



Bafa Law
Hukuk

WHY INVEST IN TÜRKİYE?

BAFALAW.COM

March 2022



10 reasons to invest in Türkiye



ROBUST
ECONOMY



DOMESTIC
+ ACCESSIBLE
MARKETS



STRATEGIC
LOCATION



FAVOURABLE
DEMOGRAPHICS



SKILLED
AND
COMPETITIVE
LABOR FORCE



CONTINUOUS
REFORM PROCESS



BUSINESS-FRIENDLINESS



LUCRATIVE
INCENTIVES



BENIGN R&D
ECOSYSTEM



SECTORAL
OPPORTUNITIES

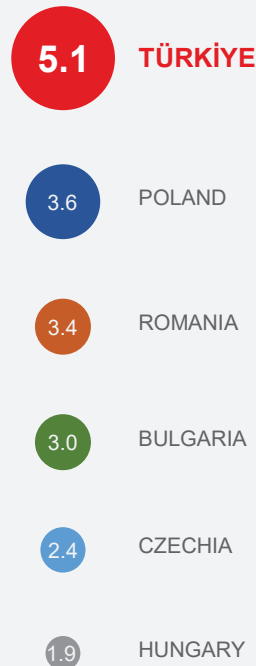


11th largest economy in the World

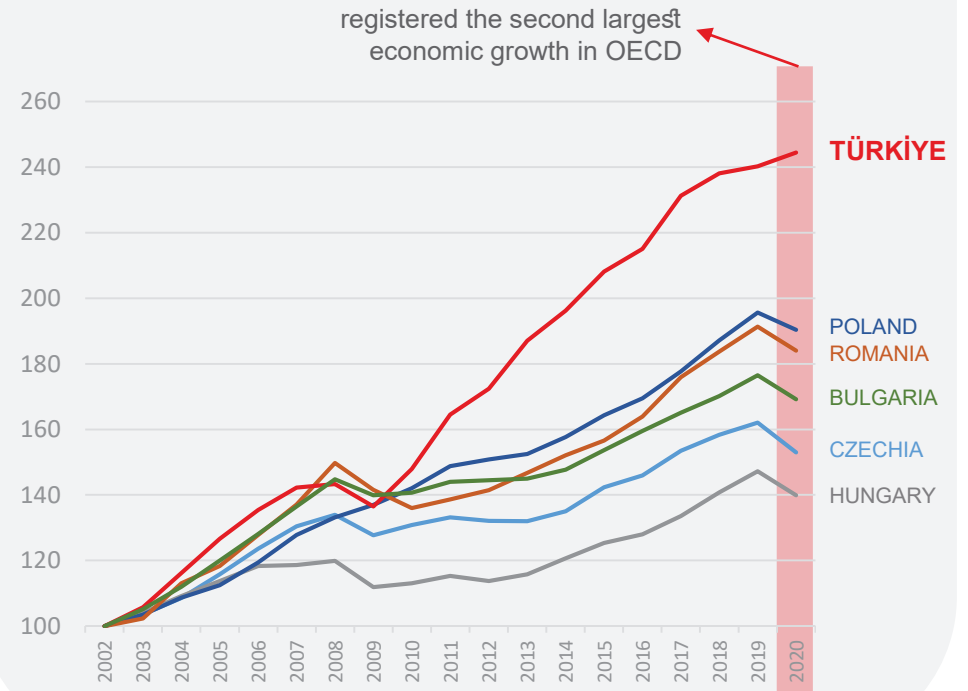
RANKING OF ECONOMIES BY GDP AT PPP

2003	2019	2020
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. FRANCE
10. ITALY	10. FRANCE	10. UK
11. MEXICO	11. MEXICO	11. TÜRKİYE
12. INDONESIA	12. ITALY	12. ITALY
13. SPAIN	13. TÜRKİYE	13. MEXICO
14. CANADA	14. S.KOREA	14. KOREA
15. S.KOREA	15. SPAIN	15. CANADA
16. S.ARABIA	16. CANADA	16. SPAIN
17. IRAN	17. S.ARABIA	17. S.ARABIA
18. TÜRKİYE	18. IRAN	18. AUSTRALIA

AVERAGE ANNUAL GDP GROWTH (%) 2002-2020



REAL GDP GROWTH (INDEX: 2002=100)

