

WHY INVEST IN TURKEY?

March 2021



PRESIDENCY OF THE
REPUBLIC OF TURKEY
**INVESTMENT
OFFICE**



10 reasons to invest in Turkey



Robust
Economy



Domestic
Market + EU



Strategic
Location



Favourable
Demographics



Skilled Workforce
with Cost
Advantage



Continuous
Reform Process



Business-friendly



Lucrative
Incentives



Benign R&D
Ecosystem



Opportunities



13TH LARGEST ECONOMY IN THE WORLD



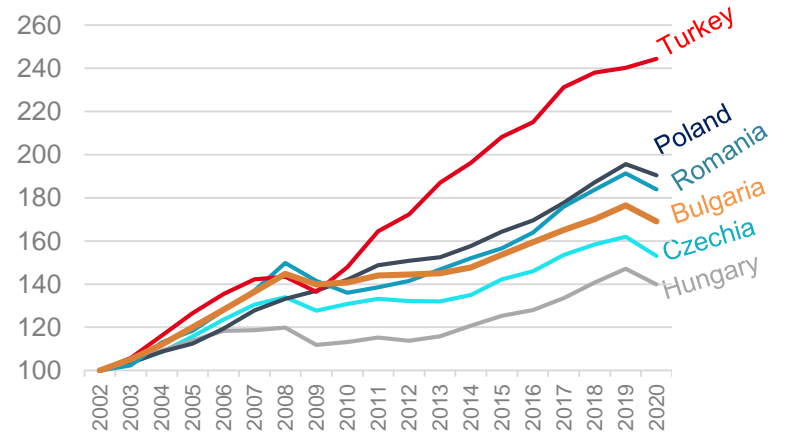
AVERAGE ANNUAL GDP GROWTH (%), 2002-2020



RANKING OF ECONOMIES BY GDP AT PPP

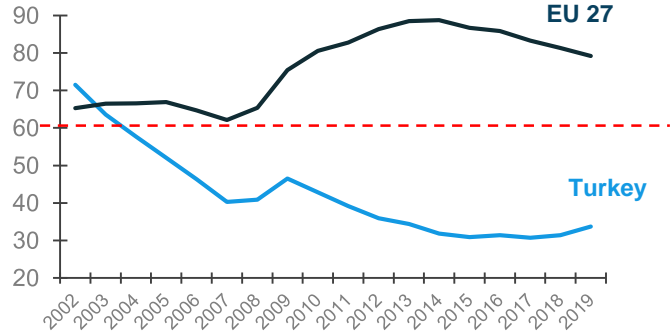
| 2003 | | 2019 | |
|------|-----------|------|-----------|
| 1 | USA | 1 | CHINA |
| 2 | CHINA | 2 | USA |
| 3 | JAPAN | 3 | INDIA |
| 4 | GERMANY | 4 | JAPAN |
| 5 | INDIA | 5 | GERMANY |
| 6 | RUSSIA | 6 | RUSSIA |
| 7 | FRANCE | 7 | INDONESIA |
| 8 | UK | 8 | BRAZIL |
| 9 | BRAZIL | 9 | UK |
| 10 | 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 |

REAL GDP GROWTH (INDEX: 2002=100)

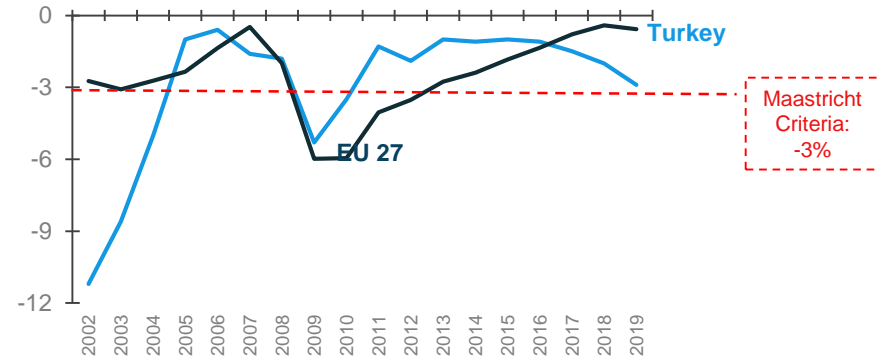


STRONG MACROECONOMIC FUNDAMENTALS HAVE BEEN BASED ON SUCCESSFUL PUBLIC FINANCE MANAGEMENT

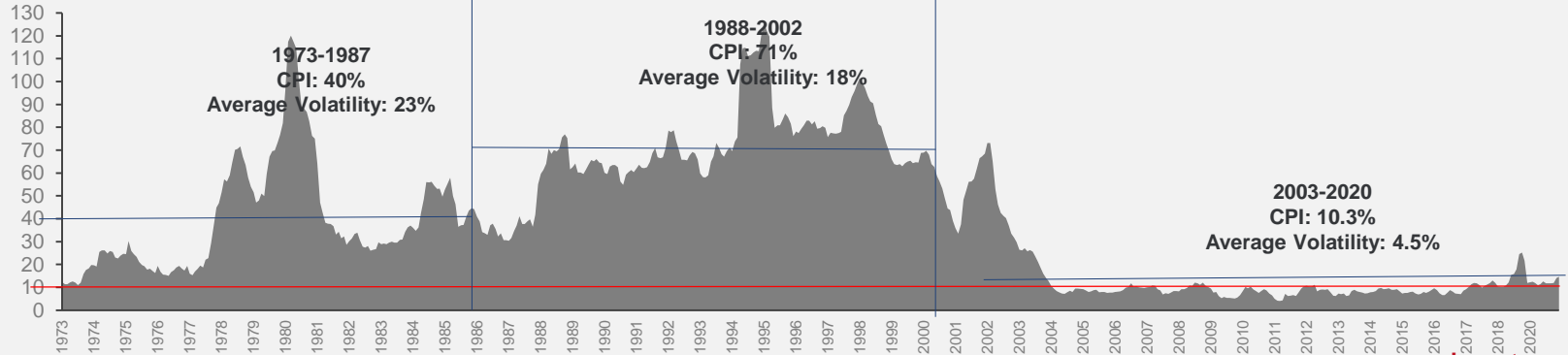
Gross Public Debt Stock as % of GDP



Budget Balance as % of GDP



Annual Inflation (%)

