



ECONOMIC OUTLOOK

June 2019

Last Updated: 27 June 2019

Note: The views and assessments in the presentation do not include any commitment to any person, institution or organization and for informational purposes only.



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A- MACROECONOMIC DEVELOPMENTS



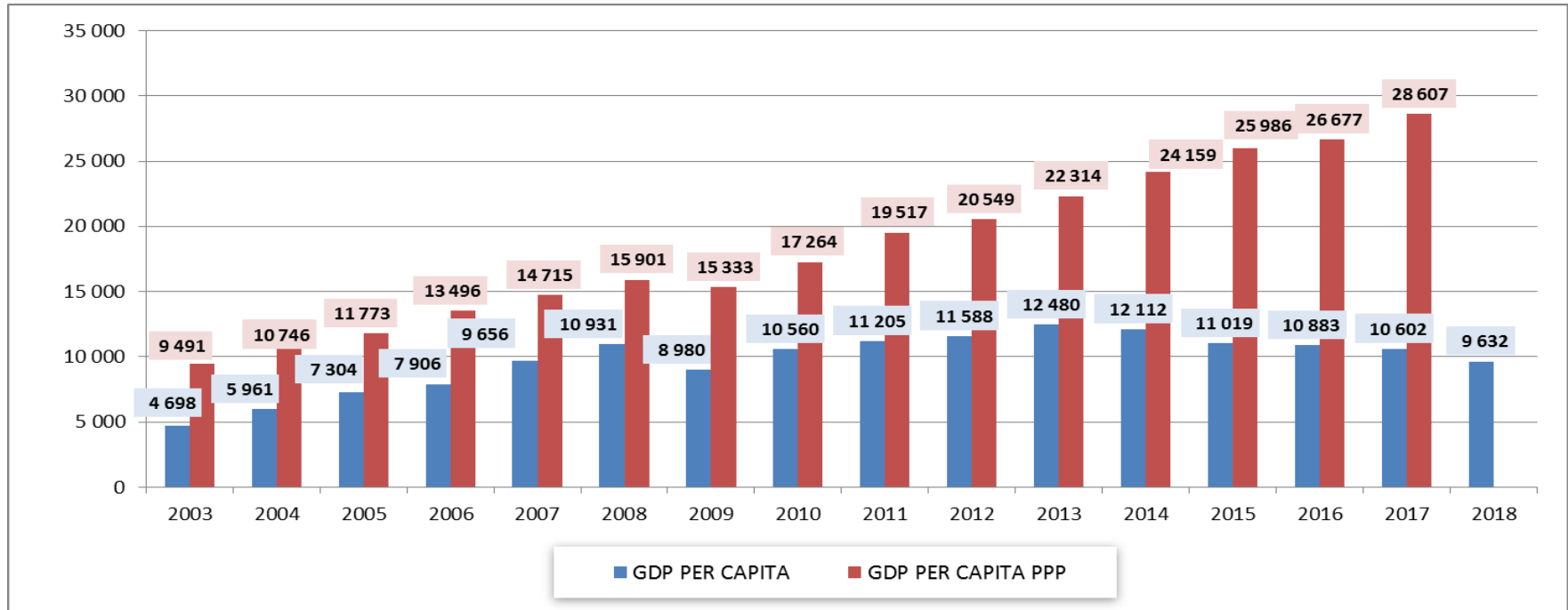
Main Economic Indicators

	2000	2010	2015	2016	2017	2018
GDP Growth, 2009 Prices, %	6.6	8.5	6.1	3.2	7.4	2.6
GDP, at Current Prices, Billion TL	171	1,160	2,339	2,609	3,107	3,701
GDP, at Current Prices, Billion \$	272	772	862	863	851	784
Population, Thousand People, Mid-Year	64,269	73,142	78,218	79,278	80,313	81,407
GDP Per Person, at Current Prices, \$	4,229	10,560	11,019	10,883	10,602	9,632
Export (F.O.B.), Billion \$	27,775	113,883	143,839	142,530	156,993	167,923
Export/GDP,%	10.2	14.7	16.7	16.5	18.4	21.4
Import (C.I.F.), Billion \$	54,503	185,544	207,234	198,618	233,800	223,046
Import/GDP, %	20.1	24.0	24.0	23.0	27.5	28.4
Export/Import Ratio (%)	51.0	61.4	69.4	71.8	67.1	75.3
Tourism Receipts, Billion \$	7.6	22.6	26.6	18.7	22.5	25.2
Foreign Direct Investment, Billion \$	1.0	9.1	19.3	14.0	11.6	13.0
Current Account Balance/GDP, %	-3.7	-6.1	-4.5	-3.8	-5.6	-3.5
Labour Force Participation Rate, %		46.5	51.3	52.0	52.8	53.2
Unemployment Rate, %		11.1	10.3	10.9	10.9	11.0
Employment Rate, %		41.3	46.0	46.3	47.1	47.4
CPI (2003=100), Annual Average, % Increases		8.6	7.7	7.8	11.1	16.3

Source: TURKSTAT, CBRT



GDP Per Capita, US Dollars



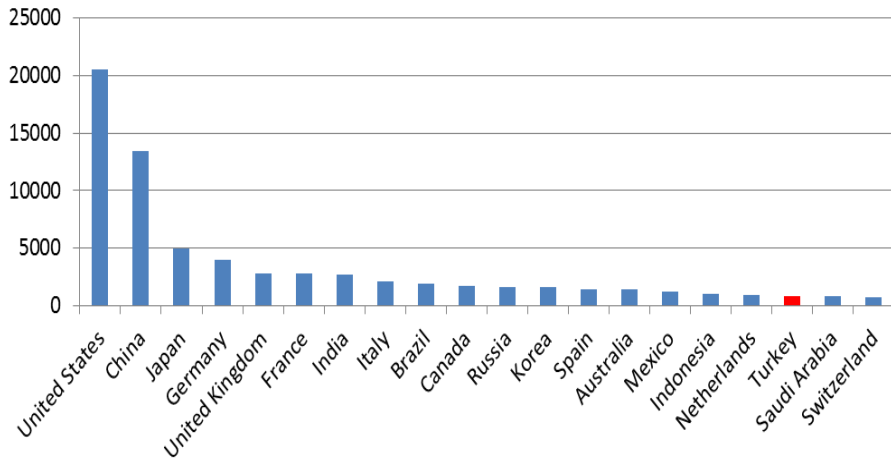
Source: TURKSTAT

- Since 2002, GDP per capita has nearly tripled from 3,581 USD to 9,632 USD in 2018.
- In Purchasing Power Parity (PPP) terms, GDP per capita exceeded 28,607 USD in 2017.



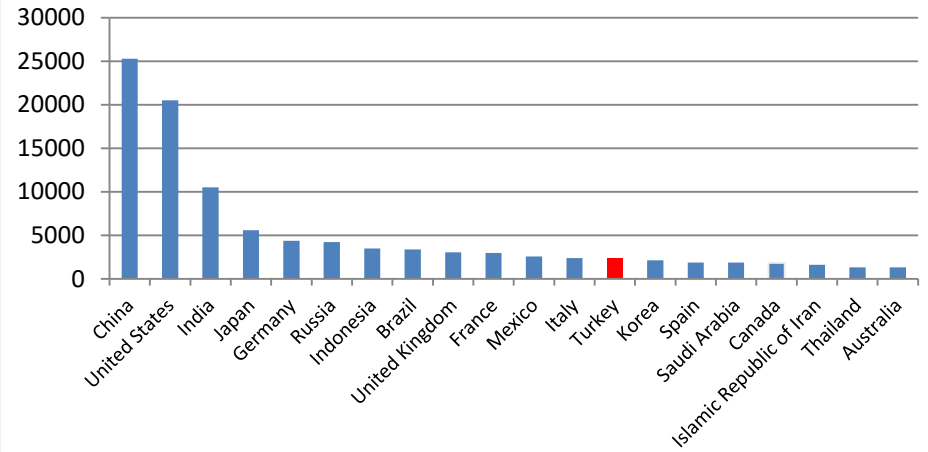
Top 20 Economies (Current and Purchasing Power Parity (PPP))

Current GDP Billion \$



Source: TURKSTAT, IMF

GDP(PPP),Billion \$

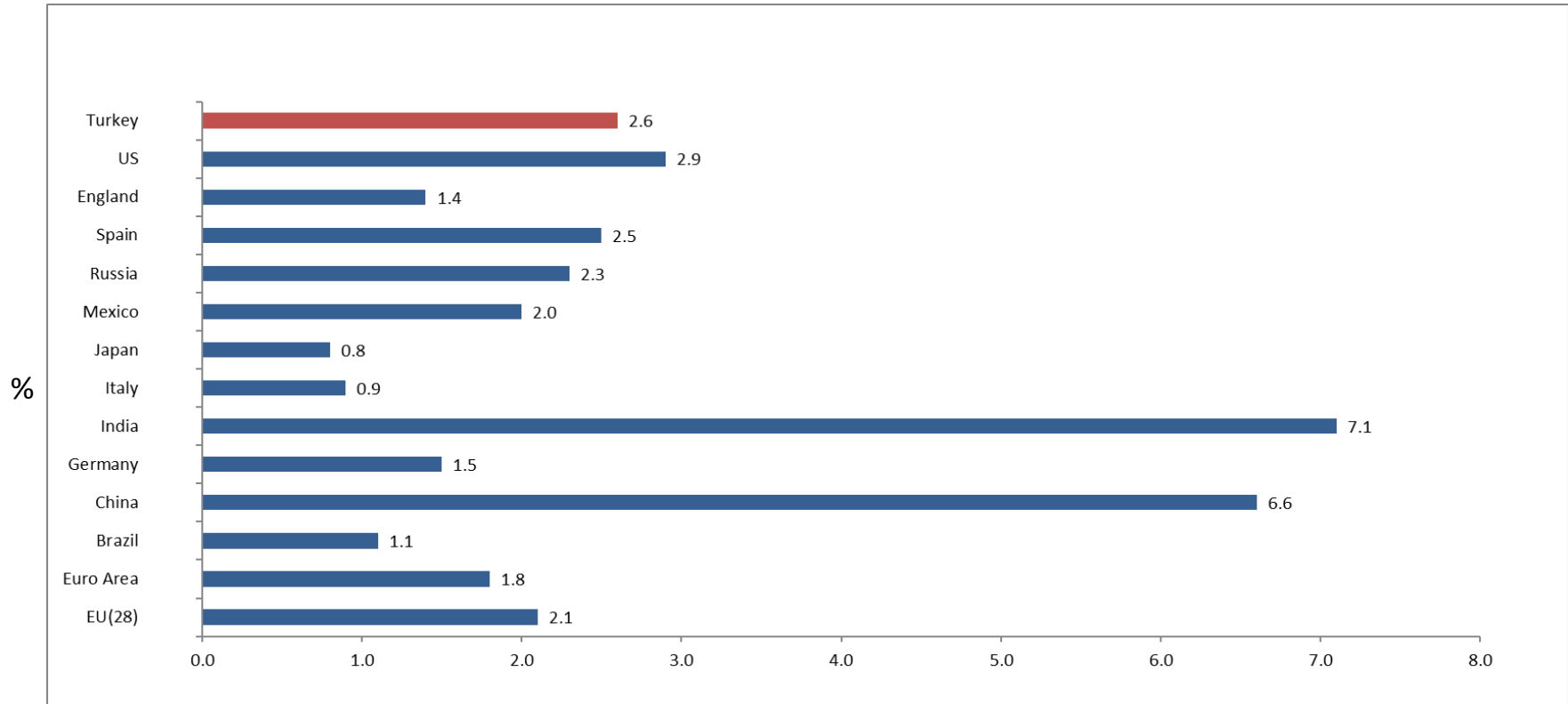


Source: IMF

- In 2018, according to current GDP figures, Turkey ranks as the 18th largest economy in the World and 7th in Europe.



