

INVEST IN TÜRKİYE

PRESIDENT ERDOĞAN UNVEILS ECONOMIC STABILITY SHIELD PROGRAM

Page 2



14 RULES TO AVOID COVID-19

Page 4



TURKEY IS WELL PREPARED TO WEATHER POSSIBLE EFFECTS OF COVID-19

Page 6



AMAZON WEB SERVICES MAKES ITS FIRST ACQUISITION IN TURKEY

Page 9

INDICATORS PROVE TURKEY'S RESILIENT ECONOMY

Page 7

TURKISH GAMING INDUSTRY

Page 10



FDI NEWS



Page 12

HIGHLIGHTS OF THE TURKISH ICT SECTOR

Page 11





Message from the Investment Office

As a global investment hub, Turkey has been managing the COVID-19 situation since its inception. Policymakers, regulators, and all economic authorities are vigilantly following the developments and are taking all necessary measures to reassure the markets.

In this vein, President Recep Tayyip Erdoğan has recently unveiled a TRY 100 billion-Economic Stability Shield Program as part of the stimulus plan to mitigate the effects of COVID-19 on our economy and to ensure stability in economic activity.

As always, the Investment Office is at your service during these challenging times.


President, Investment Office
Burak DAĞLIOĞLU


PRESIDENT ERDOĞAN UNVEILS ECONOMIC STABILITY SHIELD PROGRAM


Amid the global COVID-19 pandemic, Turkey increased all its efforts to combat the economic effects of the virus by unveiling further stimulus packages.


President Recep Tayyip Erdoğan unveiled a TRY 100 billion Economic Stability Shield Program that includes incentives mainly on tax, credits, and labor related topics.


TAX INCENTIVES

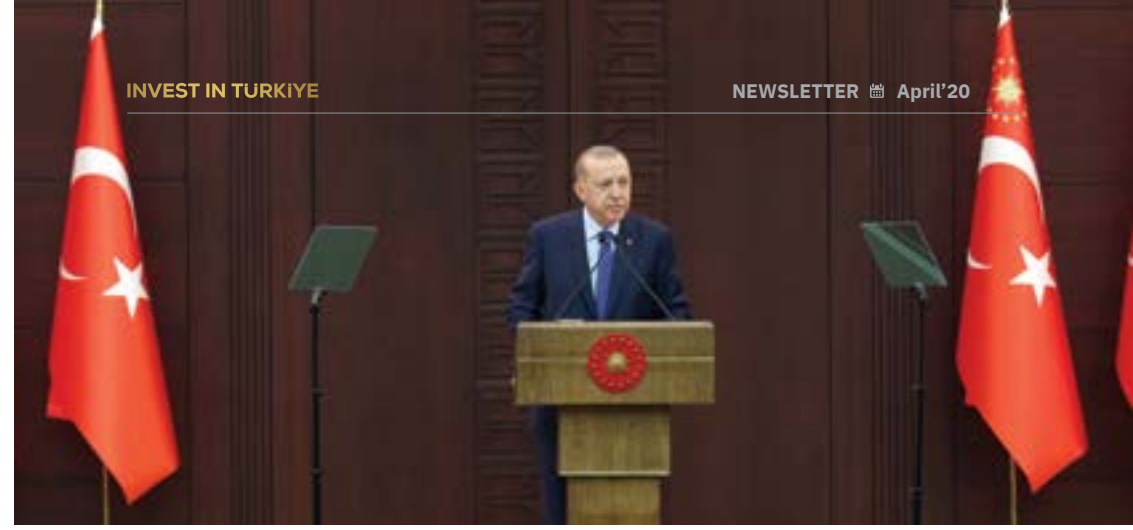
 Tax declaration, VAT discount, and social security payments for April, May, and June have been postponed for a period of 6 months in the following sectors: retail, iron & steel, automotive, logistics, transportation, cinema & theater, accommodation, food & beverage, textile, and event organization.

 Accommodation tax will be delayed until November.


The easement rights and revenue share payments related to hotel rentals for April, May, and June were postponed for a period of 6 months. 


 VAT has been lowered to 1% from 18% for a period of 3 months on domestic flights.


Tax declarations containing payments stemming from deductions such as withholding will be postponed for a period of 3 months. 





