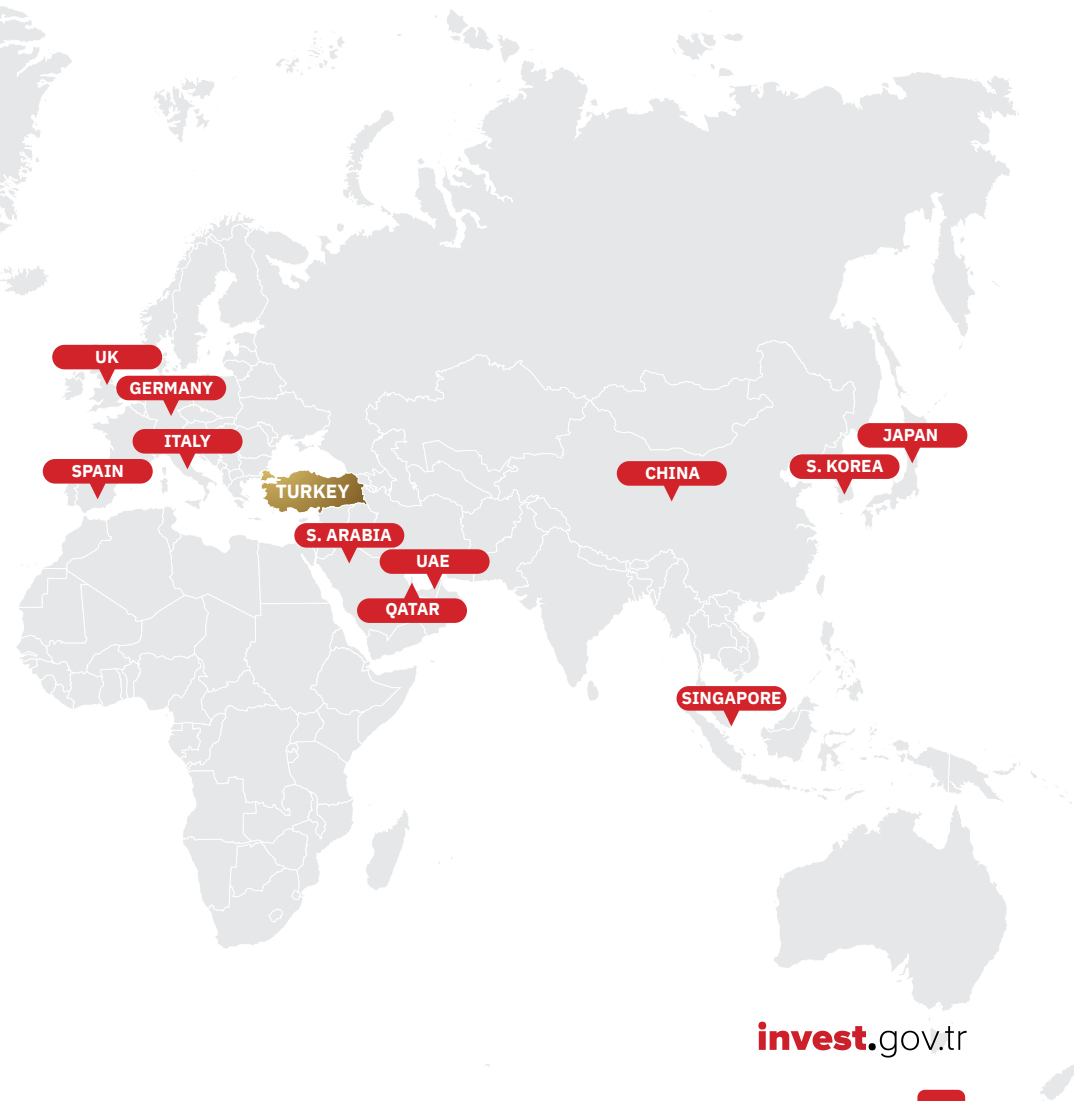
- Multilingual (Turkish, English, German, French, Italian, Arabic, Spanish, Chinese, Japanese and Korean)
- One-Stop-Shop approach
- Result-oriented
- Private sector approach with full confidentiality
- Focusing on high-tech, value-added and employment generating investments.



WHAT WE DO

- To present investment opportunities to the investors and provide assistance during all the stages of their investments.
- To serve as the reference point for international investors and the point of contact for all institutions engaged in promoting and attracting investments at national, regional and local levels.
- To offer free-of-charge services including market information and analyses, site selection, B2B meetings, coordination with relevant governmental institutions, and facilitate legal procedures and applications such as establishing business operations, incentive applications, obtaining licenses and work permits.

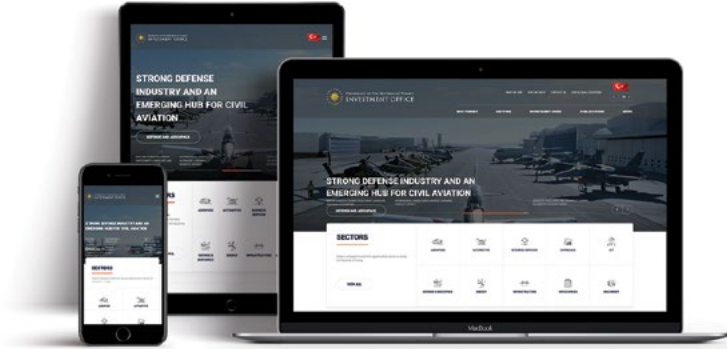
OUR GLOBAL LOCATIONS



OUR NEW WEBSITE HAS LAUNCHED!



BRAND NEW WEB SITE LOOK



PRESIDENCY OF THE REPUBLIC OF TURKEY INVESTMENT OFFICE

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



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