

WHY INVEST IN TURKEY?



PRESIDENCY OF THE REPUBLIC OF TURKEY
INVESTMENT OFFICE

May 2019

Why invest in Turkey?

10 reasons to invest in Turkey..





13TH
LARGEST
ECONOMY

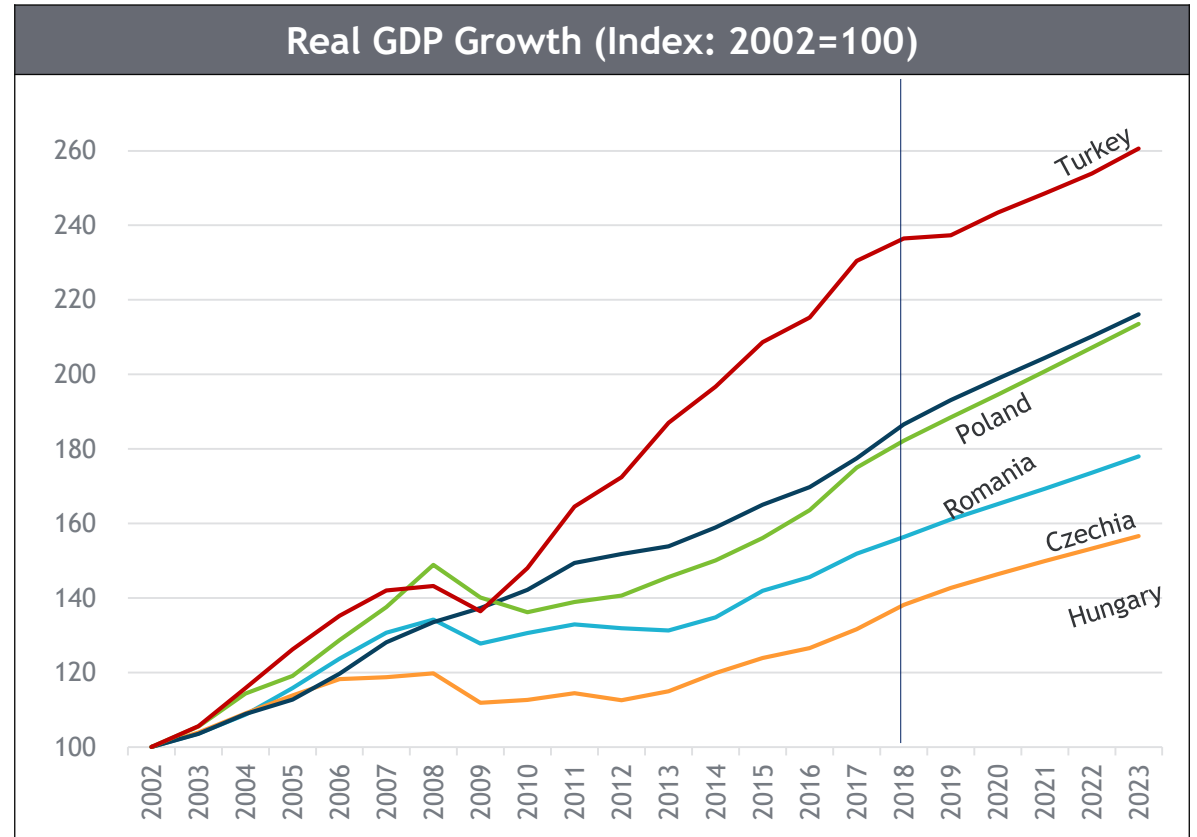
Ranking of Economies by GDP at PPP

2003	2018
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 S. ARABIA
17 IRAN	17 CANADA
18 TURKEY	18 IRAN

Average Annual GDP Growth (%), 2003-2018



Real GDP Growth (Index: 2002=100)

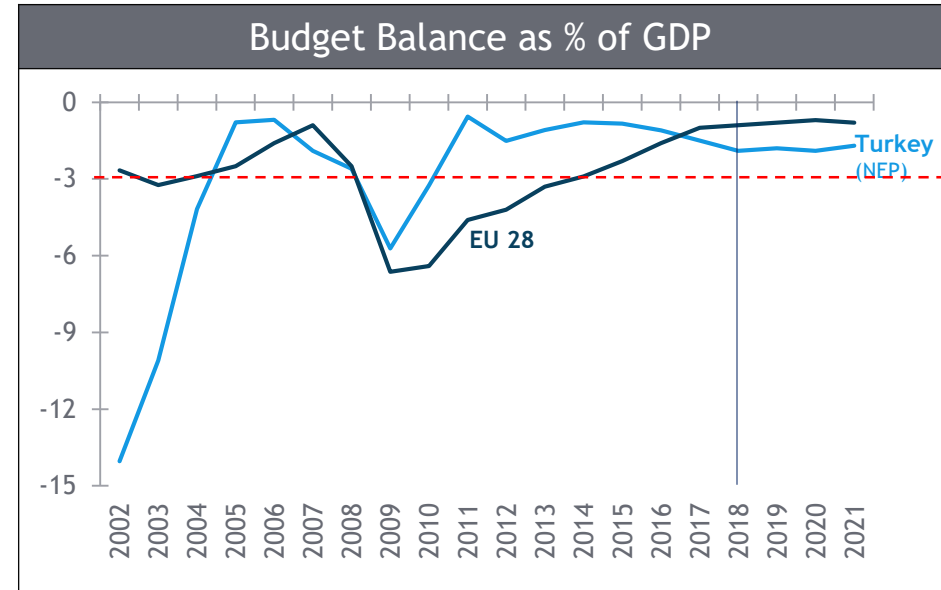
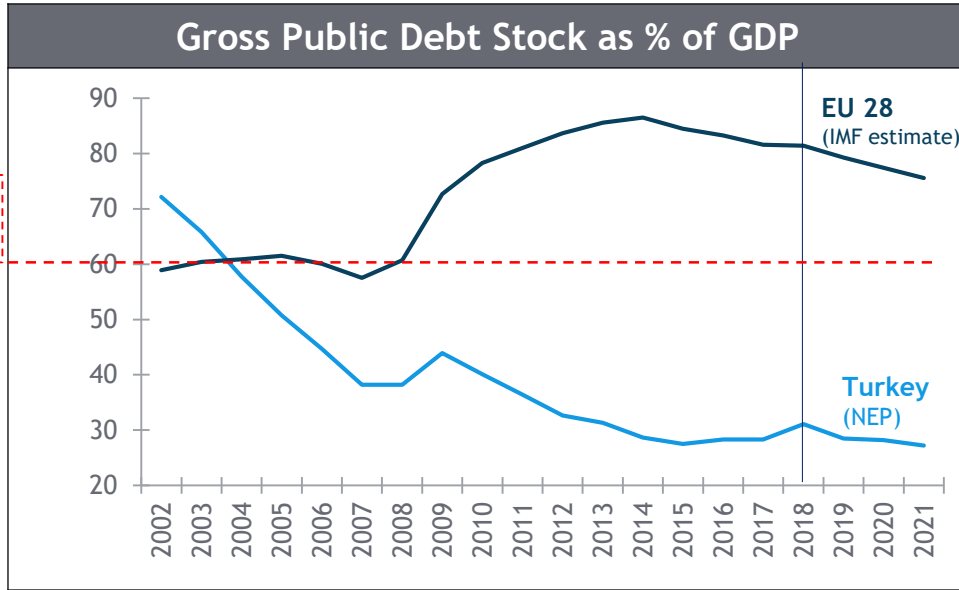


