



PRESIDENCY OF THE REPUBLIC OF TURKEY  
INVESTMENT OFFICE

# Turkey

## Bright Spot for Japanese Companies

# Why invest in Turkey?

10 reasons to invest in Turkey..



# Robust Economy

Track record growth and bright future with proven resilience..



13<sup>TH</sup> LARGEST ECONOMY

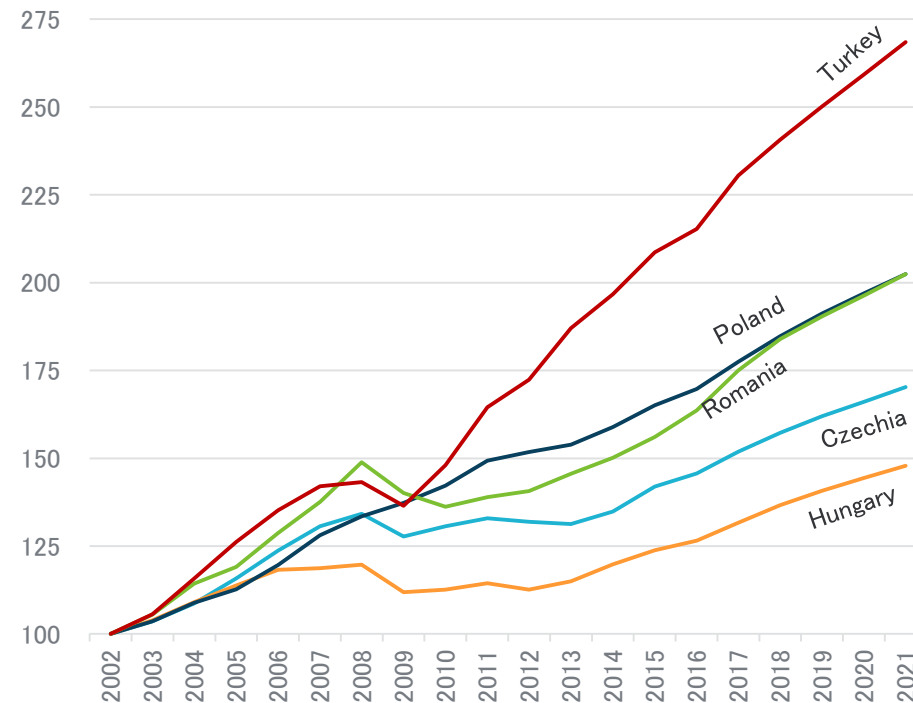
## Average Annual GDP Growth (%), 2003–2017



## Ranking of Economies by GDP at PPP

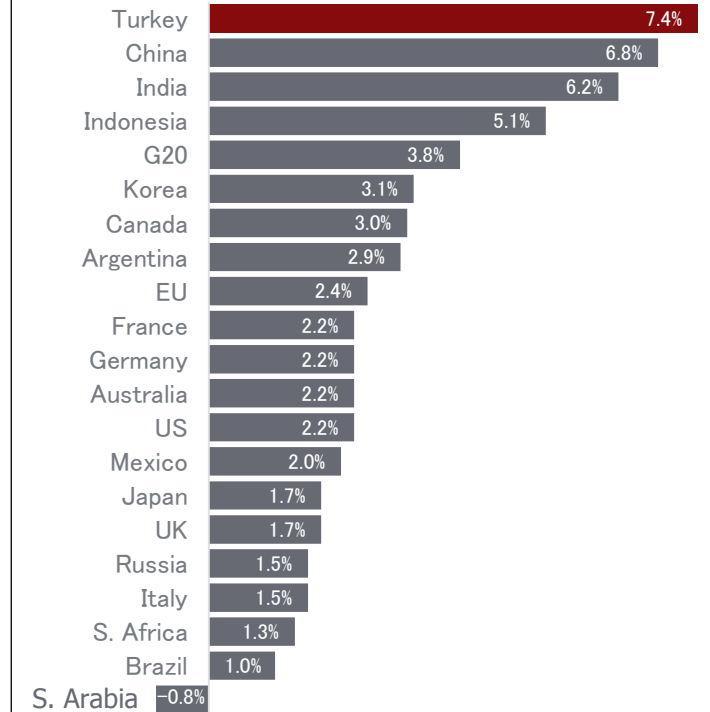
2003	2017	2021
1 USA	1 CHINA	1 CHINA
2 CHINA	2 USA	2 USA
3 JAPAN	3 INDIA	3 INDIA
4 GERMANY	4 JAPAN	4 JAPAN
5 INDIA	5 GERMANY	5 GERMANY
6 RUSSIA	6 RUSSIA	6 RUSSIA
7 FRANCE	7 INDONESIA	7 INDONESIA
8 UK	8 BRAZIL	8 BRAZIL
9 BRAZIL	9 UK	9 UK
10 ITALY	10 FRANCE	10 FRANCE
11 MEXICO	11 MEXICO	11 MEXICO
12 INDONESIA	12 ITALY	12 <b>TURKEY</b>
13 SPAIN	13 <b>TURKEY</b>	13 ITALY
14 CANADA	14 S. KOREA	14 S. KOREA
15 S. KOREA	15 SPAIN	15 IRAN
16 S. ARABIA	16 S. ARABIA	16 SPAIN
17 IRAN	17 CANADA	17 S. ARABIA
18 <b>TURKEY</b>	18 IRAN	18 CANADA

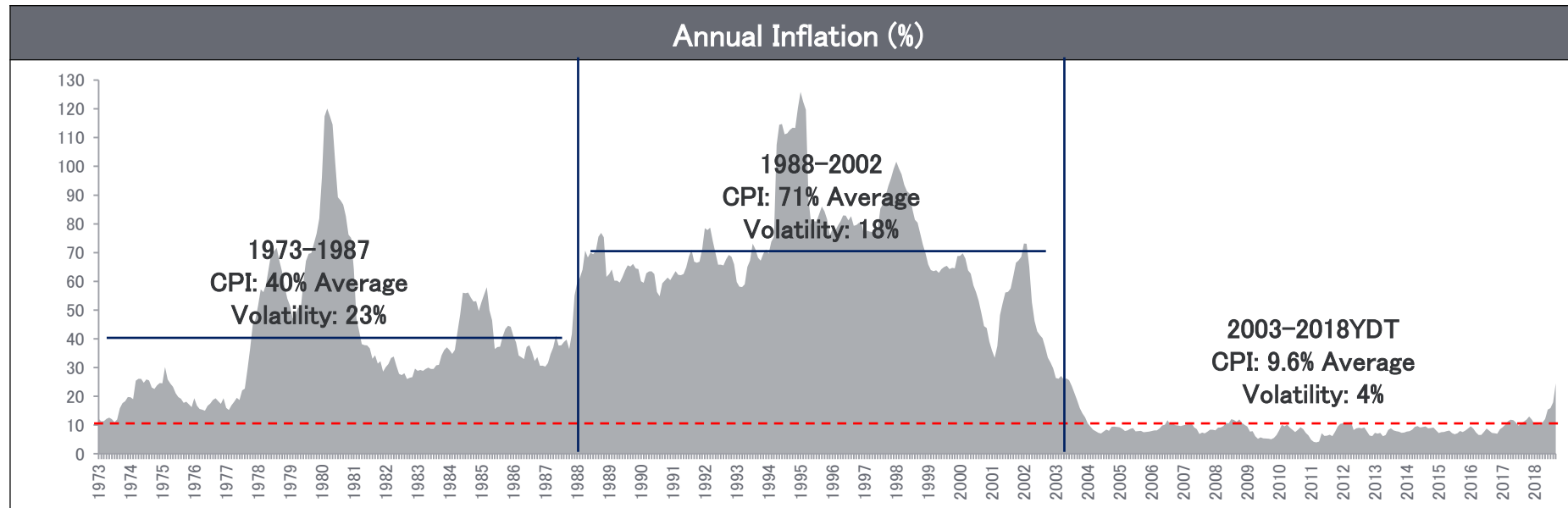
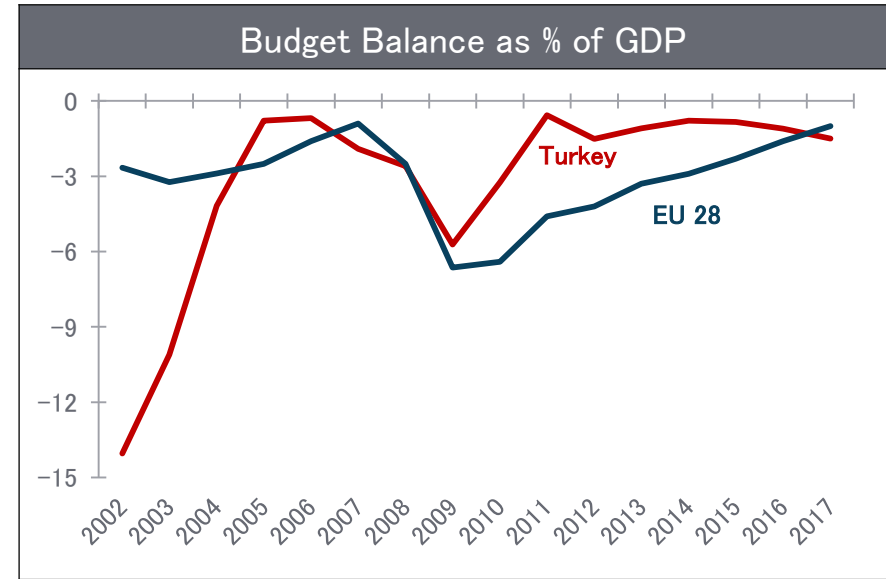
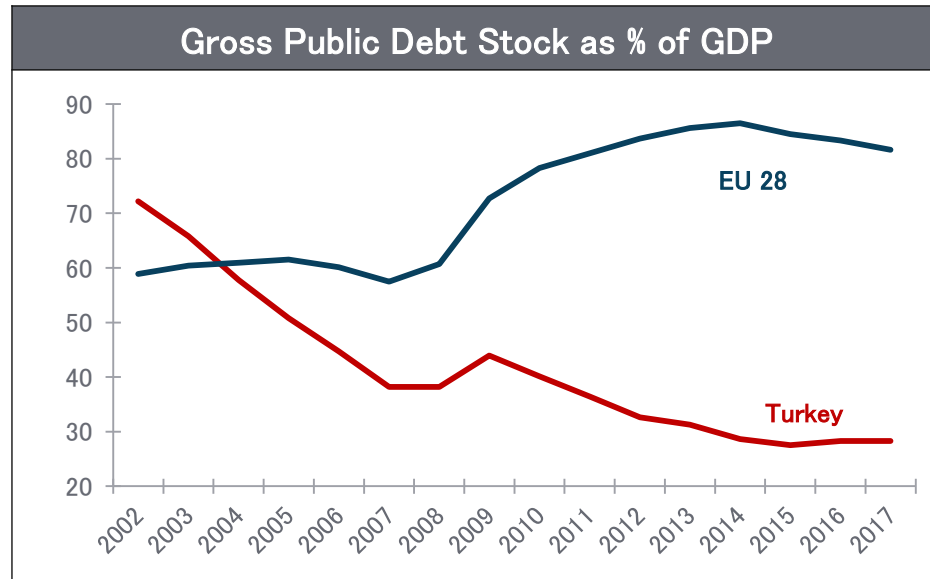
## Real GDP Growth (Index: 2002=100)



