

WHY INVEST IN TURKEY?



PRESIDENCY OF THE REPUBLIC OF TURKEY
INVESTMENT OFFICE

July 2020

Why invest in Turkey?

10 reasons to invest in Turkey.



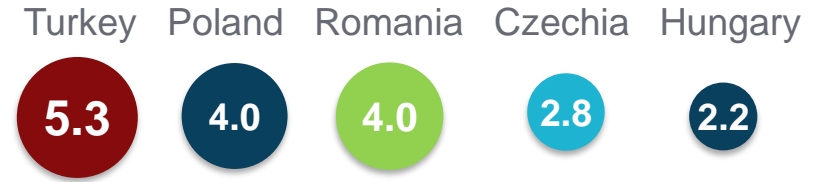


**13TH
LARGEST
ECONOMY**

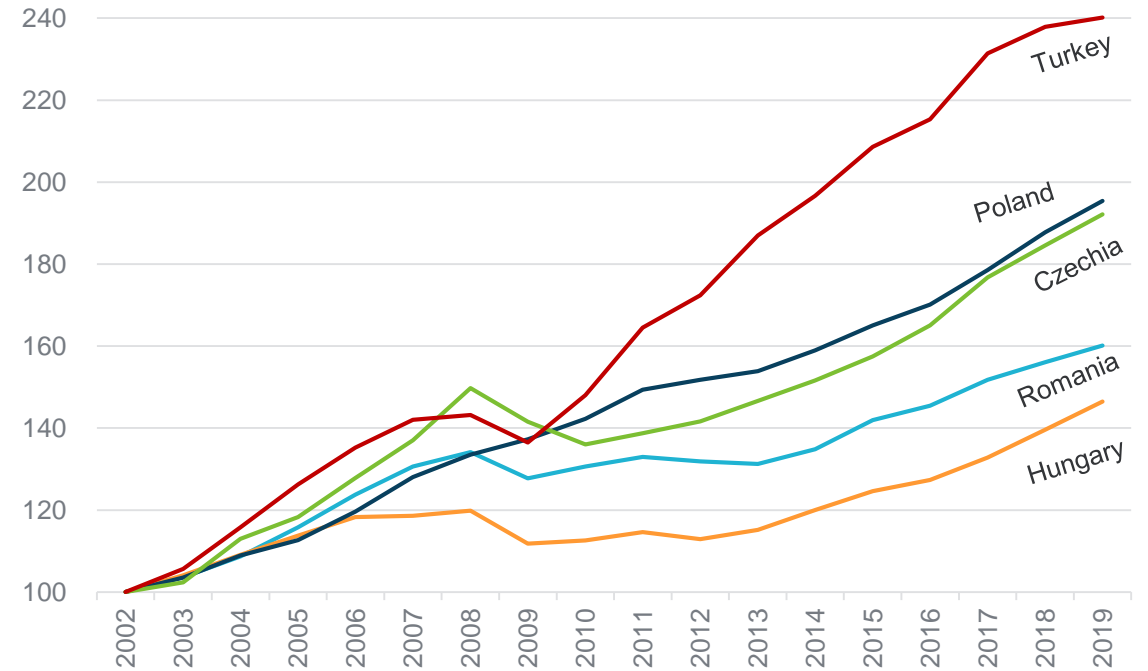
Ranking of Economies by GDP at PPP

2003		2019	
1	USA	1	CHINA
2	CHINA	2	USA
3	JAPAN	3	INDIA
4	GERMANY	4	JAPAN
5	INDIA	5	GERMANY
6	RUSSIA	6	RUSSIA
7	FRANCE	7	INDONESIA
8	UK	8	BRAZIL
9	BRAZIL	9	UK
10	ITALY	10	FRANCE
11	MEXICO	11	MEXICO
12	INDONESIA	12	ITALY
13	SPAIN	13	TURKEY
14	CANADA	14	S.KOREA
15	S.KOREA	15	SPAIN
16	S.ARABIA	16	CANADA
17	IRAN	17	S.ARABIA
18	TURKEY	18	IRAN

Average Annual GDP Growth (%), 2003-2019



Real GDP Growth (Index: 2002=100)

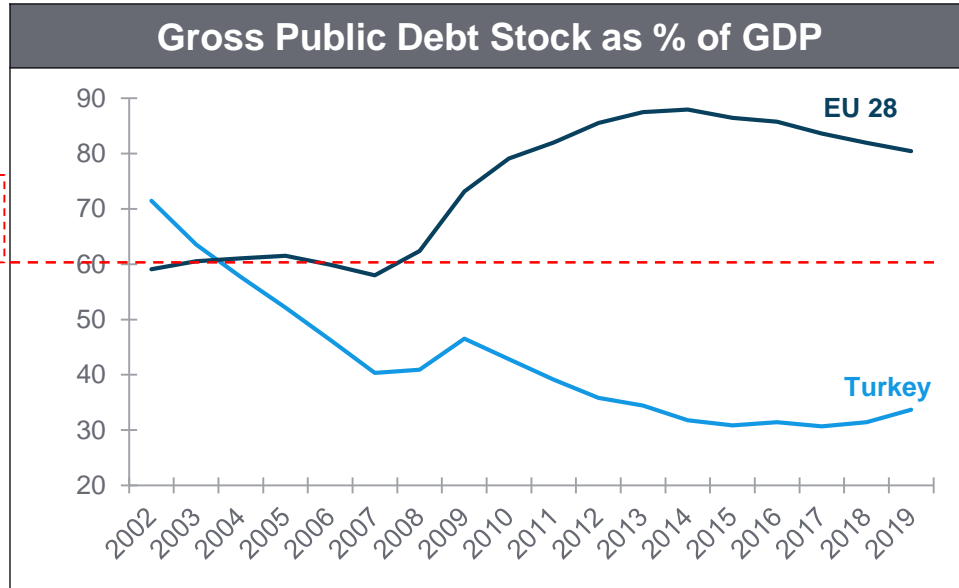


Robust Economy

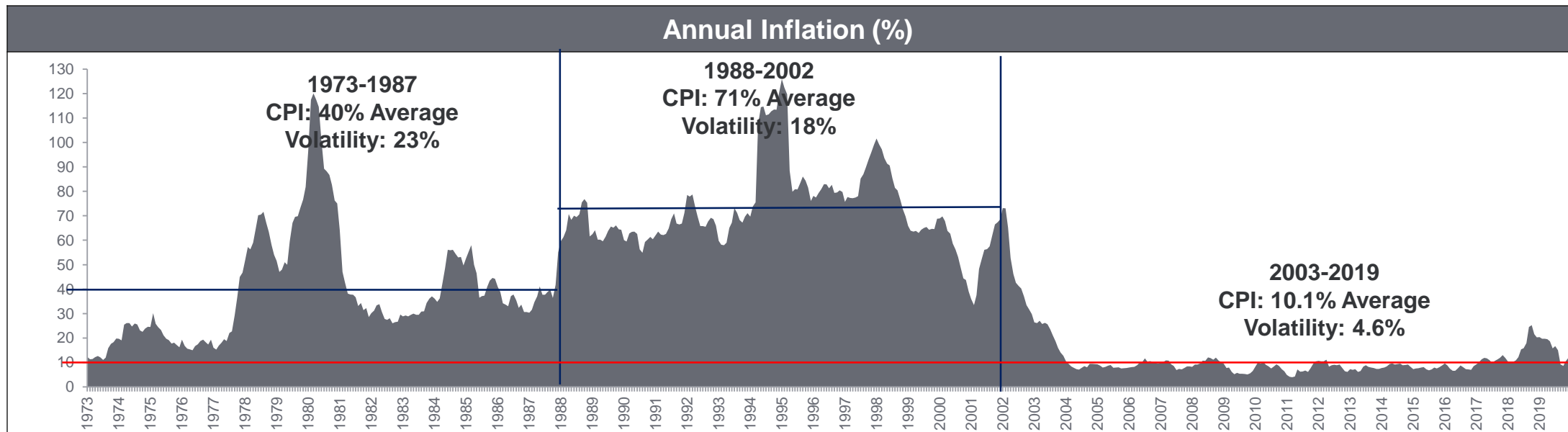
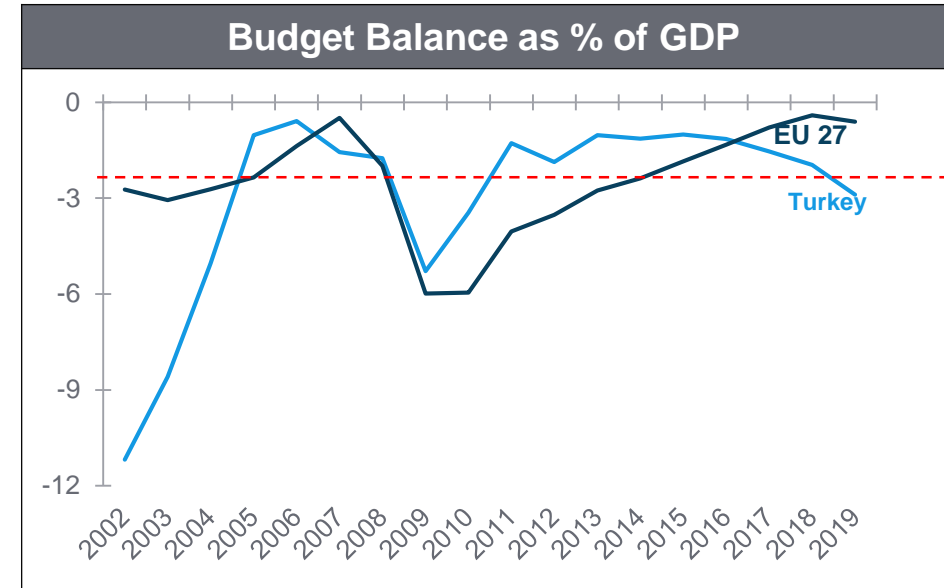
Strong macroeconomic fundamentals have been based on successful public finance management.



