

INVEST IN TURKEY

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Message from the Investment Office

September 2019 was again a very busy month for the Investment Office. We were part of the delegation of President Recep Tayyip Erdoğan during his official visit to the US on the occasion of United Nations General Assembly Meetings. This and the US Secretary of Commerce's recent visit to Turkey in September both further strengthened the strong strategic partnership between Turkey and the US.

Last month, the Investment Office also hosted delegations from Hong Kong and Germany in Istanbul and gave insights on Turkey's investment environment. Another prominent event in September was the UK-Turkey Business Forum, where we participated as the keynote speaker.

Arda ERMUT
President, Investment Office

PRESIDENT ERDOĞAN ATTENDS UN GENERAL ASSEMBLY MEETINGS IN NEW YORK

President Recep Tayyip Erdoğan attended the 74th session of the United Nations General Assembly (UNGA 2019) in New York. President Erdoğan held separate meetings with the world leaders on the sidelines of the UN General Assembly and addressing the audience at the UNGA 2019, he said that fundamental reforms should be carried out in line with the principles of justice and equity. "Turkey is hosting the largest disabled people in the world and has earned the title of the most generous country regarding humanitarian aid with an active and humane foreign policy", said Erdoğan.

On the occasion of his official visit, President Erdoğan also attended the 10th Turkey Investment Conference organized by the Turkey US Business Council and met with businesspeople, including top executives of global companies, NGOs, and senior representatives of the US business community. Speaking at the conference, President Erdoğan offered US corporate giants insights into Turkey's investment opportunities and provided updates on the economic agenda.



Turkey is hosting more than

3.6 million

Syrian refugees as of September 2019.

DID YOU KNOW?

US DELEGATION VISITS TURKEY

Headed by the US Secretary of Commerce Wilbur Ross, a US delegation visited Turkey in September as part of efforts to boost bilateral trade between Turkey and the US. After receiving Ross, President Erdoğan announced that discussions for a free trade agreement between the two countries would begin soon. Highlighting the importance of bilateral trade relations as well as investments, President Erdoğan added, “There are more than 1,800 US companies operating in Turkey. We want more US companies to invest in our country and we are prepared to assist every US investor.”

In conjunction with the visit to Turkey, Investment Office President Arda Ermut addressed a high-level US business delegation from the US Chamber of Commerce at an executive meeting held in Istanbul. “As the Investment Office, we are more than willing to contribute to improving economic relations between Turkey and the US; in particular to achieve the target to increase bilateral trade to USD 100 billion, as set by President Erdoğan and President Trump,” said Ermut.



US was Turkey's
5th largest export and 4th largest import partner in 2018.

DID YOU KNOW?



1,800+

Number of companies operating with US capital in Turkey.



USD 12 billion

FDI inflows from the US to Turkey since 2002.



USD20.7 billion

Trade volume between Turkey and US in 2018.



TURKEY'S LARGEST AERIAL EVENT TAKES PLACE FOR THE SECOND TIME

The second edition of TEKNOFEST Istanbul Aerospace and Technology Festival, organized by the Turkish Technology Team Foundation (T3) and the Ministry of Industry and Technology took place on September 17-22 in Istanbul. Turkey's most extensive festival covering aerospace, space, and technology events, TEKNOFEST lasted 6 days and boasted attendance of 1.7 million tech-focused people.

The Investment Office was one of the stakeholders of the event, which featured the Take-Off International Startup Summit, the HackIstanbul Contest, World Drone Cup, and competitions such as the Smart Places Hackathon, Robotics, Unmanned Underwater Systems, and Unmanned Aerial Vehicle.

On the occasion of TEKNOFEST 2019, the cutting-edge and brand-new vehicles of the Turkish Air Force were showcased. The aerobatic demonstration team SOLOTURK also performed flight shows during the festival.

Speaking at TEKNOFEST, President Recep Tayyip Erdoğan emphasized the importance of technology, stating that Turkey wants to be a producer of new technologies in this period of technological transformation rather than simply being a market for them.



1.7 million

Record number of visitors from all ages and professions.

17,373

Number of teams that competed in 19 different areas such as flying car design competition, robotic designs, and model satellite competitions.



10,000

Number of contestants that reached finals.



TRY 4 million

Total amount of financial support provided to the teams during the competitions.