## Fastest growing economy in G20

### 2017 Real GDP Growth in G20

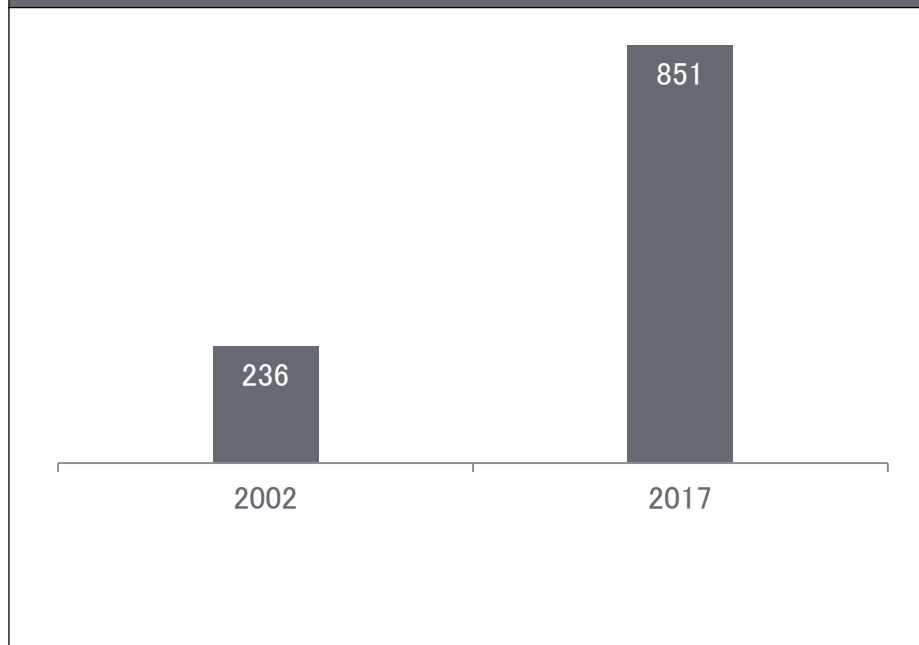






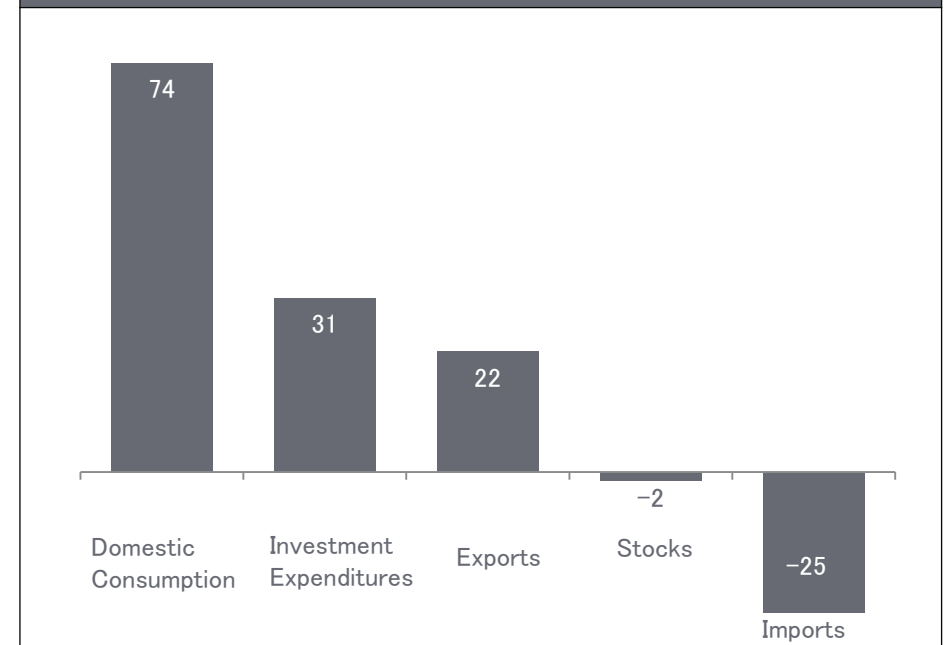
**Turkish economy has more than tripled over the past 15 years and is promising more growth in future**

**Turkish Economy (GDP at current prices, \$Billion)**



**Driven by a robust domestic market and entrepreneurial private sector which has spurred investments and exports**

**Contribution to GDP Growth 2002–2017 (%)**

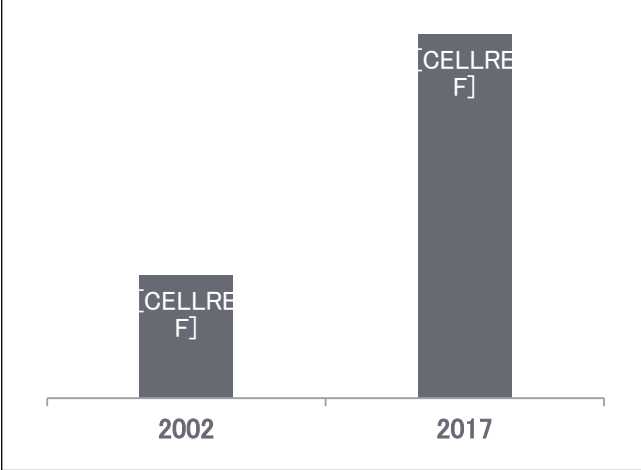


Domestic Market

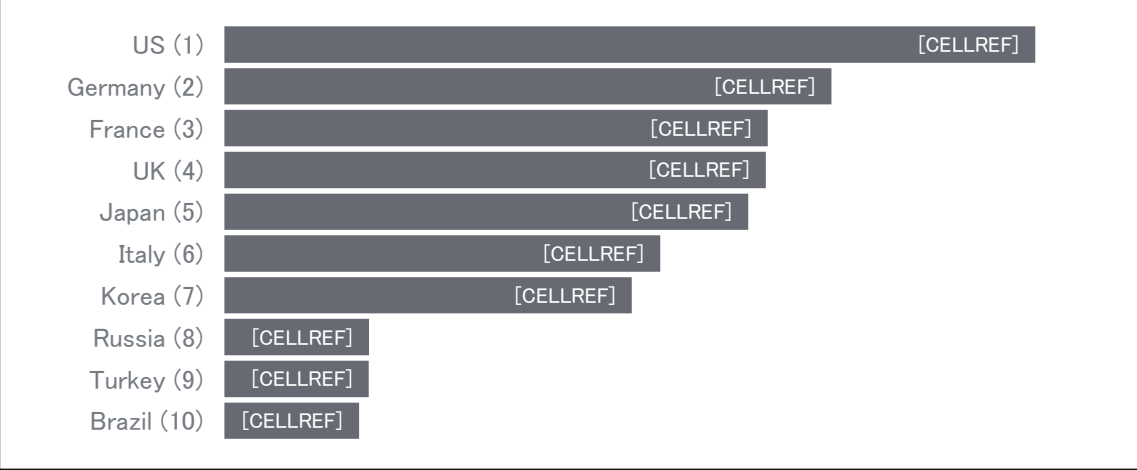
Turkey’s economic growth has paved the way for emergence of a sizeable middle-class with an increasing purchasing power...



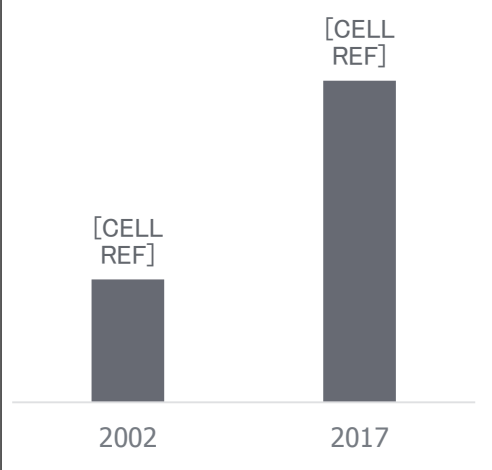
Tripling Income per capita  
(GDP *per capita*, current prices)



