



PRESIDENCY OF  
THE REPUBLIC OF TÜRKİYE  
**INVESTMENT  
OFFICE**

# TÜRKİYE YOUR **RESILIENT** PARTNER



INVEST IN  TÜRKİYE



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**INVESTMENT  
OFFICE**

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PARTNER



Türkiye is a prominent center of attraction for international investors with its broad production potential, skilled workforce, strategic location, sophisticated logistics infrastructure, and comprehensive incentives programs catering to any need and functioning as one of the primary tools in the Turkish economy's shift toward higher value-added services.

Türkiye's participation in global value chains (GVC) has become more visible after the Covid-19 outbreak, and our country is now considered an economy that stands to benefit the most from a shift in global supply chains following a series of relentless efforts, including the establishment of a variety of working groups with all stakeholders on a public and private level.

Türkiye has all the required means to access a giant market of 1.3 billion people and a trade volume of USD 26 trillion within a four-hour flight radius. In addition to these trade advantages, Türkiye is among the most reliable routes of transporting energy sources on the east-west axis.

Türkiye's rapid economic growth has led to the emergence of a thriving middle class with increased purchasing power over the last 19 years. Each of the 24 cities with populations of over 1 million supports a developing domestic market in Türkiye. We are providing a growing local demand for multinational companies with our young and dynamic population that has an average age of 33.1. Compared to other EU member states, Türkiye has the youngest population, and ranks among the top echelon of nations worldwide in terms of the number of qualified engineers.

We have further reinforced our country's competitive position over the last 19 years through the reform process, which has comprised massive steps ranging from the overhaul of the social security system to amendments to regulations for ease of doing business, and from introducing new commercial, banking, capital market, insurance and personal data protection laws to the launch of a tech-driven industry

initiative. We have created an investor-friendly environment that enables the development of a dynamic private sector. In 2003, we introduced a special FDI law, which provides assurance for international investors, while also increasing FDI volume through streamlined policies and procedures. We have international agreements in place to protect and promote bilateral investments, prevent double taxation, as well as social security agreements that facilitate the movement of expatriates between countries.

Türkiye has attracted more than USD 239 billion of FDI since 2003. Companies that have preferred Türkiye have also ramped up their investments over time, positioning our country as a production, export, and management hub.

We are fully committed to continuing to enhance Türkiye's economic development and investment environment with both existing and new investors. Türkiye's FDI strategy, set forth in cooperation with all public and private industry organizations under the coordination of the Presidency Investment Office, is a testament to this commitment, and is set to boost Türkiye's share in knowledge-intensive and high-value-added investments, as well as create high-quality jobs by maintaining Türkiye's central and competitive position in its region.

I hope this document will be of great benefit to our country and that it will serve as a useful guide for international entrepreneurs who plan to invest in Türkiye while planning the future of their businesses.

**Recep Tayyip ERDOĞAN**  
**President of the Republic of Türkiye**



A resilient, fast-growing economy, Türkiye offers business-friendly policies, deep talent pool and global market access at the nexus of Europe, Asia and Africa to attract sustainable FDI. With its unique geo-strategic location, manufacturing capabilities and logistics infrastructure, Türkiye is at the center of economic activity in the region. As such, multinational corporations are using Türkiye as an R&D, design, manufacturing, logistics, and management hub to run their operations in the wider region.

Thanks to the successful macroeconomic policies, continuous reforms and political stability under the leadership of President Erdoğan, the economy of Türkiye reached an average annual real GDP growth of 5.4 percent between 2003-2021. The export volume was USD 36 billion in 2002, while it reached USD 225 billion in 2021, the highest such figure of annual export in the Republic's history. Türkiye's share in global exports surpassed 1 percent for the first time in its history. Türkiye has attracted 239 billion dollars of foreign direct investments (FDI) since 2003.

Türkiye's robust economic development over the past two decades has been achieved through its investor-friendly policies and commitment to reforms, which made Türkiye one of the most reformer countries in terms of removing obstacles before FDI according to the OECD FDI Restrictiveness Index. Türkiye's rating improved from 0.283 in 2003 to 0.059 in 2020, testifying for the country's clear commitment to liberalization and internationalization of the investment environment. In a liberal environment, Türkiye outperforms other developing economies such as the BRICS countries and the OECD average. In

the same vein, Türkiye gradually climbed higher in the World Ease of Doing Business Index, moving from 93<sup>th</sup> place among 155 countries in 2006 to 33<sup>rd</sup> place among 190 in 2020.

Against this backdrop, Türkiye presents unique opportunities as an ideal location for your next investment. This publication will help you understand Türkiye's dynamic economic structure and navigate the attractive landscape in a time when investors need a resilient partner and safe harbor to anchor. Türkiye, your resilient partner, welcomes investors from all around the world and supports them through lucrative incentive policies and institutional support. The Investment Office is at your service at every stage of your investments in Türkiye.

**A. Burak Dağlıoğlu**  
**President of the Investment Office of the**  
**Republic of Türkiye**

# TÜRKİYE

## CONTENTS

<b>ABOUT INVEST IN TÜRKİYE</b> .....	2	Priority Investments .....	31
<b>TÜRKİYE AT A GLANCE</b> .....	3	Strategic Investment Incentives Scheme .....	32
<b>RESILIENT ECONOMY</b> .....		Project-Based Incentives Support System .....	33
Growth .....	4	<b>ADVANTAGEOUS R&amp;D ECOSYSTEM</b> .....	34
Employment .....	5	R&D Incentives in Türkiye .....	35
Low Indebtedness .....	6	Technology Development Zones/Technoparks .....	36
Strong Banking Sector .....	7	Intellectual Property Rights .....	37
Foreign Trade, Current Account, Inflation .....	8	<b>ROBUST INFRASTRUCTURE</b> .....	
Rising Exports (2002-2020) .....	9	PPP Projects .....	38
Rising Exports (2020-2023) .....	10	Mega Projects .....	39
		Targets .....	40
<b>RISING FDI INFLOWS</b> .....		<b>TÜRKİYE'S PARTICIPATION IN GVCs</b> .....	41-42
Türkiye .....	11	<b>SDGs IN TÜRKİYE</b> .....	
Türkiye vs. Europe .....	12	General Information .....	43
National FDI Strategy .....	13	Paris Agreement Ratification .....	44
		Paris Agreement - 2053 Net Zero Emission Target .....	45
<b>MARKET ACCESS</b> .....	14	Impact Investment as a New Model .....	46
<b>STRATEGIC LOCATION</b> .....	15	<b>GROWING STARTUP ECOSYSTEM</b> .....	
<b>LOGISTICS ABILITIES</b> .....	16	Why Invest in Turkish Startups .....	47
<b>LOGISTICS INFRASTRUCTURE</b> .....	17	Milestones in Türkiye's Startups Ecosystem .....	48
<b>HEALTHCARE INFRASTRUCTURE</b> .....	18	Mobile, Internet, and Social Media Use in Türkiye .....	49
<b>SECTORAL CLUSTER MAP</b> .....	19	VC Fundraising Activity in Türkiye .....	50
<b>FAVORABLE DEMOGRAPHICS</b> .....	20	<b>SECTORAL OPPORTUNITIES</b> .....	
<b>SKILLED LABOR FORCE</b> .....	21	Agrofood .....	51
<b>SWEEPING REFORMS</b> .....	22	Automotive .....	52
		Chemicals .....	53
<b>BUSINESS FRIENDLINESS</b> .....		Defense & Aerospace .....	54-55
Establishing a Business in Türkiye .....	23	Energy .....	56
Business Environment .....	24	ICT .....	57
Turkish Taxation System .....	25	Life Sciences .....	58
Acquisition of Turkish Citizenship .....	26	Machinery .....	59
		Real Estate .....	60
<b>LUCRATIVE INCENTIVES</b> .....		Tourism .....	61
Statistics .....	27		
Introduction .....	28		
General Investment Incentives Scheme .....	29		
Regional Investment Incentives Scheme .....	30		

# TÜRKİYE YOUR **RESILIENT** PARTNER



## SMART & YOUNG TO STAND SHOULDER TO SHOULDER WITH YOU

**Exponentially increasing working age population** expected to hit 82.3 million in 2071, according to UN's projections.

The **youngest population** in the EU.

The 2nd largest **workforce** in the EU **with 32 million people**.

Over **8.2 million students** enrolled in **higher education**.

Around **1.1 million university graduates** annually.

**World-class engineering** education.

The Presidency of the Republic of Türkiye Investment Office, the official investment advisory body of Türkiye, is a knowledge center for foreign direct investments and a solution partner for the global business community in all stages of investments. It provides customized guidance and qualified consulting before, during, and after entry into Türkiye.



## ABOUT INVEST IN TÜRKİYE

The **Investment Office of the Presidency of the Republic of Türkiye** is the official organization for promoting Türkiye's investment opportunities to the global business community and providing assistance to investors before, during, and after their entry into Türkiye.

Directly reporting to the President of Türkiye, the Investment Office is in charge of encouraging investments that further enhance the economic development of Türkiye. To this end, the Investment Office supports high-tech, value-added, and employment-generating investments with its facilitation and follow-up services during whole processes of relevant investments.

Active on a global scale, the Investment Office operates with a network of local consultants based in a number of locations including **China, UK, France, Germany, Italy, Japan, Malaysia, Qatar, Saudi Arabia, Singapore, South Korea, Spain, the UAE, and USA**. The Investment Office offers an extensive range of services to investors through a one-stop-shop approach, ensuring that they obtain optimal results from their investments in Türkiye. The Investment Office's team of professionals can assist investors in a variety of languages, including English, German, French, Italian, Spanish, Arabic, Japanese, Chinese, Korean, and Russian.

Working on a fully confidential basis, as well as combining the private sector approach with the backing of all governmental bodies, the Investment Office's free-of-charge services include customized consulting, coordination with stakeholders, business facilitation, site selection support, tailor-made delegation visits, project launch, partnership development assistance, and ongoing support.

### Our Global Locations



## TÜRKİYE AT A GLANCE

**11%**  
GDP growth  
(2021)

**5.5%**  
GDP growth  
(CAGR, 2002-2021)

**11<sup>th</sup>**  
Largest economy in the world  
(GDP at PPP, 2020)

**\$225.4** billion  
Exports  
(2021)



**\$803** billion  
GDP at current prices  
(2021)

**84.68** million  
Population  
(2021)

**1<sup>st</sup>**  
Fastest growing economy  
in the G20, OECD, and the  
EU in 2021

**76,737**  
Companies with  
international capital  
(2021)

**33.1**  
Average age of population  
(2021)

Over  
**1.1** million  
University graduates  
(2019-2020)

**\$239** billion  
FDI inflows  
(2003-2021)

## RESILIENT ECONOMY GROWTH



Türkiye has performed stellar growth in 2021, and posted the highest GDP growth in the G20, OECD, and the EU.

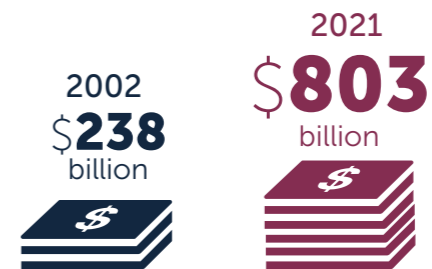
**11<sup>th</sup> largest economy** in the world (2020, GDP at PPP)

**5<sup>th</sup> largest economy** in Europe (2020, GDP at PPP)

**5.5%** average annual growth rate in 2002-2021

**Fastest GDP growth** in the G20, OECD, and the EU in 2021

### GDP at Current Prices



### GDP Growth (CAGR, 2003-2020)



### Real GDP Growth in G20 (2020)

China	2.3%
<b>Türkiye</b>	<b>1.8%</b>
S. Korea	-1.0%
Indonesia	-2.1%
Australia	-2.4%
Russia	-3.1%
<b>G20</b>	<b>-3.3%</b>
USA	-3.5%
Brazil	-4.1%
Germany	-4.9%
Japan	-4.8%
Canada	-5.4%
<b>EU</b>	<b>-6.1%</b>
S. Africa	-7.0%
India	-8.0%
Mexico	-8.2%
France	-8.2%
Italy	-8.9%
UK	-9.9%
Argentina	-10.0%



## RESILIENT ECONOMY - EMPLOYMENT

The development in economic activity has a positive impact in all domains of the Turkish economy since 2003.

Employment rate kept around average in 2020 despite the pandemic.

Upgraded education system enables a skilled labor pool and addresses business requirements.



### Total Employment

Türkiye



2010

**21.8 million**



2020

**26.8 million**

EU27



2010

**180.3 million**



2020

**188.5 million**

### Employment Growth (2010 vs. 2020)



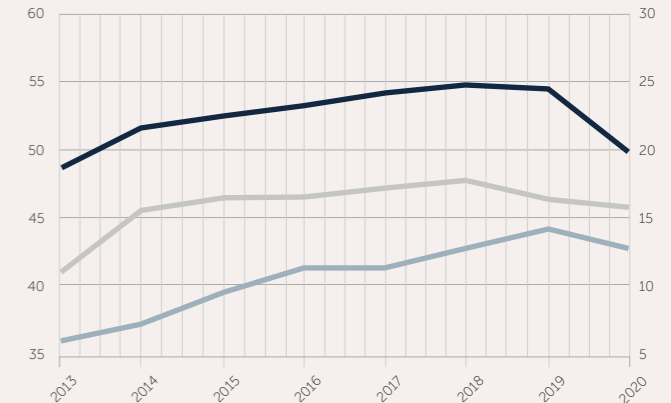
Türkiye  
**5 million**



EU 27  
**8.2 million**

### Seasonally-adjusted employment (%)

— Labor-Force Participation Rate — Employment Rate  
— Unemployment Rate (Left)

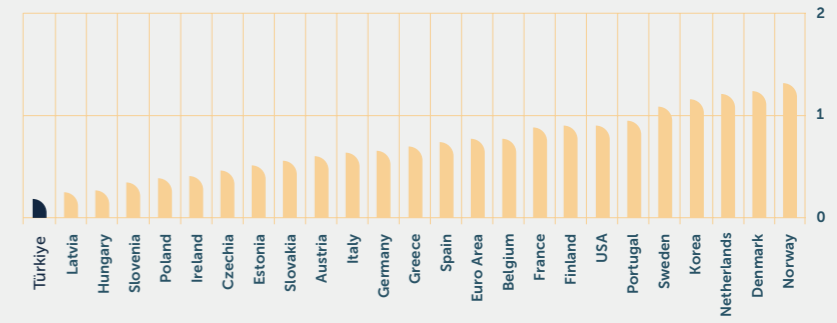


## RESILIENT ECONOMY LOW INDEBTEDNESS



Economic resilience has been further supported by successful management of public finance and corporate finance, as well as low household debt.