Highlights of the Turkish Defense-Aerospace Industry

USD 19 billion



Total defense expenditures of Turkey in 2018.

USD 8.8 billion



Total turnover of Turkey's defense and aerospace industry in 2018.

USD 2.4 billion



Total export value of Turkish defense and aerospace industry in 2018.

USD 29.5 billion



Total turnover of Turkey's civil aviation services in 2018.

515



Number of aircrafts in Turkey's civil aviation fleet.

210 million

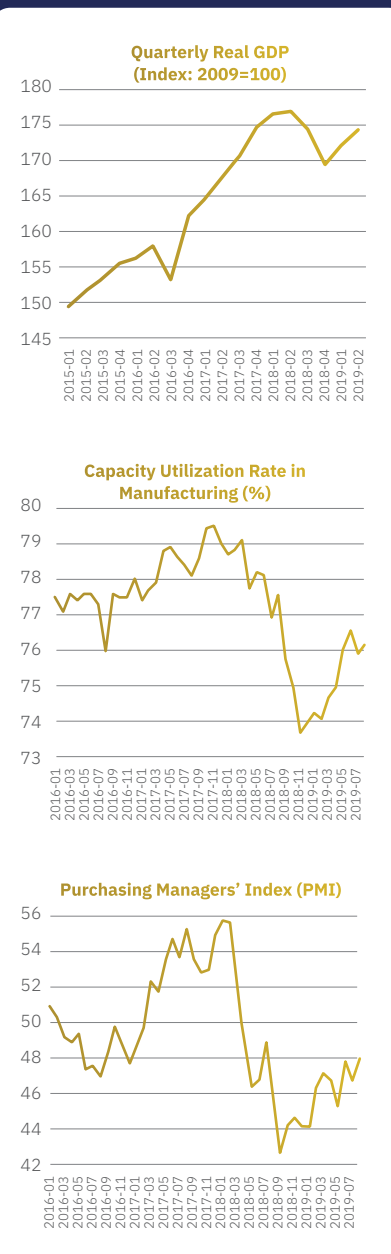


Number of airline passengers in Turkey in 2018.

REBALANCING CONTINUES IN THE TURKISH ECONOMY IN LINE WITH TARGETS

Following 1.6 percent growth q-o-q in the first three months of 2019, the Turkish economy expanded by 1.2 percent in the second quarter of 2019, suggesting that economic activity is bouncing back after the contraction experienced in the second half of 2018. The capacity utilization rate of manufacturing in the country increased to 76.2 percent in August, up from 75.9 percent in July. Also, PMI increased to 48 in August, up from 46.7 in July. Finally, a significant decrease in CPI, PPI and core inflation indicates that the year-end targets set on anti-inflation and robust growth policies will be achieved.

Commenting on the Turkish economy's current overview on different occasions, the Minister of Treasury and Finance Berat Albayrak said the economy has met the targets set by the ministry. Speaking at a press conference after the Central Bank's announcement on rate cuts - the Monetary Policy Committee decided to reduce the policy rate by 750 basis points in its last two meetings - Minister Albayrak said the inflation rates of 2019 will be below targets unveiled with the New Economic Program. He also added that a decrease in loan interest rates is expected following the rate cut.



Source: TurkStat, CBRT, IHS Markit, seasonally-adjusted data



INVESTMENT OFFICE ATTENDS UK-TURKEY BUSINESS FORUM

Businesspeople and officials met at the 10th UK-Turkey Business Forum in Istanbul, organized by the Turkish British Chamber of Commerce and Industry (TBCCI), to explore business and trade opportunities. The Minister of Trade Ruhsar Pekcan and Head of the Investment Office Arda Ermut gave keynote speeches at the event.

Speaking at the forum, Investment Office President Arda Ermut highlighted Turkey's investment opportunities for British investors and the strong economic relations between Turkey and the UK. "The Turkish economy offers opportunities to British businesspeople in the automotive, chemical, defense, energy, and ICT sectors," said Ermut. The UK is the second-largest market for Turkish goods and the 7th largest source for the country's imports.

INVEST NEWS



The **Japan Bank for International Cooperation (JBIC)** is expanding its investment in Turkey by opening an office in Istanbul. This will be JBIC's first office in the past decade. The Investment Office assisted in the realization of this investment.



