Turkey
Bright Spot for Chemical Investments
• Market Overview
• Growth Drivers
• Success Stories
Gross Chemical Sales of Turkey 2011 to 2023 (in billion U.S. Dollars)

Breakdown of the Chemical Sales in Turkey (%)

- Basic Inorganics 14.6%
- Polymers 25.6%
- Specialty chemicals 32.9%
- Consumer chemicals 25.1%
- Other basic organics 1.8%

• Dyes & pigments 2.2%
• Crop protection 2.2%
• Paints & inks 13.6%
• Auxiliaries 15.0%
• Plastics in primary form 19.6%
• Synthetic rubber in primary forms 0.1%
• Man-made fibers 5.9%
• Industrial gases 0.6%
• Fertilizers 8.5%
• Other inorganics 5.5%

Source: Turkstat, MSTI, Investment Office Analysis, Statista, *ISIC Rev 4 codes 20, including domestic and export sales, excluding pharma and rubber & plastics.
WHILE TURKEY IS DEPENDENT ON IMPORTS OF FEEDSTOCK, CHEMICALS EXPORTS CONTINUE TO INCREASE RAPIDLY.

Exports of Chemicals & Chemical Products

Billion USD

2007-2020

2007: 3.7
2008: 4.5
2009: 3.8
2010: 5.1
2011: 6.2
2012: 6.6
2013: 6.8
2014: 7.1
2015: 6.5
2016: 6.0
2017: 6.9
2018: 8.1
2019: 8.8
2020: 8.9

CAGR 7.0%

Imports of Chemicals & Chemical Products

Billion USD

2007-2020

2007: 19.8
2008: 22.3
2009: 16.9
2010: 22.3
2011: 28.2
2012: 27.4
2013: 29.1
2014: 30.2
2015: 25.9
2016: 24.6
2017: 28.4
2018: 28.7
2019: 26.8
2020: 26

CAGR 2.1%

Breakdown of exports by sub-sector 2007-2020

- Basic chemicals: 30%
- Fertilizer: 3%
- Plastics & Synthetic Rubber in Primary Forms: 15%
- Pesticides: 1%
- Paints: 8%
- Others: 9%
- Man-Made Fibres: 11%

Source: Turkstat, ISIC Rev 4 codes 20, Pharma and Plastics & Rubber products excluded, Investment Office Analysis

Breakdown of imports by sub-sector 2007-2020

- Basic chemicals: 27%
- Plastics & Synthetic Rubber in Primary Forms: 38%
- Fertilizer: 6%
- Pesticides: 1%
- Paints: 10%
- Others: 10%
- Man-Made Fibres: 3%

Source: Turkstat, ISIC Rev 4 codes 20, Pharma and Plastics & Rubber products excluded, Investment Office Analysis
EUROPE APPEARS TO BE THE LARGEST IMPORT AND EXPORT PARTNER OF TURKEY IN CHEMICALS.

Major Chemical Trade Markets of Turkey

Billion USD
2020

Exports to
Imports from
USA
USA
0.47
1.44
Exports to
Imports from
France
France
0.33
1.26
Exports to
Imports from
Belgium
Belgium
0.14
1.12
Exports to
Imports from
Germany
Germany
2.70
0.32
Exports to
Imports from
China
China
2.79
0.26
Exports to
Imports from
Korea
Korea
0.04
1.76
Exports to
Imports from
Saudi Arabia
Saudi Arabia
0.14
1.54
Exports to
Imports from
Italy
Italy
0.36
1.07
Exports to
Imports from
Spain
Spain
0.26
0.87
Source: ISIC Rev.4 code 20, Turkstat
**MAJOR PLAYERS**

There are around 5K companies in Turkish chemicals, both local and foreign players are active in the sector.

<table>
<thead>
<tr>
<th>Company type</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemicals</td>
<td>Izmir</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Ankara</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Yalova</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>Adana</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>Tekirdag</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Izmir</td>
</tr>
</tbody>
</table>

**Chemicals Sales**

2018 100% Net sales = 114.6 Billion TRY

**Top 10 players**

<table>
<thead>
<tr>
<th>Share in chemical sales</th>
<th>Company type</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.9%</td>
<td>Petrochemicals</td>
<td>Izmir</td>
</tr>
<tr>
<td>4.1%</td>
<td>Chemicals</td>
<td>Ankara</td>
</tr>
<tr>
<td>3.2%</td>
<td>Chemicals</td>
<td>Yalova</td>
</tr>
<tr>
<td>2.8%</td>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>2.1%</td>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>2.1%</td>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>1.9%</td>
<td>Petrochemicals</td>
<td>Adana</td>
</tr>
<tr>
<td>1.6%</td>
<td>Petrochemicals</td>
<td>Tekirdag</td>
</tr>
<tr>
<td>1.5%</td>
<td>Chemicals</td>
<td>Istanbul</td>
</tr>
<tr>
<td>1.3%</td>
<td>Chemicals</td>
<td>Izmir</td>
</tr>
</tbody>
</table>