Maastricht
Criteria: 60%



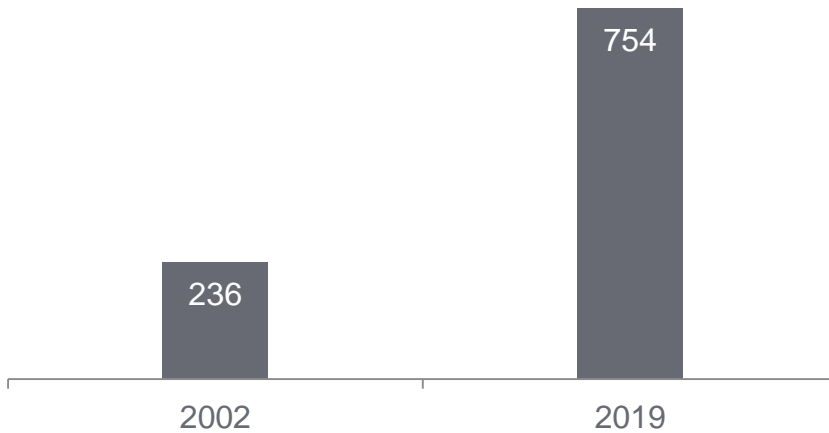
Maastricht
Criteria: -3%





Turkish economy has more than tripled over the past 16 years and is promising more growth in future

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



Driven by a robust domestic market and entrepreneurial private sector which has spurred investments and exports

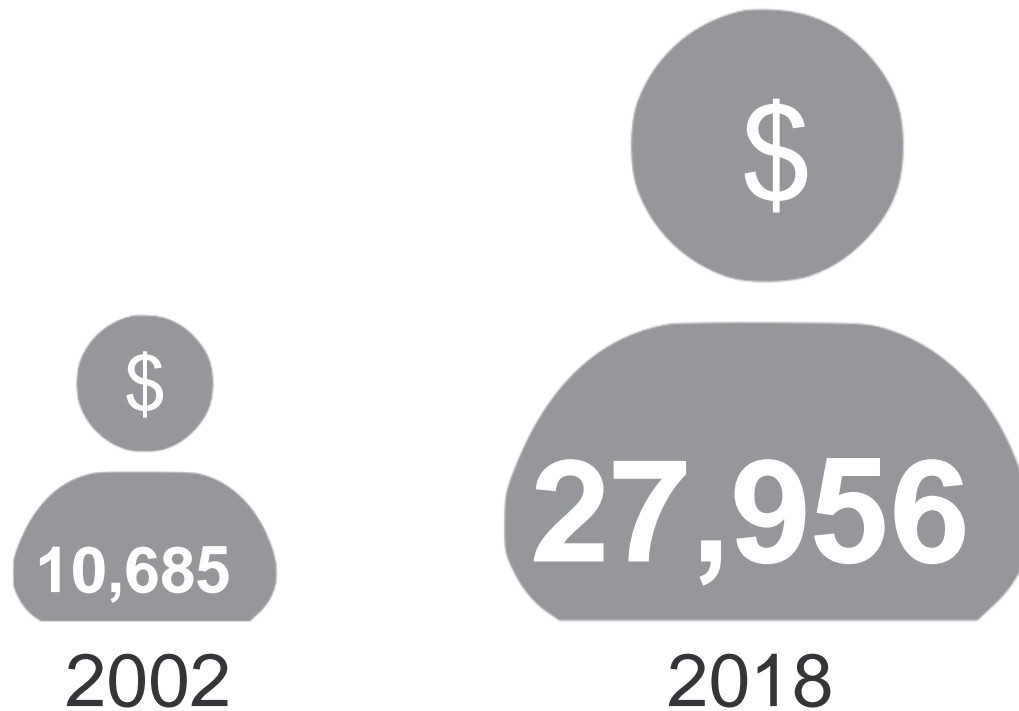
Contribution to GDP Growth* 2002-2019 (%)





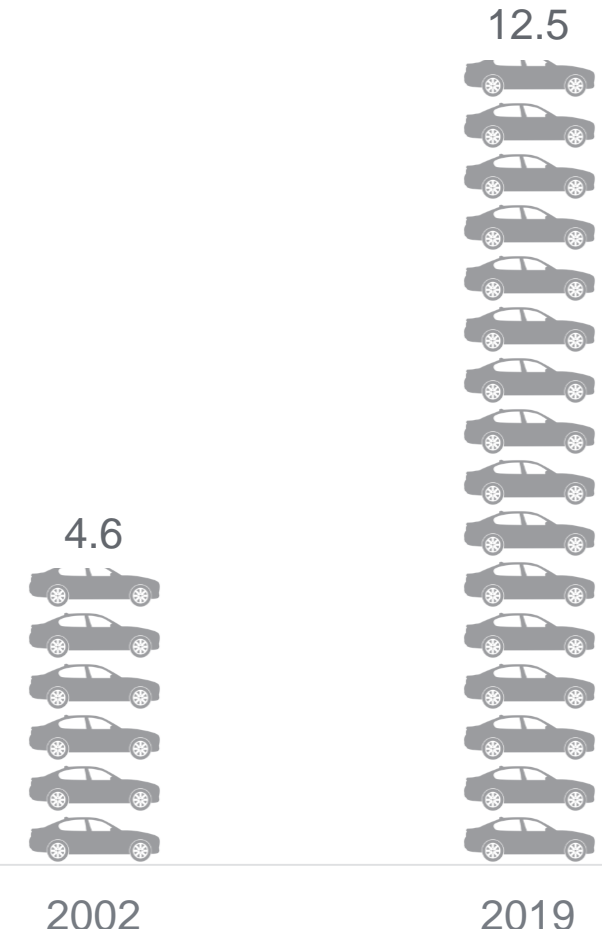
Income per capita

(GDP per capita at purchasing power parity)



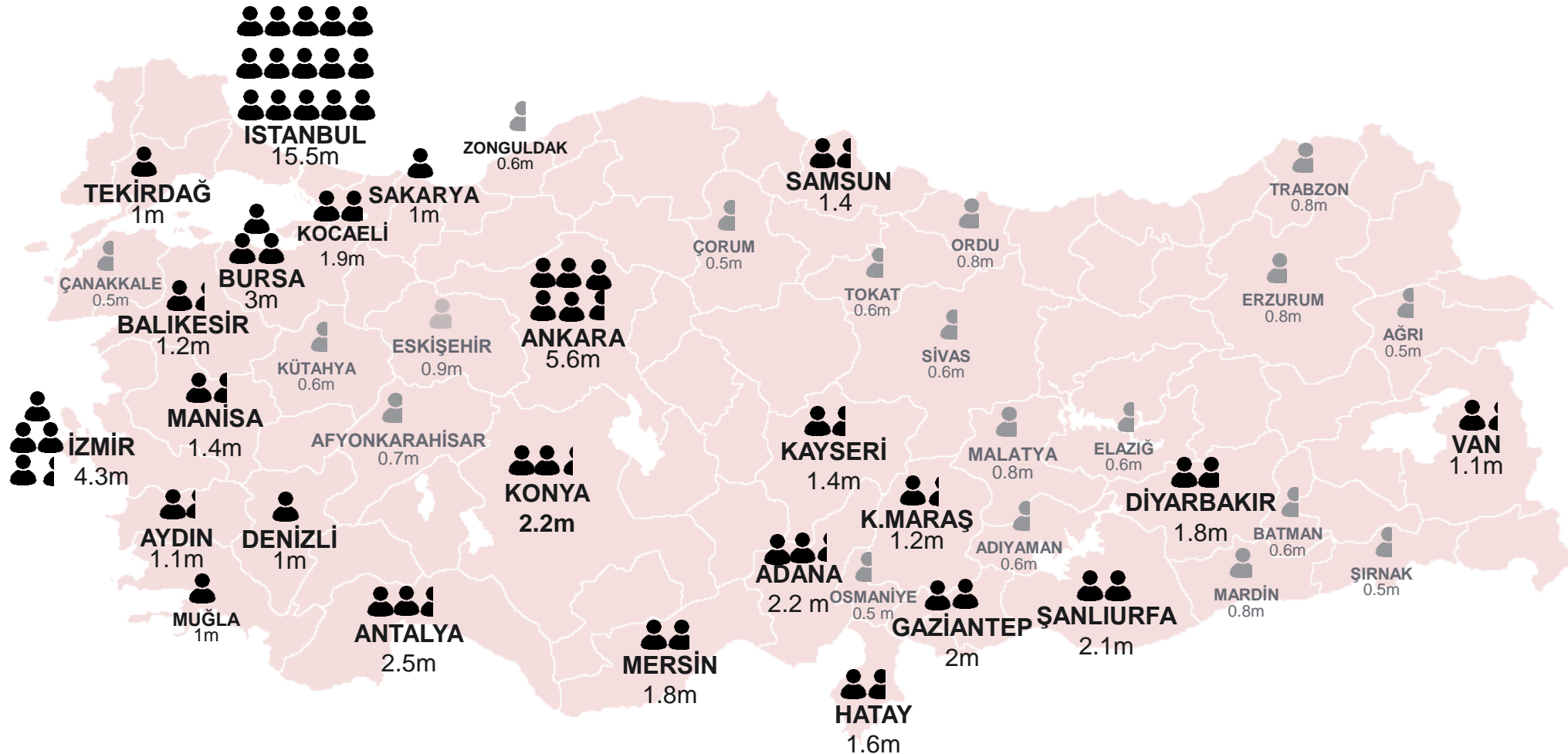
Stock of Automobiles

(millions of passenger cars)