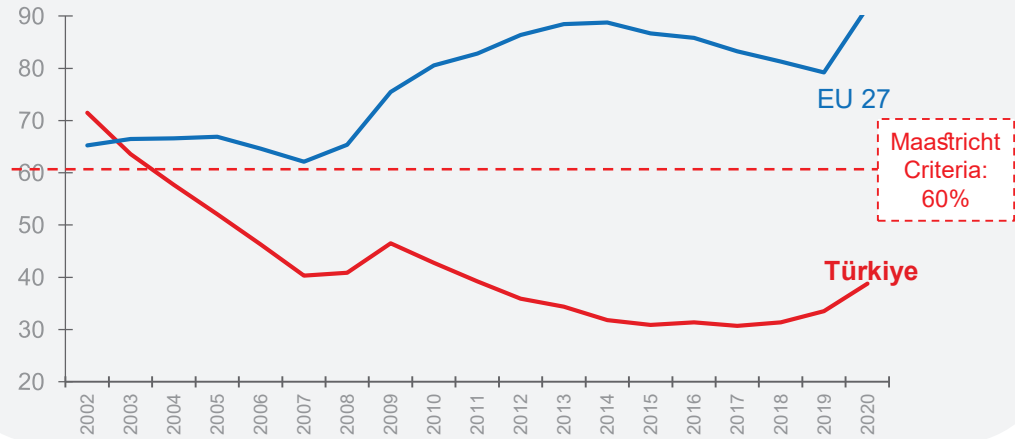


ROBUST ECONOMY

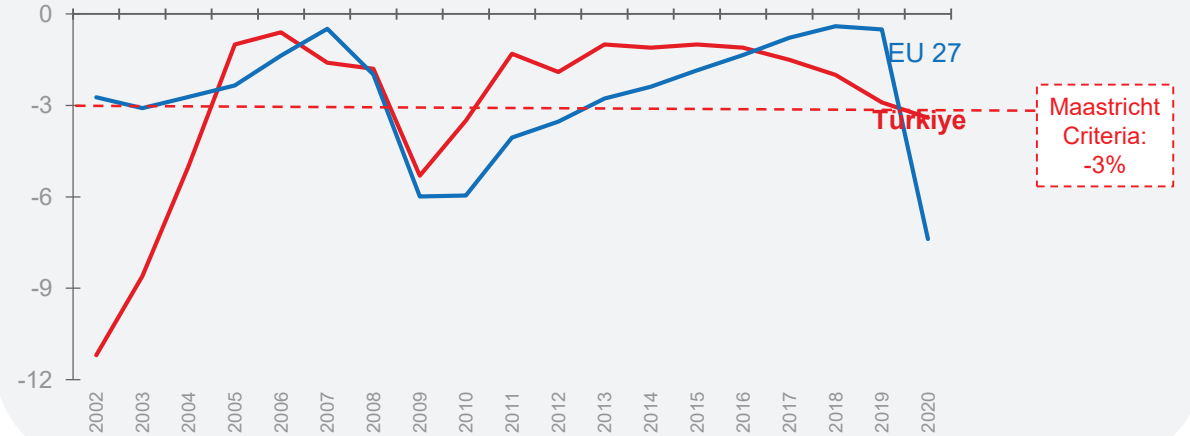
STRONG MACROECONOMIC FUNDAMENTALS
BASED ON SUCCESSFUL PUBLIC FINANCE MANAGEMENT



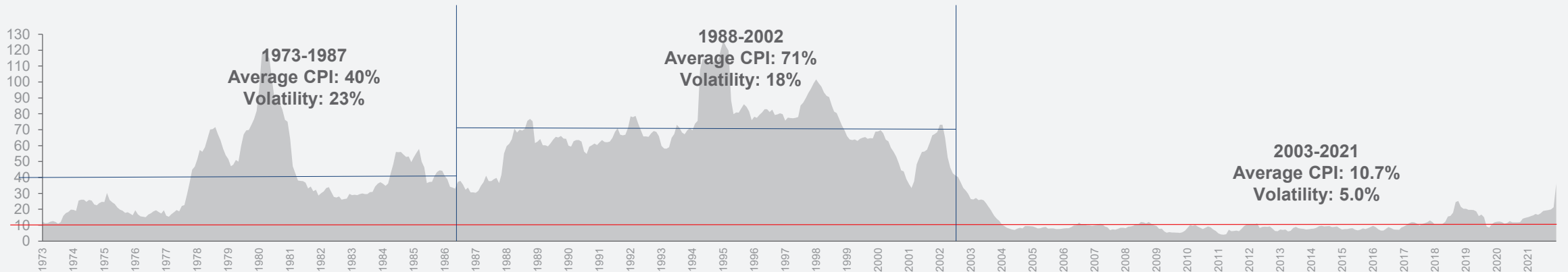
Gross Public Debt Stock as % of GDP



Budget Balance as % of GDP