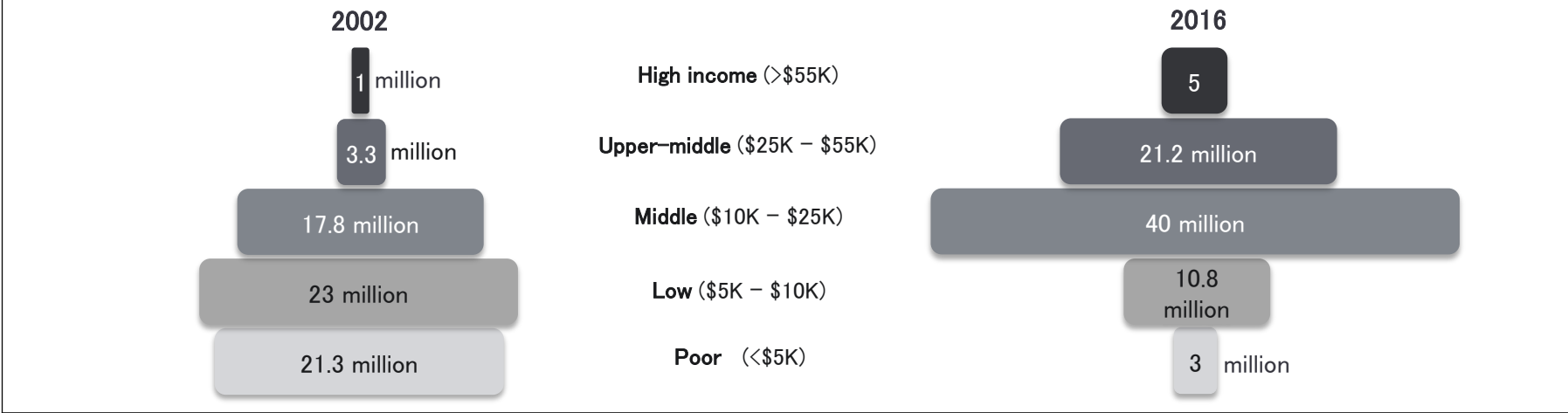
GDP per capita in countries with population over 50 million, 2017



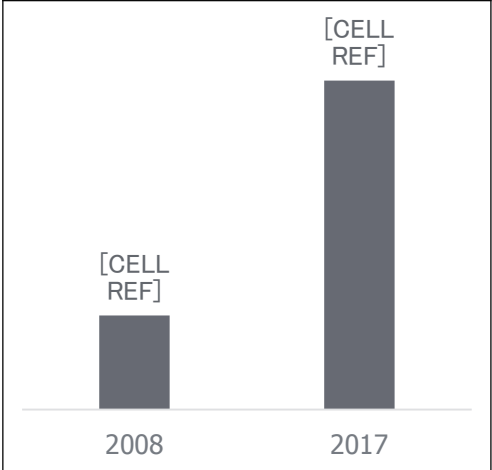
Stock of Automobiles  
(millions of passenger cars)



The Rise of Turkish Middle Class  
(# of individuals by annual disposable income per capita)

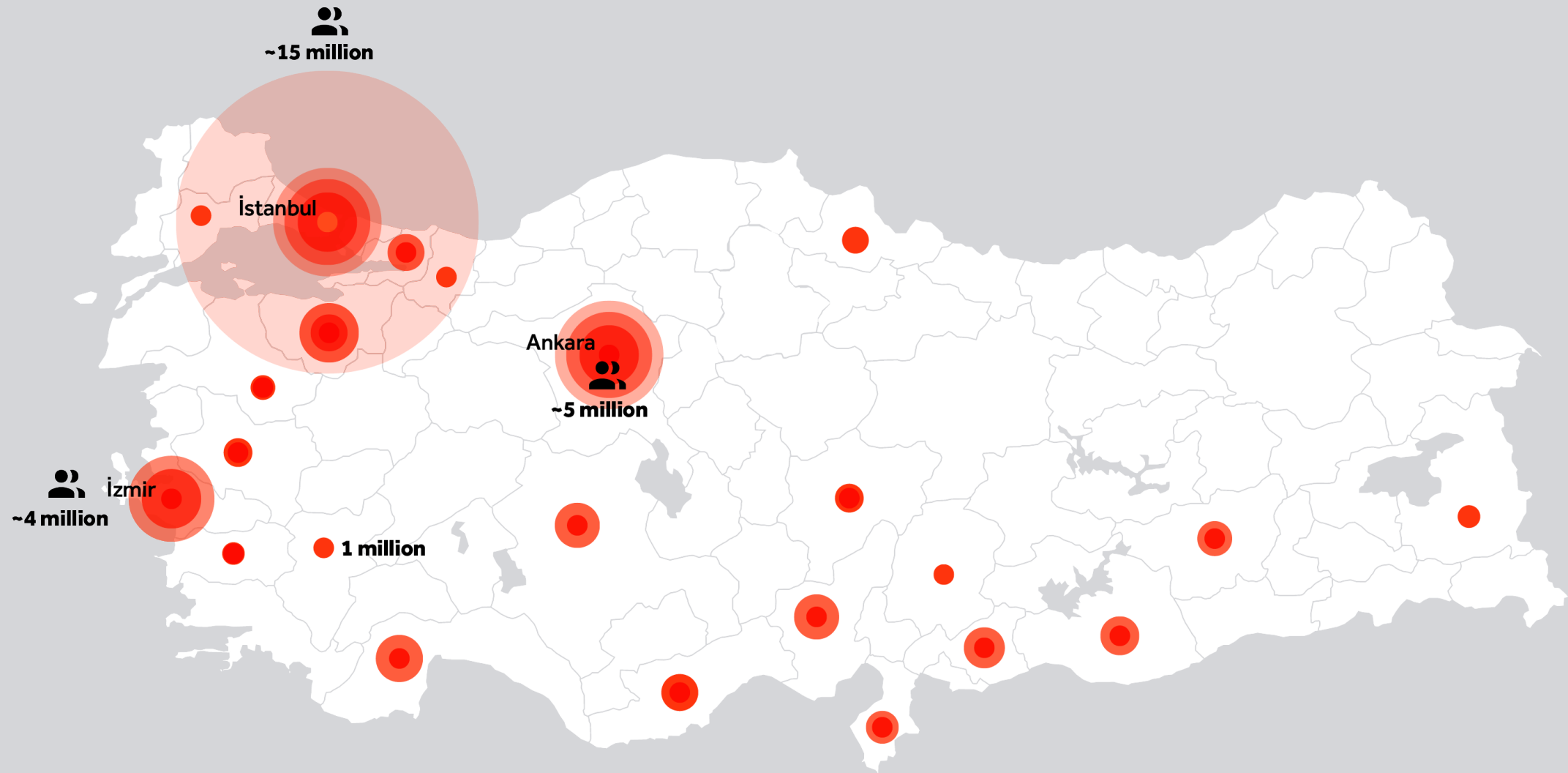


Annual House Sales  
(million of houses)





More than 20 urban centers with populations over 1 million



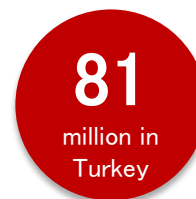


+



in 27 countries  
with Free Trade  
Agreements

+





## Strategic Location

to manufacture, export and manage...



### PROXIMITY TO MAJOR MARKETS

1.5 billion people and \$24T GDP in Europe, MENA and Central Asia at 4 hour flight-distance



