



## PRESIDENT ERDOĞAN MEETS TOP US EXECUTIVES

**"Investing in Turkey is now more attractive with the new incentives scheme"**

President Recep Tayyip Erdoğan, on the occasion of his official visit in New York for the United Nations General Assembly, attended an executive roundtable meeting hosted by the Investment Support and Promotion Agency of Turkey (ISPAT).

Addressing more than 30 businesspeople during the meeting, President Erdoğan offered insights into the newly-unveiled investment incentives scheme and the Turkish Sovereign Wealth Fund. He made sure to emphasize that the failed coup attempt on July 15 had no lasting impact on Turkey's economy and investment environment. Investors responded with a clear message that they will maintain their investments in Turkey and that the heinous coup attempt did not change their perception on the country.

President Erdoğan pointed out that the USD 20 billion trade volume between the US and Turkey should be further increased. Currently the bulk of trade between the two countries focuses on military and political areas, and Erdoğan remarked that the potential is there for the two nations to cooperate in many other fields.

Referring to the investment incentives system, President Erdoğan said that investing in Turkey is now more attractive in the wake of these new regulations. He underlined that the country is a regional economic power that has made major infrastructure investments.

The list of attendees at the roundtable meeting included top executives from prominent companies such as 3M, the Abraaj Group, Cargill, Cisco, Citibank, Coca-

Cola, DOW Chemical, General Electric, Keystone, MasterCard, MetLife, Nike, Pepsi and Qinvest, as well as organizations such as the World Economic Forum, IFC, the American-Turkish Council, and the US Chamber of Commerce.

Commenting on the event, ISPAT President Arda Ermut said the meeting sent an important message that, issues raised by US investors in relation to the investment incentives during an earlier meeting on March 30 in the US, were taken into account by the Turkish government with the introduction of the new incentives scheme. According to Ermut, US investors are well aware that there are not many governments in the world able to satisfy such comprehensive requests of investors within just 6 months.



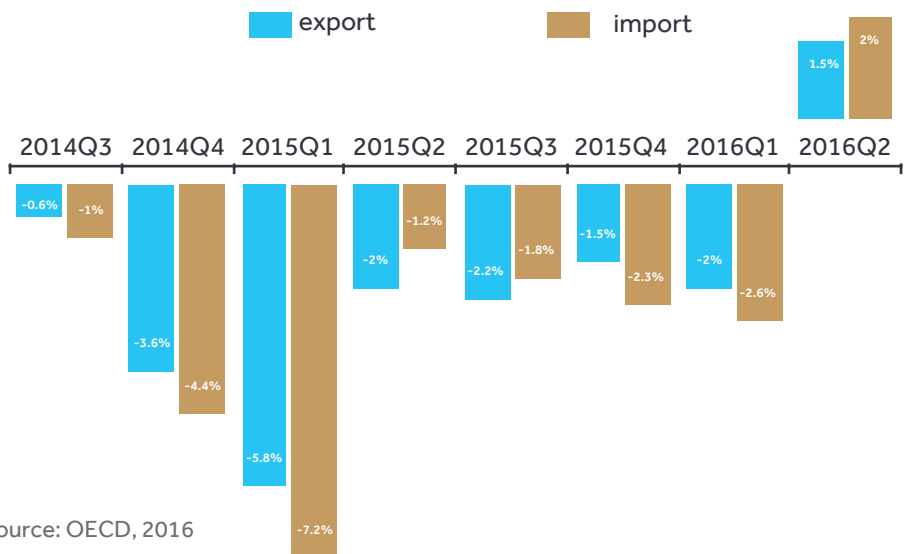
# PRESIDENT ERDOĞAN ATTENDS G20 SUMMIT, BOOSTS ECONOMIC TIES

President Recep Tayyip Erdoğan attended the G20 Summit in Hangzhou, China on September 4-5, 2016. As the former term president of the G20, Turkey encourages strengthening policies on sustainable long-term growth and reducing inequalities and imbalances in development. President Erdoğan held separate meetings with US President Barack Obama, Russian President Vladimir Putin and German Chancellor Angela Merkel on the sidelines of the summit.

