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

TÜRKİYE’S LOGISTICS CAPABILITIES

April 2024
GLOBAL OUTLOOK

5 FACTORS GLOBAL SUPPLY CHAINS ARE STRUGGLING WITH

- Labour Unrest
- Energy Shortages
- The Rising Cost of Living
- Extreme Weather
- Geopolitical Uncertainty
TO RESOLVE THE SUPPLY CHAIN CRISIS

GLOBAL OUTLOOK

- Managing Labor Shortage
- Easing Transportation Jams
- Prioritizing Public Health
- Mitigating Geopolitical Tensions
- Fighting Anti-Competitive Practices
- Boosting Domestic Production Through On-Shoring and Near-Shoring

GLOBAL OUTLOOK
CHANGING SOURCING STRATEGY

THE MOST ATTRACTIVE INDIVIDUAL COUNTRIES FOR NEAR-SOURCING AND SHORING

Globally attractive sourcing locations

<table>
<thead>
<tr>
<th>#</th>
<th>COUNTRY</th>
<th>%</th>
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<tbody>
<tr>
<td>1</td>
<td>Vietnam</td>
<td>21.2%</td>
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<tr>
<td>2</td>
<td>India</td>
<td>20.7%</td>
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<td>3</td>
<td>Germany</td>
<td>13.7%</td>
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<td>Poland</td>
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<td>United States</td>
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<tr>
<td>6</td>
<td>China</td>
<td>9.1%</td>
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<tr>
<td>7</td>
<td>Mexico</td>
<td>9.1%</td>
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<tr>
<td>8</td>
<td>Türkiye</td>
<td>9.1%</td>
</tr>
<tr>
<td>9</td>
<td>United Kingdom</td>
<td>7.5%</td>
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<tr>
<td>10</td>
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<td>7.1%</td>
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<td>11</td>
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<tr>
<td>14</td>
<td>Hungary</td>
<td>4.6%</td>
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<tr>
<td>15</td>
<td>Italy</td>
<td>4.6%</td>
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</table>

Shifts in the GVCs enable Türkiye as one of most attractive FDI destinations in the post-pandemic world

Source: Reuters Events & Maersk, A generational shift in sourcing strategy, 2022

invest.gov.tr
Shifts in the GVCs enable Türkiye as one of most attractive FDI destinations in the post-pandemic world.
CHANGING SOURCING STRATEGY

SIGNIFICANT STRUCTURAL CHANGE WAS EXPECTED

- Limit risk across operations: 56%
- Increase control over operations: 45%
- Shorten the supply chain to reduce transit time: 48%
- Limit reliance on single-sources of materials: 57%
- Shorten the supply chain to increase flexibility: 65%

Source: Reuters Events & Maersk, A generational shift in sourcing strategy, 2022
A Generational Shift in Sourcing Strategy –Survey

• Shifting Priorities: Evolving Perspectives on Manufacturing Operations
• Revolutionizing Manufacturing: 38% Ready for Change

Source: Reuters Events & Maersk, A generational shift in sourcing strategy, 2022
• Supply Chain Disruption: Delays at Every Turn

• Critical Challenges: Inflation, Labor, and Shipping

• Navigating Chaos: Supply Chain Logistics Challenges

What disruptions have yours or your clients' supply chains experienced recently?

- Delays in raw materials causing slowdowns
- Delays in shipping causing slowdowns
- Inflation in the countries
- Delays in components or finished goods causing slowdowns
- Labour shortages in facilities
- Difficulty securing the required shipping capacity
- Excess of inventory
- Difficulty securing the required amount of warehouse space for goods
- Difficulty securing the required factory capacity
- Other

Source: Reuters Events & Maersk, A generational shift in sourcing strategy, 2022
GLOBALIZATION IS RECOVERING FROM THE PANDEMIC IN A MORE ROBUST WAY THAN EXPECTED