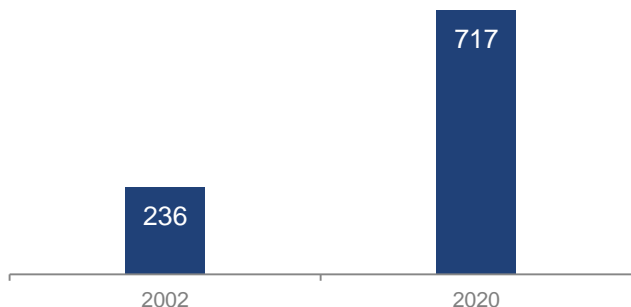


DRIVEN BY A DIVERSIFIED STRUCTURE, TURKISH ECONOMY HAS MORE THAN TRIPLED OVER THE PAST 18 YEARS

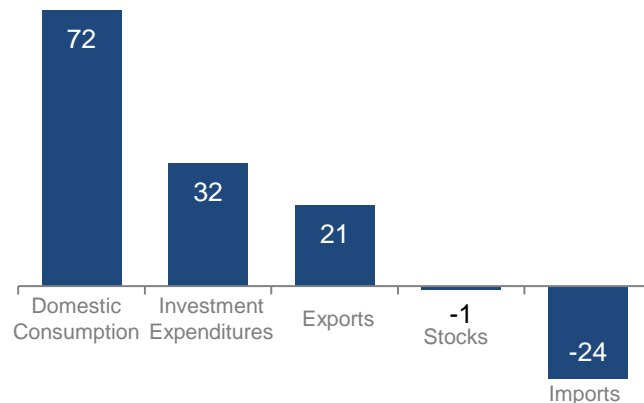
Turkish economy has more than tripled over the past 18 years and is promising more growth in future

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

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



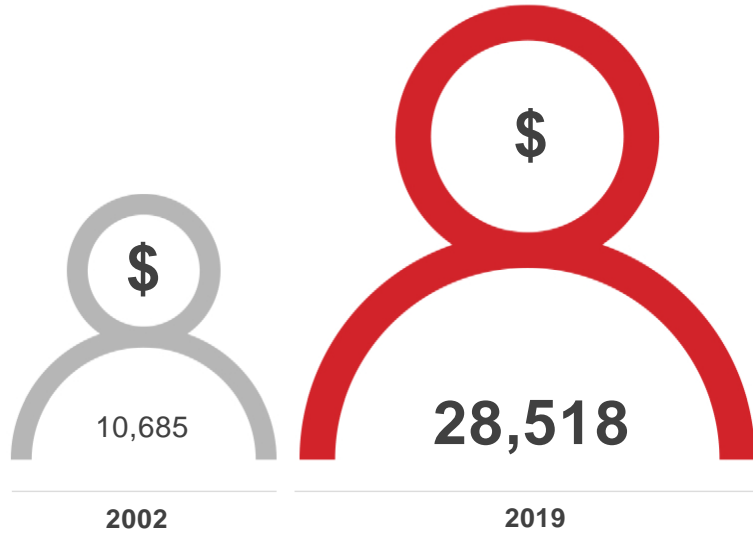
Contribution to GDP Growth 2002-2020 (%)



TURKEY'S ECONOMIC GROWTH HAS PAVED THE WAY FOR EMERGENCE OF A SIZEABLE MIDDLE-CLASS WITH AN INCREASING PURCHASING POWER

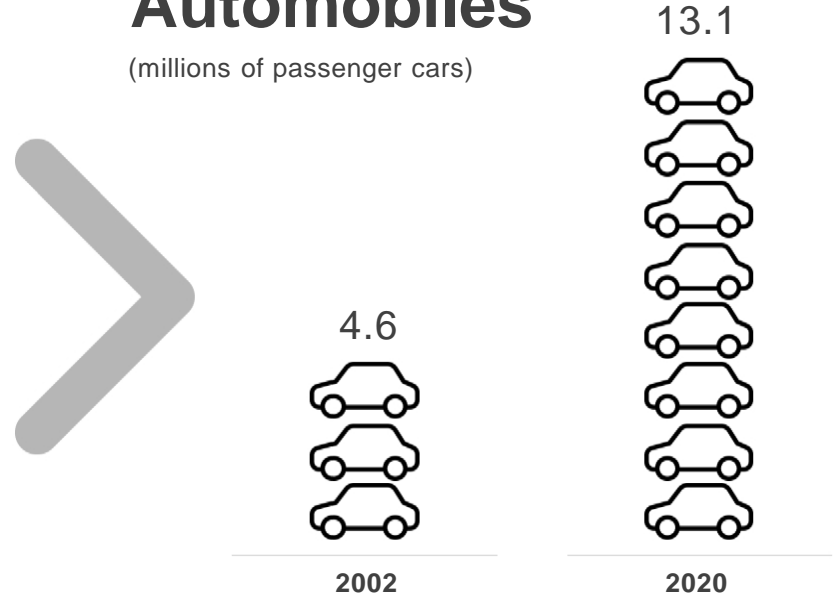
Income per capita

(GDP per capita at purchasing power parity)