Robust & Resilient Economy

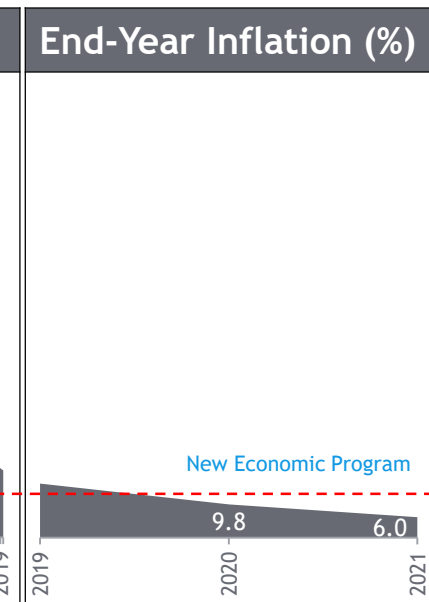
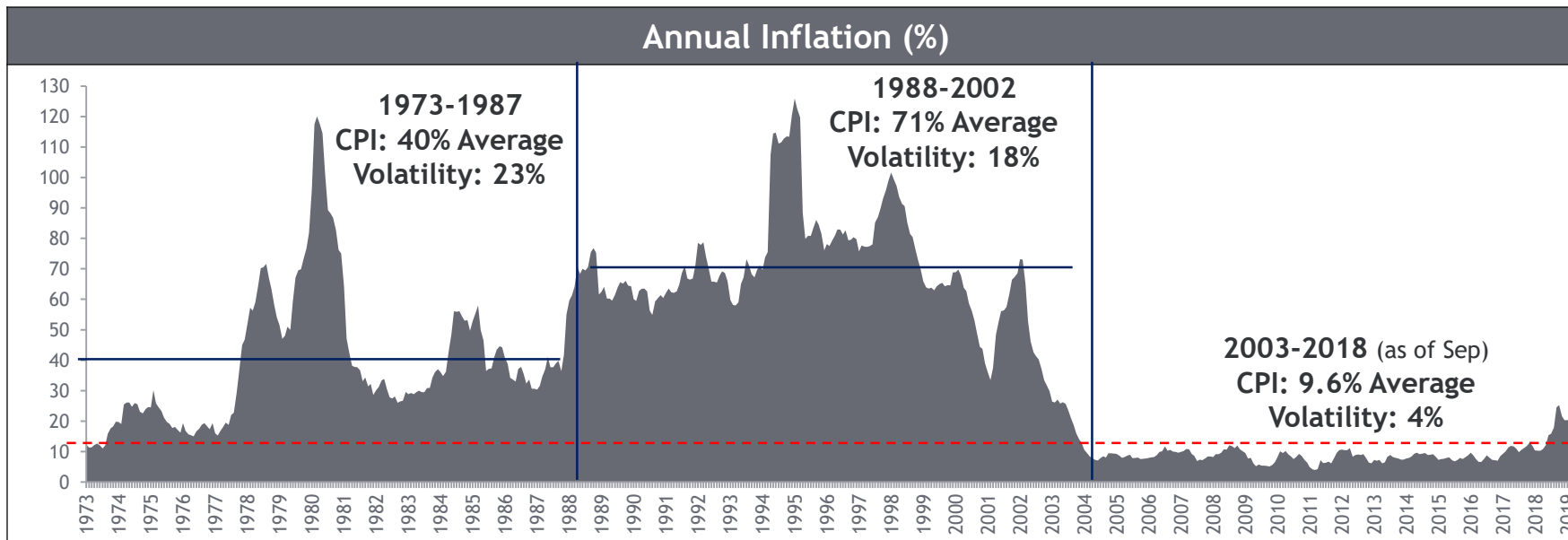
Strong macroeconomic fundamentals have been based on successful public finance management..



Maastricht Criteria: 60%



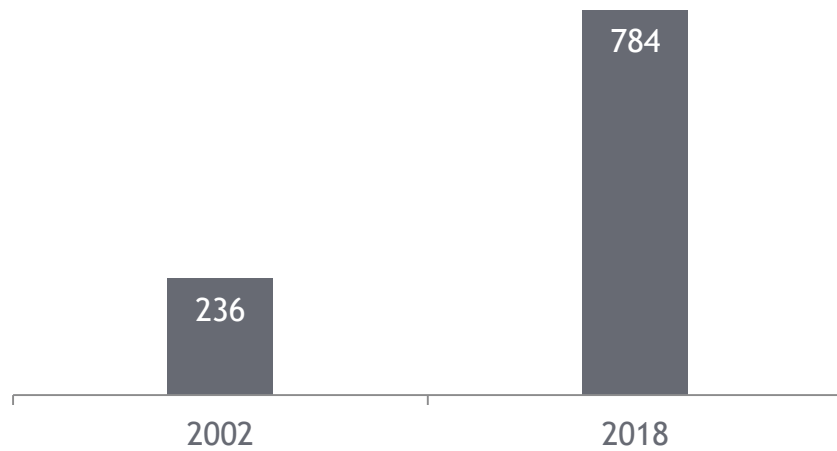
Maastricht Criteria: -3%





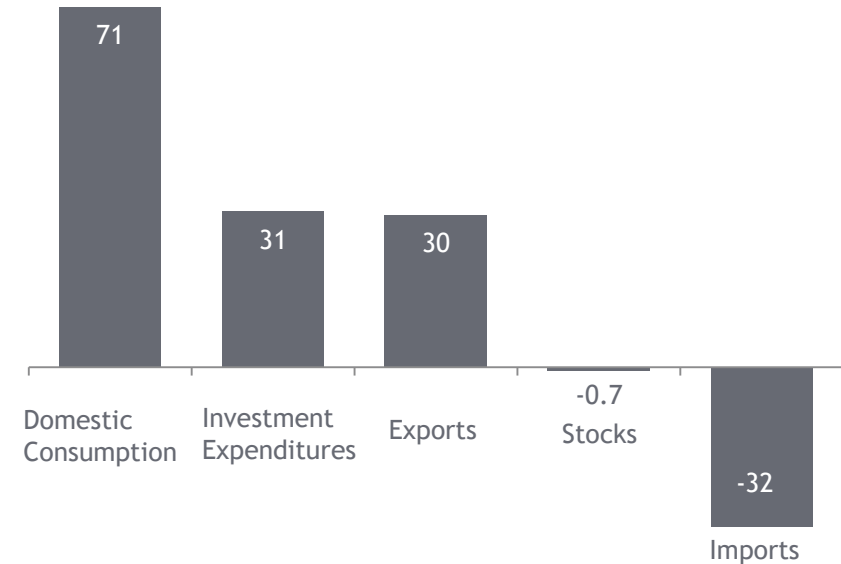
Turkish economy has more than tripled over the past 15 years and is promising more growth in future

