



# INVEST IN TURKEY

THE REPUBLIC OF TURKEY PRIME MINISTRY  
INVESTMENT SUPPORT AND PROMOTION AGENCY OF TURKEY

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## Turkish-Spanish companies team up for Turkey's high-speed train projects

Turkish Tümosan and Spanish Talgo have joined forces to cooperate on developing projects for Turkey's upcoming high-speed train tenders. According to a Memorandum of Understanding (MoU) inked between the Turkish tractor/diesel engine maker and the Spanish rail vehicle manufacturer, both sides

valuable rail technologies to Turkey, a country set to build 10,000 kilometers of high-speed rail lines by 2023. Investment Support and Promotion Agency of Turkey (ISPAT) President İlker Aycı, also present at the ceremony, said that the Albayrak Group's acquisition of formerly state-owned Tümosan through

a privatization tender in 2004 has lifted the company's worth from USD 20 million to USD 1 billion. The Turkish government is looking to increase the use of railways and to establish high-speed rail lines between the country's major population centers. Significant investments in the country's railway

**“Our agenda includes joint development of railway cars, feasibility studies and tenders.”**

have agreed to develop joint projects, ventures and technology transfers aimed primarily at Turkey's projected high-speed rail routes. “Our agenda includes joint development of railway cars, feasibility studies and tenders”, said Tümosan CEO Nuri Albayrak. Speaking at the MoU signing ceremony held in Istanbul, Albayrak said that their ultimate intention was to bring



network will be realized over the next 10 years, which will then increase the length of the network to 26,000 kilometers, nearly double today's 12,000 km. High-speed lines are expected to constitute 10,000 kilometers of the total.

## Turkey stands out for its investment appeal – ISPAT President



In line with its strategy of overseas expansion, Spanish Banco Bilbao Vizcaya Argentaria (BBVA) announced that it has priced a EUR 2 billion (USD 2.5 billion) rights issue to fund the raise in its stake in Turkey's Garanti Bank at EUR 8.25 per share. Spain's second-largest lender, BBVA announced on November 19 that it is raising its stake in Garanti, one of Turkey's biggest banks, in a deal that will give it control of the board. A Garanti spokesman said that the Turkish conglomerate Doğu Holding has agreed to sell a 14.89 percent stake to BBVA, which already owns 25 percent of Garanti, for TRY 5.5 billion (USD 2.5 billion). The deal cuts Doğu Holding's stake to 10 percent. Garanti has been a bright spot for the Spanish bank this year. BBVA's net profit for the first nine months fell 37 percent to EUR 1.93 billion, but Garanti's contribution of EUR 235 million represented a rise of 20 percent.

## Foreign real estate buyers flock to Antalya and Istanbul

Property investors from all over the world are hurrying to acquire housing in Turkey's major population and tourist hubs. Annual statistics indicate a 55.6 percent hike in realty purchases by foreign nationals. According to the Turkish Statistical Institute (TurkStat), foreign buyers purchased 18,959 housing units in Turkey during 2014, up 55.6 percent over 12,181 transactions in 2013. Last year Antalya was the most preferred location, with 34.5 percent of foreign realty investors acquiring property in the country, followed by Turkey's historic metropolis, Istanbul, with 29.4 percent. Still, the Marmara Region, where Istanbul, Bursa, Yalova and Sakarya provinces are located, accounted for 41.2 percent of the property purchases realized last year, overtaking the Mediterranean Region, where 38.6 percent of the total number of purchases took place. Real estate purchases by foreigners in Turkey reached USD 3.7 billion in the first 11 months of 2014, rising by 35 percent over the same period of the previous year. With the abundance of projects suited for foreign buyers, sector analysts expect higher property sales in coming years.



## Turkey's annual tourism revenue up 6.2 percent



Turkey's tourism revenue hit USD 34.4 billion in 2014, up 6.2 percent over the preceding year. According to data recently released by the Turkish Statistical Institute (TurkStat), the country attracted some 41.4 million visitors during the past year, who spent an average of USD 828 per capita. The number of foreign visitors also increased 5.6 percent over the previous year.

