



INVEST IN TURKEY

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

newsletter

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Turkey, the top agricultural producer of Europe

Blessed with vast fertile lands and a climate suitable for growing anything from hazelnuts to tobacco, Turkey is rightfully rising up the ladder of the world's largest agricultural producers. Ranked 1st in Europe and 7th in the world by agricultural production, the country also has a fast-growing food market which is ripe for foreign investors as well.

The gross value of Turkey's agricultural production reached USD 62 billion in 2013 according to figures from the Ministry of Food, Agriculture and Livestock. Minister Mehdi Eker, speaking at the World Food Day event organized by the Turkish Food and Beverage Industry Association (TUGIS), said that the gross value of Turkey's agricultural production rose from USD 23 billion to USD 62 billion

in the last 12 years, taking the top spot in Europe. "Exports of agricultural and food products reached USD 18 billion in 2013", said Eker, adding that Turkey's success in feeding a population of 75 million, along with the 35 million

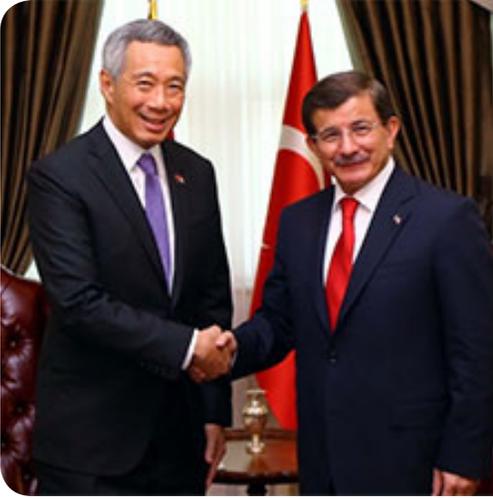


tourists who visit Turkey annually, demonstrated that food security was not an issue for the country.

Turkey's agricultural product exports

have already reached USD 11.6 billion in the first eight months of 2014, up by 5.6 percent y-o-y. More than 1,600 varieties of Turkish agricultural products reach 180 countries worldwide. Around 40 percent of the country's total land area consists of arable land, offering a wide range of products such as grains, pulses, oil seeds, fruits and vegetables, cut flowers, poultry, milk and dairy products, honey and tobacco.

One of the targets set for the agriculture sector by the year 2023, the centennial of the Republic, is to make Turkey among the top five agricultural producers globally with a gross production value of USD 150 billion and USD 40 billion of agricultural exports.



Turkey & Singapore are becoming strategic partners

Turkey and Singapore carried their relationship to the strategic partners level on October 14 by signing their Joint Declaration on a Strategic Partnership.

The agreement was signed between the Prime Minister of Singapore, Lee Hsien Loong, and his Turkish counterpart Ahmet Davutoglu at the Prime Minister's Office in the capital Ankara. Mr. Lee arrived in Ankara on October 13, following his visit to Istanbul. This is Mr. Lee's first official visit to Turkey.

The strategic partnership agreement will pave the way for greater cooperation on several fronts. They include political exchanges and cooperation in defense, trade and investment, aviation, culture, science, counter-terrorism and research, among other fields.

ISPAT awarded by Frost & Sullivan innovation award

Turkey's official investment promotion agency, the Investment Support and Promotion Agency of Turkey (ISPAT), has received the 2014 European and Central Asia Visionary Leadership Economic Development Innovation Award from the global consultancy firm Frost & Sullivan.

Frost & Sullivan, the growth partnership company that has been developing growth strategies for the global 1000, emerging businesses, the public sector and investment community, honoured recipients of the awards at a gala dinner held on Tuesday, September 16 in San Jose, California at The Fairmont San Jose.

The Awards Gala was preceded by a 60-minute CEO leadership roundtable at which chief executives from selected companies discussed the most pressing issues facing their businesses and industries today.

The Growth, Innovation & Leadership Awards are presented each year to companies that are predicted to encourage significant growth in their industries, have identified emerging trends before they became the standard in the marketplace, and created advanced technologies that will catalyze and transform industries in the near future.



Turkish economy provided 6 million jobs since 2009 – Deputy Prime Minister

German white goods and home appliances manufacturer BSH is planning to double its production capacity in Turkey, according to a company executive.

Speaking to the Turkish press at the IFA 2014 event in Berlin, BSH's Chairman of the Board of Management, Karsten Ottenberg, said that the company's investments in Turkey to date have reached EUR 1 billion. "Turkey holds immense potential with its large domestic

market and export capabilities. BSH will speed up its investments in Turkey, its third largest market in terms of turnover following Germany and China", Ottenberg said.

BSH Turkey CEO Norbert Klein, speaking at the same event, said that the annual capacity of BSH's production plants in Turkey will nearly double to 8 million units, up from its current 4.5 million, in the next five years. "Extending the innovation and R&D capabilities of BSH Turkey will be the priority", he noted.

Turkey's automotive exports up

Turkey's production of motor vehicles rose by 4 percent year-on-year (y-o-y) in September, according to the data by the Automotive Manufacturers' Association (OSD). A manufacturing hub for global auto makers, the country has also seen its exports of automotive products increase by 8 percent within the same month as the EU market, Turkey's primary export destination, slowly recovers.

Passenger vehicle production went up by 11 percent y-o-y in September. 72,120 automobiles were produced, including 54,221 destined for export markets. Out of a total production volume of 835,782 motor vehicles in the first nine months of the year, 531,492 were passenger vehicles and the rest were vans, buses, trucks and other types of commercial vehicles. The total automotive exports in January-September registered an increase of 6 percent as 653,084 motor vehicles of every sort reached overseas markets.

