



INVEST IN TURKEY

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

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Turkish-Japanese JV breaks ground for USD 500 million steel plant

Turkish steelmaker Tosyalı Holding in partnership with Japan's Toyo Kohan has broken ground for a USD 500 million facility in Turkey's southern province of Osmaniye, that will produce specialized steel for a wide range of applications including food packaging, automotive, home appliances and computer products.

Scheduled to reach the operational stage in 20 months, the Tosyalı-Toyo investment will reduce annual imports of specialized steel by USD 500 million, while contributing USD 300 million to Turkey's steel

exports, and causing an overall drop of USD 800 million in the country's current account deficit.

"Being the latest example of Turkish-Japanese friendship, this investment symbolizes the increasing cooperation between our countries, especially in strategic fields", Turkey's Prime Minister Ahmet Davutoğlu said at the groundbreaking ceremony, also attended by Lütfi Elvan, Turkey's Minister of Transport, Maritime Affairs and Communications, İlker Aycı, President of the Investment Support and Promotion Agency of Turkey (ISPAT) as well as

company executives and business leaders.

Prime Minister Davutoğlu went on to say that the investment would be an important milestone in the Turkish steel industry's qualitative change, and that Tosyalı-Toyo was expected to play a leading role in that regard. Tosyalı will have a 51 percent stake in the JV, while the remainder will belong to Toyo Kohan.

Turkey is the 8th largest steel producer in the world according to the World Steel Association's data for 2013.

New natural gas pipeline to boost Turkey's status of energy hub



A proposal by Russia to build a new natural gas pipeline through the Black Sea towards Turkey will reinforce Turkey's status as an energy corridor, linking the European markets to the region's largest gas supplier.

Russian President Vladimir Putin's visit to Turkey heralded a new era of energy cooperation between Turkey and Russia, as the Russian side's cancellation of the South Stream pipeline, designed to carry Russian gas to Bulgaria and on to Europe, and proposal of a new project that involves a new submerged pipeline into Turkey and a gas terminal in Turkey's Thrace region, met a favorable response from the Turkish side.

In a joint press conference held in Turkish capital of Ankara, Turkey's President Recep Tayyip Erdoğan and his Russian counterpart Vladimir Putin announced the initial agreement to begin talks for the project, unofficially dubbed the 'Turkish Stream', which is projected to carry 63 billion cubic meters of natural gas from Russia to Turkey annually.

"We have reached a preliminary agreement to start negotiating for a new pipeline from Russia to Turkey", Turkish President said at the conference. In his part, Russian President Putin reiterated the agreement to start talks on the new pipeline, claiming that the project would serve both Turkey and Southern European countries. In addition to being perfectly situated as an energy hub between consumer countries in the West and suppliers in the East, Turkey has a large domestic market, heavily dependent on imported energy. Turkey and Russia are closely cooperating in the field of energy. There is already a natural gas pipeline, Blue Stream linking the two countries and Russia is building Turkey's first nuclear power plant on the Mediterranean coast.

The construction of yet another pipeline, the Trans-Anatolian Pipeline (TANAP), between Turkey and Azerbaijan is scheduled to begin in 2015. TANAP will annually carry approximately 16 billion cubic meters of gas, connecting to the Trans-Adriatic Pipeline (TAP) on the Turkish-Greek border.

Turkish Airlines expands flight network to 264 destinations



Turkey's flag carrier, the Turkish Airlines (THY) now flies to 264 destinations in a total of 108 countries in Europe, Far East, the Americas, Africa and the Middle East, according to Hamdi Topçu, the company's Chairman. In an interview given to a Turkish daily, Topçu assessed THY's 2014 performance and laid out new year targets, stating that the airline company was planning to add wide body, double-deck aircraft that would significantly increase the number of long distance routes. "Wide body aircrafts are expected to enter service with the third airport of Istanbul", said THY Chairman. Once it reaches the fully operational status by 2018, Istanbul's third airport will be one of the largest in the world in terms of passenger capacity,

underscoring Istanbul's growing reputation as a global hub for air travel. Award-winning THY carried 50.4 million in the January-November period of this year, up 13.3 percent over the same period of 2013. The airline holds the record in the number of countries flown and comes second in Europe in terms of passenger numbers.

Turkey's exports reach record high in 2014

According to data recently released by the Turkish Exporters Assembly (TIM), Turkey's exports reached an all-time high in 2014, hitting USD 157.6 billion. Having raised by 4 percent over the preceding year's figure of USD 152 billion, overwhelming majority of the country's exports, i.e. 78.8 percent, constituted industrial products.

With USD 22.2 billion, automotive products topped the list of Turkish-made products shipped abroad, which is followed by textile/ready wear and chemicals having respective figures of USD 18.7 billion and USD 17.8 billion.

Main recipients of Turkish exports during the last year lined up as Germany, Iraq, Britain, Italy and Iran.

One of Turkey's goals for the centenary of the foundation of the republic is to reach USD 500 billion in exports.

Mercedes rolls out the 200,000th truck

Mercedes-Benz Türk, the local division of Daimler AG, has rolled out the 200,000th heavy truck from its Aksaray plant in Central Anatolia. The production milestone also marks the completion of the company's EUR 20 million upgrade investment in the Aksaray plant, taking the total investment level to EUR 320 million since the establishment of the facility in 1986.