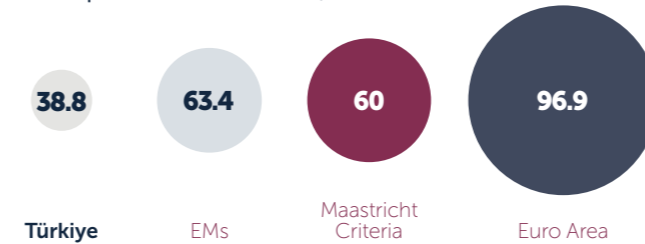
### HOUSEHOLD DEBT/GDP\*



Source: CBRT, TurkStat, OECD  
\*Türkiye: Q2 2021, Other countries: Q1 2021

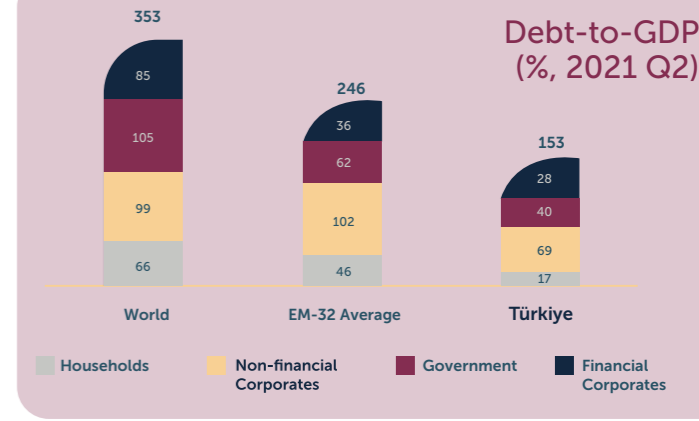
### Low Indebtedness

Gross public debt as % of GDP, 2020



Source: TurkStat, IMF, Ministry of Treasury and Finance

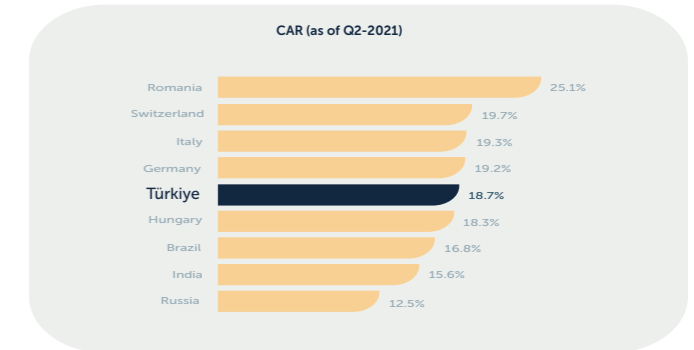
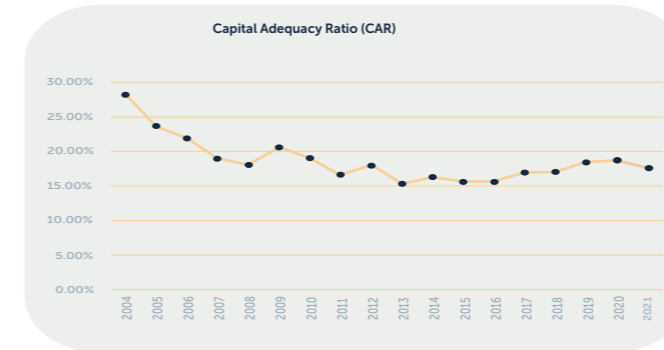
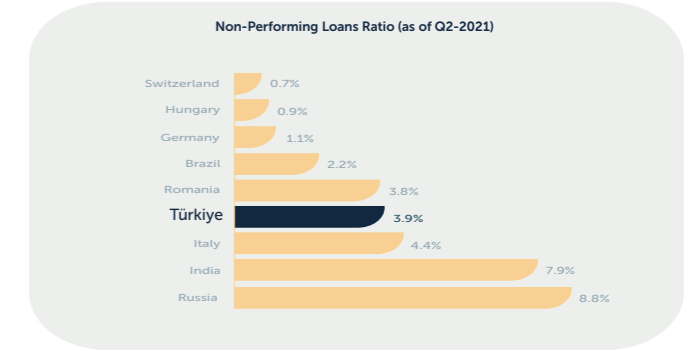
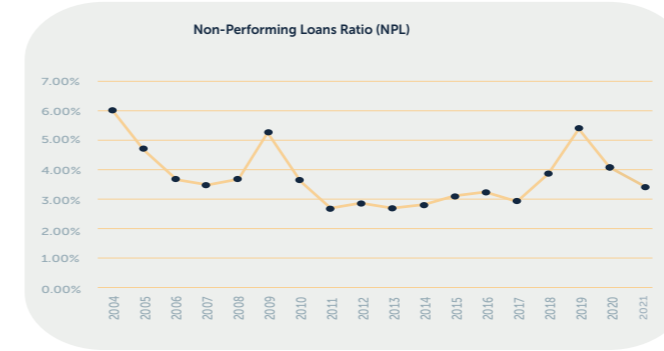
### Debt-to-GDP (% 2021 Q2)





## RESILIENT ECONOMY - STRONG BANKING SECTOR

Successful risk management has enhanced stability and efficiency of the Turkish banking industry with sound financial indicators that further support macro fundamentals and economic resilience.



## RESILIENT ECONOMY

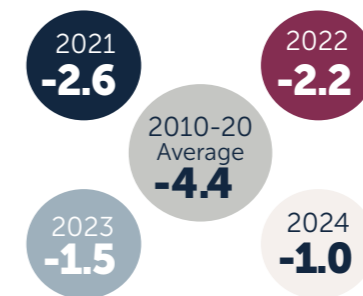
### FOREIGN TRADE, CURRENT ACCOUNT, INFLATION



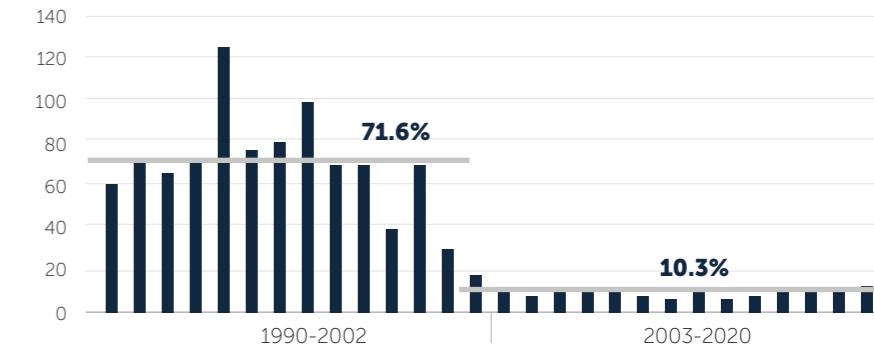
Thanks to its impressive growth performance and **structural reforms** implemented over the past decade and a half, Türkiye has managed to overcome high inflation and current account deficit.

- **Project-based incentives** and local production of imported products will help reduce current account deficit in Türkiye.
- Türkiye will achieve to **reduce inflation** gradually, and all government institutions coordinate their efforts to achieve this goal.

#### Medium Term Outlook for Current Account Balance (as % of GDP)



#### Inflation (% , year-end)



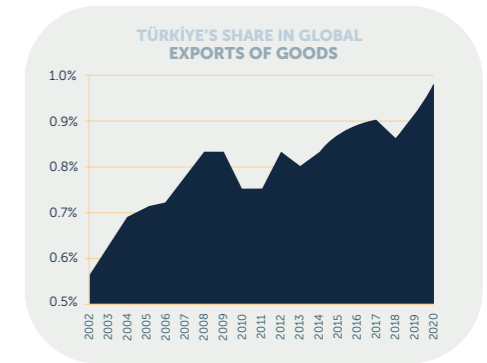
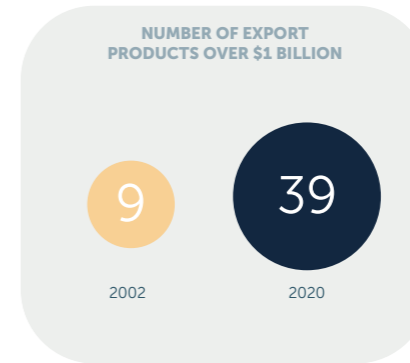
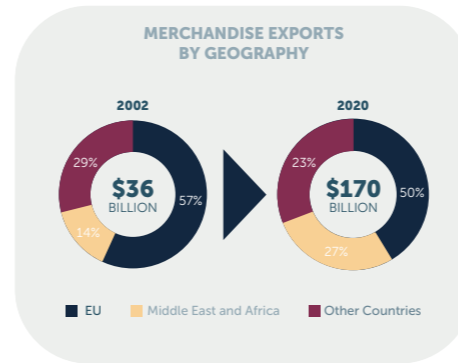
#### Foreign Trade (\$ billion)



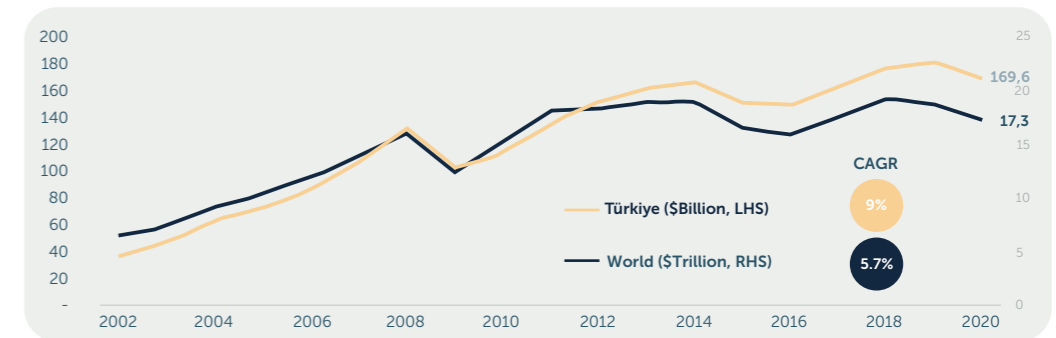


## RESILIENT ECONOMY - RISING EXPORTS (2002-2020)

Strategic location and enhanced production capabilities attract multinationals seeking to invest in and export from Türkiye.



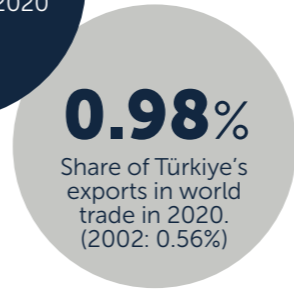
### Exports of Goods in Türkiye and the World



## RESILIENT ECONOMY RISING EXPORTS (2020-2023)



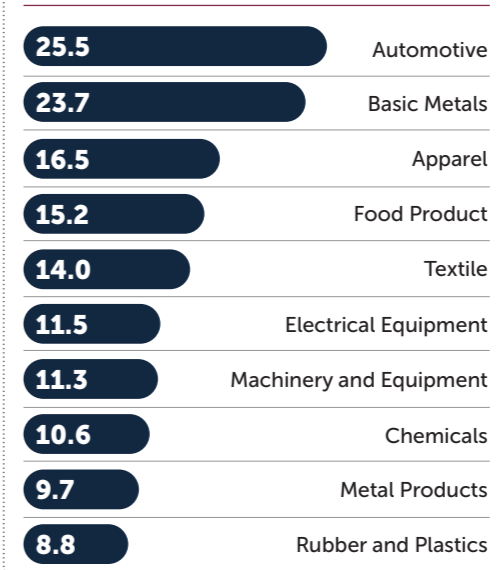
Türkiye offers lucrative export opportunities for companies looking to increase their commitments in the region.



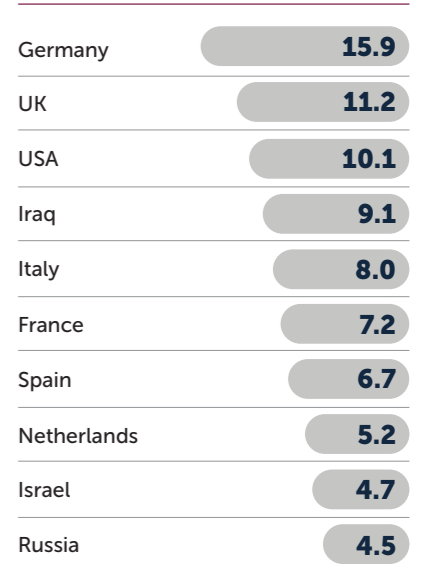
Türkiye's Export Targets (\$ billion)



### Türkiye's Top Exporting Sectors (2020, \$ billion)



### Top 10 countries Türkiye's exports (2020, \$ billion)

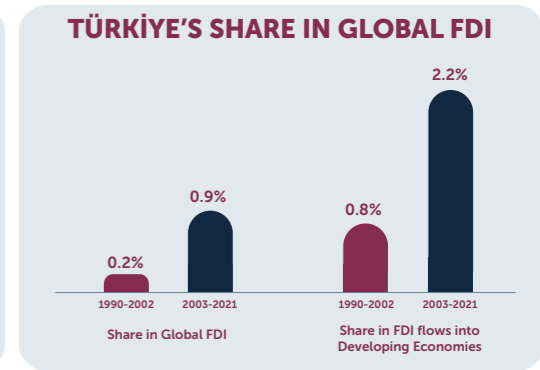
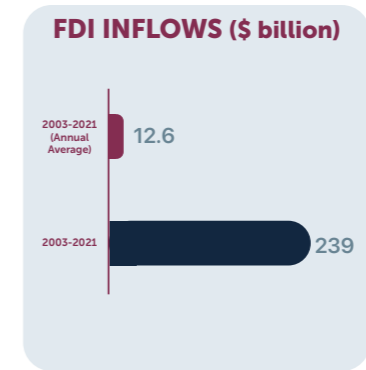


Source: TurkStat, Ministry of Trade, ITC

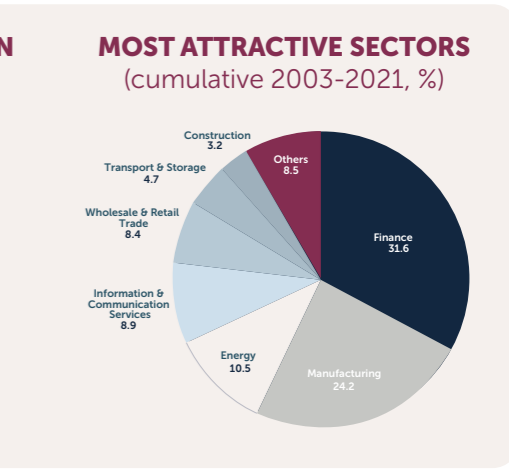
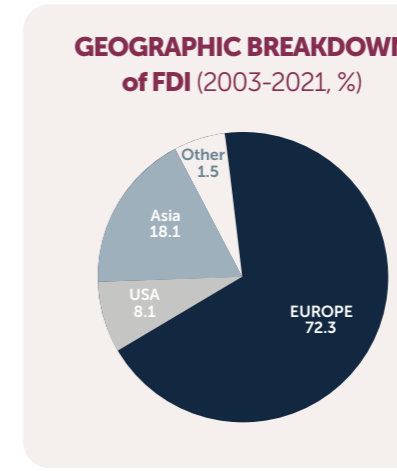
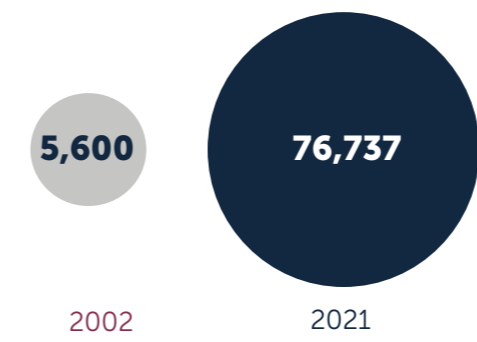
# RISING FDI INFLOWS - TÜRKİYE

Up until 2002, total FDI inflows into Türkiye stood only at USD 15 billion, while the country attracted **USD 239 billion** of FDI during the 2003-2021 period.

As of end-2021, the number of companies with international capital in Türkiye hit **76,737**, up from 5,600 in 2002.



### NUMBER OF COMPANIES WITH INTERNATIONAL CAPITAL



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

## RISING FDI INFLOWS - TÜRKİYE VS. EUROPE

Türkiye's impressive growth performance and **structural reforms** implemented over the past decade and a half have landed it on the radar of many international investors.



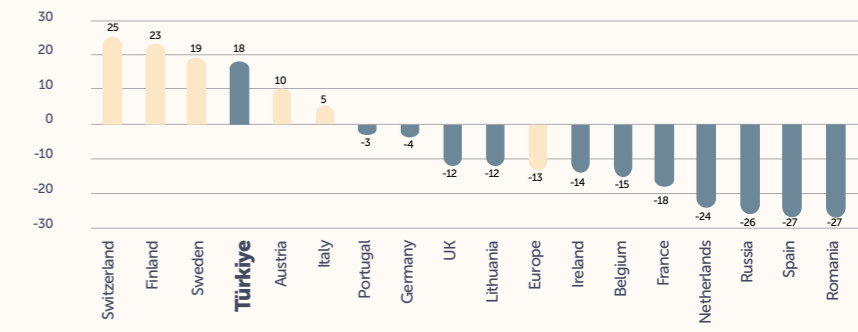
**9th**  
According to FDI Markets, Türkiye became the 9<sup>th</sup> most popular FDI destination with **160** projects in **overall Europe** in 2020, while increasing its share in overall Europe from 3% in 2019 to **3.1%** in 2020.

**2nd**  
Within its peer countries in **emerging Europe**, Türkiye ranked the 2<sup>nd</sup> most popular FDI destination after Poland, with a **16%** share in 2020, up from the 3<sup>rd</sup> spot in 2019.

**18%**  
Increase in FDI projects in Türkiye in 2020.

**2nd**  
Türkiye became the 2<sup>nd</sup> largest destination in Europe for manufacturing after France, with 153 projects in 2020.