Stock of Automobiles

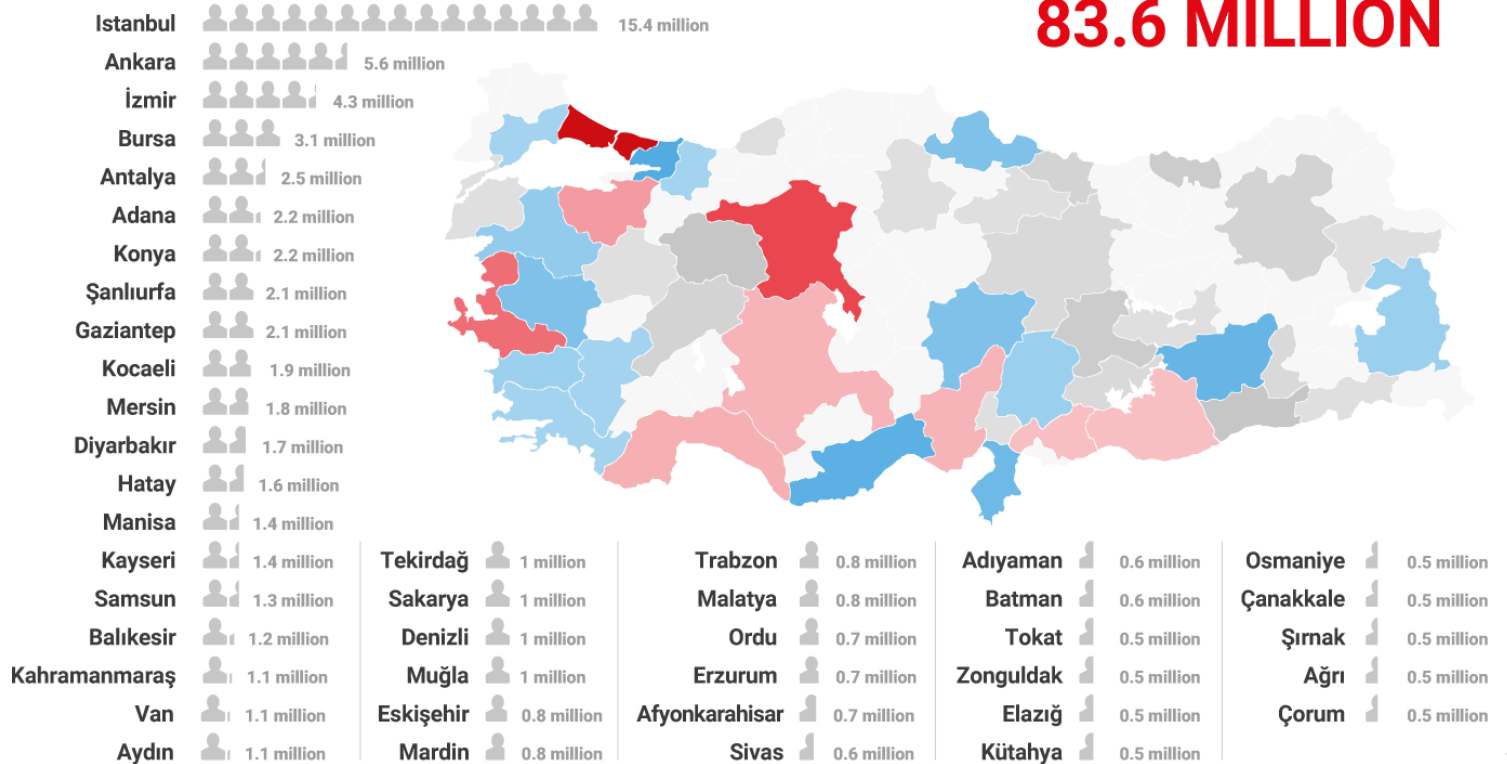
(millions of passenger cars)



THE DOMESTIC MARKET IS FURTHER SUPPORTED BY EMERGING URBAN CENTERS ACROSS TURKEY

24 urban centers with populations over 1 million

Total Population in 2020
83.6 MILLION



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



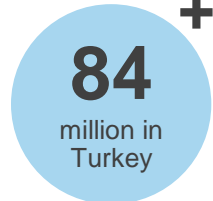
+



in 28 countries with Free Trade Agreements



+
















16
TIME
ZONES

”
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 323 destinations in 127 countries

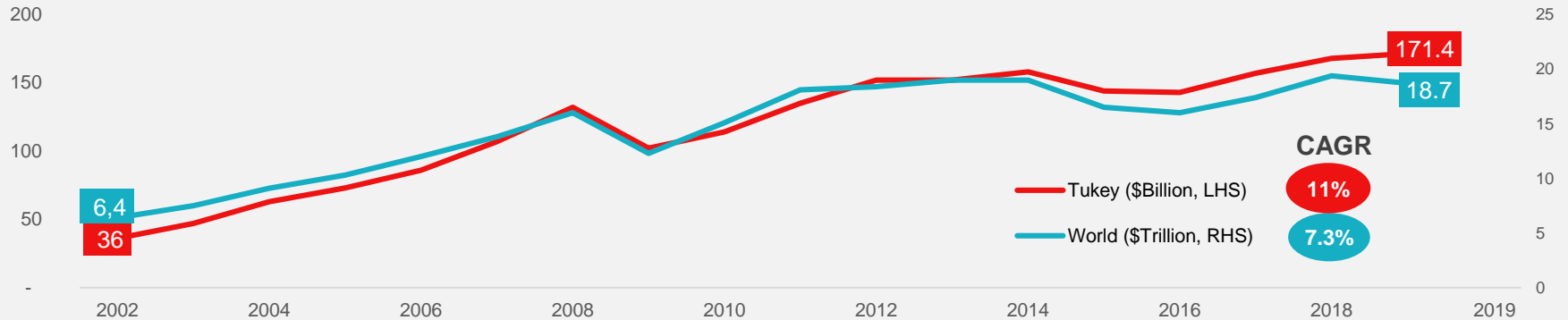
”
MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

”
AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

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

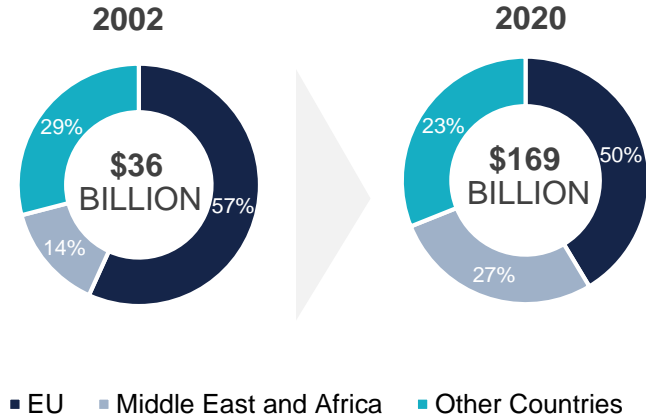
THE CONVENIENT LOCATION HAS ENABLED TURKEY TO TAP SIGNIFICANT EXPORT OPPORTUNITIES WITH INCREASING DIVERSIFIED MARKETS AND PRODUCTS