### CONNECTIVITY

Turkish Airlines connects you to 255 destinations in 122 countries

### MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

### AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS



 **TOYOTA** Exporting 85% of its production

 Exporting 77% of its production

 **Nestlé** Production base for MENA


 **BOSS** Its largest production facility worldwide  
HUGO BOSS

**B/S/H/** 89 countries

 **GE Healthcare** 80 countries

 **KNAUF** 80 countries

 72 countries  
**thyssenkrupp**

 67 countries  
**intel**

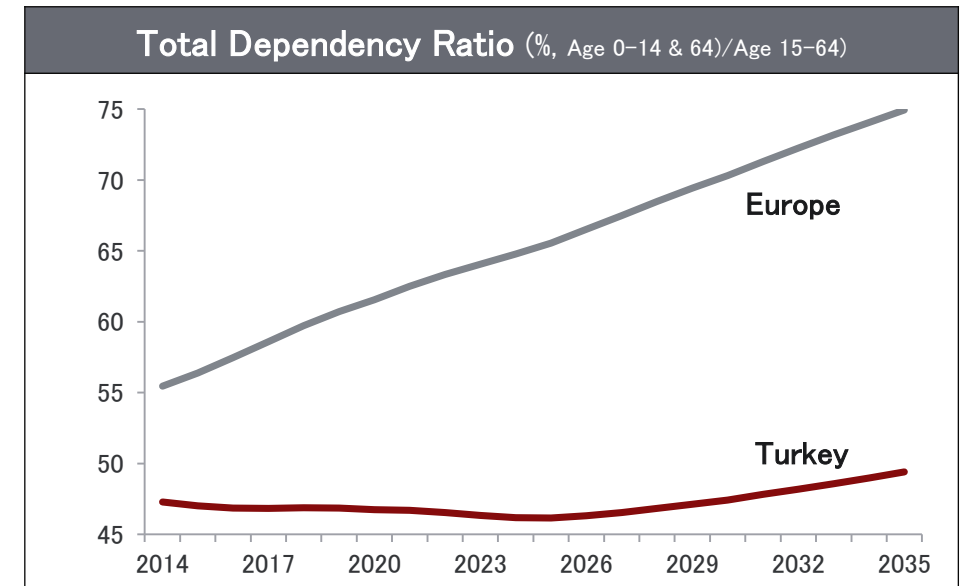
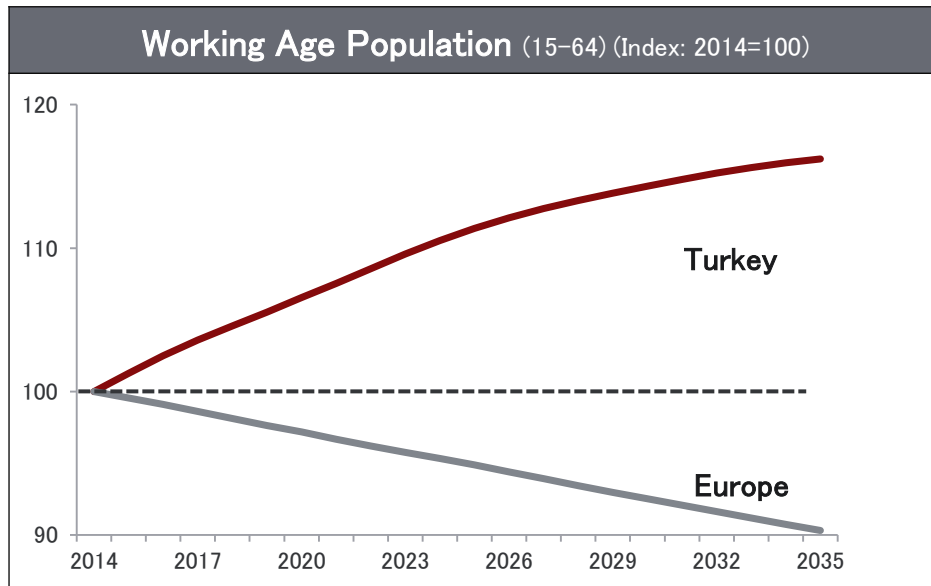
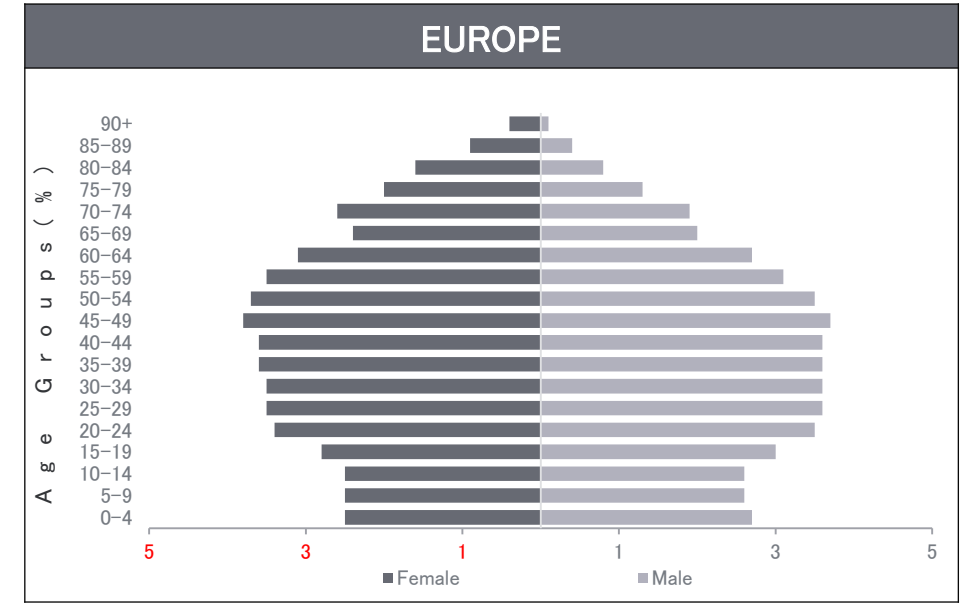
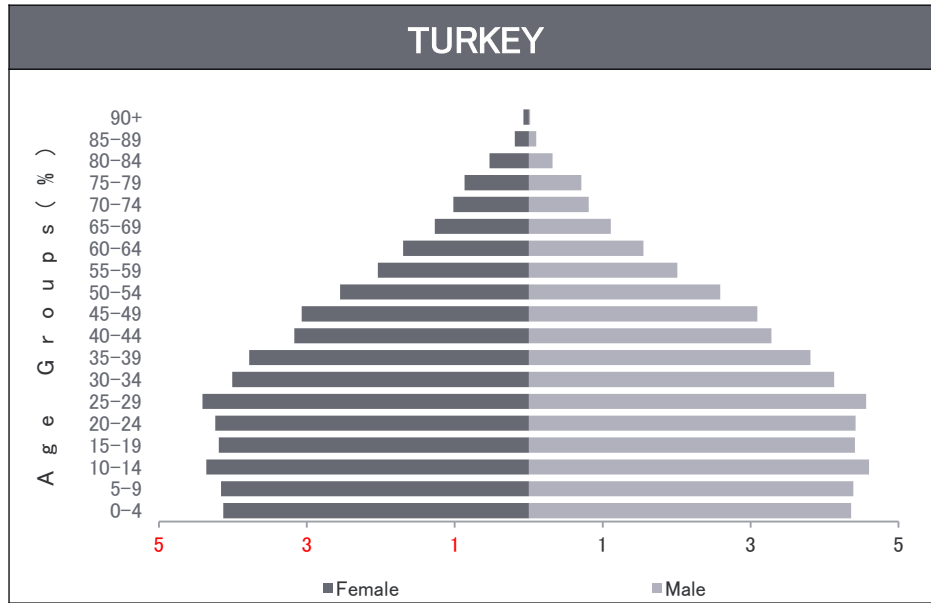
 **POWERCHINA** 63 countries

 **Verifone** 60 countries

 30 countries  
**gsk**

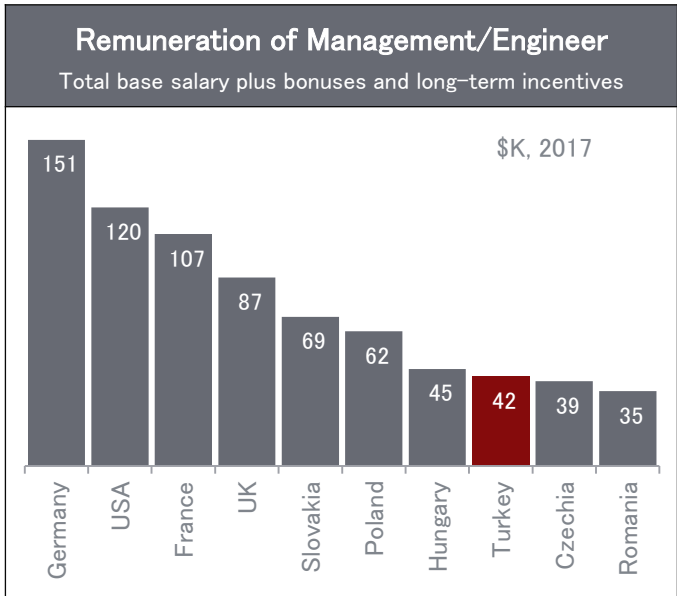
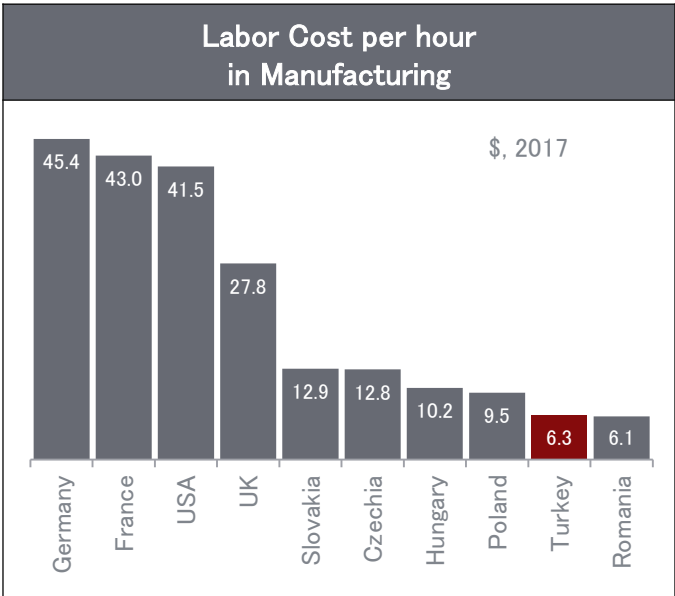
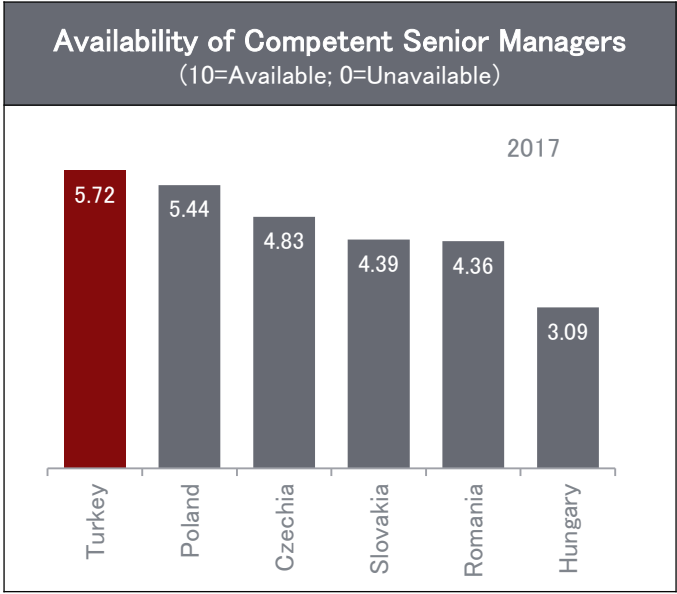
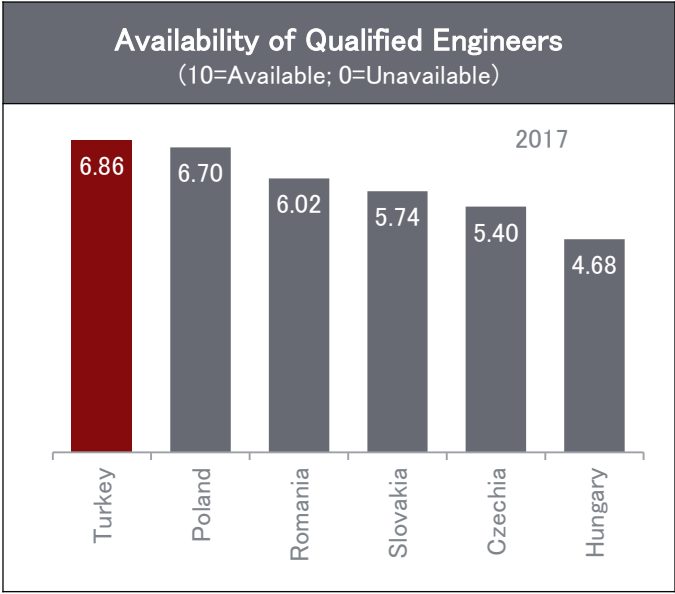
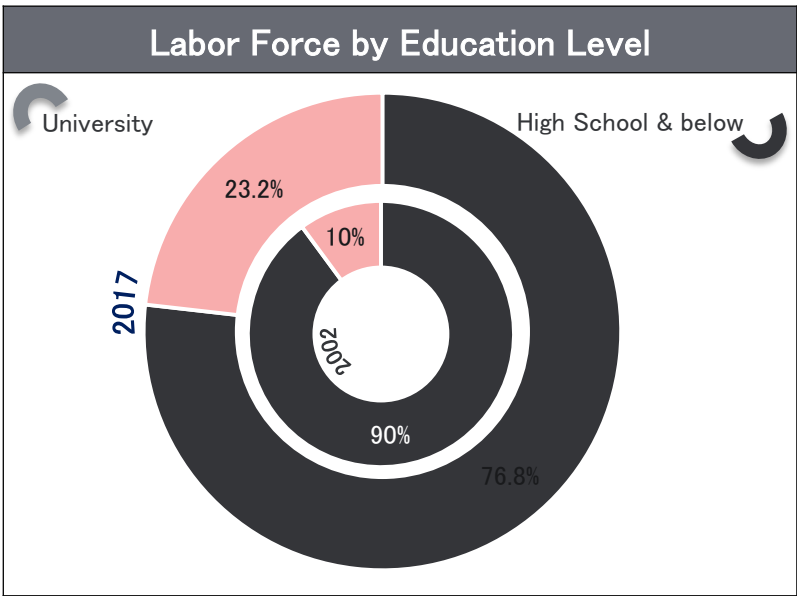
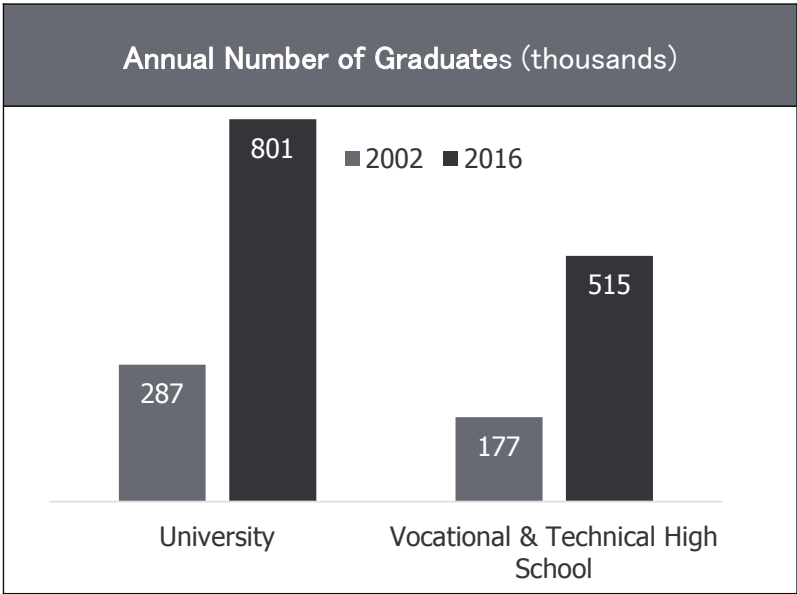
# Favorable Demographics