Turkish conglomerate Demirören Holding's subsidiary Şans Digital and Italy's **Sisal** agreed on a deal for the operating rights to Turkey's national lottery, Milli Piyango. The 51: 49 Turkish Italian JV will have operating rights for the next 10 years.



Facebook launched Facebook Istasyon (Station) in Turkey, a community center to train businesses and entrepreneurs for the digital world. The initiative was jointly founded by Facebook, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), and the Habitat Association.



German **HDI** Insurance acquired Turkish insurance company ERGO Sigorta. The company is currently ranked 7th among top non-life insurance companies in Turkey.



German insurance services company **Allianz's** investments in Turkey have surpassed EUR 1 billion over the past decade. The company plans to further invest in the country's future by launching Allianz Teknik, where a Technical Earthquake and Fire Testing and Training Center will be established.



Europe's leading bus operator, **FlixBus**, has initiated the process to acquire Kamil Koç, Turkey's oldest and second-largest bus company.



American-founded German **DHL Express** announced a EUR 135 million investment in Istanbul Airport.

& EVENTS

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ISTANBUL | TURKEY

Investment Office hosted a delegation of top executives from the Better Hong Kong Foundation at the Presidency Dolmabahçe Office. The event featured multiple presentations on Turkey's investment climate and ways to boost trade & investment ties between Turkey & Hong Kong.



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ISTANBUL | TURKEY

Investment Office President Arda Ermut received top executives of the European Bank for Reconstruction and Development (EBRD) in Istanbul. Topics included the support for EBRD's activities and cooperation on several specific projects. EBRD remains strongly committed to Turkey and expects to invest EUR 1 billion in the country this year.



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HUSUM | GERMANY

Zeynel Kılınc of the Investment Office highlighted Turkey's attractive renewable energy environment in detail at the HUSUMWind Fair in Germany.



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KUALA LUMPUR | MALAYSIA

Following Malaysian Prime Minister Tun Dr. Mahathir bin Mohamad's official visit to Turkey in July, an investment seminar was held in Kuala Lumpur in collaboration with the Asia Strategic Leadership Institute (ASLI) to showcase Turkey's investment climate and business opportunities. After the opening speech by Malaysia Turkey Business Council Co-Chairman Tan Sri Razman Hashim and keynote by Turkish Ambassador to Malaysia Dr. Merve Kavakçı, Investment Office Country Advisor A. Emre Büyükkılıç made a presentation.



IZMIR | TURKEY

The Investment Office presented on Turkey's strong fundamentals and its favorability as an FDI destination during the Izmir Business Days, which was held as part of the 88th Izmir International Fair.



HONG KONG

A. Emre Büyükkılıç of the Investment Office delivered a presentation on the Turkish Citizenship Through Investment Program, addressing prospective investors at an exclusive event held in Hong Kong, where Turkish Consul General in Hong Kong Peyami Kalyoncu and executives from Turkish Airlines and the Commercial Counselor Office were also present.



ISTANBUL | TURKEY

The Investment Office's A. Cüneyt Selçuk presented on Turkey's FDI climate and economy to Czech business professionals at the Turkey - Czechia Business Forum held in Istanbul by the Foreign Economic Relations Board of Turkey (DEİK).



ISTANBUL | TURKEY

The Investment Office, in cooperation with the German Near and Middle East Business Association (NUMOV), hosted a German delegation of top executives from prominent companies and government organizations in Istanbul. Prior to their site visits, the delegation was briefed on Turkey's investment climate and business opportunities by A. Burak Dağlıoğlu from the Investment Office, who also addressed their questions during the Q&A session.

TURKEY RANKS 7th IN TOP 20 EUROPEAN FDI DESTINATIONS

According to EY Attractiveness Survey Europe, while the overall number of FDI projects in Europe declined for the first time in six years, Turkey successfully attracted 14 percent more FDI projects compared to the previous year, increasing its market share by 4 percent. Turkey maintained its ranking as the 7th most popular European FDI destination in 2018.