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



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

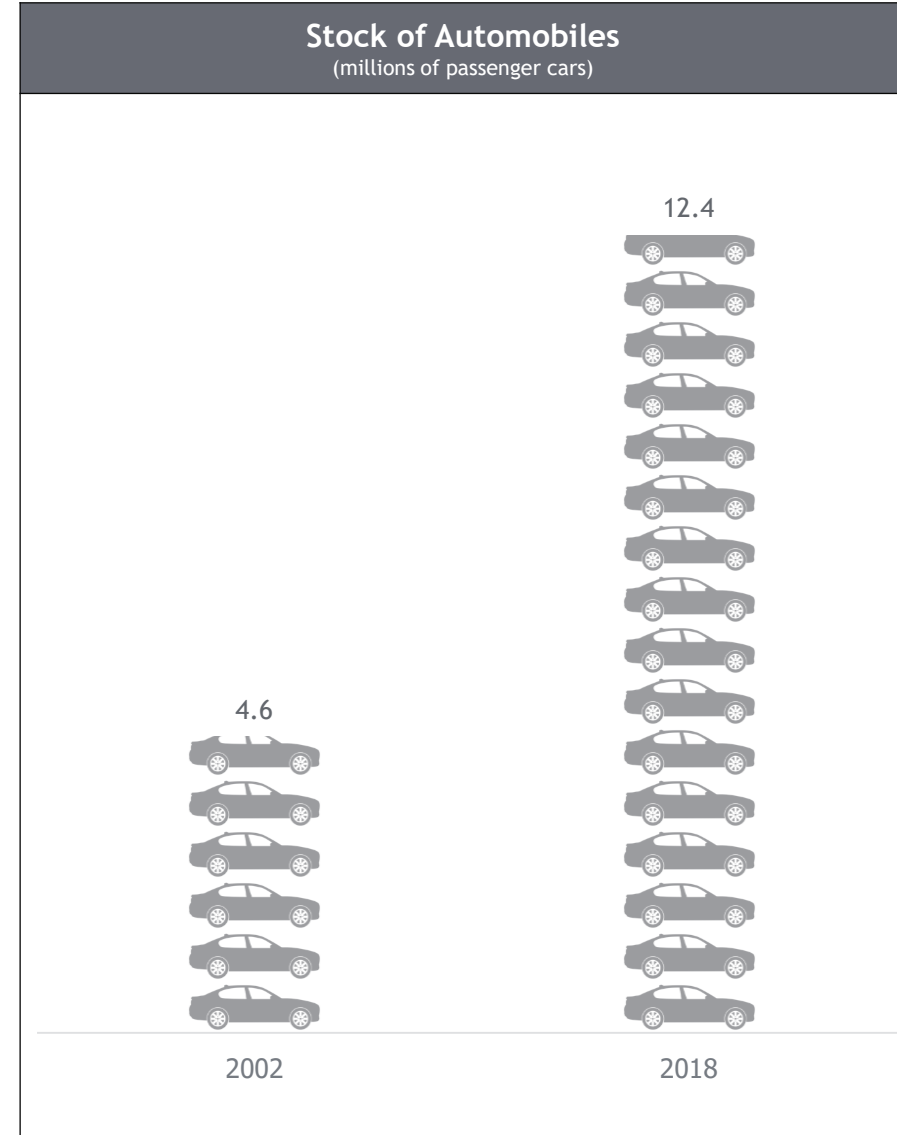
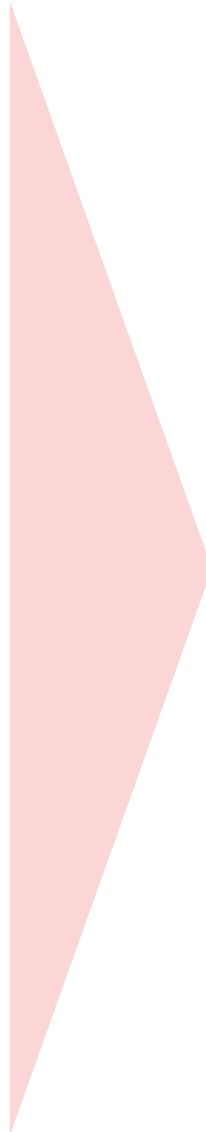
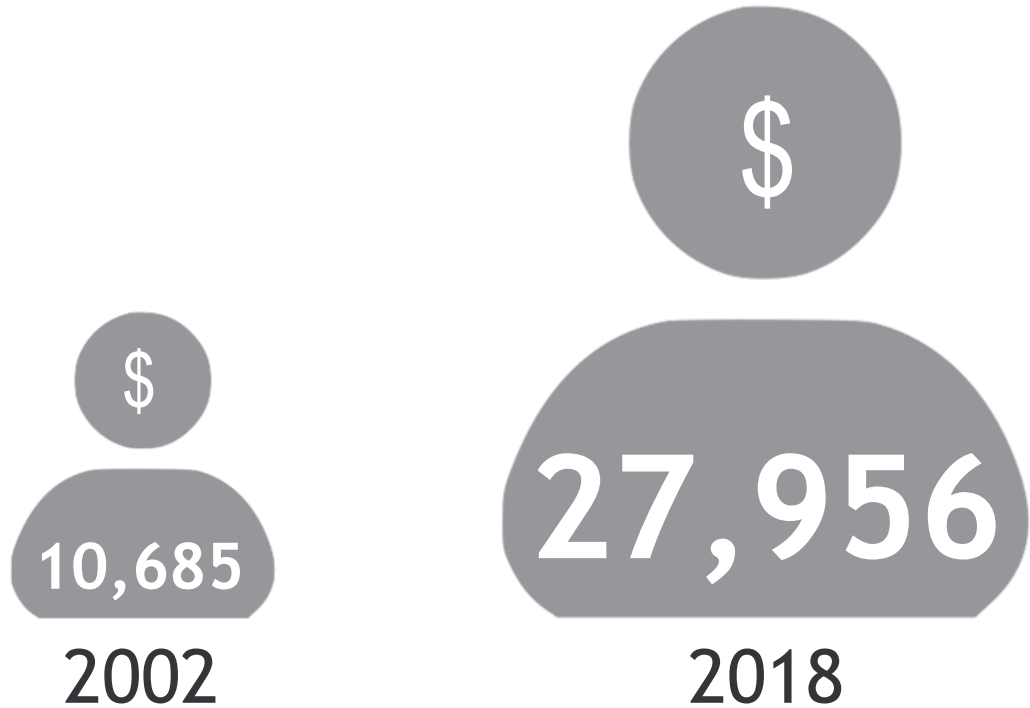
Contribution to GDP Growth 2002-2018* (%)





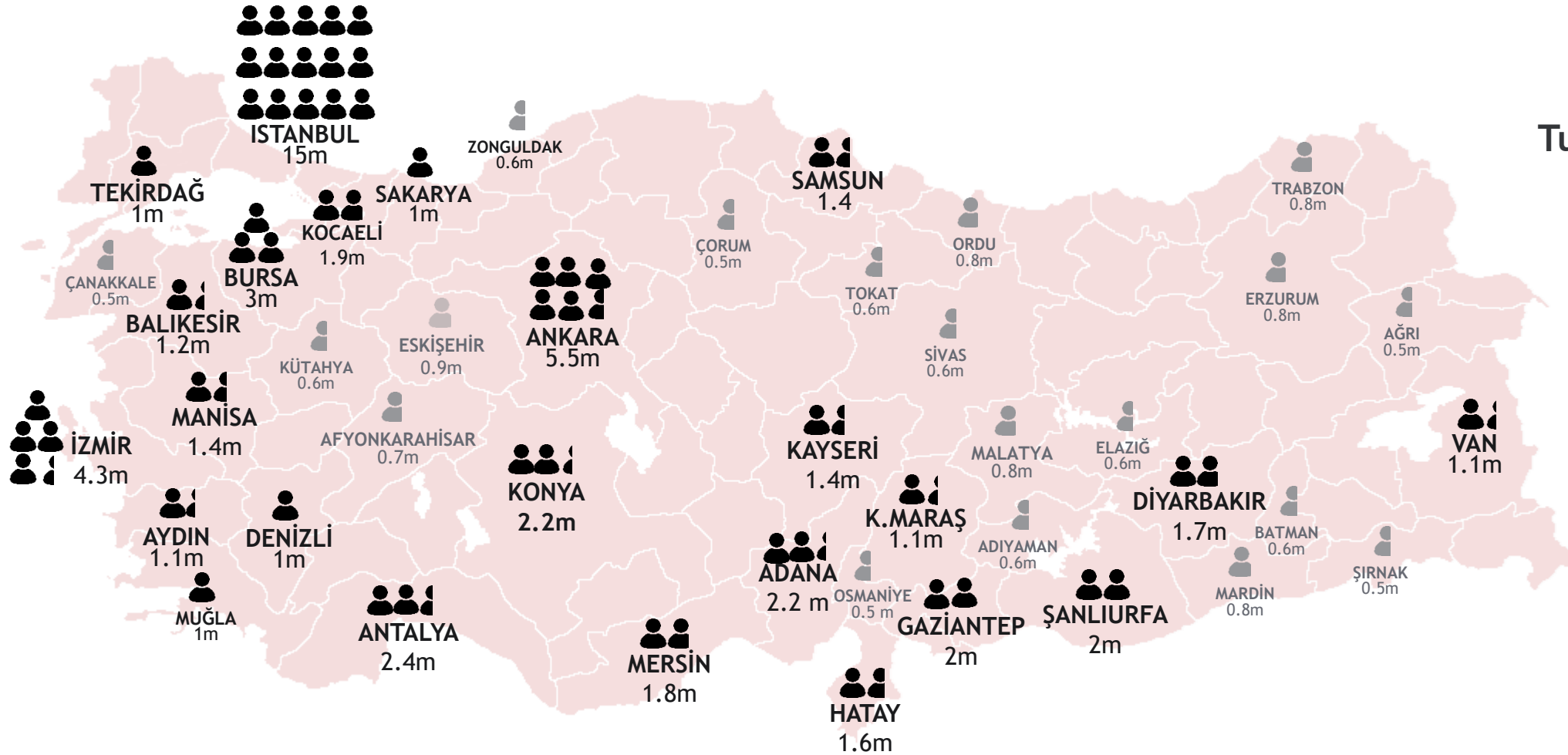
Income per capita

(GDP per capita at purchasing power parity)





23 urban centers with populations over 1 million (m)



Turkey's Population in 2018

82
MILLION

Domestic Market + EU

Domestic market + EU market + Free Trade Area



+



in 27 countries with Free Trade Agreements

+



Strategic Location

to manufacture, export and manage...



PROXIMITY TO MAJOR MARKETS

1.5 billion people and \$24T 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