Annual Inflation (%)



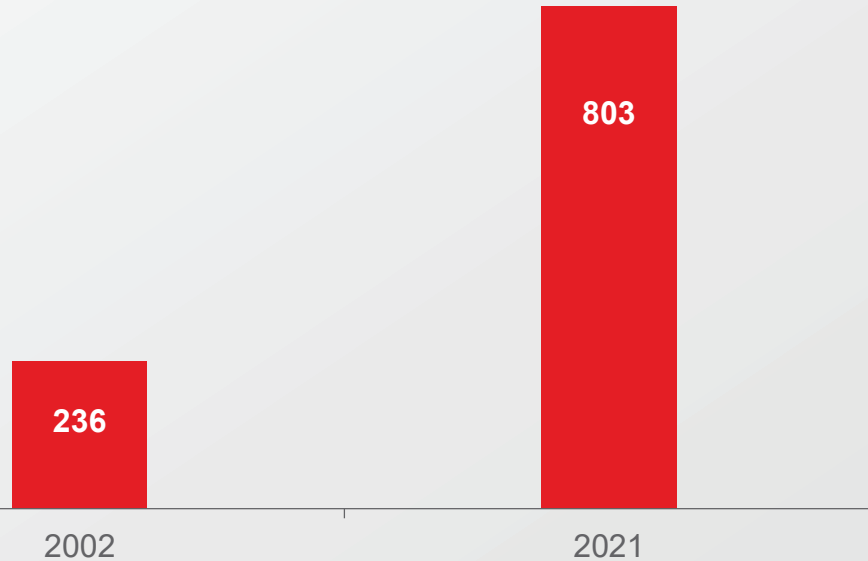
ROBUST ECONOMY

TRIPLING SIZE OF THE ECONOMY OVER THE PAST 19 YEARS



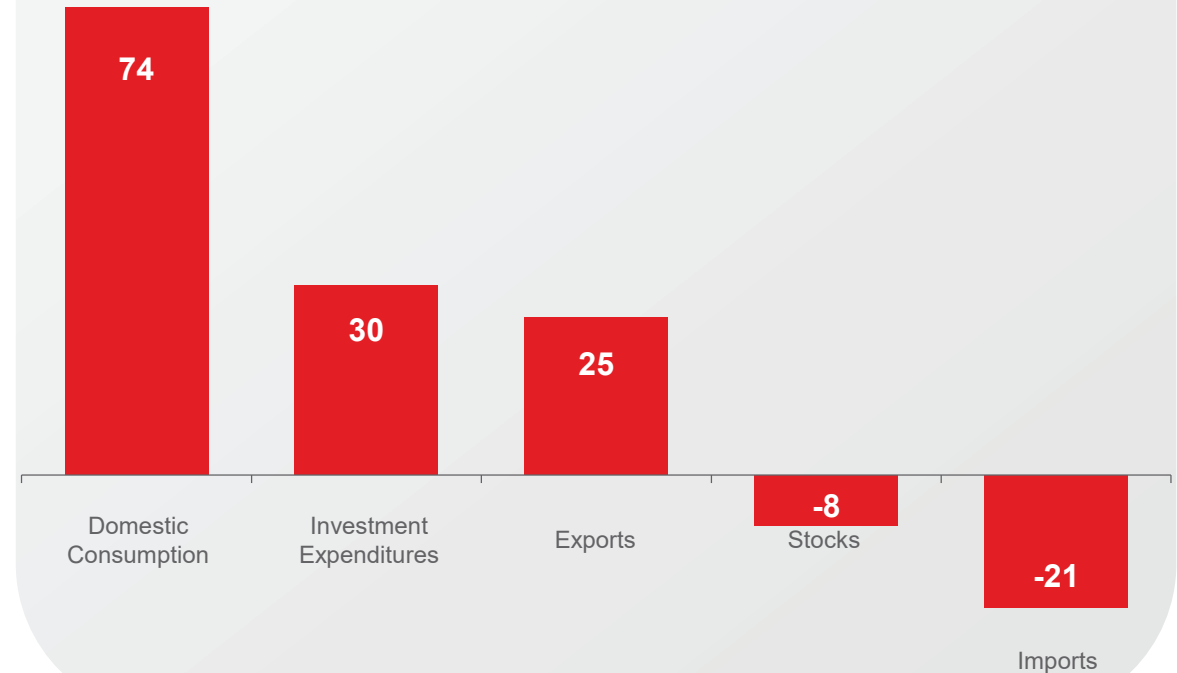
Turkish economy has **more than tripled over** the past 19 years and is promising to be on the growing trend