half of population under age 31..



# Skilled Workforce with Cost Advantage

Turkey's education system has been upgraded to support a skilled labor pool that meets business requirements..

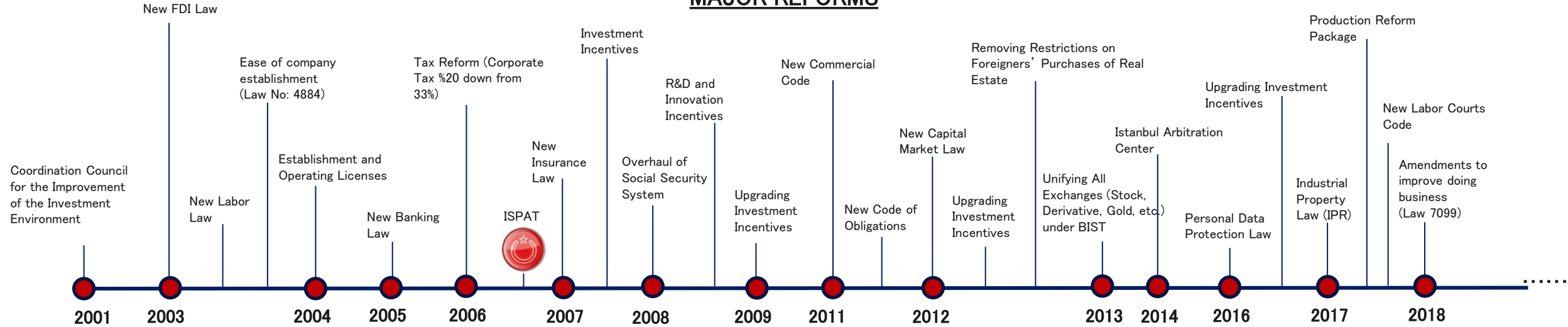


# Reforms

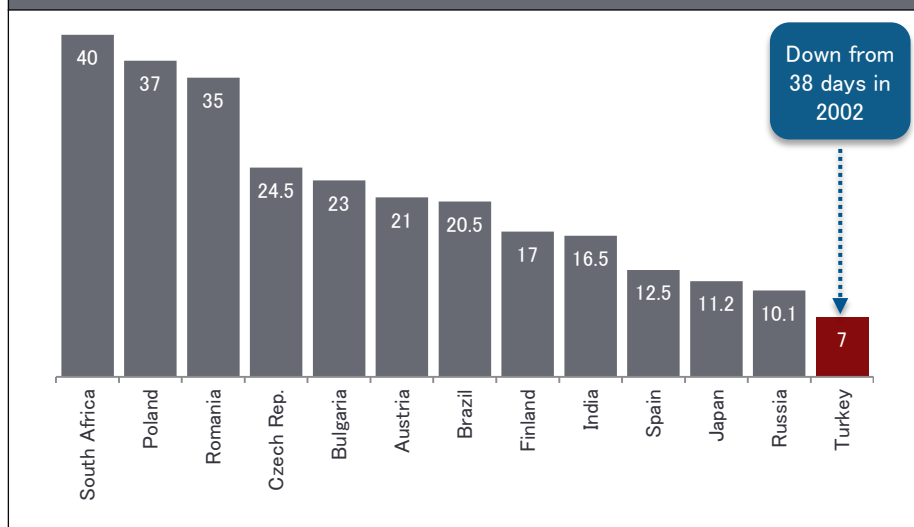
Turkey has implemented sweeping reforms in many areas and continues to introduce new reforms..



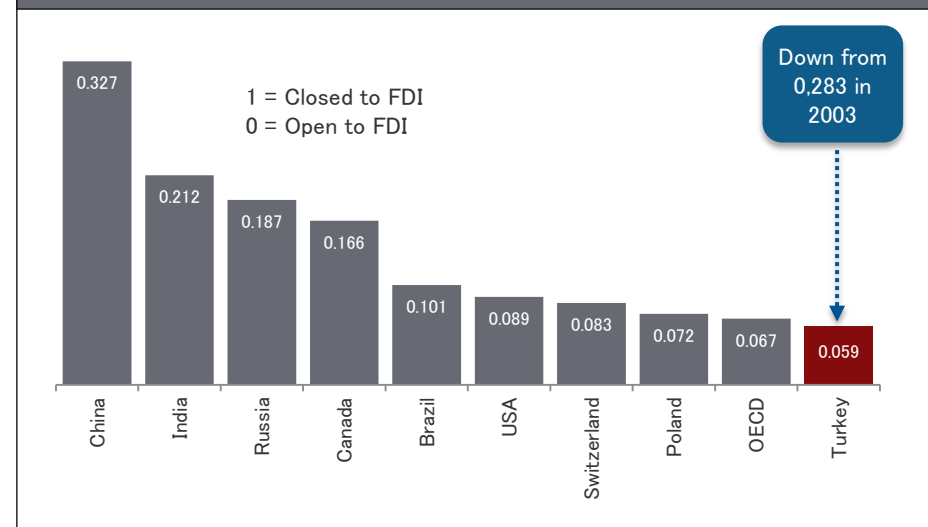
## MAJOR REFORMS



### Number of Days to set up a Company, 2018



### FDI Regulatory Restrictiveness Index, 2016



[illegible][illegible]

Word cloud visualization of the top 100 countries by the number of international tourists in 2018. The size of each country's name corresponds to the number of tourists. The United States, Germany, China, and the United Kingdom are the largest, indicating the highest number of tourists. Other prominent countries include France, Italy, Spain, and Japan. The word cloud is densely packed with names, with some countries appearing multiple times in smaller sizes.

Country	Cases per 100,000 people
Poland	40.5
Turkey	41.1
USA	43.8
Hungary	46.5
Spain	46.9
Japan	47.4
Russia	47.5
Italy	48
Germany	48.9
Czechia	50
Slovakia	51.6
Austria	51.8
Mexico	52.1
India	55.3
France	62.2
China	67.3
Brazil	68.4

Country	Percentage (%)
Czechia	74.3
Slovakia	74.1
Turkey	73.7
Korea	71.8
Austria	71.3
UK	70.8
Ireland	70.4
Hungary	67
Japan	66.8
Germany	66.6
Mexico	62.2
Spain	59.8
USA	55.1
Poland	54.4
Italy	47.7
France	43.4



## Manufacturing Incentives

- ✓ Tax deduction & exemption +



## Employment Incentives

- ✓ Payroll & Training support +



## Exclusive Zones

### *Free Zones*

- ✓ Tax deduction & exemption +

### *Organized Industrial Zones*

- ✓ Developed infrastructure



## Incentives for Service Exporters

- ✓ Tax deduction for exporting services in;

