In the lead up to the local elections on March 31, 2019, President Recep Tayyip Erdoğan held public meetings throughout Turkey, where he inaugurated a number of infrastructure investments and heralded new ones in the pipeline.

Addressing citizens in Zonguldak on March 4, President Erdoğan said that Port of Filyos, which will be the main export center of the entire Black Sea region, will be completed in 2023.

On March 12, President Erdoğan opened the Gebze-Halkalı suburban railway line in Istanbul. Around 1.7 million passengers will be transported daily on the line, which will significantly contribute to relieving Istanbul’s traffic burden.

In Ankara on March 14, President Erdoğan heralded a new railway line to be built between the district of Keçiören and Esenboğa Airport.

The North Marmara Highway was extended to the Çatalca district of Istanbul on March 16. President Erdoğan said that the project, which also encompasses the new Istanbul Airport and the Yavuz Sultan Selim Bridge, will lower the time between Çatalca and Kurtköy to 50 minutes from 3 hours.

Speaking in Izmir on March 17, President Erdoğan acknowledged that the Istanbul – Izmir Highway Project, which will shorten the drive between the two cities from 8 hours to 3.5 hours, will be completed in 2019.

Along with all these investments, mega projects such as Canal Istanbul and the Grand Istanbul Tunnel will be built in Turkey. Almost 30 percent of Turkey’s infrastructure investment need till 2023 is expected to be made through public-private partnerships, which is the reason why international investors are maintaining a keen interest in these projects.

The Turkish economy proved resilient in 2018 as Turkey’s GDP expanded by 2.6 percent despite the global slowdown. In fact, the country’s annual growth rate of 5.5 percent during the 2003-2018 period has earned Turkey the distinction of being one of the fastest growing economies in the world.

The agenda of the Investment Office in March included meetings and seminars around the globe. Europe was one of our main areas of focus as we attended MIPIM 2019 in Cannes, France and held investor meetings.
TURKEY GROWS BY 2.6 PERCENT IN 2018 DESPITE THE GLOBAL SLOWDOWN

TurkStat announced that Turkey’s GDP expanded by 2.6 percent in 2018 compared to the previous year. Accordingly, net exports contributed to growth by 3.6 ppt, while both private and government consumption contributed 0.7 and 0.5 ppt respectively.

Commenting on the figures, President Erdoğan said that the growth figures beat expectations. He pointed out that Turkey posted positive growth overall despite a slight downturn in the final quarter of 2018.

Minister of Treasury and Finance Berat Albayrak also said the contraction in Turkey’s economy in Q4 of 2018 reflects a temporary situation, adding that the worst has passed and that a rapid recovery trend has begun.

SURGE IN FDI INFLOWS INTO TURKEY CONTINUES IN 2019

Despite the global slowdown, 2018 was a fruitful year for Turkey regarding FDI inflows. Figures and news show that 2019 will surpass the previous year. Some of the investment announcements of global companies in March 2019 were as follows:

Chinese textile giant Texhong announced the decision to invest in Turkey’s Kayseri Organized Industry Zone. The Republic of Turkey Investment Office has been involved in this process for the past couple of years.

Multinational hospitality company Hilton will be further expanding its investment in Turkey’s tourism sector. With three hotels on the way under the Curio brand, Hilton will also invest through another brand, Motto.

Qatar’s Flora Group will invest in a joint factory with Turkish electric engine manufacturer Sezgin Motor. As part of the USD 30 million investment, the Qatari company will bring both capital and technology to Turkey. The factory will produce refrigerator engines for Turkey’s two leading companies.

American giant Nike is set to move its only production center in the Middle East and Europe to Turkey’s eastern province of Agri as part of the Tekstilkent project in the province. The textile productions processed at the production center, where around 5,000 people will work in two years, will also be exported via Agri.

Saudi Arabia’s Afrina Holding announced plans to raise 30,000 cattle with an investment of USD 18 million in the city of Elazig.

German-Turkish Chamber of Commerce and Industry (AHK) opened a new bureau at the Union of Chambers and Commodity Exchanges of Turkey (TOBB) in Ankara to further strengthen bilateral economic ties. Speaking at the opening ceremony of the new bureau, Minister of Industry and Technology Mustafa Varank said: “AHK Turkey, which celebrates its 25th anniversary, has been contributing to the development of economic ties between the two countries.” Minister Varank added, “we host more than 7,000 German companies that have an investment volume over USD 14 billion and employ 140,000 people.”