CREDIT SUPPORTS


 Principal and interest rate payments of companies having cash flow problems due to COVID-19 outbreak precautions will be postponed for a minimum of 3 months. Additional financial support will be available if required.


 Inventory financing support will be available for exporters in order to protect capacity utilization rates.

 Principal and interest rate payments of artisans and craftsmen to Halkbank for April, May, and June will be postponed for a period of 3 months free of interest.


 The Credit Guarantee Fund limit will be increased from TRY 25 billion to TRY 50 billion. Loan priority will be channeled to companies and SMEs that need liquidity and that are showing a collateral deficit due to the negative effects of recent developments.


 Social credit packages will be incentivized under the most favorable and advantageous conditions for citizens.


 The mortgageable amount for houses under TRY 500,000 will be raised from 80% to 90%, meaning the minimum down payment has been reduced to 10%.


 Companies that default in April, May, or June due to the measures taken against the spread of the virus will have a "force majeure" note on their credit record.


LABOR INCENTIVES


 Minimum wage support will continue.


 Flexible and remote working models will be utilized to allow for operations to continue efficiently.

 The lowest pension wage will be increased to TRY 1,500.

 The Eid payment for the retired will be paid at the beginning of April.

 The Ministry of Family, Labor, and Social Services will provide financial support of TRY 2 billion for needy families.

 The 2-month compensation working period will be increased to 4 months to provide sustainability in employment.

 Follow-up programs including social services and periodical homecare visits will be initiated for the elderly who are above 80 years old and live alone.

14 RULES TO AVOID COVID-19

The number of coronavirus cases in the world continues to increase, with the pandemic ushering in a host of disruptions to daily lives and business operations.

Find below 14 rules to help slow the spread of COVID-19:



4

Avoid close contact, such as shaking hands and hugging.



5

Do not touch your eyes, mouth, or nose with your hands.



6

Cancel or postpone your travels abroad.



7

Spend the first 14 days at home on your return from abroad.



8

Ventilate your environments frequently.



9

Wash your clothes with normal detergent at 60-90°.



10

Clean your frequently used surfaces, such as door handles, light fixtures, and sinks with water and detergent daily.



11

If you have cold symptoms, stay away from the elderly and from patients with chronic diseases. Do not go out without wearing a mask.



12

Do not share any of your personal belongings, such as towels.



13

Stay hydrated, eat a balanced diet, and pay attention to your sleep patterns.



14

If you have symptoms such as fever, dry cough, and shortness of breath, wear a mask and immediately contact a healthcare provider.



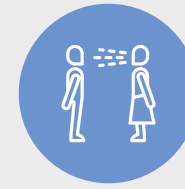
In case of symptoms, call the coronavirus hotline:

184



1

Wash your hands frequently with soap and water for at least 20 seconds, scrubbing thoroughly.



2

Practice social distancing. Keep a distance of at least 3-4 steps (approximately 2 meters) from people when possible.



3

Cover the mouth and nose with tissues when coughing or sneezing; use the inside of the elbow if no tissues are available.



TURKEY IS WELL PREPARED TO WEATHER POSSIBLE EFFECTS OF COVID-19

The Minister of Treasury and Finance Berat Albayrak announced that Turkey has addressed all aspects of the road map that is being implemented in order to support sectors that may be affected by the COVID-19 prevention measures.

Borsa İstanbul introduced a series of measures in early-March to limit the extreme volatility in the markets and the sharp changes in prices. Accordingly, the price margin for determining price limits of the shares traded on Borsa İstanbul have been reduced to 10 percent in all groups. Also, the price change triggering circuit breaker has been reduced to 5 percent downwards in all groups. As for the circuit breaker call period, it has been increased to 30 minutes.

Turkey has recovered swiftly from crises, market volatilities, and recessions in the past and is well prepared to weather any further financial turmoil. The fear factor caused by COVID-19 is likely to generate a negative sentiment shock, severely depressing consumption, tourism revenues, and in-store retail sales globally. However, the large domestic market is a valuable asset for the Turkish economy, and the country will offset the negative sentiment by the real income gain from the plunge in oil prices.