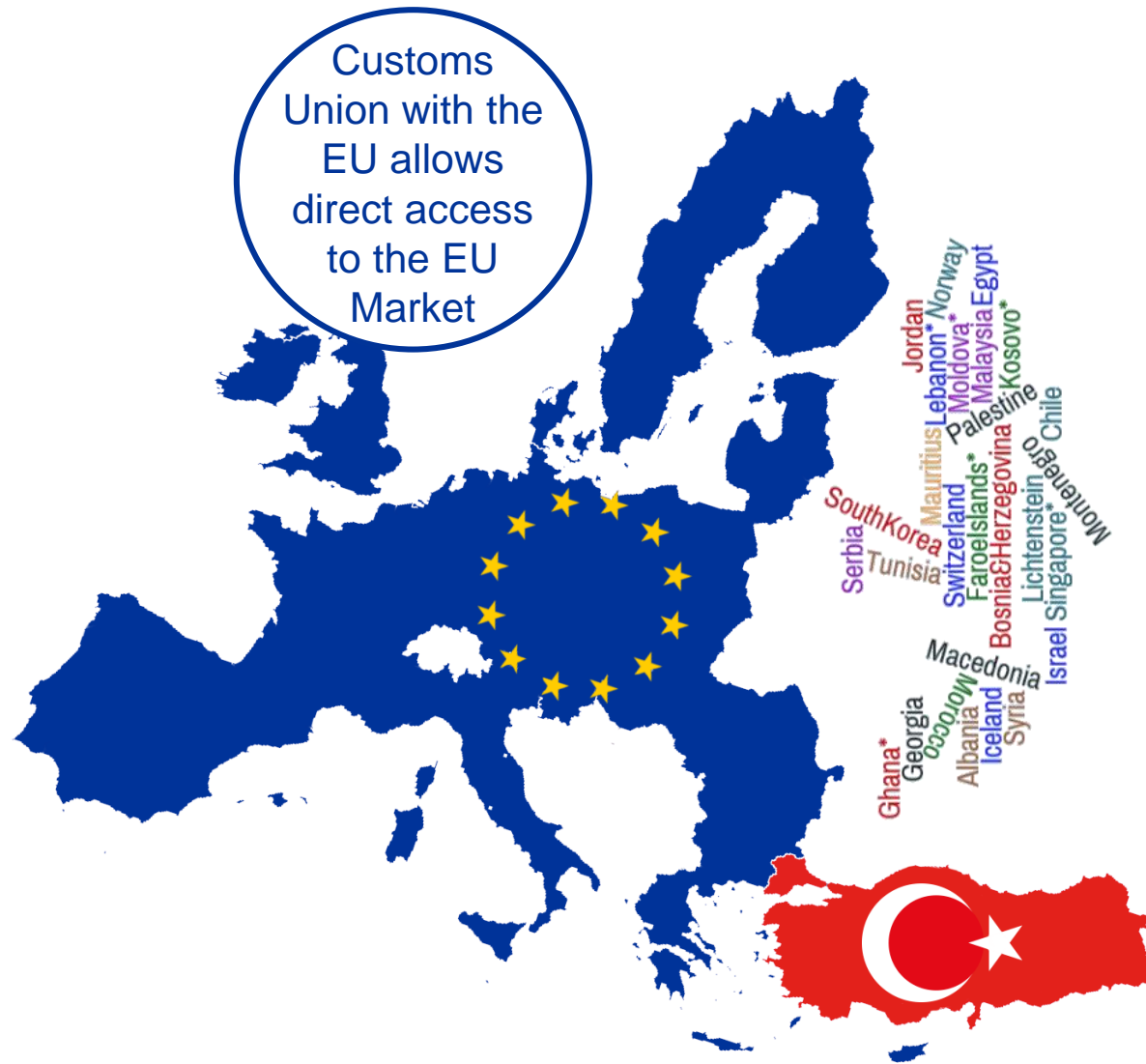


23 urban centers with populations over 1 million



Total Population in
2019

83
MILLION

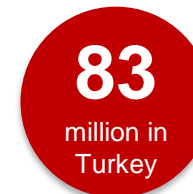


+



in 23 countries
with Free Trade
Agreements

+



Strategic Location

to manufacture, export and manage...



PROXIMITY TO MAJOR MARKETS

1.3 billion people and \$26T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY

Turkish Airlines connects you to 255 destinations in 122 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

- TOYOTA** Exporting 85% of its production
- Ford** Exporting 77% of its production
- Nestle** Production base for MENA
- BOSS** Its largest production facility worldwide

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

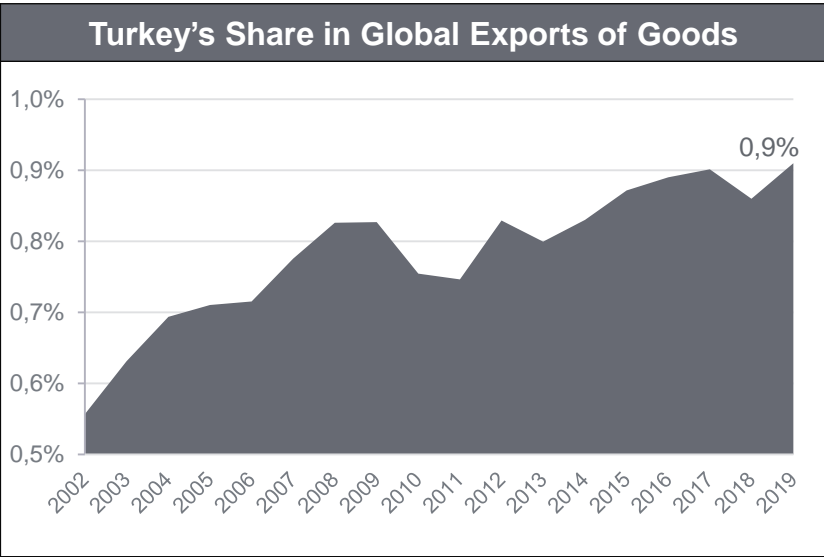
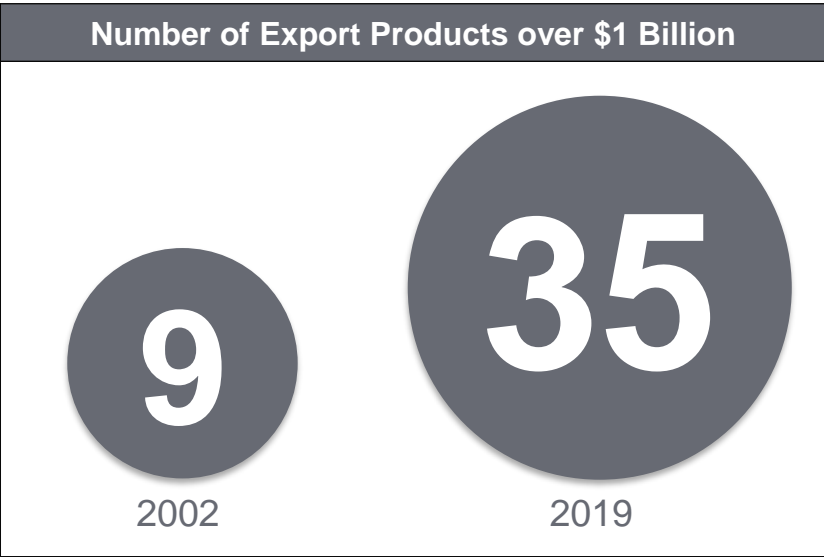
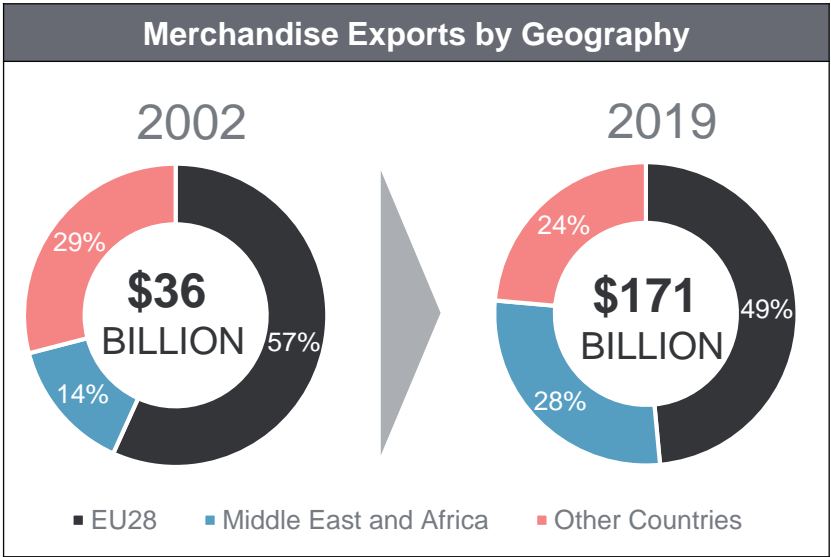
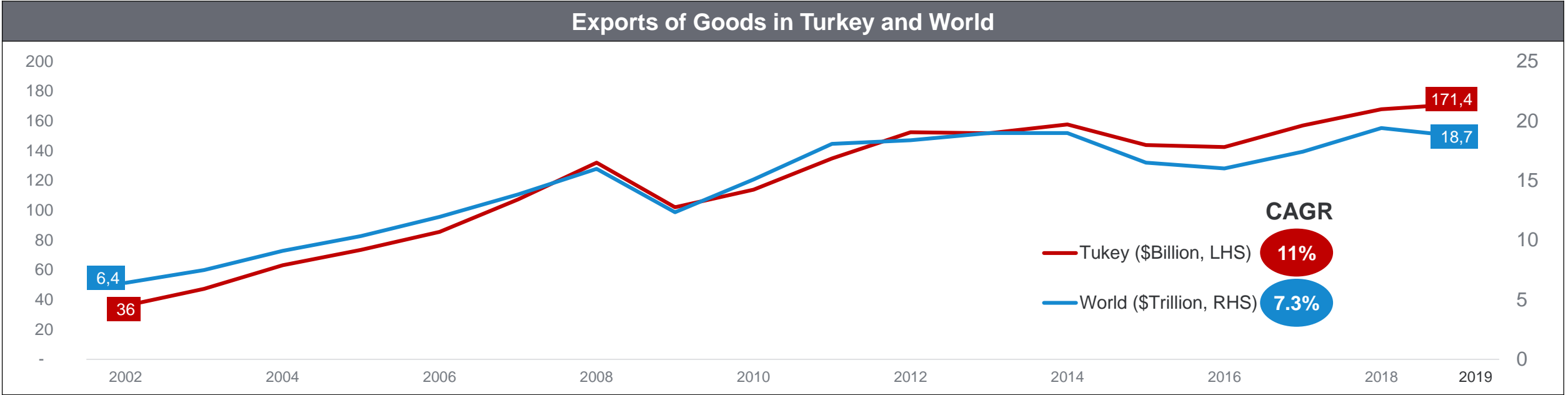
- B/S/H/** 89 countries
- GE Healthcare** 80 countries
- KNAUF** 80 countries
- thyssenkrupp** 72 countries
- intel** 67 countries
- POWERCHINA** 63 countries
- Verifone** 60 countries
- gsk** 30 countries
- Hitachi Healthcare** 25 countries