Source: ISO 500 2018, Nace 20. Pharmaceutical and Plastics & Rubber companies excluded
PETKİM, WHICH IS THE LARGEST PETROCHEMICAL FACILITY IN TURKEY, IS INCREASING ITS CAPACITY BUT STILL CONSTITUTING ONLY 18% OF THE LOCAL DEMAND.

SOCAR (State Oil Company of Azerbaijan) acquired Petkim in 2008 and still investing in Turkish Petrochemical Industry via Petkim also built up a new refinery called STAR promoting petrochemicals sector and providing key raw materials.
## Major products

<table>
<thead>
<tr>
<th>SASA POLYESTER SAN. A.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Polyester (Biggest Polyester Production Company in Turkey and in Greater Europe)</td>
</tr>
<tr>
<td>• DMT (Biggest operating plant worldwide)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Polymerization Capacity of 350,000 tpa</td>
</tr>
<tr>
<td>• Staple Fiber Capacity of 160,000 tpa</td>
</tr>
<tr>
<td>• POY Capacity of 47,000 tpa</td>
</tr>
<tr>
<td>• Texturized Yarn of 28,000 tpa</td>
</tr>
<tr>
<td>• TOPS for wool yarn of 6,000 tpa</td>
</tr>
<tr>
<td>• Specialty grade PET Chips of 216,000 tpa</td>
</tr>
<tr>
<td>• DMT capacity of 280,000 tpa.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent investment and plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investing on Staple fiber, POY, texturizing, FDY and bottle grade chips. Total capacity of the investments will be 2.08 million tons per annum. With this capacity, SASA will be one of the biggest polyester production company in the world.</td>
</tr>
<tr>
<td>• SASA will build PTA plant with 2.5 million tpa capacity. Investment will start in 2018.</td>
</tr>
<tr>
<td>• SASA will build MEG plant with 1.0 million tpa capacity. Investment will start in 2018.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AKSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acrylic fiber (world’s largest acrylic fiber manufacturer)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acrylic fiber capacity of 315,000 ton/year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent investment and plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Company’s JV in carbon fiber aims to be a major play in carbon fiber industry in 2023</td>
</tr>
<tr>
<td>• Newly developed pigment coated acrylic filament yarn production</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ravago</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expandable Polystyrene (EPS), Engineering Plastics (EP) and Thermoplastic Elastomer (TPE), Polyurethane (PU) systems, Thermoplastic Polyurethane (TPU) and Silicone Rubber Compounds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Turkey’s second largest thermoplastic raw material producer with a total capacity of 300,000 Tons/yr</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent investment and plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Production of Black/low thermal conductivity EPS. The new EP and TPE compounding plant will be the region’s largest and most complex automated compounding plant complying with industry 4.0 standards. Ravago’s first Gobal Specialization R&amp;D center and capacity increase and automation of our EPS plant.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MELTEM KIMYA</th>
</tr>
</thead>
<tbody>
<tr>
<td>• PET</td>
</tr>
<tr>
<td>• Plasticizer (DOTP, DOA)</td>
</tr>
<tr>
<td>• PVC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• PET production capacity of 36,000 tons</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent investment and plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>• First and only facility in Turkey to have rPET production technology by chemical depolymerisation method</td>
</tr>
</tbody>
</table>

**SOURCE:** Company web pages
TURKEY HAS SEVERAL POTENTIAL LOCATIONS WITH EXISTING/PLANNED INFRASTRUCTURE AND TRANSPORTATION CONNECTIONS

**Aliaga**
- Petkim facilities provide supply of basic petrochemicals
- Adequate port handling capacity
- Projected to become one of the main port-area in Turkey
- Close to Izmir free zone

**Dortyol, Hatay**
- Close to Iskenderun port
- Readily available land for development
- Close to Adana and Mersin free zones

**Ceyhan**
- A major oil pipeline final destination
- Announced as Petrochemical Industrial Zone
- Close to Adana and Mersin free zones
- Well-connected with Yumurtalik, Mersin and Iskenderun ports and Sakirpasa airport
- Available land in Yumurtalik Free Zone

**Izmit**
- Turkey’s largest oil refinery
- Close to most industrial centers in Turkey with good transport connections
- Geographically close to European demand centers

