FDI into Turkey on the Rise

“As the Presidency of the 20-country organization changed hands, Turkey and China signed a series of deals to bolster their existing cooperation in a number of fields following an inter-committee meeting headed by Turkey’s President Recep Tayyip Erdoğan and the Chinese President Xi Jinping.”

Prime Minister Davutoğlu hosts reception for world leaders as G20 Presidency handed over

Making a mark on the history of G20 with an agenda that calls for collective action for inclusive growth, Turkey handed over the prestigious organization’s 2016 presidency to China after hosting G20 Leaders’ Summit. Turkey’s Prime Minister Ahmet Davutoğlu hosted a reception in honor of the leaders of the 20 countries that form the group following the summit in Antalya.

Investments high on the agenda in new government program

Emerging victorious from the general elections held on the 1st of November, the AK Party has been entrusted with the governance of Turkey for the fourth time. With a focus on economic growth and job creation, the new government led by Prime Minister Davutoğlu has prioritized the further development of the country's investment environment by announcing a new program that envisions rapid and effective measures to bolster investor confidence in the country.

The new program calls for the attraction of more FDI through mechanisms that hasten the procedures such as site selection and allocation as well as the simplification of getting the related permits. A countrywide database of available sites and plots suitable for investments are also in the works.

FDI into Turkey surpassed last year’s total amount in just 9 months

Turkey received USD 12.61 billion in FDI in January-September, up 32 percent over the same period of the previous year.

According to data from Turkey’s Central Bank, USD 791 million in FDI entered the country in September, bringing the January-September total to 12.61 billion. The financial services sector emerged as the leading recipient of FDI in September. The top-three recipient sectors in January-September were financial services, manufacturing, and energy.

Arda Ermut, the President of the Investment Support and Promotion Agency of Turkey (ISPAT), said that despite two general elections and the ongoing turmoil in some neighboring countries, Turkey has managed to increase its investment attractiveness to international investors.

“FDI into Turkey surpassed last year’s total amount in just nine months, raising our hopes to exceed year-end expectations. The results of the November elections clearly demonstrate our nation’s strong inclination towards stability while highlighting Turkey’s position as an ideal investment destination. These developments will reflect better on FDI figures in the coming months”, the ISPAT President noted.
Turkey’s megacity has carved a place among the world’s top-10 emerging urban centers with rapid economic growth and real estate development, according to Jones Lang LaSalle’s (JLL) “Globalization and Competition: A New World of Cities” report.

The report examines leading emerging world cities against their established counterparts in the developed world while comparing the characteristics and potential of each emerging world city across a number of indices, including real estate, capacity to attract talent and international firms as well as their ability to serve as hubs to direct trade and investment to a wider region.

The report listed Istanbul’s strongpoints as trade, tourism and transportation and cited the city’s innovation center status and ability turn this capacity into advantage.

Istanbul is on par with Shanghai and Beijing in the “Emerging World Cities” category with its real-estate potential and long-term growth prospects.

Istanbul is also a contender with Kuala Lumpur, Taipei and Mexico City in the “Globally Competitive Megacities” subcategory.

**Turkish Airlines Plane Takes off with ‘Invest in Turkey’ Livery**

Turkey’s national flag carrier, Turkish Airlines, has launched a promotion campaign in coordination with ISPAT, inviting investors across the world to invest in the country.

A Turkish Airlines Airbus A330 carrying the ‘Invest in Turkey’ slogan on its livery will reach out to potential investors in all corners of the world and relay ISPAT’s message. The scheduled flights of the aircraft are carefully chosen as to maximize awareness about Turkey, its business environment, and its investment opportunities.

Speaking at the launch ceremony, Arda Ermut, the President of ISPAT, thanked the CEO of Turkish Airlines and former President of ISPAT İker Aycı. “The cooperation between ISPAT and Turkish Airlines reaches new heights with this aircraft, which will carry the ‘Invest in Turkey’ slogan to the skies,” Ermut said.

Aycı said that the aircraft and the slogan would travel the world to invite investors to Turkey. “This is the first time an aircraft will carry the official slogan of Turkey’s national investment promotion agency,” he said.

Turkey’s award-winning carrier flies to more than 280 domestic and international destinations with Istanbul as its major hub.

**Opportunities ahead for Wind Turbine Producers in Turkey**

Turkey’s potential in wind energy is not limited to power generation only, according to ISPAT president Arda Ermut. Speaking at the 4th Turkish Wind Energy Congress held in Ankara, Ermut said that Turkey held the potential to become a hub for wind turbine manufacturing, the crucial element of a wind farm.

“Support mechanisms for locally-manufactured power generation equipment combined with Turkey’s strategic location and strong industrial base give the country a great advantage in becoming a regional energy hub,” Ermut stated in his opening speech at the event. He added that during the last 10 years the country’s energy sector underwent a transformation, becoming a more liberal and private-sector driven industry. Speaking of Turkey’s FDI performance during the year, the ISPAT President said that the country attracted USD 11.8 billion of FDI during the first eight months of 2015. “Corresponding to a 36 percent increase over the same period of 2014, Turkey’s investment appeal remained strong despite the uncertainty and turmoil in some of its neighboring countries,” Ermut noted.