16 TIME ZONES



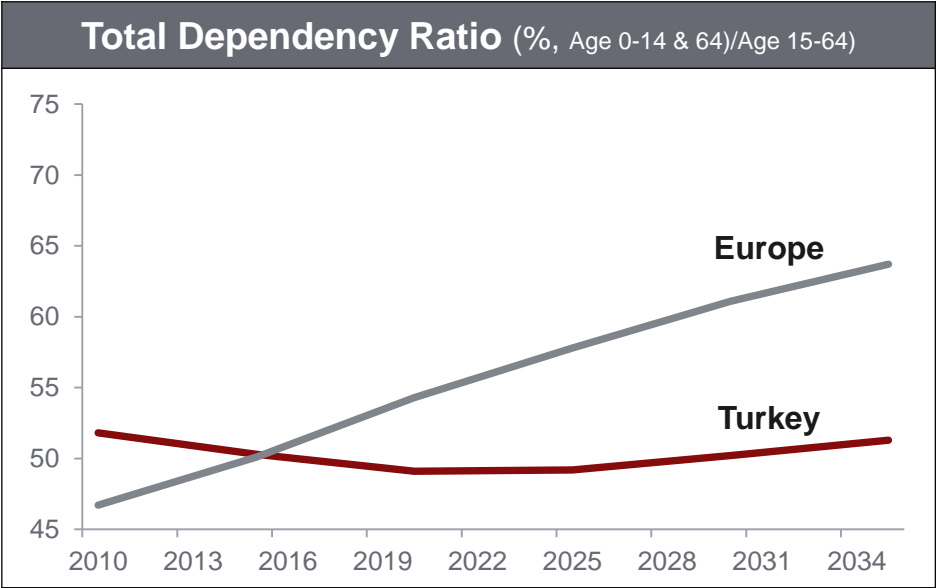
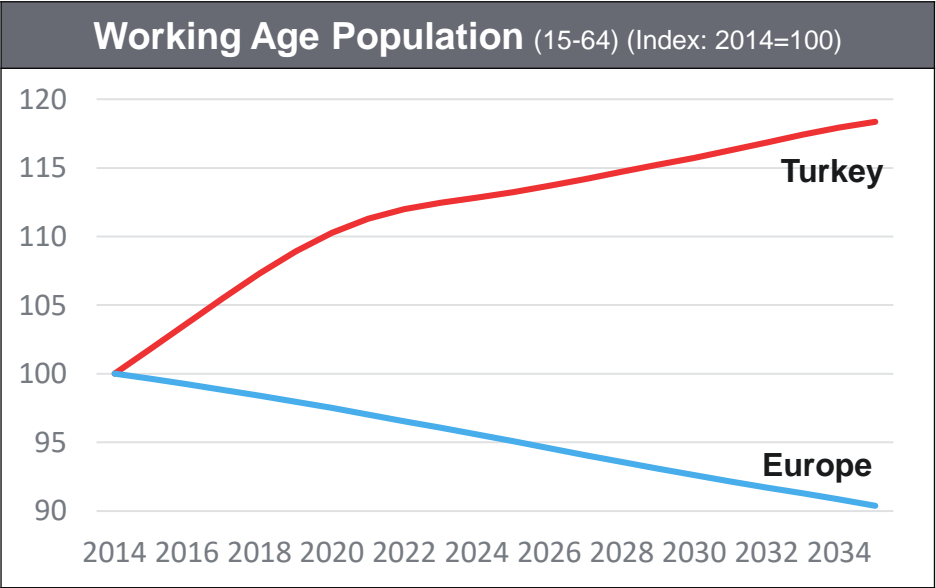
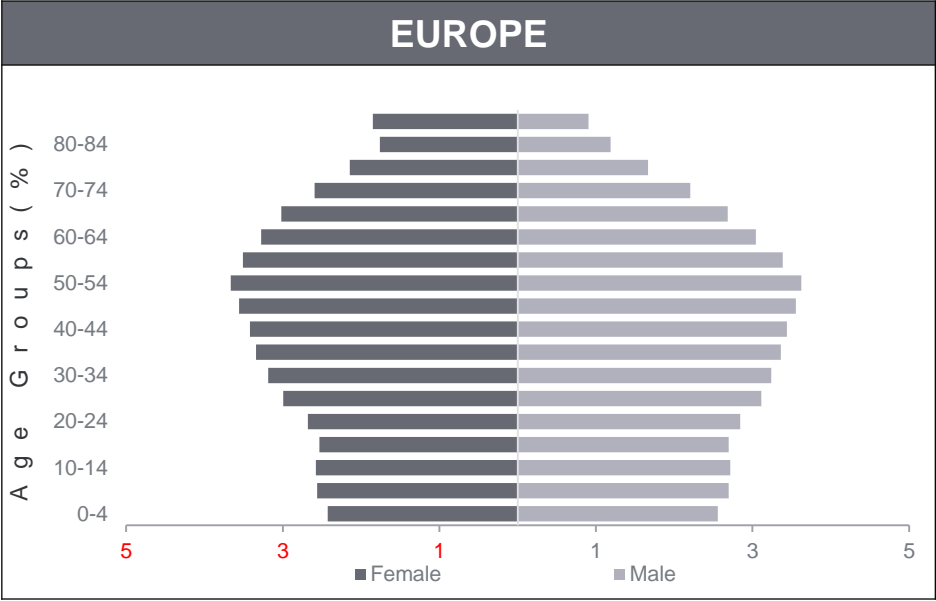
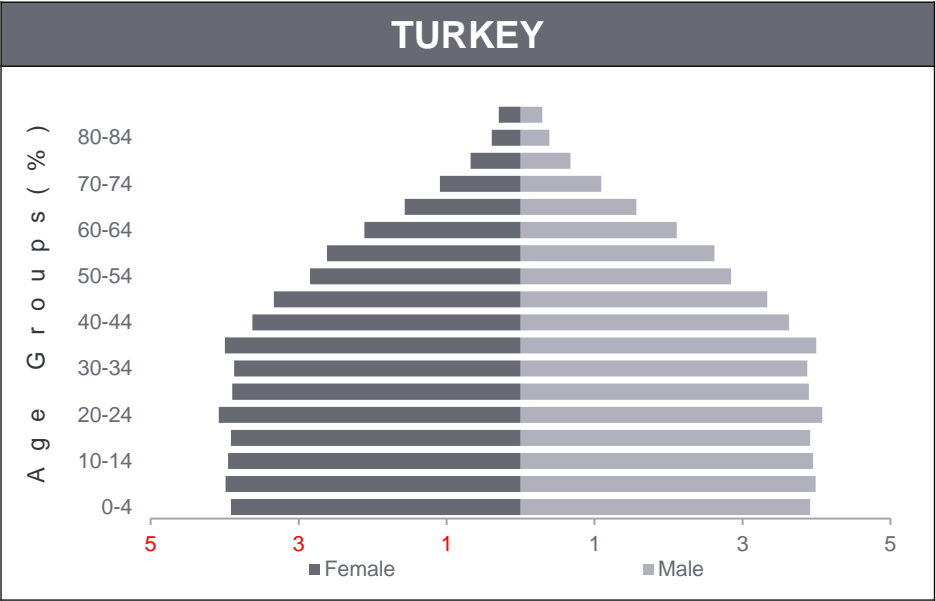
Strategic Location

The convenient location has enabled Turkey to tap significant export opportunities with increasing diversified markets and products.