The Central Bank of the Republic of Turkey (CBRT) cut its benchmark interest rate by 100 basis points to 9.75 percent in a special monetary policy meeting held on March 17. CBRT also announced that it would provide lira liquidity with an interest rate of 150 basis points lower than the benchmark one-week repo rate through repo auctions with maturities of up to 91 days.

While COVID-19-related risks will reverse the improvement in global growth sentiment, domestic factors that determine growth momentum in Turkey show that low dependency on externally-funded credit, dynamic domestic demand, steps taken by the government, the fall in bank lending rates, and other cyclical factors are all likely to diminish the possible future impact of COVID-19-related risks to the Turkish economy.

INDICATORS PROVE TURKEY'S RESILIENT ECONOMY

The financial market volatility stemming from COVID-19 reached historic levels in March, with all three of the major indices in the US posting their worst daily percentage declines since 1987's Black Monday. Recession concerns caused downward revisions in global growth expectations for 2020. In such a situation, indicators show that the Turkish economy is likely to be one of the least-affected economies from the possible effects of COVID-19.

Positive GDP Growth in 2019

The Turkish Statistical Institute (TurkStat) announced the quarterly GDP growth in Turkey for the October-December 2019 period. Thanks to a sharp recovery in private consumption and a rise in credit impulse, Turkey recorded a strong GDP growth of 6 percent in the final quarter of 2019, which brought the full year growth up to 0.9 percent.

Accordingly, Turkey's GDP at current prices has more than tripled since 2002, reaching USD 754 billion in 2019. The Turkish economy grew by an average 5.3 percent annually during the 2003-2019 period.

The strong growth performance of Turkey in the final quarter of 2019 brought the full year growth into positive territory. This trend suggests a strong signal, implying that the Turkish economy is returning to its long-term potential growth track.

Turkey's New Economy Program, announced last September, targets GDP growth rates of 5 percent in each of the following three years starting from 2020.

Quite Mild FX Pass-Through in Inflation

Much lower than expected and staying within the CBRT's forecast path, Turkey's annual inflation in February 2020 rose slightly to 12.37 percent from 12.15 percent in January 2020, removing concerns of possible price pressures. The core CPI receded 0.2 percent month-on-month, indicating that price pressures remain contained and that FX pass-through has been quite mild. This also showed that inflation in Turkey has reached its cyclical peak and will fall gradually to single digits again in 2020.

Highest Monthly Profit in Banking Sector

According to the Banking Regulation and Supervision Agency (BDDK) data, Turkey's banking sector posted a net profit of TRY 7.9 billion in January, an increase of 147.2 percent compared to January 2018's TRY 3.2 billion profit. Thus, the sector has reached its highest monthly profit figure of all time and is off to the best annual start in its history.

Rising Services and Automotive Exports

According to the Ministry of Trade, exports increased by 2.31 percent to USD 14.655 billion in February. Motor vehicles accounted for a large portion of the exports. In the first two months of the year, automotive exports amounted to USD 4.923 billion.

Meanwhile, TurkStat announced the 2018 International Trade in Services Statistics (ITSS) report. The report shows that services exports in Turkey increased by 9 percent to USD 33.8 billion in 2018.



PRESIDENT ERDOĞAN OPENS KINALI-ÇATALCA SECTION OF THE NORTHERN MARMARA HIGHWAY

President Recep Tayyip Erdoğan officially opened the Kinalı-Çatalca Section of the Northern Marmara Highway during a ceremony held on March 8, 2020.

“We offer the Kinalı-Çatalca section of the Northern Marmara Highway to your service. Our citizens will have the opportunity of uninterrupted and safe travel with the commissioning of different stages of the motorway” said President Erdoğan.

The highway includes 2 junctions, 12 bridges, 3 viaducts, 2 tunnels, 14 underpasses, and 9 overpasses. 258 km of 400 km of the Northern Marmara Highway has been completed so far.

POSITIVE REGULATIONS REGARDING DATA PROTECTION ENCOURAGE POTENTIAL INVESTORS

Investment Office President Burak Dağlıoğlu spoke on March 5 at the Turkish Personal Data Protection Law & EU General Data Protection Regulation Conference organized by the International Investors Association (YASED) in İstanbul.

Stating that YASED has made great contributions to increasing Turkey's global competitiveness, Dağlıoğlu talked about what the Investment Office is doing for the promotion of Turkey's investment climate abroad.

