



INVEST IN TURKEY

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

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President Erdoğan visits South America

The presidential visit from Turkey aims to bolster trade and investment ties with the South American continent

Turkey's President Recep Tayyip Erdoğan, accompanied by a large delegation of ministers, high-ranking government officials and businesspeople, went on an official visit to Chile, Peru and Ecuador with the intent of forging stronger trade and investment ties with a continent far from the country's traditional sphere of influence.

His second official visit to the Latin America in a year, President Erdoğan met the leaders of the three countries and attended several business-related events and organizations to strengthen relations with an increasingly important region.

In Chile, the first country in South America to have signed a Free Trade Agreement (FTA) with Turkey, President Erdoğan talked about Turkey's increasing presence in South America and the Caribbean. "The number of our diplomatic missions in South America has risen to 13 last year, up from 2009's 6. We will continue opening new embassies in this continent," Erdoğan said at the Turkish-Chilean Business Forum also attended by Chile's President Michelle Bachelet.

Speaking of his country's aim to boost trade with South America, Turkey's President said that Chile's role in that regard was crucial.

"I believe Turkey and Chile have the potential to reach USD 1 billion of trade volume in the short term. Turkey's developing industry and increasing need for natural resources will reflect on our trade relations," Erdoğan said, calling on to businesspeople from both countries to increase investments and cooperate in joint projects. Turkey and Chile reached a bilateral trade volume of USD 472 million in 2015.

"By developing cooperation in many fields, we are also fostering economic relations," Erdoğan said, drawing attention to the projects undertaken by Turkish contractors in the region as well as the increasing number of flights by the Turkish Airlines to Latin American destinations.

A series of agreements were signed during Erdoğan's visit to Latin America, covering economic cooperation, technical assistance, infrastructure development and other topics.

The trade between Turkey and Latin American countries reached almost USD 9 billion in 2014, rising 15-fold over the last 15 years.

Turkey is in FTA negotiations with Mexico, Ecuador, Peru and Colombia, aiming to reach a trade volume of USD 20 billion with Latin America by 2023, the Republic's centennial.

FDI inflow into Turkey up 32 percent



Foreign direct investments (FDI) into Turkey reached USD 16.5 billion in 2015 at a growth rate of 32 percent over the preceding year, according to data released by the Central Bank of Turkey.

Arda Ermut, President of the Investment Support and Promotion Agency of Turkey (ISPAT), said that:

"Our country's investment appeal will continue to increase in the eyes of foreign investors whose confidence in Turkey's political and economic stability is strong as ever. ISPAT's strategy of attracting high-quality investments paid off well last year and in the light of our government's Action Plan for 2016, which entails new reforms to improve our investment environment, we expect even higher figures this year."



Toyota’s “Made in Turkey” compact SUV to roll out in 2016

Toyota’s Turkey plant received the green light for the production of the company’s new compact sport utility vehicle (SUV), expected to be unveiled at the Geneva Motor Show next month. The final version of the C-HR concept will enter production at the company’s Adapazari, Sakarya plant in northwestern Turkey, becoming the Turkish automotive industry’s first hybrid and SUV.

Announced by Toyota Motors Europe CEO Johan van Zyl, the decision to choose Adapazari as the production location will increase capacity at the plant to 280,000 vehicles per year from its current level of 150,000.

“I am proud that the new vehicle will be produced in our Turkish plant. The increase in production capacity reflects the popularity of the new vehicle type,” van Zyl stated. The Japanese automaker will invest USD 450 million in the project, taking its investment total in Turkey to USD 2.3 billion. Toyota Turkey’s newly-appointed CEO Hiroshi Kato said that the addition of a third model to the production line would mean creating an extra 1,000 jobs at the Adapazari plant. Highlighting the Turkish government’s strong support for the project, Kato said that new model will be exported to 53 countries. The C-HR will be based on Toyota’s New Global Architecture (TNGA) platform, designed to cut costs by standardizing and sharing parts and components across vehicles of the same segment. Adapazari will be first Toyota plant outside Japan to utilize the TNGA. The market name, vehicle and powertrain details of the vehicle will be announced at the Geneva Motor Show.

In addition to Toyota, Turkey is an export hub for other car producers including Ford, Renault, Fiat, Honda, and Hyundai, all of which run manufacturing operations in the country.



Mercedes-Benz doubling capacity at Turkish truck plant

The Turkish division of Mercedes-Benz announced plans to significantly upgrade its truck plant in the Central Anatolian province of Aksaray. The EUR 113 million-investment in the plant will nearly double the production capacity and create 1,200 new jobs over the next three years.

The groundbreaking ceremony of the expansion facility was attended by Turkey’s Minister of Science, Industry and Technology Fikri Işık and Mercedes-Benz Türk executives. Speaking at the ceremony, Minister Işık said that Turkey ranked first in bus and light commercial vehicle production in the EU and second in trucks.

“In addition to being a production hub for global automotive makers, Turkey is also emerging as a research and development center. Mercedes-Benz Türk is one of the pioneering firms to have taken advantage of the engineering and design skills available in Turkey with the launch of their first R&D center in the country in 2009. The Turkish government strongly backs international investors with manufacturing and export operations in Turkey,” the Minister said. Active in Turkey since 1967, Mercedes-Benz Türk also has a bus production plant in Hoşdere, İstanbul, which houses an R&D center and an IT service center.

