



# INVEST IN TURKEY

THE REPUBLIC OF TURKEY PRIME MINISTRY  
INVESTMENT SUPPORT AND PROMOTION AGENCY OF TURKEY

*newsletter*

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## Building the 2023 Vision: Turkey's Mega Projects



During the past decade of Justice and Development Party's (AK Parti) rule, Turkey has achieved remarkable economic and social advances. The country's large-scale infrastructure projects, often dubbed "Mega Projects", are the most visible signs of how the country is leaping forward to fulfill its true potential.

As Turkey's first directly-elected President Recep Tayyip Erdogan is sworn in, his leadership role as prime minister during the country's enormous

economic successes during the last ten years—more than tripling GDP to reach USD 820 billion as of the end of 2013, a GDP growth rate of 5.1 percent per year on average, and vast improvements in the business climate that has seen USD 135 billion in foreign investments—



are being complemented by likewise enormous infrastructure projects designed to exhibit the country's progress toward the vision of 2023, the centenary of the Republic of Turkey. The

vision projects Turkey as among the top ten economies in the world with GDP of USD 2 trillion, with USD 500 billion in annual exports and a per capita income of USD 25,000, among other goals.

The infrastructure improvements accompanying the country's rapid growth are being built in the Marmara Region, where most of Turkey's urban and industrial centers are located.





## Canal Istanbul

An artificial sea-level waterway to run parallel to the Istanbul Strait—the Bosphorus—connecting the Black Sea to the Sea of Marmara. 47 kilometers in length and 150 meters wide, Canal Istanbul will provide relief to shipping traffic, particularly oil tanker traffic, passing through the Bosphorus. The canal will be able to handle 160 vessels a day and is expected to bring in USD 8 billion a year.

The estimated cost of the project, slated to be completed by the 2023 centennial of the foundation of the Republic of Turkey, is about USD 5.5 billion.



## Third Airport in Istanbul

The third Istanbul airport, currently under construction in the northwestern section of Istanbul's European side, is set to be the largest in the world in terms of passenger capacity.

Once fully complete by 2018, the giant 150 million passenger capacity air terminal will underscore Istanbul's growing reputation as a global air travel hub. The airport will be connected to the third bridge over the Istanbul strait via the North Marmara Highway.

## Yavuz Sultan Selim Bridge - North Marmara Highway



Named after Ottoman Sultan Selim I, the Yavuz Sultan Selim Bridge, often referred to as the third Bosphorus bridge, will link Istanbul's European and Asian sides and will bear the distinction of being the world's widest and longest combined road and rail bridge.

Under construction since May, the bridge is part of the North Marmara Highway project, stretching from Adapazari, Sakarya to Tekirdag. Once opened in 2015, the USD 4.5 billion project will ease the burden on the existing two bridges and will provide a transit passage for freight transportation by lifting the traffic load on the busy city center.

## Marmaray



With its first phase of use since last October, the 60-meter deep rail tunnel linking the two sides of Istanbul has carried passengers and will soon convey freight between Europe and Asia.

The USD 8 billion project began as a dream of Ottoman Sultan Abdulmecit's some 160 years ago and forms a significant contribution to Istanbul's rail network with connections to the Istanbul Metro and Ankara-Istanbul high-speed rail line.

## Eurasia Tunnel

A motorway crossing the Bosphorus via an undersea tunnel that will allow motorists to cut the travel distance from Kazlıcesme on the European side to Goztepe on the Asian side of Istanbul to 15 minutes.

Slated to be completed by 2017, the two-deck tunnel will have a capacity of 120,000 vehicles per day.

## Gebze-Orhangazi-Izmir Highway

The highway project shortening the overland travel distance between Istanbul and Turkey's third largest city, Izmir, will be built at an investment cost of USD 7.5 billion.

The 3 kilometer-long Izmit Bay Bridge, an integral part of the highway, will upon completion be the world's fourth longest suspension bridge.

# Turkey: Europe's Manufacturing Base

The manufacturing industry is one of the main drivers of the Turkish economy, accounting for 24.2 percent of total GDP. The Turkish manufacturing industry has been growing over the past decade and increasing at a CAGR of 12 percent since 2003. In 2012 it exceeded gross domestic product growth levels and reached approximately USD 103 billion.

The industry recovered quickly after the 2009 global economic recession and exceeded pre-crisis levels with a CAGR of 8 percent between 2009 and 2012. During the first quarter of 2013, Turkey achieved a remarkable manufacturing output growth rate of 4 percent while industrialized countries suffered significantly. According to the United Nations Industrial Development Organization (UNIDO), manufacturing output dropped by 2.9 percent in the Eurozone during the same period. Manufacturing output fell by 2.6 percent in the Czech Republic and 3.1 percent in Russia, while it increased slightly in Brazil with 1.4 percent and in India with 2.5 percent.

It is not surprising that Turkey has been emerging as a regional manufacturing hub. According to the Deloitte Global Manufacturing Competitiveness Index (GMCI), over the next five years Turkey will move up from 20th place in 2013 to 16th place in terms of current and future manufacturing competitiveness. This means that Turkey will be the 2nd (after Germany) most competitive manufacturing hub in the region covering

EMEA (Europe, the Middle East and Africa) as well as Central Asia and the Caucasus.