WHAT HAPPENED: GLOBALIZATION OR DEGLOBALIZATION

Global Connectedness Index 2022 Update

Four Pillars of Global Connectedness 2001-22’

Source: DHL "2022 highest projected data"
FOUR PILLARS OF GLOBAL CONNECTEDNESS

EXCEPT PEOPLE MOVEMENT ALL FLOWS QUICKLY STABILIZED

Source: DHL
FOUR FLOWS THAT CONNECT THE WORLD

- **20%** Export of goods and services (value added)

- **6%** Foreign Direct Investment flows

- **7%** International calls (including calls over the internet)

- **4%** Migrants

Source: DHL

MOST FLOWS ARE DOMESTIC RATHER THAN INTERNATIONAL

Source: invest.gov.tr
DATA CLEARLY SHOWS THAT TRADE BEGUN REBOUNDING & EXCEEDING PRE-PANDEMIC LEVELS

WHAT HAPPENED: WORLD TRADE ACTIVITY

Merchandise Trade Volume (vs. Dec. 2019)

Average Distance Traversed by Merchandise Trade
Kilometers, 2001-2021

Source: DHL Trade Growth Atlas 2022
AGENDA

OUTLOOK TO GLOBAL TRADE & LOGISTICS

OUTLOOK TO TRADE & LOGISTICS IN TÜRKİYE

LOGISTICS CAPABILITIES OF TÜRKİYE

GREEN AND SUSTAINABLE SECTOR DYNAMICS
**STRATEGIC LOCATION AND ENHANCED PRODUCTION CAPABILITIES ATTRACTING MULTINATIONALS TO INVEST FOR EXPORT**

**MERCHANDISE EXPORTS BY GEOGRAPHY**

- **2002**
  - EU: 48%
  - MENA: 14%
  - North America: 10%
  - Other: 28%
  - Total: $36 Billion

- **2023**
  - EU: 41%
  - MENA: 23%
  - North America: 7%
  - Other: 30%
  - Total: $256 Billion

**NUMBER OF EXPORT PRODUCTS OVER USD 1 BILLION**

- **2002**: 9
- **2023**: 54

**TÜRKİYE’S SHARE IN GLOBAL EXPORTS OF GOODS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Türkije (%)</th>
<th>The World (%)</th>
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</thead>
<tbody>
<tr>
<td>2002</td>
<td>10.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>2023</td>
<td>11.5%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

**ANNUAL AVERAGE GROWTH OF EXPORTS (2002-2022)**

- **Türkije**: 10.3%
- **The World**: 6.9%

**Türkiye Records All-Time High Exports in 2023**

Source: TurkStat, ITC
STRATEGIC LOCATION
HUB FOR MULTINATIONALS TO MANUFACTURE, EXPORT AND MANAGE

PROXIMITY TO MAJOR MARKETS
1.3 billion people and $26T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 323 destinations in 127 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS
Exporting 85% of its production

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS
Exporting 87% of its production

Working Hours Intersect with 16 Time Zones

- 66 Countries
- 70 Countries
- 63 Countries
- 80 Countries
- 89 Countries
- 22 Countries
- 14 Countries
- 30 Countries
Customs Union with the EU allows direct access to the EU Market

DOMESTIC + ACCESSIBLE MARKETS

Source: IMF; Ministry of Trade, TurkStat

DOMESTIC MARKET + EU MARKET + FREE TRADE AREA

996 MILLION CONSUMERS

448 MILLION in EU

85 MILLION in TÜRKİYE

463 MILLION in FTA AREA in 28 countries with Free Trade Agreements
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.