Exports of Goods in Turkey and World

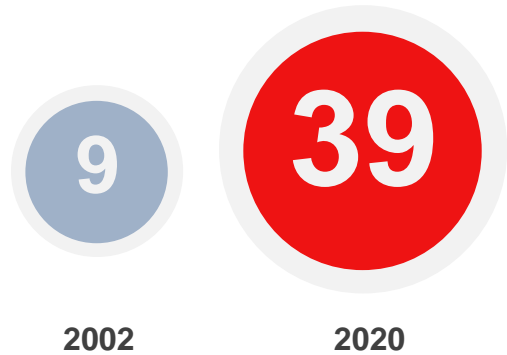


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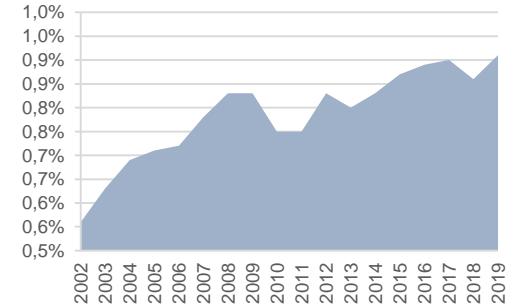
Merchandise Exports by Geography



Number of Export Products over \$1 Billion

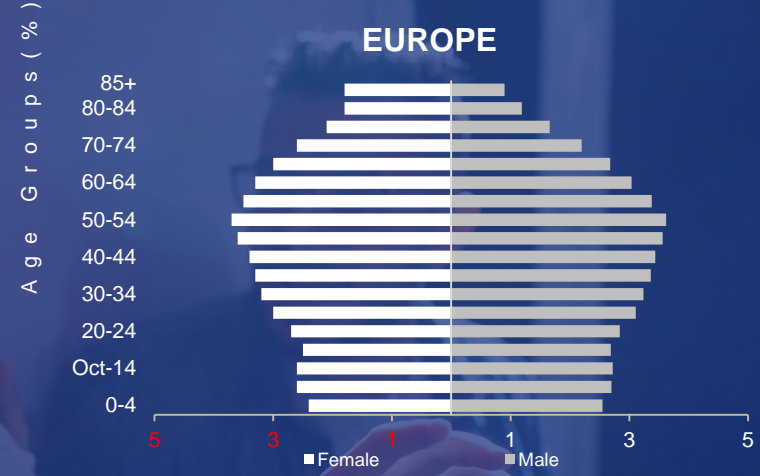
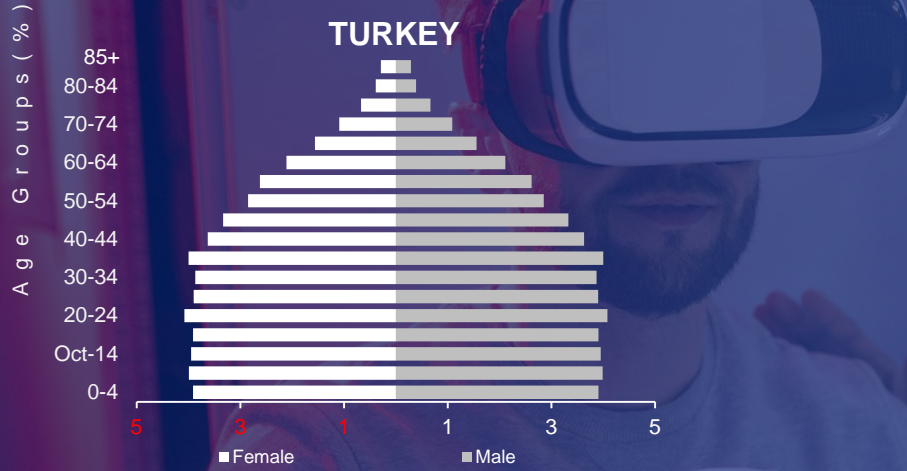


Turkey's Share in Global Exports of Goods

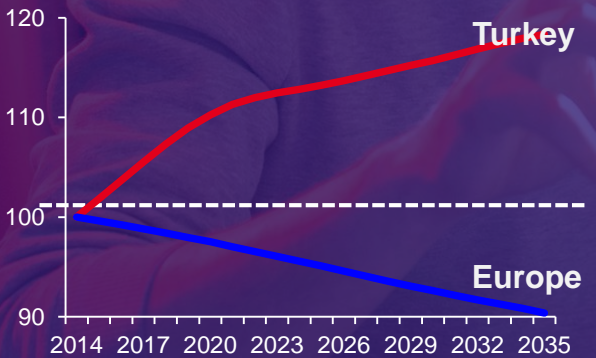


FAVORABLE DEMOGRAPHICS

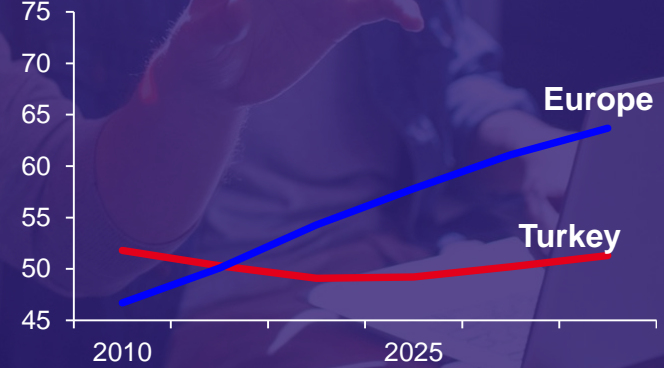
...HALF OF POPULATION UNDER AGE 32.7



Working Age Population (15-64+) (Index: 2014=100)



