The Minister of Treasury and Finance Berat Albayrak announced an economic reform package with a new set of structural reforms focusing on the banking and financial sectors. At the launch meeting, Minister Albayrak said that the government would boost banks’ capital to further support exports of the real sector. He added that there would also be an adjustment in taxes as part of the reform plan meant to revive the economy.

According to the reform plan, state-owned banks’ capital structure will be supported with a Government Domestic Debt Security (GDDS) package worth TRY 28 billion; private banks’ capital structure will be supported as well. The option of capital increase will be available to address the possible effects of non-performing loans on the asset quality of private banks.

Moreover, a new legal and institutional framework will be crafted to revitalize loan restructuring and concordat-bankruptcy transactions. Some bad debts, particularly in the real estate and energy sectors, will be handed over to off-balance sheet private funds such as the Energy Entrepreneurship Capital Fund and the Real Estate Fund, which could be invested in by local and international investors.

Turkey is continuing full steam ahead with its economic reforms following the local elections held on March 31. Within this scope, Turkey has unveiled a new set of structural reforms covering the banking sector, savings and insurance, and loan facilities to the real estate sector.

Also, in April, the Investment Office held roadshows in Austria and Italy, where we met with investors and media representatives. Our team also organized several meetings with potential investors throughout the world, from Doha to Seoul and from Tokyo to Milan.

Arda ERMUT
President, Investment Office
The new structural reform package accelerates the full-scale fight against inflation as well. Accordingly, the agriculture sector will be stimulated by setting up the Partnership of Agriculture Credit Cooperation and Greenhouse Cooperation, which should help spur agricultural production. The supply chain in the food sector will also be restructured by establishing cooperatives, increasing producers’ share, boosting competition in production, and strengthening the oversight over wholesale, retail, and logistics in the sector. Animal breeding will be supported by consolidating the supply chain to better connect the producers and the consumers.

The incentives mechanism will be modified to increase credit availability in strategic sectors, and a more export and production-oriented credit supply mechanism will be provided.

The plan also envisages that the overall retirement system will be reformed to boost savings, thereby decreasing reliance on external financing, and that projected pool of funds will reach around 10 percent of Turkey’s GDP in five years. The Insurance Regulation and Supervision Agency will be instituted to increase savings, according to the reform plan.

A tight fiscal policy will be implemented within the scope of the reform plan. Measures will be implemented to increase savings and income worth by TRY 76 billion, and a new tax scheme will be operationalized to make the tax burden more equitable via the expansion of the taxpayer base in the economy. Exceptional tax implementations will not be utilized going forward, and the new tax scheme will support employment generation and fight against off-the-books economic transactions.

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In April, the Investment Office organized a roadshow in Austria and Italy and held several meetings with investors and media representatives.

As part of the roadshow for Austrian company visits, the Investment Office held meetings with investors in Vienna and Graz in the first week of April. Investment Office President Arda Ermut met with Vienna Economic Forum board members and Austrian investors at a lunch reception hosted by Turkey’s Ambassador to Austria Ümit Yardım.

Also making a presentation to investors in Vienna, Investment Office President Ermut said that Turkey attracted USD 210 billion of FDI during the 2002-2018 period. Companies with Austrian capital invested USD 10.5 billion during that period, he added. “In 2018, when global FDI declined by around 20 percent all over the world, Turkey attracted USD 12.98 billion in FDI, achieving a 12.5 percent rise compared to 2017,” said Ermut.

A series of meetings in Italy in the second week of April saw Investment Office President Arda Ermut brief the Italian media on the recent set of comprehensive economic reforms that Turkey has undertaken.
TURKEY CONTINUES TO LURE FOREIGN DIRECT INVESTMENTS

With the conclusion of the local elections held on March 31, Turkey is now entering a period where the next scheduled elections are more than four years away. This should provide for a predictable investment environment as the country continues along its path of political stability. Against this backdrop, April saw plenty of investment announcements in Turkey made by global companies.

SOCAR

SOCAR, currently Turkey’s largest foreign direct investor, is planning a USD 1.5 billion R&D investment in the country. Expected to be completed in late 2020, the R&D lab’s primary focus will be petrochemicals.

Huawei

Huawei and Turkey’s technology park Informatics Valley signed a cooperation protocol for smart cities. Speaking at the signing ceremony, the Minister of Industry and Technology Mustafa Varank said, “world’s giant Huawei and Informatics Valley will work together in the framework of Turkey’s Technological Research Council’s Research & Development (R&D) Laboratory Support Program.” Informatics Valley, Turkey’s first and largest thematic technopark, hosts over 50 technology companies, added Minister Varank.

Karpowership

Turkey’s floating power plant company Karpower International B.V. (Karpowership) and Japanese shipping company Mitsui O.S.K. Lines (MOL) have agreed to collaborate in the liquefied natural gas (LNG)-to-powership business under the brand name KARMOL. Karpowership is a subsidiary of Turkish Karadeniz Energy Group, it is the only owner, operator and builder of the first powership fleet in the world.

