WHY INVEST IN TÜRKİYE?

July 2023
10 reasons to invest in Türkiye

1. ROBUST ECONOMY
2. DOMESTIC + ACCESSIBLE MARKETS
3. STRATEGIC LOCATION
4. FAVOURABLE DEMOGRAPHICS
5. SKILLED AND COMPETITIVE LABOR FORCE
6. CONTINUOUS REFORM PROCESS
7. BUSINESS-FRIENDLINESS
8. LUCRATIVE INCENTIVES
9. BENIGN R&D ECOSYSTEM
10. SECTORAL OPPORTUNITIES
**ROBUST ECONOMY**

**11th largest economy in the World**

**RANKING OF ECONOMIES BY GDP AT PPP**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>USA</td>
<td>CHINA</td>
<td>CHINA</td>
</tr>
<tr>
<td>2.</td>
<td>CHINA</td>
<td>USA</td>
<td>USA</td>
</tr>
<tr>
<td>3.</td>
<td>JAPAN</td>
<td>INDIA</td>
<td>INDIA</td>
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<tr>
<td>4.</td>
<td>JAPAN</td>
<td>GERMANY</td>
<td>JAPAN</td>
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<tr>
<td>5.</td>
<td>GERMANY</td>
<td>GERMANY</td>
<td>GERMANY</td>
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<tr>
<td>6.</td>
<td>RUSSIA</td>
<td>RUSSIA</td>
<td>RUSSIA</td>
</tr>
<tr>
<td>7.</td>
<td>FRANCE</td>
<td>INDONESIA</td>
<td>INDONESIA</td>
</tr>
<tr>
<td>8.</td>
<td>UK</td>
<td>BRAZIL</td>
<td>BRAZIL</td>
</tr>
<tr>
<td>9.</td>
<td>BRAZIL</td>
<td>UK</td>
<td>UK</td>
</tr>
<tr>
<td>10.</td>
<td>ITALY</td>
<td>FRANCE</td>
<td>FRANCE</td>
</tr>
<tr>
<td>11.</td>
<td>MEXICO</td>
<td>MEXICO</td>
<td>MEXICO</td>
</tr>
<tr>
<td>12.</td>
<td>INDONESIA</td>
<td>ITALY</td>
<td>ITALY</td>
</tr>
<tr>
<td>13.</td>
<td>SPAIN</td>
<td>TÜRKİYE</td>
<td>TÜRKİYE</td>
</tr>
<tr>
<td>14.</td>
<td>CANADA</td>
<td>S.KOREA</td>
<td>S.KOREA</td>
</tr>
<tr>
<td>15.</td>
<td>S.KOREA</td>
<td>SPAIN</td>
<td>SPAIN</td>
</tr>
<tr>
<td>16.</td>
<td>S.Arabia</td>
<td>CANADA</td>
<td>CANADA</td>
</tr>
<tr>
<td>17.</td>
<td>IRAN</td>
<td>S.Arabia</td>
<td>S.Arabia</td>
</tr>
<tr>
<td>18.</td>
<td>TÜRKİYE</td>
<td>IRAN</td>
<td>EGYPT</td>
</tr>
</tbody>
</table>

**AVGTEANNUAL GDP GROWTH (%) 2002-2022**

<table>
<thead>
<tr>
<th></th>
<th>2002-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CHINA</td>
</tr>
<tr>
<td>2.</td>
<td>USA</td>
</tr>
<tr>
<td>3.</td>
<td>INDIA</td>
</tr>
<tr>
<td>4.</td>
<td>JAPAN</td>
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<td>IRAN</td>
</tr>
<tr>
<td>18.</td>
<td>TÜRKİYE</td>
</tr>
</tbody>
</table>

**REAL GDP GROWTH (INDEX: 2002=100)**

ROBUST ECONOMY

STRONG MACROECONOMIC FUNDAMENTALS
BASED ON SUCCESSFUL PUBLIC FINANCE MANAGEMENT

Gross Public Debt Stock as % of GDP

Budget Balance as % of GDP

Source: IMF, Ministry of Treasury and Finance
Turkish economy has more than tripled over the past 20 years and is promising to be on the growing trend.