Turkey plans to reduce its dependency on imported fossil fuels by increasingly utilizing its renewable energy potential. By the centennial of the republic in 2023, the country aims to have 20,000 MW installed capacity generated by wind turbines.
The Turkish manufacturing sector recovered quickly after the 2009 global economic recession and the growth rates exceeded pre-crisis levels with a compound annual growth rate (CAGR) of 6.8 percent between 2009 and 2014. The recovery in the Turkish manufacturing sector is enviable when compared to its global peers; according to the OECD, manufacturing CAGR was 5.7 percent in Poland, 4.4 percent in Mexico, 3.5 percent in India, and 1.2 percent in Brazil during the same period.

Located at the crossroads of Europe, Asia, and Africa, Turkey has historically always been at the epicenter of world trade routes. As major airway hubs in the region, the Istanbul and Ankara airports provide practical travel routes with a maximum direct-flight time of 4 hours to capital cities throughout Europe, Western and Central Asia, the Middle East and Africa. This unique location enables investors to access surrounding markets of 1.5 billion people, a combined GDP of USD 25 trillion, and more than USD 8 trillion in foreign trade, which corresponds to approximately half of total global trade.

Moreover, Turkey has a Customs Union with the European Union, which facilitates the free movement of industrial goods as it eliminates customs duties and quantitative restrictions between Europe and Turkey. In addition, Turkey has negotiated free trade agreements with 23 countries or economic groupings (17 in force), and has started negotiations with a further 14 countries or economic blocks.

It is not surprising that Turkey has been emerging as a regional manufacturing hub. According to the Deloitte Global Manufacturing Competitiveness Index (GMCI), over the next three years Turkey will move up from 20th place in 2013 to 16th place in terms of current and future manufacturing competitiveness.

This means that Turkey will be the 2nd (after Germany) most competitive manufacturing hub in the region covering EMEA (Europe, the Middle East and Africa) as well as Central Asia and the Caucasus.

**Rolls-Royce Joins Turkish High-Tech Center Project**

The UK-based power systems manufacturer, Rolls-Royce, has signed a cooperation agreement with Turkey’s top scientific body, the Scientific and Technological Research Council of Turkey (TUBITAK). According to the deal, Rolls-Royce becomes the first industrial lead and founding member of Turkey’s Advanced Manufacturing and Technology Center (AMTC), a research and development project established by Turkey’s Ministry of Science, Industry, and Technology, to develop advanced capabilities for the country’s national projects.

Also endorsed by the Ministries of Energy, Transportation, and Defense, the project, initially aimed at the aerospace industry, has future plans to encompass nuclear energy, maritime technologies, and other sectors.

Speaking at the signing ceremony, Fikri Isik, Turkey’s Minister of Science, Industry, and Technology, said that Turkey’s manufacturing industry is well positioned to grow as a high added-value sector. Isik added, “We believe that cooperating with experienced companies like Rolls-Royce, with a proven record of success, is important for Turkey in order to develop advanced industrial capabilities. The project will also serve to improve supplier quality and capabilities through its training programs.”

Also speaking at the ceremony, Patrick Regis, CEO of Rolls-Royce Turkey and Central Asia, said that Turkey was planning a world-class manufacturing industry and to become one of the leading nations in defense and aerospace technologies by 2023. He said, “Rolls-Royce has chosen Turkey for its high skill levels, quality labor pool and manufacturing prowess. This initiative will form the regional supply chain to meet the future needs of the aerospace industry.”
PAST EVENTS

Durban, SOUTH AFRICA

Held in conjunction with Turkish Airlines’ inaugural flight to Durban, the Bilateral Investment and Trade Summit Between Turkey and South Africa featured ISPAT President Arda Ermut and Turkish Airlines Chairman of the Board and Executive Committee İkşer Ayçi as keynote speakers. During his speech at the summit, Ermut said that Turkey has a lot to offer for South African investors as a shining example of an emerging economic powerhouse.

Istanbul, TURKEY

The annual Atlantic Council Energy and Economic Summit started with the keynote speech by Turkey’s President Recep Tayyip Erdoğan and brought together an influential constituency to foster and strengthen transatlantic engagement on energy, economic, and political challenges. As a bronze sponsor of the summit, ISPAT attended the event with a group of sector experts who participated in the panel discussions and held a series of meetings with corporate executives as well as energy and economic analysts from around the world.

Vienna, AUSTRIA

The Vienna Economic Forum brought together high-ranking representatives and decision-makers in the fields of economy and politics from around Europe. ISPAT was a sponsor of the forum where ISPAT President Arda Ermut delivered a speech at the roundtable discussion panel entitled “Investment as a Motor for Competitiveness and Growth”.

Barcelona, SPAIN

At the 9th Mediterranean Week of Economic Leaders Conference held in Barcelona, investment agencies from the Mediterranean promoted the incentives offered in their respective countries for investors in the automotive industry. Yasemen Korukçu, ISPAT’s Advisor to Spain, contributed to the conference with a presentation on Turkey’s value proposition and drew attention to Turkey’s significance as a recognized hub of excellence for vehicle manufacturers.

Istanbul, TURKEY

In a reception held at the Consulate General of Korea in Istanbul, ISPAT Senior Project Director Emre Büyükkläç briefed executives of Korean multinationals, such as Hyundai, Samsung Electronics and LG on ISPAT’s recent investment promotion activities in Korea.

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