Erdoğan's meeting with Putin marks the first official talks between the two countries since the recommencement of relations between Moscow and Ankara following a previous meeting held in St. Petersburg on August 9. Both leaders discussed opportunities for collaboration while Putin expressed that he was pleased by Turkey's normalization after the coup attempt of July 15, which was the victory of a heroic nation and a new milestone in democracy.

Meanwhile, during Erdoğan's official meeting with Merkel, she extended Germany's support for

## G20 TOTAL INTERNATIONAL IMPORT & EXPORT MERCHANDISE TRADE



Source: OECD, 2016

Turkey and Erdoğan responded by expressing his gratitude for Merkel's phone calls of support after the coup attempt. Both leaders also agreed on further developing economic, political and cultural ties between Turkey and Germany.

The G20 summit also saw Erdoğan and Obama holding their first meeting since July 15. Erdoğan stated that Turkey and the US will continue to maintain a model partnership, while the US President noted that Turkey is a strong NATO ally. Obama also thanked the Turkish government and people of Turkey for the exceptional humanitarian support for refugees, as well as for hosting more refugees than any country in the world.

Accounting for 90 percent of the gross world product, 80 percent of global trade, and two-thirds of the

world's population, the G20 has forged links with business, labor, civil society, and youth since 1999. This year's summit had the motto: "Towards an innovative, invigorated, interconnected, and inclusive world economy".

**"Following around two years of decline, total export and import merchandise trade of G20 countries turned to positive in Q2 of 2016, representing a glimmer of hope for growth in the global economy."**

# TURKEY TO GRANT NEW INCENTIVES FOR ELIGIBLE INVESTMENTS ON A PROJECT BASIS

**The Law on Supporting Investments on Project Basis and Amending Certain Laws and Decree Laws (Law No. 6745), which seeks to improve Turkey's investment climate through a project-based investment incentives package, entered into force following its publication in the Official Gazette on September 7, 2016.**

The new law, which contains 82 articles, was drafted to facilitate Turkey's achievement of its long-term macroeconomic targets. Some of those targets include increasing share in global trade, ensuring the security of supply, encouraging investors to conduct business in Turkey, and improving the country's rank in production of information, technology, and innovation. The most significant article, numbered 80, embraces a project-based investment incentives package that provides financial support for innovative, technology-oriented, R&D focused, high value-added projects that also help to reduce foreign dependency. Projects seeking support under the new law must be in conformity with the Turkish government's targets set forth in national development plans and annual programs, and also with those specifically promoted by the Ministry of Economy.

Support within the scope of this article of the new law will be paid through the Ministry of Economy's budget. Following the approval of the Council of Ministers on the amount and time interval, goods produced in these factories will be subject to guarantee of purchase. In order to make life easier in the investment process, investors will be granted exemptions in certain allocation, license, and registration processes. Moreover, subject to the approval of the Council of Ministers, all infrastructure investments will be reimbursed. Finally, in case of an

ownership transfer of the investment, all acquired rights with regard to the investment scheme will be passed to the new investor.

Moreover, Prime Minister Binali Yıldırım recently announced an incentives package worth TRY 140 billion for Turkey's 23 eastern and southeastern provinces in a bid to eliminate disparities in these lesser-developed regions. According to the program, the government's share will be TRY 62 billion with the remaining contribution to come from the private sector over four years.

The package covers investments in housing, factory, stadium, and irrigation projects. Investors will be allocated land on which state-built factories will be erected. These buildings will then be long-term leased to investors at nominal rent. The government's target is to open a total of 80 new factories in eight of these provinces each year. Each new factory could employ an average of

500 workers, meaning that by the end of its 10-year cycle this incentive package could create upwards of 400,000 new jobs in the region.

