WHY INVEST IN TÜRKİYE?

February 2024

INVEST.GOV.TR
10 reasons to invest in Türkiye

1. Robust Economy
2. Domestic + Accessible Markets
3. Strategic Location
4. Skilled and Competitive Labor Force
5. Continuous Reform Process
6. Business-Friendliness
7. Lucrative Incentives
8. Benign R&D Ecosystem
9. Favorable Demographics
10. Sectoral Opportunities
ROBUST ECONOMY

TRACK RECORD GROWTH AND BRIGHT FUTURE WITH PROVEN RESILIENCE

11th largest economy in the World

RANKING OF ECONOMIES BY GDP AT PPP

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2019</th>
<th>2022</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>USA</td>
<td>USA</td>
<td>USA</td>
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<tr>
<td>2.</td>
<td>CHINA</td>
<td>CHINA</td>
<td>INDIA</td>
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<tr>
<td>3.</td>
<td>JAPAN</td>
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<td>4.</td>
<td>GERMANY</td>
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<td>5.</td>
<td>INDIA</td>
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<td>JAPAN</td>
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<td>6.</td>
<td>RUSSIA</td>
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<td>7.</td>
<td>FRANCE</td>
<td>FRANCE</td>
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<td>8.</td>
<td>UK</td>
<td>BRAZIL</td>
<td>BULGARIA</td>
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<tr>
<td>9.</td>
<td>BRAZIL</td>
<td>UK</td>
<td>ITALY</td>
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<tr>
<td>10.</td>
<td>UK</td>
<td>FRANCE</td>
<td>ROMANIA</td>
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<td>11.</td>
<td>MEXICO</td>
<td>MEXICO</td>
<td>MEXICO</td>
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<tr>
<td>12.</td>
<td>INDONESIA</td>
<td>ITALY</td>
<td>ITALY</td>
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<tr>
<td>13.</td>
<td>SPAIN</td>
<td>TÜRKİYE</td>
<td>TÜRKİYE</td>
</tr>
<tr>
<td>14.</td>
<td>CANADA</td>
<td>S.KOREA</td>
<td>KOREA</td>
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<tr>
<td>15.</td>
<td>S.KOREA</td>
<td>SPAIN</td>
<td>SPAIN</td>
</tr>
<tr>
<td>16.</td>
<td>S.ARABIA</td>
<td>CANADA</td>
<td>CANADA</td>
</tr>
<tr>
<td>17.</td>
<td>IRAN</td>
<td>S.ARABIA</td>
<td>S.ARABIA</td>
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<tr>
<td>18.</td>
<td>TÜRKİYE</td>
<td>IRAN</td>
<td>EGYPT</td>
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AVERAGE ANNUAL GDP GROWTH (%)

2002-2022

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<tbody>
<tr>
<td>1.</td>
<td>TÜRKİYE</td>
<td>5.4</td>
<td>3.9</td>
<td>3.5</td>
<td>3.1</td>
<td>2.5</td>
<td>1.8</td>
<td>1.6</td>
<td>1.4</td>
<td>1.3</td>
<td>1.2</td>
<td>1.1</td>
<td>1.0</td>
<td>0.9</td>
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<td>0.7</td>
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<td>12.</td>
<td>POLAND</td>
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<td>3.5</td>
<td>3.1</td>
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<td>1.4</td>
<td>1.3</td>
<td>1.2</td>
<td>1.1</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.3</td>
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<tr>
<td>13.</td>
<td>ROMANIA</td>
<td>3.5</td>
<td>3.1</td>
<td>2.5</td>
<td>1.8</td>
<td>1.6</td>
<td>1.4</td>
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<td>1.0</td>
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<td>0.8</td>
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<td>0.5</td>
<td>0.4</td>
<td>0.3</td>
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<tr>
<td>14.</td>
<td>BULGARIA</td>
<td>3.1</td>
<td>2.5</td>
<td>1.8</td>
<td>1.6</td>
<td>1.4</td>
<td>1.3</td>
<td>1.2</td>
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<td>0.9</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.3</td>
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<tr>
<td>15.</td>
<td>CZECHIA</td>
<td>2.5</td>
<td>1.8</td>
<td>1.6</td>
<td>1.4</td>
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<td>1.2</td>
<td>1.1</td>
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<td>0.4</td>
<td>0.3</td>
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<td></td>
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</tr>
</tbody>
</table>

Gross Public Debt Stock as % of GDP

Budget Balance as % of GDP

Source: IMF, Ministry of Treasury and Finance
Turkish economy has more than tripled over the past 20 years and is promising to be on the growing trend.