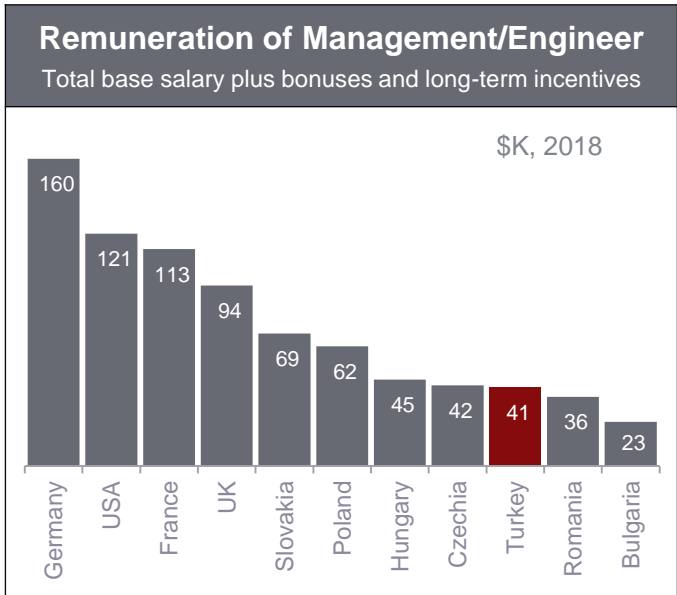
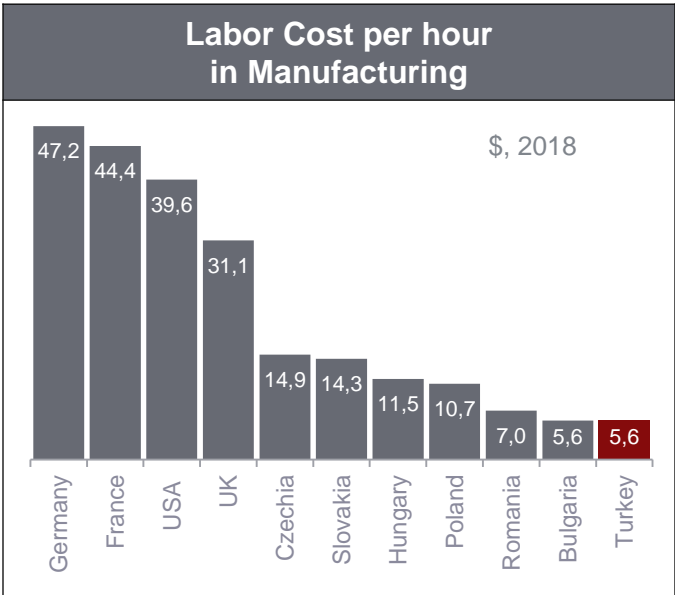
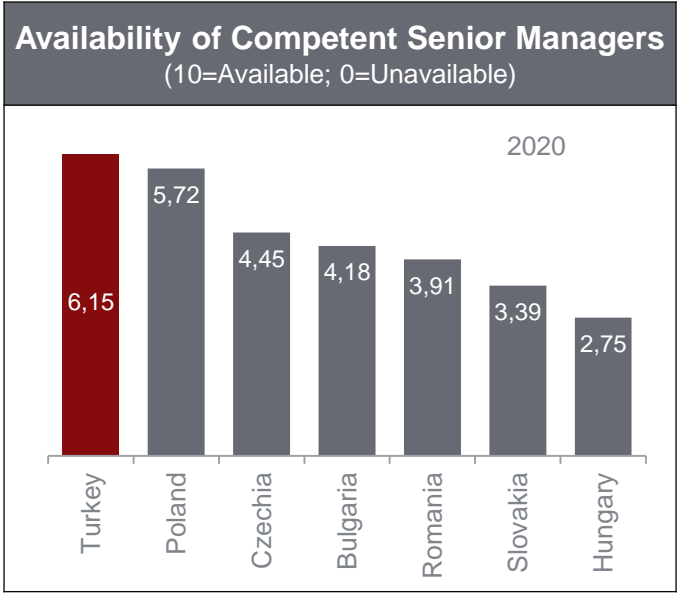
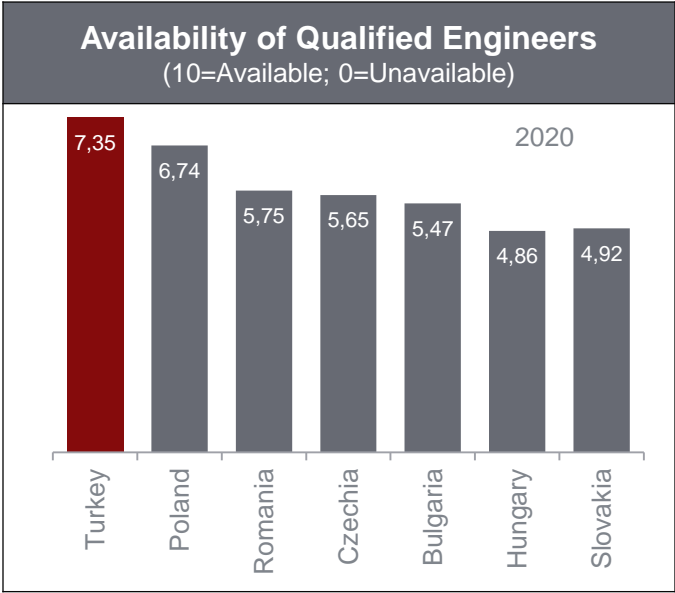
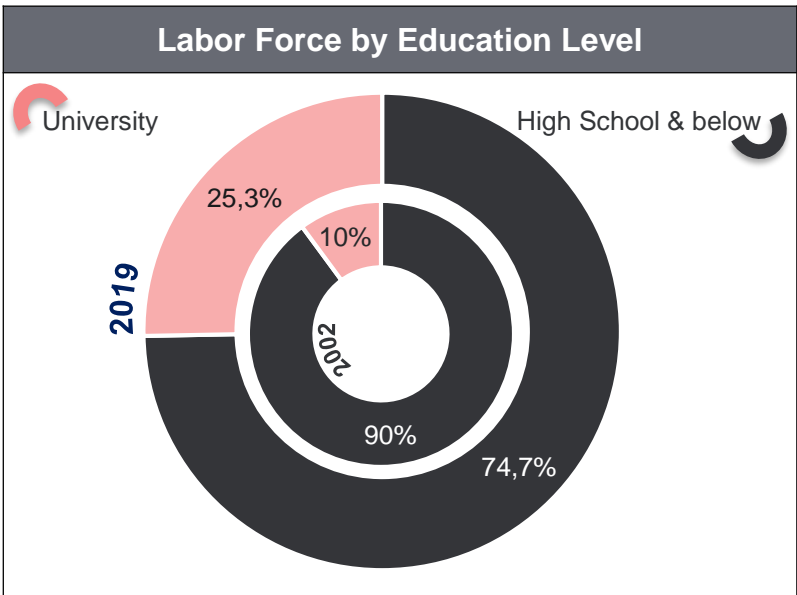
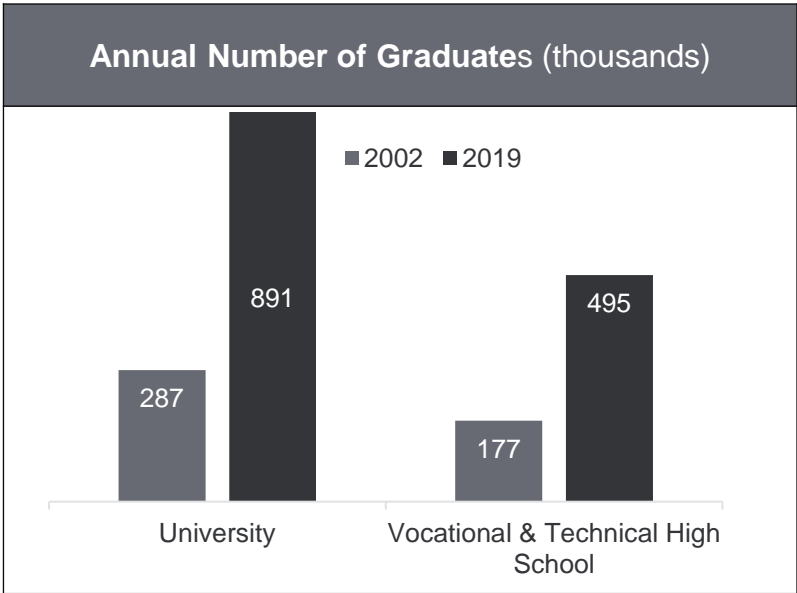
Favorable Demographics

half of population is under age of 32.4



Skilled Workforce with
Cost Advantage

Turkey's education system has been upgraded to support a skilled labor pool that
meets business requirements



