President Recep Tayyip Erdoğan came together with around 40 US top executives and international fund managers during his official visit to Washington D.C. on May 16. The US was the fifth stop on his presidential roadshow, which also saw Erdoğan visit India, Russia, Kuwait, China, and Belgium.

During the executive meeting, convened with the coordination of the Prime Ministry Investment Support and Promotion Agency of Turkey (ISPAT), President Erdoğan offered the representatives of US corporate giants insights into Turkey's economic agenda and invited them to boost their investments in Turkey. Of particular focus were the latest regulations and incentives affecting Turkey's investment climate.

Attendees included top executives of prominent companies from sectors such as defense-aviation, chemicals, healthcare, ICT, and manufacturing, as well as of major fund management companies. The list of attendees at the meeting included executives from Abraaj Group, Cargill, CDPO, Coca-Cola, DOW Chemical, EBRD, IFC, GE Aviation, Glaxo Smith Kline, Lockheed Martin, PepsiCo, Raytheon International, and Uber. Also at the meeting were chairmen and presidents of the American-Turkish Council (ATC), the Emerging Markets Private Equity Association (EMPEA), and the US Chamber of Commerce.

Commenting on the event, ISPAT President Arda Ermut said the meeting was of vital importance as it offered the US investors the opportunity to hear first-hand about the Turkish government's effective and decisive economic policies. Ermut added, “We showcased Turkey's support for international investors at the highest level by means of this meeting, which brought President Erdoğan together with chairmen and CEOs of leading US companies. In this vein, we saw a huge interest in our country and our President – a result of the substantial support he extended to investors in person. Moreover, President Erdoğan said during the meeting that ISPAT would personally support investors in solution-requiring issues through engagement with relevant ministries and state institutions, and stated that such issues should be directly conveyed to him – points both very influential on investors.”

Ermut continued, “In similar occasions during March and September 2016, President Erdoğan came together with international investors. Also today, we had quite a productive meeting with significant interest and participation of US companies. Continuation with economic reforms, support from US investors for a Free Trade Agreement between Turkey and the US, investment agendas of technology companies, and the intention of global fund management companies to augment their investments in Turkey provided highlights of the meeting. We witnessed the confidence of international investors in Turkey's investment climate, political stability, and future vision with respect to the new outlook in the aftermath of constitutional referendum.”

The relation between the two countries is defined as “model partnership” in the fields of politics, military, economy, and humanity. With regard to foreign trade, the US stands out as the 5th largest export market of Turkey, accounting for a 4.6 percent share in Turkish exports. On the investment side, total FDI inflow from US to Turkey was USD 2 billion in the period of 2015 and 2016. Meanwhile, bilateral trade volume jumped to USD 17.5 billion in 2016, up from USD 6.5 billion in 2002. There are currently more than 1,700 companies with US capital operating in Turkey as of end-2016.
Turkey experienced a considerable amount of recovery in total FDI in Q1 2017, with the statistics of the Central Bank of the Republic of Turkey showing FDI inflows to Turkey reached USD 2.8 billion during the first three months of the year.

March’s FDI amount of USD 1.6 billion, stemming from Spain’s Banco Bilbao Vizcaya Argentaria’s (BBVA) additional 9.95 percent acquisition in Garanti Bank of Turkey, played a key role in the overall FDI inflow realized during the quarter. This naturally meant that the banking sector had the highest share in FDI at USD 919 million, followed by the mining sector at USD 223 million. Spain was also the largest contributor of FDI in Q1 2017, having a 55 percent share in the total as a result of the BBVA transaction.

Thanks to ever-growing investor confidence in Turkey’s economy and business climate, bolstered after April’s constitutional referendum, FDI inflows are set to continue their uptrend during the course of 2017.

With 8 factories and over 5,000 employees already operating in Turkey, Unilever made a further investment in Konya with its new home and personal care products factory, thus further strengthening the company’s strong supply chain ecosystem in Turkey. Unilever’s total investment of EUR 350 million over the last decade in Turkey represents the largest investment in fast moving consumer goods sector during that span.

The official opening ceremony of the factory in Konya was held on May 4 and was hosted by Unilever’s CEO Paul Polman, Chairman of Unilever Turkey, Central Asia and Iran Harm Goossens, and Unilever’s Board Member and Supply Chain Vice President of Turkey, Russia, Middle East, North Africa, Central Asia and Caucasia Nihal Temur.

“We are proud to be in Turkey and be part of its economy for over a century. Turkey is one of our top priority countries as a regional hub for MENA and Central Asia. Konya plays a strategic role in Unilever’s future by virtue of its location, infrastructure, and renewable energy supply. It also supports our sustainable growth,” said Paul Polman at the ceremony.

The home and personal care products factory is the second Unilever investment in Konya along with the Algida ice-cream factory opened in 2013 with an investment of EUR 95 million. The factory in Konya consists of 9 facilities comprised of 4 mega manufacturing plants, 2 bottle manufacturing plants, 1 filling facility, 1 mega storage–distribution plant, and 1 raw material logistics center. Together these facilities provide savings in time and energy while reducing costs.