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



Robust domestic market and entrepreneurial private sector spurred investments and exports

Contribution to GDP Growth 2002-2021 (%)



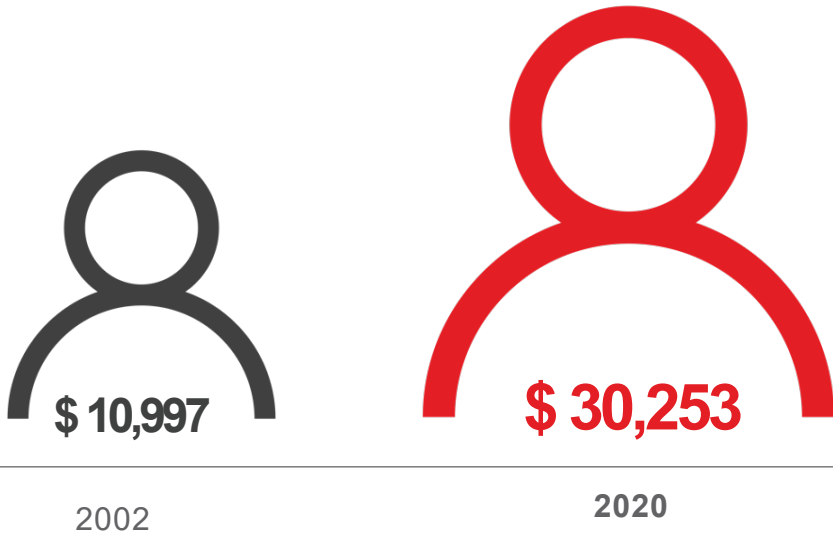
DOMESTIC MARKET

IMPRESSIVE ECONOMIC GROWTH LEADING TO A SIZEBLE MIDDLE CLASS WITH INCREASING PURCHASING POWER



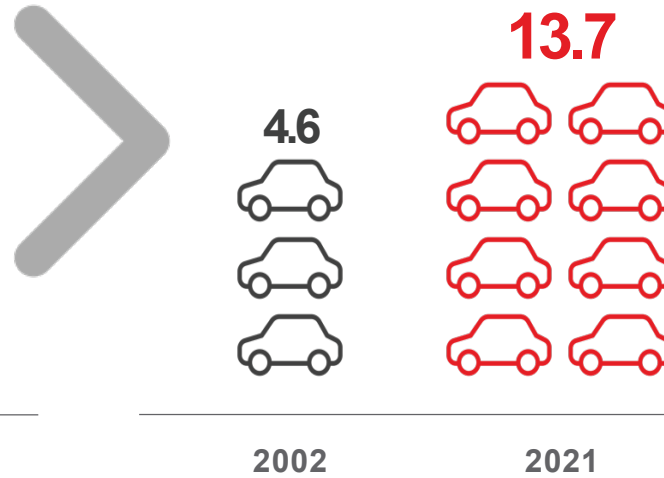
Income per capita

(GDP per capita, current prices at purchasing power parity)