Total Dependency Ratio (% , Age 0-14 & 64+ / Age 15-64)

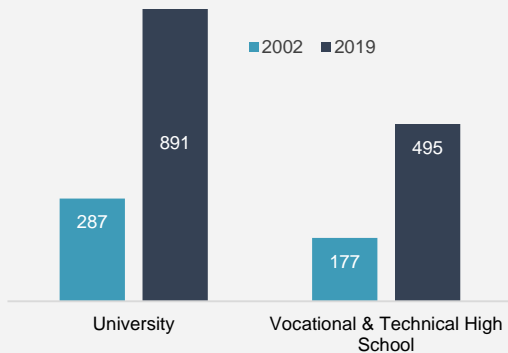


Source: Turkstat, Eurostat, UN, 2019

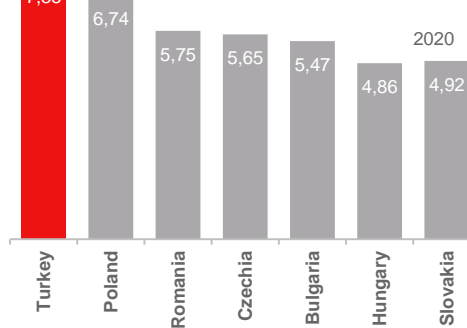
SKILLED WORKFORCE WITH COST ADVANTAGE

TURKEY'S EDUCATION SYSTEM HAS BEEN UPGRADED TO SUPPORT A SKILLED LABOR POOL THAT MEETS BUSINESS REQUIREMENTS..

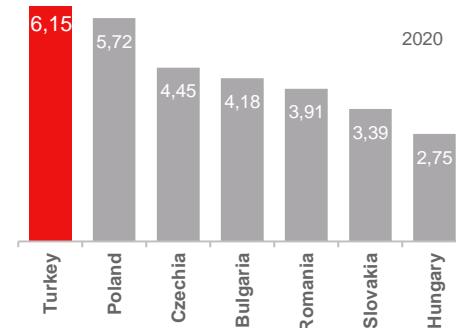
Annual Number of Graduates (thousands)



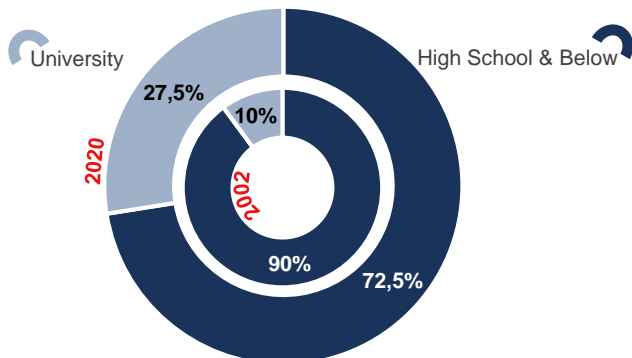
Availability of Qualified Engineers (10=Available; 0=Unavailable)



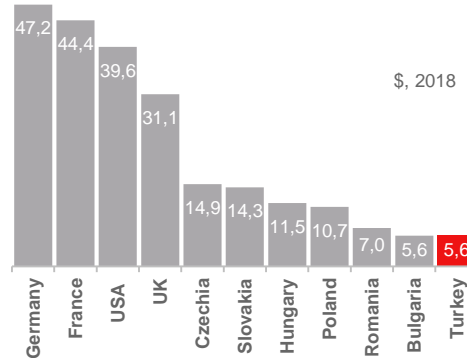
Availability of Competent Senior Managers (10=Available; 0=Unavailable)