Unilever’s facilities in Konya will be an engine for Turkish exports as well. The factory is ramping up production capacity to 750 thousand tons, and it is anticipated that home and personal care products will be exported to 21 countries.

Turkey is a dynamic and growing G20 economy which uniquely links east with west. It is one of the world’s fastest growing economies and geared to support international investors’ growth through a modernizing and business friendly agenda, and access to large domestic and international markets.

**10 REASONS TO INVEST IN TURKEY**

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**FDI IN TURKEY GAINS MOMENTUM IN Q1 2017**

**TURKEY BENEFITS FROM UNILEVER’S LARGEST FACTORY INVESTMENT OVER LAST DECADE**

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KALE GROUP & ROLLS ROYCE PARTNER TO PRODUCE ENGINES FOR TURKEY'S FIRST NATIONAL FIGHTER JET: TF-X

Rolls Royce, the British automotive and aviation giant, and Kale Group, one of Turkey’s prominent defense contractors, have announced the establishment of a joint venture.

Kale Group will own 51 percent and Rolls Royce 49 percent of the joint venture company, which will be known as the TAEC Aircraft Engine Industry Corporation. The agreement was signed on May 8, 2017, in Istanbul. TAEC will produce jet engines for both military and civilian purposes, with intellectual property rights to the engines remaining in Turkey.

Kale Group announced that they are taking the lead on the TF-X National Fighter Jet project currently being developed by Turkish Aerospace Industries, Inc. (TAI). The TF-X will be Turkey’s first domestically designed and produced fighter jet and it is meant to replace the current fleet of F-16s in the early 2020s.

The joint venture follows the USD 125-million-defense deal signed between Turkey and the UK in January 2017 during UK Prime Minister Theresa May’s visit to Ankara. The deal is intended to promote cooperation between the UK’s Aviation and Defense Company, BAE Systems, and TAI on the TF-X project.
**RENEWABLE ENERGY WORKSHOP**

The Turkish Embassy in Paris hosted a roundtable meeting to brief French energy companies about the latest developments in Turkey's renewables sector. ISPAT Coordinator Esra Doğan Tulgan, Country Advisor Utku Bayramoğlu, and Project Director Zeynel Kılınç attended the meeting, with the latter delivering a presentation on Turkey's investment climate in regards to energy industry. Kılınç in particular focused on the Turkish government’s targets concerning current and future wind and solar energy tenders. The workshop was jointly organized by ISPAT and the French Renewable Energy Association (SER).

**VENTURE CAPITAL ANATOLIA MEETINGS**

The first in a series of Venture Capital Anatolia Meetings convened in Gaziantep on May 12. The goal of the meeting series is to increase awareness of venture capital and private equity funds in Turkey and to bring successful Turkish companies together with fund managers.

Organized with the cooperation of the Turkish Presidency Economy Monitoring and Coordination Department and the Union of Chambers and Commodity Exchanges of Turkey (TOBB), the Venture Capital Anatolia Meetings will take place throughout 2017 across nine different provinces in Turkey, including Adana, Bursa, Denizli, Izmir, Kayseri, Konya, Manisa, and Samsun in addition to the inaugural meeting in Gaziantep.

The meeting in Gaziantep featured a presentation by ISPAT Coordinator Ahmet Cüneyt Selçuk on the relation between FDI and venture capital. In addition, there was a panel discussion where managers from several venture capital and private equity funds shared ideas on how to assist companies during their investments in Turkey. Several Gaziantep–based companies participated in the event, and the second edition of the Venture Capital Anatolia Meetings is slated for July in Konya.

**INTERNATIONAL MEDIA FORUM**

Antalya, Turkey's tourism hub on the Mediterranean, played host to the International Media Forum between May 21–25. The event brought together journalists, media professionals, and representatives from over 50 countries to discuss developments and trends in the worldwide media. During the event, high-ranking government officials and top executives of local and global media companies contributed to panel discussions covering a variety of issues, including culture, history, tourism, and investment opportunities in Turkey.

During the Forum, ISPAT President Arda Ermut delivered a keynote speech on Turkey's investment environment. Stating that ISPAT is trying to improve the perception of Turkey in international media, he talked to those gathered about the advantages of investing in Turkey and the opportunities that are currently available.

**36TH ANNUAL CONFERENCE ON US-TURKEY RELATIONS**

The 36th Annual Conference on US-Turkey Relations, organized by the American-Turkish Council (ATC) and the Turkey-US Business Council (TAIK), brought together in Washington D.C. more than 500 leaders and visionaries from across the private, government, and non-profit sectors. Attendees included CEOs, entrepreneurs, investors, members of the US Congress, and a delegation that included Turkish parliamentarians, ministers, and Cabinet secretaries.

ISPAT Department Head Ahmet Burak Dağlıoğlu contributed to the conference as a panelist in a session entitled the Economic Forum on Business Climate in Turkey. He explained why Turkey is an attractive and competitive FDI destination for international investors, focusing in particular on new incentives being made available to them.