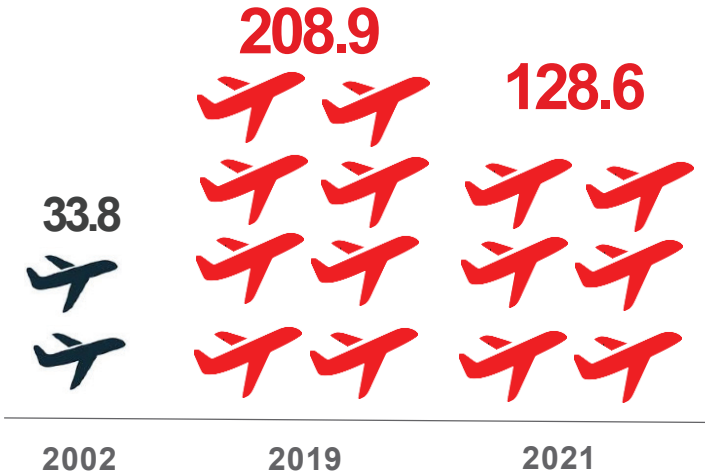
Stock of Automobiles

(millions of passenger cars)



Turkish Aviation Passenger

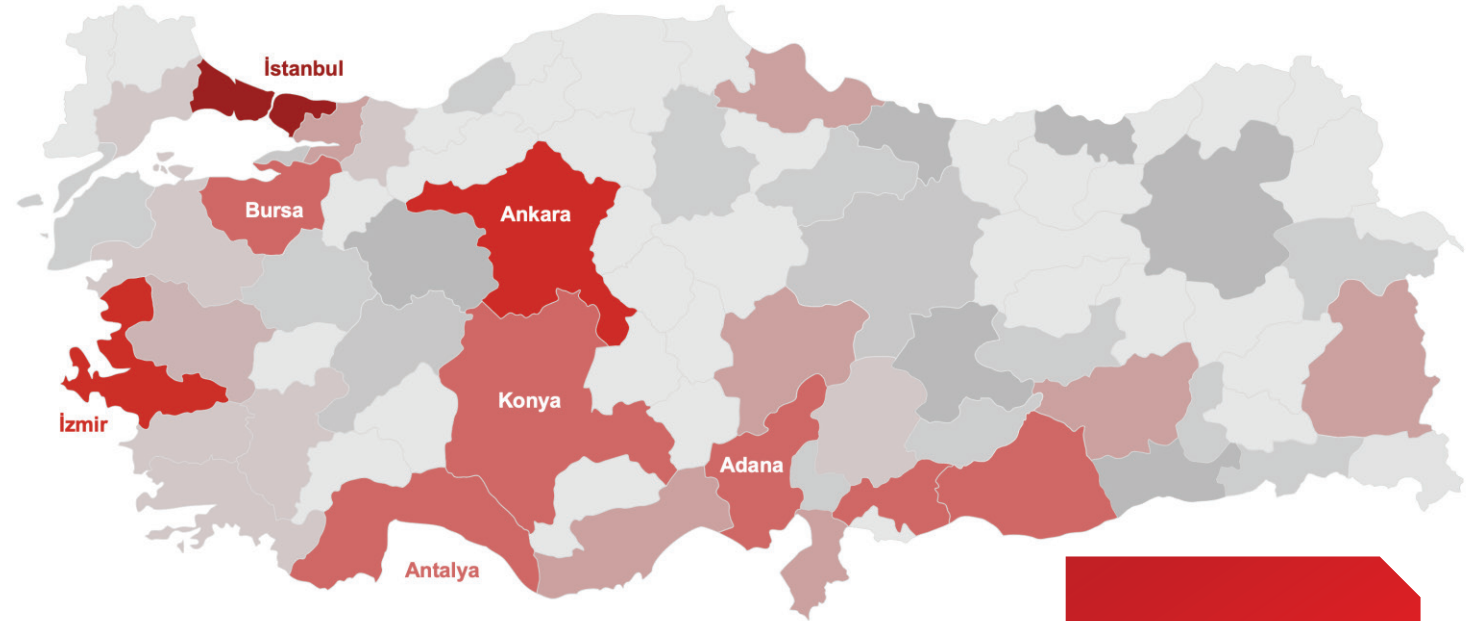
(millions of passengers)