Real GDP Growth of Selected Countries/Country Groups (2018)

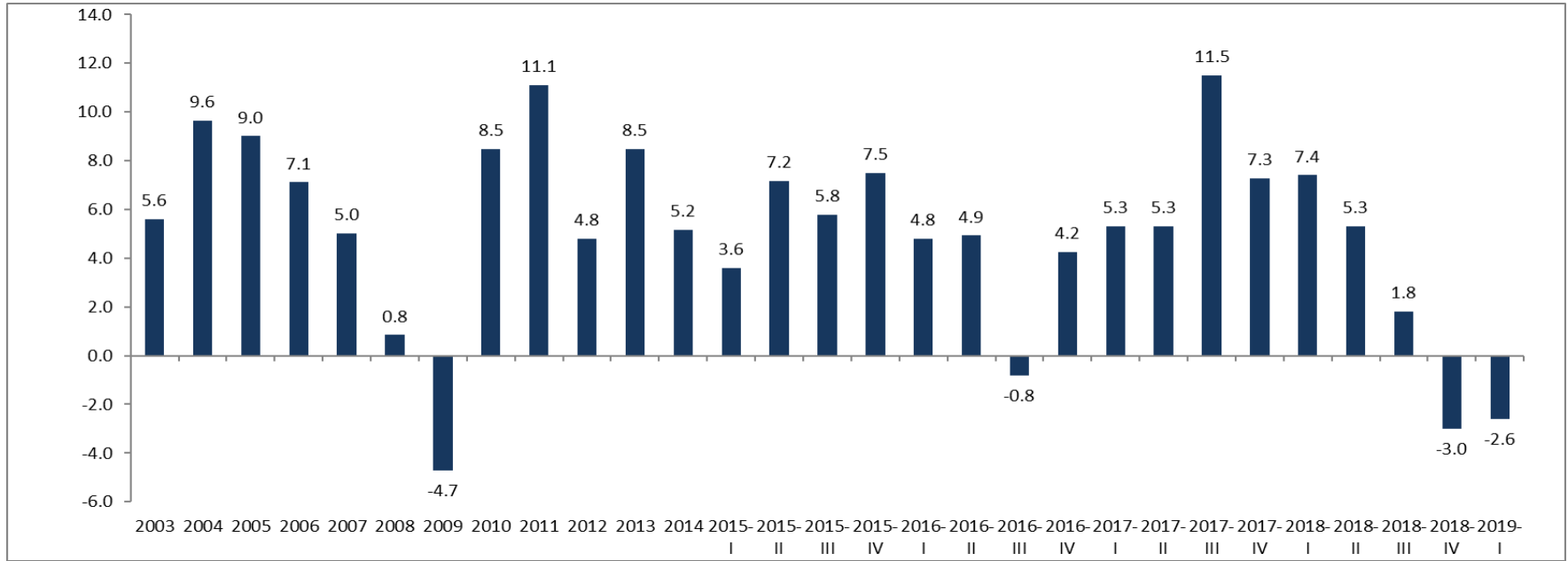


Source: TURKSTAT, IMF

➤ **Turkish Economy expanded by 2.6% in 2018.**



GDP Growth Rates (2003-2018)



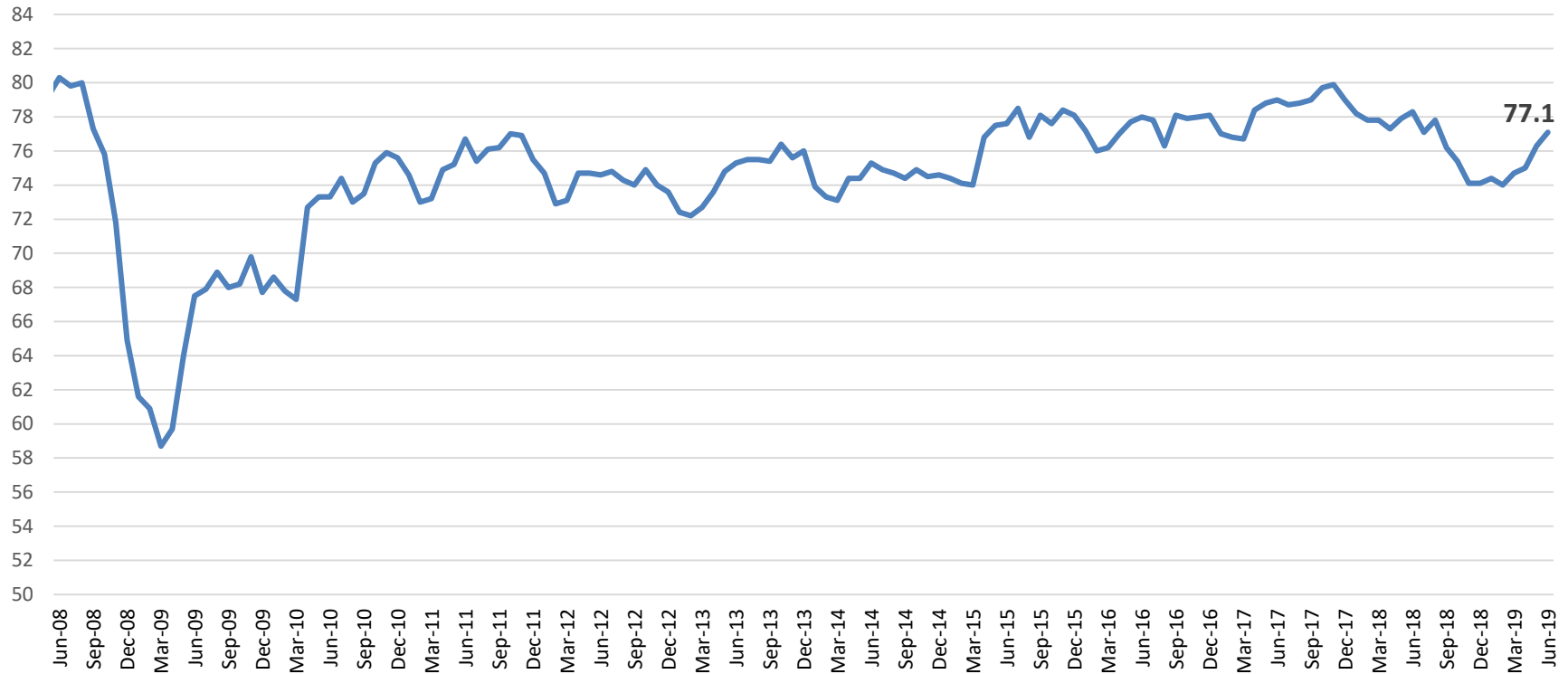
Source: TURKSTAT

Annual Increases

- GDP growth rate of the 1st quarter of 2019 is -2.6%.
- During 2003-2018 period, average annual growth rate in Turkey realized as 5.5%.



Capacity Utilization Rate in Manufacturing Sector (%)

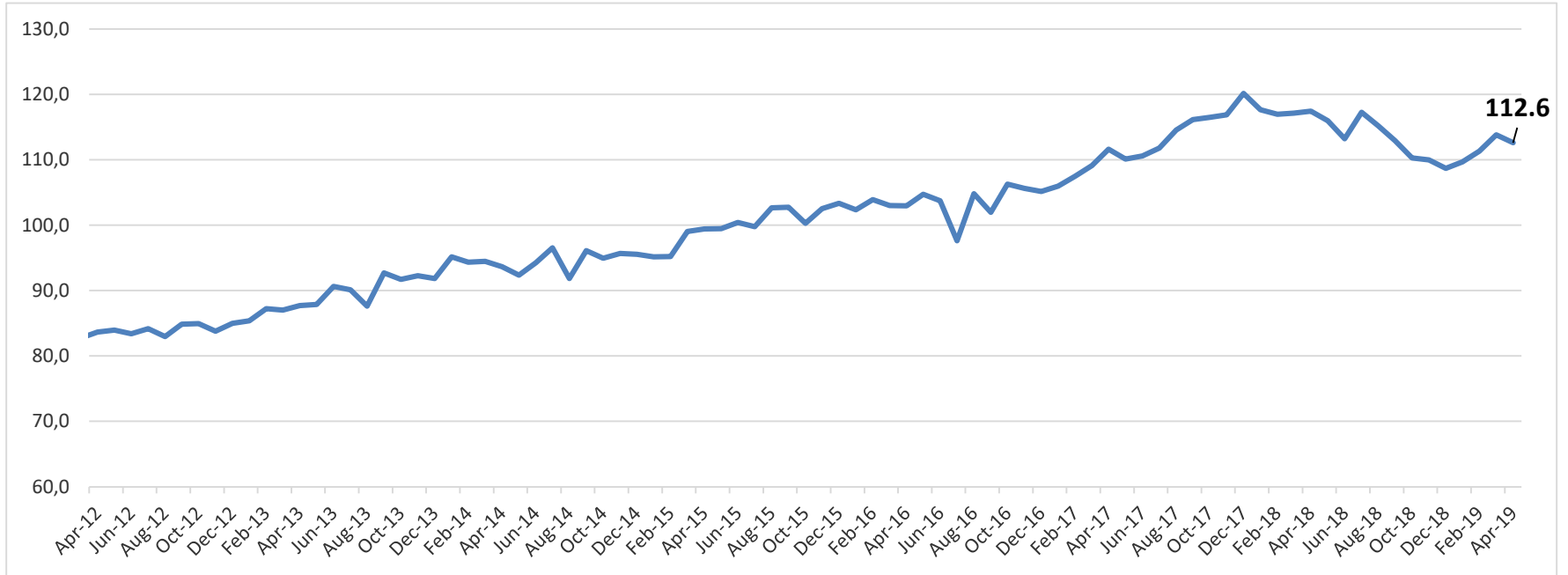


Source: CBRT

- Capacity utilization rate in June 2019 decreased by 1.2 percentage points compared to same month of the previous year and realized as 77.1%.



Industrial Production Index (2015=100)

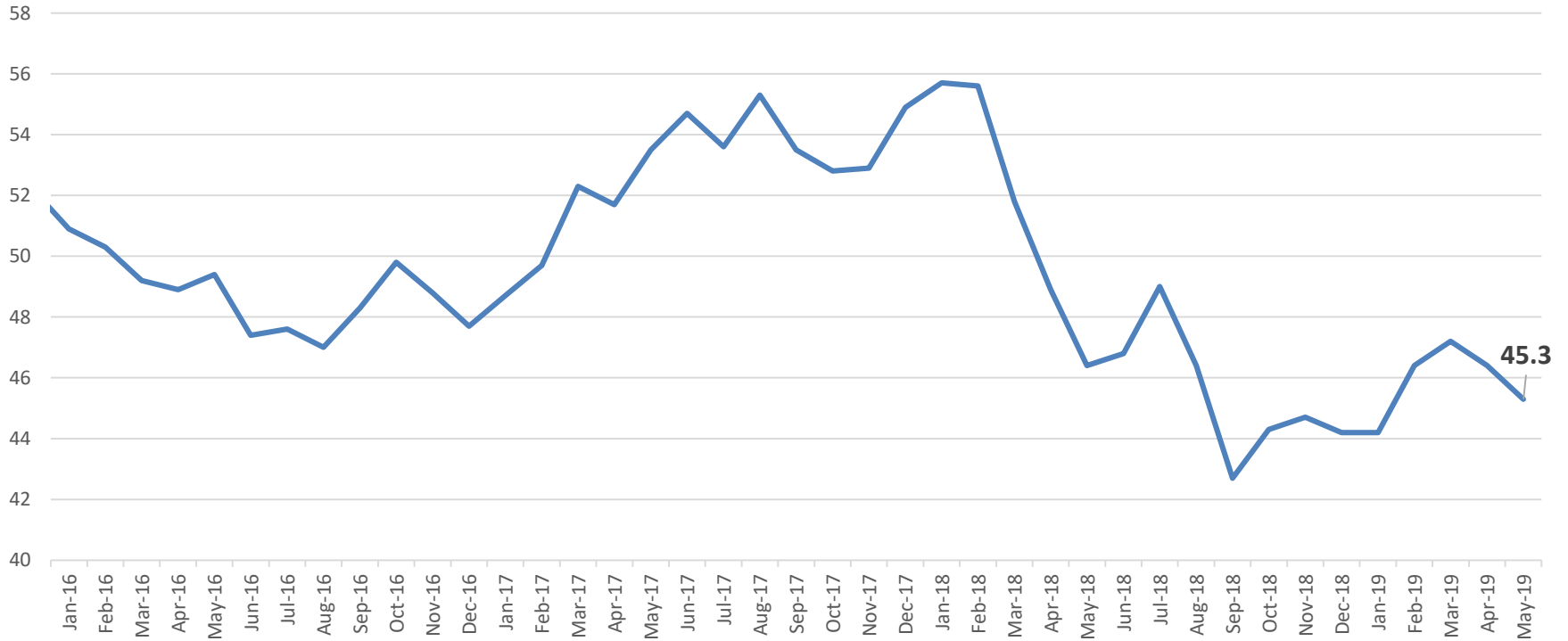


Source: TURKSTAT

- In April 2019, seasonally and calendar adjusted industrial production index decreased by 1% in comparison to March 2019 and reached to 112.6.



Purchasing Managers' Index (PMI)

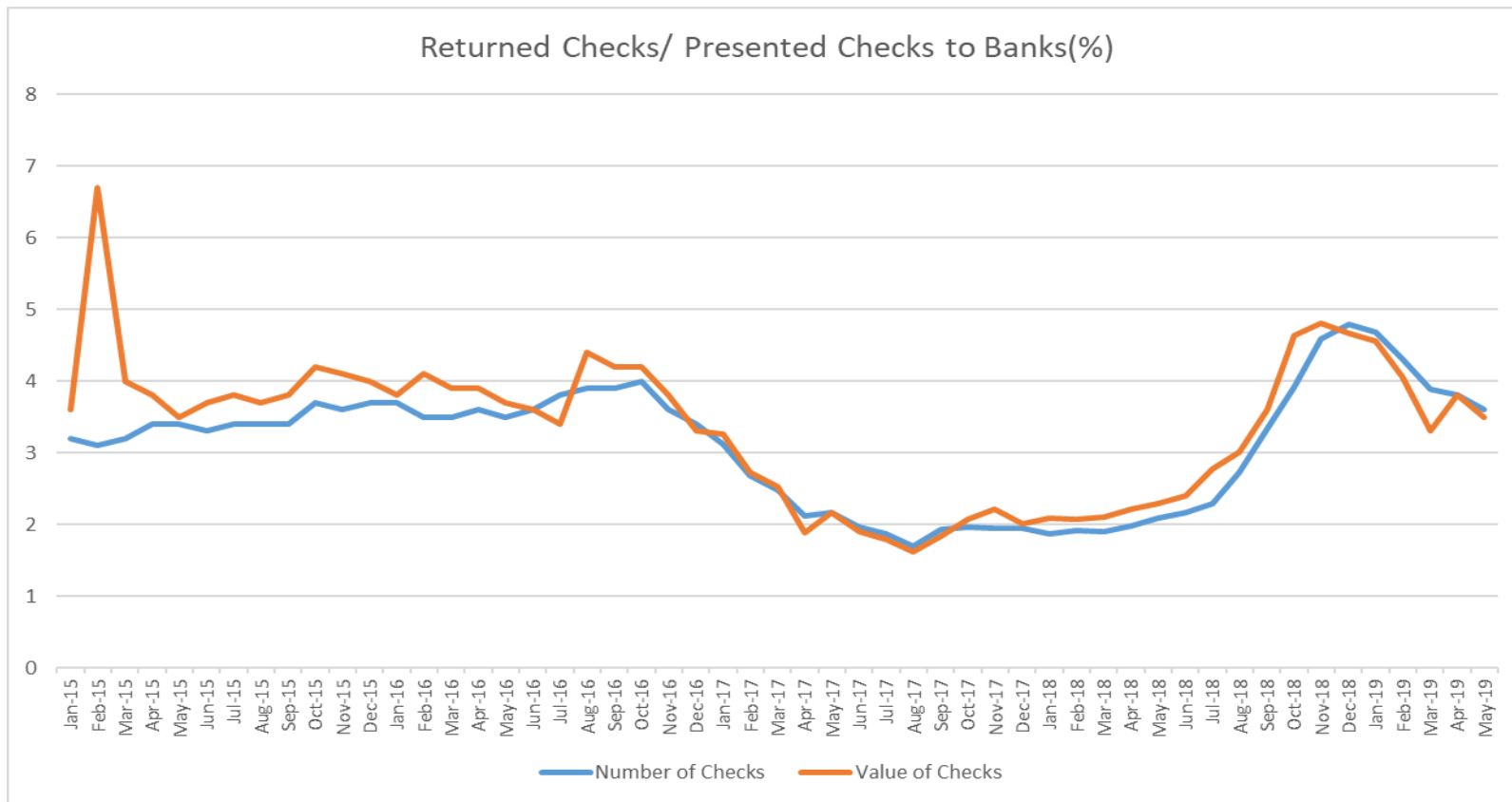


Source: Markit Economics

Note: The index measured above 50 indicates an increase, and the index measured below 50 indicates a decline.