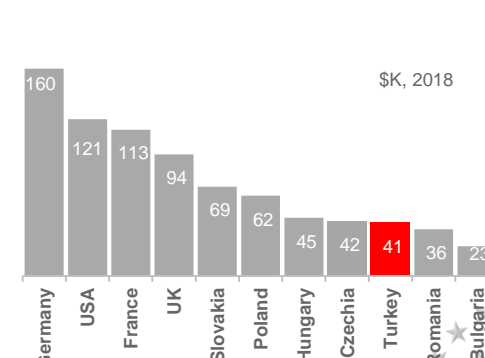
Labor Force by Education Level



Labor Cost per hour in Manufacturing

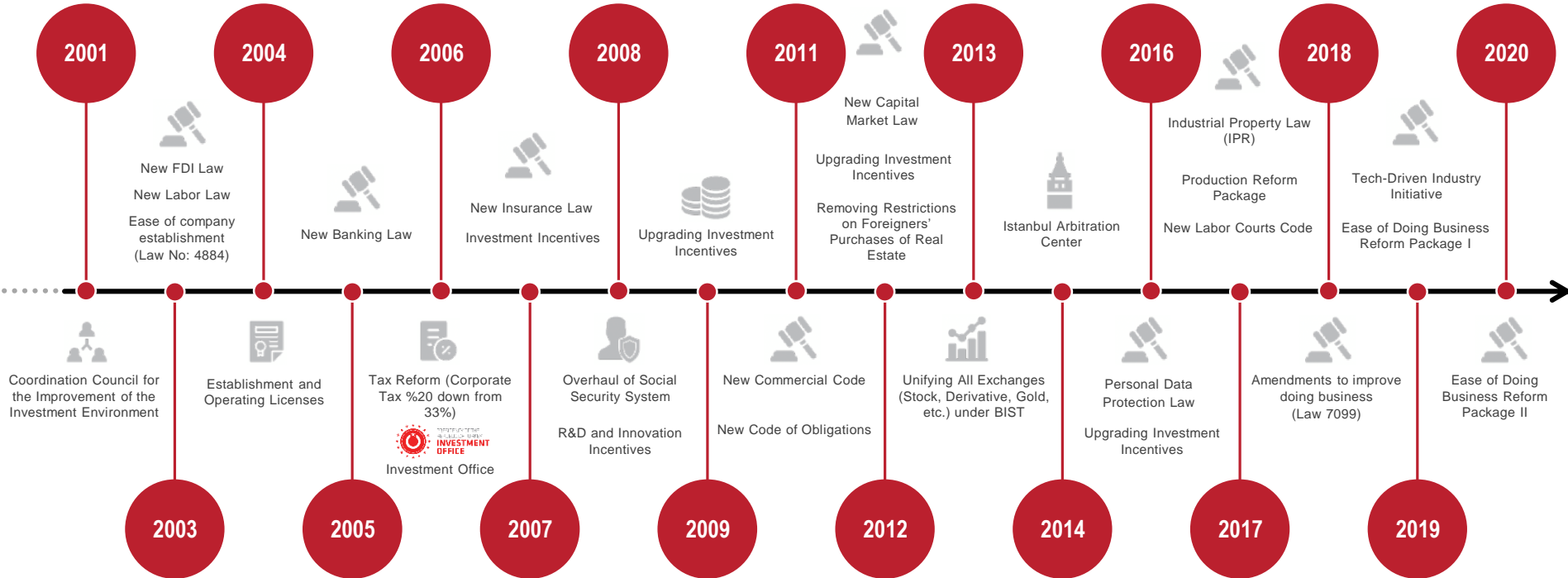


Remuneration of Management/Engineer (Total base salary plus bonuses and long-term incentives)



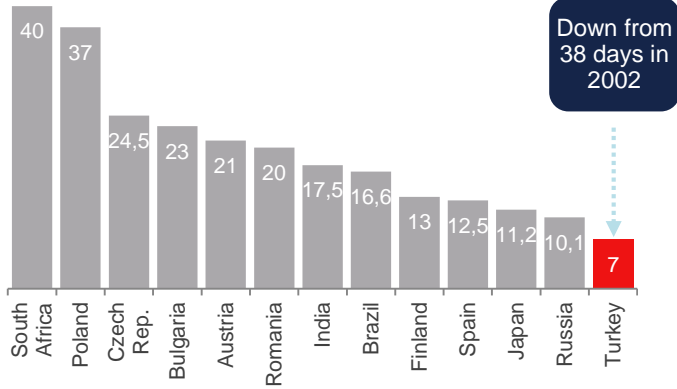
TURKEY HAS IMPLEMENTED SWEEPING REFORMS IN MANY AREAS AND CONTINUES TO INTRODUCE NEW REFORMS

MAJOR REFORMS

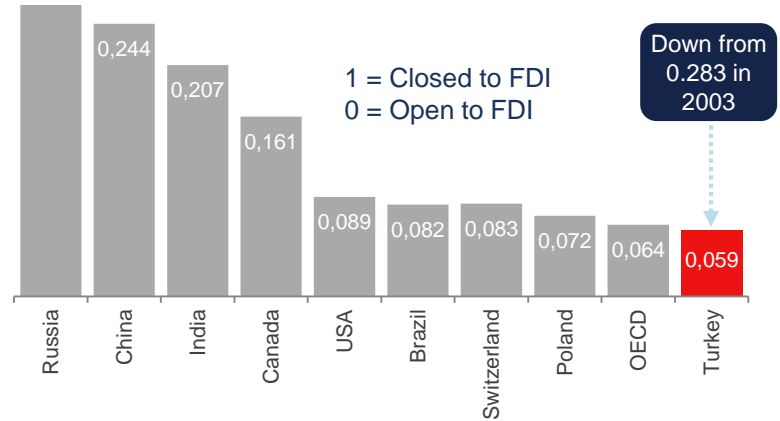


TURKEY HAS IMPLEMENTED SWEEPING REFORMS IN MANY AREAS AND CONTINUES TO INTRODUCE NEW REFORMS

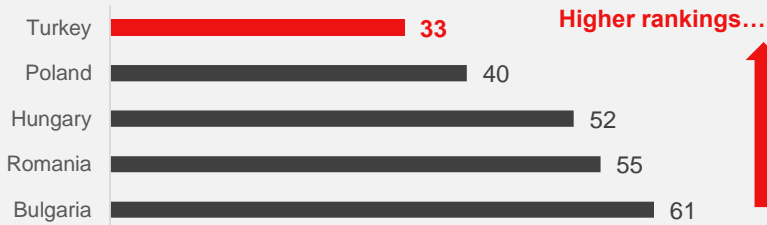
Number of Days to set up a Company, 2020



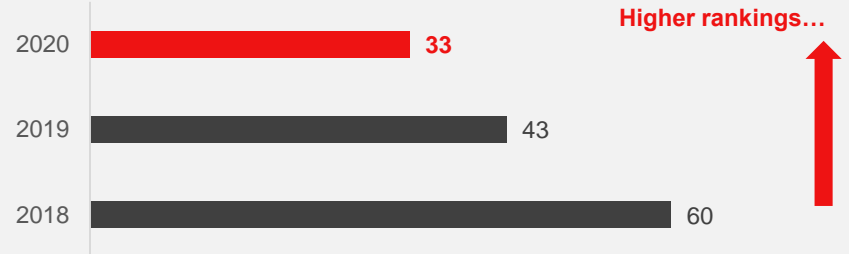
FDI Regulatory Restrictiveness Index, 2019