Total Population in 2021 **84.7 Million**

İstanbul	15.7 Million	Denizli	1.1 Million
Ankara	5.7 Million	Muğla	1 Million
İzmir	4.4 Million	Eskişehir	0.9 Million
Bursa	3.1 Million	Mardin	0.9 Million
Antalya	2.6 Million	Trabzon	0.8 Million
Konya	2.3 Million	Malatya	0.8 Million
Adana	2.3 Million	Ordu	0.8 Million
Şanlıurfa	2.1 Million	Erzurum	0.8 Million
Gaziantep	2.1 Million	Afyonkarahisar	0.7 Million
Kocaeli	2.0 Million	Sivas	0.6 Million
Mersin	1.9 Million	Adıyaman	0.6 Million
Diyarbakır	1.8 Million	Batman	0.6 Million
Hatay	1.7 Million	Tokat	0.6 Million
Manisa	1.5 Million	Zonguldak	0.6 Million
Kayseri	1.4 Million	Elazığ	0.6 Million
Samsun	1.4 Million	Kütahya	0.6 Million
Balıkesir	1.3 Million	Çanakkale	0.6 Million
Kahramanmaraş	1.2 Million	Osmaniye	0.6 Million
Van	1.1 Million	Şırnak	0.5 Million
Aydın	1.1 Million	Çorum	0.5 Million
Tekirdağ	1.1 Million	Ağrı	0.5 Million
Sakarya	1.1 Million		



24 urban centers
With Populations
over 1 million

DOMESTIC + ACCESSIBLE MARKETS

DOMESTIC MARKET + EU MARKET + FREE TRADE AREA



Customs Union with the EU allows direct access to the EU Market

- NORWAY ISRAEL *SUDAN
- LIECHTENSTEIN
- SWITZERLAND ICELAND
- BOSNIA AND HERZEGOVINA
- PALESTINE MACEDONIA
- MOROCCO TUNISIA
- ALBANIA EGYPT
- GEORGIA MONTENEGRO
- SERBIA CHILE
- MAURITIUS SOUTH KOREA
- MALAYSIA *LEBANON MOLDOVA
- FAROE ISLANDS
- SINGAPORE VENEZUELA
- UNITED KINGDOM
- *QATAR KOSOVO

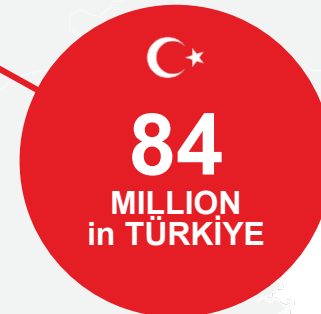


+



in 28 countries with Free Trade Agreements

+



STRATEGIC LOCATION

HUB FOR MULTINATIONALS TO MANUFACTURE,
EXPORT AND MANAGE



Working Hours Intersect with 16 Time Zones

PROXIMITY TO MAJOR MARKETS
1.3 billion people and \$26T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 323 destinations in 127 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS

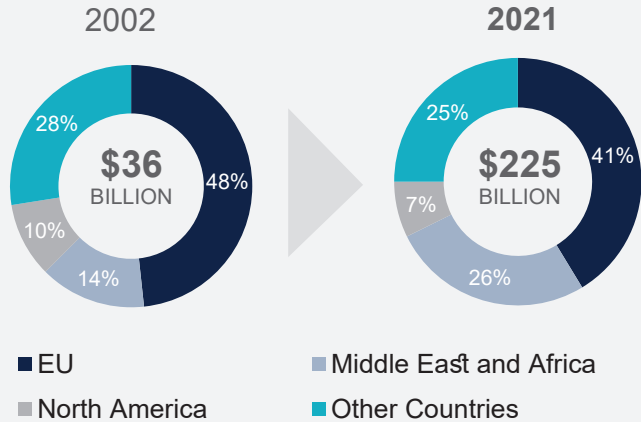
 Cargill 66 countries	 Microsoft 70 countries	 Nestlé Production base for MENA	 BOSS HUGO BOSS Its largest production facility worldwide	 B/S/H/ 89 countries	 GE Healthcare 22 countries
 中国电建 POWERCHINA 63 countries	 KNAUF 80 countries	 TOYOTA Exporting 85% of its production	 Ford - Exporting 87% of its production a	 SANOFI 14 countries	 gsk 30 countries