➤ In May 2019, the PMI decreased by 1.5 points compared to the previous month and was realized as 45.3 below the threshold value.

Returned Checks

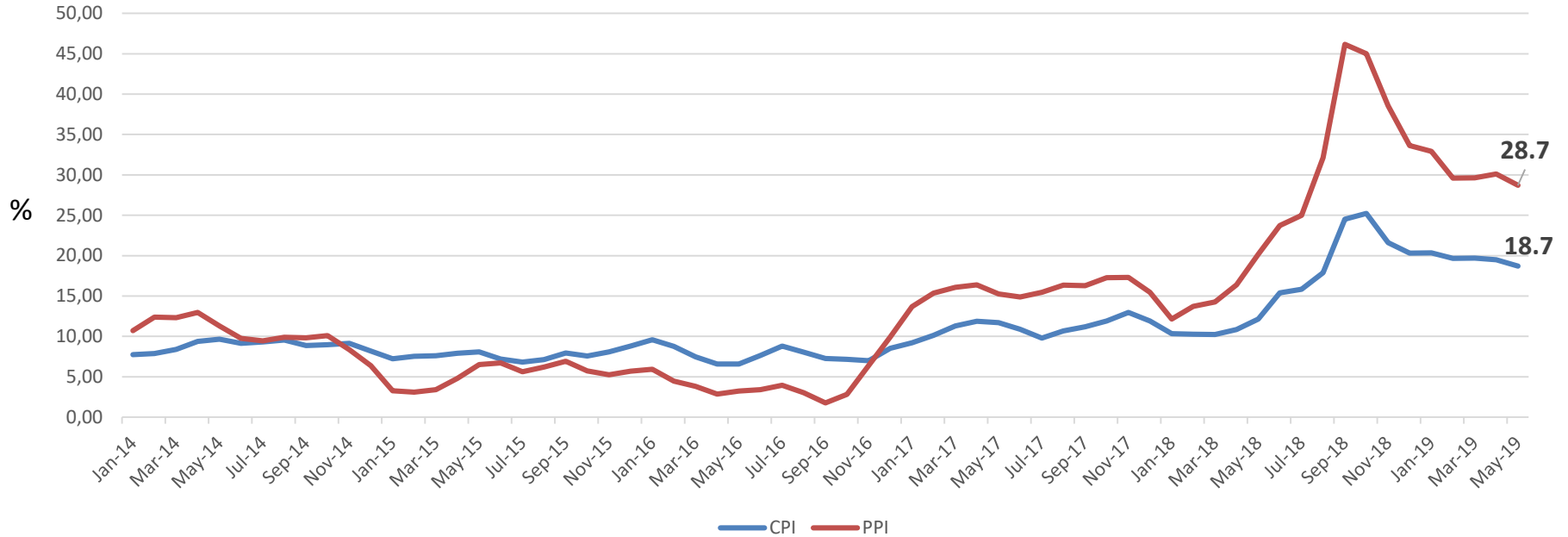


Source: The Banks Association of Turkey

- In May 2019, the ratio of the number of returned checks in total submitted to banks and the ratio of value of returned checks in total were decreased.



Developments in Inflation*



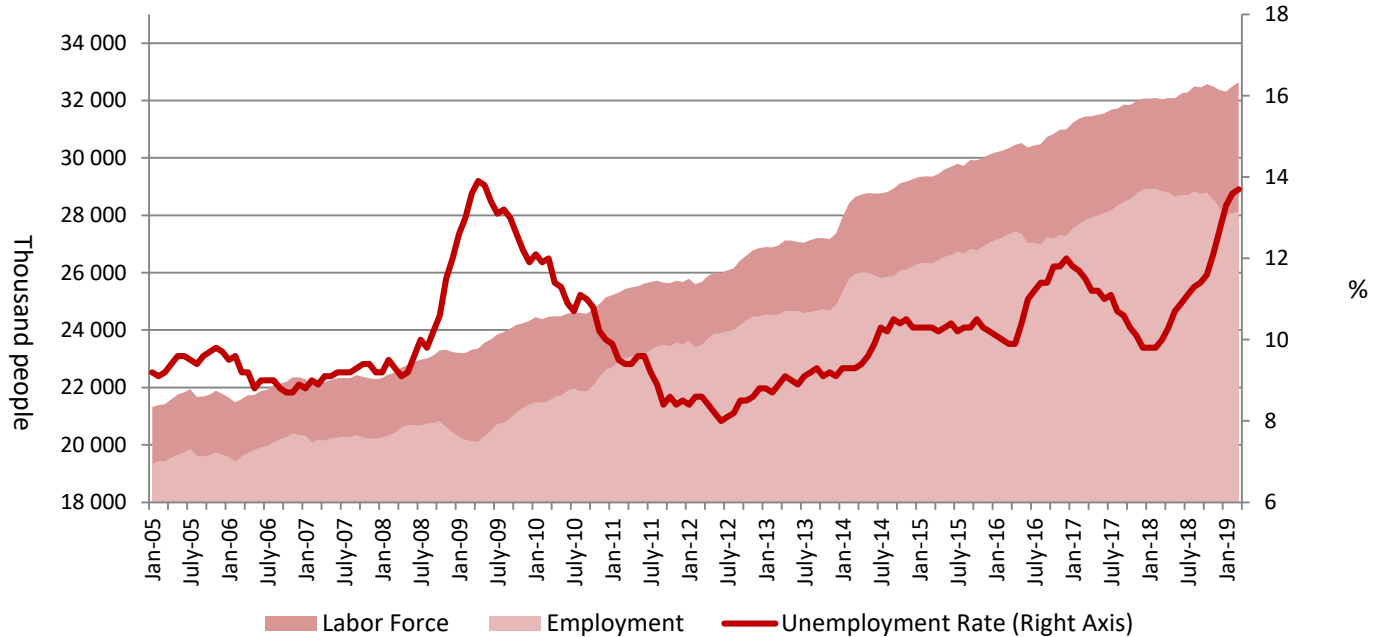
Source: TURKSTAT

➤ **CPI inflation rates realized as 18.7% in May 2019, and PPI inflation rates realized as 28.7% in May 2019.**

***Index (2003=100)**



Developments in Turkish Labor Market

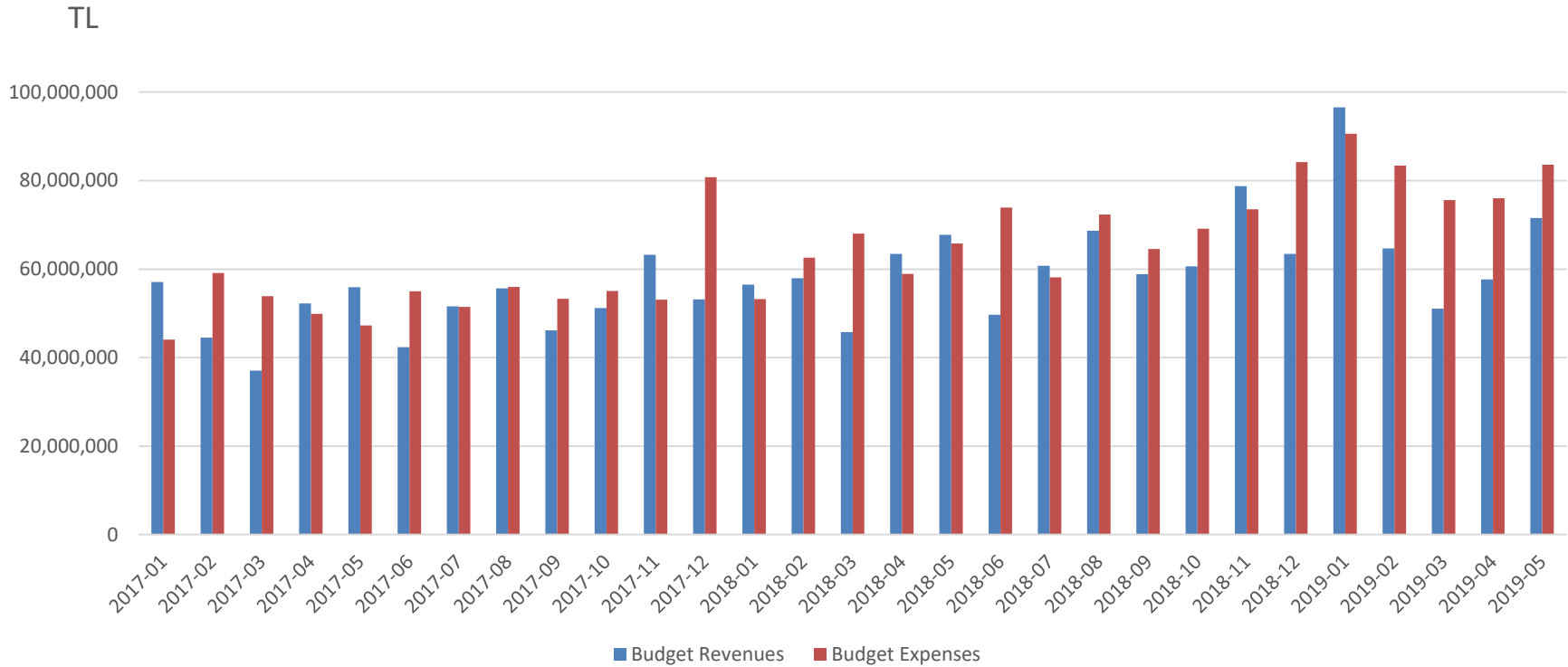


Source: TURKSTAT
Seasonally Adjusted Series

- In March 2019, unemployment rate and seasonally adjusted unemployment rate were 14.1% and 13.7% respectively.
- In April 2019, seasonally adjusted unemployment rates was 6.4% in EU28 and 7.6% in Euro Area. In the USA, the seasonally adjusted unemployment rate realized as 3.6% in May 2019.