Nestlé Production base for MENA

BOSS HUGO BOSS Its largest production facility worldwide

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

16 TIME ZONES

B/S/H/ 89 countries

GE Healthcare 80 countries

KNAUF 80 countries

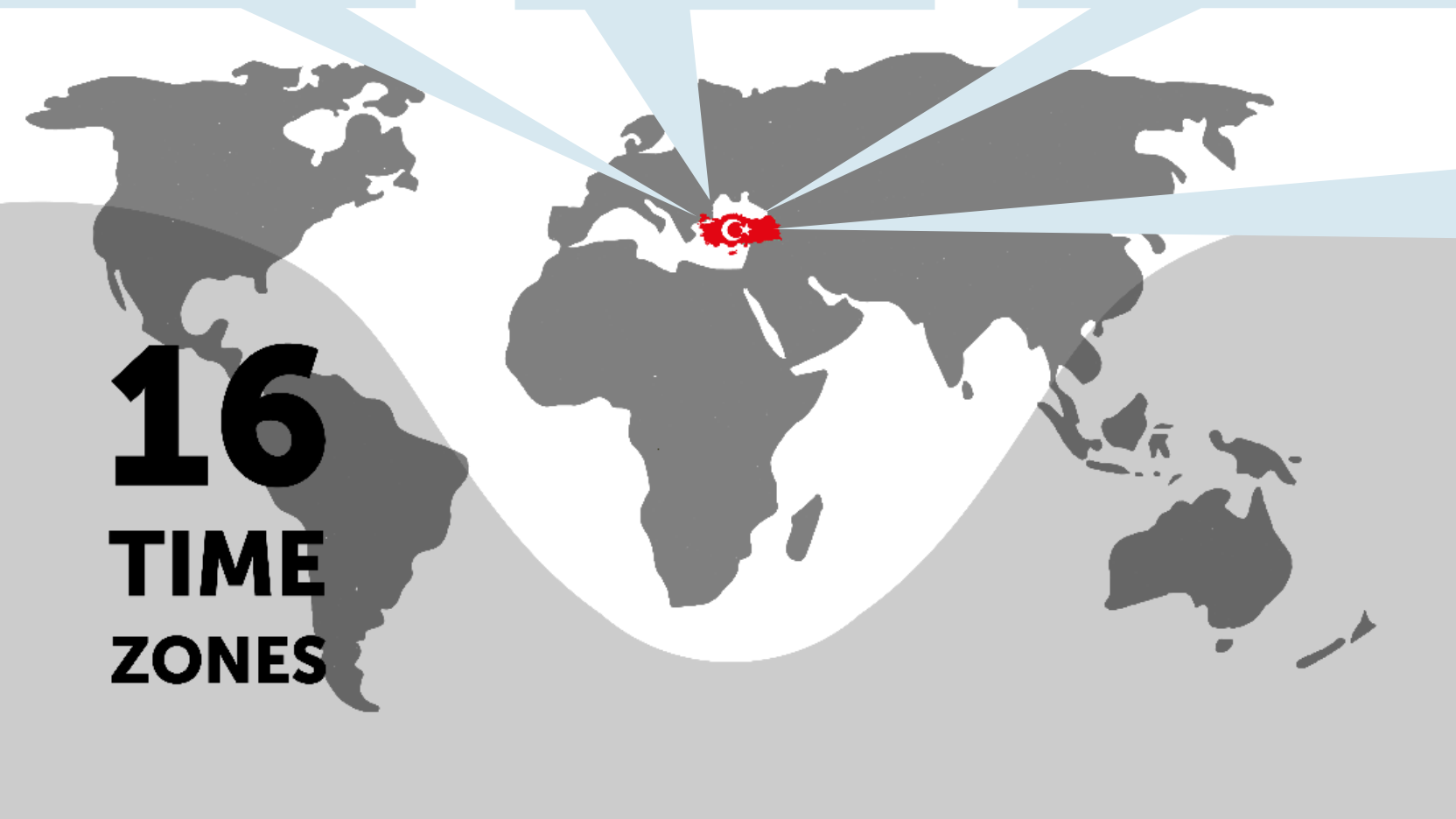
thyssenkrupp 72 countries

intel 67 countries

POWERCHINA 63 countries

Verifone 60 countries

gsk 30 countries

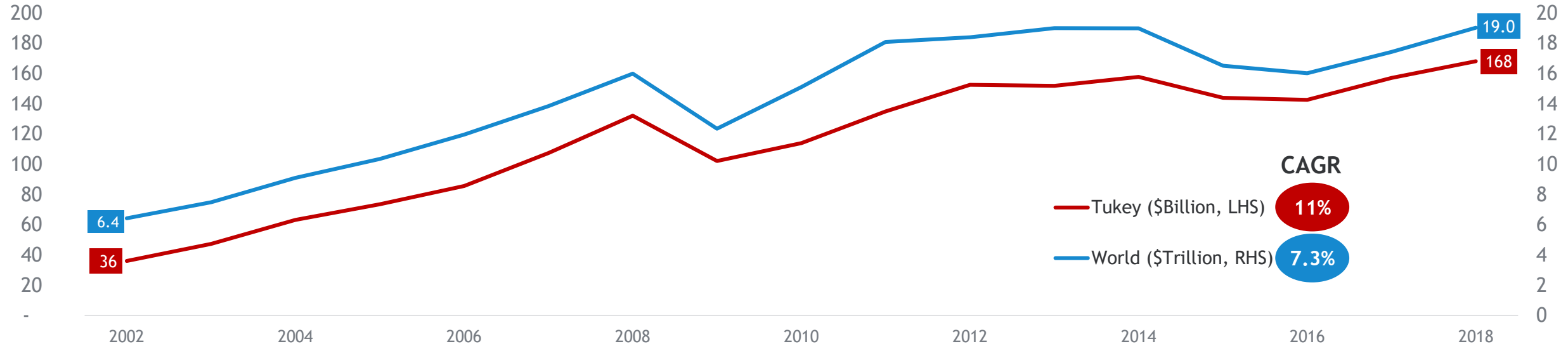


Strategic Location

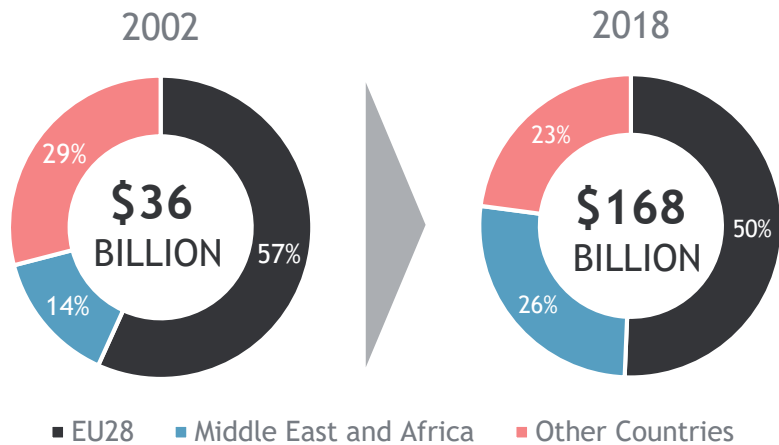
The convenient location has enabled Turkey to tap significant export opportunities with increasing diversified markets and products...