CTech

Istanbul Technopark, industrial companies CTech, Yonga Technology Microelectronics, Anda Technology and the special economic zone (SEZ) Technopolis Moscow, a key driver of the new industrial Moscow, have signed an agreement to ensure a mutual exchange of experience, technology transfer, and cooperation.

Inci GS Yuasa

One of the leading Turkish industrial and services conglomerates Koc Holding’s subsidiary KocSistem, which offers digitalization solutions to Turkey’s major brands, has signed a strategic partnership agreement with South Korean giant Samsung Electronics aimed at bringing together innovative mobile solutions in IoT, advanced analytics, and security.

Samsung Electronics

Partnering with the Algerian national energy company Sonatrach, South Korean GS Engineering and Construction, Ronesans Holding, and the Dutch Port of Rotterdam, the Turkish Ceyhan Petrochemical Industrial Zone project is welcoming a USD 8 billion petrochemical investment to Turkey’s Adana.

Minister Kurum further noted that once completed and once production is running at full capacity, the project will help bring down the account deficit by nearly USD 4 billion, while generating revenue of close to USD 5 billion.

ATC ANNUAL CONFERENCE CONVENES IN WASHINGTON D.C.

The 37th Annual Conference on U.S.-Turkey Relations of the American Turkish Council was held on April 14-16 in Washington DC.

A delegation of high-level officials and businesspeople came together at the yearly conference, where Minister of Treasury and Finance Berat Albayrak, Minister of Defense Hulusi Akar, and Minister of Trade Ruhsar Pekcan were some of the attendees.

A. Burak Dağlıoğlu of the Investment Office also delivered opening remarks at the inauguration of the economic plenary at the conference. “Turkey and the US have an advanced and long-term strategic cooperation.

We believe that our needs and priorities are largely in line with the US in the economic and commercial fields. As of the end of 2018, the US ranked 5th in our exports and 4th in our imports. Since 2002, we have attracted USD 12 billion of FDI from the US, made by more than 1,800 US companies operating in Turkey,” said Dağlıoğlu.
**APRIL 17 | MILAN - ITALY**

Investment Office Country Advisor Gino Costa presented on Turkey’s startup ecosystem at the ItaliaStartup Meeting in Milan to an audience of innovative startups, scale ups and incubators.

**APRIL 16 | SEOUL - SOUTH KOREA**

Investment Office Country Advisor Taha Saran presented on the investment climate and current economic developments in the Turkish market at an investment seminar co-hosted with the South Korea Industrial Technology Association (KOITA) in Seoul.

The seminar opened with a keynote speech by Turkish Ambassador to Seoul Ersin Erçin and KOITA Chairman Ma Chang Hwan. Barış Özistek, EMEA Chairman of the South Korean mobile game giant Netmarble, and Cansu Yağcı, Senior Manager from EY Consulting, also delivered presentations on the Turkish startup ecosystem and state investment incentives to top executives of South Korean companies during the seminar.

**APRIL 11 | ANKARA - TURKEY**

Y. Emre Ceylan of the Investment Office presented on Turkey’s experience in FDI at the 25th International Junior Diplomats Training Program held by the Diplomacy Academy of the Ministry of Foreign Affairs in Ankara.

**APRIL 10 | ISTANBUL - TURKEY**

A. Burak Dağlıoğlu of the Investment Office spoke on a panel at Invest Up | Startup Expo held by the Foreign Economic Relations Board (DEIK) in Istanbul. “Investors from the MENA region may consider investing in Turkish Venture Capital funds focused on Turkish startups as well as making direct investments in these companies,” said Dağlıoğlu.

**APRIL 3 | DOHA - QATAR**

The Turkey Investment Event, held by Commercial Bank of Qatar and Alternatif Bank in Doha in a bid to bring Turkish venture capital funds together with Qatari investors, featured a keynote speech by the Investment Office’s Ahmet Burak Dağlıoğlu and a presentation on Turkey’s startup ecosystem by Ahmet Cüneyt Selçuk.

**MARCH 29 | TOKYO - OSAKA - JAPAN**

Turkey’s Investment Office, together with EY and Baker McKenzie, held business seminars in Tokyo and Osaka respectively. In both seminars, the Investment Office’s Country Advisor Yuichi Aoki delivered a presentation on the current economic outlook, M&A projects, and investment incentives in Turkey.

**MARCH 28 | ISTANBUL - TURKEY**

A. Burak Dağlıoğlu of the Investment Office delivered opening remarks at the Turkey M&A and Private Equity Summit 2019 in Istanbul. The summit focused on critical current issues in Turkey for investors seeking to identify lucrative new markets for business growth.