**Turkish Economy**

(GDP at current prices, $Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>2002</td>
<td>236</td>
</tr>
<tr>
<td>2022</td>
<td>906</td>
</tr>
</tbody>
</table>

Robust domestic market and entrepreneurial private sector spurred investments and exports.

**Contribution to GDP Growth 2002-2022 (%)**

<table>
<thead>
<tr>
<th>Component</th>
<th>2002</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>-20</td>
<td>-21</td>
</tr>
<tr>
<td>Consumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>-20</td>
<td>-21</td>
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<td>Expenditures</td>
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<tr>
<td>Exports</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DOMESTIC MARKET

**Income per capita**

(GDP per capita, current prices at purchasing power parity)

- **2002**: $10,988
- **2022**: $39,301

**Stock of Automobiles**

(millions of passenger cars)

- **2002**: 4.6
- **2022**: 14.4

**Turkish Aviation Passenger**

(millions of passengers)

- **2002**: 33.8
- **2023**: 214

Source: TurkStat, Ministry of Transport and Infrastructure and IMF
Total Population in 2023 85.4 Million

Source: TurkStat, 2023
DOMESTIC + ACCESSIBLE MARKETS

Customs Union with the EU allows direct access to the EU Market

1 BILLION CONSUMERS

FREE ACCESS

446
MILLION in EU

477
MILLION in FTA AREA

85
MILLION in TÜRKİYE

Source: IMF, Ministry of Trade, TurkStat, World Bank, Population as of 2022
*In ratification process
STRATEGIC LOCATION

HUB FOR MULTINATIONALS TO MANUFACTURE, EXPORT AND MANAGE

Working Hours
Intersect with 16 Time Zones

PROXIMITY TO MAJOR MARKETS
1.3 billion people and $2.8T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 342 destinations in 129 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

Exporting 85% of its production

Production base for MENA

Its largest production facility worldwide

B/S/H/

66 countries
70 countries
80 countries
89 countries
22 countries
14 countries
30 countries

Exporting 75% of its production

Exporting 85% of its production

Exporting 87% of its production
STRATEGIC LOCATION

MERCHANDISE EXPORTS BY GEOGRAPHY

2002

- EU: 48%
- MENA: 14%
- North America: 10%
- Other: 28%

$36 BILLION

2023

- EU: 41%
- MENA: 23%
- North America: 7%
- Other: 30%

$256 BILLION

NUMBER OF EXPORT PRODUCTS OVER USD 1 BILLION

2002: 9
2023: 54

TÜRKİYE’S SHARE IN GLOBAL EXPORTS OF GOODS

ANNUAL AVERAGE GROWTH OF EXPORTS (2002-2022)

Türkiye: 10.3%
The World: 6.9%

Türkiye Records All-Time High Exports in 2023

Source: TurkStat, ITC
FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 33.5 CREATING DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE

WORKING AGE POPULATION
(15-64+) (Index: 2014=100)

TOTAL DEPENDENCY RATIO
(%, Age 0-14 & 65+)/Age 15-64)

Source: Turkstat, Eurostat, UN, 2019
SKILLED AND COMPETITIVE LABOR FORCE

ANNUAL NUMBER OF GRADUATES (thousands)
- University: 287 (2002), 904 (2023)
- Vocational & Technical High School: 177 (2002), 430 (2023)

AVAILABILITY OF QUALIFIED ENGINEERS (10=Available; 0=Unavailable)
- Czechia: 6.70
- Türkiye: 6.49
- Romania: 6.05
- Poland: 6.03
- Slovakia: 5.74
- Hungary: 5.10
- Bulgaria: 4.30

AVAILABILITY OF COMPETENT SENIOR MANAGERS (10=Available; 0=Unavailable)
- Czechia: 6.64
- Türkiye: 5.83
- Poland: 5.54
- Romania: 4.40
- Bulgaria: 4.00
- Slovakia: 3.85
- Hungary: 3.11