**Turkish Economy**  
(GDP at current prices, $Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>236</td>
<td>906</td>
</tr>
</tbody>
</table>

**Contribution to GDP Growth 2002-2022 (%)**

- Domestic Consumption: 86%
- Investment Expenditures: 29%
- Exports: 26%
- Stocks: -20%
- Imports: -21%

Source: TurkStat
**DOMESTIC MARKET**

**Income per capita**

(GDP per capita, current prices at purchasing power parity)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$10,988</td>
</tr>
<tr>
<td>2022</td>
<td>$39,301</td>
</tr>
</tbody>
</table>

**Stock of Automobiles**

(millions of passenger cars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>4.6</td>
</tr>
<tr>
<td>2022</td>
<td>14.4</td>
</tr>
</tbody>
</table>

**Turkish Aviation Passenger**

(millions of passengers)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>33.8</td>
</tr>
<tr>
<td>2019</td>
<td>208.9</td>
</tr>
<tr>
<td>2022</td>
<td>182.3</td>
</tr>
</tbody>
</table>

Source: TurkStat, Ministry of Transport and Infrastructure and IMF
DOMESTIC MARKET

DOMESTIC MARKET FURTHER SUPPORTED BY EMERGING URBAN CENTERS

Total Population in 2022 85.3 Million

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>İstanbul</td>
<td>15.9 Million</td>
</tr>
<tr>
<td>Ankara</td>
<td>5.8 Million</td>
</tr>
<tr>
<td>İzmir</td>
<td>4.5 Million</td>
</tr>
<tr>
<td>Bursa</td>
<td>3.2 Million</td>
</tr>
<tr>
<td>Antalya</td>
<td>2.7 Million</td>
</tr>
<tr>
<td>Konya</td>
<td>2.3 Million</td>
</tr>
<tr>
<td>Adana</td>
<td>2.3 Million</td>
</tr>
<tr>
<td>Şanlıurfa</td>
<td>2.2 Million</td>
</tr>
<tr>
<td>Gaziantep</td>
<td>2.2 Million</td>
</tr>
<tr>
<td>Kocaeli</td>
<td>2.1 Million</td>
</tr>
<tr>
<td>Mersin</td>
<td>1.9 Million</td>
</tr>
<tr>
<td>Diyarbakir</td>
<td>1.8 Million</td>
</tr>
<tr>
<td>Hatay</td>
<td>1.7 Million</td>
</tr>
<tr>
<td>Manisa</td>
<td>1.5 Million</td>
</tr>
<tr>
<td>Kayseri</td>
<td>1.4 Million</td>
</tr>
<tr>
<td>Samsun</td>
<td>1.4 Million</td>
</tr>
<tr>
<td>Balikesir</td>
<td>1.3 Million</td>
</tr>
<tr>
<td>Kahramanmaraş</td>
<td>1.2 Million</td>
</tr>
<tr>
<td>Van</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Aydın</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Tekirdağ</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Sakarya</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Denizli</td>
<td>1.1 Million</td>
</tr>
<tr>
<td>Muğla</td>
<td>1 Million</td>
</tr>
<tr>
<td>Eskişehir</td>
<td>0.9 Million</td>
</tr>
<tr>
<td>Mardin</td>
<td>0.9 Million</td>
</tr>
<tr>
<td>Trabzon</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Malatya</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Ordu</td>
<td>0.8 Million</td>
</tr>
<tr>
<td>Erzurum</td>
<td>0.7 Million</td>
</tr>
<tr>
<td>Afyonkarahisar</td>
<td>0.7 Million</td>
</tr>
<tr>
<td>Sivas</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Adıyaman</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Batman</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Tokat</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Zonguldak</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Elazığ</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Kütahya</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Çanakkale</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Osmaniye</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Şırnak</td>
<td>0.6 Million</td>
</tr>
<tr>
<td>Çorum</td>
<td>0.5 Million</td>
</tr>
<tr>
<td>Ağrı</td>
<td>0.5 Million</td>
</tr>
</tbody>
</table>

Source: TurkStat, 2021
DOMESTIC + ACCESSIBLE MARKETS

Customs Union with the EU allows direct access to the EU Market

DOMESTIC MARKET + EU MARKET + FREE TRADE AREA

1 BILLION CONSUMERS

- 456 MILLION in EU
- 476 MILLION in FTA AREA
- 85 MILLION in TÜRKİYE

Source: IMF, Ministry of Trade, TurkStat, Population as of 2021
*In ratification process
STRATEGIC LOCATION

Working Hours Intersect with 16 Time Zones

PROXIMITY TO MAJOR MARKETS
1.3 billion people and $28T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 342 destinations in 129 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

Exporting 85% of its production
Exporting 87% of its production

Cargill 66 countries
Microsoft 70 countries
Nestlé Production base for MENA
BOSS Its largest production facility worldwide
B/S/H/ 89 countries
GE Healthcare 22 countries
KNAUF 80 countries
TOYOTA Exporting 85% of its production
Ford
SANOFI 14 countries
gsk 30 countries