TRADE ACTIVITY WITH COUNTRY GROUPS

UPGRADED LOGISTIC INFRASTRUCTURE INCREASED FOREIGN TRADE ACTIVITIES ACROSS THE GLOBE
EXPORTS AND IMPORTS BY VALUE OF GOODS AND BY MODE OF TRANSPORTATION

Source: Turkstat

Note: Share of other modes (Postal and courier activities) are about 0.7% in export and 12.1% in import for 2023.
MAJOR PLAYERS IN LOGISTICS INDUSTRY

MSC | Omsan Logistics | Turkish Cargo | Kuehne+Nagel | Netlog Lojistik | Reysas Logistics

DP World | Turkon Logistics | Mars Logistics | CMA CGM | Medlog | FedEx Logistics | PSA

DSV | DHL Express | Maersk | DFDS | Arkas | Ceva Logistics

Borusan Lojistik | Amazon | Agility | Ecol Logistics 4.0
INSTITUTIONAL ACTORS IN LOGISTICS INDUSTRY

- REPUBLIC OF TURKEY MINISTRY OF TRANSPORT AND INFRASTRUCTURE
- DIŞ EKONOMİK İLİŞKİLER KURULU (FOREIGN ECONOMIC RELATIONS BOARD)
- REPUBLIC OF TURKEY MINISTRY OF TRADE
- TOBB (TURKISH CONFEDERATION OF INDUSTRIES AND COMMERCE)
- utikad
- DGCA (DIRECTORATE GENERAL OF CIVIL AVIATION, TURKEY)
- HIB (HIBER HOBATLAR İHRACATÇILARI MECLISI)
- TIM (TÜRKİYE İHRACATÇILAR MECLİSİ)
- TIM (TÜRKİYE EXPORTERS ASSEMBLY)
- İMEK (TÜRK HAVACILIK, UÇAKSIZ AMALİ YATIRIMLAR VE İHRACAT ÇOG, TÜRKISH CHAMBER OF SHIPING)
New Logistics Master Plan

Significant contributions is expected from logistics master plan

- Export (Billion $)
  - 2035: 470
  - 2053: 987
- Transit Income (Billion $)
  - 2035: 54
  - 2053: 214
- Cost Saving (Billion $)
  - 2035: 25
  - 2053: 113

Source: Ministry of Transport and Infrastructure
TÜRKİYE’S LOGISTICS ADVANTAGES

TÜRKİYE; YOUR RESILIENT PARTNER, PROVIDING DIVERSE ROUTES THROUGH EVERY CRISIS

Drewry WCI: Shanghai to Rotterdam

SUEZ CANAL ROUTE
- 18.250 KM
- 25.5 Days

THE CAPE ROUTE
- 25.000 KM
- 34 Days

MIDDLE CORRIDOR
- 11.500 KM
- 12 Days
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

Source: Ministry of Transport and Infrastructure
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

Türkije’s Logistics Advantages

~700,000 tons freight
~600 trains

Route of First Train: China H.C. (Xi’an)-Kazakhstan-Türkije-Azerbaijan-Georgia-Bulgaria-Serbia-Hungary-Slovakia Czech Republic (Prague): 11,500 km

Source: Ministry of Transport and Infrastructure
WITH THE ZANGEZUR CORRIDOR, BAKU PORT WILL BE DIRECTLY CONNECTED TO TÜRKİYE.
DEVELOPMENT ROAD THAT WILL TRANSPORT THE CARGO COMING TO IRAQ VIA INDIA, EAST ASIA AND THE PERSIAN GULF TO EUROPE.

<table>
<thead>
<tr>
<th>REPUBLIC OF TÜRKİYE INVESTMENTS</th>
<th>REPUBLIC OF IRAQ INVESTMENTS</th>
<th>ANNUAL CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>615 KM Railway</td>
<td>1200 KM Railway + Highway</td>
<td>4.7 Million TEU Container</td>
</tr>
<tr>
<td>320 KM Highway</td>
<td>2X3</td>
<td>28.5 Million Ton Bulk Cargo</td>
</tr>
<tr>
<td>7.8 Billion $ Total Investment</td>
<td>16 Billion $ Total Investment</td>
<td></td>
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</tbody>
</table>
LOGISTICS CAPABILITIES OF TÜRKİYE
SOUTH AMERICA | SEA/EXPORT
LOGISTICS CAPABILITIES OF TÜRKİYE