**Engineering**

Architecture

**Design**

**Software**

Medical Reporting

**Accounting**

**Call Center**

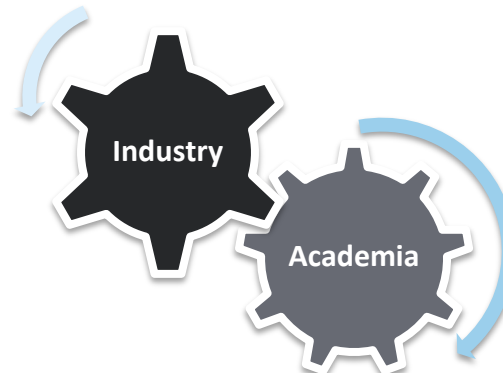
**Datacenter**

**EDUCATION**

**Healthcare**

## Technology Development Zones

- ✓ To support R&D
- ✓ Tax deduction & exemption+



## R&D and Innovation Incentives

- ✓ Tax deduction & exemption +



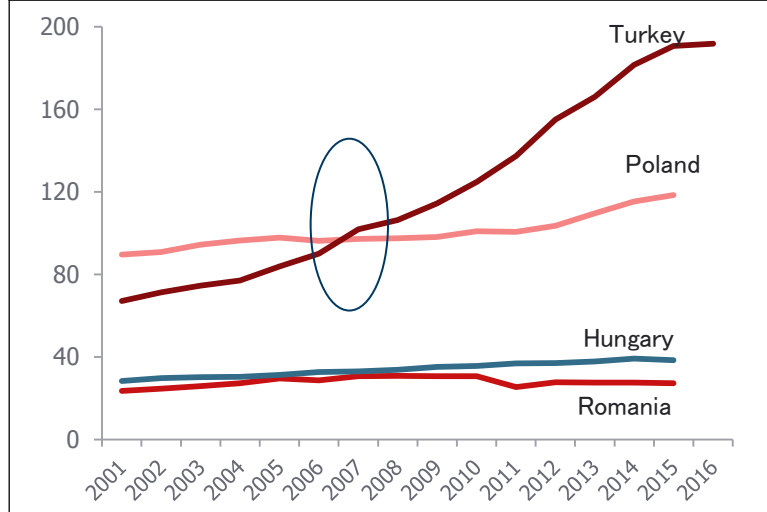


# Benign R&D Ecosystem

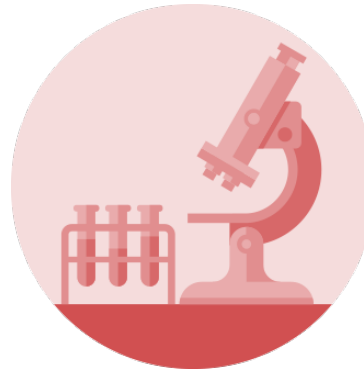
R&D incentives are further supported by a favorable ecosystem..



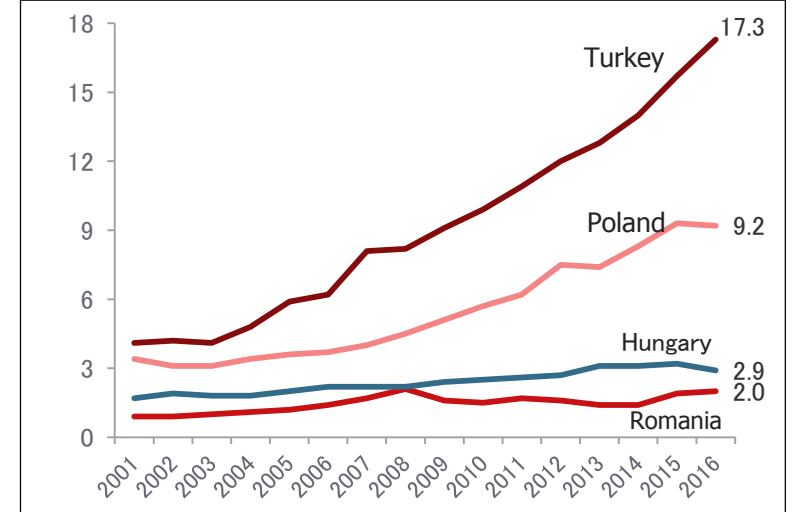
Number of Researchers (thousands)



Over 100 R&D centers by foreign companies



Increasing R&D Spending (\$ Billion, PPP)

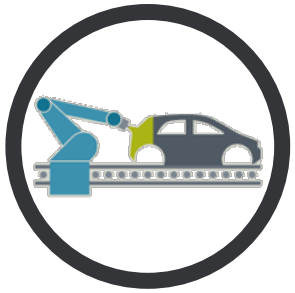


Selected Foreign Companies conducting R&D in Turkey



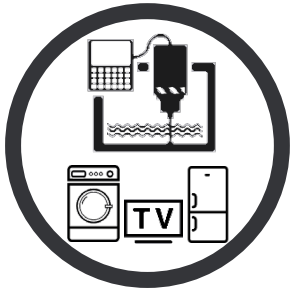
# Opportunities

Turkey offers abundant opportunities in a variety of sectors..



## AUTOMOTIVE

- 14<sup>th</sup> largest manufacturer
- 1 million vehicle production
- Market: \$24 billion
- Export: \$24 billion



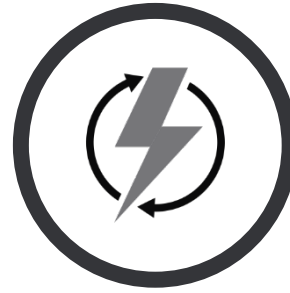
## MACHINERY & ELECTRICAL EQP.

- Largest TV & white goods producer in Europe
- Market: \$38 billion
- Export: \$22 billion



## AEROSPACE & DEFENCE

- \$15 billion defense spending
- Market: \$6 billion (industry)
- Export: \$2 billion
- Air passengers: 193 million



## ENERGY

- Market: \$70 billion
- Growing demand
- Energy corridor
- Untapped renewables



## FOOD & BEVERAGE

- Market: \$74 billion Export: \$17 billion
- Exports 1,781 products to 190 countries



## INFRASTRUCTURE

- \$123 billion PPP investment (2003-2016)
- More opportunities in transport, energy, health



## FINANCE

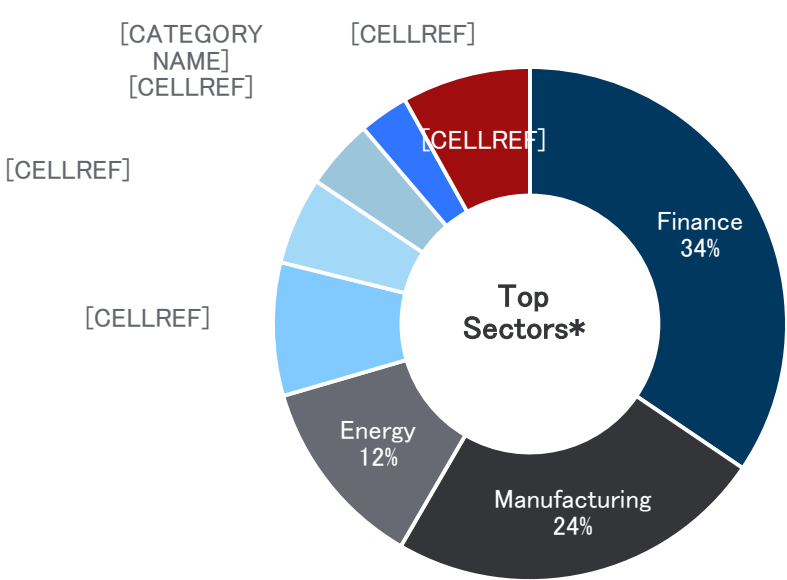
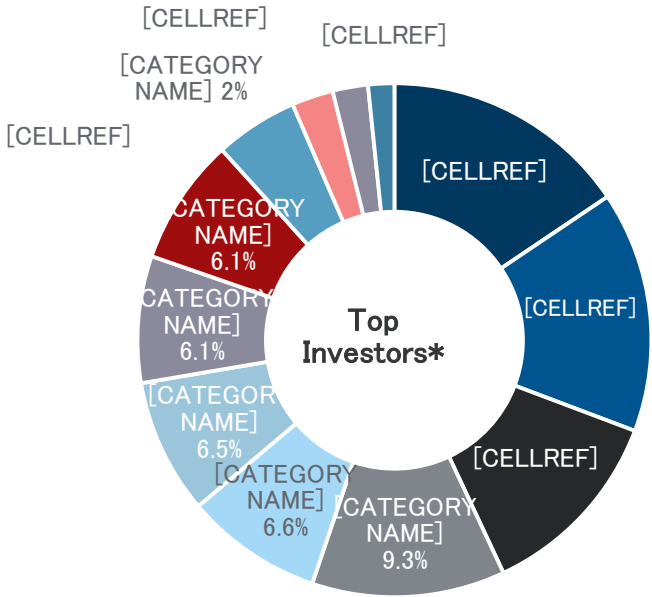
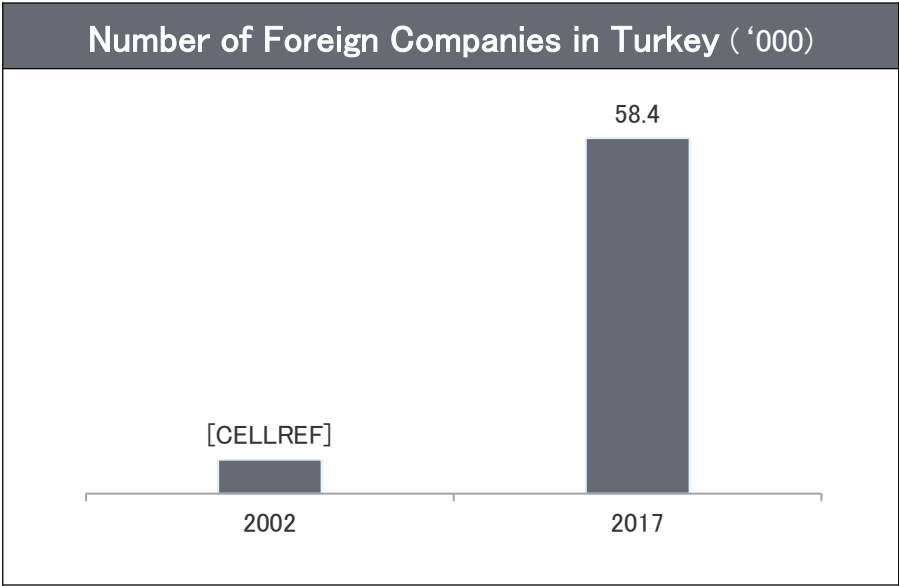
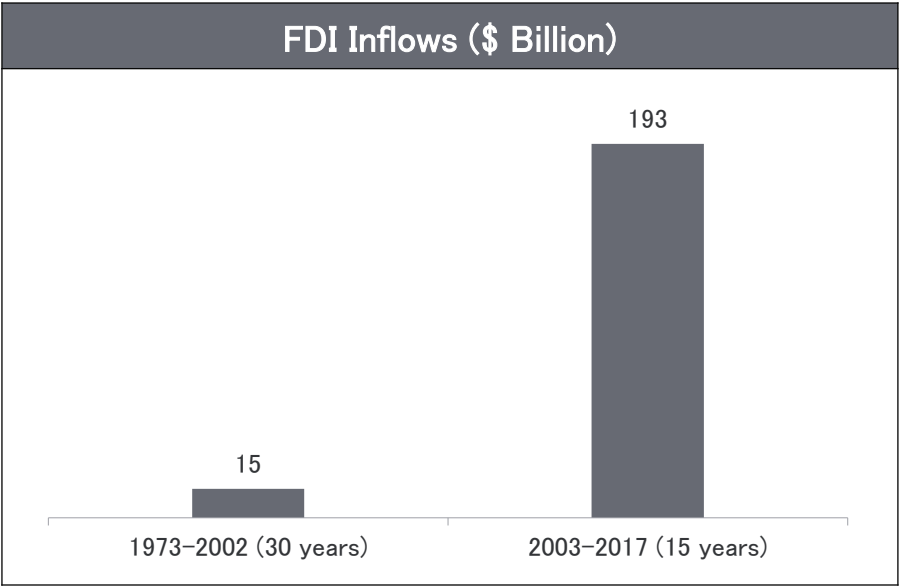
- Robust growth with double digits
- Islamic finance to grow
- Istanbul Financial Center