LABOR FORCE BY EDUCATION LEVEL
- University: 27.9%
- Vocational & Technical High School: 10%
- High School & Below: 90%

COST OF LIVING INDEX 2023 (New York=100)
- USA: 74.2
- France: 69.1
- Germany: 66.0
- UK: 63.6
- Czechia: 52.8
- Hungary: 48.0
- Slovakia: 47.5
- Poland: 44.7
- Bulgaria: 40.3
- Romania: 38.4
- Türkiye: 27.1

REMUNERATION OF MANAGEMENT/ENGINEER
- Total base salary plus bonuses and long-term incentives
  - Germany: $153
  - USA: $122
  - France: $108
  - UK: $91
  - Slovakia: $77
  - Poland: $61
  - Hungary: $43
  - Czechia: $40
  - Türkiye: $36
  - Romania: $34
  - Bulgaria: $22

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, Numbeo
Thanks to stability established over the last two decades, Türkiye remains committed to implementing major reforms nearly every 18-24 months across various areas.
Continuously implementing sweeping reforms in many areas.

Number of days to set up a company, 2020

FDI regulatory restrictiveness index, 2020

Ease of doing business ranking, 2020

Ease of doing business ranking (Y-O-Y)

Source: OECD, World Bank
OFFERING PROTECTION AND EASE OF DOING BUSINESS

Total Tax and Contribution Rate*, 2019 (% of Profit)

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>36.6</td>
</tr>
<tr>
<td>Hungary</td>
<td>37.9</td>
</tr>
<tr>
<td>Poland</td>
<td>40.8</td>
</tr>
<tr>
<td>Turkey</td>
<td>42.3</td>
</tr>
<tr>
<td>Czechia</td>
<td>46.1</td>
</tr>
<tr>
<td>Russia</td>
<td>46.2</td>
</tr>
<tr>
<td>Japan</td>
<td>46.7</td>
</tr>
<tr>
<td>Spain</td>
<td>47.0</td>
</tr>
<tr>
<td>Germany</td>
<td>48.7</td>
</tr>
<tr>
<td>India</td>
<td>49.7</td>
</tr>
<tr>
<td>Slovakia</td>
<td>49.7</td>
</tr>
<tr>
<td>Austria</td>
<td>51.4</td>
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<td>Mexico</td>
<td>55.1</td>
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<tr>
<td>Italy</td>
<td>59.1</td>
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<tr>
<td>China</td>
<td>59.2</td>
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<tr>
<td>France</td>
<td>60.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>65.1</td>
</tr>
</tbody>
</table>

International Tax Competitiveness**, 2023 (Index=100 as most competitive)

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechia</td>
<td>81.2</td>
</tr>
<tr>
<td>Turkey</td>
<td>78.6</td>
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<tr>
<td>Hungary</td>
<td>75.0</td>
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<td>Slovakia</td>
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<td>Austria</td>
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<td>USA</td>
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<tr>
<td>Korea</td>
<td>61.6</td>
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<td>Japan</td>
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<td>Mexico</td>
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<td>Ireland</td>
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<td>UK</td>
<td>57.8</td>
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<td>Spain</td>
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<td>Poland</td>
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<td>France</td>
<td>48.4</td>
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<tr>
<td>Italy</td>
<td>47.6</td>
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Source: Ministry of Trade, World Bank, Tax Foundation, Foreign Direct Investment Law 2003. *Total Tax Rate: Profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, turnover taxes and other taxes (such as municipal fees and vehicle taxes). (Tax competitiveness measures countries’ tax policies five categories: corporate income tax, consumption taxes, property taxes, individual taxes, and international tax rules.)
LUCRATIVE INCENTIVES

OFFERING LUCRATIVE INCENTIVES IN MANY WAYS

MANUFACTURING INCENTIVES
✓ Tax deduction & exemption +

INCENTIVES FOR SERVICE EXPORTERS
✓ Tax deduction for exporting services in:
  • Engineering
  • Architecture
  • Design
  • Software
  • Medical Reporting
  • Accounting
  • Call Center
  • Datacenter
  • Education
  • Healthcare