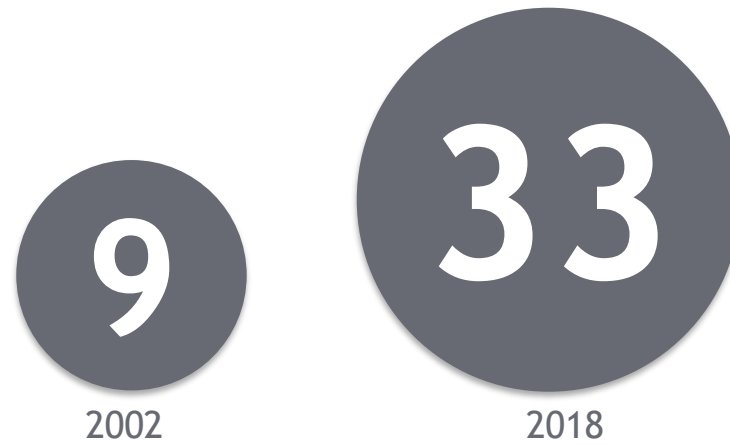
Exports of Goods in Turkey and World



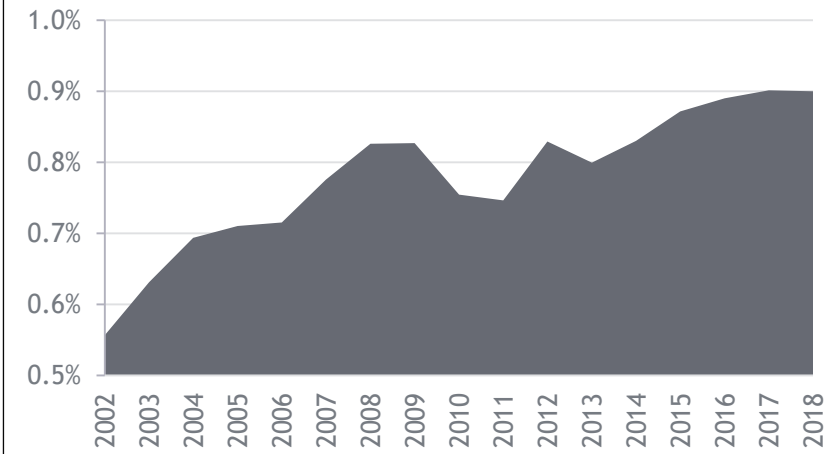
Merchandise Exports by Geography



Number of Export Products over \$1 Billion

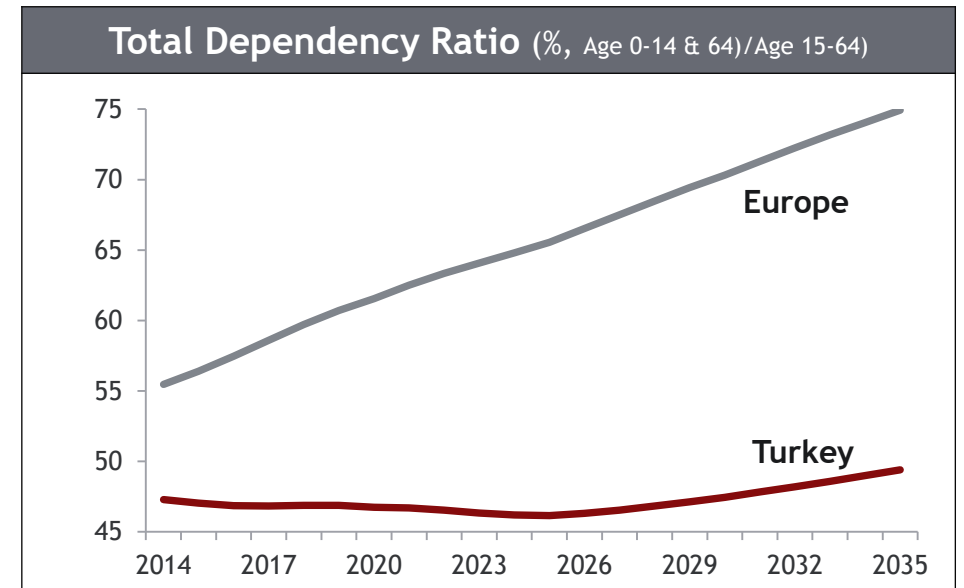
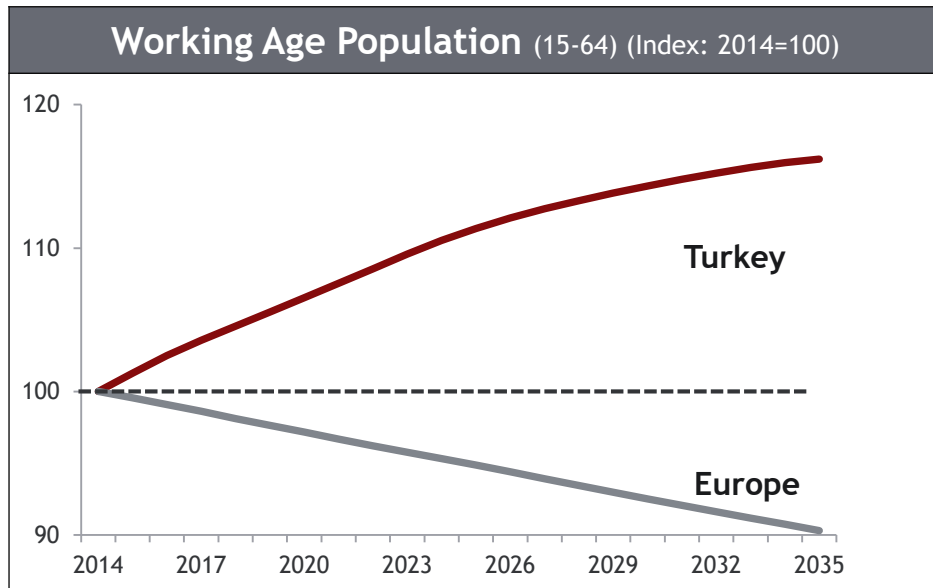
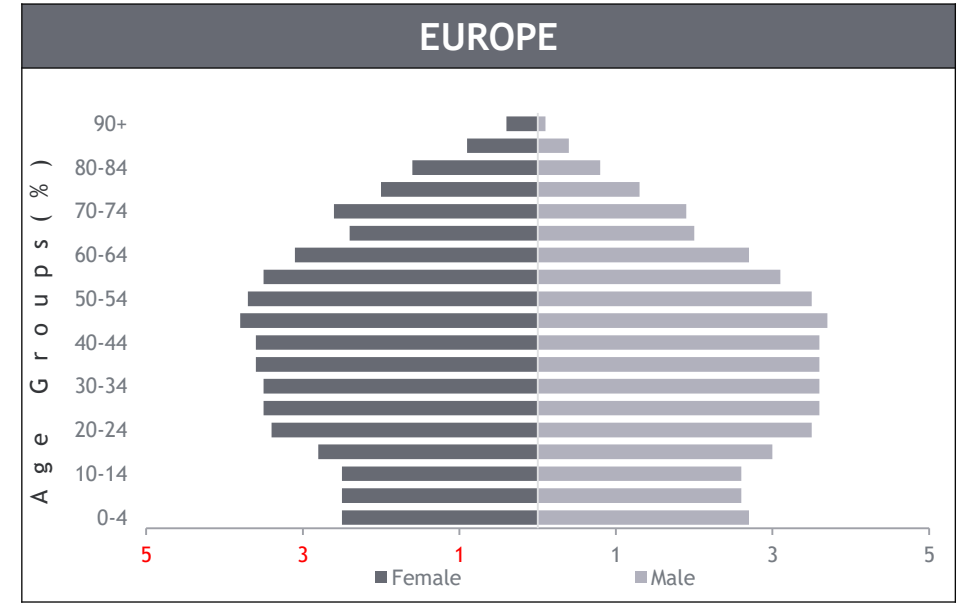
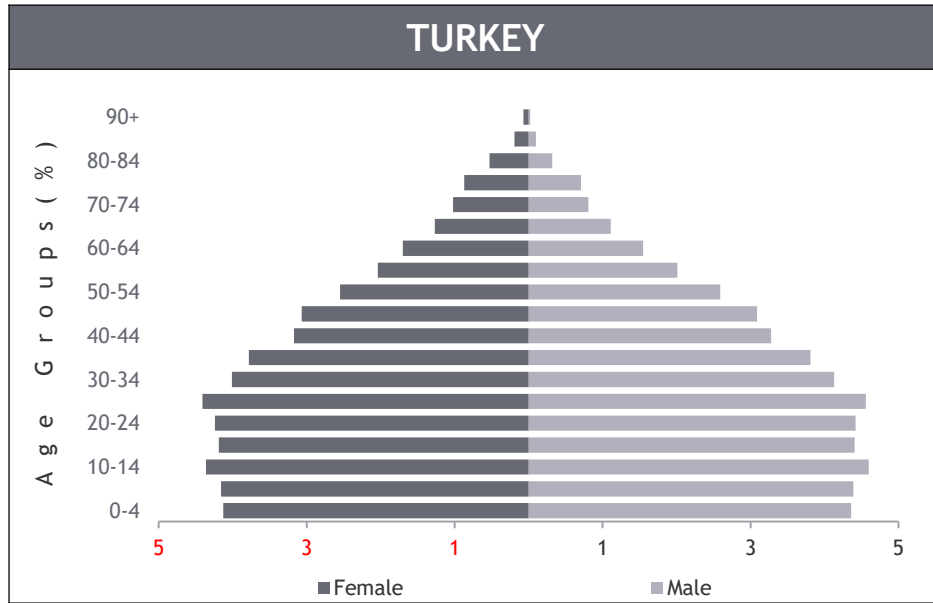


Turkey's Share in Global Exports of Goods



Favorable Demographics

half of population under age 31..

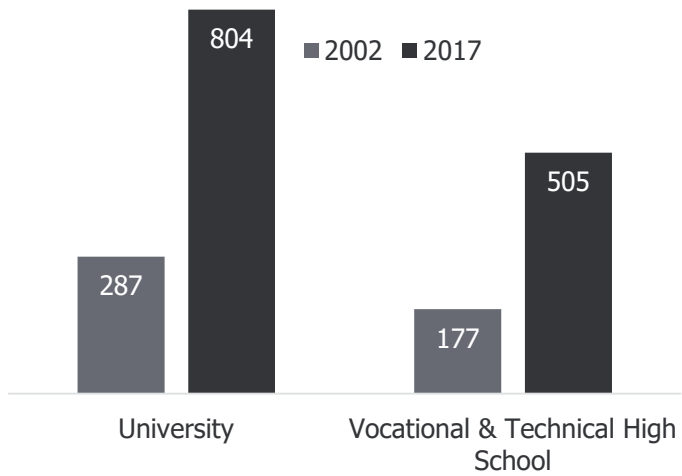


Skilled Workforce with Cost Advantage

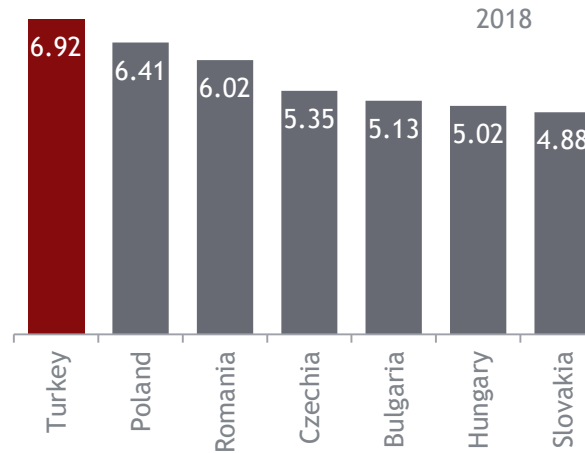
Turkey's education system has been upgraded to support a skilled labor pool that meets business requirements..