Dağlıoğlu stated that as a result of YOİKK (Coordination Board for the Improvement of the Investment Environment) studies, which YASED also participated in, Turkey rose to 33rd among 190 countries in the World Bank's 2020 Ease of Doing Business Index. “The correct use of personal data is one of the most important issues. During



our efforts to attract new investments to Turkey, we see that the subject of data is very noticeable, and we predict that investments in companies related to data [handling and protection] will increase in the future”, he added.

Among the attendees of the conference were YASED Chairperson and Boeing Turkey Managing Director and Country Executive Ayşem Sargın, Chairman of the Turkish Data Protection Authority Faruk Bilir, and Digital Transformation Office President Ali Taha Koç.



AMAZON WEB SERVICES MAKES ITS FIRST ACQUISITION IN TURKEY

Amazon Web Services (AWS) made its first acquisition in Turkey by investing in Turkish data processing company Data Row. Based in San Francisco, Data Row is a subsidiary of İstanbul-based TeamSQL Inc. and is focused on the querying, processing, and visualization of data.

AWS is a subsidiary of e-commerce giant Amazon.com. Jeff Bezos founded Amazon in 1994 as an online bookstore in the US and now it is the biggest internet retailer in the world. Amazon launched its activities in Turkey in 2018 as a subsidiary of the group's European affiliate based in Luxembourg.

The Turkish e-commerce market reached a volume of USD 12 billion in 2018, with an average annual growth of 33 percent since 2014.

TESFED BECOMES FOUNDING MEMBER OF EUROPEAN ESPORTS FEDERATION



Representing over 100 million gamers and bringing together 23 national associations and

federations from all over Europe, the European Esports Federation (EEF) was launched on February 21, 2020 in Brussels, Belgium. Turkey Esports Federation (TESFED) has been elected as a founding board member in the first meeting, receiving 19 of the 22 eligible votes.

TESFED was established in April 2018 in Turkey under the Ministry of Youth and Sports to represent Turkish e-sports in national and international platforms.

Turkey's gaming market generated revenue of USD 853 million in 2018, making it the 18th largest gaming market in the world in terms of revenue. With 30 million active users and 600 large and small companies, Turkey's gaming industry's yearly growth is forecasted at 15 percent.

TURKISH GAMING INDUSTRY



**USD
1 billion**

Export amount of Turkey's gaming market in 2018.



**30
million**

Number of active users.



15%

Percentage of forecasted annual growth.



600+

Number of companies in the ecosystem including indies.

18th

Turkey's rank in global gaming industry.



3rd

Turkey's rank globally in terms of gaming time spent on PC (highest in the world with 70%).



Highlights of the Turkish ICT Sector



With a population of **83 million** as of 2019 and with half under the age of **32.4**, Turkey is the youngest country on the European continent.

What makes Turkey attractive for ICT companies?



Fixed and mobile broadband subscriptions in Turkey have exceeded

74 million in 2018

– an impressive penetration rate of **90 percent**.



The **e-commerce market** in Turkey continues to grow with an average annual growth of 33 percent since 2014, reaching

TRY 59.9 billion in 2018.



Turkey is transforming into a **Fintech hub** with over **200 companies**

and an **online payment market**

that has already hit **USD 30 billion**.



Turkey's **public cloud market** reached

USD 97 million

and its **data center market** reached

USD 400 million in 2017.



In **startups**, Turkey has also jumped up to the

1st League among European countries in 2019,

based on the **USD 102 million** angel investing and venture capital funding for Turkish startups across **94 deals**.



The **female population in Turkey is 41.4 million in 2019**, and according to the Sustainable Development Indicators, the **share of women in executive positions** increased to

16.3 percent in 2018.

FDI NEWS



The main partner of **Skoda Transportation**, PPF, and the Sabancı Group signed a letter of intent to purchase the shares of Temsa Transportation Vehicles as a 50:50 partnership structure.



Personal care manufacturer Özen, a subsidiary of Yıldız Holding, was sold to **Daio Paper Corporation**, one of the largest paper producers in Japan, for TRY 153 million. Özen includes brands such as Komili Bebe, Baby Star, and Rozi.