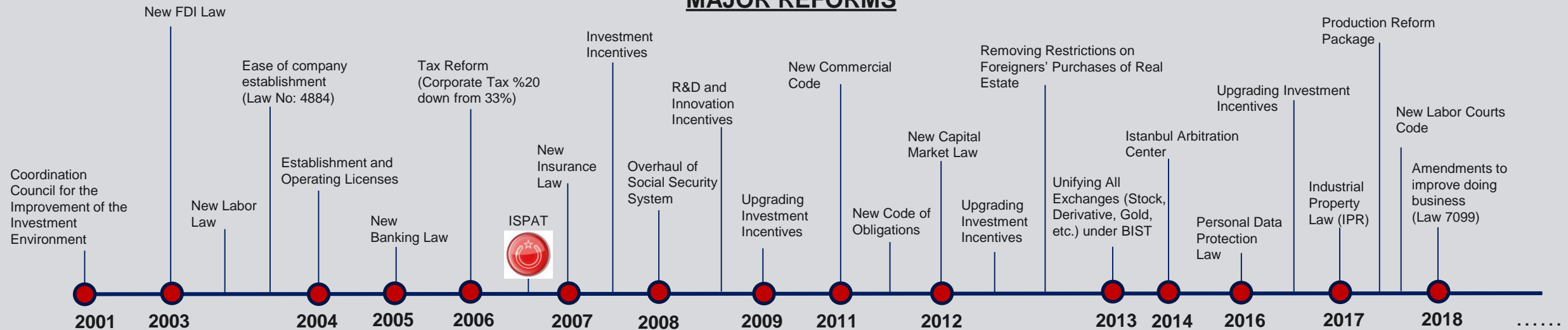
Source: Ministry of National Education, Council of Higher Education, Turkstat, IMD World Competitiveness Yearbook Executive Opinion Survey based on an index from 0 to 10; Eurostat, US BLS

Reforms

Turkey has implemented sweeping reforms in many areas and continues to introduce new reforms.



MAJOR REFORMS

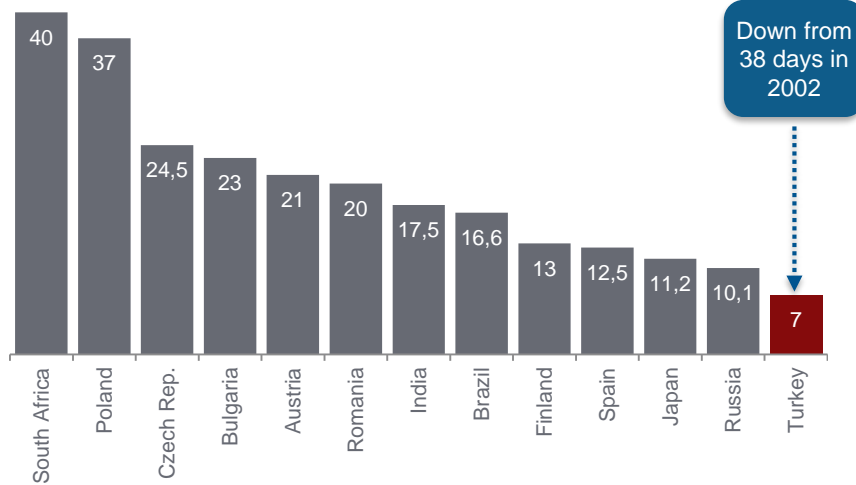


Reforms

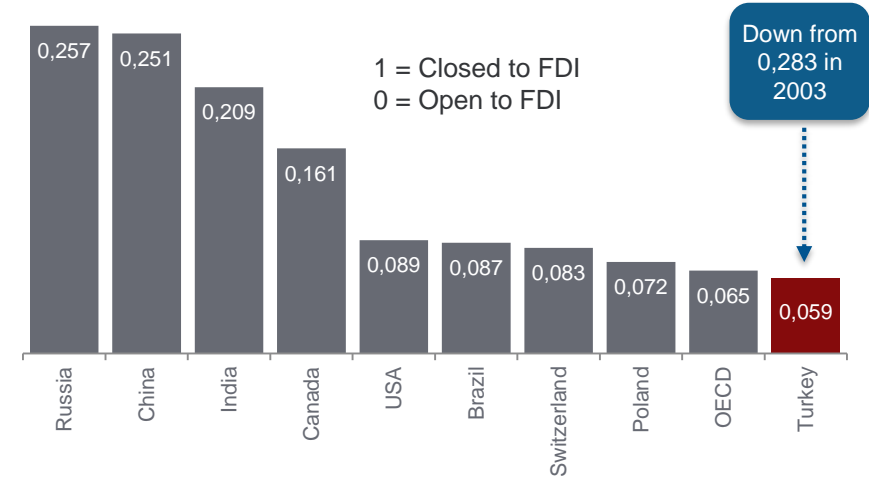
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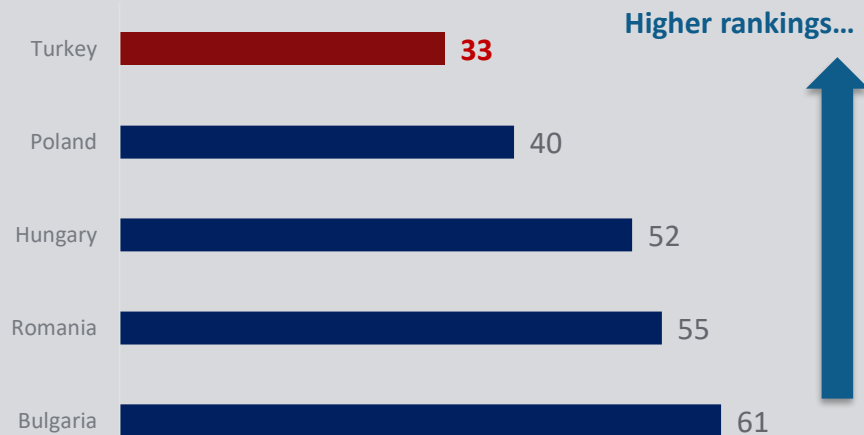
Number of Days to set up a Company, 2019



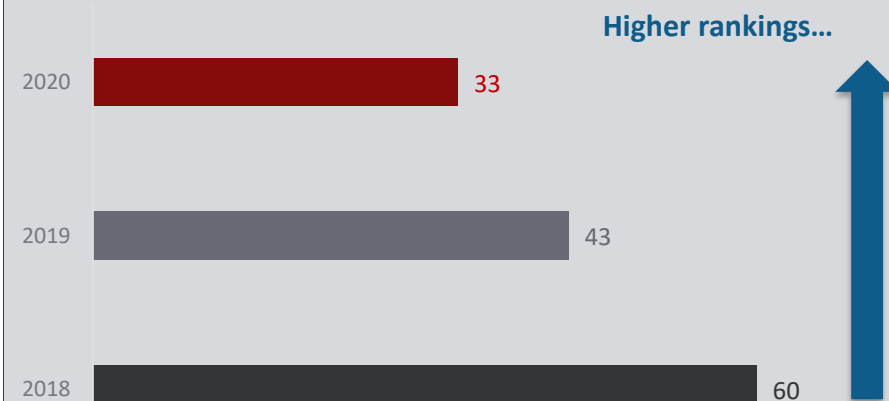
FDI Regulatory Restrictiveness Index, 2018