Rank	Country	2017	2018	Change 2017/18	Market Share (2018)
1	UK	1,205	1,054	-13%	17%
2	France	1,019	1,027	1%	16%
3	Germany	1,124	973	-13%	15%
4	Spain	237	314	32%	5%
5	Belgium	215	278	29%	4%
6	Poland	197	272	38%	4%
7	Turkey	229	261	14%	4%
8	Netherlands	339	229	*	4%
9	Russia	238	211	-11%	3%
10	Ireland	135	205	52%	3%
11	Finland	191	194	2%	3%
12	Serbia	118	119	1%	2%
13	Romania	126	109	-13%	2%
14	Italy	63	103	63%	2%
15	Hungary	116	101	-13%	2%
16	Lithuania	74	83	12%	1%
17	Portugal	95	74	-22%	1%
18	Bosnia and Herzegovina	62	73	18%	1%
19	Sweden	108	73	-32%	1%
20	Czech Republic	134	65	-51%	1%
	Other Countries**	628	538	-14%	8%
	TOTAL	6,653	6,356	-4%	100%

Source: EY European Investment Monitor (EIM) 2019; June 2019

* Due to a change in methodology in the Netherlands in 2017, the 229 FDI projects reported for 2018 actually compare with 224 FDI projects in 2017.

** Other countries include Switzerland, Denmark, Ukraine, Bulgaria, Austria, Latvia, Slovakia, Croatia, Estonia, Luxembourg, Norway, Belarus, Malta, Azerbaijan, Greece, Georgia, Slovenia, Armenia, Macedonia, Iceland, Cyprus, Liechtenstein, Moldova, Albania, Montenegro and Monaco.

WHY TURKEY?

TURKEY: HUB FOR INNOVATION AND GROWTH

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

ACCESS TO MULTIPLE MARKETS

Europe

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

MENA

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

Russia

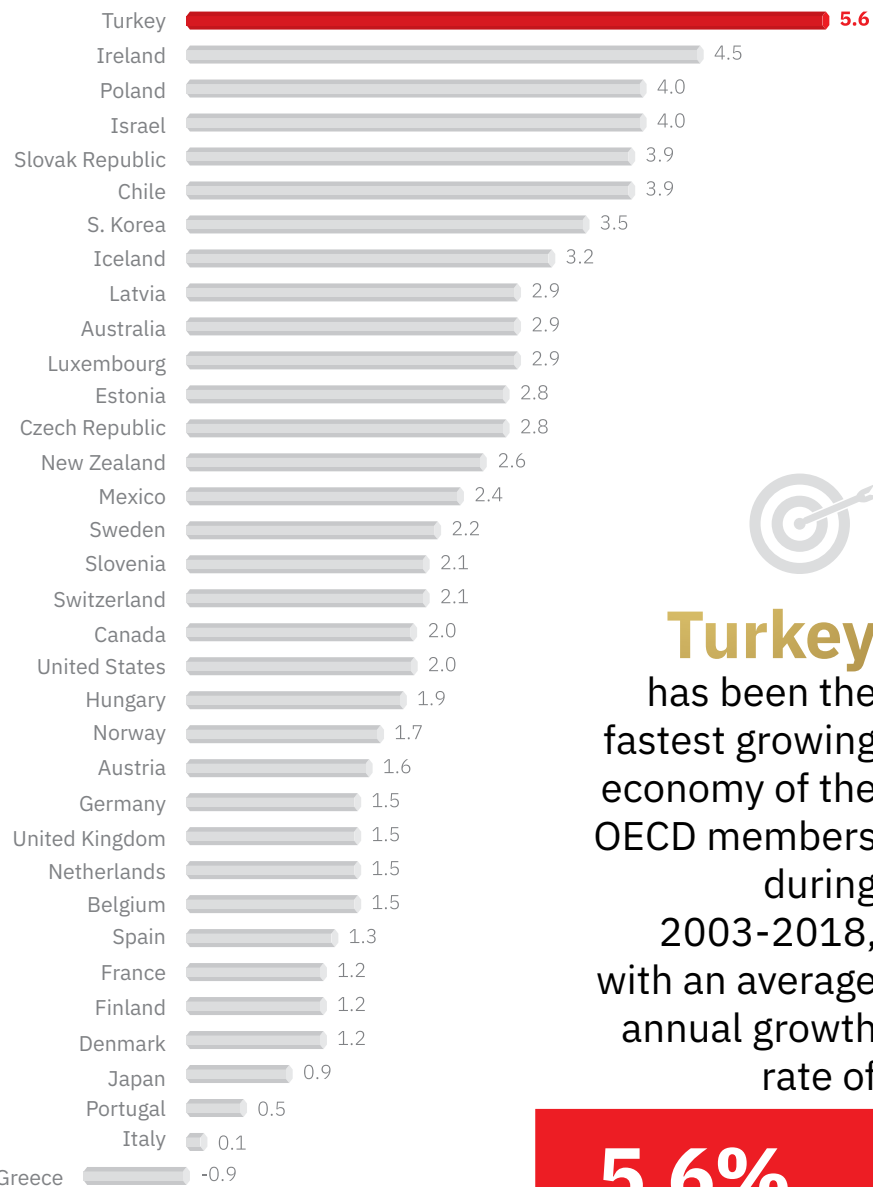
GDP: \$1.5 trillion
Import: \$0.2 trillion
Population: 100 million