### CHANGE IN FDI PROJECTS IN EUROPE (2019-2020, %)

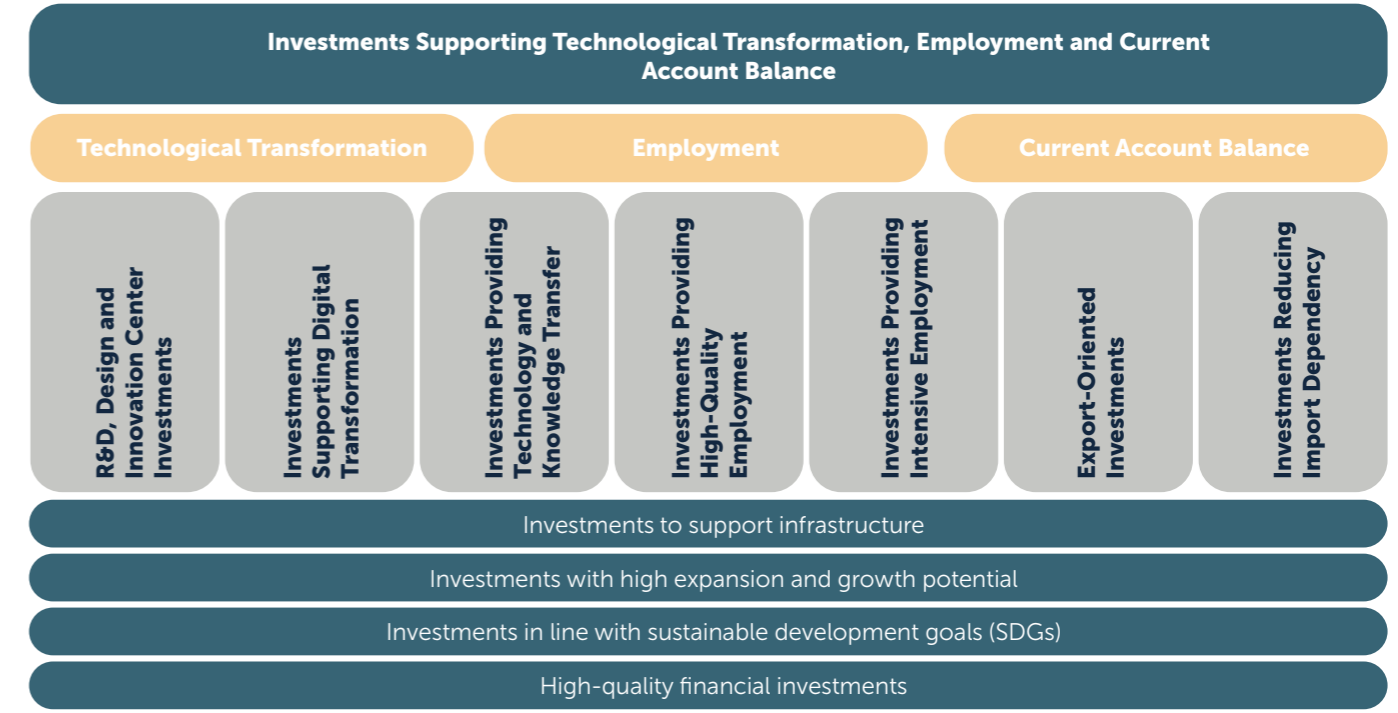


Source: EY Attractiveness Survey Europe June 2021



# RISING FDI INFLOWS - NATIONAL FDI STRATEGY

**Türkiye's Foreign Direct Investment (FDI) Strategy (2021-2023)** was published in the Official Gazette in June 2021. A target-oriented FDI Strategy will provide Türkiye with a clear roadmap for attracting value-added, knowledge-intensive investments, which create high-quality employment.



Definition of Quality FDI for Türkiye and Quality FDI Profiles

# TÜRKİYE YOUR **RESILIENT** PARTNER



## SMART & YOUNG TO STAND SHOULDER TO SHOULDER WITH YOU

**Exponentially increasing working age population** expected to hit 82.3 million in 2071, according to UN's projections.

The **youngest population** in the EU.

The 2nd largest **workforce** in the EU **with 32 million people**.

Over **8.2 million students** enrolled in **higher education**.

Around **1.1 million university graduates** annually.

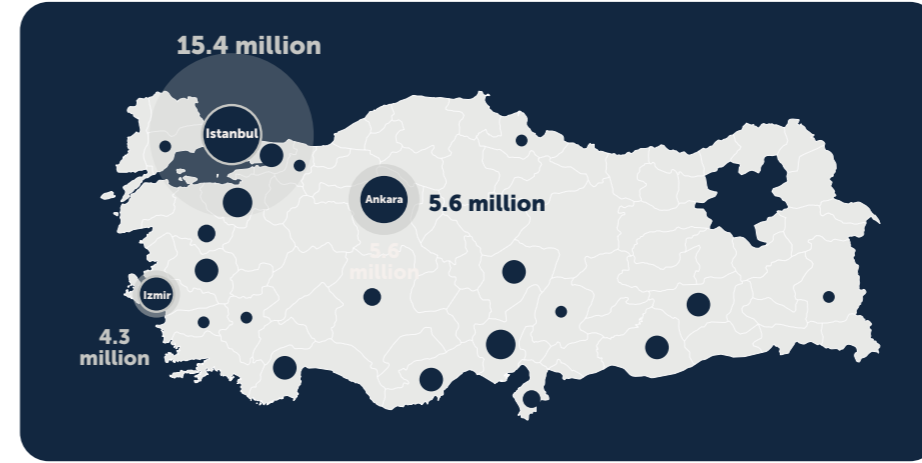
**World-class engineering** education.

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## MARKET ACCESS

The emergence of a sizeable middle class, with increasing purchasing power and income per capita, has strengthened Türkiye's strong domestic market that is also supported by 24 urban centers with populations of over 1 million.



### Stock of Automobiles

(millions of passenger cars)



2002 2020

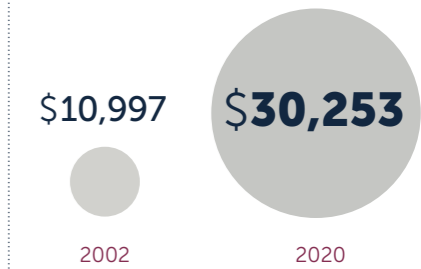
### Turkish Aviation Passenger

(millions of passengers)



2002 2019

### GDP per capita (current prices at PPP)



### Total population



### Accessible Markets (Number of consumers)



Türkiye is geographically and logistically well-connected to the world and around **40% of global trade** occurs within a 4-hour direct flight radius of Türkiye.

### STRATEGIC LOCATION

Connectivity with the region through road, rail, sea, and air.

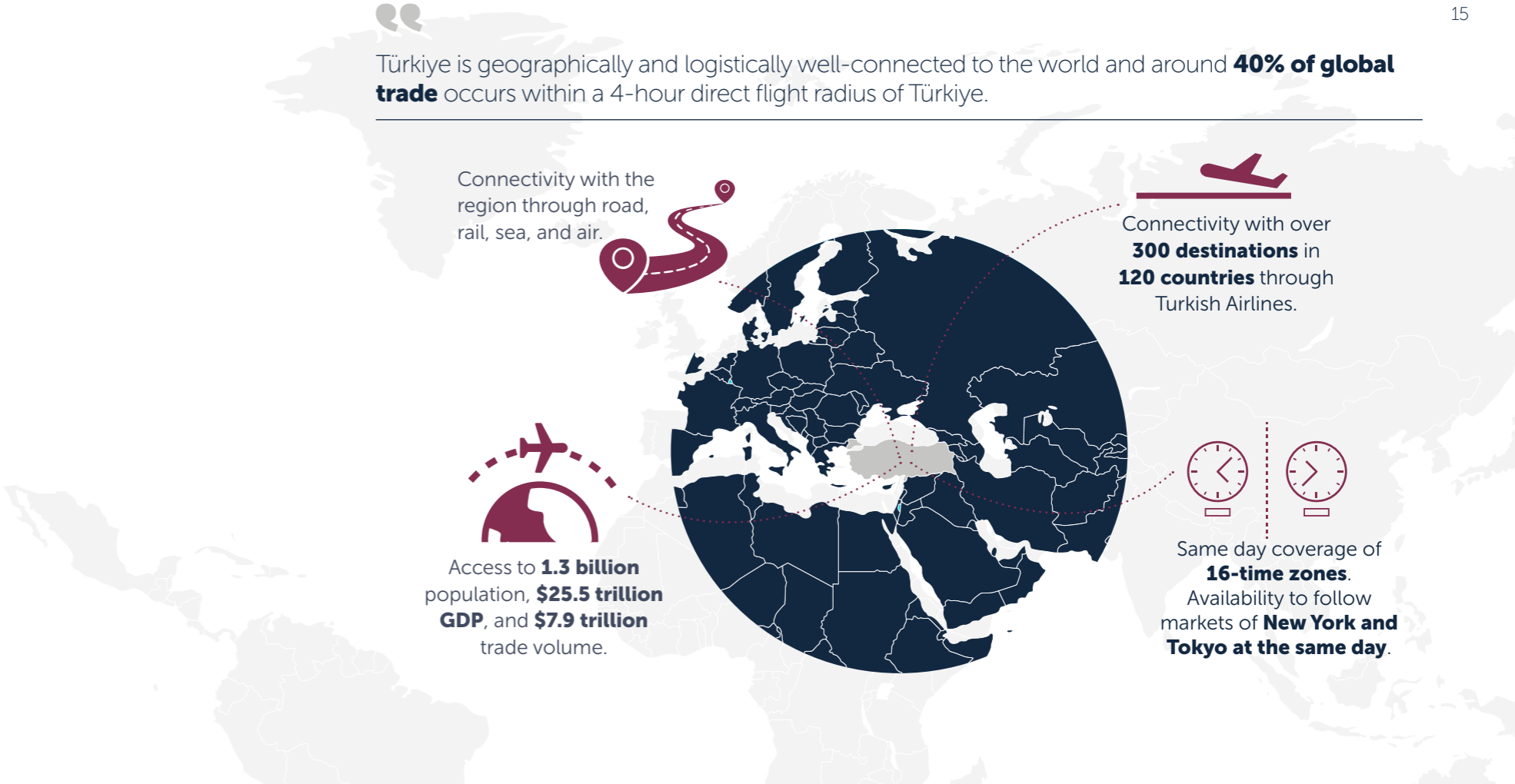


Connectivity with over **300 destinations** in **120 countries** through Turkish Airlines.

Access to **1.3 billion** population, **\$25.5 trillion GDP**, and **\$7.9 trillion** trade volume.

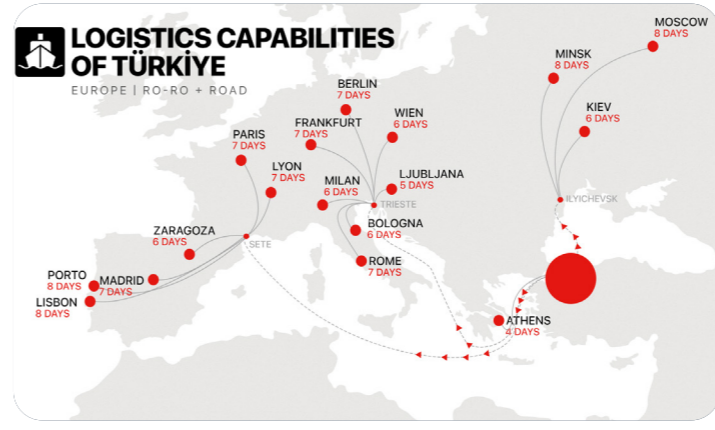


Same day coverage of **16-time zones**. Availability to follow markets of **New York and Tokyo at the same day**.





# LOGISTICS ABILITIES





Istanbul Airport



High Speed Train



Mersin International Airport



Northern Marmara Highway

## LOGISTICS INFRASTRUCTURE

Investing in **transportation** has remarkably transformed Türkiye's infrastructure landscape, yet Türkiye is determined to further improve it.

LOGISTICS CENTER

- 25** logistics centers
- 35** million tons of additional transport capacity
- 12.8** million square meters of container storage and handling area
- The total length of **highways** currently in service is **3,523** km. Following the completion of the highway it will reach 4,461 km in 2023 and 8,187 km in 2035.

### AIRPORTS IN TÜRKİYE

- 56** Open to civil traffic
- 2** Under Construction - General Directorate of State Airports Authority
- 4** Under Construction - General Directorate of Infrastructure Investments

	2002	2020
<b>DUAL CARRIAGEWAY</b>	6,101 km	27,230 km
<b>HIGH SPEED RAILWAY</b>	0 km	1,213 km
<b>MARITIME CONTAINERS TRANSPORT</b>	190 million tons	497 million tons
<b>NUMBER OF AIRPORTS</b>	26	56

### TÜRKİYE IS ALSO INVESTING IN MARITIME TRANSPORTATION INFRASTRUCTURE

**PORT OF ÇANDARLI**

- Ongoing infrastructure construction.
- 25 million TEU/year capacity
- Special economic zones in the hinterland
- BOT model port management

**PORT OF FİLYOS**

- 1,500 m of jetty work completed
- Capacity to reach 4 million TEU/year in 3 phases
- Phase I: 1 million TEU
- Phase II: 2million TEU
- Phase III: 1million TEU
- Tender for Phase I expected
- BOT model port management

**MERSİN CONTAINER PORT**

- Ongoing infrastructure construction
- 12.8 million TEU/year capacity
- BOT model port management

Source: Ministry of Transport and Infrastructure



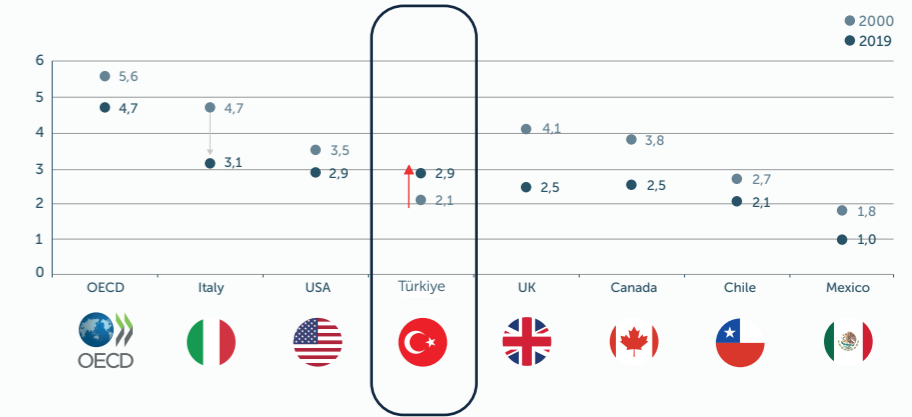
## HEALTHCARE INFRASTRUCTURE

Türkiye has recently introduced new projects to build **integrated healthcare campuses** across the country and more opportunities are in the pipeline.

### PPP PROJECTS IN INTEGRATED HEALTHCARE CAMPUSES

Status	Number	Bed Capacity
Completed (in service)	13	17,836
Under Construction	7	13,479
<b>TOTAL</b>	<b>20</b>	<b>31,315</b>

### NUMBER OF HOSPITAL BEDS PER 1,000 POPULATION



2003

The Turkish government introduced the **Health Transformation Program** in 2003 to provide universal healthcare services.

2006

**Universal Health Insurance** introduced to cover all citizens.

2020

**Number of hospitals** increased from 1,156 in 2002 to **1,538** in 2020 (bed capacity 165,000 to 240,000)

2020

**Number of doctors** increased from 92,000 in 2002 to **165,000** in 2020 (from 1.4 to 2 per 1,000)



The diversified economic structure is built on key clusters which are supported by industrial, logistics and technological infrastructure across Türkiye.

## SECTORAL CLUSTER MAP



Source: Ministry of Industry and Technology, Ministry of Trade, OSBÜK.

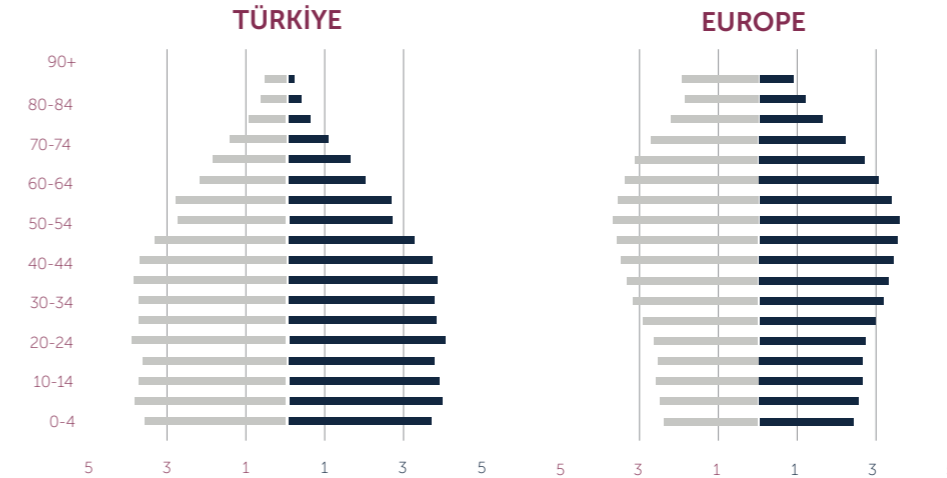
## FAVORABLE DEMOGRAPHICS



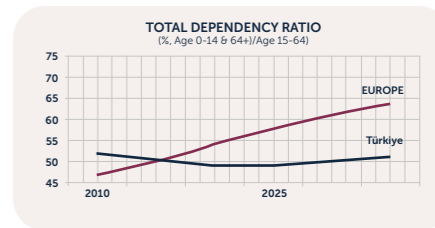
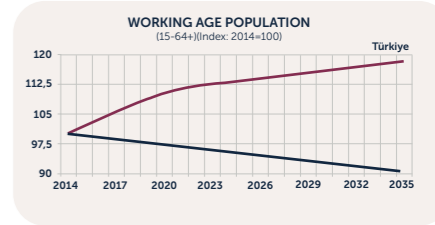
With half of its population under the age of **33.1**, Türkiye's young, dynamic and highly-skilled labor force has been a key driver of the economic growth and makes the country with the **largest youth population in Europe**.