AUSTRALIA | SEA | EXPORT

SINGAPORE

ADELAIDE 50 DAYS

SYDNEY 39 DAYS

AUCKLAND 45 DAYS
LOGISTICS CAPABILITIES OF TÜRKİYE

EUROPE | RO-RO + ROAD

- PARIS: 8 DAYS
- LYON: 8 DAYS
- BERLIN: 7 DAYS
- WIEN: 6 DAYS
- LJUBLJANA: 5 DAYS
- BOLOGNA: 5 DAYS
- TRIESTE: 3 DAYS
- MILAN: 5 DAYS
- ZARAGOZA: 4 DAYS
- SETE: 4 DAYS
- BARCELONA: 6 DAYS
- MADRID: 4 DAYS
- VALENCIA: 6 DAYS
- LISBON: 9 DAYS
- PORTO: 9 DAYS
- ATHENS: 4 DAYS
- MOSCOW: 10 DAYS
- MINSK: 8 DAYS
- KIEV: 8 DAYS
- ILICHEVSK
LOGISTICS CAPABILITIES OF TÜRKEİYE

EUROPE | RO-RO + BLOCK TRAIN

- OSLO 11 DAYS
- STOCKHOLM 12 DAYS
- HELSINKI 12 DAYS
- TALINN 10 DAYS
- RIGA 10 DAYS
- BERLIN 9 DAYS
- COPENHAGEN 9 DAYS
- PRAGUE 9 DAYS
- WARSZAWA 9 DAYS
- WIEN 9 DAYS
- BASEL 8 DAYS
- VENLO 8 DAYS
- BRUSSELS 8 DAYS
- DUBLIN 10 DAYS
- MANCHESTER 9 DAYS
- BUDAPEST 8 DAYS
- TRIESTE (3 DAYS)
LOGISTICS CAPABILITIES OF TÜRKEİYE

ASIA | SEA | IMPORT

- HAIFA 9 DAYS
- KING ABDULLAH PORT 9 DAYS
- DUBAI, JEBEL ALI 17 DAYS
- NHAVA SHEVA 17 DAYS
- SINGAPORE 21 DAYS
- SHENZHEN 26 DAYS
- HO CHI MINH 28 DAYS
- BUSAN 37 DAYS
- TOKIO 37 DAYS
- SHANGHAI 30 DAYS
LOGISTICS CAPABILITIES OF TÜRKEİYE

EUROPE / N. AFRICA / SEA / IMPORT

- London: 18 days
- Rotterdam: 13 days
- Antwerp: 10 days
- Oslo: 18 days
- Barcelona: 7 days
- Sete: 4 days
- Marseille-Fos: 4 days
- Trieste: 3 days
- Constanta: 3 days
- Odessa: 3 days
- Novorossiysk: 3 days
- Piraeus: 2 days
- Port Said: 6 days
LOGISTICS CAPABILITIES
OF TÜRKEİYE
AMERICA | SEA | IMPORT

LONG BEACH
60 DAYS

NORFOLK
25 DAYS

BUENAVENTURA
32 DAYS

SANTOS
27 DAYS
In 7 hours flight distance:
- 40% of World’s passenger & cargo traffic
- Over 60 capitals