EMPLOYMENT INCENTIVES
✓ Payroll & Training support +

R&D AND INNOVATION INCENTIVES
✓ Tax deduction & exemption +

TECHNOLOGY DEVELOPMENT ZONES
✓ To support R&D
✓ Tax deduction & exemption +

EXCLUSIVE ZONES
✓ Free Zones
  Tax deduction & exemption +
✓ Organized Industrial Zones
  Developed infrastructure
R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

NUMBER OF RESEARCHERS
(thousands)

ALMOST 700 INTERNATIONAL COMPANIES OPERATING IN TECHNOPARK AND R&D CENTERS

INCREASING R&D SPENDING
($ Billion, PPP)

Source: OECD, Turkstat, PPP: Purchasing power parity, Ministry of Industry and Technology
BENIGN R&D ECOSYSTEM

R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

SELECTED INTERNATIONAL COMPANIES CONDUCTING R&D IN TÜRKİYE

- Ford
- ZENTIVA
- Huawei
- JOTUN
- AVL
- B/S/H/
- DHL
- TOYOPICA
- Mando
- monitise

- Siemens
- METAIR
- Bridgestone
- JSTUZ
- JOTUN
- GS YUASA
- Valeo
- SAEDYON E-WHA

- Alcatel-Lucent
- METAIR
- MAGNA
- MAZDA
- MAGNA

- SOCAR
- BOSCH
- ALSTOM
- Johnson Controls
- NOVARES
- MAN

- RENAULT
- invest
- Dongfeng Automotive Group
- Geely
- TPK Composites
- Panasonic
- Rudolf Group
SECTORAL OPPORTUNITIES

OFFERING ABUNDANT OPPORTUNITIES IN A VARIETY OF SECTORS

AUTOMOTIVE
- 13th largest manufacturer in the World, 4th in Europe (2022)
- 1.4 million vehicle produced (2023)
- Export: $35.0 billion (2023)

MACHINERY & ELECTRICAL EQP.
- Largest TV & white goods producer in Europe
- Exporting 75% of its production
- Revenue: $76 billion (2022)
- Export: $27.6 billion (2023)

AEROSPACE & DEFENCE
- $10.6 billion defence spending (2022)
- Export: $5.5 billion (2023)
- Air passengers: 182 million (2022)
- Istanbul is the 1st city in Europe by passenger traffic
- Export to around 200 countries

ENERGY
- 6th largest electricity market in Europe with more than 100 GW
- 54% renewable energy share of electricity capacity (2022)
- Türkiye generated 3.5 GW new capacity in 2022
- 4th in the world in geothermal energy capacity

AGROFOOD
- 10th largest agriculture producer in the World, 1st in Europe (2022)
- Agriculture & Food Industry Market: $78 billion
- Export: $30 billion
- Export: $5.5 billion (2023)

INFRASTRUCTURE
- $195 billion PPP contracts (1986-2022)
- More opportunities in transport, energy, health
- Market size: $24.7 billion (2022)
- Export: $1.7 billion (2023)
- Employment: 213K of which 49% are R&D personnel (2022)
- Technology startups attracted $3.2 billion investment in 2021-2022

Source: World Bank, TurkStat, Presidency of Strategy and Budget, TIM (Türkiye Exporters Assembly), OSD, OICA, TURKSBESD, SIPRI, EMRA, TUBİSAD
FOREIGN DIRECT INVESTMENT (FDI)

EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TÜRKİYE OFFERS

FDI INFLOWS ($ BILLION)

NUMBER OF INTERNATIONAL COMPANIES IN TÜRKİYE (’000)

GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2023)

MOST ATTRACTIVE SECTORS (CUMULATIVE 2003-2023)

Source: CBRT, Ministry of Industry and Technology, Team Analysis. *Geographic (adjusted) and sectoral breakdown of cumulative gross inflows of equity FDI from 2003 to 2021
INVEST IN TÜRKİYE

PRIVATE SECTOR APPROACH WITH PUBLIC SECTOR CAPABILITIES

A GOVERNMENTAL AGENCY REPORTING TO THE PRESIDENT

ACTING AS A SOLUTION PARTNER

CUSTOMIZED CONSULTING

BUSINESS FACILITATION

TAILOR-MADE DELEGATION VISITS

PARTNERSHIP DEVELOPMENT ASSISTANCE

COORDINATION WITH STAKEHOLDERS

SITE SELECTION SUPPORT

PROJECT LAUNCH

ONGOING SUPPORT