OPPORTUNITIES



# Foreign Direct Investment (FDI)

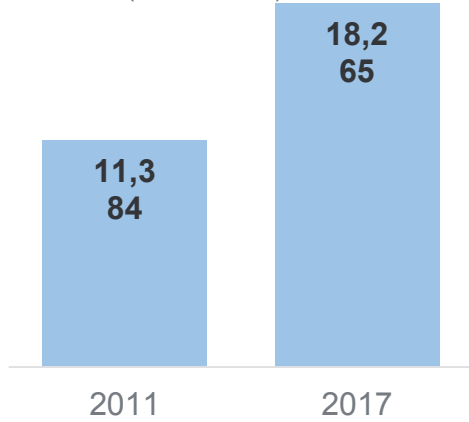
Turkey's value has been appreciated by foreign investors with increasing FDI inflow to Turkey...





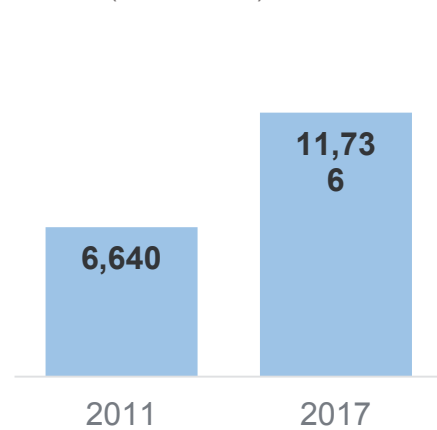
### Germany

FDI Stock (Million USD)



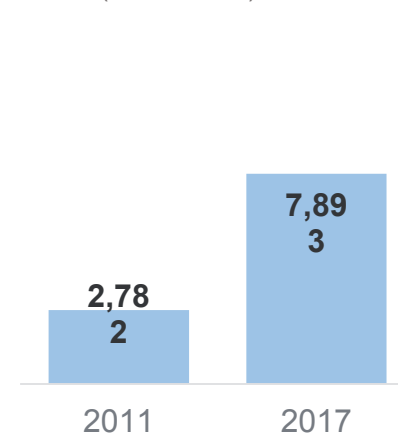
### Spain

FDI Stock (Million USD)



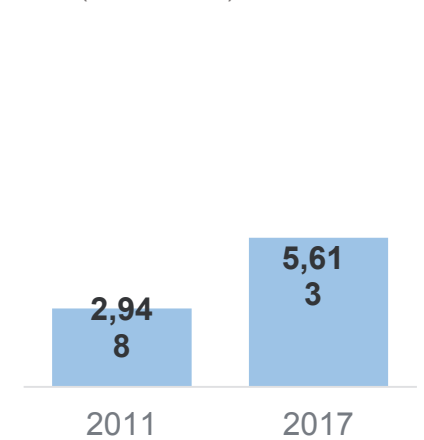
### Switzerland

FDI Stock (Million USD)



### Italy

FDI Stock (Million USD)



#### Major German Investors



#### Major Spanish Investors



#### Major Swiss Investors



#### Major Italian Investors



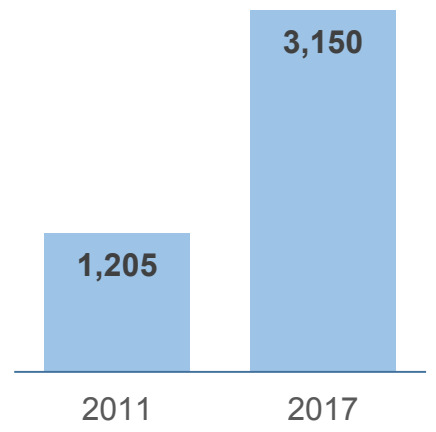
# Foreign Direct Investment (FDI)

Asian countries have been increasing their investments in Turkey dramatically in recent years.



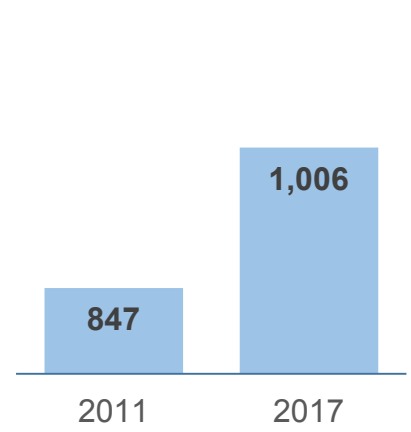
## Japan

FDI Stock (Million USD)



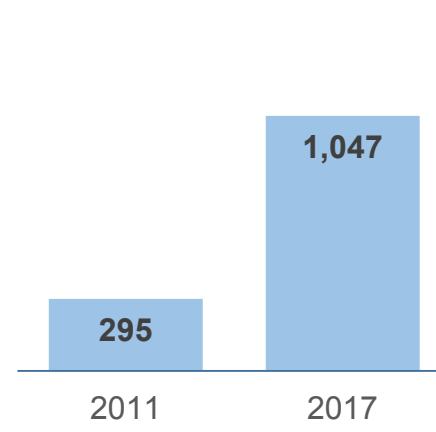
## South Korea

FDI Stock (Million USD)



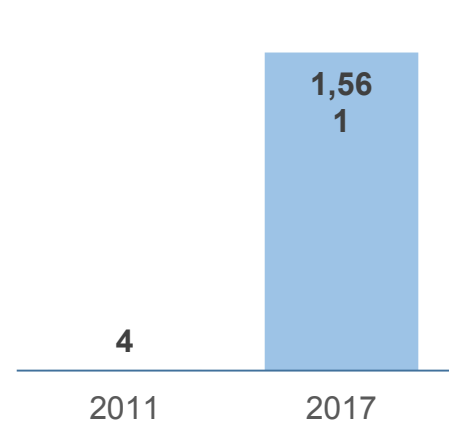
## Singapore

FDI Stock (Million USD)



## China

FDI Stock (Million USD)



### Major Japanese Investors



### Major S. Korean Investors



### Major Singaporean Investors



### Major Chinese Investors





Turkey and Japan have strong commercial and economic relations...