Ease of Doing Business Ranking, 2020



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





**Foreign Direct
Investment Law**

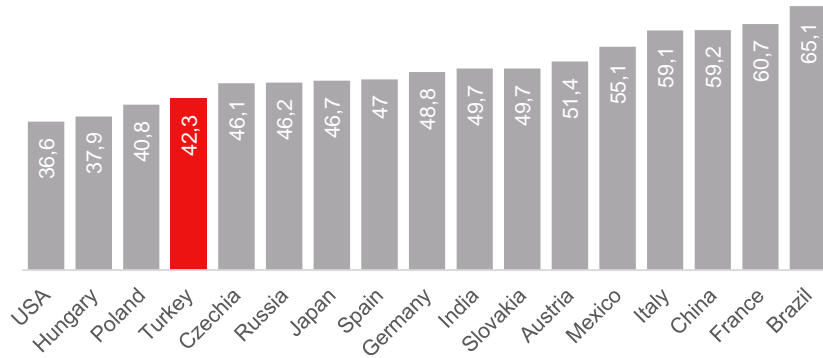


**Bilateral Investment
Protection Treaties with
82 countries**

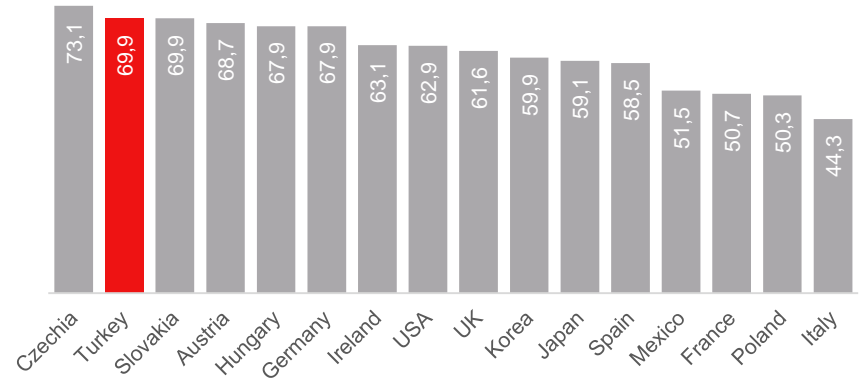


**Treaties to avoid
Double Taxation with
86 countries**

Total Tax and Contribution Rate*, 2019
(% of Profit)



International Tax Competitiveness, 2020**
(Index=100 as most competitive)



Source: World Bank, Tax Foundation, *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.)



Manufacturing Incentives

- ✓ Tax deduction & exemption +



Employment Incentives

- ✓ Payroll & Training support +



R&D and Innovation Incentives

- ✓ Tax deduction & exemption +



Incentives for Service Exporters

- ✓ Tax deduction for exporting services in;

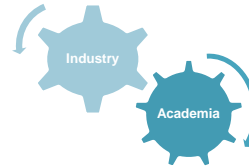
Engineering
Architecture
Design
Software
Medical Reporting

Accounting
Call Center
Datacenter
Education
Healthcare



Technology Development Zones

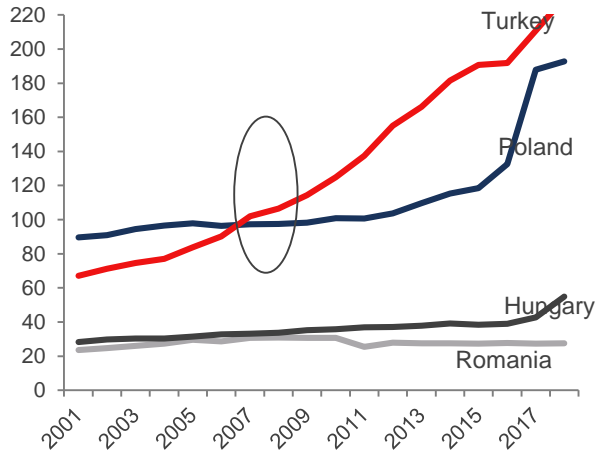
- ✓ To support R&D
- ✓ Tax deduction & exemption +



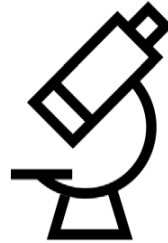
Exclusive Zones

- Free Zones
- ✓ Tax deduction & exemption +
- Organized Industrial Zones
- ✓ Developed infrastructure

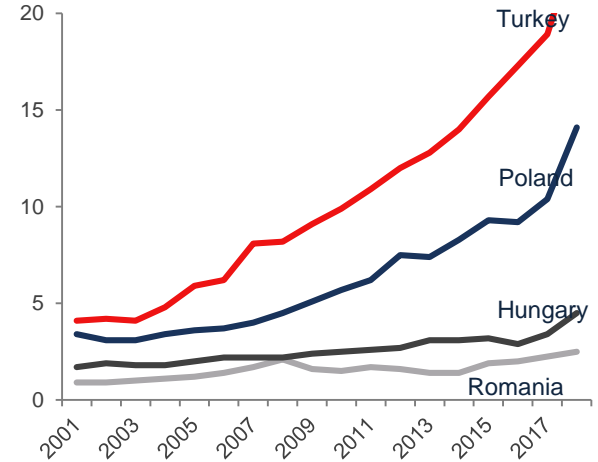
Number of Researchers
(thousands)