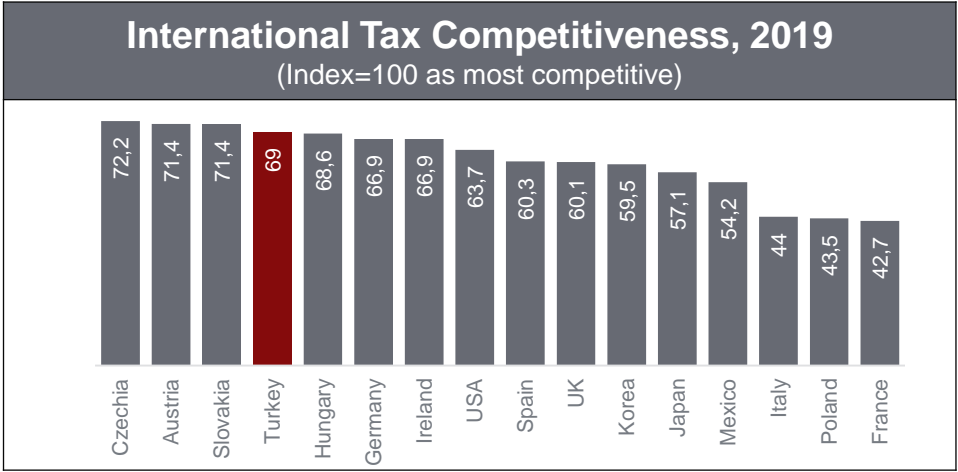
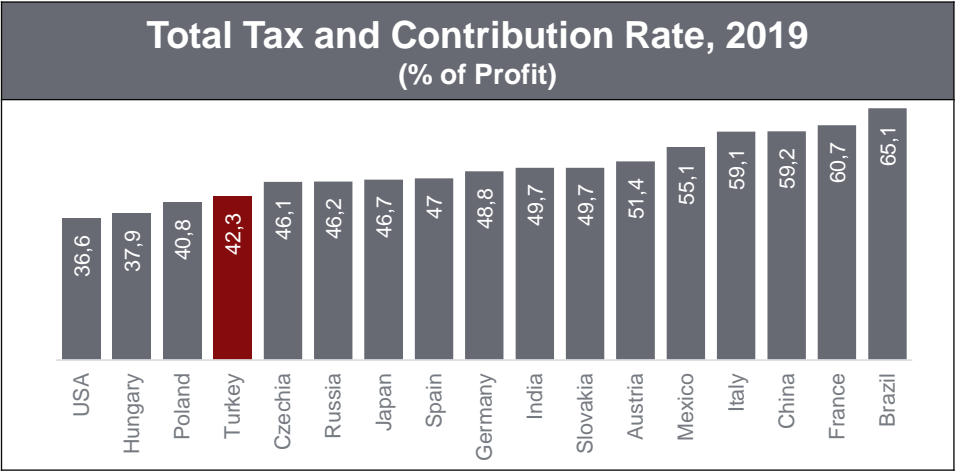
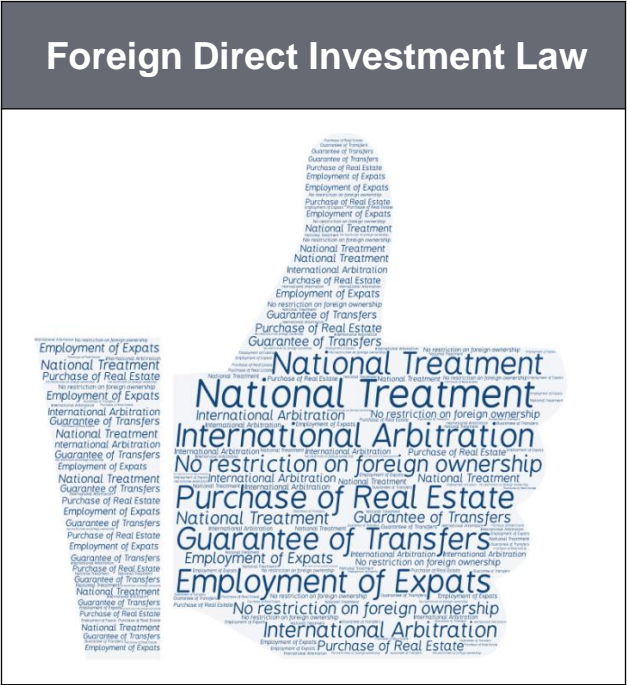
Ease of Doing Business Ranking, 2020



Ease of Doing Business Ranking (y-o-y)



Business-friendly offers protection and ease of doing business.



Source: Ministry of Trade, Ministry of Treasury and Finance, WB Doing Business Report, 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 Foundation (Tax competitiveness measures countries' tax policies five categories: corporate income tax, consumption taxes, property taxes, individual taxes, and international tax rules.)



Manufacturing Incentives

- ✓ Tax deduction & exemption +



Employment Incentives

- ✓ Payroll & Training support +



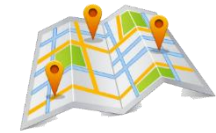
Exclusive Zones

Free Zones

- ✓ Tax deduction & exemption +

Organized Industrial Zones

- ✓ Developed infrastructure



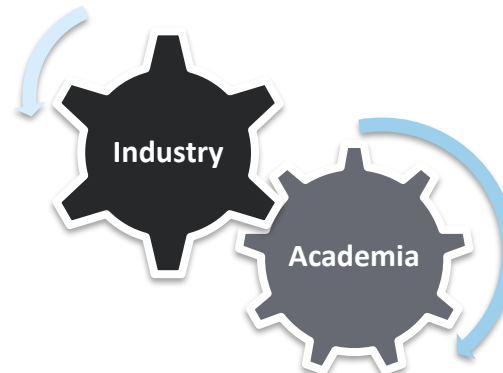
Incentives for Service Exporters

- ✓ Tax deduction for exporting services in;

Engineering
Architecture
Design
Software
Medical Reporting
Accounting
Call Center
Datacenter
EDUCATION
Healthcare

Technology Development Zones

- ✓ To support R&D
- ✓ Tax deduction & exemption+



R&D and Innovation Incentives

- ✓ Tax deduction & exemption +

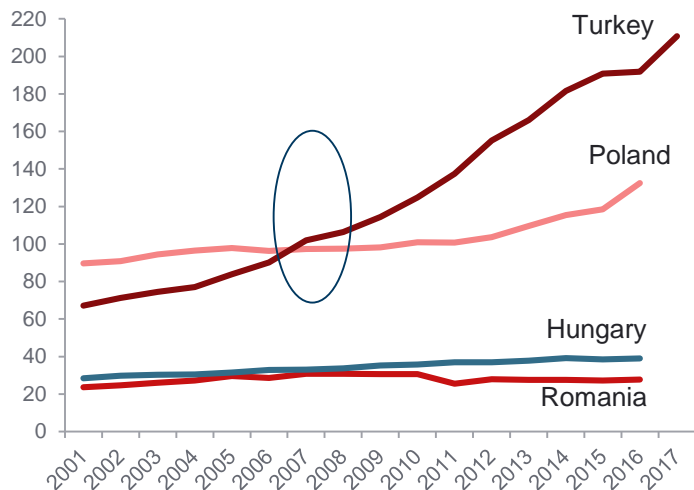


Benign R&D Ecosystem

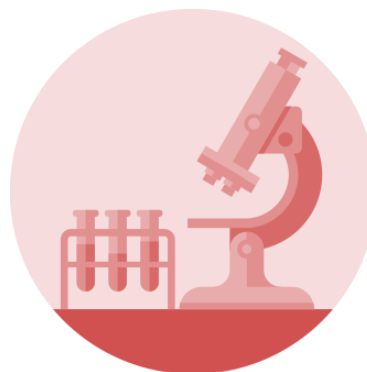
R&D incentives are further supported by a favorable ecosystem..



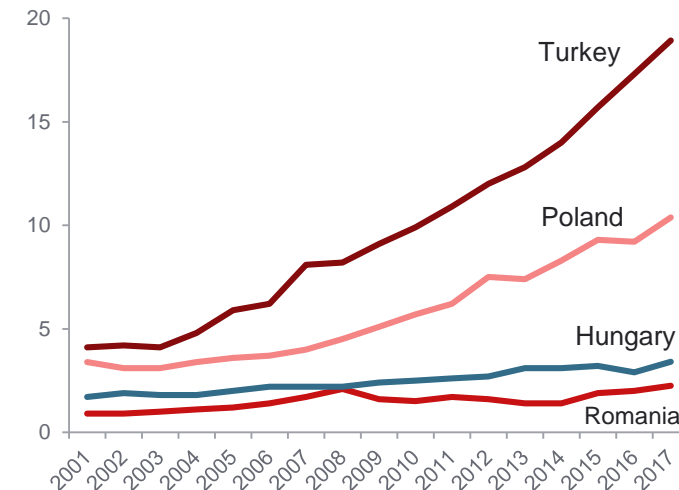
Number of Researchers (thousands)



Over 100 R&D centers by foreign companies



Increasing R&D Spending (\$ Billion, PPP)



Selected Foreign Companies conducting R&D in Turkey





Resilient Healthcare System

Strong healthcare system in the fight against COVID-19 pandemic..



State hospitals, social security hospitals and institutional hospitals **were merged for use by all citizens.**



With their modern infrastructure, high-tech devices and qualified healthcare professionals, **12 city hospitals entered into service in 11 provinces. 10 more city hospitals are under construction.**



1,526 hospitals, some 4,000 medical treatment facilities and over 15,000 primary healthcare centers continue to provide healthcare services without any disruption.



State-of-the art technology ambulance fleets were formed with **5,400 fully-equipped vehicles and 19 aircrafts.**



Targeting to reach **5,000** at the end of May, Turkey is **able to manufacture domestic ventilators** to address domestic and international demand.



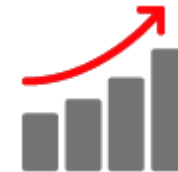
Having 46 intensive care beds per 100K inhabitants, Turkey is leading in the list of countries including Germany (34), Austria (29), the US (26), France (16), Canada (13), the UK 11), Spain (10), Italy (9), Denmark (8) and Ireland (5).



The budget set aside for healthcare services was increased **from 19 billion TRY to 190 billion TRY** over the past 17 years.