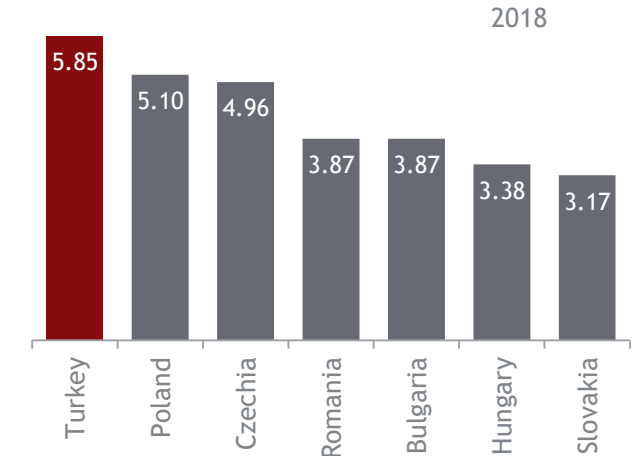
Annual Number of Graduates (thousands)



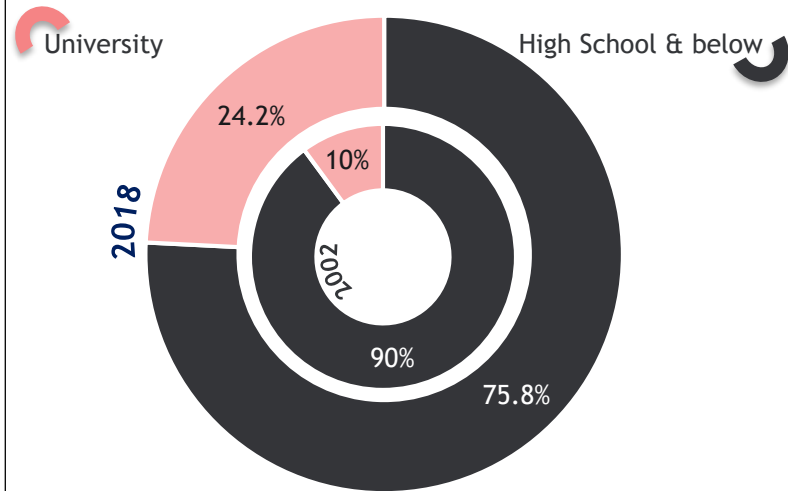
Availability of Qualified Engineers (10=Available; 0=Unavailable)



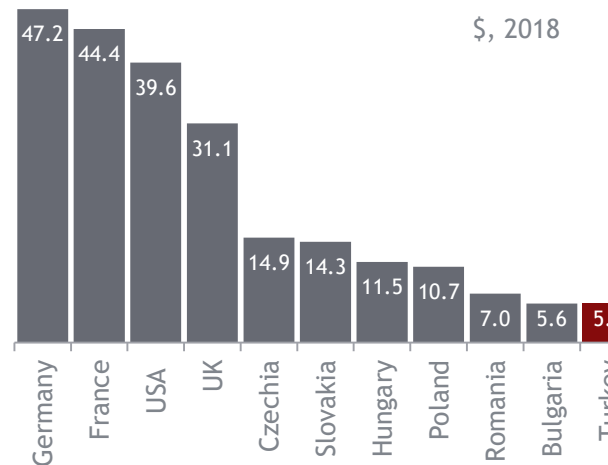
Availability of Competent Senior Managers (10=Available; 0=Unavailable)



Labor Force by Education Level

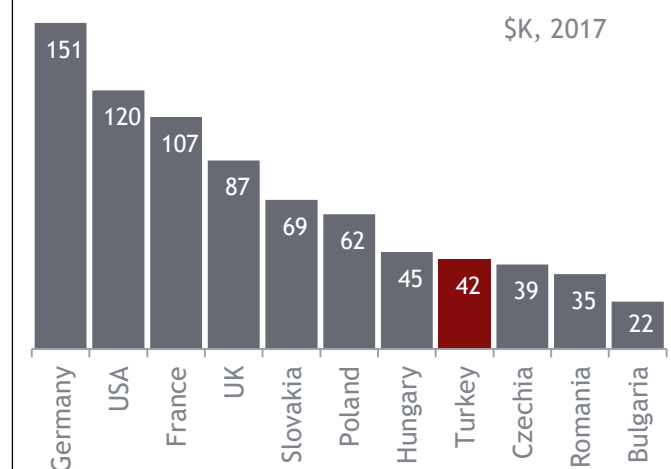


Labor Cost per hour in Manufacturing



Remuneration of Management/Engineer

Total base salary plus bonuses and long-term incentives

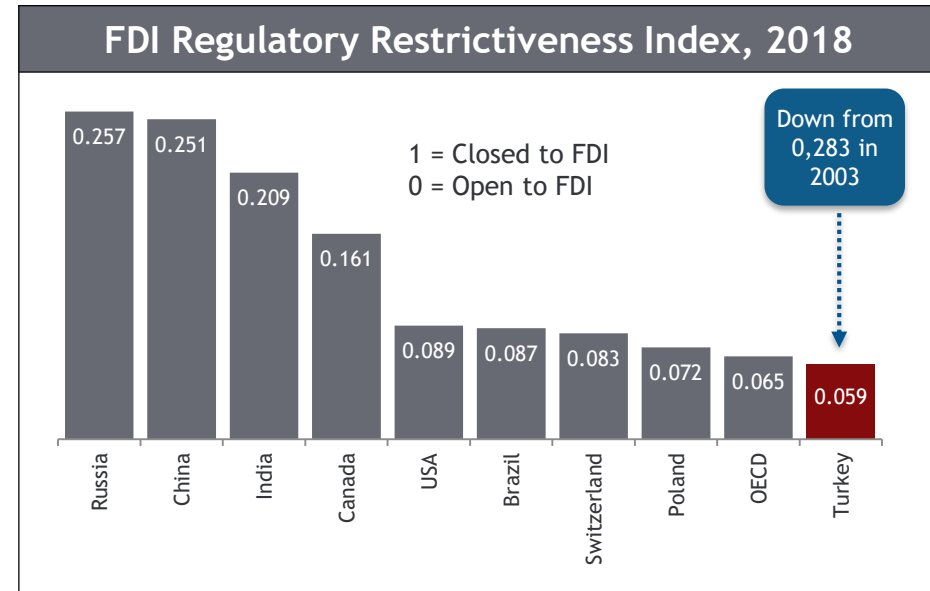
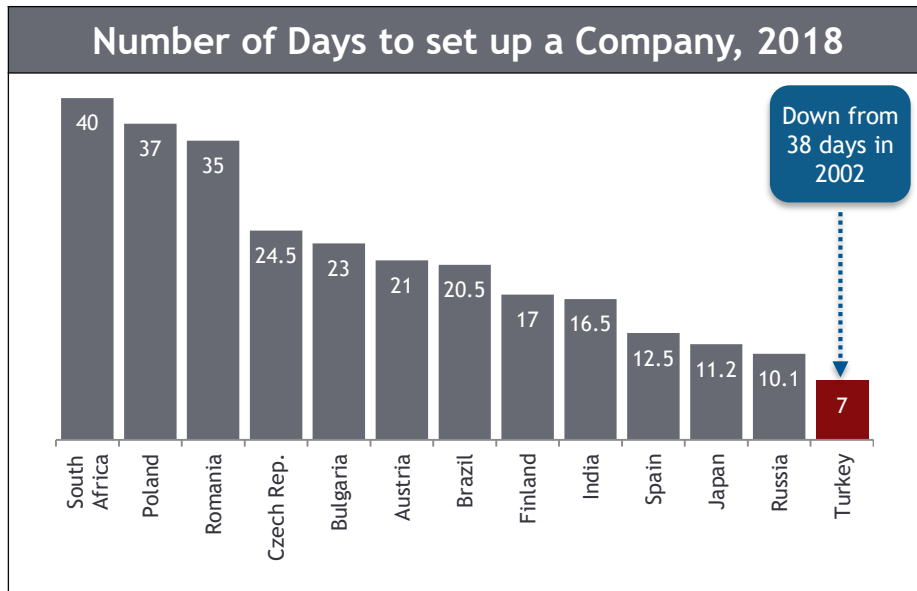
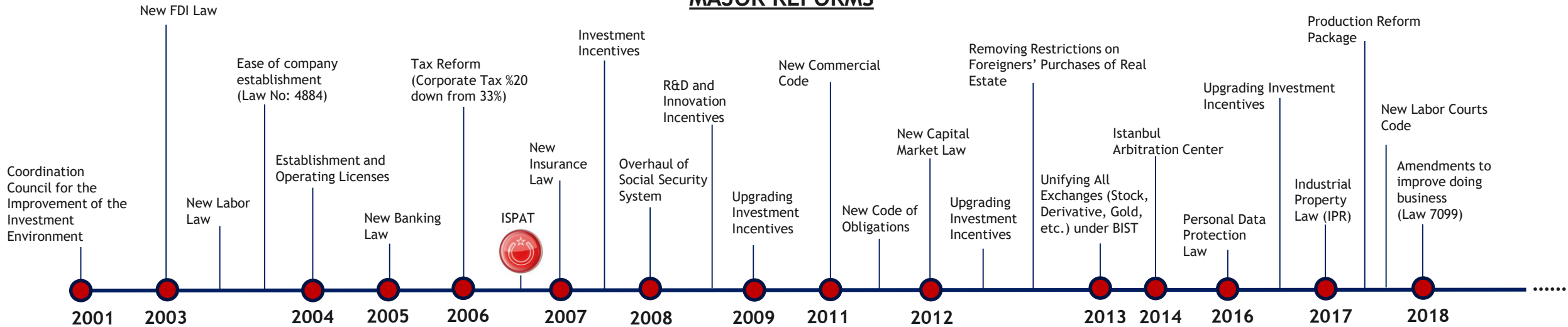