### Age Groups (%)

■ Female ■ Male



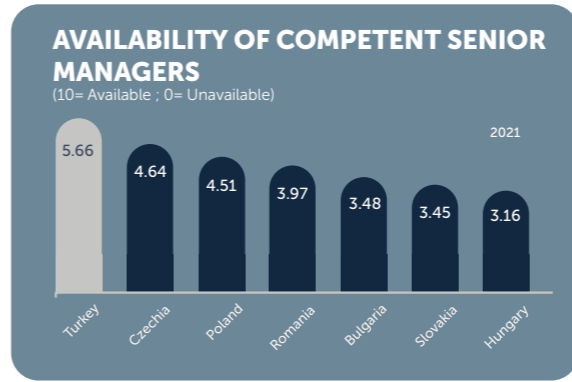
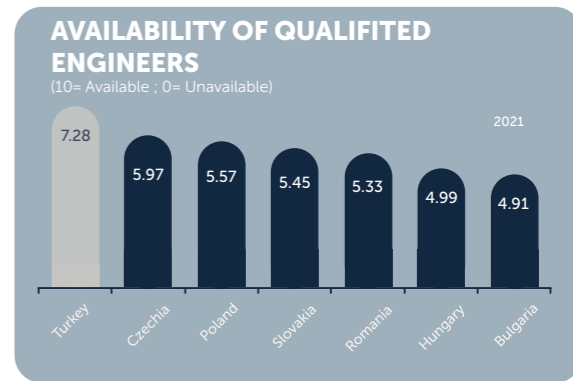
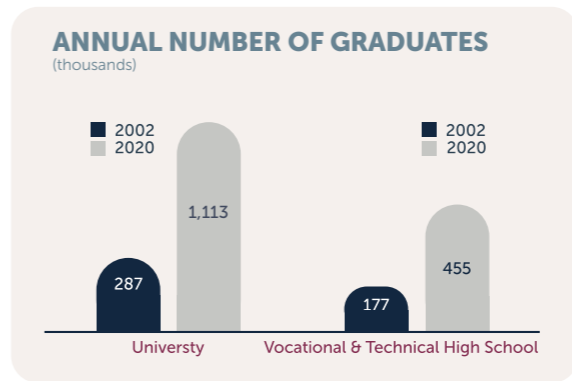
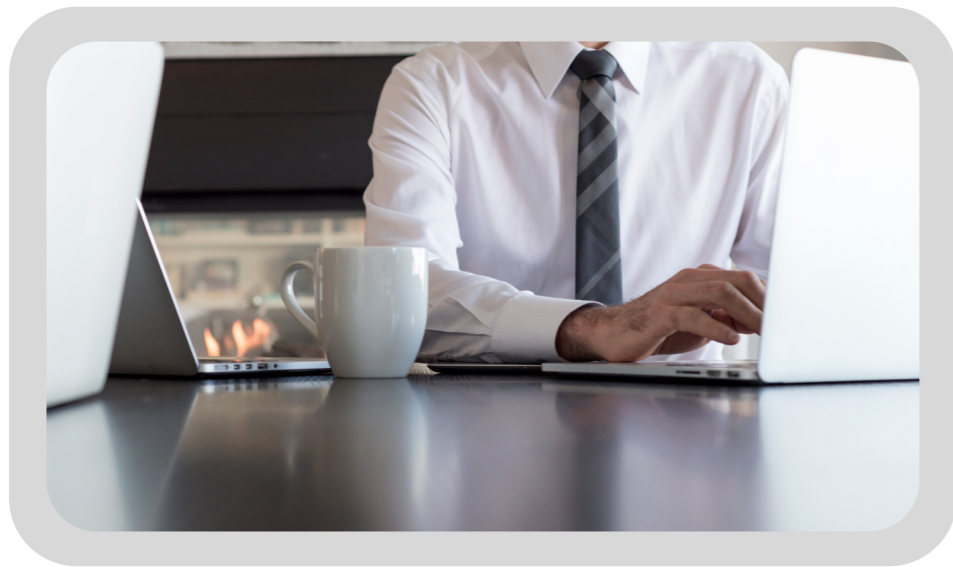
**Working Age Population Growth**  
(Avg. growth rate, 15-64, %, 2002-2020)



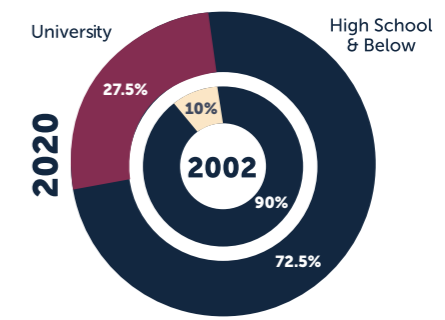


# SKILLED LABOR FORCE

Upgraded education system enables a **skilled labor pool** and addresses business requirements.



### LABOR FORCE BY EDUCATION LEVEL



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



Türkiye has implemented sweeping **reforms** in many areas to improve business environment.

## SWEEPING REFORMS

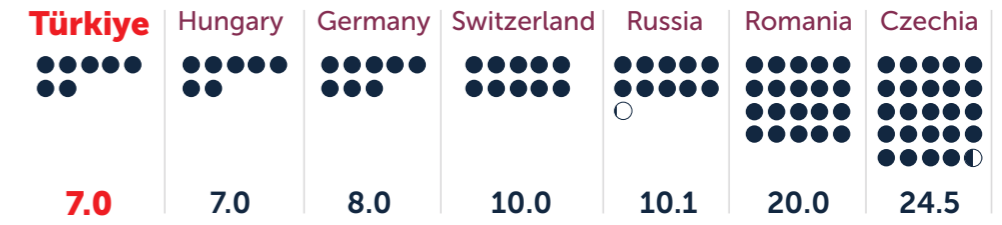


Investments are under constitutional protection in Türkiye.

**The FDI Law in Türkiye** provides equal treatment for all investors and grants international arbitration.

Bilateral investment promotion and protection treaties with more than 82 countries.

### Number of Days to Set up a Company (2020)



# TÜRKİYE YOUR **RESILIENT** PARTNER



## SMART & YOUNG TO STAND SHOULDER TO SHOULDER WITH YOU

**Exponentially increasing working age population** expected to hit 82.3 million in 2071, according to UN's projections.

The **youngest population** in the EU.

The 2nd largest **workforce** in the EU **with 32 million people**.

Over **8.2 million students** enrolled in **higher education**.

Around **1.1 million university graduates** annually.

**World-class engineering** education.

The Presidency of the Republic of Türkiye Investment Office, the official investment advisory body of Türkiye, is a knowledge center for foreign direct investments and a solution partner for the global business community in all stages of investments. It provides customized guidance and qualified consulting before, during, and after entry into Türkiye.



## BUSINESS FRIENDLINESS - ESTABLISHING A BUSINESS IN TÜRKİYE

Türkiye's **FDI Law** is based on the principle of equal treatment, allowing international investors to have the same rights and liabilities as local investors.



\*Although companies may be established according to these five different types, JSC and LLC are the most common types chosen both in the global economy and Türkiye.

Source: Investment Office-Legal Guide to Investing in Türkiye

### Steps of Incorporation



# 25%

of the subscribed **share capital** must be paid prior to the new company registration. The remaining 75% must be paid within two years. Alternatively, the capital may be fully paid prior to registration.

## Liaison Offices

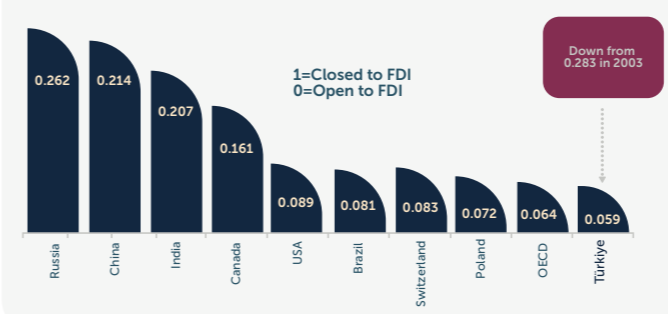
Any company incorporated under the laws of a foreign country may establish a liaison office (aka representative office) in Türkiye upon obtaining a license from the **Ministry of Industry and Technology**, provided that the company does not engage in any commercial activities in Türkiye.

**BUSINESS FRIENDLINESS**  
BUSINESS ENVIRONMENT



Türkiye made gradual progress in the World Bank's Global Ease of Doing Business Index to climb from **84<sup>th</sup>** place among **155** countries in 2006 to **33<sup>rd</sup>** place among **190** countries as of 2020.

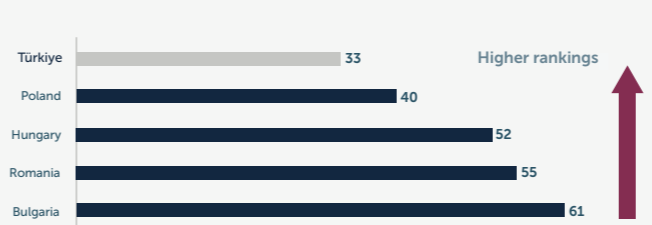
FDI Regulatory Restrictiveness Index, 2020



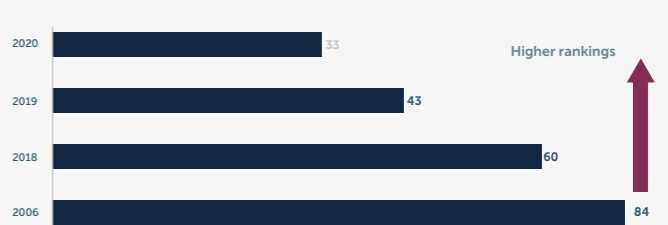
Bilateral Investment Protection Treaties with **82** countries

Treaties to avoid Double Taxation with **87** countries

Ease of Doing Business Ranking (2020)



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



Source: OECD, World Bank

## BUSINESS FRIENDLINESS TURKISH TAXATION SYSTEM

Türkiye has one of the most **competitive corporate tax rates** among OECD member countries. The Turkish corporate tax legislation has noticeably clear, objective, and harmonized provisions that are in line with international standards.

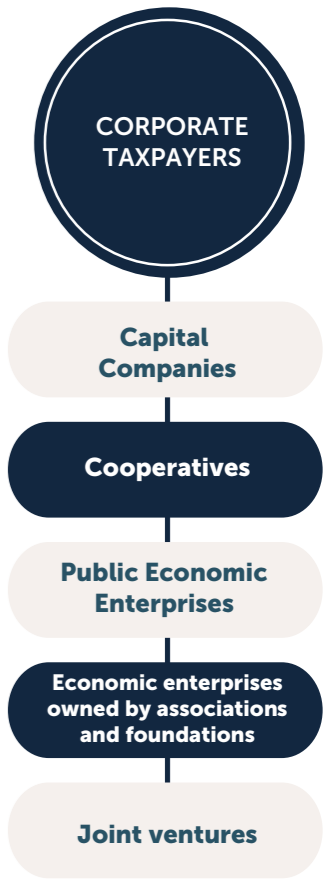


INDIVIDUAL INCOME TAX RATES APPLICABLE FOR 2021			
Income Scales (TRY) (Employment Income)	Rate (%)	Income Scales (TRY) (Non - Employment Income)	Rate (%)
Up to 24,000	15	Up to 24,000	15
24,001 - 53,000	20	24,001 - 53,000	20
53,001 - 190,000	27	53,001 - 130,000	27
190,001 - 650,000	35	130,001 - 650,000	35
650,001 and over	40	650,001 and over	40

**25%**  
In Türkiye, the corporate income tax rate levied on business profits is 25% for 2021 and 23% for 2022.

Generally applied VAT rates in Türkiye

**1%**   **8%**   **18%**



Source: Investment Office-Tax Guide to Doing Business in Türkiye

# BUSINESS FRIENDLINESS - ACQUISITION OF TURKISH CITIZENSHIP

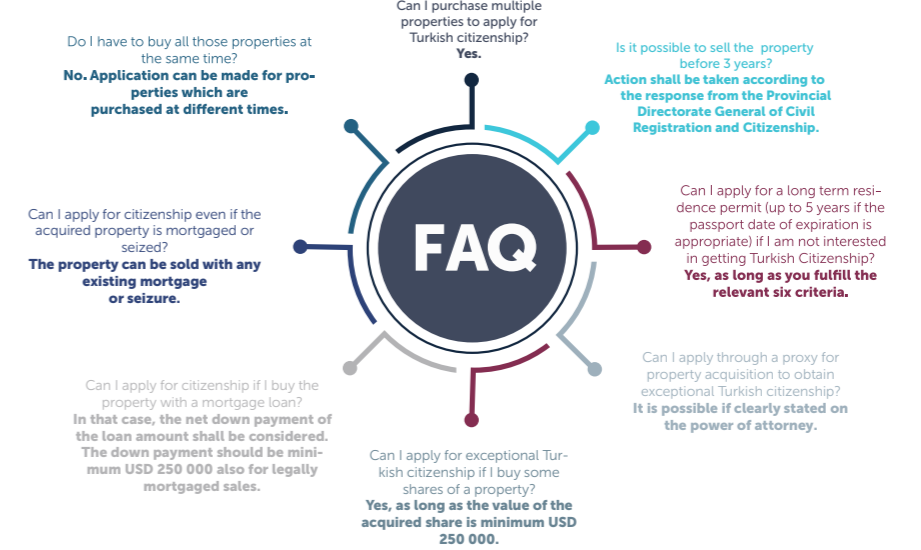
As per the regulations published in the Official Gazette on September 18, 2018, foreigners who meet any of the following criteria may be eligible for **Turkish citizenship**, subject to the decision of the President of the Republic of Türkiye:



1 Making a minimum **fixed capital investment** of **\$500,000** or equivalent foreign currency or Turkish lira, as attested by the Ministry of Industry and Technology.

2 Acquiring a **property** worth a minimum of **\$250,000** or equivalent foreign currency or Turkish lira with a title deed restriction on its resale for at least three years, as attested by the Ministry of Environment, Urbanization and Climate Change.

3 Buying at least **\$500,000** or equivalent foreign currency or Turkish lira worth of **real estate investment** fund share or venture capital investment fund share with the condition that they cannot be sold for at least three years, as attested by the Capital Markets Board of Türkiye.



4 Buying at least **\$500,000** or equivalent foreign currency or Turkish lira worth of **government bonds** with the condition that they cannot be sold for at least three years, as attested by the Ministry of Treasury and Finance.

5 Creating jobs for at least **50** people, as attested by the Ministry of Family, Labor and Social Services.

6 **Depositing** at least **\$500,000** or equivalent foreign currency or Turkish lira in banks operating in Türkiye with the condition not to withdraw the same for at least three years, as attested by the Banking Regulation and Supervision Agency.

## LUCRATIVE INCENTIVES STATISTICS



In 2020, more than **10,000** incentives certificates were awarded, a total of TRY 259 billion investments were made and more than 300,000 employment were provided within the scope of incentives in Türkiye. Among these, 359 certificates were awarded to foreign direct investments, which amounted to **TRY 20.2 billion** in 2020.

### Number of Certificates Awarded



### Fixed Investments Made within the Scope of Incentives (TRY million)



### Employment Generated



### Foreign Direct Investments



## LUCRATIVE INCENTIVES INTRODUCTION



The **Incentive System** entered into force in 2012 aiming to;

Increase production of intermediate goods

Reduce import dependency

Reduce trade deficit

Support medium-high and high-tech investments

Support less developed regions

Reduce differentiation in regional development

Support clusters

### Types of Incentives

Type of Incentive	General Incentives	Regional Incentives (Including Medium-High Tech and Priority Incentives)	Strategic Incentives	Project Based Incentives
VAT Exemption	✓	✓	✓	✓
VAT Refund*	✓	✓	✓	✓
Customs Duty Exemption	✓	✓	✓	✓
Corporate Tax Reduction		✓	✓	✓
Social Security Premium Support (Employer's Share)		✓	✓	✓
Income Tax Withholding Support**	✓	✓	✓	✓
Interest Rate Support		✓	✓	✓
Land Allocation		✓	✓	✓
Cashback Support				✓
Qualified Personnel Support				✓
Energy Support				✓
Infrastructure Support				✓
Purchasing Guarantee				✓

\* For investments in the manufacturing industry by the end of 2024.

