DEALS INKED FOR ANOTHER MILESTONE IN CITY HOSPITALS

USD 1.5 billion deal signed with international investors speaks to Turkey’s credibility.

Usher in a new vision for the use of the Public-Private Partnership (PPP) model in Turkey, the Istanbul İkitelli City Hospital Project is set to be the largest of its kind in the world, making Istanbul a health tourism hub once it becomes fully operational. As per the investment plans, the Istanbul İkitelli City Hospital Project – slated for completion in 36 months – will boast 9 hospitals serving 29,000 patients on a daily basis with 2,682 total beds and 10,000 personnel.

During his address at the signing ceremony, President Recep Tayyip Erdoğan stressed that the USD 1.5 billion financing agreement signed with eight international investors – namely JBIC, NEXI, SMBC, BTMU, Nippon Life Insurance Company, Dai-ichi Life Insurance Company, the Iyo Bank, and Standard Chartered – for the Istanbul İkitelli City Hospital Project, a joint investment of Turkey’s Rönesans Health Investment and Japan’s Sojitz, speaks to Turkey’s international credibility. Erdoğan was quick to point out that Sojitz executives visited Ankara to hold talks with Rönesans Health Investment on the agreement just a week after the failed coup in 2016. He extended his deepest gratitude to the Japanese investment community for their confidence in and support of Turkey and its economy.

Erdoğan also reminded investors that Turkey has taken numerous precautions to ensure that temporary setbacks do not spill over and harm its strong economy. All international investments in Turkey are under state protection and all reforms and incentives introduced by the Turkish government are available to be utilized by investors. He emphasized that there are no obstacles barring them from expanding their investments in the country. “The doors of Turkey are wide open to all international investors,” Erdoğan concluded.

Initial steps concerning the city hospitals masterplan were taken in 2005, with a focus on removing barriers to investment. After years of reforms and the introduction of new regulations, deals were inked for the first batch of 15 hospitals in 2013. The list of inaugurated projects to-date includes the Yozgat, Mersin, and Isparta City Hospitals, while the Kayseri, Adana, Ankara Bilkent, and Manisa City Hospitals are expected to become operational in late-2017. 2019 will see the Eskişehir, Elazığ, and Konya Karatay City Hospitals come online. As the remainder of the projects are being commissioned, the total number of projects will hit 31, with 28 of them being city hospitals. Having a combined bed capacity of 42,000, the projects will pave the way for the leveraging of healthcare service standards not only in Turkey but also on a global scale.
This past year proved once again that the Turkish economy is resilient in the face of potential setbacks. In the wake of the failed coup attempt on July 15, 2016, the Turkish government has focused on reforms and on improving the business environment. This can be seen in a comprehensive roadmap, in new regulations, and in incentives that were introduced in areas including R&D, the labor market, judiciary, taxation, and several others to improve the investment climate.

The months following the failed coup attempt saw the establishment of the Turkiye Wealth Fund in August, the introduction of project-based support mechanisms in November, and the emergence of Economy Coordination Board Support Mechanisms in December. In early 2017, the Attraction Centers Program was launched, and the Turkish Citizenship Law and Industrial Property Law were published in the Official Gazette in January. February 2017 saw the regulation on the Turquoise Card enter into force.

Along with these reforms and incentives that help Turkey move up in the value chain, make Turkey more competitive, and eliminate barriers to doing business, the fiscal measures taken by the government also spurred a strong increase in economic activity. The Credit Guarantee Fund, which guarantees around TRY 180 billion in loans as of June 2017, had a favorable impact on the Turkish economy. Likewise, the Central Bank of the Republic of Turkey is fully committed to reducing inflation and maintaining its monetary policy.

All these actions have resulted in better-than-expected economic indicators so far in 2017. The Turkish economy has recovered much faster and grew at a larger-than-expected 5 percent during the first quarter of 2017. Exports increased by 9.5 percent in the first 5 months of 2017. Headline inflation fell in May 2017 for the first time since November 2016, and PMI is gradually recovering during 2017.

The resilient Turkish economy in the aftermath of the failed 2016 coup attempt, together with diminishing political uncertainty after the referendum in April 2017, has resulted in rising capital inflows to Turkey. Turkey experienced a considerable amount of recovery in total FDI in the final quarter of 2016, as USD 3.7 billion was invested during those three months. Total FDI inflows to Turkey amounted to USD 12.3 billion in 2016, of which 57 percent was realized in the second half. The rising trend in FDI continued in 2017 as well, and total FDI inflows reached USD 4.8 billion in January-May 2017, an 11 percent increase when compared to the same period of 2016.

As Turkey starts to reap the benefits of the constitutional reform in the second half of 2017, investor confidence in the Turkish economy will be further bolstered, resulting in even more investments in the country.

57% OF FDI IN 2016 OCCURS DURING H2

5% GDP GROWTH IN Q1 2017

FDI INFLOWS TO TURKEY (USD billion)

2016 Jan-May: 4.3
+11%

2017 Jan-May: 4.8

Source: CBRT
President Erdoğan reinforced Turkey’s position as a safe haven for investors in the International Investors Consultation Meeting. Speaking at a meeting organized by the International Investors Association and the Turkish Union of Chambers and Commodity Exchanges, President Recep Tayyip Erdoğan spoke about the robustness of the Turkish economy and about how it achieved a growth rate of 2.9 percent in 2016 despite the heavy trauma of July 15 failed coup attempt.