German **Boehringer Ingelheim** (BI), a pharmaceutical giant operating in Turkey for the past 25 years, announced plans to accelerate its investments in Turkey, particularly local investment projects.



Ankara-based Mobiliz, which was acquired by Turkish fund Mediterra Capital in 2012, is being sold to **GPS Bulgaria**, Bulgaria's most important cloud-based business partner. Founded in 2004, Mobiliz is one of the two largest companies in vehicle tracking systems in Turkey having over 350 thousand vehicles.

EVENTS



📍 Kuala Lumpur, MALAYSIA

Following President Recep Tayyip Erdoğan's official visit to Malaysia in December 2019, the Investment Office co-organized a seminar with the Federation of Malaysian Manufacturers (FMM) to brief FMM members on Turkey's investment opportunities.



📍 Dubai, UAE

Investment Office Country Advisor Rahim Albayrak delivered a presentation on Turkey's investment climate at a joint investor meeting in Dubai co-organized by the Pakistan Business Council, the Turkish Business Council, and the Investment Office.

WHY TURKEY?

TURKEY: HUB FOR INNOVATION AND GROWTH

Easy access to multiple markets of \$25 trillion GDP, \$7.8 trillion trade, 1.7 billion people.

ACCESS TO MULTIPLE MARKETS

Europe

GDP: \$19.5 trillion
Import: \$6.5 trillion
Population: 700 million

MENA

GDP: \$3.6trillion
Import: \$1.0 trillion
Population: 800 million

Russia

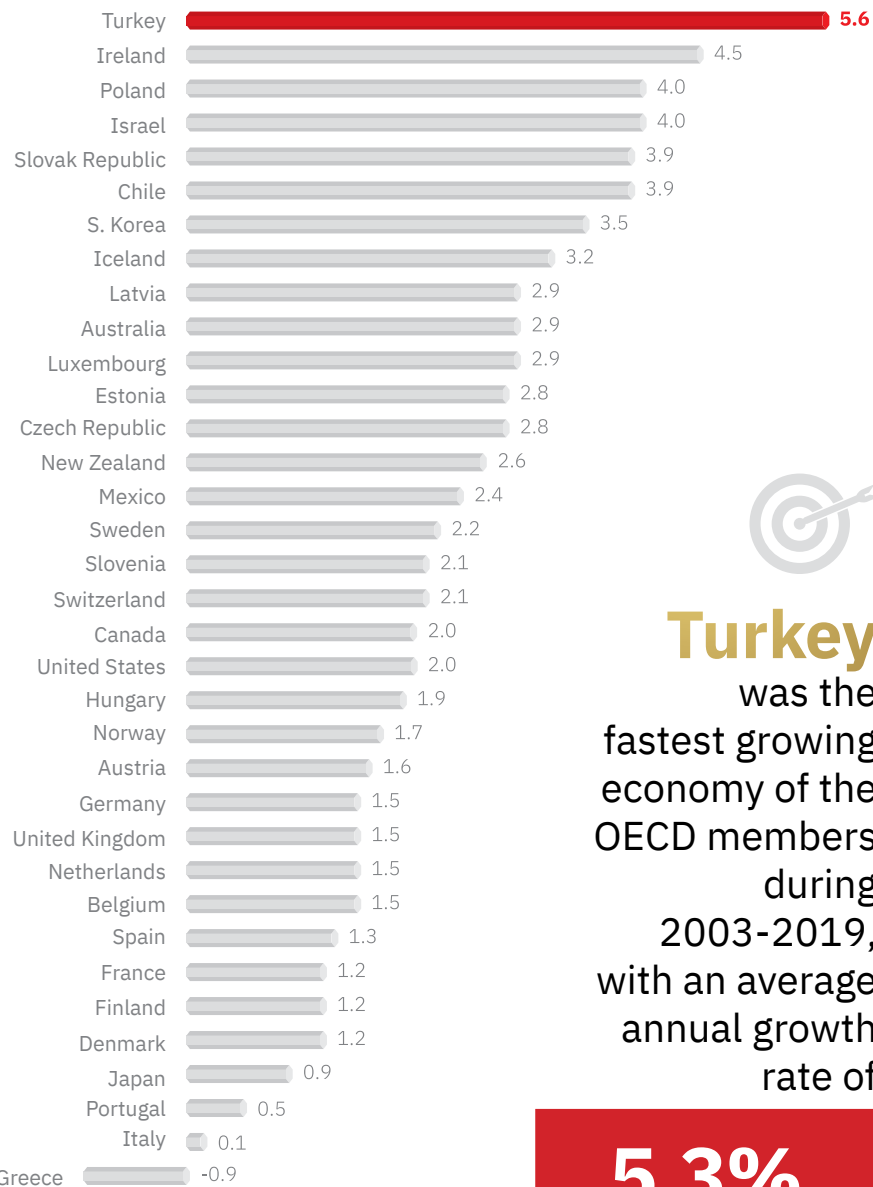
GDP: \$1.5 trillion
Import: \$0.2 trillion
Population: 100 million