"The milestone we're celebrating today underscores that fact: 200,000 trucks – that also means 200,000 vehicles in top Mercedes-Benz quality thanks to our highly qualified and dedicated employees. I'm confident that this will allow us to continue our success story in Aksaray", he noted.

Employing 1,700 people, Mercedes-Benz Türk's Aksaray plant exports heavy trucks to a market of about 70 countries worldwide. The company also has a bus manufacturing plant in Hosdere, Istanbul.

Proven potential with business-friendly legislation

Turkey's mining sector has grown in parallel with the country's robust economy. The sector's total production value soared to USD 12 billion in 2012, up from USD 2.6 billion in 2003.

With its location in the Tethyan-Eurasian Metallogenic Belt, one specific kind of ophiolite extending from the western Mediterranean via the Alps to southeastern Europe through Turkey, the Lesser Caucasus, Iran, and the Himalayas to China, Turkey harbors much proven potential for mining investors. As the least explored portion of the belt, Turkey stands out as a very promising region for miners and explorers. In addition, as mining in Turkey has been limited to surface excavations, huge potential with deep drilling is awaiting international investors.



Turkey's young, dynamic and well-educated labor force offers a high-quality labor pool. There are 21 mining engineering departments in 19 cities in Turkey, while five new mining engineering departments have been opened since 2005. The number of mining engineers in Turkey increased by more than 50 per cent since 2005, reaching 16,000.

Turkey's advantages for the players in the mining sector are not limited to a high-quality labor pool, but also include relatively low logistics and drilling costs, proximity to major markets, lucrative government incentives and highly competitive taxes.

As a result of its remarkable economic growth, years of political stability, structural reforms, along with the backing of governmental bodies, Turkey attracted USD 250 million of FDI to its mining industry in 2013, whereas between 2008 – the year of the economic downturn – and 2012, FDI inflows in the mining sector stood at around USD 148 million.

These figures prove investors' increased interest in Turkey, as today Turkey hosts more than 700 international mining companies, up from only 138 in 2004.

Turkey's mining sector sees a steep increase in FDI



Turkish mines and quarries are attracting increasing amounts of foreign direct investment (FDI), data from the country's Ministry of Economy indicate. The resource-rich country received USD 446 million of FDI into its booming mining sector during the January-October period, registering an increase of 114 percent over the same period of 2013.

Turkey possesses known deposits of 77 of the 90 marketable metals and minerals including iron, copper, zinc, lead, gold, silver, nickel, manganese, boron, coal and thorium.

The total amount of FDI in the given period rose up by 4.7 percent to USD 9.8 billion over the USD 9.3 billion invested during the first 10 months of 2013. The manufacturing sector attracted the majority of investments with USD 2.3 billion, followed by financial services sector which attracted USD 1.3 billion.

As of the end of October, the number of foreign owned or partnered companies operating in Turkey exceeded 41,000, more than half of which is based in Istanbul.



GDP & FDI

- FDI: up 6.4% y-o-y to USD 10,047 bln in Jan-Nov 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 37.2% y-o-y in Jan-Nov 2014 (USD 33.1 bln)

Source : TurkStat & CBRT

Foreign Trade

- Exports: down 7.5% y-o-y in Nov 2014 & up 4.2% y-o-y in Jan-Nov 2014
- Imports: up 0.2% y-o-y in Nov 2014 & down 3.5% y-o-y in Jan-Nov 2014
- Foreign Trade Deficit: up 15.3% y-o-y in Nov 2014 & down 15.5% in Jan-Nov 2014
- Exports/Imports: 61.2% in Nov 2014, up from 66.3% in Nov 2013 & 65.5% in Jan-Nov 2014, up from 60.7% in Jan-Nov 2013

ISPAT Team at Work

ISPAT signs Memorandum of Understanding (MoU) with Sberbank



The MoU between ISPAT and Sberbank aims to strengthen business ties between Turkey and Russia by cooperating on the development of investment projects both in Turkey and Russia.

WAIPA Annual Steering Committee Meeting



Holding the Presidency of the World Association of Investment Promotion Agencies, ISPAT hosted the first WAIPA Steering Committee meeting in WAIPA's headquarters in Istanbul.

5th Bosphorus Summit



The 5th of the Bosphorus Summit, organized by the International Cooperation Platform was held in Istanbul under the sponsorship of ISPAT.

Visit by Chinese Delegation



A Chinese delegation led by the Mayor of Qingdao Municipal Government visited Istanbul for talks with ISPAT on improving business and investment ties.

ISPAT Country Advisors' Meeting



ISPAT's semi-yearly Country Advisors' Meeting was held in Istanbul and the meeting featured presentations about the political/economic outlook of Turkey, as well as ISPAT's activities in the represented countries.

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Upcoming

4th Cukurova Summit

19 January 2015

Adana, TURKEY

The fourth of the Cukurova Summit, convening in Adana will feature the world-renowned economist Joseph Stiglitz, prominent figures from business circles and government officials including ISPAT President İlker Ayçi as panelists/speakers.

Global Competitiveness Forum 2015

25-27 January 2015

Riyadh, SAUDI ARABIA

ISPAT President İlker Ayçi will attend this year's GCF as a speaker, providing insights on Turkey's economy, investment environment and growing competitiveness.

BusinessLink Meeting

27 January 2015

Tokyo, JAPAN

ISPAT will participate in the BusinessLink meeting sponsored by The Bank of Tokyo Mitsubishi UFJ as one of the exhibitors.



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