Central Government Budget Realizations

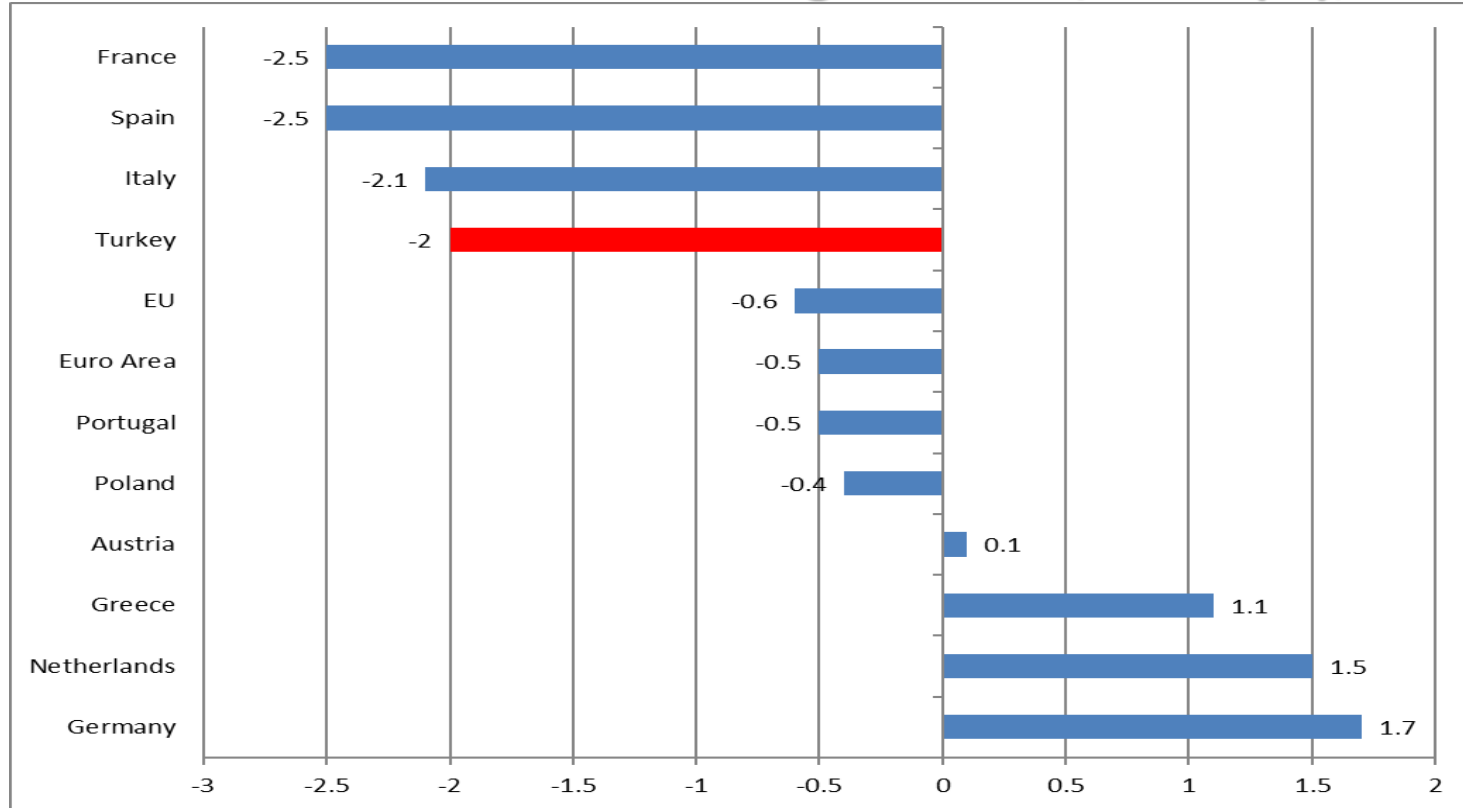


Source: Ministry of Treasury and Finance

- In May 2019, central government budget revenues amounted to TL 71.6 billion, budget expenditures amounted to TL 83.6 billion and the budget posted a deficit of TL 12.1 billion.



Central Government Budget Deficit/ GDP (%), 2018

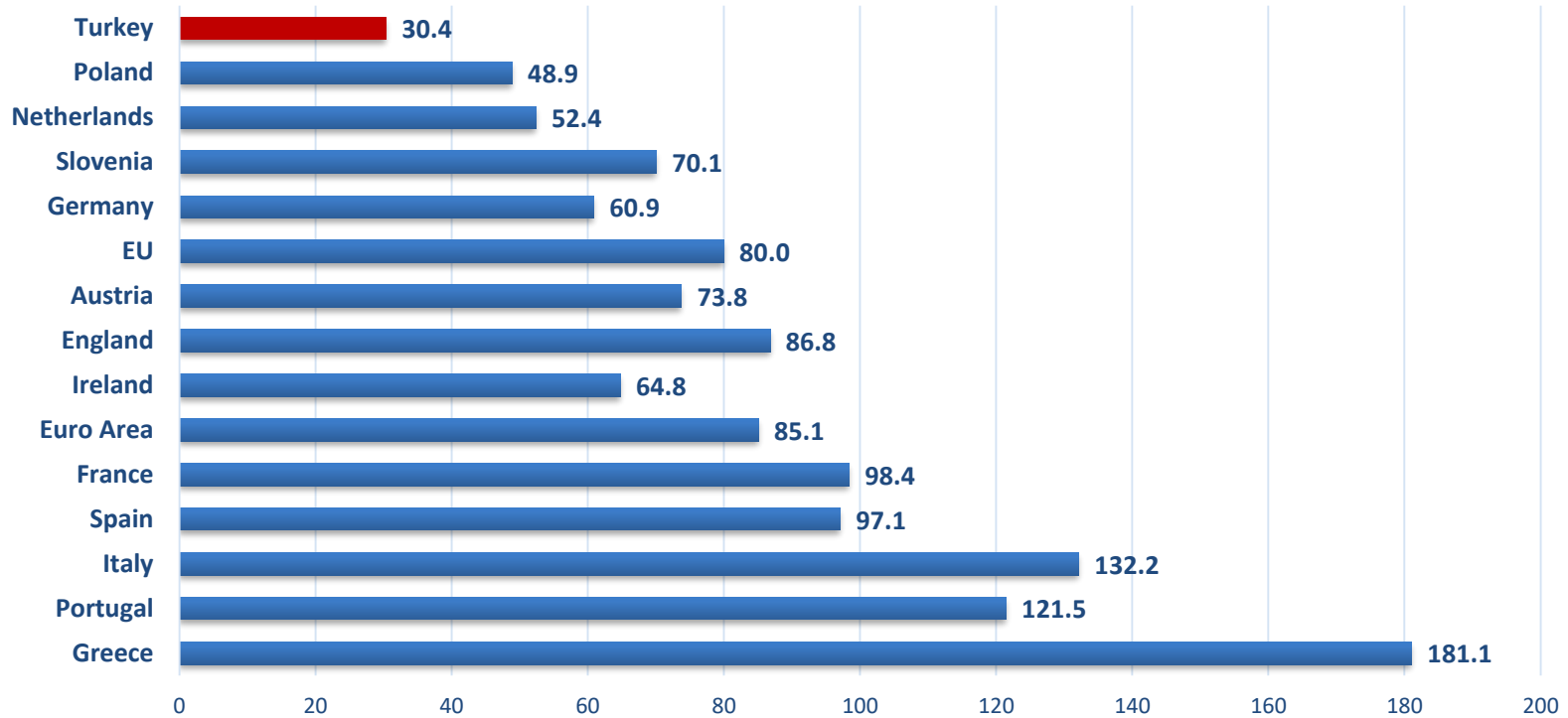


Source: Ministry of Treasury and Finance, Eurostat

- Central government budget deficit/GDP ratio was 2% in 2018, and it is below the Maastricht criteria of 3%.



Government Debt / GDP (%), 2018



Source: Ministry of Treasury and Finance, Eurostat

- **Debt/GDP ratio of Turkey was 30.4% in 2018, which is below the Maastricht Criterion (60%).**



Balance of Payments

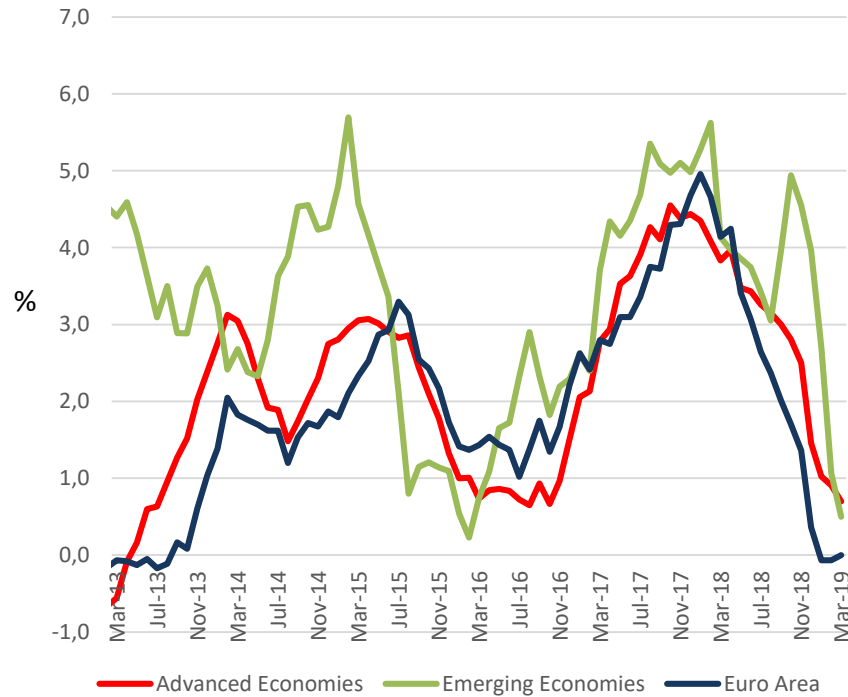
Million Dollar	April			January-April		
	2018	2019	Change (%)	2018	2019	Change (%)
I- CURRENT ACCOUNT	-5,597	-1,334	-76.17	-21,822	-3,331	-84.74
A. BALANCE ON GOODS	-5,500	-1,844	-66.47	-22,709	-4,899	-78.43
B. BALANCE ON SERVICES	1,337	1,738	29.99	4,443	4,867	9.54
C. BALANCE ON PRIMARY INCOME	-1,506	-1,243	-17.46	-3,840	-3,554	-7.45
D. BALANCE ON SECONDARY INCOME	72	15	-79.17	284	255	-10.21
II- CAPITAL ACCOUNT	-4	-1	-75	25	25	0
III- FINANCIAL ACCOUNT	-4,922	2,417	-149.11	-17,369	-4,163	-76.03
Direct Investment	-718	-578	-19.5	-1,925	-2,789	44.88
Net Acquisition of Financial Assets	161	-34	-121.12	1,320	462	-65
Net Incurrence of Liabilities	879	544	-38.11	3,245	3,251	0.18
Equity Capital	230	215	-6.52	1,497	1,968	31.46
Inflow	230	218	-5.22	1,678	1,977	17.82
Outflow	0	3	-	181	9	-95.03
Other Capital (Net)	304	-92	-130.26	316	-608	-292.41
Real Estate (Net)	345	421	22.03	1,432	1,891	32.05
Portfolio Investment	665	4,519	579.55	-1,855	-4,272	130.3
Other Investment	-7,630	1,281	-116.79	-15,641	5,068	-132.4
Rezerve Assets	2,761	-2,805	-201.59	2,052	-2,170	-205.75
IV- NET ERRORS AND OMISSIONS	679	3,752	452.58	4,428	-857	-119.35

Source:CBRT

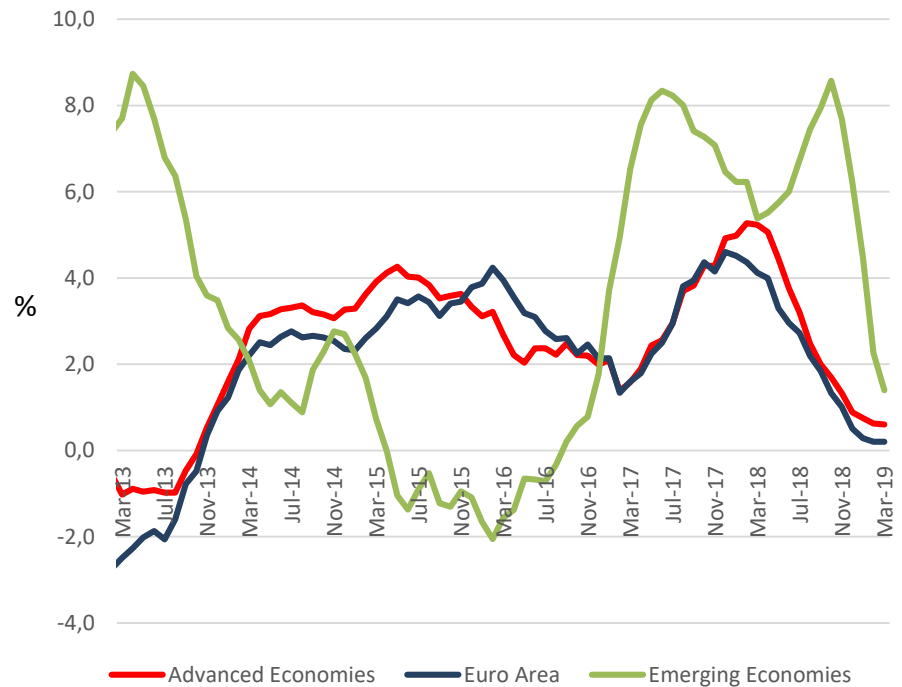


Developments in Global Trade Indices *

Export Index, Annual Increases, 6 Month Moving Average



Import Index, Annual Increases, 6 Month Moving Average



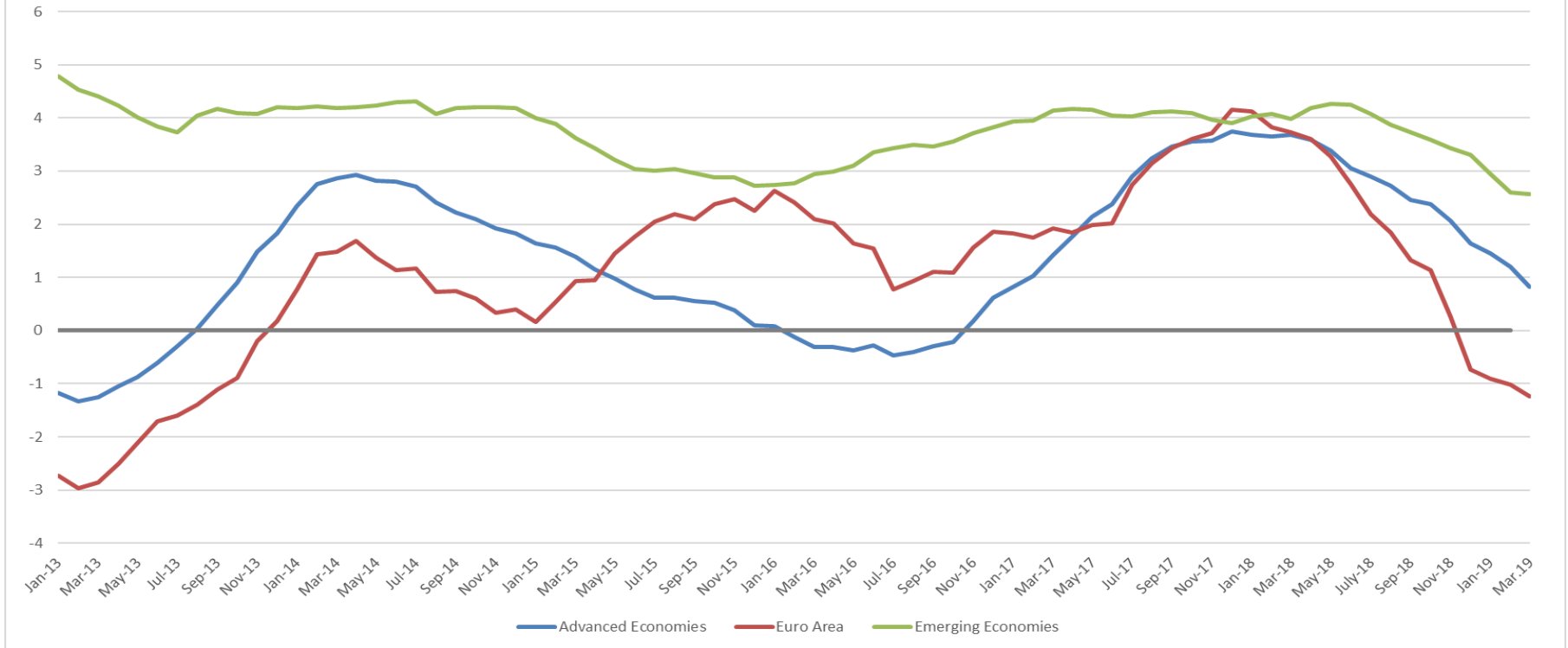
Source: Netherlands Bureau for Economic Policy Analysis (CPB)

* Trade Indices (2010=100), Seasonally adjusted series.