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STRATEGIC LOCATION

STRATEGIC LOCATION AND ENHANCED PRODUCTION CAPABILITIES ATTRACTING MULTINATIONALS TO INVEST FOR EXPORT

MERCHANDISE EXPORTS BY GEOGRAPHY

2002
- EU: 48%
- MENA: 14%
- North America: 10%
- Other: 28%

2022
- EU: 41%
- MENA: 23%
- North America: 7%
- Other: 29%

NUMBER OF EXPORT PRODUCTS OVER USD 1 BILLION

- 2002: 9
- 2022: 53

TÜRKİYE’S SHARE IN GLOBAL EXPORTS OF GOODS

Türkiye’s Share in Global Exports of Goods

EXPORTS OF GOODS IN TÜRKİYE AND THE WORLD

Türkiye Records All-Time High Exports in 2022

ANNUAL AVERAGE GROWTH OF EXPORTS (2002-2022)

- Türkiye (6.5%)
- The World (7.5%)

Source: TurkStat, ITC
FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 33.5 CREATING DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE

TÜRKİYE

WORKING AGE POPULATION
(15-64+) (Index: 2014=100)

TOTAL DEPENDENCY RATIO
(%, Age 0-14 & 65+)/Age 15-64)

Source: Turkstat, Eurostat, UN, 2019
SKILLED AND COMPETITIVE LABOR FORCE

UPGRADED EDUCATION SYSTEM TO ENABLE A SKILLED LABOR POOL AND ADDRESS BUSINESS REQUIREMENTS

ANNUAL NUMBER OF GRADUATES
(thousands)

- University
  - 2002: 287
  - 2022: 904
- Vocational & Technical High School
  - 2002: 177
  - 2022: 473

AVAILABILITY OF QUALIFIED ENGINEERS
(10=Available; 0=Unavailable) 2022

- Czechia: 5.80
- Türkiye: 5.77
- Slovakia: 5.61
- Romania: 5.59
- Hungary: 4.96
- Poland: 4.77
- Bulgaria: 4.23

AVAILABILITY OF COMPETENT SENIOR MANAGERS
(10=Available; 0=Unavailable)

- Türkiye: 5.66
- Czechia: 4.54
- Poland: 4.51
- Romania: 3.97
- Bulgaria: 3.48
- Slovakia: 3.45
- Hungary: 3.16

LABOR FORCE BY EDUCATION LEVEL

- University: 27.9%
- High School & Below: 72.1%

COST OF LIVING INDEX 2022
(New York=100)

- France: 74.1
- USA: 70.3
- UK: 69.7
- Germany: 65.6
- Czechia: 48.2
- Slovakia: 44.7
- Hungary: 40.7
- Poland: 39.0
- Bulgaria: 38.4
- Romania: 35.2
- Türkiye: 28.3

REMUNERATION OF MANAGEMENT/ENGINEER
Total base salary plus bonuses and long-term incentives

- Germany: $153
- USA: $122
- France: $108
- UK: $91
- Slovakia: $77
- Poland: $61
- Hungary: $43
- Czechia: $40
- Türkiye: $36
- Romania: $34
- Bulgaria: $22

Source: Ministry of National Education, Council of Higher Education, Turkstat, IMD World Competitiveness Yearbook Executive Opinion Survey based on an index from 0 to 10, Numbeo
Thanks to stability established over the last two decades, Türkiye remains committed to implementing major reforms nearly every 18-24 months across various areas.
CONTINUOUSLY IMPLEMENTING SWEEPING REFORMS IN MANY AREAS

NUMBER OF DAYS TO SET UP A COMPANY, 2020

Down from 38 days in 2002

FDI REGULATORY RESTRICTIVENESS INDEX, 2020

1 = Closed to FDI
0 = Open to FDI
Down from 0.283 in 2003

EASE OF DOING BUSINESS RANKING, 2020

Türkiye: 33
Poland: 40
Hungary: 52
Romania: 55
Bulgaria: 61

EASE OF DOING BUSINESS RANKING (Y-O-Y)

2020: 33
2019: 43
2018: 60

Higher rankings…

Source: OECD, World Bank
Protection of International Investors by FDI Law

Bilateral Investment Protection Treaties with 86 countries

Treaties to avoid Double Taxation with 87 countries

TOTAL TAX AND CONTRIBUTION RATE*, 2019 (% of Profit)

INTERNATIONAL TAX COMPETITIVENESS**, 2022 (Index=100 as most competitive)

Source: Ministry of Trade, World Bank, Tax Foundation Foreign Direct Investment Law 2003. *Total Tax Rate: Profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, turnover taxes and other taxes (such as municipal fees and vehicle taxes).