\*\*For investments in the 6<sup>th</sup> region

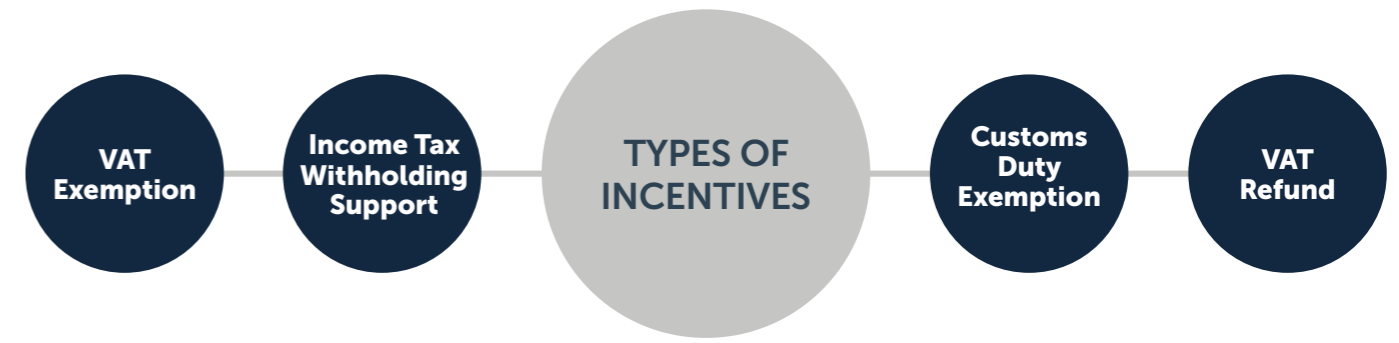
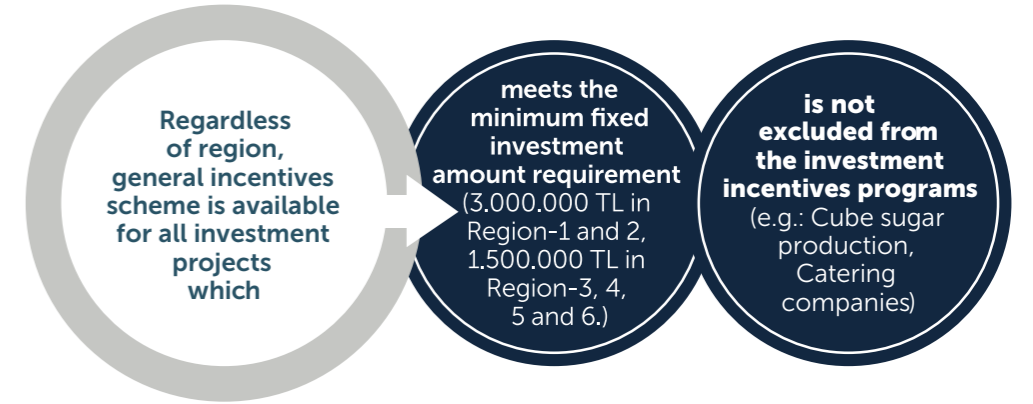


# LUCRATIVE INCENTIVES

## GENERAL INVESTMENT INCENTIVES SCHEME



**Tax exemption**  
for procurement  
of machinery  
and equipment,  
regardless of the  
investment's  
location.



## LUCRATIVE INCENTIVES

### REGIONAL INVESTMENT INCENTIVES SCHEME

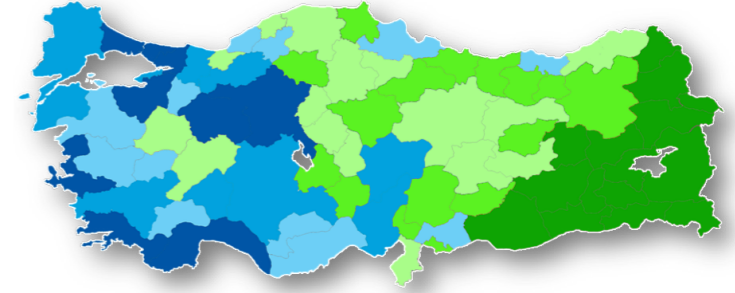


The breadth and depth of support provided vary based on the level of **development** of the regions. Developed regions are provided with fewer support options than lesser developed regions.

Aims to reduce differentiation regarding development between provinces and to increase production and export potential.

Specific sectors are supported in **6** different regions in Türkiye.

- Region 1
- Region 2
- Region 3
- Region 4
- Region 5
- Region 6



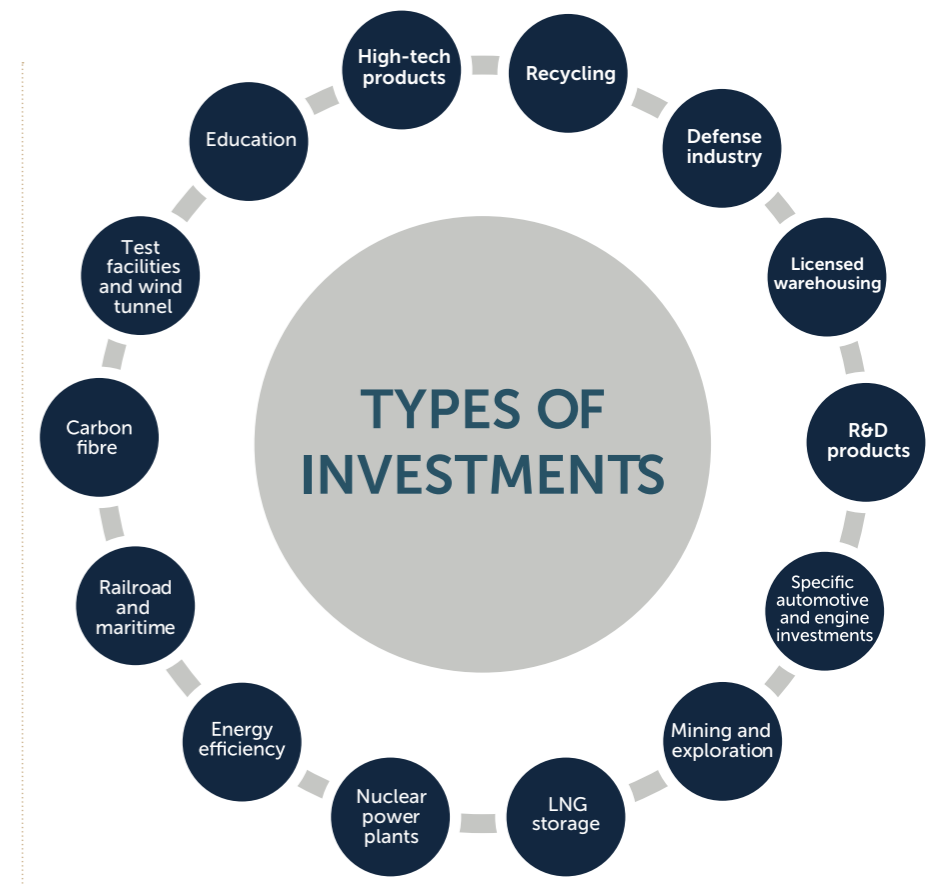
Incentives		Region 1	Region 2	Region 3	Region 4	Region 5	Region 6
VAT Exemption		✓	✓	✓	✓	✓	✓
Customs Duty Exemption		✓	✓	✓	✓	✓	✓
C.I.T to be Applied (%)		10	9	8	6	4	2
Rate of Contribution (%)	Outside O.I.Z.	15	20	25	30	40	50
	Inside O.I.Z.	20	25	30	40	50	55
Social Security Premium Support (Employer's Share) (*)	Outside O.I.Z.	2 years	3 years	5 years	6 years	7 years	10 years
	Inside O.I.Z.	3 years	5 years	6 years	7 years	10 years	12 years
Interest Support		-	-	✓	✓	✓	✓
Income Tax Withholding Allowance		-	-	-	-	-	10 years
Social Security Premium Support (Employee's Share)		-	-	-	-	-	10 years

## LUCRATIVE INCENTIVES PRIORITY INVESTMENTS



**Priority investments** aims to support specific investments with terms and rates of the Region 5 incentives.

Support Types		Duration and % of Supports
VAT Exemption		✓
Customs Duty Exemption		✓
Corporate Tax Reduction	Investment Contribution (%)	40
	Reduction Rate (%)	80
Social Security Premium Support (Employer's Share)		7 years
Land Allocation		✓
Interest Support	Domestic loans	5 points
	FX loans	2 points

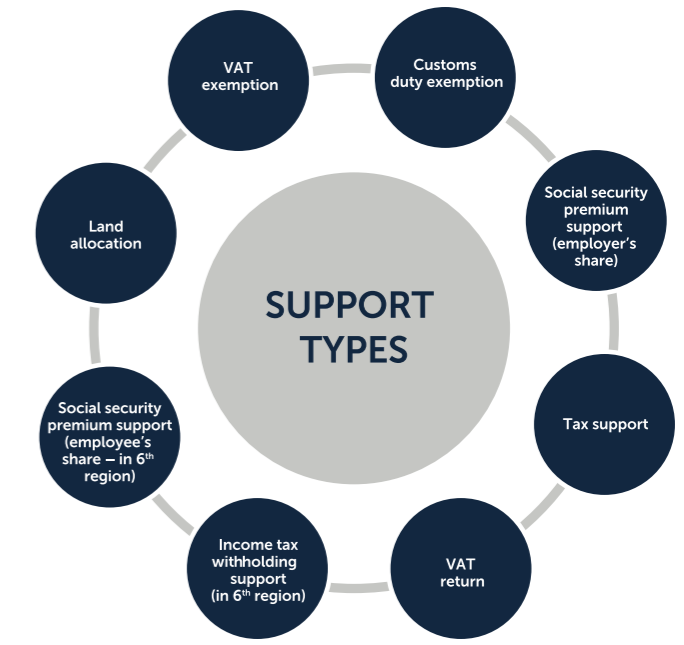


## LUCRATIVE INCENTIVES STRATEGIC INVESTMENT INCENTIVE SCHEME



Aims to support **high value-added investments** that will reduce current account deficit.

Support Types		Duration and % of Supports
VAT Exemption		✓
Customs Duty Exemption		✓
Corporate Tax Reduction	Investment Participation Rate (%)	50
Social Security Premium Support (Employer's Share)		7 years (10 years in 6 <sup>th</sup> zone)
Land Allocation		✓
Interest Support	Domestic Loans	5 points
	FX Loans	2 points
	Upper Limit	50 million TRY or 5% of the investment amount
Social Security Premium Support (Employee's Share)		10 years (in 6 <sup>th</sup> zone only)
Income Tax Withholding Support		10 years (in 6 <sup>th</sup> zone only)
VAT Refund		✓ (investments > TRY 500 million)



### Criteria to Benefit From Strategic Investments

**TRY 50 million**  
Minimum investment amount

**40%**  
Minimum value-added through the investment

**\$50 million**  
Minimum import amount of the product in the last one year

"The total domestic production capacity should be less than the import"

Source: Ministry of Industry and Technology, Investment Office-Guide to State Incentives for Investments in Türkiye

## LUCRATIVE INCENTIVES - PROJECT BASED INCENTIVES SUPPORT SYSTEM



### Objectives

Reduce import dependency

Ensure supply security

Supply production needs in strategic sectors

Provide technological transformation, innovation, R&D and high value-added production

Contribute to competitive advantage of Türkiye

Projects with an investment of TRY 500 million or above

over  
TRY **100**  
billion

Incentive amount provided for investments in strategic sectors.

**41**

Number of Projects

**35**

Companies supported

**2,982**

Qualified Employees

**31,266**

Total Employment

**TRY 151,814,650,133**

Total Investment Amount

### Advantages

- Customs duty exemption
- **VAT exemption for machinery and equipment**
- Cash Support
- **VAT refund for building construction expenses**
- Corporate tax exemption up to 100 percent and investment support up to 200 percent; or a corporate tax exemption exclusively for the profits derived from the investment for the first 10 years following the commencement of operations.
- **Social security premium support for employer's share for up to 10 years.**
- Qualified employee support for up to 5 years
- **Income tax withholding support for up to 10 years.**
- Energy support for 10 years
- **Land allocation for 49 years**
- Interest support for up to 10 years

## GLOBAL COMPANIES WITH R&D OPERATIONS IN TÜRKİYE



Source: OECD, Eurostat, Turkstat, Ministry of Industry and Technology. PPP: \*Purchasing Power Parity

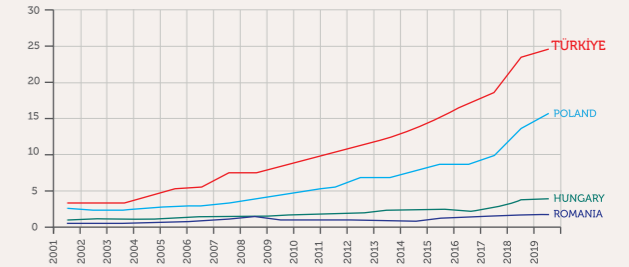
## ADVANTAGEOUS R&D ECOSYSTEM

Extensive **R&D incentives** are further supported by a favorable ecosystem in Türkiye.

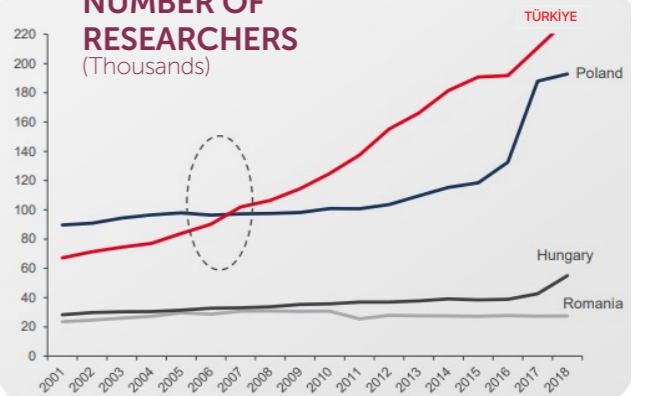
**200**  
R&D CENTERS  
BY FOREIGN  
COMPANIES  
(2021)

Source: OECD, Turkstat, Ministry of Industry and Technology

**INCREASING R&D SPENDING**  
(\$ billion, PPP)



**NUMBER OF RESEARCHERS**  
(Thousands)



## ADVANTAGEOUS R&D ECOSYSTEM

### R&D INCENTIVES IN TÜRKİYE



Companies with R&D activities in Türkiye have the opportunity to benefit from a wide range of incentives and supports provided within the scope of R&D legislation and cash support programs. Thus, investors can choose the most appropriate support / incentive mechanism in order to reduce their costs of R&D and innovation activities.



Technology Development Zones Law No. 4961

Law No. 5746 on Supporting R&D and Design Activities

Corporate tax exemption

R&D and design support up to 100%

Income tax exemption up to 100%

Income tax withholding support (80-90-95%)

Social Security Premium Support (Employer's Share) up to 50%

Custom Duty Exemption

Support for activities on basic sciences

Stamp duty exemption (payrolls only)

Stamp duty exemption

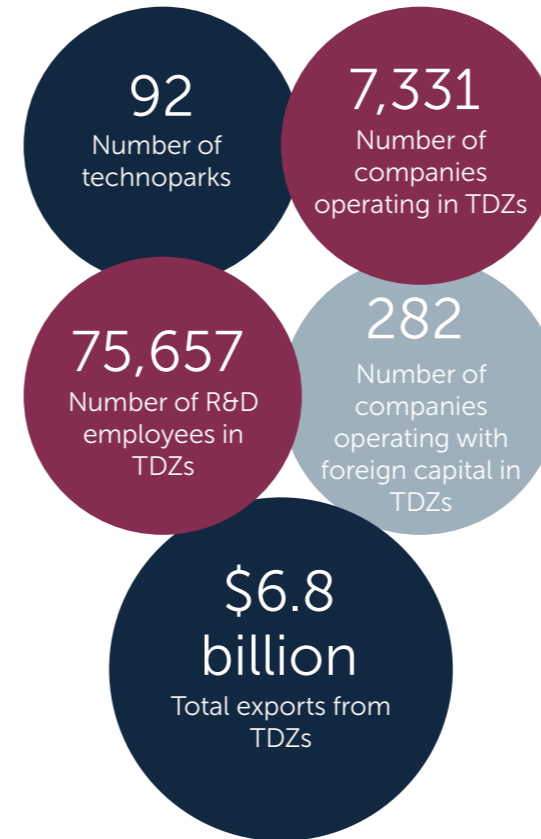
VAT exemption

-

## ADVANTAGEOUS R&D ECOSYSTEM TECHNOLOGY DEVELOPMENT ZONES / TECHNOPARKS



Technology Development Zones (TDZ) are areas designed to support R&D activities and attract investments in high-technology fields.