Developments in Global Industrial Production Indices *

Monthly Increases in Industrial Production
(Annual Increases with 6 Month Moving Averages)



Source: Netherlands Bureau for Economic Policy Analysis (CPB)

* Industrial Production Index (2010=100), Seasonally adjusted series.



B-MACROECONOMIC OUTLOOK



Economic Targets of 2019-2021 New Economic Program (NEP)

	2019	2020	2021
GDP (Billion TL, Current Prices)	4,450	5,150	5,742
GDP Per Capita (\$)	9,647	10,292	10,973
Real GDP Growth	2.3	3.5	5.0
Unemployment Rate(%)	12.1	11.9	10.8
Tourism Income (Billion \$)	34.0	38.0	42.0
Current Account Balance (Billion \$)	-26.0	-23.5	-24.1
Current Account Balance/GDP(%)	-3.3	-2.7	-2.6

Source: Ministry of Treasury and Finance, New Economic Plan (NEP)

➤ **New Economic Program, which covers 2019-2021 period, aims to increase growth as well as providing its comprehension via structural reforms, while continuing to reduce the current account deficit and inflation gradually.**



Growth Forecasts of International Organizations

Growth Forecast for Selected Countries and Country Groups(%)									
		World	Euro Area	US	Brazil	Russia	India	China	Japan
IMF	2018	3.6	1.8	2.9	1.1	2.3	7.1	6.6	0.8
	2019	3.3	1.3	2.3	2.1	1.6	7.3	6.3	1.0
	2020	3.6	1.5	1.9	2.5	1.7	7.5	6.1	0.5
OECD	2018	3.5	1.8	2.9	1.1	2.3	7	6.6	0.8
	2019	3.2	1.2	2.8	1.4	1.4	7.2	6.2	0.7
	2020	3.4	1.4	2.3	2.3	2.1	7.4	6.0	0.6
World Bank	2018	3.0	1.8	2.9	1.1	2.3	7.2	6.6	0.8
	2019	2.6	1.2	2.5	1.5	1.2	7.5	6.2	0.8
	2020	2.7	1.4	1.7	2.5	1.8	7.5	6.1	0.7

Source: IMF (April 2019), OECD (May 2019), World Bank (June 2019)

- Global GDP growth rates are expected to decline in 2019.



Forecasts for Merchandise Trade Growth

Forecasts for Merchandise Trade Growth(%)						World Trade Volume
	Years	Exports		Imports		
		Advanced Economies	Emerging Economies	Advanced Economies	Emerging Economies	
IMF*	2018	3.1	4.3	3.3	5.6	3.8
	2019	2.7	4.0	3.0	4.6	3.4
	2020	3.1	4,8	3.2	5.3	3.9
WTO	2018	2.1	3.5	2.5	4.1	3.0
	2019	2.1	3.4	1.9	3.6	2.6
	2020	2.5	3.7	1.9	3.9	3.0

* IMF forecasts include goods and services trade.

Source: IMF (April 2019), WTO (April 2019)

- According to the IMF estimates, world trade volume is expected to increase by 3.4% in 2019 and %3.9 in 2020.
- According to the WTO estimates, world trade volume is expected to increase by 2.6% in 2019 and 3.0% in 2020.



C-DEVELOPMENTS IN FOREIGN TRADE



1)MERCHANDISE



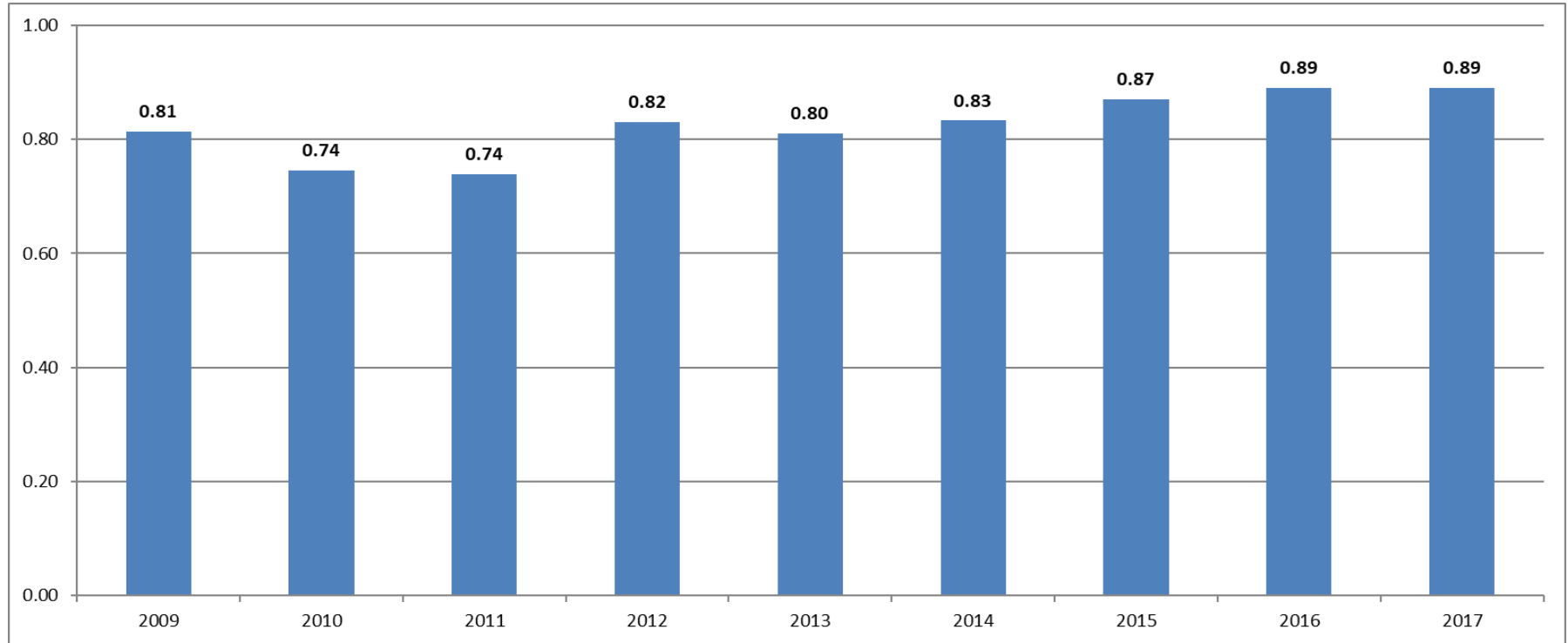
Merchandise Trade Targets (New Economic Plan)

	2019	2020	2021
Exports (Billion \$)	182.0	191.0	204.4
Imports (Billion \$)	244.0	252.0	267.0
Balance of trade (Billion \$)	-62.0	-61.0	-62.6
Volume of trade/GDP(%)	53.6	51.6	50.9
Exports/Imports (%)	74.6	75.8	76.6

Source: Ministry of Treasury and Finance



Turkey's Share in Global Merchandise Exports (%)

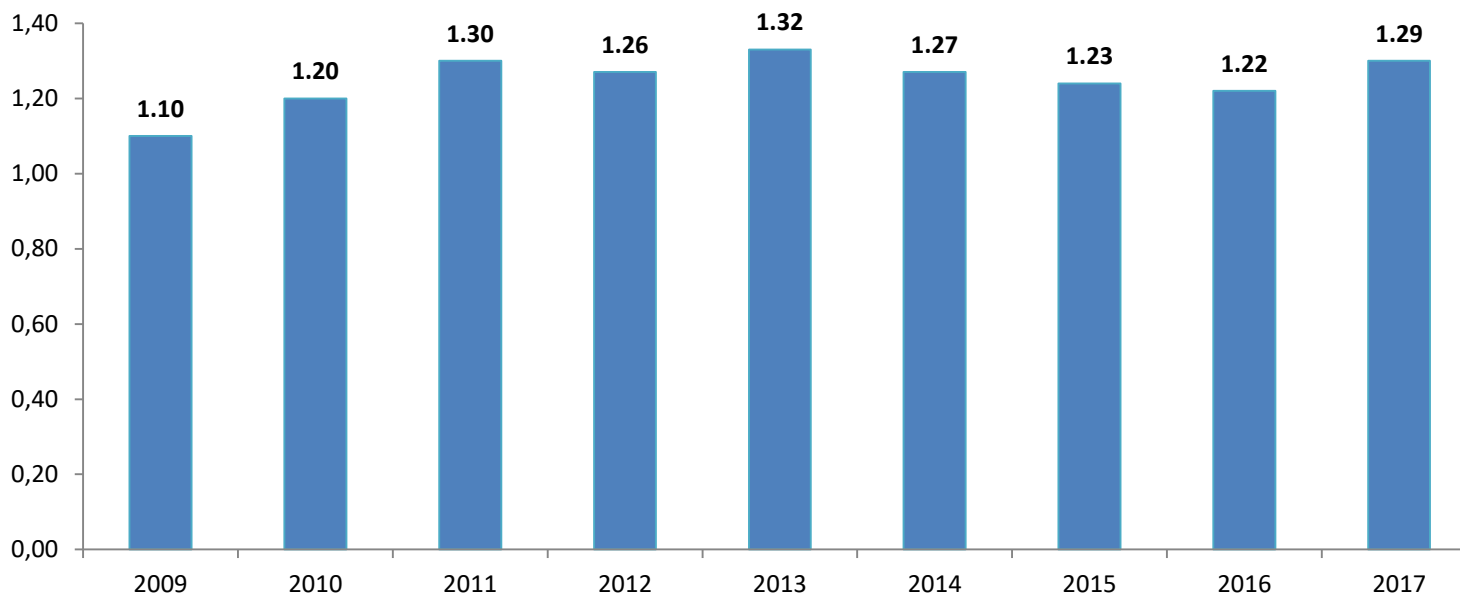


Source: WTO

➤ Turkey's share in global merchandise exports was %0.89 in 2017.



Turkey's Share in Global Merchandise Imports (%)

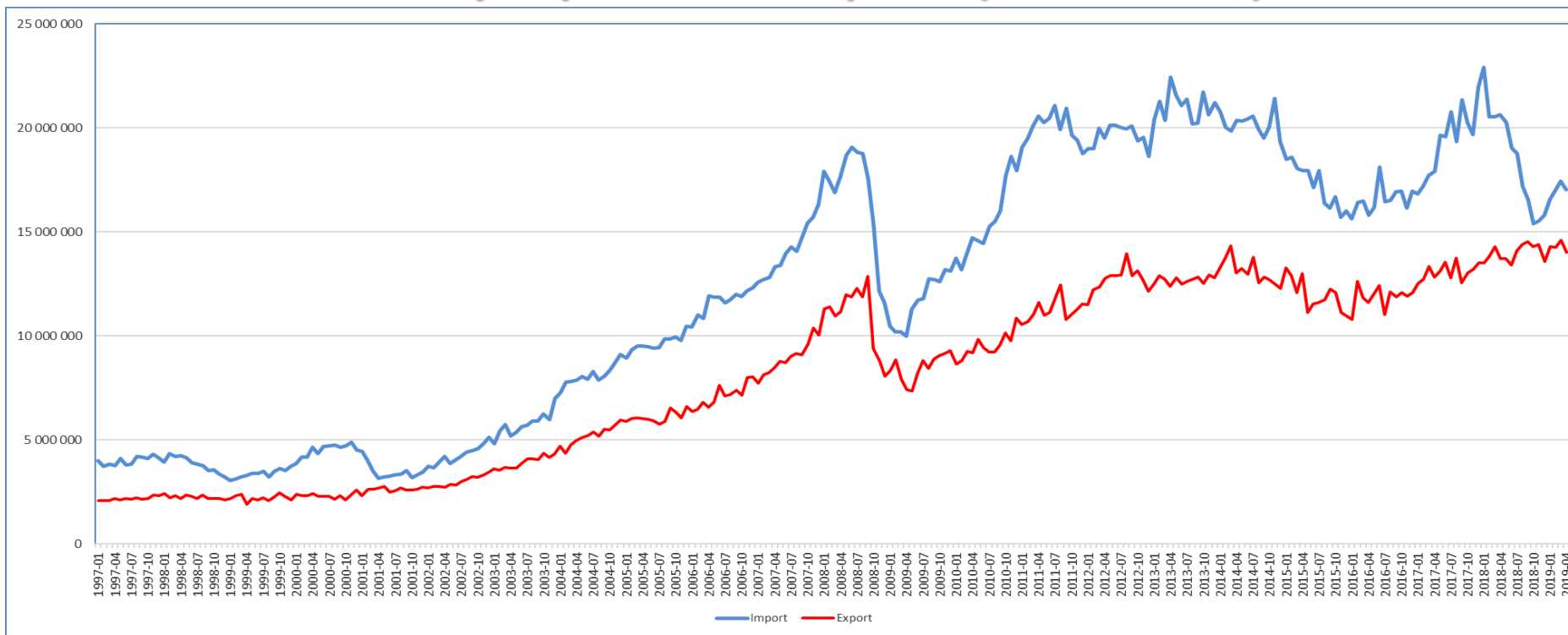


Source: WTO

➤ Turkey's share in global merchandise imports was %1.29 in 2017.