Individual expenses constituted around USD 26.2 billion of the total expenditure by visitors, while around USD 8.3 billion came from tour companies. 86.6 percent of Turkey's tourism revenue derives from foreign nationals, while the rest consists of expenditures made by Turkish citizens living abroad.

## Toyota to up capacity in Turkish plant and add a third model

The world's leading automotive producer Toyota of Japan is set to make a major upgrade in its plant in Turkey. According to a statement by Toyota Turkey, the company has obtained a TRY 1.1 billion (approx. USD 470 million) investment incentive certificate for upgrades and modernization at its plant in Adapazarı, Sakarya in northwestern Turkey.

As a result of the upgrade, the output of the Adapazarı plant will reach an annual rate of 250,000 vehicles, up from 170,000. Currently manufacturing the Corolla and Verso models, the plant will also host the assembly line of an as-yet unannounced third model.

Toyota Turkey exported more than 85 percent of its production in 2014, reaching an export volume of USD 2 billion. In addition to Toyota, Turkey is a manufacturing and export hub for other car makers including Ford, Renault, Fiat, Honda, and Hyundai.



# Turkey's Machinery Industry

The machinery industry in Turkey has been growing at a rate of nearly 20 percent per year since 1990, and 30 percent per year since 2009. The growth of the Turkish machinery sector is backed by highly competitive and adaptable small and medium-sized businesses (SMEs) which form the bulk of the industrial production in the country and account for 50 percent of machinery production.

As the drivers of growth in machinery and major contributors to the industrialization of the country, Turkish SMEs distinguish themselves from their peers in other countries by their utilization of the low-cost and highly skilled work force Turkey offers. With domestic inputs accounting for approximately 85 percent of all inputs at the production stage, and over 450,000 engineering graduates every year, the sector is dynamic and flexible.

The advantage of an engineering capability required to compete in the international market combined with reasonable labor costs enable the Turkish machinery industry to offer a range of products and components that are both high-quality and affordable. This is evident from the fact that R&D spending on machinery manufacturing increased 33 percent between 2010 and 2012,

outpacing R&D spending on manufacturing in general (24 percent) and on overall activities (19 percent) in Turkey.

The Turkish machinery sector therefore presents strong opportunities for investors, with competitive input costs in labor, energy and logistics, and strong enablers including R&D readiness, skilled labor, IP protection, targeted incentive programs and an extensive supply basis with several regional clusters.

The machinery production of Turkey has also started to take up an increasing portion of the country's exports, and in 2013 accounted for 14 percent of total exports with USD 22.5 billion. The major export destinations of Turkish machinery products include Germany, the UK, Iraq and France. Meanwhile, Turkey imports

machinery products mostly from China, Germany, Italy, South Korea and France. Despite robust domestic production of machinery, imports of USD 47.9 billion in 2013 were more than twice that of exports, indicating the increasing domestic demand for machinery.

Turkey's machinery industry has been given ambitious export targets for the country's 100th anniversary in 2023. To reach exports of USD 100 billion, a share of 2.3 percent of the global market, the Turkish machinery industry is projected to have a CAGR of 17.8 percent by 2023. By that time Turkey's share of sector exports is expected to be no less than 18 percent.

With a 64 percent growth in machinery manufacturing FDI inflow since 2005, the sector has also been a growth driver for overall manufacturing FDI; the drive is expected to continue as machinery FDI is still a small percentage of the whole, representing 15 percent of manufacturing FDI in 2011.



## Bosch to run Middle Eastern operations from Istanbul HQ

German industrial conglomerate Bosch's Turkish headquarters has been entrusted with running the group's business in Middle Eastern markets. Bosch Turkey General Manager Steven Young has been appointed President of Bosch Turkey and the Middle East effective January 1, 2015. The 16-country market, including UAE, Bahrain, Afghanistan, Iraq, Jordan, Kuwait, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia and Yemen, will be run from Bosch's Istanbul office. Active in the Turkish market for over a century, the brand first began manufacturing in Turkey in 1972. Bosch currently employs 8,200 people in Turkey, in the fields of automotive spare parts, home appliances and industrial technology, with exports from the country reaching USD 1.1 billion in 2013.