In addition, companies that relocate production plants to these provinces within the scope of the package will be exempt from corporate tax. The government will also build turnkey call centers, which will create another 25,000 new jobs, and it will guarantee the purchase of goods produced by these factories.

The Turkish government's support for investors is not only limited to the above schemes; Turkey also has a comprehensive investment incentives package in place that offers different incentive schemes for general investments, regional investments (including priority investments), large-scale investments, and strategic investments.



## PROJECT-BASED SUPPORT INSTRUMENTS AND EXEMPTIONS

- **Corporate tax exemption of up to 100 percent and investment support of up to 200 percent, or corporate tax exemption exclusively for the profits derived from the investment for the first 10 years following the commencement of operations**
- **Income tax withholding support**
- **Customs duty exemption**
- **Free land allocation for 49 years in instances where the investment is made on an immovable property belonging to the Turkish Treasury**
- **Free transfer of these immovable properties for projects completed and that provided the anticipated employment for at least five years**
- **Social security premium support for employer's share for up to 10 years**
- **Compensation of up to 50 percent for energy consumption expenses related to the investment for up to 10 years**
- **Abolishment of interest on loans utilized to cover fixed investments**
- **Salary support for qualified employees for up to five years; eligible support is capped at twenty times the gross monthly minimum wage**
- **State partnership of up to 49 percent provided that an IPO or direct sale to investors will be conducted within 10 years**

6-8  
September

Dubai,  
United Arab Emirates

## CITYSCAPE GLOBAL 2016

Cityscape Global, one of the largest real estate fairs in the Middle East, convened in Dubai on September 6-8, 2016. During the event, Turkish companies saw strong interest from Gulf investors who have demonstrated their confidence in Turkey's future through their recent purchases and reservations, which exceeded TRY 1.2 billion. The list of Turkish participants in the fair included Emlak Konut, Ağaoğlu, Artaş, Çalık Real Estate, Emay İnşaat, Garanti Koza, Sinpaş REIT, Siyahkalem Engineering, and Tahincioğlu.

ISPAT supported Turkish companies in the fair through one-on-one meetings with potential investors, visits to Turkish companies' booths, and launch of major urban transformation projects such as the Tarlabası 360.

Moreover, ISPAT held exclusive meetings with officials of real estate companies operating in the MENA region and provided them with an insight into the recently launched real estate investment funds in Turkey. In response, company officials informed ISPAT officials about their recently signed agreements with Turkish companies and emphasized their will to increase investments in Turkey.



13-17  
September Frankfurt am Main,  
Germany

## AUTO MECHANIKA FRANKFURT 2016

The world's leading trade fair for the automotive services industry, Automechanika Frankfurt, took place in Frankfurt am Main, Germany, on September 13-17, with the participation of around 5,000 people from 76 countries including Turkey.

Speaking of Turkey's investment environment and business opportunities in a meeting held within the scope of the fair, ISPAT Advisor to Germany Ole von Beust noted that Turkey is a robustly growing and economically stable country despite the recent unfavorable incidents. He added, "German companies keep operating in Turkey with great satisfaction in all aspects of their business, without exception. Turkey is very keen on providing all kinds of support for international investors to ensure sustainability." The meeting also featured the welcoming speech of Turkey's Consul General in Frankfurt Mustafa Çelik, and other panelists from the sector.

# WAIPA WORLD INVESTMENT CONFERENCE

13-14 OCTOBER, 2016  
ISTANBUL, TURKEY

The World Investment Conference is WAIPA's flagship conference where Investment Promotion Agencies gather to know latest FDI trends, policies and what cutting-edge investment promotion practices 2016 brings. Planned in Istanbul this year, the conference will bring together investment experts, financial gurus and academic researchers to discuss what is in hold for the future. Attended by local and political leads, WIC is set to be a memorable conference for the FDI fraternity.



World Association of  
Investment Promotion  
Agencies



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