**Tekirdag**
- Close to industrial centers
- Projected to become a logistics hub
- Substantial investments are planned
- Geographically close to European demand centers
- Transportation connections with Akport and Martas ports and Corlu airport

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**Source:** Ministry of Transport and Communications, McKinsey analysis, press search
Key facts

- **1,341 hectares** land availability
- **Port of Rotterdam & Ronesans Holding** partnership in management of the zone
- **Ronesans Holding & Sonatrach & GS E&C’s** 1.3 billion USD PP investment as the first investment will be realized in the zone
- **Main products** such as HDPE, LDPE, LLDPE, methanol, MDI, ABS, MMA, acetone, phenol, PMMA and PET are among the top products where Investors will be targeted
## OPPURTUNITIES IN SUB-SECTORS

**Home/ personal care**
- Local demand for home/personal care products is attractive, with 84M people and rapid rise of middle class
- Major global companies with home/personal care products already have investments in Turkey such as P&G and Kimberly-Clark, they already have a good understanding of the market

**Paints / coating materials**
- Turkey receives the highest number of investments in this cluster and has an established production base with many SMEs and large firms which can provide JV opportunities to new entrants
- Construction, automotive, textiles, durable goods drive demand and all are growing sectors in Turkey and in the region

**Fiber/ filament**
- Turkey is strong in fibers and filaments due to its historic success in textiles sector. These products are used in textiles, construction and automotive, all major sectors in Turkish economy and demand for them is expected to grow robustly over the next five years

**Petro-chemicals**
- Turkey is among one of the fastest growing petrochemical markets after China and India being 2nd largest net importer of petrochemicals in the world.
- Turkey lacks basic chemicals and offers ample oppurtunities due to growing end use industries

**Fertilizers**
- Turkey’s demand for fertilizers is 10th highest in the world
- The country has the 7th largest agricultural production in the world
• Market Overview

• Growth Drivers

• Success Stories
WITH PAST AND EXPECTED FUTURE GROWTH, TURKEY IS AMONG ONE OF THE RISING ECONOMIES IN THE WORLD

13TH LARGEST ECONOMY IN THE WORLD

RANKING OF ECONOMIES BY GDP AT PPP

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>CHINA</td>
</tr>
<tr>
<td>2</td>
<td>CHINA</td>
<td>USA</td>
</tr>
<tr>
<td>3</td>
<td>JAPAN</td>
<td>INDIA</td>
</tr>
<tr>
<td>4</td>
<td>GERMANY</td>
<td>JAPAN</td>
</tr>
<tr>
<td>5</td>
<td>INDIA</td>
<td>GERMANY</td>
</tr>
<tr>
<td>6</td>
<td>RUSSIA</td>
<td>RUSSIA</td>
</tr>
<tr>
<td>7</td>
<td>FRANCE</td>
<td>INDONESIA</td>
</tr>
<tr>
<td>8</td>
<td>UK</td>
<td>BRAZIL</td>
</tr>
<tr>
<td>9</td>
<td>BRAZIL</td>
<td>UK</td>
</tr>
<tr>
<td>10</td>
<td>ITALY</td>
<td>FRANCE</td>
</tr>
<tr>
<td>11</td>
<td>MEXICO</td>
<td>MEXICO</td>
</tr>
<tr>
<td>12</td>
<td>INDONESIA</td>
<td>ITALY</td>
</tr>
<tr>
<td>13</td>
<td>SPAIN</td>
<td>TURKEY</td>
</tr>
<tr>
<td>14</td>
<td>CANADA</td>
<td>S.KOREA</td>
</tr>
<tr>
<td>15</td>
<td>S.KOREA</td>
<td>SPAIN</td>
</tr>
<tr>
<td>16</td>
<td>S.Arabia</td>
<td>CANADA</td>
</tr>
<tr>
<td>17</td>
<td>IRAN</td>
<td>S.Arabia</td>
</tr>
<tr>
<td>18</td>
<td>TURKEY</td>
<td>IRAN</td>
</tr>
</tbody>
</table>

Turkish economy has more than tripled over the past 16 years and is promising more growth in future.

Driven by a robust domestic market and entrepreneurial private sector which has spurred investments and exports.