Monthly Exports and Imports (Thousand \$)



Source: TURKSTAT

Note: Seasonally and Calendar Adjusted Series

➤ In April 2019, compared to the same month of previous year, exports increased by 4.6% and realized as 14.5 billion dollars, and imports decreased by 15.1% to the level of 17.5 billion dollars. Foreign trade deficit decreased by 55.6% and realized as 3 billion dollars.



Foreign Trade Developments

	Annual (Billion \$)				Change (%) 2018/2019
	2017	2018	2018 / (JAN -APR)	2019 / (JAN -APR)	
Export	156,993	167,945	54,982	56,705	3.1
Energy Export*	4,327	4,412	1,212	2,375	96.0
Gold Export	6,606	2,587	640	392	-38.8
Import	233,800	223,046	82,451	66,482	-19.4
Energy Import*	37,205	43,004	13,456	14,512	7.8
Gold Import	16,576	11,299	6,142	3,214	-47.7
Foreign Trade Volume	390,793	390,992	137,433	123,187	-10.4
Foreign Trade Balance	-76,807	-55,101	-27,469	-9,777	-64.4
Balance excl. Energy	-43,929	-16,509	-15,225	2,360	-115.5
Export/Import (%)	67.1	75.3	66.7	85.3	27.9

Source: Ministry of Trade

* Energy corresponds to Chapter 27.

➤ In January-April 2019, compared to same period of 2018, exports increased by 3.1% and realized as 56.7 billion dollars. Imports decreased by 19.4% in the same period and realized 66.5 billion dollars.



General and Special Trade Systems in Foreign Trade

General Trade System (GTS)

	May			January-May		
	2018	2019	Change (%)	2018	2019	Change (%)
Export (Million \$)	15,084	16,813	11.46	72,707	76,613	5.37
Import (Million \$)	23,192	18,588	-19.85	108,718	87,131	-19.86
Foreign Trade Volume (Million \$)	38,277	35,401	-7.51	181,425	163,744	-9.75
Foreign Trade Balance (Million \$)	-8,108	-1,774	-78.11	-36,011	-10,518	-70.79
Export/Import (%)	65.0	90.5		66.9	87.9	

Source: Ministry of Trade

Special Trade System(STS)

	May			January-May		
	2018	2019	Change (%)	2018	2019	Change (%)
Export (Million \$)	14,257	15,998	12.21	69,239	72,703	5.00
Import (Million \$)	22,067	17,828	-19.21	104,518	84,310	-19.33
Foreign Trade Volume (Million \$)	36,324	33,826	-6.88	173,757	157,013	-9.64
Foreign Trade Balance (Million \$)	-7,810	-1,831	-76.56	-35,279	-11,608	-67.10
Export/Import (%)	64.6	89.7		66.2	86.2	

Source: Ministry of Trade

General Trade System, includes customs warehouses, all types of free zones, free circulation area and premises for inward processing. In special trade system; customs warehouses, all types of free zones and premises for inward processing are excluded from the statistical territory thus only imports and exports of the free circulation area are recorded.



Distribution of Foreign Trade in Broad Economic Categories

EXPORT

Export (Million \$)	April			January-April		
	2018	2019	Change (%)	2018	2019	Change (%)
Investment Goods	1,621	1,820	12.3	6,336	6,842	8.0
Intermediate Goods	6,364	6,772	6.4	25,651	26,674	4.0
Consumption Goods	5,780	5,823	0.7	22,786	22,928	0.6
Others	82	65	-20.7	209	261	25.4
TOTAL	13,847	14,480	4.6	54,982	56,705	3.1

Source: TURKSTAT

IMPORT

Import (Million \$)	April			January-April		
	2018	2019	Change (%)	2018	2019	Change (%)
Investment Goods	2,685	1,989	-25.9	10,649	8,028	-24.6
Intermediate Goods	15,521	14,007	-9.8	62,603	52,520	-16.1
Consumption Goods	2,279	1,417	-37.8	8,953	5,734	-36.0
Others	72	49	-30.8	245	200	-18.3
TOTAL	20,557	17,462	-15.1	82,450	66,482	-19.4

Source: TURKSTAT



Main Export Items

CODE	EXPORT Million Dollar	April			January-April		
		2018	2019	% Change	2018	2019	% Change
87	Vehicles other than railway or tramway rolling-stock, parts thereof	2,497	2,202	-11.8	9,329	8,739	-6.3
84	Boilers, machineries and mechanical appliances, parts thereof	1,310	1,403	7.1	5,132	5,391	5.0
72	Iron and steel	815	895	9.9	3,486	3,681	5.6
61	Knitted and crocheted goods and articles thereof	728	748	2.7	3,001	3,001	0.0
85	Electrical machinery and equipment, parts thereof	735	708	-3.7	2,850	2,761	-3.1
27	Mineral fuels, minerals oils and product of their distillation	242	630	159.8	1,212	2,375	96.0
62	Non knitted and crocheted goods and articles thereof	549	579	5.4	2,213	2,315	4.6
71	Precious stones, precious metals, pearls and articles thereof	635	571	-10.1	2,063	2,213	7.3
73	Articles of iron and steel	528	568	7.6	2,074	2,118	2.1
39	Plastic and articles thereof	510	544	6.6	1,983	2,078	4.8

* Sorted by April 2019

Source: TURKSTAT



Main Import Items

CODE	IMPORT	April			January-April		
	Million Dollar	2018	2019	% Change	2018	2019	% Change
27	Mineral fuels, minerals oils and product of their distillation	3,118	3,508	12.5	13,456	14,512	7.8
84	Boilers, machineries and mechanical appliances, parts thereof	2,409	1,876	-22.2	9,376	6,869	-26.7
72	Iron and steel	1,865	1,562	-16.3	6,763	4,834	-28.5
85	Electrical machinery and equipment, parts thereof	1,490	1,302	-12.6	6,292	4,818	-23.4
39	Plastic and articles thereof	1,201	1,072	-10.8	4,875	3,892	-20.2
71	Precious stones, precious metals, pearls and articles thereof	1,473	1,004	-31.9	6,587	3,937	-40.2
87	Vehicles other than railway or tramway rolling-stock, parts thereof	1,586	718	-54.7	5,479	2,697	-50.8
29	Organic chemicals	561	514	-8.4	2,206	1,916	-13.1
90	Optical, photographic, cinematographic, measuring checking, precision	442	375	-15.0	1,744	1,422	-18.5
30	Pharmaceutical products	371	367	-1.1	1,623	1,541	-5.1

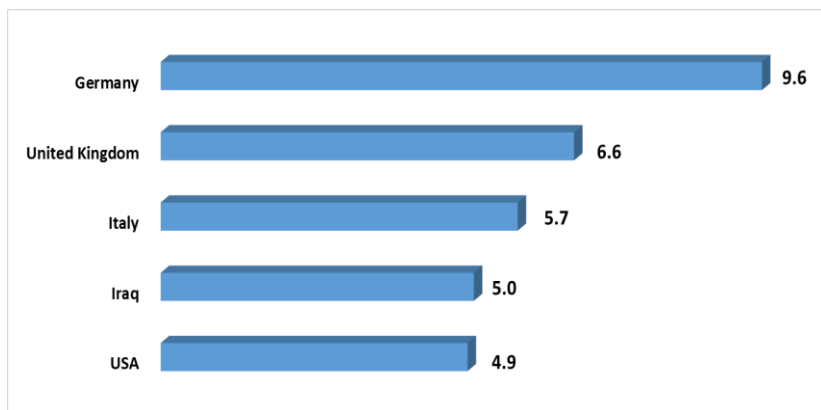
**Sorted by April 2019*

Source: TURKSTAT

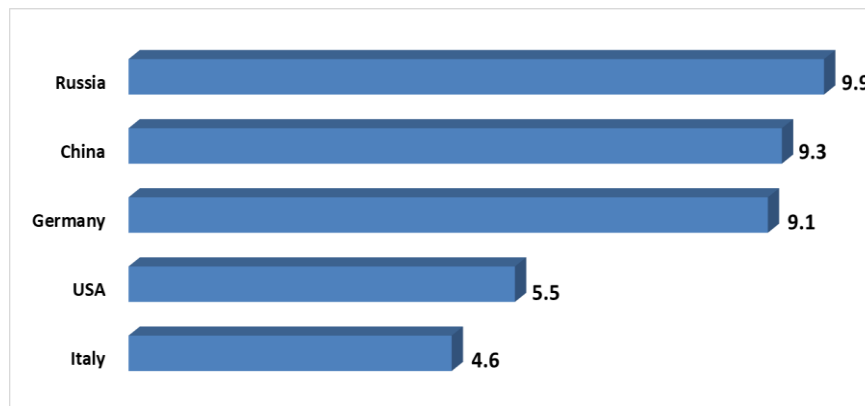


Main Trade Partners

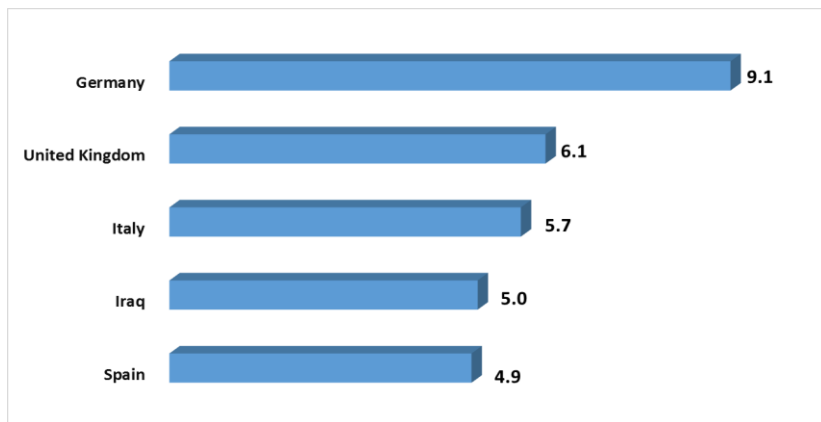
Leading Export Partners in 2018 (Share in Total Exports)



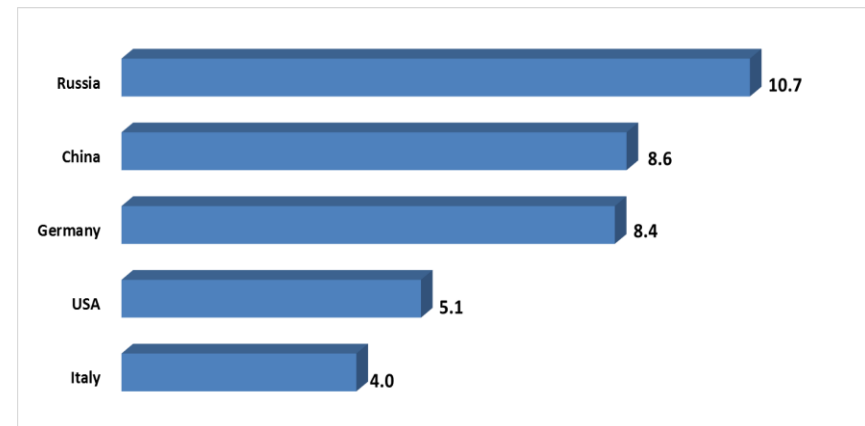
Leading Import Partners in 2018 (Share in Total Imports)



Leading Export Partners in January-April 2019 (Share in Total Exports)



Leading Import Partners in January-April 2019 (Share in Total Imports)



Source: TURKSTAT



Exports by Regions

Million dolar	APRIL				JANUARY-APRIL			
	2018	2019	% Share	% Change	2018	2019	% Share	% Change
A- European Union (EU-28)	7,013	6,915	47.8	-1.4	28,316	28,166	49.7	-0.5
B- Free Zones in Turkey	185	181	1.3	-2.2	744	711	1.3	-4.4
C- Other Countries	6,649	7,384	51.0	11.1	25,922	27,828	49.1	7.4
1- Other European Countries	954	954	6.6	0.0	3,688	3,685	6.5	-0.1
2- Africa	1,177	1,378	9.5	17.1	4,454	5,290	9.3	18.8
North African Countries	765	897	6.2	17.2	2,925	3,521	6.2	20.4
Other African Countries	412	481	3.3	17.0	1,530	1,769	3.1	15.6
3- America	1,002	1,196	8.3	19.4	4,011	4,133	7.3	3.1
North American Countries	714	859	5.9	20.2	2,971	2,983	5.3	0.4
Central America and Caraips	123	163	1.1	32.1	469	550	1.0	17.4
South American Countries	164	175	1.2	6.1	571	600	1.1	5.1
4- Asia	3,441	3,770	26.0	9.6	13,451	14,411	25.4	7.1
Near and Middle Eastern	2,464	2,798	19.3	13.5	9,643	10,601	18.7	9.9
Other Asian Countries	976	972	6.7	-0.4	3,808	3,810	6.7	0.1
5-Australia and New Zealand	58.1	59.2	0.4	1.9	261.1	235.3	0.4	-9.9
6-Other Countries	17.4	26.1	0.2	50.0	57.4	73.0	0.1	27.1
TOTAL	13,847	14,480	100	4.6	54,982	56,705	100	3.1