He went on to emphasize the resiliency of the Turkish economy over the years, which, despite being exposed to various adverse incidents in the past, has managed to achieve sustainable growth rates. “Despite the attacks of 17-25 December in 2013, 8.5 percent, despite the local administrations and presidential elections in 2014, 5.2 percent, and despite the two general elections and intensifying terror attacks in 2015, 6.1 percent growth rates were achieved in Turkey,” said Erdoğan.

Erdoğan underlined that performance in the first half of 2017, particularly the 5 percent growth in the first quarter, gives hope for 2017. He pointed out that exports increased by 8.2 percent in the first six months of the year, that Borsa İstanbul (stock market) broke records on an almost daily basis, and that the FX reserves of the Central Bank were increasing again.

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“TURKEY CEMENTS POSITION AS INVESTMENT HUB

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“In the first four months of this year, we reached an FDI amount of 3.6 billion dollars, outperforming the previous year’s figure. We also see that FDI shares of the Gulf and Far East Asian countries have increased steadily, in addition to the US and Europe,” Erdoğan said.

Erdoğan advised all investors to contact him directly via the Investment Support and Promotion Agency of Turkey (ISPAT) when they need any kind of assistance during the lifecycle of their investments.

ISTANBUL HOSTS GLOBAL ENERGY ELITES AT 22ND WORLD PETROLEUM CONGRESS

The 22nd World Petroleum Congress, widely known as the “Olympics” of the petroleum industry, was held on July 09-13, in Istanbul under the auspices of the Presidency of the Republic of Turkey. This year’s theme was “Bridges to Our Energy Future”.

During his speech at the congress, President Recep Tayyip Erdoğan underscored that Turkey is described as the “Silk Road of Energy” by experts. “Turkey is a significant actor in energy due to our central location, economic development, and political stability,” said Erdoğan.

In addition to President Erdoğan, also present at the congress were Azerbaijani President Ilham Aliyev, Serbian President Aleksandar Vučić, Bulgarian Prime Minister Boyko Borissov, and Albanian Prime Minister Edi Rama. Rounding out the Turkish delegation were Prime Minister Binali Yıldırım, Deputy Prime Minister Mehmet Şimşek, and Minister of Energy and Natural Resources Berat Albayrak. Around 3,000 delegates and 600 speakers from more than 90 countries and hundreds of top executives of global companies attended the congress.

The main topics discussed during the congress were the global energy sector, the future of petroleum and natural gas sources, global policies towards energy efficiency, infrastructure, investment opportunities, and low-carbon solutions. Also touched upon was an assessment of Turkey’s development in the petroleum and gas industries.

Within the scope of the congress, World Petroleum Council (WPC) President Jozsef Toth presented the “Dewhurst Award”, given in the name of the WPC founder Thomas Dewhurst, to US Secretary of State Rex Tillerson, former president and CEO of ExxonMobil.
LM Wind Power, a leading manufacturer of wind turbine blades and a subsidiary of General Electric Renewable Energy, held an inauguration ceremony in the Bergama Organized Industrial Zone, Izmir to mark their 14th blade manufacturing facility worldwide. The new plant, with an initial annual capacity of 500 MW, features a world class high-tech production line.

Commenting on the new plant, Ermut continued, “Within the scope of the year 2023 targets of our country, it is important to maximize domestic renewable energy production while achieving 20 GW of installed wind power capacity. In this context, such an investment that will produce wind turbine blades domestically is very important for us. The government and the Ministry of Energy and Natural Resources make great effort to ensure that domestic sources are used at the highest level to produce electricity. In particular, the steady policy in wind power investments over the past several years has resulted in the commissioning of an average 1 GW-capacity each year, bringing us now to 6.1 GW of installed wind capacity.”

Marc de Jong, CEO of LM Wind Power, said, “We are proud and excited to celebrate with GE and our partners in Bergama. We continue our growth into a new country and this is a very attractive location for operations like ours. We have invested significant time and resources in Bergama and look forward to growing in the wind industry with several partners and customers going forward.”

Jérôme Pécresse, CEO of GE Renewable Energy, added, “GE already operates eight facilities with more than 2,000 employees in Turkey - a highly promising market for renewable energy and wind in particular. With LM Wind Power, GE Renewable Energy is integrating blade design and production into our wind turbine business giving us a strong position in the fastest growing segment of power generation. Last year, the Turkish wind sector reached a cornerstone by having more than 6 GW wind power installed. GE is committed to investing long term in the communities where we operate and this facility is an important milestone in our commitment to working with local talent.”

Marking the beginning of a new hub for green industry, LM Wind Power Bergama Plant will employ 450 people to reach an annual capacity of 500 MW and later expand to 2 GW. Production in the new plant is now getting underway.

“Since ISPAT supports all projects of GE in Turkey, today we are taking justified pride in accomplishing such an important and high-tech investment for our country. I believe that this investment will not only contribute to Turkey’s renewable energy capacity, but also give a new impulse to Turkey’s National Energy Policy.”

Arda ERMUT
ISPAT President