Turkish Economy (GDP at current prices, $Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>236</td>
</tr>
<tr>
<td>2019</td>
<td>761</td>
</tr>
</tbody>
</table>

Contribution to GDP Growth 2002-2019* (%)

<table>
<thead>
<tr>
<th>Component</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>73</td>
</tr>
<tr>
<td>Consumption</td>
<td>-30</td>
</tr>
<tr>
<td>Investment</td>
<td>32</td>
</tr>
<tr>
<td>Expenditures</td>
<td>27</td>
</tr>
<tr>
<td>Stocks</td>
<td>-1</td>
</tr>
<tr>
<td>Imports</td>
<td>-30</td>
</tr>
</tbody>
</table>

Source: TurkStat, *current prices
# GROWING END-USE INDUSTRIES

## SUSTAINABILITY OF GROWTH IN CUSTOMER INDUSTRIES DRIVING OUR CHEMICALS INDUSTRY AS WELL

<table>
<thead>
<tr>
<th>Customer Industries</th>
<th>Textile</th>
<th>Metals</th>
<th>Food</th>
<th>Automotive</th>
<th>Electrical Equipment</th>
<th>Agriculture</th>
<th>Construction</th>
<th>Plastics &amp; Rubber</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.0%</td>
<td>5.0%</td>
<td>5.3%</td>
<td>4.1%</td>
<td>3.8%</td>
<td>10.0%</td>
<td>7.5%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

- 7th largest agricultural production in the world and demand for fertilizer is 10th highest in the world
- 2nd largest plastics producer after Germany in Europe.
- 5th largest paint producer in Europe
- Largest TV & white goods producer in Europe
- 15th largest manufacturer automotive manufacturer globally

Source: Ministry of Science, MSTI, Investment Office Analysis
Turkey may well be used as an export base to grow...

Over the past decade regional trade of chemicals increased by $240bn, reaching $435bn in 2018, up from $195bn in 2005; **130% of growth**

**Increase in Imports of Chemicals from 2005 to 2018 ($Billion)**

<table>
<thead>
<tr>
<th>Region</th>
<th>2005</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>148</td>
<td>317</td>
</tr>
<tr>
<td>Russia</td>
<td>11</td>
<td>33</td>
</tr>
</tbody>
</table>

**Regional Imports ($Bn)**

<table>
<thead>
<tr>
<th>Region</th>
<th>2005</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>435</td>
<td></td>
</tr>
</tbody>
</table>

**MENA**

Source: UN Comtrade
FAVORABLE DEMOGRAPHICS

...HALF OF POPULATION UNDER AGE 32.4

Source: Turkstat, Eurostat, UN, 2019

Total Dependency Ratio (% , Age 0-14 & 64+)/Age 15-64)

Working Age Population (15-64+) (Index: 2014=100)
REQUIRED SKILLS ARE READILY AVAILABLE IN TURKEY WITH A COMPETITIVE COST ADVANTAGE.

Annual Number of Graduates (thousands)


Availability of Qualified Engineers
(10=Available; 0=Unavailable)

- Turkey: 7.35 (2020)
- Poland: 6.74 (2020)
- Romania: 5.75 (2020)
- Czechia: 5.65 (2020)
- Bulgaria: 5.47 (2020)
- Hungary: 4.86 (2020)
- Slovakia: 4.92 (2020)

Availability of Competent Senior Managers
(10=Available; 0=Unavailable)

- Turkey: 6.15 (2020)
- Poland: 5.72 (2020)
- Czechia: 4.45 (2020)
- Bulgaria: 4.18 (2020)
- Romania: 3.91 (2020)
- Slovakia: 3.39 (2020)
- Hungary: 2.75 (2020)

Labor Cost per hour in Manufacturing

- Germany: 47.2 (2018)
- France: 44.4 (2018)
- USA: 39.6 (2018)
- UK: 31.3 (2018)
- Czechia: 14.9 (2018)
- Slovakia: 14.3 (2018)
- Hungary: 11.5 (2018)
- Poland: 10.7 (2018)
- Romania: 7.0 (2018)
- Bulgaria: 5.6 (2018)
- Turkey: 5.6 (2018)

Remuneration of Management/Engineer
Total base salary plus bonuses and long-term incentives

- Germany: $160 (2018)
- France: $121 (2018)
- USA: $113 (2018)
- UK: $94 (2018)
- Czechia: $69 (2018)
- Hungary: $45 (2018)
- Poland: $42 (2018)
- Bulgaria: $36 (2018)

Source: Ministry of National Education, Council of Higher Education, Turkstat, IMD World Competitiveness Yearbook Executive Opinion Survey based on an index from 0 to 10; Eurostat, US BLS

SKILLED WORKFORCE WITH COST ADVANTAGE

Labor Force by Education Level

- University: 25.3% (2019) vs. 10% (2002)
- High School & Below: 74.7% (2019) vs. 90% (2002)