### Advantages of TDZs

- ✓ Profits derived from software development, R&D, and design activities are exempt from income and corporate taxes until December 31, 2023.
- ✓ Sales of application software produced exclusively in TDZs are exempt from VAT until December 31, 2023.
- ✓ Remuneration for R&D, design and support personnel employed in the zone is exempt from all taxes until December 31, 2023.
- ✓ 50% of the employer's share of the social security premium will be paid by the government until December 31, 2023.
- ✓ Customs duty exemption for imported products and stamp duty exemption for applicable documents within the scope of R&D, design, and software development projects.

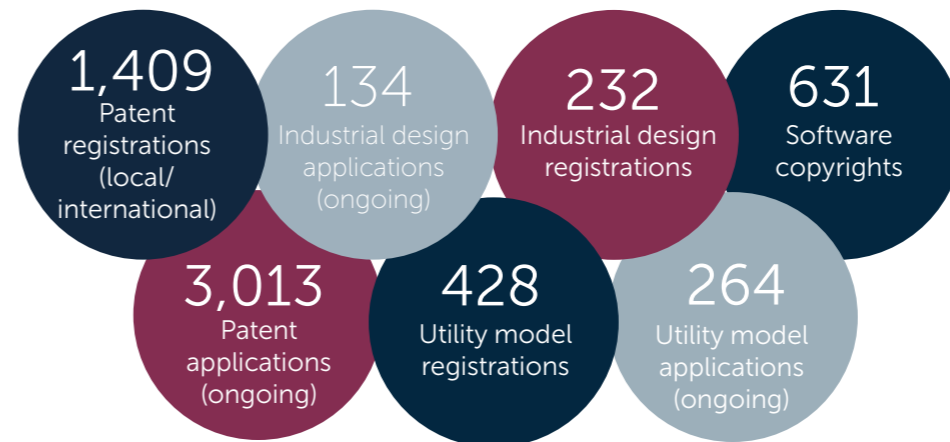


## ADVANTAGEOUS R&D ECOSYSTEM INTELLECTUAL PROPERTY RIGHTS

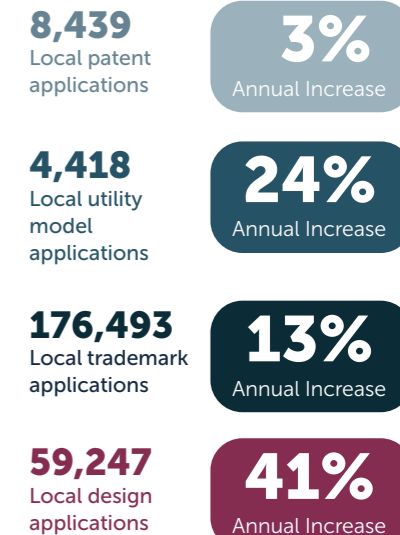


Under the Turkish law, intellectual properties such as trademarks, patents, utility models, designs and geographical indications, are offered protection upon the registration with the Turkish Patent and Trademark Institution. Trademarks and utility models are protected for 10 years, while patents are protected for 20 years, and designs are protected for 5 years. Registrations may be renewed before their expiration dates upon the satisfaction of certain requirements.

### TECHNOLOGY DEVELOPMENT ZONES

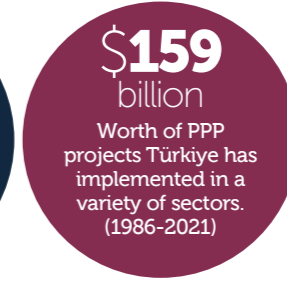


### PATENTS IN 2021 IN TÜRKİYE



## ROBUST INFRASTRUCTURE - PPP PROJECTS

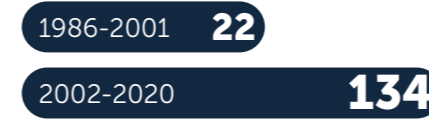
Türkiye has a strong track record in **PPP** implementations across a variety of sectors such as **infrastructure, transportation, energy and healthcare.**



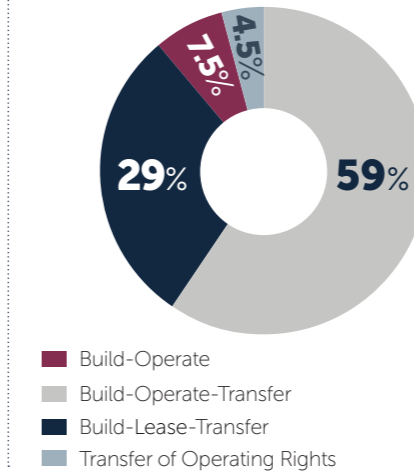
### Number of PPP Projects



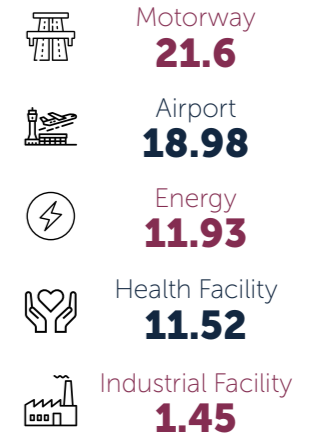
### PPP Contract Volume (\$ billion)



### PPP Contract Models (\$ billion, 1986-2020)



### PPP Investments by Sector (\$ billion, 1986-2020)





Kanal İstanbul

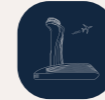


İstanbul Airport

## ROBUST INFRASTRUCTURE - MEGA PROJECTS

Türkiye has implemented a variety of **mega projects** with **BOT model** and continues to do so.

### İSTANBUL AIRPORT



- Set to become world's largest airport
- Annual capacity of **150 million** passengers when all phases are completed
- Commissioned in **April 2019**
- Investment of **USD 6.5 billion**

### EURASIA TUNNEL



- Double-deck underwater tunnel connecting Asia & Europe in İstanbul
- Commissioned in **December 2016**
- Investment of **USD 1.2 billion**

### CANAL İSTANBUL



- **45 km, 21 m** depth and **275 m** width
- **6 bridges**
- New satellite cities

### ANKARA-İSTANBUL HIGH SPEED RAILROAD



- Shortened travel time
- Faster and more comfortable travel
- **347 km** total length
- **11 million** passengers/year
- **350 km/h** design speed

### GEBZE-HALKALI RAILROAD



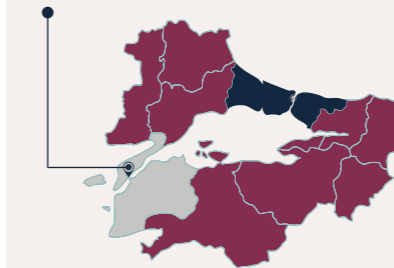
- **213 km** with **10 stations**
- **31 viaduct** (8 km) and **53 tunnel** (120 km)
- Passenger capacity: **13 million** (passengers/year)
- Freight capacity: **12 million** (Ton/Year)

### YAVUZ SULTAN SELİM BRIDGE



- **95 km**-long motorway featuring a bridge for rail & motor vehicle transit over Bosphorus
- Commissioned in **August 2016**
- Investment of **USD 3.5 billion**

### 1915 ÇANAKKALE BRIDGE



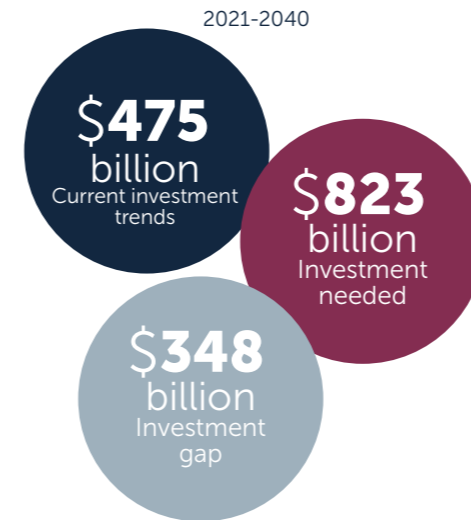
- Longest main span (**2,023km**) of any suspension bridge in the world
- Bridge length: **4,608 m**
- **101 km** motorway (including the bridge)
- Construction started in **March 2017**
- Operation period: **16 years 2 months** (including construction)
- **USD 2.8 billion** investment with BOT

### GEBZE-ORHANGAZI-İZMİR MOTORWAY



- **427 km**-long motorway connecting İstanbul Bursa & İzmir via world's **4<sup>th</sup>** longest suspension bridge
- All phases are under operation
- Investment of **USD 6.5 billion**

## ROBUST INFRASTRUCTURE TARGETS



Türkiye has ambitious targets for **2023 – the centennial of the Republic of Türkiye** – and beyond, across a wide range of infrastructure areas.

Türkiye has a significant investment need in **infrastructure development** and from transportation to healthcare and energy, ample opportunities are available in the pipeline.

### Installed Power Capacity (GW)



### High Speed Railways (km)



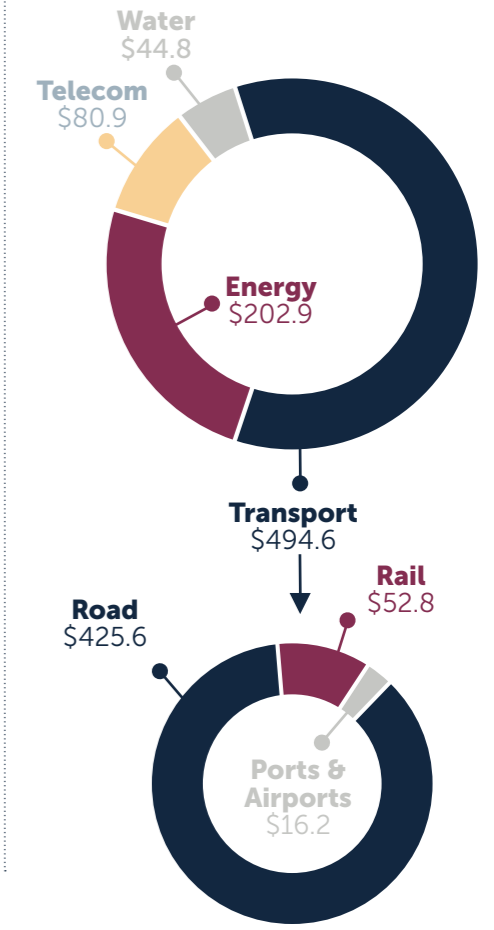
### Hospital bed capacity of quality rooms rate



### Highways (km)



### Investment Need by Sector (2021-2040, \$bn)

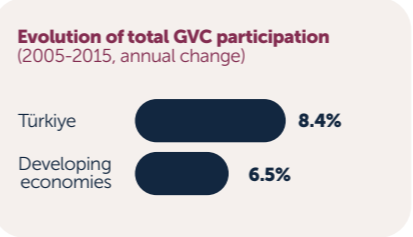


Source: Ministry of Transport and Infrastructure

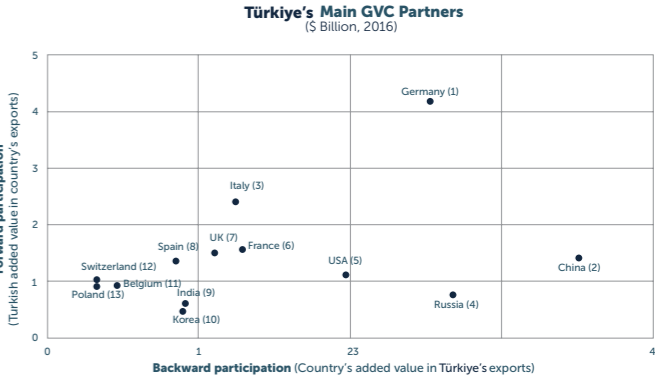
# TÜRKIYE'S PARTICIPATION IN GVCs



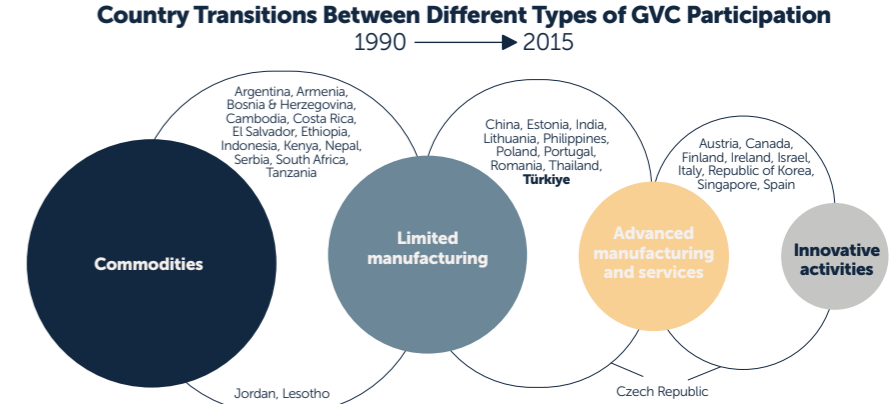
Türkiye's participation in **Global Value Chains** has been steadily increasing, but there is still room for growth in order to catch up with peer economies.



Combining both forward and backward linkages, **Germany** is Türkiye's main GVC partner, followed by **China** and **Italy**.



Türkiye has managed to successfully move up the value chain, thus transitioned from limited manufacturing to **advanced manufacturing** GVCs.



Source: \*OECD-WTO GVC Database, World Bank World Development Report 2020: Trading for Development in the Age of Global Value Chains (GVCs)\*

## TÜRKİYE'S PARTICIPATION IN GVCs

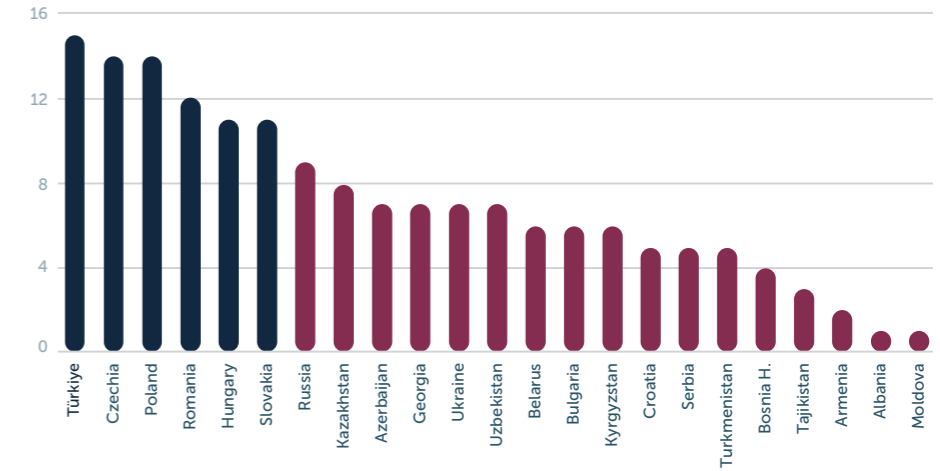


According to a recent Fitch analysis, Türkiye stands to gain the most from a shift of supply chains



“The Turkish government has also been aware of the GVC transformation and set up a working group with all stakeholders to prepare Türkiye for post-covid GVCs

**Emerging Europe Attractiveness Score**  
(a higher score is better)



### Türkiye GVC WORKING GROUP POLICY & ACTION AREAS

- ✓ Coordination of activities
- ✓ Tap emerging opportunities
- ✓ Improve Türkiye's investment climate & competitiveness
- ✓ Develop suppliers' base
- ✓ Facilitate relocation of multinational companies

### STEERING COMMITTEE

### PRIVATE SECTOR



## SDGs IN TÜRKİYE

### GENERAL INFORMATION

In 2015, countries in the world adopted the **2030 Agenda for Sustainable Development** and its 17 SDGs.



The **17 SDGs** of the 2030 Agenda for Sustainable Development are the blueprint for achieving a better and more sustainable future for all.

The “**SDG Investor Map Türkiye**” provides in-depth information on **27** investment opportunity areas identified across **9** priority sectors and **14** subsectors.

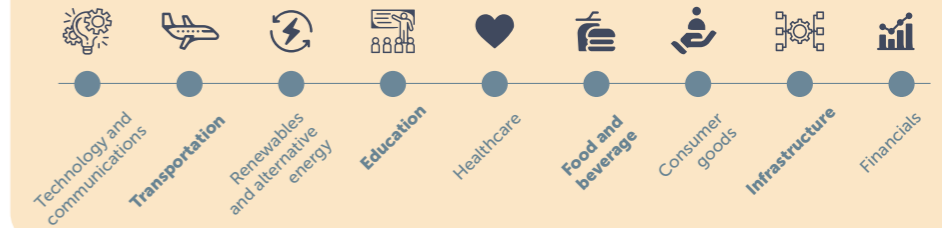
Dec  
2019

Investment Office co-prepared a report on stakeholder mapping and preliminary analysis for impact investing in Türkiye in partnership with the Istanbul International Center for Private Sector in Development (IICPSD) team. **The Sustainable Development Goals Investor Map Türkiye** report was published in December 2019.