## INVESTMENT

**\$3.2bn**

Japanese FDI  
Stock in Turkey  
as of 2017

**227**

Japanese  
companies  
as of 2017

**45**

M&A deals  
2011-2017

## TRADE

**\$4.7bn**

Bilateral trade  
Ex: \$412 mn  
Im: \$4.3 bn  
2017

## MAJOR JAPANESE COMPANIES IN TURKEY



**Marubeni**

 **Sumitomo Corporation**



**KANSAI PAINT**

 **MITSUBISHI**



**HONDA**



**TOYOTA**



**MITSUI & CO.**

**TK WORKS**  
Beyond Steel

**IHI**

 **YAZAKI**



**Nipponham Group**  
人輝く、食の未来



 **sojitz**

 **MUFG**

**TOYO INK**

**SunChemical**  
a member of the DIC group

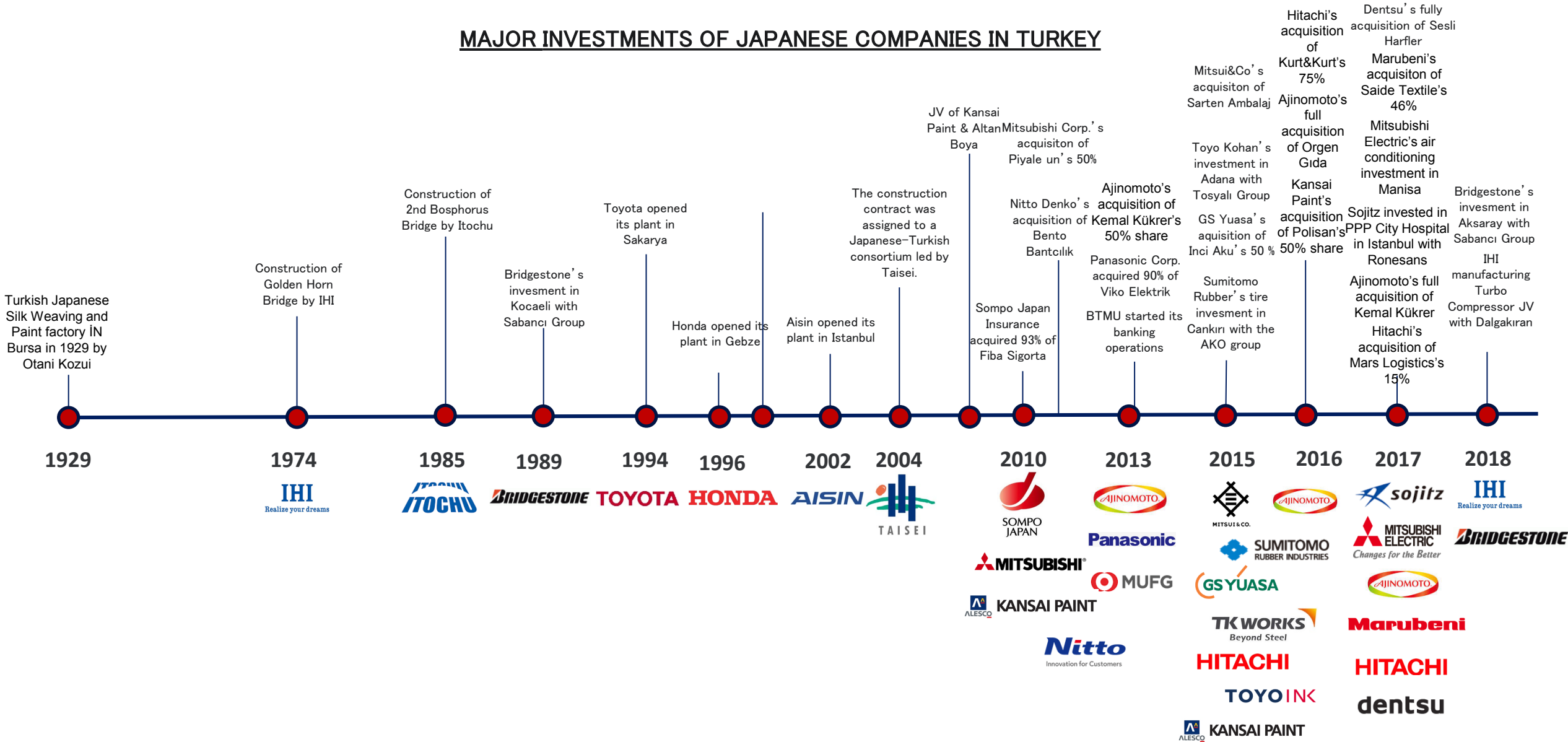


 **BRIDGESTONE**

**HITACHI**



## MAJOR INVESTMENTS OF JAPANESE COMPANIES IN TURKEY



# Foreign Direct Investment (FDI)

Japanese companies realize 45 M&A deals in Turkey over the last 7 years..



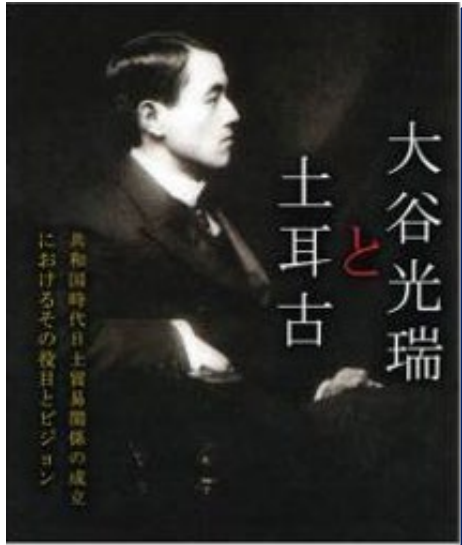
Year	Acquirer	Target	Sector	Stake
2011	Fujifilm Corporation	Filmed Tibbi Cihazlar	Healthcare	100.0%
2011	Mitsubishi Corporation	Piyale Un	Food & Beverage	50.0%
2012	Fujifilm Corporation	Filmat	Services	100,0%
2012	Konica Minolta	Transteknik Teknoloji	Wholesale & Distribution	100,0%
2012	Nissin Foods	Bellini Gıda	Food & Beverage	50,0%
2012	Nitto Denko	Bento Bantçılık	Manufacturing	100,0%
2013	Globalturk Capital & Mitsui Private Equity	Tempo Çağrı Merkezi	Internet & Mobile Services	43.8%
2013	Ajinomoto	Kükre Gıda	Food & Beverage	50.0%
2013	Hitachi Transport System	Mars Lojistik Grup	Logistics & Transportation	51.0%
2013	Kagome	Tat Tohumculuk	Agriculture & Breeding	51.0%
2013	Mitsubishi Electric	Genel Teknik Sistemler	Services	100.0%
2013	Panasonic Corp	Viko Elektronik	Manufacturing	90.0%
2013	Terumo Corp.	Gada Turkey	Wholesale & Distribution	100.0%
2013	Toshiba Medical Systems	TMST Tibbi Sistemler	Wholesale & Distribution	100.0%
2014	Denso	DJ Cool Klima ve Soğutma Cihazları	Manufacturing	50.0%
2014	Marubeni Corporation	Temsa İş Makinaları	Wholesale & Distribution	49.0%
2014	Mitsubishi Electric	Klima Plus	Wholesale & Distribution	100.0%
2014	Mitsubishi Heavy Industries	Kırklareligaz Enerji	Energy	50.0%
2014	NH Foods	Ege-Tav	Food & Beverage	60.0%
2014	Nikkei Business Publications	Mutlu Dergi Grubu	Media	80.0%
2014	Ricoh	Ofis Teknik	Wholesale & Distribution	100.0%
2014	Ricoh	Saral Büro	Wholesale & Distribution	100.0%
2014	Yusen Logistics	İnci Lojistik	Logistics & Transportation	32.0%
2015	DyDo DRINCO Inc.	Della Gıda, Bahar Su, İlk Mevsim Meyve Suları	Food & Beverage	90.0%
2015	GS Yuasa International Ltd.	İnci Akü	Manufacturing	50.0%
2015	Kubota Corporation	Marubeni AG Makine	Manufacturing	N/D
2015	Kyocera Corporation	Bilgiş Document Solutions Turkey	Manufacturing	60.0%
2015	Mitsubishi Corporation	Çalık Enerji	Energy	4.0%
2015	Mitsui & Co.	Sarten Ambalaj	Manufacturing	15.0%
2015	Nissan Motor Co. Ltd.	Nissan Otomotiv A.Ş.	Wholesale & Distribution	99.0%
2015	Sumitomo Corporation	MKS Transformatör Ekipmanları	Manufacturing	19.0%
2015	Takeda	Neutec Kalite Yönetimi (Portfolio of 13 products)	Pharmaceuticals	100.0%
2015	Toyo Ink SC Holdings Co Ltd	Dyo Matbaa Mürekkepleri	Manufacturing	75.0%
2016	Ajinomoto	Orgen Gıda (Bizim Mutfak)	Food & Beverage	100.0%
2016	Canon Eurasia	Mas-Deha	Wholesale & Distribution	100.0%
2016	Hitachi Kokusai Electric	BCS Teknoloji Yayıncılık ve Haberleşme Sistemleri	Services	N/D
2016	Hitachi Ltd	Kurt & Kurt	Healthcare	75.0%
2016	Kansai Paint	Polinas Plastik Sanayii ve Ticaret A.Ş.	Chemicals	50.0%
2016	Mitsui & Co.	Inventram	IT & Technology	30.0%
2016	Takii Seed	Rito Tohumculuk (Breeding Division)	Agriculture & Breeding	100.0%
2017	Ajinomoto	Kükre Gıda	Food & Beverage	50.0%
2017	Dentsu Aegis Network	SesliHarfler	Media	100.0%
2017	DyDo Group Holdings	Merpez Ticaret	Food & Beverage	80.0%
2017	Hitachi Transport System	Mars Lojistik Grup	Logistics & Transportation	15.0%
2017	Marubeni Corporation	Saide Tekstil	Textile	46.0%

Source: Deloitte M&A report



## Foreign Direct Investment (FDI)

Japan and Turkey have strong economic ties as Japan being the first foreign investor in Turkish Republic in 1929..



Priest, Explorer, Entrepreneur **Kont Otani Kozui** invested in Turkey in 1929



Japanese expats in city of Bursa in 1929



View from Turkish Japanese Silk Weaving and Paint factory in 1929



- Manufacturing Room Air Conditioning in Turkey since 2016
- Currently one manufacturing plant in Manisa
- 400 employee
- 500.000 units of air conditon per year



- Active in Turkey since 1974
- Engaged in Infrastructure, energy, industrial systems, machinery aeroengine, space and defense
- Turbo Compressor Manufacturing JV with Dalgakıran



- Manufacturing automotive parts in Turkey since 2002
- Three manufacturing facilities and Technical Design Center in Tuzla, Istanbul
- 80 million € sales which 20% is from exports
- 593 employee



- Producing tyres for passenger cars in Turkey
- One factory in Cankırı
- Has been in Turkey since 2012
- Exports 85 % of its production
- 1700 employee



- Manufacturing Automotive in Turkey since 1994
- %90 of production is exported
- 5.400 employee
- 2nd biggest exporter of Turkey (In 2018: 4.4 Billion US \$)



- Producing automotive battery & industrial batteryin Turkey
- 3 production facilities in Manisa.
- 782 employees
- GS Yuasa acquired 50% shares of İnci Akü A.Ş. in 2015 and İnci GS Yuasa was formed

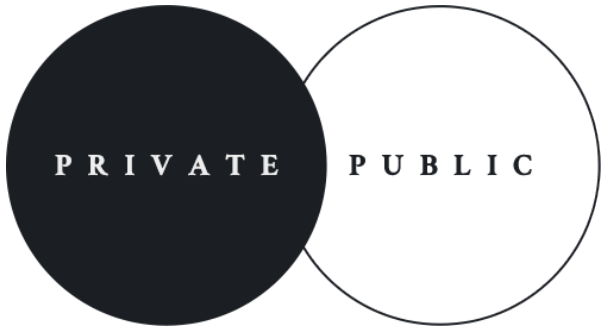


# What can Invest in Turkey do for you?

... assist you before, during and after your entry into Turkey



A governmental agency reporting to the President



Private sector approach with public sector capabilities



Acting as your solution partner



General & customized business information & Sectoral analysis & reports



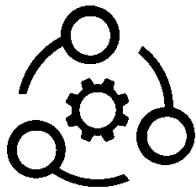
Site selection support to find appropriate location/land for your investment



Arrangements of meetings with governmental bodies and other stakeholders



AFTERSALES



Facilitating your investment at all stages



Matchmaking with local partners & establishing business linkages



Project launch & Press release Services



Facilitating your visit to Turkey



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