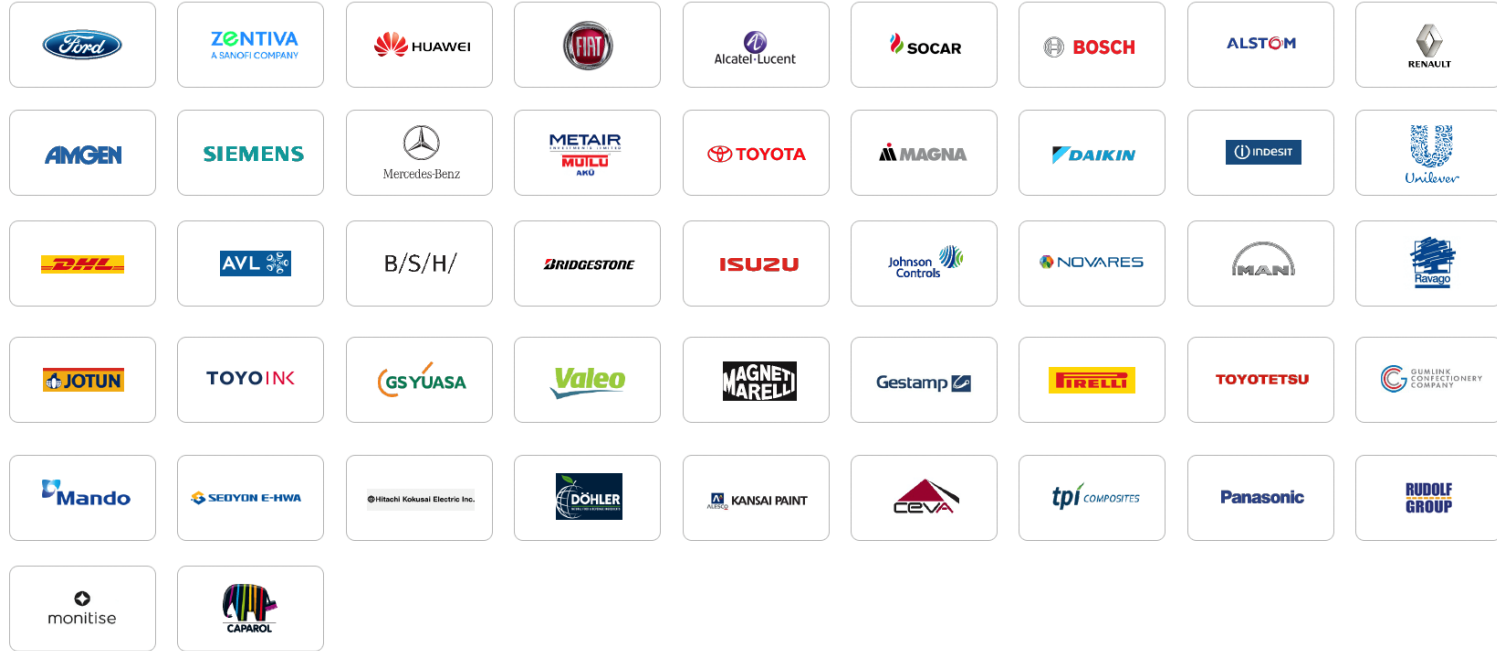
Over 210 R&D centers by foreign companies



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.**



1,534 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 **5,586 fully-equipped vehicles and 21 aircrafts.**



Turkey exported **41.7 million USD** worth of **ventilators** in **2020**, up from **10.8 million USD** in **2019**.



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 16%.**

TURKEY OFFERS ABUNDANT OPPORTUNITIES IN A VARIETY OF SECTORS



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

- \$156 billion PPP contracts (2003-2020)
- More opportunities in transport, energy, health



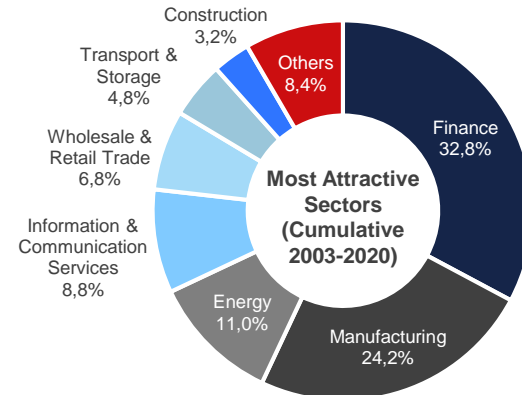
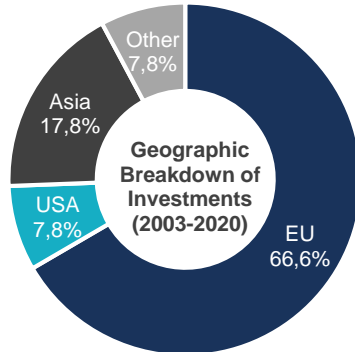
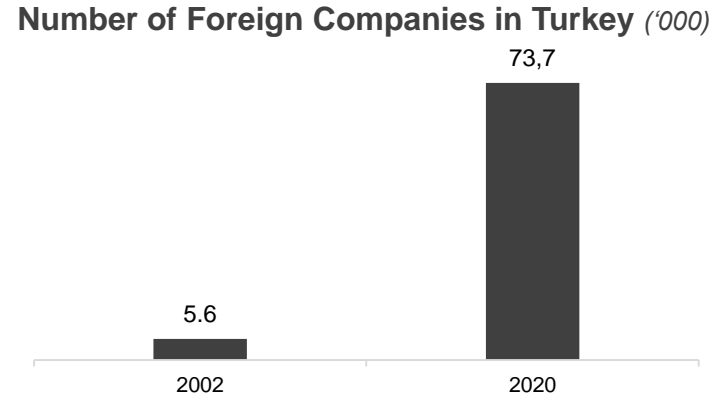
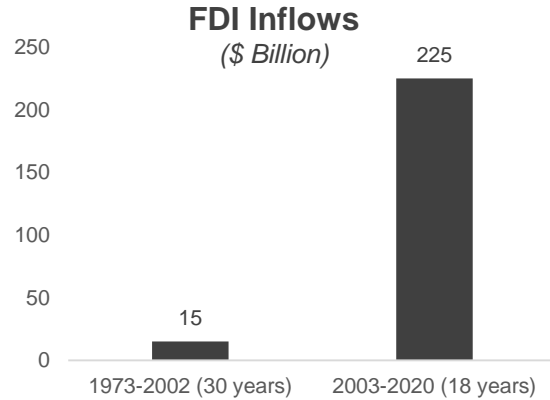
FINANCE

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

OPPORTUNITIES

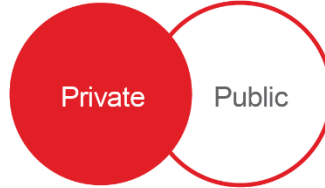
FOREIGN DIRECT INVESTMENT (FDI)

TURKEY'S VALUE HAS BEEN APPRECIATED BY FOREIGN INVESTORS WITH INCREASING FDI INFLOW TO TURKEY





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



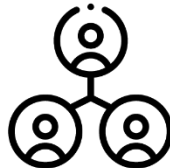
Arrangements of meetings with governmental bodies and other stakeholders



AFTERSALES



Facilitating your investment at all stages



Matchmaking with local partners & establishing business linkages



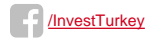
Project launch & Press release Services



Facilitating your visit to Turkey



invest.gov.tr



PRESIDENCY OF THE
REPUBLIC OF TURKEY
**INVESTMENT
OFFICE**