March  
2021

The report prepared upon the request of the **United Nations Development Programme** (UNDP)–was launched at the 11<sup>th</sup> **Bosphorus Summit** held in Istanbul and honored by **President Recep Tayyip Erdoğan**.

#### PRIORITY SECTORS FOR Türkiye CLASSIFIED IN THE MAP



## SDGs IN TÜRKİYE

### PARIS AGREEMENT RATIFICATION

“The Turkish Parliament ratified the Paris Agreement on October 6, 2021 and put it into effect following its publication in the Official Gazette on October 7.



✓ Türkiye has been a signatory to the Paris Agreement since April 22, 2016 within the framework of the UN Climate Change Conference. Türkiye's parliamentary adoption of the decision by consensus came in ahead of the COP26, which took place from October 31 to November 12, 2021 in Glasgow, Scotland.

✓ The Paris Agreement aims to strengthen the global response to the threat of climate change by stopping global average temperatures from rising more than 2 degrees Celsius above pre-industrial levels by the end of 21st century, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius if possible.

✓ Türkiye is expected to update its national climate action plan, officially known as the Nationally Determined Contribution (NDC), including emission reduction targets in the energy, waste, transportation, buildings, and agriculture sectors and submit them to the UN Secretariat.

✓ Türkiye also plans to organize a council in January 2022, attended by representatives from the private sector, non-governmental organizations, universities, industrialists and international organizations, to examine the long-term strategy.

✓ As part of its efforts to contribute to the fight against climate change, Türkiye renamed the Ministry of Environment and Urbanization as Ministry of Environment, Urbanization and Climate Change.





## SDGs IN TÜRKİYE

### PARIS AGREEMENT - 2053 NET ZERO EMISSION TARGET

✓As a first step, Türkiye has committed to reduce of 21 percent by 2030, from a projected emission of 1,175million tons to 929 million tons, and to achieve "net-zero carbon emissions" by 2053, as announced by President Recep Tayyip Erdoğan.

✓Climate change; is a development issue that concerns many areas from trade to transportation, industry to food, energy to education. In this sense; It should be managed with a perspective that evaluates economy and ecology together but always prioritizes our environmental sensitivity.

✓The target of Türkiye; to successfully implement the Green Development Revolution (Transformation) and be among the top 10 economies of the world. At this point, with the Memorandum of Understanding signed with the World Bank on October 22, 2021; A financing of 3 billion 157 million Euros was provided to be used in the fight against climate change. This fund; is aimed to support climate-friendly investments in many fields from industry to agriculture, from transportation to energy, from waste to the construction sector, from clean energy to micro-mobility.

✓Developed countries have to reinvest for green transformation, but developing countries will turn this crisis into an opportunity. Türkiye plans to turn its green transformation move into an opportunity. Türkiye has a high and qualified workforce potential and greenhouse gas reduction potential. The era of making the economically necessary structural improvements despite nature is over. Countries that produce and catch up with technology and trends on the path of low-carbon development will be the essential economies of the age after the industrial revolution and the digital revolution.

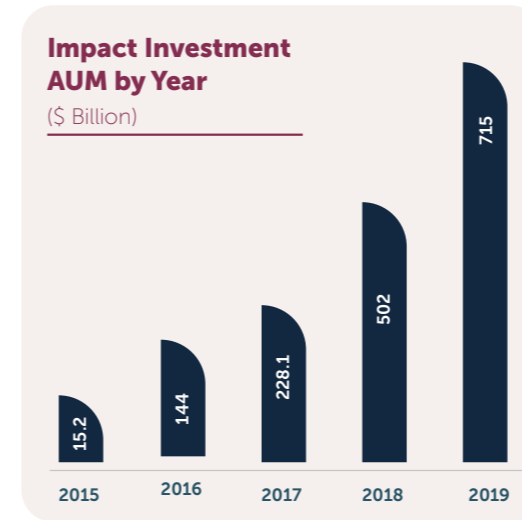
## SDGs IN TÜRKİYE

### IMPACT INVESTMENT AS A NEW MODEL



Global market for impact investing reached **\$715** billion in assets under management (AUM) at the end of 2019.

The Turkish National Advisory Board for Impact Investing was established in partnership with **UNDP**, the Impact Investment Platform (Etkiyap), the Development Investment Bank of Türkiye and the Investment Office.



Source: Investment Office-The Impact Investment Ecosystem in Türkiye

Positive and measurable social and environmental impact

**Impact Investing**

Financial Return

#### EXAMPLES OF IMPACT CAPITAL IN Türkiye

In 2019, the **European Bank for Reconstruction and Development (EBRD)** approved the provision of a €50 million loan to **Sütaş**, an agribusiness company, to finance Sütaş's investment in an integrated production facility in Bingöl, Eastern Türkiye.

The **Industrial Development Bank of Türkiye (TSKB)** issued the first ever **Green/Sustainable Bond** in 2016 to finance renewable energy and resource efficiency investments as well as healthcare and education projects.

**Idacapital** is an investment management firm focusing on impact through technology, innovation and growth investments in and out of Türkiye, and currently holds the lead in investments focused on impact, devoting funds exclusively to with/for impact.

**Turkish Red Crescent Association Venture Capital Investment Fund** was established by Kızılay, which will channel its management fees into funding their humanitarian activities.

The **Development and Investment Bank of Türkiye** has played a key role in contributing to Türkiye's sustainable development while facilitating investments to boost employment and prosperity.

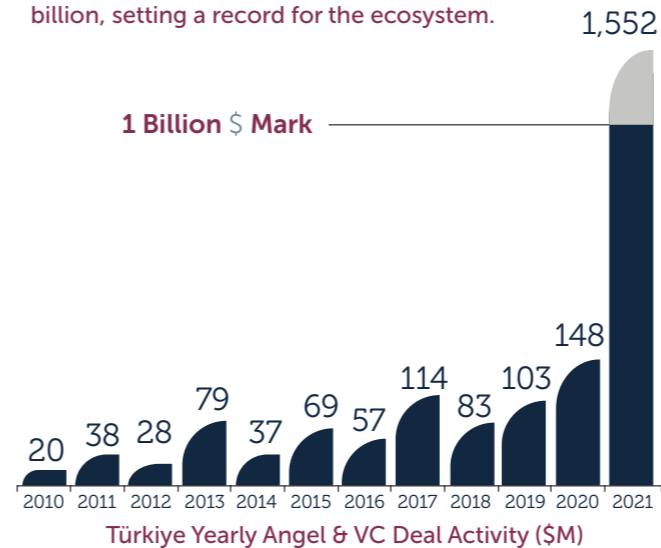
The **Scientific and Technological Research Council of Türkiye (TÜBİTAK)'s Tech-InvesTR Venture Capital Support Program** was established in order to enable venture capital funds to invest in R&D intensive early-stage companies in order to meet the financial needs of these companies.



## GROWING STARTUP ECOSYSTEM WHY INVEST IN TURKISH STARTUPS

Türkiye's **diversified economy**, **entrepreneurial business culture** and **young and tech savvy population** have been attracting significant investments from global players into Turkish startups, which have proven that their products and services are globally competitive.

In 2021, Turkish startups raised USD 1.6 billion, setting a record for the ecosystem.



Source: Startups.Watch



## GROWING STARTUP ECOSYSTEM

### MILESTONES IN TÜRKİYE'S STARTUPS ECOSYSTEM

#### 2 Decacorns, 3 Unicorns since 2020



**trendyol** In August 2021, a group of Private Equity investors acquired 9.09% of Trendyol for \$1.5 billion and carried Trendyol's value to \$16.5 billion as the first **decacorn** in Türkiye.



Turkish rapid delivery startup **Getir** raised its valuation to USD 11.8 billion after raising USD 768 million funding and became the second **decacorn** of Türkiye, just one year after becoming a unicorn in March 2021.



In January 2022, mobile puzzle games developer **Dream Games** raised \$255 million in a series-C funding round which carried the startup's value to \$2.75 billion.



The US-based interactive entertainment company **Zynga** acquired the Turkish mobile game developer **Peak Games** for \$1.8 billion, in June 2020.



The software startup Insider has become Türkiye's first software unicorn after raising USD 121 million from investors in a Series D funding round held by the Qatar Investment Authority (QIA).

**294**

startups received \$1.6 billion through Angels & Venture Capital Funds in 2021.

**2,149**

startups received \$64 million of government grants in 2020.

**2012**

Introduction of VC Funds by the Capital Markets Board of Türkiye

**2013**

Enactment of the Regulation on Angel Investments.

**2014**

Launch of Tax Incentives Program for companies investing in VC Funds

Introduction of Tübitak's 1514 Tech-InvestTR "Venture Capital Funding Program" V.1

**2016**

Commissioning of a prominent R&D reform and introduction of support for design.

**2017**

Enactment of a new law on Industrial Property Rights.

Passing of crowdfunding legislation.

**2018**

Convening of the Global Entrepreneurship Congress in Istanbul

**2020**

Techno-Investment Fund (TRY350 million) established by Development Investment Bank of Türkiye

Introduction of Tübitak's 1514 Tech-InvestTR "Venture Capital Funding Program" V.2

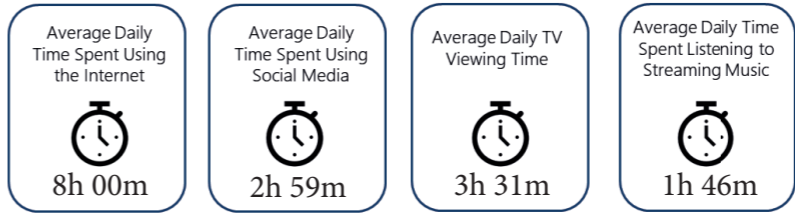
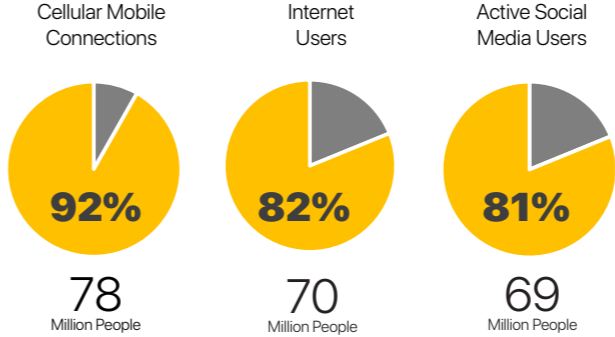
**2021**

\$250 million Tech Fund by Türkiye Wealth Fund

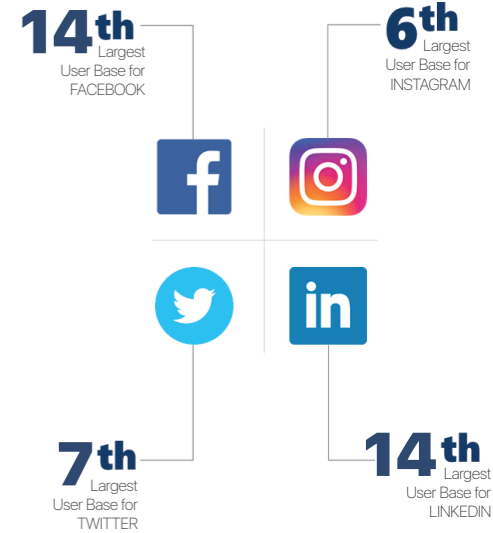
# GROWING STARTUP ECOSYSTEM

## MOBILE, INTERNET, AND SOCIAL MEDIA USE IN TÜRKİYE

Türkiye has large and young population with high tech penetration rates.



### Turkey's Global Rankings in Social Media Use



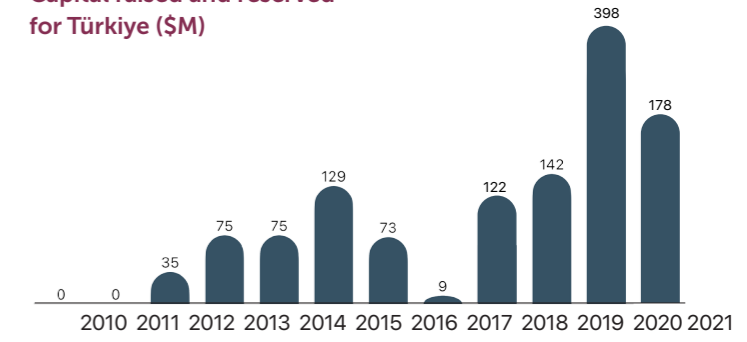
Source: Digital 2021 Report, Hootsuite & we are social



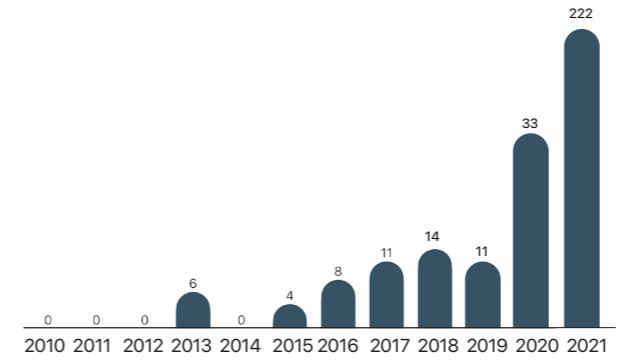
## GROWING STARTUP ECOSYSTEM VC FUNDRAISING ACTIVITY IN TÜRKİYE

The amount of funds allocated to Türkiye in the last 5 years (2017-2021) reached \$ 849 million. This amount makes Türkiye have record levels of dry powder for VCs.

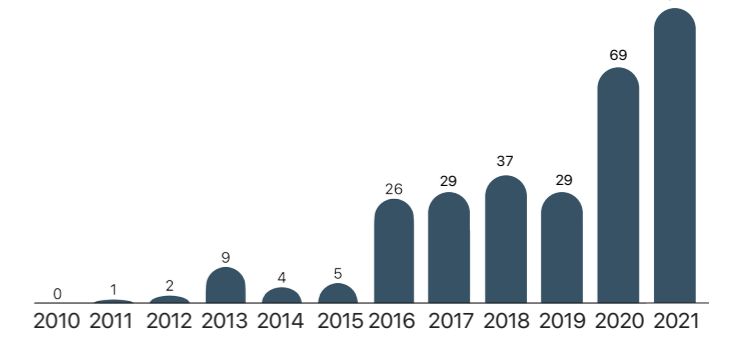
Capital raised and reserved for Türkiye (\$M)



Deal amount by CVC Participation (\$M)



Deal number by CVC Participation



Source: Startups.watch Only disclosed equity fundings are counted. Non-Equity, Secondary and Post-IPO transactions, Grants and convertible debts are excluded.

## SECTORAL OPPORTUNITIES - AGROFOOD

With its **favorable geographical conditions** and climate, large arable lands, and well-developed agricultural industry, Türkiye is considered to be one of the leading countries in the world in the field of agriculture and food.



**Largest country in Europe** in terms of agricultural economy with **\$49 billion** agricultural production volume in 2019

**10<sup>th</sup>** largest country in the world in terms of agricultural economy in 2019

**Largest tractor sales** in Europe, **5<sup>th</sup>** in the world, with **75%** of the local market supplied by local players

number  
**1**

Global producer of figs, hazelnuts, quinces and apricots (2019)

number  
**1**

Global exporter of quinces, raisins and flour (2019)

**\$20.7**  
billion

Agrofood exports (2020)

**2.8**  
million

Enterprises operating in agrofood production

**408%**

Increase of Türkiye's agricultural product exports for the 2002-2020 period

**\$15.2**  
billion

Agrofood imports in 2020

**3<sup>rd</sup>**

largest agricultural producing country in the world by quantity for leading commodities such as **fruits, vegetables, coarse grains, dairy and oils** in 2019

## SECTORAL OPPORTUNITIES - AUTOMOTIVE

With a history of more than **50 years**, Türkiye's automotive industry is now home to **14 OEMs** with a total product portfolio covering passenger cars, light commercial vehicles, as well as heavy duty vehicles. Türkiye is a strong production and engineering hub for the global automotive value chain.



**15<sup>th</sup>** largest automotive producer in the world, with an **85%** average export rate (2020).

Vehicles of Turkish origin hold a leading position in the EU among the vehicles coming from outside of the EU.

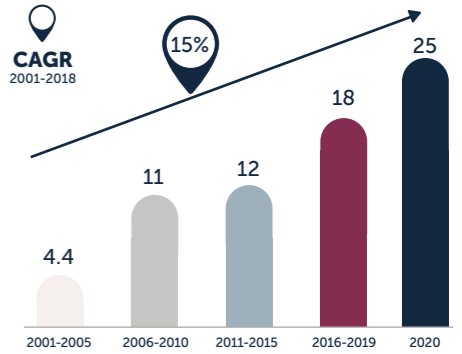
**3<sup>rd</sup>** largest commercial vehicle producer in Europe (2020).