## GDP & FDI

- FDI: up 0.06% y-o-y to USD 10.947 bln in Jan-Nov 2014
- Real GDP: up 4.1% y-o-y in 2013
- GDP at current prices: USD 822 bln in 2013, up from USD 786 bln in 2012
- Current account deficit: down 31.7% y-o-y in Jan-Nov 2014 (USD 38.7 bln)

Source : TurkStat & CBRT

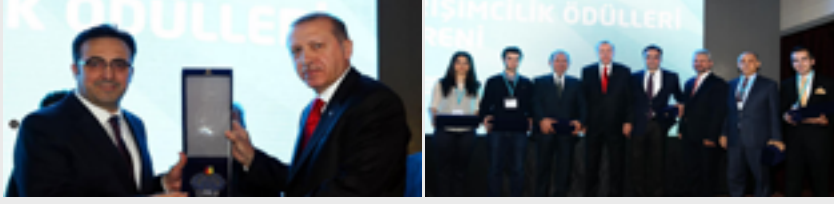
## Foreign Trade

- Exports: up 1.2% y-o-y in Dec 2014 & up 3.9% y-o-y in Jan-Dec 2014
- Imports: down 5.6% y-o-y in Dec 2014 & down 3.7% y-o-y in Jan-Dec 2014
- Foreign trade deficit: down 14.6% y-o-y in Dec 2014 & down 15.4% in Jan-Dec 2014
- Exports/Imports: 61% in Dec 2014, up from 56.9% in Dec 2013 & 65.1% in Jan-Dec 2014, up from 60.3% in Jan-Dec 2013

Source : TurkStat

# ISPAT Team at Work

## ISPAT & WAIPA President Ayıcı Named 'Public Executive of the Year'



İlker Ayıcı, President of the Investment Support and Promotion Agency of Turkey (ISPAT) and the World Association of Investment Promotion Agencies (WAIPA), has received the Public Executive of 2014 Award from the Entrepreneurial Businessmen Foundation (GIV).

Ayıcı was presented his award by Turkey's President Recep Tayyip Erdoğan. The ceremony was also attended by Turkey's Minister of Science, Industry and Technology, Fikri Işık.

## Global Competitiveness Forum



ISPAT President İlker Ayıcı attended a panel discussion entitled "The Legacy of FDI: How Can We Build Partnerships that Maximize Knowledge Transfer to a Society?" at the Global Competitiveness Forum (GCF2015) in Riyadh, Saudi Arabia.

## Turkish Prime Minister & Finance Officials on UK Visit



A Turkish delegation led by Turkey's Prime Minister Ahmet Davutoğlu, Vice Prime Minister Ali Babacan, Minister of Finance Mehmet Şimşek, Minister of Culture and Tourism Ömer Çelik, President of the Investment Support and Promotion Agency of Turkey İlker Ayıcı, and other high-level officials set off for a visit to the UK.

## Visit by Osaka Prefecture Officials



A visit to ISPAT headquarters by the officials of the Osaka Prefecture of Japan.

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# Upcoming

## Opening: R&D Office - Fraunhofer IML Institute 23 February 2015 Istanbul, TURKEY

Fraunhofer IML Institute, the largest application-oriented research organization in Europe, will open its Turkey R&D office in the Istanbul University Technology Transfer Application and Research Center. ISPAT President İlker Ayıcı, Fraunhofer Global Representative Dr. Jens Neugebauer, academicians from major universities and prominent businessmen of leading companies will attend the inauguration ceremony.

## Meeting: Investment Climate 23-24 February 2015 Mumbai/New Delhi, INDIA

Two events in India organized by ISPAT will focus on Turkey's investment climate and its geo-strategic importance for Indian businesses with global ambitions. The events will be attended by Turkish Finance Minister Mehmet Şimşek and decision makers of leading Indian corporations.

## Seminar: Investment Promotion 27 February 2015 Tokyo, JAPAN

ISPAT will hold an investment promotion seminar in Tokyo, together with the Bank of Tokyo-Mitsubishi UFJ (BTMU).



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