An army of medical professionals was built with the **employment of some 1.4 million people.**



Healthcare expenditures **during the past 6 years have grown by 14% (CAGR).**



ECONOMIC SUPPORT



TRY 240 billion

Total funding allocated so far as part of the financial stimulus package, exceeding the TRY 100 billion threshold



TRY 107.4 billion

Financing provided to 119,800 companies applied for Credit Guarantee Fund backed Business Support Program



TRY 16.9 billion

Total financing support to tradesman

FINANCIAL MEASURES



Central Bank of the Republic of Turkey

Utilizes monetary and macro-prudential policies to provide the real sector with liquidity and maintain financial stability

- Lowering the main policy rate
- Reducing FX reserve requirement ratios
- Extension of securities accepted as collateral
- Readiness to inject liquidity through repo auctions
- Offering banks additional liquidity facilities

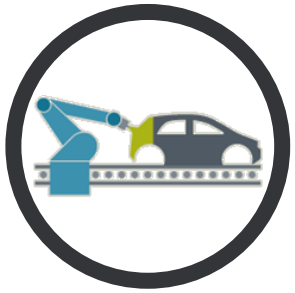
Banking Regulation and Supervision Agency

Introduces a set of measures to avoid any interruption in the banking industry

- Amendments in the classification of non-performing loan
- Postponement in the customers' principal and interest payments
- Reduction in the loans to collateral ratio on mortgage loans
- Application of forbearance measures to the measurement of the CAR

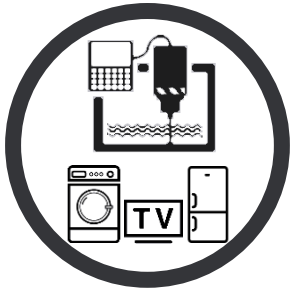
Opportunities

Turkey offers abundant opportunities in a variety of sectors.



AUTOMOTIVE

- 15th largest manufacturer
- 1.5 million vehicle produced**
- Market: \$24 billion
- Export: \$31.2 billion**



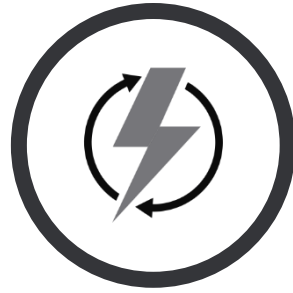
MACHINERY & ELECTRICAL EQP.

- Largest TV & white goods producer in Europe
- Market: \$38 billion
- Export: \$25 billion



AEROSPACE & DEFENCE

- \$19 billion defense spending
- Industry: \$8.7 billion
- Export: \$2.2 billion
- Air passengers: 210 million



ENERGY

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



AGROFOOD

- Market: \$80 billion
- Export: \$17 billion
- Export to around 200 countries



INFRASTRUCTURE

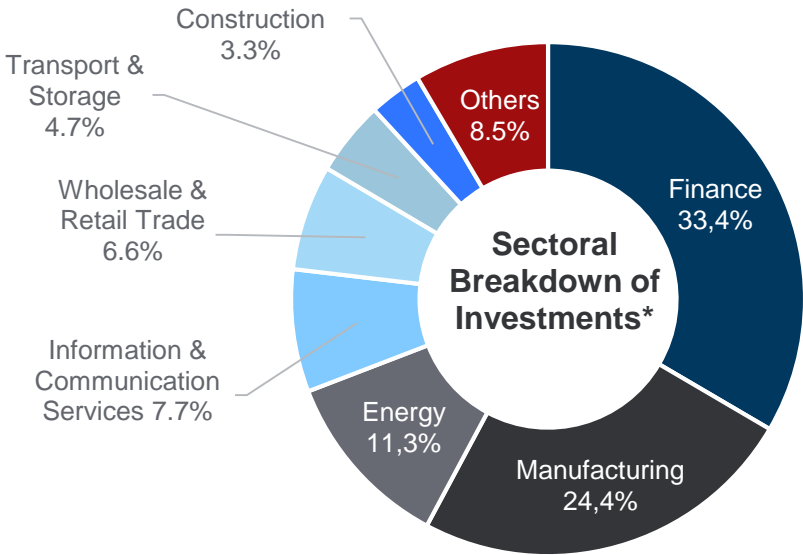
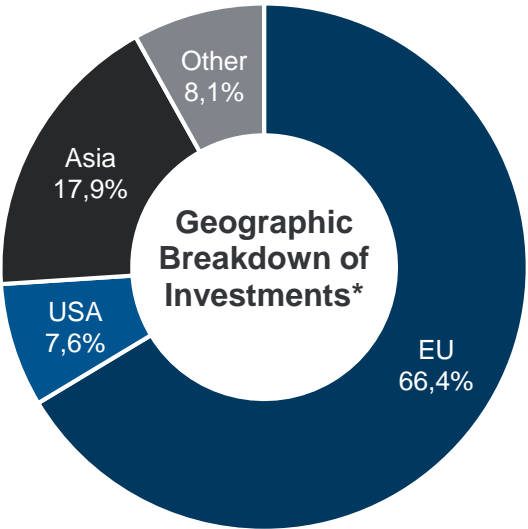
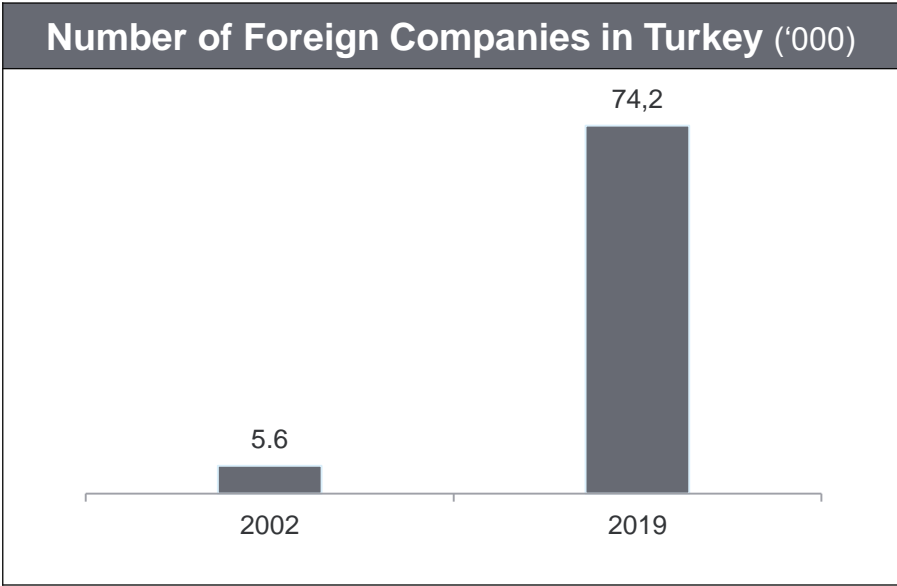
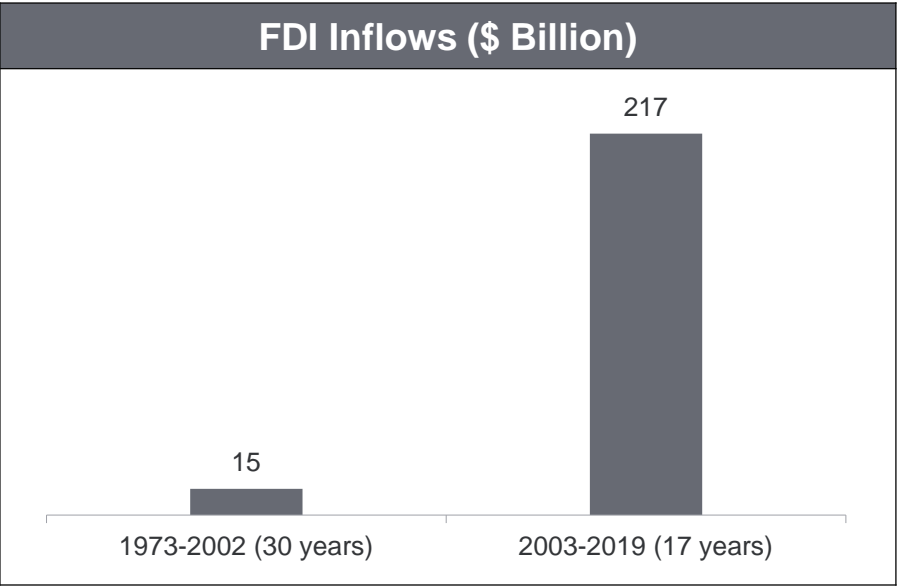
- \$127 billion PPP contracts (2003-2018)
- More opportunities in transport, energy, health



FINANCE

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

OPPORTUNITIES



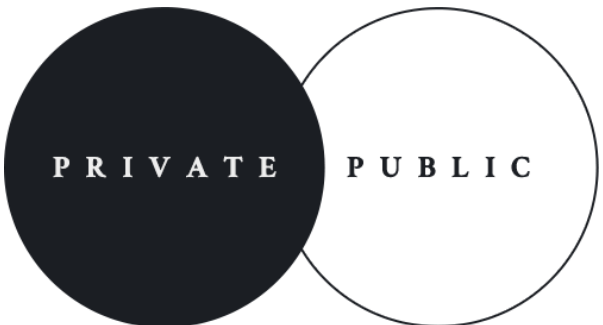
What can we do for you?

... assist you before, during and after your entry into Turkey.



PRESIDENCY OF THE REPUBLIC OF TURKEY
INVESTMENT OFFICE

A governmental agency
reporting to the President



Private sector approach with
public sector capabilities



Acting as your
solution partner



General & customized
business information &
Sectoral analysis &
reports



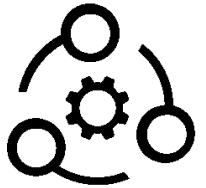
Site selection support to find
appropriate location/land for
your investment



Arrangements of meetings
with governmental bodies
and other stakeholders



AFTERSALES



Facilitating your
investment at all stages



Matchmaking with local partners
& establishing business linkages



Project launch &
Press release
Services



Facilitating your visit
to Turkey



PRESIDENCY OF THE REPUBLIC OF TURKEY
INVESTMENT OFFICE



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www.invest.gov.tr