**1.3 million** Vehicle production in Türkiye (2020)

**34%** Share of commercial vehicles in total production (2020)

**\$25 billion** Automotive exports of Türkiye (2020)

**Development of Vehicle Exports**  
(Billion \$)



### STRONG INTERNATIONAL PRESENCE IN TÜRKİYE

**1,200** Number of accredited R&D centers, of which 27 belong to global companies.



Türkiye's first global mobility brand is being developed on a genuine, born-electric platform, and development and production of lithium ion batteries are being carried out in Türkiye. Launched in 2019, the first serial vehicle is expected off the line in the last quarter of 2022.

Source: Automotive Manufacturers Association of Türkiye



## SECTORAL OPPORTUNITIES - CHEMICALS

Türkiye is an attractive investment location for **chemical** companies with a **robust market growth** fueled by end user markets, while offering competitive production costs.



**Sustainability of growth** in customer industries in Türkiye is a source of strength

**Chemical sales** in Türkiye outperformed the global trend over the past decade

**Europe** appears to be the largest trade partner of Türkiye in chemicals

**140**  
Number of greenfield projects announced in the 2007-2020 period

**25%**  
Share of Türkiye and its surrounding markets in global petrochemical consumption

**2nd**  
Largest plastics producer in Europe

**10th**  
Largest fertilizer consumer globally

**7th**  
Largest plastics producer in the world

**2nd**  
Largest polypropylene importer after China

FDI in Turkish chemicals industry have been active through **greenfield** and **M&A** activities

**78**  
Number of M&A projects realized in the 2007-2020 period


**2nd**  
Largest net petrochemical importer after China


**5th**  
Largest paint producer in Europe


## SECTORAL OPPORTUNITIES - DEFENSE & AEROSPACE

Türkiye's decisive policies have yielded significant results in transforming the defense industry. Growing and diversifying exports have explored new opportunities in US, EU, Middle East, Africa, Central Asia and South America.

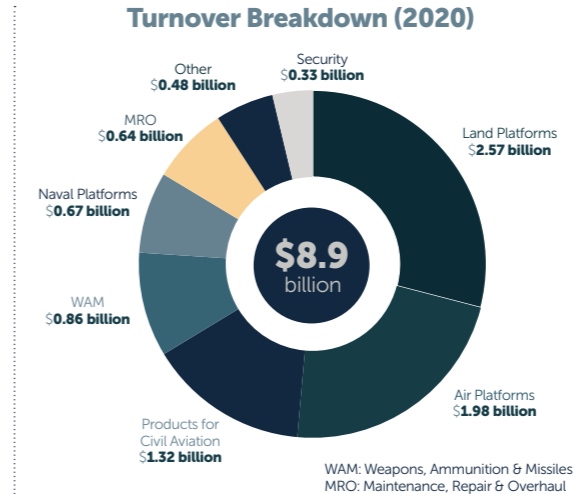


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**\$17.7 BILLION**  
DEFENSE EXPENDITURES (2020)
- 

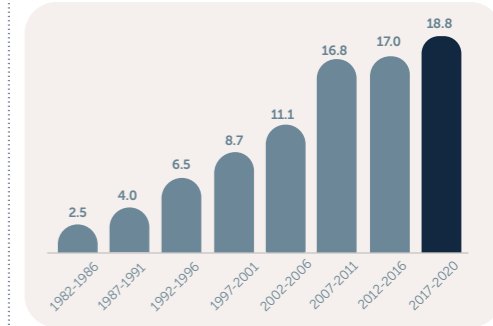
**\$6.2 BILLION**  
DEFENSE & AEROSPACE ORDERS (2020)
- 

**\$2.3 BILLION**  
DEFENSE & AEROSPACE INDUSTRY EXPORTS (2020)

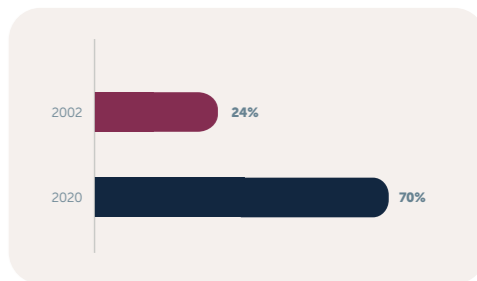


### Türkiye's Annual Defense Expenditures

(\$ Billion, current prices)



### Local Content in Türkiye's Defense Procurement



## SECTORAL OPPORTUNITIES - DEFENSE & AEROSPACE

Türkiye is a key player in global air transportation and offers lucrative opportunities for global investors with rapidly growing civil aviation.



GÖKBEŞ



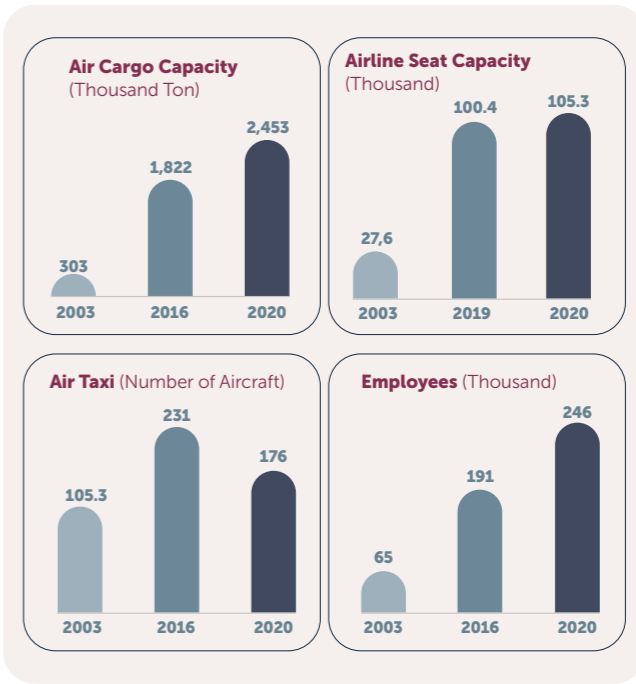
ATAK



ANKA



AKSUNGUR



**TURKISH AIRLINES**

- 120+** Countries
- 300+** Cities
- 320+** Airports
- 2<sup>nd</sup>** airline in Europe with 1,200 flights per day (2021)

## SECTORAL OPPORTUNITIES - ENERGY

Being a high-profile OECD country in terms of energy demand, Türkiye has created a solid action plan to achieve a smooth transition to **self-sufficiency**, robustness, **diversification**, supply security, competitiveness and environment-friendly energy.



Türkiye's first-ever drillships set sail on a drilling mission, eventually discovering proven reserves of **540 billion cubic meters of natural gas** in total in the Black Sea.

The first Turkish-flagged FSRU, **BOTAŞ Ertuğrul Gazi**, was commissioned in June 2021.

Out of **\$225 billion** FDI, attracted between 2003 and 2020, **\$18.2 billion** was solely channeled into the energy sector.

**42.4%** Share of renewable energy in total electricity production (2020).

### Total Installed Capacity in Türkiye

2002 **31.8GW**

2020 **95.9GW**

**30.98 GW**  
Türkiye's installed hydro power capacity as of 2020.

**8.83 GW**  
Türkiye's installed wind power capacity as of 2020.

**6.66 GW**  
Türkiye's installed solar power capacity as of 2020.

### Türkiye's Rank in Europe (2020)

**5<sup>th</sup>** largest electricity market

**5<sup>th</sup>** in energy consumption

**4<sup>th</sup>** in gas consumption

**\$11 billion**  
Investments to be made by 2023 within the scope of the National Energy Efficiency Action Plan.

**5.5%** Annual growth rate of energy demand in Türkiye since 2002.

**75%** Share of private sector in power generation as of 2020.

**4<sup>th</sup>** Türkiye's rank in global geothermal power generation capacity in 2020.

## SECTORAL OPPORTUNITIES - ICT

Favorable demographics with a dynamic **young and online population** supports the Turkish ICT sector, which is strongly backed by international and local companies.



Turkish ICT market surpassed **\$27 billion** in 2020

Workforce in the industry reached **160K** in the last five years

**\$18 billion** FDI has been attracted since 2005

**79 million**  
Fixed and mobile broadband subscribers in Türkiye in 2020 with an impressive penetration rate of 90%.

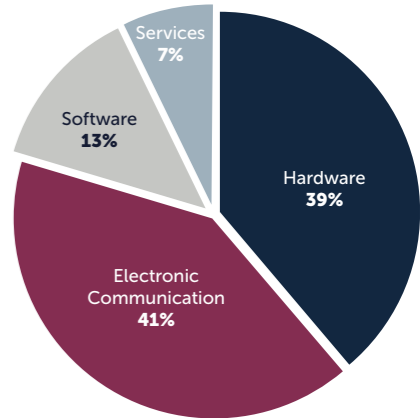
**66%**  
Annual growth rate of e-commerce market in Türkiye, which reached TRY 226.2 billion in 2020.

Türkiye is transforming into a fintech hub, with over **200** companies and an online payment market of almost **\$33 billion**.

**18<sup>th</sup>**  
Rank of Türkiye's Gaming market in the World in 2020, with exports exceeding \$1.5 billion.

**40%**  
of large size companies in Türkiye use cloud computing services.

**2020 ICT Market Breakdown**  
Shares of Subsectors

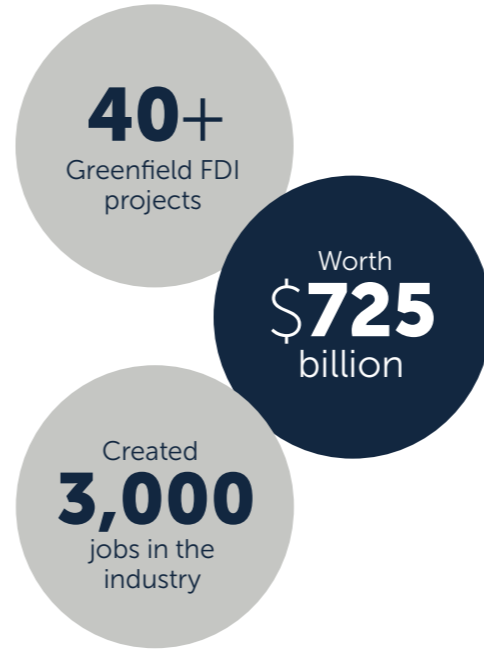


Türkiye has doubled its exports since 2014, reaching over **\$1.5 billion**, while broadening its export markets

Source: TUBISAD ICT Market Data 2020

## SECTORAL OPPORTUNITIES - LIFE SCIENCES

Türkiye's pharma & biotech industries have experienced a great number of FDI projects in the last 15 years coupled with an **intensive M&A investment flows** targeting attractive domestic companies.



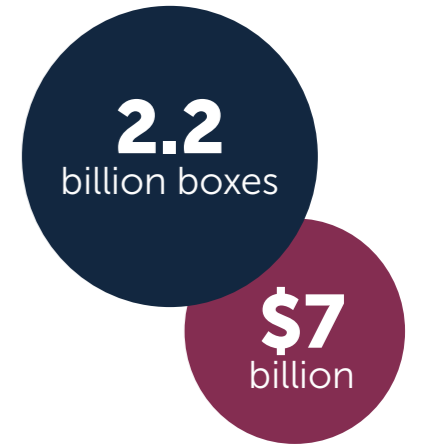
### Top 3 M&A Deals in Pharma Industry Since 2010

**AMGEN** \$670 million in 2012

**RECORDATI** \$130 million in 2011

**Takeda** \$120 million in 2015

### Size of Turkish Pharma Market in 2020



## SECTORAL OPPORTUNITIES - MACHINERY

"Producing **intermediate goods** and providing inputs to key sectors such as chemicals, construction, automotive, energy, textiles, agriculture, and mining, machinery manufacturing plays a crucial role in the development of Türkiye.



**Global machinery companies** have been present in Türkiye with significant manufacturing activities, using Türkiye as a hub to access regional markets

Turkish machinery industry has been robustly growing over the past decade with around **5% CAGR**

- 60%** Share of SMEs in machinery revenue
- 40%** Export rate on average
- 10** of the largest 25 companies in the sector are international
- 4<sup>th</sup>** Türkiye's agricultural machinery market has reached to \$1.8 billion in 2019, being 4<sup>th</sup> in Europe
- 3<sup>rd</sup>** Largest growth in the world after China and India for the last eight years in construction machinery
- \$2.4 billion** Size of Türkiye's HVAC market (2019), in which exports more than doubled in 10 years.
- 3<sup>rd</sup>** Largest elevator market in the world (2019)
- 3%** Share of Türkiye in textile machinery exports in the world (2019)

**6<sup>th</sup>**  
Largest machine producer in Europe (2019)

**200+**  
Number of countries worldwide Türkiye exports machinery

Turkish machinery sector has more than quadrupled its revenues to **\$21** and doubled its workforce to **244K** over the past decade

Source: Ministry of Industry and Technology, UN Comtrade

## SECTORAL OPPORTUNITIES - REAL ESTATE

Strategically situated at the crossroads of Europe, the Middle East, and Central Asia, and home to 83 million people, Türkiye offers **great opportunities for real estate developers and investors.**



In 2020, residential sales in Türkiye increased by **11.2%** to **1.5 million** units despite the pandemic

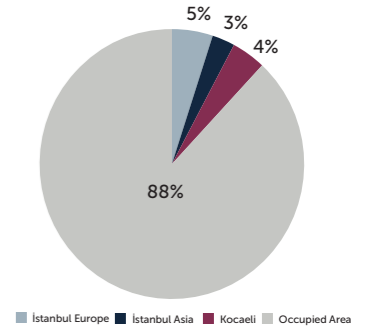
Retail density in İstanbul is **328 sqm** per **1,000** inhabitants in 2020

Mortgaged residential sales showed a significant increase by **72.4%** to **573,337** units in 2020

- 57%**  
Share of FDI into Turkish real estate sector in total in 2020
- 254**  
Total number of Grade A office units in Türkiye in 2020 with 5.6 million sqm GLA
- 10.6 million**  
Number of homes sold between 2013-2020
- 447**  
Total number of shopping malls in Türkiye in 2020 with 13.6 million sqm GLA
- +1 million sqm**  
Expected new supply by İstanbul Finance Center in 2022

**308K sqm**  
Realized logistics leasing transactions during 2020, which tripled compared to year-end 2019

### Regional Distribution of Vacancy in Logistics Market



İstanbul office market had **17.4%** vacancy rate in Q4 2020, marking the best performance in the last four years



## SECTORAL OPPORTUNITIES - TOURISM

As the **6<sup>th</sup> most popular tourism destination** in the world and attracting 51.2 million tourists (foreign & Turkish citizens living abroad) in 2019, Türkiye continues to present vast investment opportunities in both the established and newly-developing subsectors of the tourism industry.



Türkiye ranked **3<sup>rd</sup>** in the World among **49** countries with **519** blue flag awarded beaches in 2021

Since 2010, total tourism receipts increased by **38%** to **\$34.5** billion in 2019

Employment in the tourism sector increased by **18%** in the last **5** years and reached **2.2** million in 2019, having **8.1%** share in total employment in Türkiye

Number of tourism operation licensed facilities increased from **1,824** to **4,038** between the 2000-2019 period

**4.6%**  
Share of tourism revenues in Türkiye's GDP as of 2019

**6<sup>th</sup>**  
Tourism revenue per arrival in Europe in 2019 (UNWTO)

**\$762**  
Tourism revenue per arrival in Türkiye in 2020 (Ministry of Tourism)

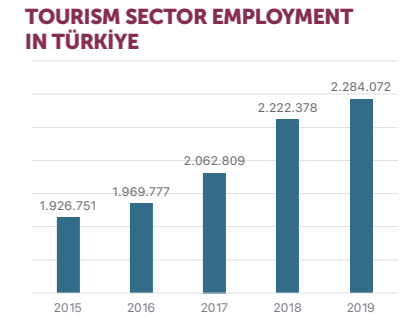
**\$770**  
Tourism revenue per arrival in Europe in 2019 (UNWTO)

**14<sup>th</sup>**  
Largest country in the world in tourism revenues (UNWTO)



Türkiye is home to **19** (17 cultural and 2 mixed) UNESCO World Heritage Sites.

**2<sup>nd</sup>** Rank in Retail and Recreation Mobility Index by Country in November 2021.





PRESIDENCY OF  
THE REPUBLIC OF TÜRKİYE  
**INVESTMENT  
OFFICE**

TÜRKİYE YOUR  
**RESILIENT**  
PARTNER

INVEST IN  TÜRKİYE

TÜRKİYE YOUR  
**RESILIENT**  
PARTNER

VISIT  
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