GROWTH EXPECTATIONS – NEW ECONOMY PROGRAM 2019-2021 (%)

For 2019, the New Economic Program envisions 2.3 percent growth that increases to 3.5 percent for 2020 and 5 percent for 2021. The good news over the long term is that Turkey’s economy has shown a knack for successfully weathering economic ripple effects with no lasting measurable negative impact.
REAL ESTATE GIANTS GATHER AT MIPIM 2019 IN NICE

The world’s largest real estate fair, MIPIM 2019, brought together Turkish real estate giants and businesspeople with government officials on March 12-15 in Nice, France. Along with over 200 Turkish institutions and organizations, Minister of Environment and Urbanization Murat Kurum and Investment Office President Arda Ermut also attended MIPIM this year. Participating in the fair, Minister of Environment and Urbanization Murat Kurum said, “During the course of the 3-day trade visit, 1 million business cards changed hands. This is very important.” Minister Kurum added that the Turkish construction industry ranks second after China, and that Turkey has USD 11 billion worth of investments in 36 countries. During MIPIM 2019, Kurum also held investor meetings with executives of companies from the UK, the Netherlands, France, Russia, Germany, and several countries in the Middle East.

Speaking at MIPIM, Investment Office President Arda Ermut said that Turkey welcomed more than USD 210 billion in investment to date from 2002, with USD 55 billion of that coming from real estate and related sectors. “We are in a period where uncertainty in the world is increasing, FDI is going down, and investors are cautious. Investments in the world have been moving downwards for the last three years and fell to around USD 1.2 trillion in 2018. This is the same as the figures at the time of the global financial crisis. Many more actors are trying to get a share of a shrinking pie. While vying for this share, the sectors where you can reach significant volumes in direct investments, such as real estate, gain importance,” said Ermut.

According to TurkStat, real estate sales to internationals increased by 78.4% in 2018, nearly reaching 40,000 - the highest number ever. The majority of the buyers came from Iran, Saudi Arabia, Russia, and Kuwait, in order. Legislative amendments that eased citizenship with investment limits for foreigners, campaigns launched by real estate developers and banks, and favorable foreign currency exchange rates were the main reasons behind this record. Moreover, the January figures showed that real estate sales to international buyers in Turkey skyrocketed by 81.9% y/y, reaching 3,168.

AMCHAM TURKEY / ABFT HOLDS 15TH GENERAL ASSEMBLY MEETING

American Business Forum in Turkey - AmCham Turkey held its 15th General Assembly Meeting on March 15, 2019, in Istanbul.

Speaking at the meeting, Investment Office President Arda Ermut underlined that the needs and priorities of Turkey and the US overlap significantly in the economic and commercial fields. “Investment Office - the only authorized authority in Turkey in terms of FDI - has always bestowed a special priority on the United States, and it continues to do so.

Since 2002, we have attracted more than USD 11.8 billion in FDI made by more than 1,800 US companies operating in Turkey. We see room for growth in this figure because the United States is one of the top FDI sources in the world. For this reason, the United States is one of the countries most visited by the Investment Office,” said Ermut.

The CEO of Citibank Turkey, Serra Akçaoğlu, was reelected as the Chairperson of AmCham Turkey during the General Assembly meeting. AmCham Turkey’s 110 member companies employ 90,000 people in Turkey and provide a value-added of USD 54 billion for the Turkish economy.

Previously in September 2018, President Recep Tayyip Erdoğan received representatives of the US companies in Turkey along with board members of AmCham Turkey/ABFT at a roundtable meeting at the Presidential Complex in Ankara.
EVENTS

FEbruary 13 | Milano-Italy

Investment Office and the Italian Trade Agency held a seminar on industrial zones and opportunities for Italian companies in Turkey. Investment Office Country Advisor to Italy Gino Costa informed the participants about the investment environment in Turkey.

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FEBruARY 27 | Gaziantep-Turkey

Investment Office participated in the Venture Capital seminar held by the Gaziantep Chamber of Industry in Gaziantep.

During the event, A. Burak Dağlıoğlu was the moderator of a panel with venture capital fund managers, while A. Cüneyt Selçuk presented on the Turkish startup ecosystem.

FEBruARY 28 | Nur-Sultan-Kazakhstan

Necmettin Kaymaz of the Investment Office, Muhammed Gülyurt of the Turkish Ministry of Health, and Şule Kişç of EBRD shared Turkey’s public private partnership experience in healthcare at a seminar held in Nur-Sultan (Astana), Kazakhstan.

MARCH 3-6 | Toronto-Canada

Ahmet Ihsan Erdem of the Investment Office delivered a presentation on Turkey’s investment climate at the Mining Investment Opportunities Seminar held by the Ministry of Energy and Natural Resources at PDAC2019 in Canada.

Top executives of international mining companies attended the event, which was opened with a keynote speech by Mithat Cansız, Deputy Minister of Energy and Natural Resources and Head of the Turkish delegation.

MARCH 15 | Istanbul-Turkey

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