Central Asia & Caucasus

GDP: \$0.3 trillion
Import: \$0.1 trillion
Population: 100 million

- Booming economy reaching USD 784 billion in 2018, up from USD 231 billion in 2002.
- One of the fastest growing OECD economies between 2014-2025, with an estimated average annual growth rate of 4.7%.
- USD 209 billion of FDI between 2003-2018, while the total amount of FDI attracted between 1923-2003 stood at USD 15 billion.

AVERAGE ANNUAL REAL GDP GROWTH (%) (2003-2018)



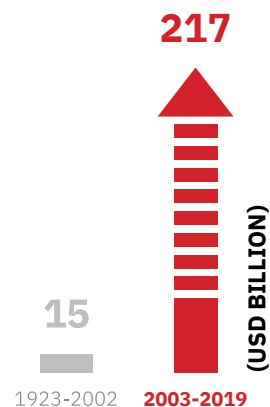
Turkey was the fastest growing economy of the OECD members during 2003-2019, with an average annual growth rate of

5.3%

Source: IMF World Economic Outlook (October 2018)

CUMULATIVE FDI INFLOWS TO TURKEY (USD BILLION)

- Investment incentives as well as R&D support.
- Equal treatment to national and global investors guaranteed by law.
- 6.5 days to set up a company in Turkey, while it takes an average of 8.5 days in OECD high-income countries. (World Bank Doing Business 2018)



HIGHLIGHTS

- 13th largest economy in the world with **USD 2.2 trillion** (GDP at PPP). (IMF, 2018)
- The fastest growing economy in Europe and one of the fastest growing economies in the world with an average annual **GDP growth rate of 5.3%** over the past 16 years. (TurkStat, 2003-2018)
- The largest bus producer and the 2nd largest commercial vehicle producer in the EU. (OICA, 2018)
- 2nd largest steel producer in the EU and 8th in the world. (Worldsteel, 2016)
- Among top 6 holiday destinations in the world with over **46 million** international tourists in 2018. (UNWTO & Ministry of Culture and Tourism)

SOPHISTICATED CONSUMER BASE



A population of 83 million, half of which is **under the age of around 32.4**. (2019, TurkStat)

Largest youth population compared with the EU. (Eurostat)



72 million broadband internet subscribers and 80.6 million mobile phone subscribers. (2018, TurkStat and ICTA)

SKILLED AND DEDICATED LABOR FORCE



Over **32.3 million** **young, well-educated** and **motivated** professionals. (2018, TurkStat)



More than **800,000 students** graduate annually from over **183 universities**. (2018, CoHE)

TURKEY'S INFRASTRUCTURAL DEVELOPMENT



According to the World Bank, Turkey ranks 3rd globally in Public-Private Partnership (PPP) projects.



**USD
127 billion**

Total value of PPP contracts in Turkey during the 2003-2018 period.



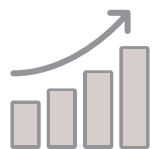
175

Total number of PPP projects in Turkey during the 2003-2018 period.



44,300

Number of new hospital beds in 32 integrated health campuses across Turkey.

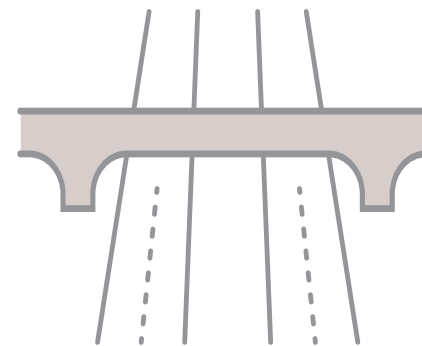


35%

Expected growth in Turkey's total installed power generation capacity from 2018 to 2023 (from 88 GW to 120 GW).