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 average annual growth rate of 4.7%.
- \$209 billion of FDI between 2003-2018, while the total number of FDI attracted between 1923-2003 stood at \$15 billion.

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



Turkey has been 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)

Source: UNCTAD and CBRT

- 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 **\$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 second 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 10 holiday destinations in the world with over **40 million** international tourists. (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)

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.

Turkey is an attractive partner of choice

A dynamic population, combined with a highly-skilled labor force, a favorable geographical location, international partnerships, and modern infrastructure together make Turkey an attractive partner of choice. Today, with eight facilities in five cities, and over 2,000 employees across the country, Turkey is the headquarters for GE Power Service, GE Healthcare (Eastern Growth Markets), and GE Transportation. The Turkey Technology Center located in Gebze TÜBİTAK Marmara Research Center is one of the six GE Aviation global engineering centers with more than 400 engineers. In 2015, we inaugurated GE's eighth Innovation Center in Teknopark Istanbul. Turkey represents a robust platform for GE's economic expansion in the country, as well as in the entire region.



Canan ÖZSOY
President & CEO, GE Turkey

2,400 employees, USD 1.5 billion pharma exports

As the Novartis Group (Novartis Pharmaceuticals, Novartis Oncology and Sandoz), we have been discovering new ways to improve the quality of life, extend the life of our people and contribute to the development of Turkish medicine. Through our manufacturing sites in Turkey, we aim to export selected innovative products from Turkey, while continuing research and development activities for unmet medical needs. We create added-value to the Turkish economy with USD 1.5 billion pharma exports for more than a decade and together with our approx. 2,400 employees. As one of the largest pharmaceutical companies globally, we aim to ensure the continuity of our assets and future investments in Turkey.

Dr. Altan DEMİRDERE
CEO, EWE Turkey Holding



Population of over 80 million featuring a young and motivated workforce and high education level

We do believe the business opportunities in Turkey are promising due to its proximity to Europe, Asia, and the Middle East, its population of over 80 million featuring a young and motivated work force and high education level, as well as the long-lasting friendship between Turkey and Japan.

Tatsuo YASUNAGA
President & CEO, Mitsui & Co., Ltd.



More than 65,000 companies with foreign capital

Having been active in the Turkish market since 2012, VHV Reinsurance provides insurance and risk management solutions to their corporate clients, mainly in the fields of construction, commercial property, heavy industries, and energy. Representing an S&P A-rated German Insurance Group established in 1919, we promote highly-developed corporate governance standards and have benefitted from a liberal and reformist investment climate. In this respect, we strongly believe in

the continuation of sound economic policies that will be a prerequisite for the sustainability of a benign investment climate. The presence of more than 65,000 companies with foreign capital and USD 209 billion of FDI in the last two decades underscores the past and present prominence of Turkey's domestic market, as well as its significance as a regional hub. I am confident that Turkey's resilient economy will maintain its attractiveness in the long-run.

Maximilian G. F. STAHL
CEO, VHV Turkey



Turkey has many competitive advantages

Turkey has many competitive advantages, including a young, skilled workforce that have helped drive its economic success over the past 15 years. Cisco is committed to growing its network of over 650 local partners and Cisco Networking Academies, which have trained over 43,000 Turkish graduates to-date. We will continue to support Turkey's ambitious plans to take its economy to the next level.

Chuck ROBBINS
Chairman & CEO, CISCO



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 Presidency.