Source: TURKSTAT



Imports by Regions

Million dolar	APRIL				JANUARY-APRIL			
	2018	2019	% Share	% Change	2018	2019	% Share	% Change
A- European Union (EU-28)	7,618	6,030	34.5	-20.8	30,289	22,081	33.2	-27.1
B- Free Zones in Turkey	117	114	0.7	-3.2	485	445	0.7	-8.2
C- Other Countries	12,821	11,318	64.8	-11.7	51,677	43,956	66.1	-14.9
1- Other European Countries	2,638	2,649	15.2	0.4	10,909	9,856	14.8	-9.6
2- Africa	703	495	2.8	-29.5	2,665	1,919	2.9	-28.0
North African Countries	401	346	2.0	-13.7	1,567	1,239	1.9	-20.9
Other African Countries	302	150	0.9	-50.4	1,098	680	1.0	-38.1
3- America	2,329	1,636	9.4	-29.8	8,456	5,908	8.9	-30.1
North American Countries	1,352	1,071	6.1	-20.8	5,165	3,944	5.9	-23.6
Central America and Caraips	98	67	0.4	-31.7	311	232	0.3	-25.4
South American Countries	878	497	2.8	-43.4	2,980	1,733	2.6	-41.9
4- Asia	6,656	5,404	30.9	-18.8	26,199	20,751	31.2	-20.8
Near and Middle Eastern	1,911	1,485	8.5	-22.3	7,011	5,592	8.4	-20.2
Other Asian Countries	4,746	3,919	22.4	-17.4	19,189	15,158	22.8	-21.0
5-Australia and New Zealand	41	68	0.4	65.2	541	379	0.6	-29.9
6-Other Countries	454	1,066	6.1	134.7	2,907	5,143	7.7	76.9
TOTAL	20,557	17,462	100	-15.1	82,451	66,482	100	-19.4

Source: TURKSTAT



2) SERVICES



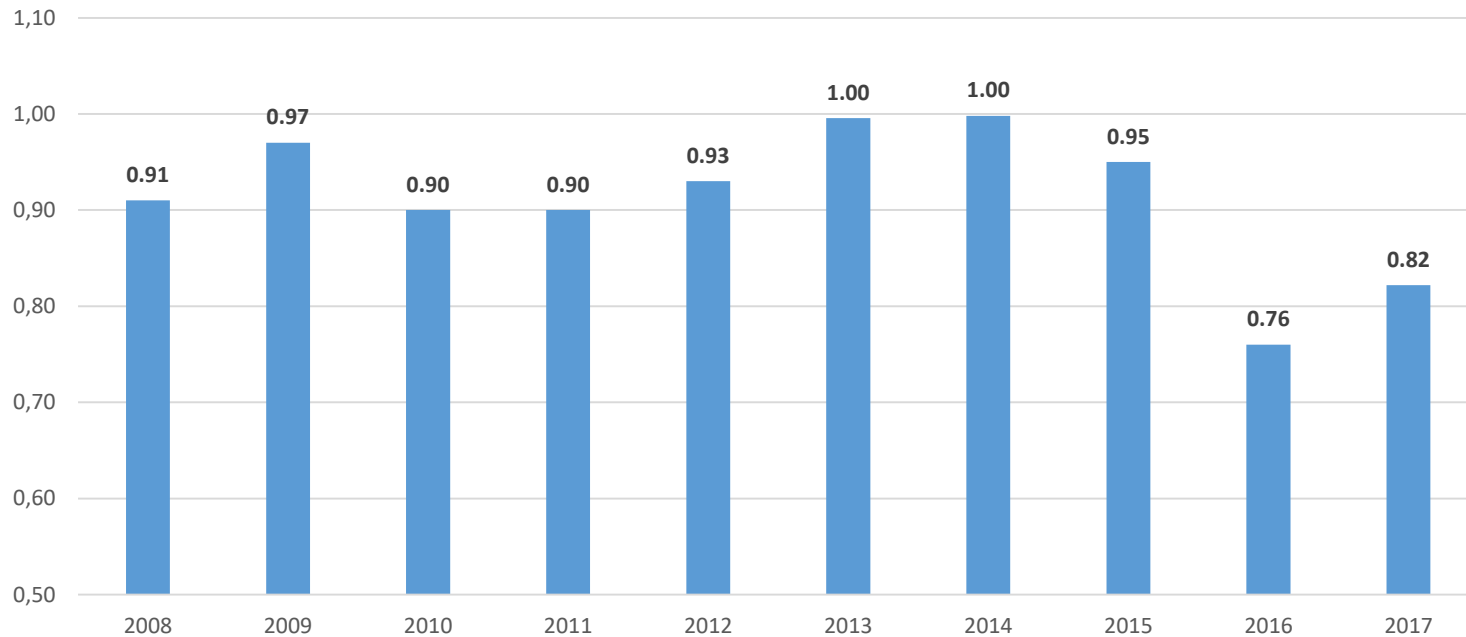
Targets in Services

In the scope of 2023 Strategy for Commercial Services;

- To increase the share from the World's commercial trade
- To reach 150 billion USD of services exports



Turkey's Share in Global Services Exports (%)

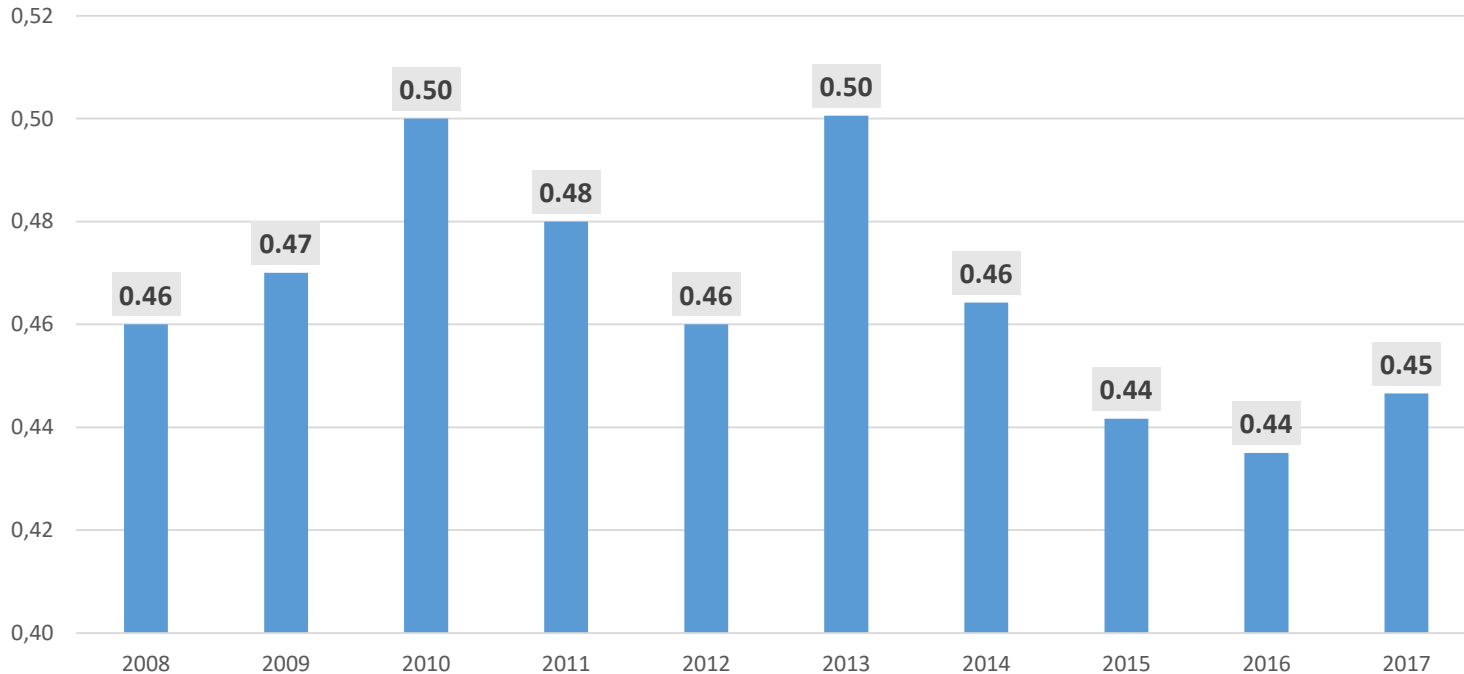


Source: WTO

- Turkey's share in global exports of services realized as **0.82 %** in 2017.



Turkey's Share in Global Services Imports (%)



Source: WTO, CBRT

- Turkey's share in global imports of services realized as 0.45% in 2017.



Balance of Payments- Services Items

Million Dolar	April			January-April		
	2018	2019	Change(%)	2018	2019	Change(%)
Services	3,349	3,768	12.5	11,949	12,757	6.8
Transport	1,402	1,434	2.3	4,913	5,116	4.1
Travel	1,540	1,682	9.2	5,203	5,525	6.2
Construction	17	38	123.5	104	166	59.6
Insurance and pension services	86	96	11.6	399	452	13.3
Financial Services	43	44	2.3	235	207	-11.9
Other business services	57	248	335.1	297	537	80.8
Government goods and services n.i.e	46	48	4.4	151	148	-2.0
Other services	113	128	13.3	521	473	-9.2
DEBIT						
Million Dolar	April			January-April		
	2018	2019	Change(%)	2018	2019	Change(%)
Services	2,012	2,030	0.9	7,506	7,890	5.1
Transport	793	829	4.5	3,088	3,187	3.2
Travel	526	524	-0.4	1,538	1,522	-1.0
Construction	1	1	0.0	3	3	0.0
Insurance and pension services	124	124	0.0	634	623	-1.7
Financial Services	78	87	11.5	365	533	46.0
Other business services	246	192	-22.0	807	836	3.6
Government goods and services n.i.e	109	109	0.0	397	524	32.0
Other services	89	76	-14.6	434	382	-12.0
BALANCE ON SERVICES	1,337	1,738	30.0	4,443	4,867	9.5

Source: CBRT



Contracting Services Abroad

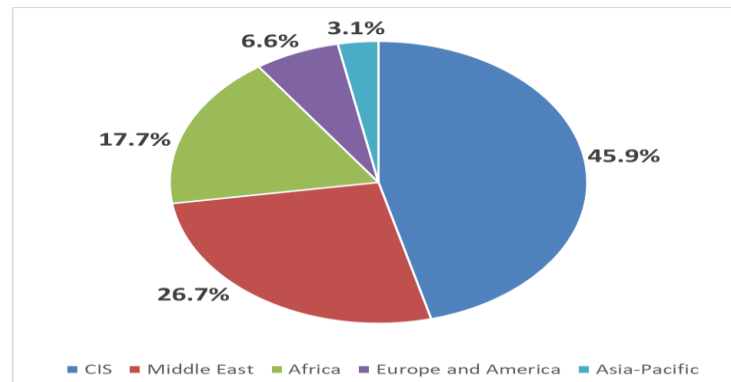
Years	Projects	Countries	Project Volume (Million \$)	Cum. Project Volume (Million \$)	Avr. Project Volume (Million \$)
1971-2002	2,427	48	50	0	0
2003	339	35	6,398	56,157	19
2004	477	36	8,620	64,777	18
2005	453	33	12,931	77,708	29
2006	576	35	22,336	100,044	39
2007	617	45	25,864	125,908	42
2008	664	39	24,363	150,271	37
2009	512	45	20,392	170,663	40
2010	631	50	23,502	194,165	37
2011	564	51	24,589	218,754	44
2012	545	49	30,358	249,111	56
2013	431	50	30,361	279,472	70
2014	345	54	27,337	306,810	79
2015	271	57	23,739	330,548	88
2016	196	56	13,933	344,481	71
2017	298	52	15,649	360,129	53
2018	305	53	20,726	380,855	68
2019	84	21	4,176	385,031	50

Note: Figures are as of May 2019

Source: Ministry of Trade

Contributions to the overall economic performance: **Creating foreign exchange inflow, exports, employment, technology transfer; adding to the machinery stock, facilitating internationalization.**

Distribution of Contracting Services By Country Groups(%) (May 2019)