200 million

Annual passenger capacity once all stages are completed of the newly commissioned Istanbul Airport in Turkey.

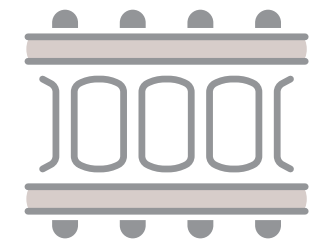


5,600 km

Total length of new motorway (toll roads) projects in Turkey.

11,800 km

Total length of new high-speed railway projects in Turkey.



For more info

invest.gov.tr/en/Sectors/Pages/infrastructure.aspx



Turkey is a perfect investment destination

with its strategic location and motivated and qualified workforce. Global investors are invited to be a part of Turkey's economic and social growth.



Toshihiko KUDO
President & CEO,
Toyota Motor Manufacturing Turkey

Following the Toyota Way, we implemented the Toyota Production System to
produce high-quality motor vehicles in Turkey.

Two factories and over 3,000 direct employees

Félix ALLEMANN
Former Chairman & CEO, Nestlé Turkey



Turkey is a dynamic and promising market with its young population and great location. It has a strategic importance for Nestlé and offers interesting opportunities for us to grow and invest. We are proud to be here for more than 100 years and to make contributions to the development of the Turkish food industry and Turkish consumers' tastes over the years. We are convinced that there is still great potential to grow our business even more and to contribute to the development of the Turkish economy. Having established our first factory in Turkey in 1927, today, we are carrying out local production in Turkey together with two factories and more than 3,000 direct employees. We are committed to offering high-quality products to our consumers that are healthy, nutritious, and tasty.

Turkey's economic dynamism –
perfect match for innovation culture

We believe 3M's innovation culture built on 3M Science and Turkey's economic dynamism is a perfect match. 3M's global manufacturing and technological legacy, combined with the skills and dedicated work of our Turkish employees, will continue to strengthen 3M and the Turkish economy. We thank the Investment Office for its valuable assistance and guidance throughout our decision and investment processes.

Hak Cheol SHIN
Former Executive Vice President -
International Operations, 3M



45 years of experience as a domestic manufacturer in Turkey

Andrew N. LIVERIS
Former Chairman & CEO, DOW



The core of the Turkish national economic agenda, and the key value for investors, is a dedicated effort to promote innovation, enhance competitiveness, and encourage investment in global value chains. Dow has over 45 years of experience as a domestic manufacturer in Turkey, and our new joint venture with AKSA is a key example of how we can bring together raw materials, a high-skilled workforce, and most importantly a booming downstream customer industry. With a strong, pro-business government in Turkey, the investment environment makes sense. And it is also easy to operate, thanks to the Investment Office President and his entire team.

WHO WE ARE

Investment Office is the official organization that:

- Promotes the investment environment of Turkey and provides assistance to investors.
- Reports directly to the President.

WE ARE HERE TO FACILITATE YOUR INVESTMENT IN TURKEY

HOW WE HELP

- Multilingual (Turkish, English, German, French, Italian, Arabic, Spanish, Chinese, Japanese and Korean)
- One-Stop-Shop approach
- Result-oriented
- Private sector approach with full confidentiality
- Focusing on high-tech, value-added and employment generating investments.



WHAT WE DO

- To present investment opportunities to the investors and provide assistance during all the stages of their investments.
- To serve as the reference point for international investors and the point of contact for all institutions engaged in promoting and attracting investments at national, regional and local levels.
- To offer free-of-charge services including market information and analyses, site selection, B2B meetings, coordination with relevant governmental institutions, and facilitate legal procedures and applications such as establishing business operations, incentive applications, obtaining licenses and work permits.

OUR GLOBAL LOCATIONS



OUR NEW WEBSITE HAS LAUNCHED!



BRAND NEW WEB SITE LOOK



PRESIDENCY OF THE REPUBLIC OF TURKEY INVESTMENT OFFICE

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



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