Reforms

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



MAJOR REFORMS

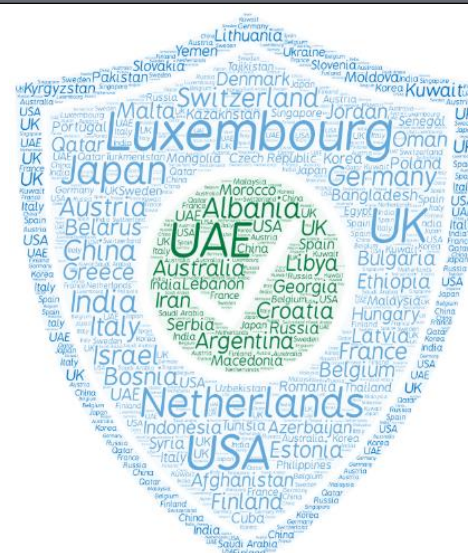




Foreign Direct Investment Law



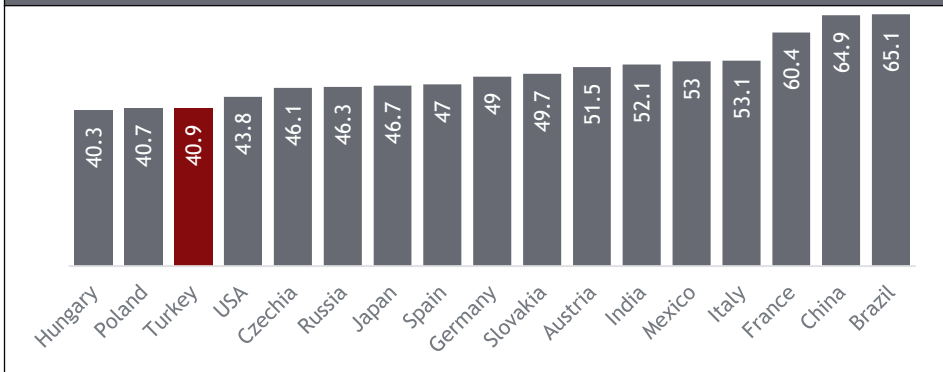
Bilateral Investment Protection Treaties with 75 countries



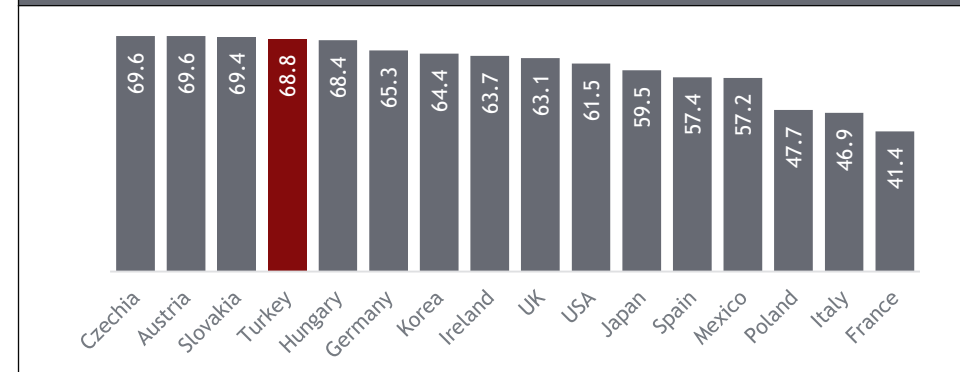
Treaties to avoid Double Taxation with 80 countries



Total Tax and Contribution Rate, 2018 (% of Profit)



International Tax Competitiveness, 2018 (Index=100 as most competitive)



Source: Ministry of Economy, Ministry of 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



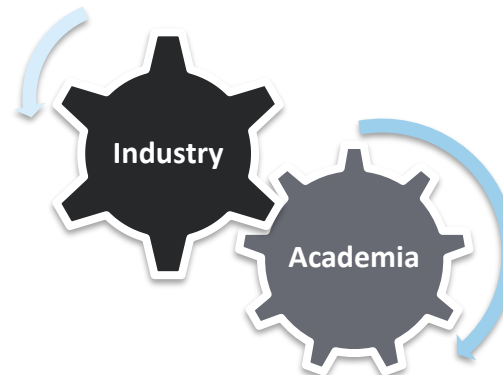
Incentives for Service Exporters

- ✓ 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+



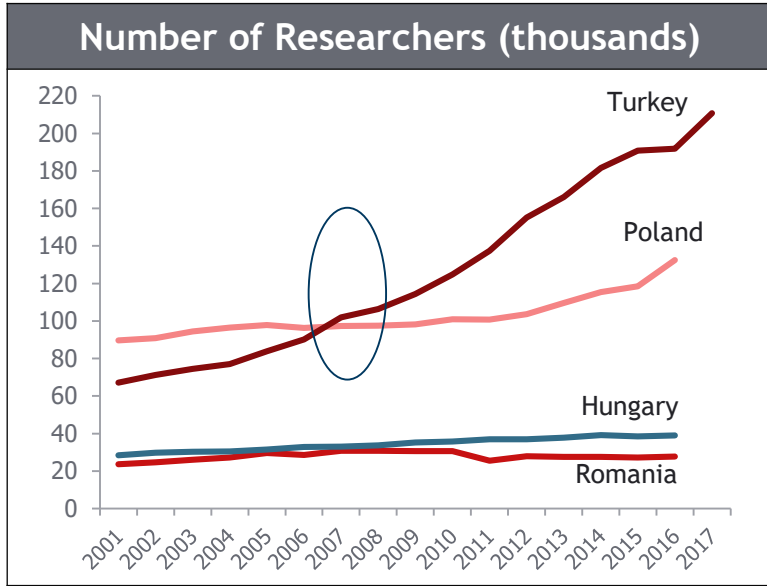
R&D and Innovation Incentives

- ✓ Tax deduction & exemption +

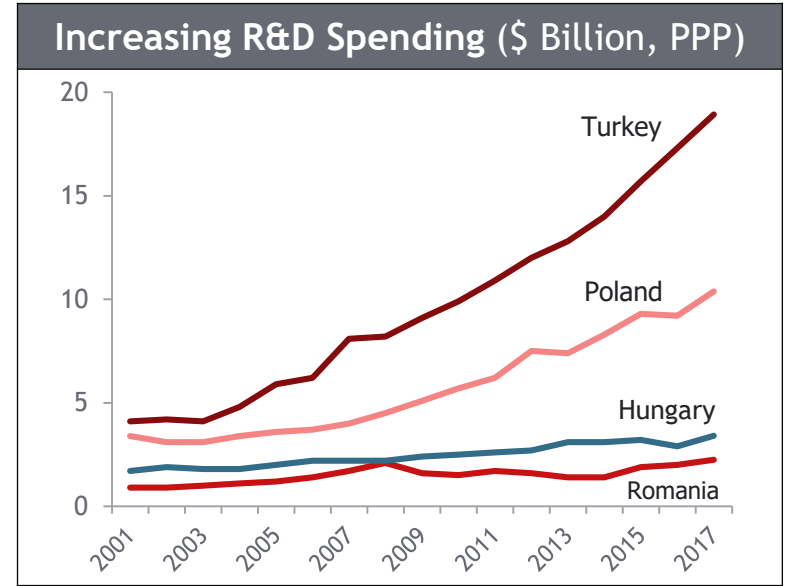
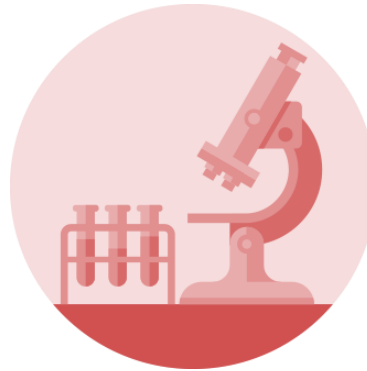