104 freighter destinations
It is expected to reach 120 destinations by 2028

Fleet
- 294 Narrow Body
- 119 Wide Body
- 24 Freighter

İSTANBUL AS A MEGA HUB

7 Hours Distance
Wide Body Range
~14 Hours

~2 Hours
Narrow Body Range
~5 Hours

~10 Hours
A330F Range

~12 Hours
B777F Range

~2 Hours
Freighter

~5 Hours
Wide-Body Aircraft

~14 Hours
Narrow-Body Aircraft
AGENDA

OUTLOOK TO GLOBAL TRADE & LOGISTICS

OUTLOOK TO TRADE & LOGISTICS IN TÜRKİYE

LOGISTICS CAPABILITIES OF TÜRKİYE

GREEN AND SUSTAINABLE SECTOR DYNAMICS
NET ZERO

TÜRKİYE 2053 NET ZERO EMISSIONS TARGET

Share of Road in Freight Transportation

Freight Share(%) 2023 2053
72 57

Share of Rail in Freight Transportation

Freight Share(%) 2023 2053
5 22

MEGA PROJECTS LESSEN CARBON EMISSIONS

25 Million Ton

Source: Ministry of Transport and Infrastructure
TÜRKİYE HAS DONE A LOT FOR THE PAST 20 YEARS TO UPGRADE ITS RAILWAY SECTOR

**CHANNELING SOURCES TO RAILWAY SECTOR**

**Total Railway Network**
- 2003: 10,959
- 2023: 13,919
- CAGR: 1.20%

**High Speed Railway Network**
- 2003: 0
- 2023: 2251
- CAGR: 1.20%

**Signaled Railway Network**
- 2003: 2505
- 2023: 8046
- CAGR: 6.01%

**Electrical Railway Network**
- 2003: 2082
- 2023: 7142
- CAGR: 6.36%

**Source**: Ministry of Transport and Infrastructure
TÜRKİYE IS COMMITTED TO TRANSFORMING ITS RAIL TRANSPORT INFRASTRUCTURE FROM CONVENTIONAL TO HIGH SPEED

RAILWAY MAP OF TÜRKİYE

November 2023
13.919 Km

2028
17.011 Km

2053
28.600 Km

Source: Ministry of Transport and Infrastructure

CHANNELING SOURCES TO RAILWAY SECTOR

Existing Railways

2028 Targets

2035 Targets

2053 Targets

Logistics is an integral part of Türkiye’s transport infrastructure. Türkiye has established intermodal logistics centers alongside the Trans-Asian railway network.

Channeling Sources to Railway Sector

- In Service and Completed (14)
- Planned (7)
- Under Construction (4)
- In Tender Stage (2)

Logistics Centers

- 27 logistics centers
- 73.2 million tons additional transport capacity
- 19 million m² container storage and handling area

Source: Ministry of Transport and Infrastructure
JUNCTION LINES CONNECTED TO PORTS

PORT CONNECTIONS

<table>
<thead>
<tr>
<th>EXISTING LINES</th>
<th>Km</th>
<th>UNDER CONSTRUCTION</th>
<th>Km</th>
<th>PLANNED</th>
<th>Km</th>
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<td>İzmir</td>
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<td>TOTAL</td>
<td>88.5</td>
<td></td>
<td>6.8</td>
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<td>74.5</td>
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</table>

Source: Ministry of Transport and Infrastructure
THE SHARE OF RAILWAYS IN COMBINED TRANSPORTATION APPLICATIONS IS INCREASED WITH THE JUNCTION LINES CONSTRUCTION IN ORGANIZED INDUSTRIAL ZONES, WHICH HAVE A HIGH SHARE IN FREIGHT TRANSPORTATION.
Turkish Cargo has made the choice of environmentally-friendly containers for the transport of the temperature-sensitive cargo. Thanks to such containers, temperature-sensitive cargo is shipped without carbon emission and within the desired temperature range from the point of origin to the destination in an environment friendly way.
Omsan Logistics won the Gold award with its "Green and Integrated Logistics Services" and the Silver award with its "Multimodal and Sustainable Logistics Solutions".

TRABZONPORT was chosen as "Europe's Best Employer".

ATA Freight, was awarded a Bronze Recognition for its Sustainability Rating from EcoVadis.
Türkiye to be *more lucrative* location for *three reasons*

1. **Growing renewables sector**
2. **Less shipping distance provides less carbon footprint**
3. **Growing infrastructure investments**
INVEST IN TÜRKİYE

ASSIST YOU BEFORE, DURING AND AFTER YOUR ENTRY INTO TÜRKİYE

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

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