WE ARE HERE TO FACILITATE YOUR INVESTMENT IN TURKEY

HOW WE HELP

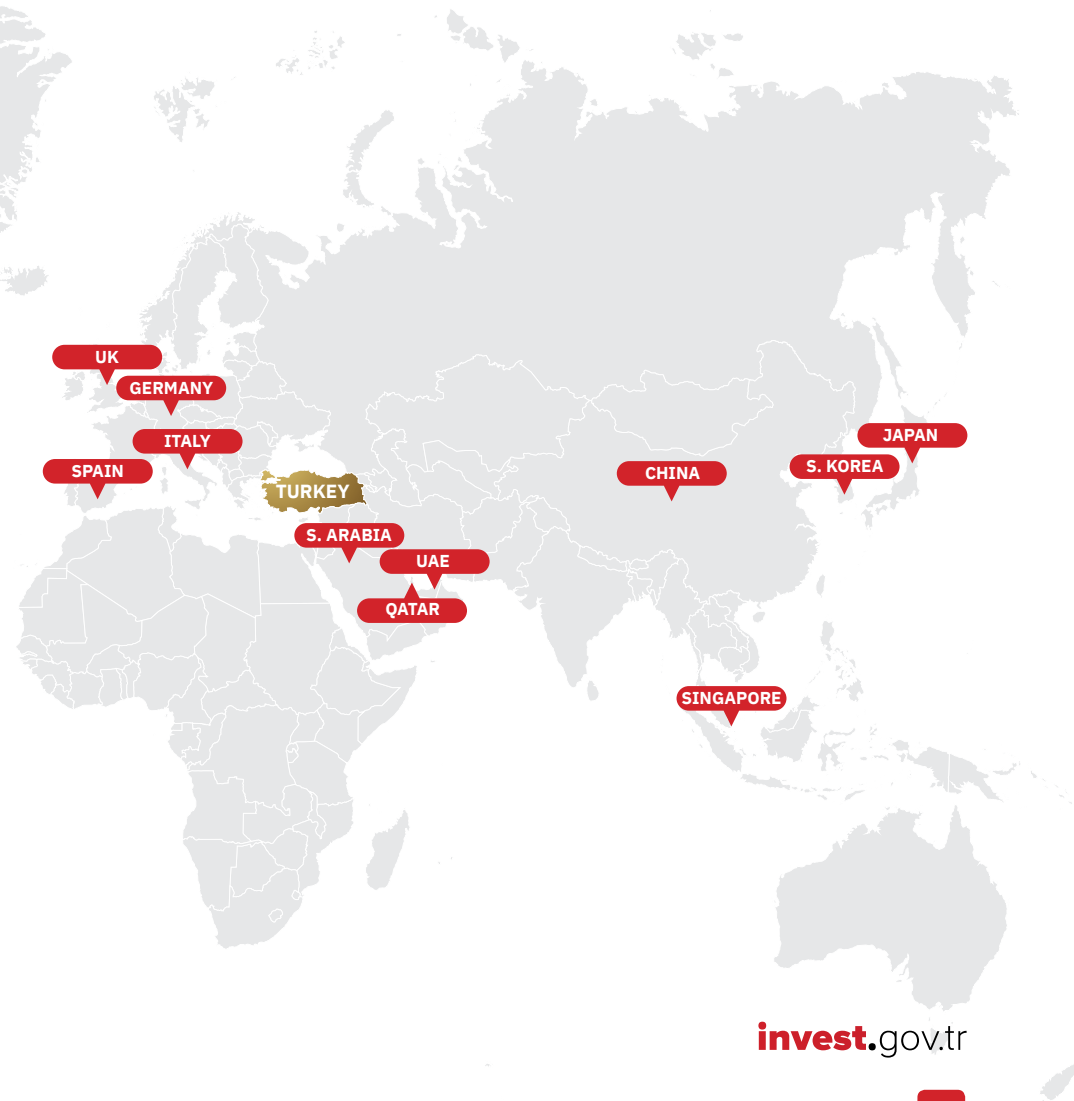
- Multilingual (Turkish, English, German, French, Italian, Arabic, Spanish, Chinese, Japanese and Korean)
- One-Stop-Shop approach
- Result-oriented
- Private sector approach with full confidentiality
- Focusing on high-tech, value-added and employment generating investments.



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





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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