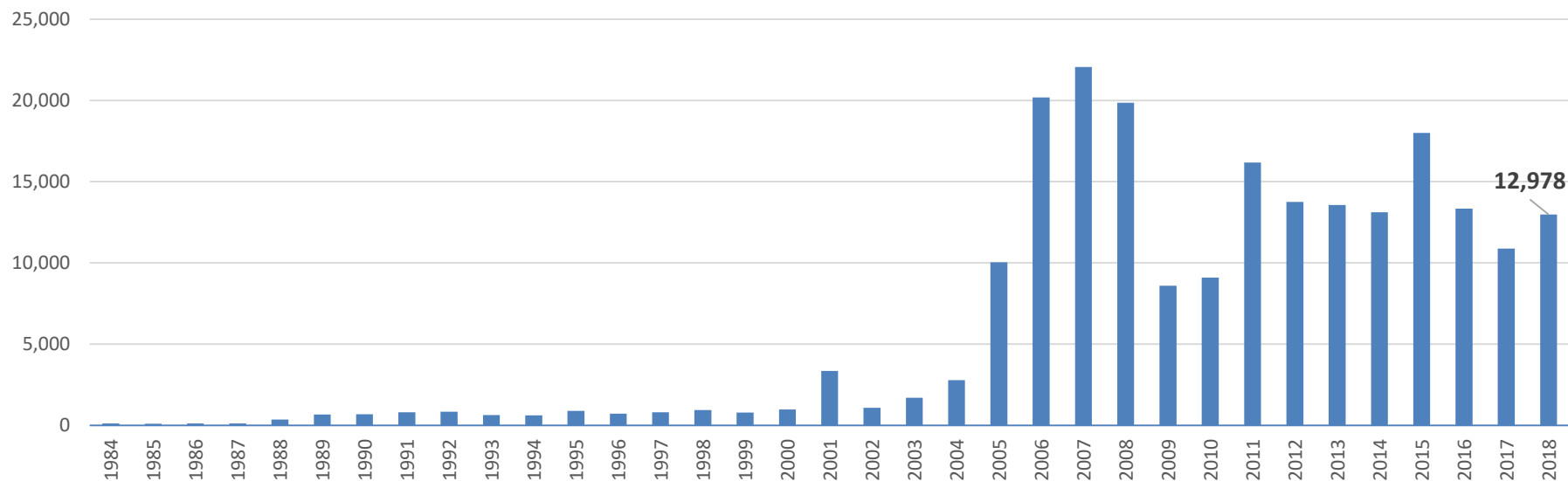




D- INVESTMENTS



Foreign Direct Investment (Million USD)

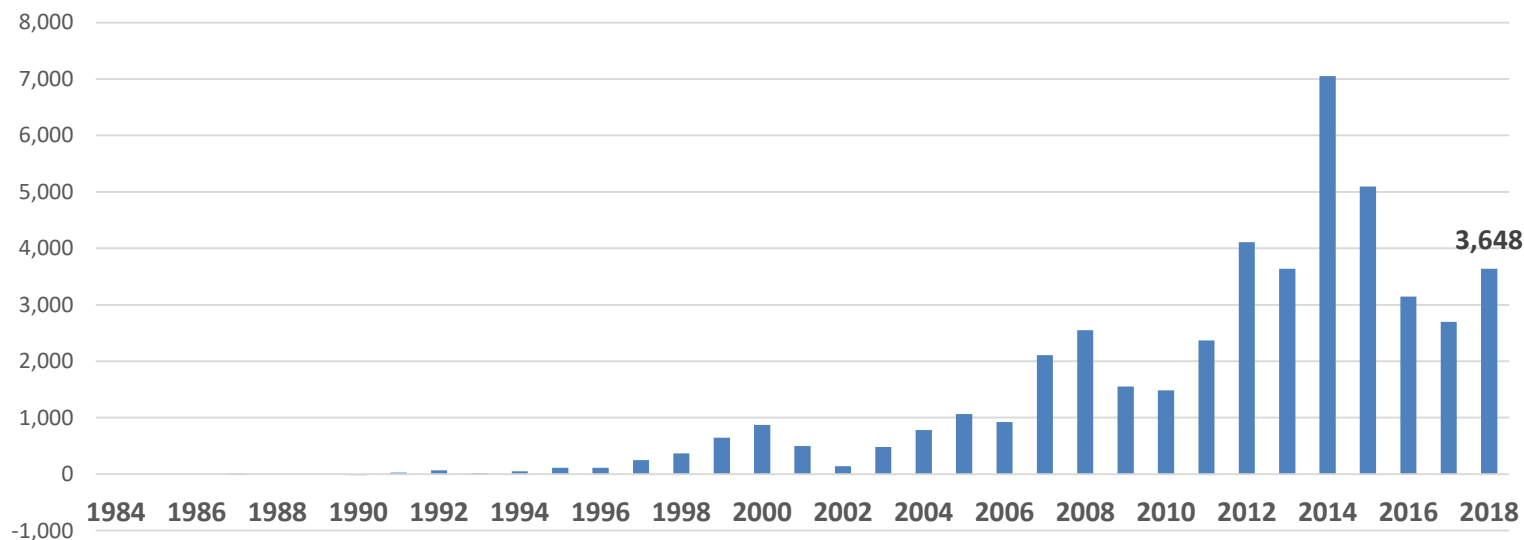


Source: CBRT

- FDI stock reached 209 billion USD in the 2003-2018 period. It was 14.6 billion USD in over 1984-2002 period.
- In April 2019, foreign direct investment decreased by 38.1% compared to the same period of the previous year, and realized as 544 million dollars.



Foreign Direct Investment Abroad (Million USD)



Source: CBRT

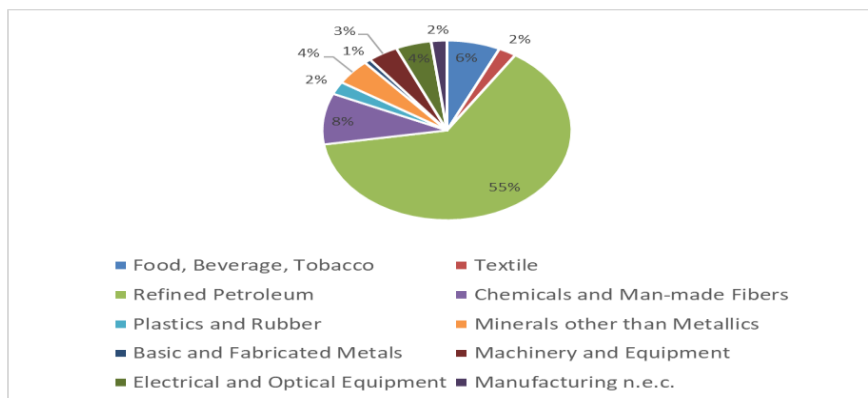
- Direct investments from Turkey to abroad reached 42.7 billion USD from 2003 to 2018 on a cumulative basis.
- In April 2019, foreign direct investment decreased by 121.1% compared to the same month of the previous year, and realized as -34 million dollars.

The Sectoral Breakdown of Foreign Investments

(Million \$)	Annual		January-April	
	2017	2018	2018	2019
AGRICULTURE	29	44	6	15
INDUSTRIAL SECTORS	2,022	2,757	1,038	775
Mining and Quarrying	448	73	26	8
Manufacturing	1,202	2,000	374	765
Electricity, Gas, Steam and Air-conditioning Supply	371	680	638	2
Water Supply; Sewerage, Waste Management and Remediation	1	4	0	0
SERVICES SECTOR	5,350	3,739	634	1,187
TOTAL	7,401	6,540	1,678	1,977

Source: CBRT

Breakdown of Investment in Manufacturing Industry (%)





Breakdown of Foreign Investments by Country

Rank*	Countries	2018 FDI (Million Dolar)	2019 FDI April	2018 January-April FDI (Million Dolar)	2019 January-April FDI (Million Dolar)
1	Spain	233	44	73	113
2	Britain	409	30	87	499
3	Switzerland	147	26	32	42
4	USA	446	26	124	148
5	Luxembourg	329	21	213	34
6	United Arab Emirates	14	14	2	25
7	France	293	10	12	26
8	Germany	349	8	77	196
9	Qatar	169	6	73	35
10	Kuwait	155	6	28	25
11	Azerbaijan	516	6	108	534
12	Netherlands	839	3	209	47
13	Italy	509	3	29	48
14	Virgin Islands (British)	38	3	12	12
15	South Korea	214	3	46	12
16	Thailand	103	3	37	12
17	Panama	0	1	0	1
18	Saudi Arabia	12	1	4	4
19	India	16	1	11	1
20	Hong Kong	167	1	2	11
LIST TOTAL		4,958	216	1,179	1,825
TOTAL		6,540	218	1,678	1,977

Source: CBRT

*Sorted by FDI in April 2019



E - FREE ZONES IN TURKEY



The Advantages of Free Zones for Users

- Tax advantages for manufacturers
- Medium-and long-term investment view
- Availability to transfer profits
- Commercial facilities
- Exemption from customs duties
- Acquisition of the documents relating to the free movement of goods under the scope of Customs Union with the EU
- Principle of equality
- No time restrictions
- Flexibility to adjust to the market needs and conditions
- Reliable inflation accounting
- Market access to domestic and foreign markets
- Reduced bureaucratic procedures and dynamic business management
- Strategic advantages
- Affordable and compatible infrastructure
- Supply chain opportunities

Free Zones in Turkey



➤ Employment in the 18 Free Zones of Turkey is 71,166 in May 2019.



Trade Flows of Free Zones (Million USD)

Million Dollar	2012	2013	2014	2015	2016	2017	2018
From Domestic Market To Free Zones	2,971	2,887	2,732	2,205	2,125	2,376	2,563
From Free Zones To Abroad	7,071	7,701	7,958	7,494	7,041	7,525	8,147
From Abroad To Free Zones	7,257	7,490	7,059	6,550	5,868	6,404	6,453
From Free Zones To Domestic Market	5,754	5,162	4,683	4,012	3,999	4,073	3,766
TOTAL TRADE VOLUME	23,053	23,240	22,432	20,261	19,033	20,378	20,929

Source: General Directorate of Free Zones, Foreign Investments and Services, Ministry of Trade

- In January-March 2019, total trade volume of the Free Zones was 4,8 billion US dollars.



Concentration in Free Zones by Industries

Istanbul Ataturk Airport FZ	Services and Software
Antalya FZ	Yacht-building, Medical Equipment
Kocaeli FZ	Ship-building
Avrupa FZ	Ready-Wear
Mersin FZ	Ready-Wear
Bursa FZ	Automotive sub-industries
Izmir FZ	Leather
TUBITAK-MAM FZ	R&D Activities
Adana-Yumurtalik FZ	Ship Repair and Maintenance

Source: General Directorate of Free Zones, Foreign Investments and Services



***F - BILATERAL, REGIONAL, PLURILATERAL
and MULTILATERAL TRADE***



Trade Relations of Turkey with Others

➤ **Bilateral Trade Relations of Turkey**

Europe, Asia-Pacific, Eurasia, Middle East and North Africa, Sub-Saharan Africa, Americas

➤ **Regional Trade Relations of Turkey**

EU, ECO, D8, BSEC, OIC, COMCEC

➤ **Multilateral Trade Relations of Turkey**

WTO, G20



FTA Countries

1. EFTA (Norway, Switzerland, Iceland, Liechtenstein)
2. Israel
3. Macedonia
4. Bosnia and Herzegovina
5. Palestine
6. Tunisia
7. Morocco
8. Syria (*)
9. Egypt
10. Albania
11. Georgia
12. Montenegro
13. Serbia
14. Chile
15. South Korea
16. Mauritius
17. Lebanon**
18. Kosovo**
19. Malaysia
20. Moldova
21. Faroe Islands
22. Singapore
23. Sudan**
24. Venezuela**
25. Qatar**

(*) Pending

(**) Agreements that are in the approval process



FTA Countries (On-going Negotiations)

1. Ukraine
2. Indonesia
3. Peru
4. Colombia
5. Ecuador
6. Pakistan
7. Mexico
8. Japan
9. Thailand
10. Djibouti
11. Democratic Republic of the Congo
12. Cameroon
13. Chad
14. Seychelles
15. Gulf Cooperation Council
16. Libya
17. MERCOSUR



Multilateral Trade Relations

Trade in Services Agreement (TISA)

- Due to the stumble of Doha Development Round and ambitious targets of top services exporters, TISA negotiations which continue between countries, who makes up 70% of total world services, in order to increase liberalisation in services trade while Turkey is included in the negotiations.

Environmental Goods Agreement (EGA)

- Environmental Goods Agreement (EGA) is a plurilateral agreement currently being negotiated by 17 members of the World Trade Organization (WTO), including the EU as a single member. EGA aims to set bound tariffs of an agreed list of environmental goods at zero. At present, there is a liberalization list which contains 261 products.

G-20 Presidency

- G20, which is composed of United States, Germany, Argentina, European Union, Australia, Brazil, China, Indonesia, France, South Africa, South Korea, India, United Kingdom, Italy, Japan, Canada, Mexico, Russia, Saudi Arabia and Turkey, accounts for 80 % of the world economy, 75 % of global trade and is home to almost two thirds of the world's population. G20 Term Presidency is carried out by a member country every year. In 2019, G20 Term Presidency has been assumed by Japan.



Regional Breakdown of Exports

Country Groups	2018 (Million Dolar)	2018 January-April (Million Dolar)	2019 January-April (Million Dolar)	% Change
EU(28)	83,956	28,316	28,166	-0.5
CIS	9,714	3,113	3,302	6.1
EFTA	2,275	630	508	-19.3
Economic Cooperation Organization	7,143	2,497	2,348	-5.9
Organization of Islamic Cooperation	41,173	13,226	14,812	12.0
Black Sea Economic Cooperation	17.8	5,730	5,998	4.7
OECD Countries	93,762	31,260	30,640	-2.0
FTA Countries	18,858	5,936	6,199	4.4
Turkish Republics	3,965	1,305	1,321	1.3

Source: Ministry of Trade, TURKSTAT



Trade Representatives Abroad

Representatives from The Ministry are serving in **110** countries, **157** locations and **3** Permanent Representation abroad.



REPUBLIC OF TURKEY MINISTRY OF TRADE

Locations of Trade Representatives