A MANUFACTURING HUB FOR THE GLOBAL AUTOMOTIVE INDUSTRY

IN 2015 TURKEY PRODUCED

1.36 million

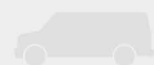
motor vehicles



IN 2015 TURKEY BECAME

THE LARGEST COMMERCIAL VEHICLE PRODUCER

in Europe



home to **13 OEMs**

of passenger cars, LCVs and HDVs



28/50 of global suppliers

use Turkey as an export hub to serve the world markets



73 out of 100

vehicles produced in Turkey shipped abroad in 2015

TEKNOLOJİYE YATIRIM
GELECEGE YATIRIM

TEKNOLOJİYE YATIRIM
GELECEGE YATIRIM



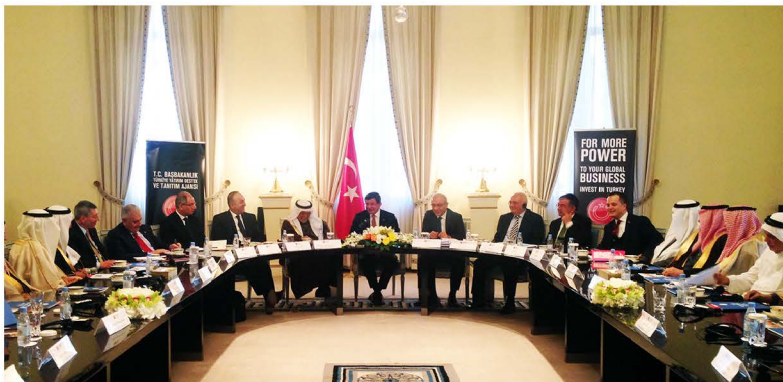
New R&D reform package to boost innovation

The Turkish government has passed an extensive support package for research, development (R&D) and innovation-related activities in an effort to become an innovation-driven, high-tech economy, effective March 1. The R&D Reform Package was first unveiled by Prime Minister Ahmet Davutoğlu on January 14 with the aim to increase the competitiveness of vital industries, strengthen university-industry cooperation and increase R&D spending.

Among Turkey's 2023 targets, a set of goals in a variety of fields to be reached by the centennial of the Republic, is increasing the R&D expenditure to account for 3 percent of the country's GDP.

KEY ELEMENTS OF THE R&D REFORM PACKAGE

- The state will underwrite a portion – equaling the gross total of the minimum wage in Turkey – of researchers' wages for a duration of two years, provided they are employed by an R&D center and are graduates of basic sciences,
- Creating a system of standardization and authorization for software projects,
- Tax deductions for companies engaged in R&D and design, including SMEs that contract such services to outside parties,
- The establishment of design centers that will benefit from the same level of incentives as R&D centers. Design-related activities conducted in technology development zones (TDZs) are also to be supported,
- Tax deduction and grants for pre-competition cooperation projects in order to encourage joint projects,
- Increasing the sum of techno-initiative capital support to TRY 500,000 from TRY 100,000, depending on the project while extending the application period to 10 years from the date of the founder's graduation,
- A reduced staff requirement to establish an R&D center to 15 persons from 30,
- Researchers employed in TDZs, R&D centers and design centers will benefit from exemptions during site studies and postgraduate educational activities abroad,
- Tax deductions for companies who provide venture capital for start-ups established using the Techno-Initiative Capital Support Program in TDZs,
- Exemption from income tax cuts for faculty members who take part in university-industry cooperation projects. The income tax cut from the university's floating capital is limited to 15 percent with the remaining 85
- The establishment of specialized TDZs for priority and strategic sectors (ICT, healthcare, biotech, nanotech, defense and aerospace, etc.) in order to form focused R&D organizations,
- Customs duty exemptions for materials obtained from abroad within the scope of R&D, innovation and design projects,



Roundtable Meeting with Saudi Investors

Accompanied by ISPAT President Arda Ermut and his team, Turkish Prime Minister Ahmet Davutoğlu addressed top executives of Saudi Arabia's 20 leading companies at a meeting in the Saudi capital to emphasize the numerous cooperation opportunities between the two countries. During the meeting, Davutoğlu highlighted Turkish contractors' international expertise in construction projects, while Saudi participants in the meeting expressed their interest in the petrochemicals, renewable energy, Islamic finance, agriculture and defense sectors in Turkey for cooperation and investments.

PAST EVENTS



ISPAT President Arda Ermut, ISPAT VP Ahmet Burak Dağlıoğlu, and ISPAT experts embarked on a roadshow in China where they attended a series of business meetings as part of the agency's lead generation activities. During the roadshow, the ISPAT delegation met with China's leading automotive OEM & OES companies to provide latest updates on the Turkish auto sector and highlight the sector's promising investment environment. ISPAT & Ata Holding jointly held a roundtable meeting in Shanghai and met with a number of China's private equity companies to deliver sector-specific information of interest to companies looking at opportunities in Turkey.



ISPAT and the Embassy of Spain in Turkey held a joint meeting for the promotion of new FDI policies and measures for boosting FDI in line with the 64th Turkish government's action plan for 2016. Chaired by ISPAT President Arda Ermut and Spanish Ambassador to Turkey Rafael Mendivil, the meeting offered insights into structural reforms that are designed to lessen red tape, boost the labor market, optimize public expenditures, and improve the investment environment in Turkey. Also participating in the meeting were 25 top executives of Spanish companies in Turkey.



Cohosted by ISPAT, Turkish Airlines, and the West Mediterranean Development Agency (BAKA), the summit was attended by 350 journalists from the MENA region, more than 250 stakeholders in the tourism industry, and 300 Turkish companies. The summit provided a platform for 3,500 B2B talks and featured a presentation on Turkey's investment climate and business opportunities by ISPAT County Advisor to Saudi Arabia, Mustafa Göksu.



The hospital PPP projects in Turkey were presented to the Japanese business community in an exclusive seminar held by the Japan International Cooperation Agency (JICA) and sponsored by ISPAT. The Q&A session in the event touched on Turkey's political and economic outlook, as well as PPP opportunities in Turkey's healthcare sector.



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the potential