Benign R&D Ecosystem

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



Over 100 R&D centers by foreign companies

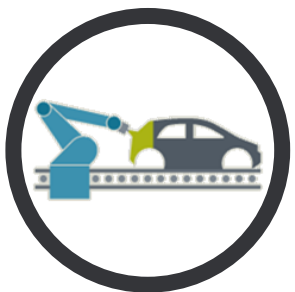


Selected Foreign Companies conducting R&D in Turkey



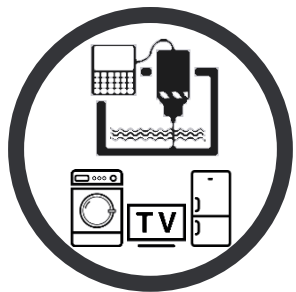
Opportunities

Turkey offers abundant opportunities in a variety of sectors..



AUTOMOTIVE

- 15th largest manufacturer
- 1.6 million vehicle produced
- Market: \$24 billion
- Export: \$32 billion



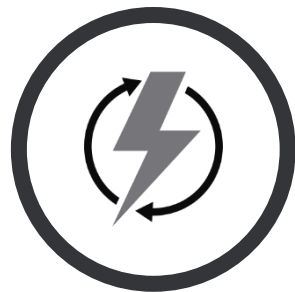
MACHINERY & ELECTRICAL EQP.

- 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



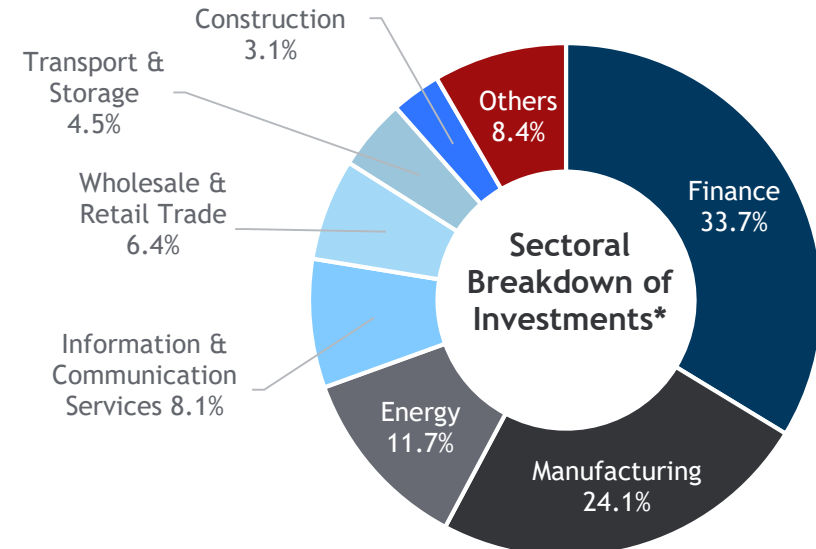
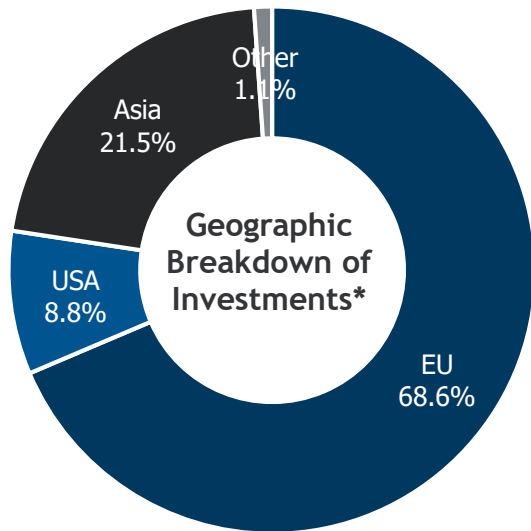
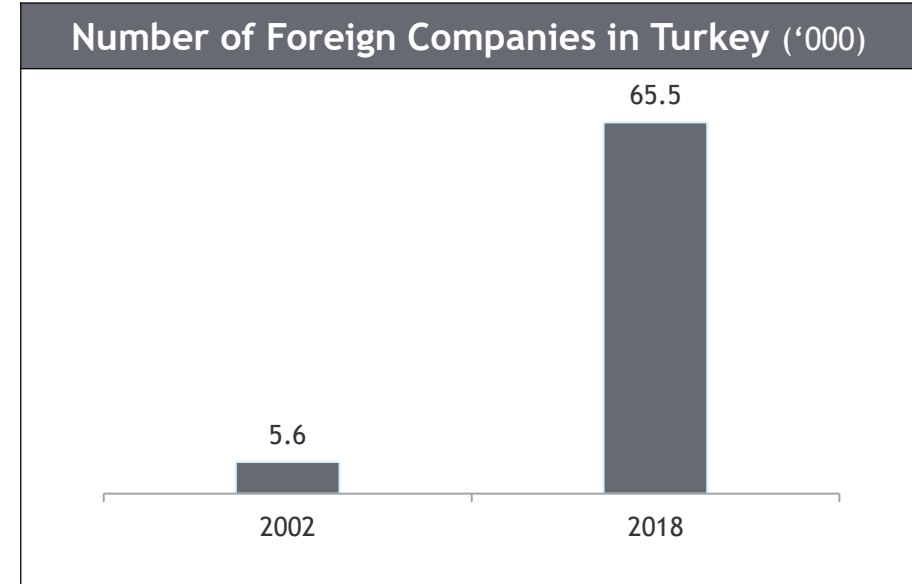
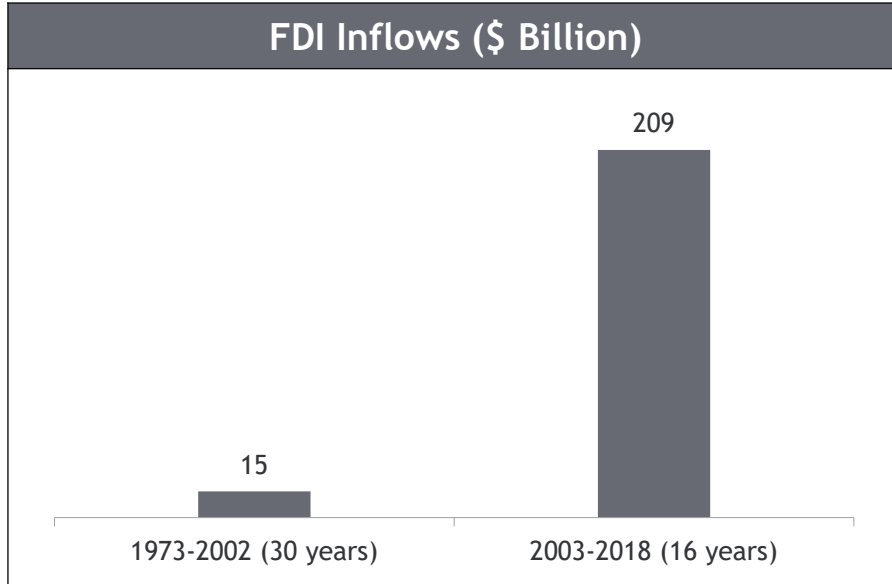
FINANCE

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

OPPORTUNITIES

Foreign Direct Investment (FDI)

Turkey's value has been appreciated by foreign investors with increasing FDI inflow to Turkey...

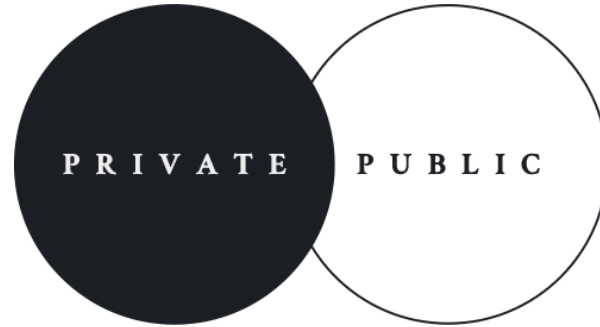


What can Invest in Turkey do for you?

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



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

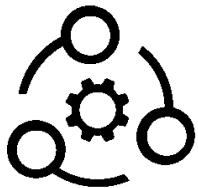


Site selection support to find appropriate location/land for your investment



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



www.invest.gov.tr