WHY INVEST IN TÜRKİYE?

October 2023
10 reasons to invest in Türkiye

- Robust Economy
- Domestic + Accessible Markets
- Skilled and Competitive Labor Force
- Strategic Location
- Favorable Demographics
- Continuous Reform Process
- Business-Friendliness
- Lucrative Incentives
- Benign R&D Ecosystem
- Sectoral Opportunities
**ROBUST ECONOMY**

**11th largest economy in the World**

**RANKING OF ECONOMIES BY GDP AT PPP**

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<th>Rank</th>
<th>Country</th>
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**AVERAGE ANNUAL GDP GROWTH (%) 2002-2022**

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**REAL GDP GROWTH (INDEX: 2002=100)**

Robust Economy

Strong Macroeconomic Fundamentals
Based on Successful Public Finance Management

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)

- 2002: 236
- 2022: 906

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

- Domestic Consumption: 86
- Investment Expenditures: 29
- Exports: 26
- Stocks: -20
- Imports: -21

Source: TurkStat
**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
- **2019**: 208.9
- **2022**: 182.3

Source: TurkStat, Ministry of Transport and Infrastructure and IMF
DOMESTIC MARKET

DOMESTIC MARKET FURTHER SUPPORTED BY EMERGING URBAN CENTERS

Total Population in 2022 85.3 Million

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24 urban centers With Populations over 1 million

Source: TurkStat, 2021
DOMESTIC + ACCESSIBLE MARKETS

DOMESTIC MARKET + EU MARKET + FREE TRADE AREA

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

- 1 BILLION CONSUMERS
- 456 MILLION in EU
- 485 MILLION in FTA AREA
- 85 MILLION in TÜRKİYE

Source: IMF, Ministry of Trade, TurkStat, Population as of 2021
*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 $28T 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

B/S/H/
89 countries

Production base for MENA

80 countries

Exporting 87% of its production

22 countries

86 countries

Its largest production facility worldwide

14 countries

30 countries

Cargill
66 countries

Microsoft
70 countries

Nestlé

BoSS

B/S/H/

KNAUF

Toyota

Ford

Sanofi

Samsung

GE Healthcare

Invest.gov.tr | 09
STRATEGIC LOCATION

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%

- **2022**
  - EU: 41%
  - MENA: 23%
  - North America: 7%
  - Other: 29%

NUMBER OF EXPORT PRODUCTS OVER USD 1 BILLION

- **2002**: 9
- **2022**: 53

TÜRKİYE’S SHARE IN GLOBAL EXPORTS OF GOODS

- **2002**: 0.5%
- **2023**: 0.6%
- **2004**: 0.7%
- **2005**: 0.8%
- **2006**: 0.9%
- **2007**: 1.0%
- **2008**: 1.1%
- **2009**: 1.2%
- **2010**: 1.3%
- **2011**: 1.4%
- **2012**: 1.5%
- **2013**: 1.6%
- **2014**: 1.7%
- **2015**: 1.8%
- **2016**: 1.9%
- **2017**: 2.0%
- **2018**: 2.1%
- **2019**: 2.2%
- **2020**: 2.3%
- **2021**: 2.4%
- **2022**: 2.5%

NUMBER OF EXPORT PRODUCTS OVER USD 1 BILLION

- **2002**: 53
- **2022**: 254

EXPORTS OF GOODS IN TÜRKİYE AND THE WORLD

Türkiye Records All-Time High Exports in 2022

ANNUAL AVERAGE GROWTH OF EXPORTS (2002-2022)

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

Source: TurkStat, ITC
FAVORABLE DEMOGRAPHICS

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

TÜRKİYE

EUROPE

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)

Availability of Qualified Engineers (10=Available; 0=Unavailable) 2022

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

Labor Force by Education Level

Cost of Living Index 2022 (New York=100)

Remuneration of Management/Engineer

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**

- South Africa: 40 days
- Poland: 37 days
- Czech Rep.: 24.5 days
- Bulgaria: 23 days
- Austria: 21 days
- Romania: 20 days
- India: 17.5 days
- Brazil: 16.6 days
- Finland: 13 days
- Spain: 12.5 days
- Japan: 11.2 days
- Russia: 10.1 days
- Turkey: 7 days

*Down from 38 days in 2002*

**FDI REGULATORY RESTRICTIVENESS INDEX, 2020**

- Russia: 0.262
- China: 0.214
- India: 0.207
- Canada: 0.161
- USA: 0.089
- Brazil: 0.081
- Switzerland: 0.083
- Poland: 0.072
- OECD: 0.064
- Turkey: 0.059

*1 = Closed to FDI, 0 = Open to FDI*

*Down from 0.283 in 2003*

**EASE OF DOING BUSINESS RANKING, 2020**

- Türkiye: 33
- Poland: 40
- Hungary: 52
- Romania: 55
- Bulgaria: 61

*Higher rankings…*

**EASE OF DOING BUSINESS RANKING (Y-O-Y)**

- 2020: 33
- 2019: 43
- 2018: 60

*Higher rankings…*

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

**Protection of International Investors by FDI Law**

**Bilateral Investment Protection Treaties with 88 countries**

**Treaties to avoid Double Taxation with 87 countries**

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**TOTAL TAX AND CONTRIBUTION RATE*, 2019**
(% of Profit)

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**INTERNATIONAL TAX COMPETITIVENESS**, 2022
(Index=100 as most competitive)

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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 +

EMPLOYMENT INCENTIVES
✓ Payroll & Training support +

R&D AND INNOVATION 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

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

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OFFERING ABUNDANT OPPORTUNITIES IN A VARIETY OF SECTORS

**SECTORAL OPPORTUNITIES**

**AUTOMOTIVE**
- 13th largest manufacturer in the World, 4th in Europe (2022)
- 1.4 million vehicle produced (2022)
- Export: $31.0 billion

**MACHINERY & ELECTRICAL EQP.**
- Largest TV & white goods producer in Europe
- Exporting 75% of its production
- Revenue: $76 billion (2022)
- Export: $26 billion (2022)

**AEROSPACE & DEFENCE**
- $10.6 billion defence spending (2022)
- Export: $4.4 billion (2022)
- Air passengers: 182 million (2022)
- Istanbul is the 1st city in Europe by passenger traffic

**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
- Revenue: $76 billion (2022)
- Export: $26 billion (2022)

**AGROFOOD**
- 10th largest agriculture producer in the World, 1st in Europe (2022)
- Agriculture & Food Industry Market: $78 billion
- Export: $30 billion
- Export to around 200 countries

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

**ICT**
- Source: World Bank, TurkStat, Presidency of Strategy and Budget, TİM (Türkiye Exporters Assembly), OSD, OICA, TURKSBEISD, SIPRI, EMRA, TUBİSAD

Source: invest.gov.tr | 19
FOREIGN DIRECT INVESTMENT (FDI)

EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TÜRKİYE OFFERS

FDI INFLOWS ($ BILLION)

- 1973-2002 (30 years): 15
- 2003-2022 (20 years): 252

NUMBER OF INTERNATIONAL COMPANIES IN TÜRKİYE (‘000)

- 2002: 5.6
- 2023: 80.5

GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2022)

- Europe: 72.9%
- USA: 8.0%
- Asia: 17.5%
- Other: 1.6%

MOST ATTRACTIVE SECTORS (CUMULATIVE 2003-2022)

- Finance: 31.4%
- Manufacturing: 24.1%
- Energy: 10.2%
- Wholesale & Retail Trade: 9.2%
- Information & Communication Services: 8.6%
- Others: 8.9%
- Transport & Storage: 4.6%
- Construction: 3.0%

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