FDI inflow into Turkey significantly increased by 14 percent year-on-year in 2018, in stark contrast to the global slump. This shows that in spite of all the adversities Turkey has undergone in the past two years, there has been no contraction in investors’ interest for our country. The year 2019 will be better than 2018 thanks to the rising investment appetite globally, and in particularly the improving economic activity in Europe – traditionally the major FDI source of Turkey.

In February, the Investment Office attended a meeting at the Presidential Complex in Ankara where Turkish President Erdoğan received US businesspeople. We also attended a ceremony in Sakarya where Turkish Vice President Oktay and Industry and Technology Minister Mustafa Varank marked the commencement of Japanese automotive giant Toyota's mass production of the new Corolla hybrid.

FDI inflows to Turkey surged in 2018

FDI inflow into Turkey totaled USD 13.2 billion in 2018, up 14 percent year-on-year at a time when the global appetite for FDI shrank a considerable amount. This shows that despite all the adversities Turkey has undergone in the past two years, there has been no decrease in investor appetite in our country.

Figures for 2018 FDI and expectations for 2019 in Turkey were evaluated at a press conference hosted by the Investment Office and SOCAR Turkey. Investment Office President Arda Ermut said that SOCAR Turkey’s Star Refinery investment was one of the largest industrial projects and the largest single-location real sector investment in Turkey. "In 2018, when total global FDI experienced a very serious decline, Turkey’s annual FDI performance marked an important achievement," said Ermut. "With this success, Turkey has once again demonstrated that it is a trusted country on a global scale with sound economic fundamentals. We previously said that we would exceed last year’s figure before the end of the year, and we realized this with a 14 percent increase."

In 2019, a further increase in FDI into Turkey is expected thanks in part to an improving global economy, the end of the recession concerns in Europe, and Turkey’s transition to the executive presidential system, which strengthened the political stability in Turkey and saw the continuation of economic reforms.
According to data from the Central Bank of the Republic of Turkey, Turkey attracted USD 13.2 billion in FDI in 2018, an increase of 14 percent compared to the same month of the previous year.

Not only did the volume of FDI to Turkey increase in 2018, but also its quality rose. In overall, the share of the services sector decreased, while the share of manufacturing increased. This can be interpreted as a sign that the added-value produced in Turkey has posted an increase. While the share of the services sector in total was 72 percent in 2017, it decreased to 55 percent in 2018. In parallel with this, the share of the manufacturing industry during the same period rose to 31 percent, up from 16 percent.

Turkey also diversified its FDI sources in 2018. While the traditional FDI investments continue to originate from European countries, which have a 59 percent share in total, Turkey is now seeing the Asian countries and Turkic Republics injecting large investments. By the end of 2018, Near and Middle Eastern countries accounted for a 14 percent share, while Asian countries had 13 percent.

On a country basis, the Netherlands, Azerbaijan, Italy, Austria, the US, the UK, Germany, Luxembourg, France, and Taiwan contributed the most FDI to Turkey in 2018. The fact that there are seven European countries among the top 10 shows that European investors continue to increase their confidence in Turkey.

Support from FDI is paving the way for positive financing of the current deficit in Turkey, with less reliance on portfolio and short-term inflows. FDI/current account ratio in 2018 has surged to 47.64 percent, up from 24.39 percent in 2017.
PRESIDENT ERDOĞAN RECEIVES A DELEGATION OF US BUSINESS PEOPLE

A delegation of 52 US businesspeople visited Turkey to meet with their Turkish counterparts and discuss how to accomplish the USD 75 billion bilateral trade volume target set by President Recep Tayyip Erdoğan and his US counterpart.

President Erdoğan received and addressed the group at the Presidential Complex in Ankara. “Despite the fact we sometimes have ups and downs in our relations, there is a strong, comprehensive, and strategic relationship between Turkey and the US based on mutual interests,” said Erdoğan. Adding that Turkey attaches substantial importance to US investments, President Erdoğan invited US businesspeople to evaluate opportunities in Turkey on-site and said that the Investment Office and other institutions are ready to support US companies.

HYBRID VERSION OF ICONIC COROLLA MAKES GLOBAL DEBUT AS FIRST BATCH ROLLS OFF LINE

Japanese automotive giant Toyota marked the commencement of its new Corolla hybrid’s mass production in Turkey at a ceremony honored by the Turkish Vice President Fuat Oktay, Industry and Technology Minister Mustafa Varank, Investment Office President Arda Ermut, Toyota Turkey CEO and General Manager Toshihiko Kudo, and Toyota Motor Europe President and CEO Dr. Johan van Zyl.

During his address at the opening ceremony at Toyota’s Sakarya plant, Vice President Fuat Oktay said that Turkey is determined to boost the production of hybrid and electric vehicles. “The support packages included land allocations and tax reductions among others, and we are prepared to introduce new incentives when necessary. We believe Toyota hybrid’s production in Turkey is a great leap forward globally. The Investment Office has helped companies that want to invest in Turkey, and we have made no discrimination against international companies that have put trust in the Turkish economy,” said Oktay.
JAPANESE SECOM ENTERS INTO TURKISH MARKET

Japanese technology giant Secom and Turkish financial technology company Aktif Bank, a subsidiary of Çalık Holding, have jointly announced the establishment of Secom Aktif Yatırım A.Ş., a 50:50 partnership that will offer end-to-end security solutions to companies and individual users with its turn-key project models.

Addressing the audience at the launch meeting, Investment Office President Arda Ermut said that the strong bonds of fraternity between Turkey and Japan will move one step closer with the Secom-Aktif Bank deal. “As of 2018, trade volume between the two countries stood at USD 4.6 billion. Japan’s total FDI in Turkey is around USD 3.2 billion, and during 2011-2017, 45 M&As by Japanese companies took place around Turkey. Today, there are over 200 companies with Japanese capital in Turkey. We are cognizant of the need to bring in new companies, and we are more than pleased to be adding one more to the list today,” said Ermut.

Secom President Yasuo Nakayama also said; “In line with our road map, we were in search of a potential country to which we could take our international operations. We ended up with Turkey as our 19th overseas destination as ‘Turkey stands out not only with its geopolitical significance but also with the advancement in its economic growth potential stemming from the rise of its working population.”

BUSINESS OPPORTUNITIES IN TURKISH AUTO INDUSTRY ON THE SPOTLIGHT

The Investment Office and Turkey’s exports leader Ford Otosan jointly held an event focused on the existing potential and the business opportunities offered by the Turkish automotive industry. The two-day event, held in the Vehbi Koç Foundation Ford Otosan Culture and Community Center, was attended by top executives of around 40 automotive companies. Also, among participants in the event were a number of companies currently in talks to invest in the sector. The attendees were offered insight into Turkey’s incentives system, automotive value chain, and qualified labor force.

At the event, Samet Akyüz and Kağan Yıldırım from the Investment Office presented on what Turkey has in store to offer international investors and also shed light on the past two decades of Turkey’s experience and growing position as a manufacturing hub in the automotive industry.

INVESTMENT OFFICE ADDRESSES BUSINESS PEOPLE IN JAPAN

The Investment Office participated in H.I.S. seminars in Osaka and Tokyo. In both events, Country Advisor Yuichi Aoki delivered a presentation on Turkey’s investment climate, while in Tokyo A. Burak Dağlıoğlu, and in Osaka Mustafa Erdönmez addressed 60 participants.