Invest.gov.tr
A FAVORABLE R&D ECOSYSTEM IS SUPPORTED THROUGH EXCLUSIVE INCENTIVES, ATTRACTING OVER 200 MULTINATIONAL COMPANIES TO ESTABLISH R&D CENTERS IN TURKEY

Number of Researchers (thousands)

R&D Spending ($ Billion, PPP*)

200+ R&D centers by Multinationals

Selected Multinationals conducting R&D in Turkey

Source: OECD, Eurostat, Turkstat, Ministry of Industry and Technology, PPP*: Purchasing Power Parity
**ENERGY PRICES**

**ELECTRICITY AND NATURAL GAS PRICES IN TURKEY HAVE BEEN COST COMPETITIVE IN COMPARISON WITH THE EU**

**Electricity prices, Euro/kWh, 2020**

**Natural Gas prices, Euro/Gigajoules, 2020**

1 gross calorific value = GCV

Source: Eurostat, All taxes and levies included, Electricity; Band IC : 500 MWh < Consumption < 2 000 MWh, Gas; Band I3 : 10 000 GJ < Consumption < 100 000 GJ

Note: Incentives specific to petrochemical industry have not encountered
Main Incentive Tools

<table>
<thead>
<tr>
<th>Incentive Schemes</th>
<th>General Incentives</th>
<th>Regional Incentives</th>
<th>Incentives for Priority Investments</th>
<th>Incentives for Strategic Investments</th>
<th>Incentives for Project-Based Incentives</th>
<th>R&amp;D Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Tax Reduction</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>VAT/Custom Duty Exemption</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Social Security Premium Support</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Income Tax Withholding Support*</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Interest Support**</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Land Allocation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>VAT Refund</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Partnership (Equity Investment by Gov.)</td>
<td></td>
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<tr>
<td>Guarantee of Purchase by Gov.</td>
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<tr>
<td>Energy Cost Support</td>
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<td></td>
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<td>✓</td>
</tr>
</tbody>
</table>

**Provided that investments, except R&D, are made in Region 6, **

*Provided that investment, except R&D, are made in Regions 3, 4, 5 or 6 within the frame of the Regional Incentive Scheme

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**Main Incentive Tools**

**Tax Deduction:** Reduced tax rates (100%) for investor’s income until the total deduction reaches to a certain percentage of capex. (30-80% of capex, in the case of project based incentives up to 200% of capex). For R&D investments, all R&D expenditures are deducted from tax base.

**VAT Exemption:** Investment machinery and equipment imported and/or locally provided within the scope of the incentive certificate will be VAT exempt.

**Customs Duty Exemption:** Investment machinery and equipment imported within the scope of the incentive certificate will be customs duty exempt.

**Interest Rate Support:** For investment loans, a certain portion of the interest share will be covered by government. (3-7% points for TL-denominated, 1-2% points for forex-denominated loans) (500K-900K TL).

**Land Allocation:** Government land will be allocated for the investments, if no land is available in OIZs.

**Income Tax Withholding exemption** will provide exemption from income tax withholding. (only for Region 6).
• Market Overview
• Growth Drivers
• Success Stories
SUCCESS STORIES

FOREIGN DIRECT INVESTMENTS IN TURKISH CHEMICALS INDUSTRY HAVE BEEN ACTIVE THROUGH GREENFIELD AND M&A ACTIVITIES

<table>
<thead>
<tr>
<th>Foreign Direct Investments in Turkish Chemical Industry 2007-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Greenfield Projects</td>
</tr>
<tr>
<td>140</td>
</tr>
</tbody>
</table>

Source: Fdi market, Deloitte M&A reports
<table>
<thead>
<tr>
<th>Company</th>
<th>Operational in Turkey for</th>
<th>Manufacturing products of</th>
<th>Opened up a super-sized manufacturing plant that is called ‘Super Hub’ and Innovation Center in 2015 with an investment worth 0.5 billion USD</th>
<th>Uses Turkey as a management hub for India, Middle East and Africa</th>
<th>Exporting 60% of its production</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASF</td>
<td>over 137 years</td>
<td>safety, industrial/filter, personal care, automotive and healthcare in Turkey</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P&amp;G</td>
<td>over 30 years</td>
<td>safety, industrial/filter, personal care, automotive and healthcare in Turkey</td>
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<tr>
<td>Henkel</td>
<td>over 55 years</td>
<td>safety, industrial/filter, personal care, automotive and healthcare in Turkey</td>
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<tr>
<td>Cargill</td>
<td>over 100 years</td>
<td>safety, industrial/filter, personal care, automotive and healthcare in Turkey</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Dow</td>
<td>over 45 years</td>
<td>safety, industrial/filter, personal care, automotive and healthcare in Turkey</td>
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