Located at the crossroads of Europe, Asia and Africa, Turkey has historically always been at the epicenter of world trade routes. As major airway hubs in the region, Istanbul and Ankara airports provide practical travel routes with a maximum direct-flight time of 4 hours to capital cities throughout Europe, Western and Central Asia, the Middle East and Africa. This unique location enables



investors to access surrounding markets of 1.5 billion people, a combined GDP of USD 25 trillion and more than USD 8 trillion in foreign trade, corresponding to approximately half of total global trade. Moreover, Turkey is a member of the EU Customs Union with, which facilitates the free movement of industrial goods and eliminates customs duties and quantitative restrictions. In addition, Turkey has free trade agreements with 19 countries and has started negotiations with a further 13 countries.

Thanks to its connectivity and trade partnerships, many multinational companies have either established their manufacturing bases in Turkey or moved their regional headquarters there, as the country offers a robust platform for economic expansion on a regional scale which enables these companies to leverage common qualities and local capabilities in Turkey. The Turkish government strongly supports the move of global company regional headquarters to Turkey. With a recent amendment to FDI legislation, foreign companies can now establish their regional management centers in Turkey under a liaison office structure without paying corporate tax, VAT, personal income tax or stamp duty.

With half of its population under the age of 30, Turkey's young and dynamic population is creating one of the most skilled labor pools in the world. The number of students graduating from manufacturing-related departments in universities exceeded 32,000 in 2012, while there were more than 35,000 graduates from vocational training schools during the same period. Moreover, around 600,000 students graduate from universities in Turkey every year. This labor force, coupled with productivity and a disciplined work ethic, makes Turkey one of the most appealing investment destinations in the world for high value-added, knowledge-based and skills-intensive industries.



**“ According to United Nations Conference on Trade and Development (UNCTAD), Turkey ranks among the top 4 countries including Germany, England and Ireland regarding the increase in the number of FDI projects in the first 4 months of 2014. ”**

## GDP & FDI

- **FDI: up 28% y-o-y to USD 6.8 bln in Jan-June 2014**
  - Real GDP: up 4% y-o-y in 2013
  - GDP at current prices: USD 820 bln in 2013, up from USD 786 bln in 2012
  - Current account deficit: down 35% y-o-y in Jan-June 2014 (USD 24.2 bln)
- Source : TurkStat & CBRT

## Foreign Trade

- Exports: up 4.2% y-o-y in June 2014 & up 6.7% y-o-y in Jan-June 2014
  - Imports: down 1.1% y-o-y in June 2014 & down 4.8% y-o-y in Jan-June 2014
  - Foreign Trade Deficit: down 8.8% y-o-y in June 2014 & down 21.9% in Jan-June 2014
  - Exports/Imports: 62.2% in June 2014, up from 59.0% in June 2013 & 67.0% in Jan-June 2014, up from 59.7% in Jan-June 2013
- Source : TurkStat

# Events & Organizations

## Japan Cooperation Forum for the Middle East



ISPAT Vice President Arda Ermut delivered a speech at the Japan Cooperation Center for the Middle East's (JCCME) 39th Annual "Japan Cooperation Forum for the Middle East" on August 27, 2014.

## Seminar: Legal Framework in Turkey



On August 29, 2014, ISPAT held a seminar on the legal framework of doing business in Turkey in coordination with Japan's major law firm Anderson Mōri & Tomotsune and SCS Global, an international group of advisory and professional services. During the event, ISPAT's Senior Project Director Seda Kalyoncu delivered the opening speech, while ISPAT's Country Advisor Hitoshi Seki presented Turkey's investment environment.

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Everything you need to know about Turkey's investment environment at your fingertips.

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# Upcoming

## GIL 2014: Silicon Valley Agenda

13-15 September 2014  
San Jose, CA, USA

Frost & Sullivan's GIL event will take place in San Jose and ISPAT President Ilker Ayçi will join EDI Council as a newly appointed board member. Ayçi will address EDI member companies and GIL guests in several different occasions to promote Turkey's investment environment.

## Bloomberg Markets Most Influential Summit

22 September 2014  
New York, USA

Bloomberg Markets Most Influential Summit in New York will bring together the most influential people in global markets and finance. During the event, ISPAT will sponsor a breakfast reception, where a number of prominent figures in the finance and related sectors will be hosted.

## China Outbound Investment in Developing Countries Summit

24 September 2014  
Beijing, CHINA

ISPAT will participate in this event, which offers the opportunity to meet key officials, foreign investment agencies and industry leaders to obtain first-hand updates, successful business strategies, emerging investment opportunities and projects in the developing countries.

## Investment Seminar

24 September 2014  
Tokyo, JAPAN

ISPAT will hold a seminar in sponsorship with the Japan Cooperation Center for the Middle East (JCCME) and The Bank of Tokyo Mitsubishi UFJ in the Tokyo Chamber of Commerce to present Turkey's investment environment.

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