The Turkish automotive industry earned USD 21.5 billion from exports last year.

Immense Opportunities in Agrofood Business

With its favorable geographical conditions and climate, Turkey is considered to be one of the leading countries in the world in the field of food and agriculture.

The restructuring efforts that began in the early 1980s, alongside a series of reforms including privatization and reduction of trade barriers in the agriculture sector, resulted in a domestic market that is an integral part of the world economy today.

changing consumer habits of the younger generation boost domestic consumption.

Consequently, Turkey's food industry has registered steady growth in recent years, with Turkish consumers becoming increasingly demanding, driven by the multitude of choices offered by mass grocery retail outlets. Rising disposable income and changing consumption patterns, along with the increase in the number of females in full-time

estimated total of 11,000 plant species, whereas the total number of species in Europe is 11,500.

While Turkey is becoming one of the largest markets for baked goods with its bread, subsector dairy products including milk, yoghurt, cheese, kefir and ayran (a drink made of yoghurt and water) also form an integral part of the traditional Turkish diet. Traditionally, artisan, unpackaged products have dominated

“Turkey has a large and growing food and agriculture industry that constitutes 9 percent of the overall gross value added (GVA) and 25 percent of the employment levels in the country.”

The strengths of the industry include the size of the market in relation to the country's young population, a dynamic private sector economy, substantial tourism income and a favorable climate.

Turkey has a population of 76 million people and is growing with rising income levels. This makes Turkey one of the largest markets in its region, and the

employment, have all led to an increase of interest in packaged and processed food, such as ready-to-eat meals and frozen food.

Turkey is the world leader in the production of dried figs, hazelnuts, sultanas/raisins and dried apricots. It has the largest milk and dairy production in its region. In addition, Turkey has an

the Turkish dairy market, holding back widespread growth but also offering potential to investors.

Turkey offers a set of enablers for potential agrofood investors; the Turkish government's support mechanism includes favorable regulations, tax structure, competitive and low-cost labor force and investment incentives.

Number of countries managed from Turkey by Multinational Agrofood Companies



94



Unilever

36



20



The Chemical Company

18



PEPSICO

14

GDP & FDI

- FDI: up 9.8% y-o-y to USD 8.6 bln in Jan-Aug 2014
- Real GDP: up 4.1% y-o-y in 2013
- GDP at current prices: USD 822 bln in 2013, up from USD 786 bln in 2012
- Current account deficit: down 35.4% y-o-y in Jan-Aug 2014 (USD 29.6 bln)

Source : TurkStat & CBRT

Foreign Trade

- Exports: up 2.9% y-o-y in August 2014 & up 5.7% y-o-y in Jan-August 2014
- Imports: up 7.0% y-o-y in August 2014 & down 4.7% y-o-y in Jan-August 2014
- Foreign Trade Deficit: up 13.5% y-o-y in August 2014 & down 20.0% in Jan-August 2014
- Exports/Imports: 58.7% in August 2014, down from 61.1% in August 2013 & 66.0% in Jan-August 2014, up from 59.5% in Jan-August 2013

Source : TurkStat

ISPAT Team at Work

American Business Forum in Turkey



Aiming to strengthen the Turkish-American bilateral trade and investment relations between Turkey and the US, the 10th of the American Business Forum in Turkey convened in Istanbul.

US Business Delegation in Ankara



A US business delegation led by the Secretary of Commerce Penny Pritzker was received by Turkey's Prime Minister, Ahmet Davutoglu. The high-level meeting held in Ankara, also attended by ISPAT President Ilker Ayçi, provided a venue for both sides to discuss ways to expand bilateral trade and investments.

Bloomberg Most Influential Summit



ISPAT organized a luncheon at the Bloomberg Most Influential Summit that took place in New York, USA, hosting finance industry leaders to discuss strengths of the Turkish financial sector and competitive advantages of the Istanbul Finance Center Project.

Turkish M&A and Private Equity Forum 2014



Turkish M&A and Private Equity Forum 2014 was held in İstanbul on October 21 by MergerMarket Group. The forum started with the keynote speech of Turkey's Minister of Finance Mehmet Simsek. ISPAT was represented by Vice President Arda Ermut.



Upcoming

3rd PPP in Turkey Forum 26-27 November 2014 Ankara, TURKEY

The third of the Public Private Partnership Forum is the largest industry event in the region with a special emphasis on Turkey's large scale infrastructure investments. ISPAT President Ilker Ayçi will deliver a keynote speech on the country's investment climate and Istanbul Finance Center project.

MAPIC 2014 19-21 November 2014 Cannes, FRANCE

ISPAT will be presented at the retail property industry's largest annual show by Vice President Arda Ermut who will deliver the opening speech.

World Automotive Conference in Turkey 2014 5-6 November 2014 Istanbul, TURKEY

Attracting automotive, logistics and technology sector leaders from all over the world, the event will feature speakers from Turkey, UK, USA, Germany, Russia, as well as Austria and Finland. ISPAT will be represented by Vice President, Arda Ermut.

ISPAT 'Invest in Turkey' Seminar 13 November 2014 Tokyo, JAPAN

Co-organized by the Japan External Trade Organization (JETRO) and global law firm, Baker & McKenzie, the investment seminar aims to promote Turkey's business and investment environment to the Japanese business community.



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