(Tax competitiveness measures countries’ tax policies five categories: corporate income tax, consumption taxes, property taxes, individual taxes, and international tax rules.)
OFFERING LUCRATIVE INCENTIVES IN MANY WAYS

**MANUFACTURING INCENTIVES**
- Tax deduction & exemption +

**INCENTIVES FOR SERVICE EXPORTERS**
- Tax deduction for exporting services in:
  - Engineering
  - Architecture
  - Design
  - Software
  - Medical Reporting
  - Accounting
  - Call Center
  - Datacenter
  - Education
  - Healthcare

**EMPLOYMENT INCENTIVES**
- Payroll & Training support +

**R&D AND INNOVATION INCENTIVES**
- Tax deduction & exemption +

**TECHNOLOGY DEVELOPMENT ZONES**
- To support R&D
- Tax deduction & exemption +

**EXCLUSIVE ZONES**
- Free Zones
- Organized Industrial Zones
  - Developed infrastructure
  - Tax deduction & exemption +

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R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

NUMBER OF RESEARCHERS
(thousands)

MORE THAN 550 INTERNATIONAL COMPANIES OPERATING IN TECHNOPARK AND R&D CENTERS

INCREASING R&D SPENDING
($ Billion, PPP)

Source: OECD, Turkstat, PPP: Purchasing power parity, Ministry of Industry and Technology
BENIGN R&D ECOSYSTEM

R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM

SELECTED INTERNATIONAL COMPANIES CONDUCTING R&D IN TÜRKİYE
OFFERING ABUNDANT OPPORTUNITIES IN A VARIETY OF SECTORS

SECTORAL OPPORTUNITIES

AUTOMOTIVE
- 14th largest manufacturer in the World, 4th in Europe
- 1.5 million vehicle produced
- Market: $13 billion
- Export: $25.5 billion

MACHINERY & ELECTRICAL EQP.
- Largest TV & white goods producer in Europe
- Market: $34 billion
- Export: $28 billion

AEROSPACE & DEFENCE
- $19 billion defence spending
- Industry: $11 billion
- Export: $2.3 billion
- Air passengers: 210 million

ENERGY
- Market: $66 billion
- Growing demand
- Energy corridor
- Untapped renewables

AGROFOOD
- Agriculture & Food Industry Market: $103 billion
- Export: $19 billion
- Export to around 200 countries

INFRASTRUCTURE
- $170 billion PPP contracts (1986-2021)
- More opportunities in transport, energy, health

FINANCE
- Robust growth with double digits
- Islamic finance to grow
- Istanbul Financial Center

Source: Turkstat, Ministry of Industry and Technology, Ministry of Agriculture and Forestry, OSD, ODD as of 2020, MAKFED, TESİD as of 2019, SĄSAD as of 2020, SHGM as of 2019, GIH
FOREIGN DIRECT INVESTMENT (FDI)

EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TÜRKİYE OFFERS

FDI INFLOWS ($ BILLION)

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI Inflows ($ Billion)</th>
</tr>
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<tbody>
<tr>
<td>1973-2002 (30 years)</td>
<td>15</td>
</tr>
<tr>
<td>2003-2022 (20 years)</td>
<td>251</td>
</tr>
</tbody>
</table>

NUMBER OF INTERNATIONAL COMPANIES IN TÜRKİYE (‘000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Companies ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>5.6</td>
</tr>
<tr>
<td>2022</td>
<td>79.6</td>
</tr>
</tbody>
</table>

GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2022)

- Europe: 72.9%
- USA: 8.0%
- Asia: 17.5%
- Other: 1.1%

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>72.9%</td>
</tr>
<tr>
<td>USA</td>
<td>8.0%</td>
</tr>
<tr>
<td>Asia</td>
<td>17.5%</td>
</tr>
<tr>
<td>Other</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

MOST ATTRACTIVE SECTORS (CUMULATIVE 2003-2022)

- Manufacturing: 24.1%
- Finance: 31.4%
- Transport & Storage: 4.6%
- Information & Communication Services: 3.6%
- Others: 6.9%
- Energy: 10.2%
- Wholesale & Retail Trade: 9.2%
- Construction: 3.0%

Source: CBRT, Ministry of Industry and Technology, Team Analysis "Geographic (adjusted) and sectoral breakdown of cumulative gross inflows of equity FDI from 2003 to 2021"
INVEST IN TÜRKİYE

PRIVATE SECTOR APPROACH WITH PUBLIC SECTOR CAPABILITIES

A GOVERNMENTAL AGENCY REPORTING TO THE PRESIDENT

ACTING AS A SOLUTION PARTNER

CUSTOMIZED CONSULTING
BUSINESS FACILITATION
TAILOR-MADE DELEGATION VISITS
PARTNERSHIP DEVELOPMENT ASSISTANCE

COORDINATION WITH STAKEHOLDERS
SITE SELECTION SUPPORT
PROJECT LAUNCH
ONGOING SUPPORT