STRATEGIC LOCATION

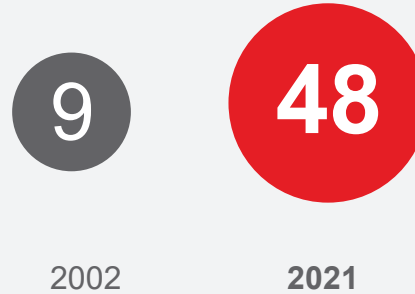
STRATEGIC LOCATION AND ENHANCED PRODUCTION CAPABILITIES ATTRACTING MULTINATIONALS TO INVEST FOR EXPORT



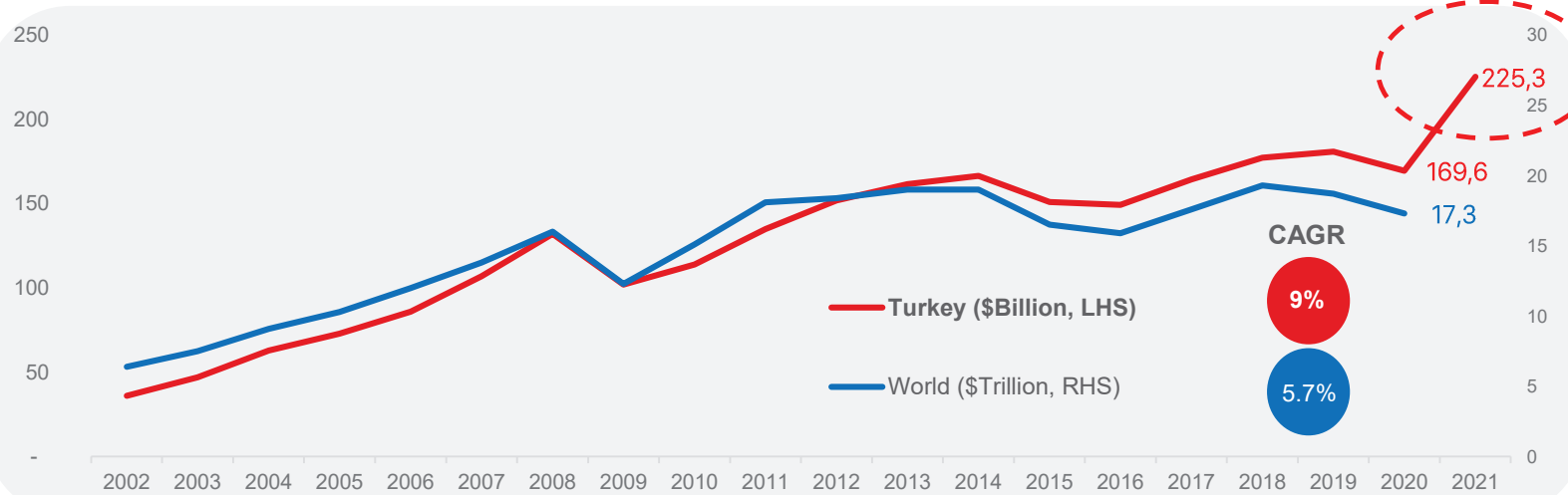
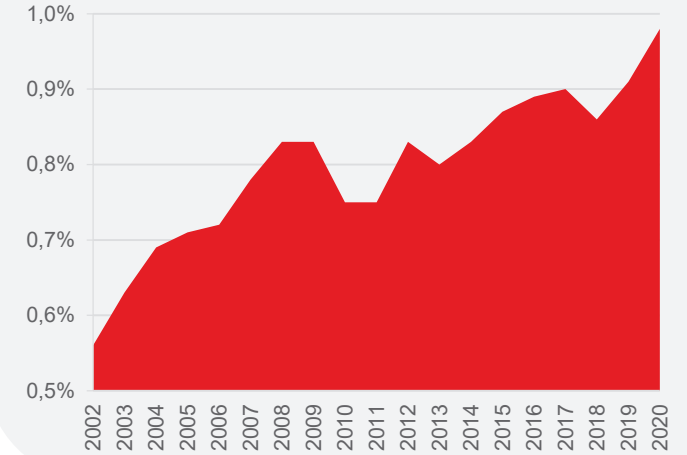
MERCHANDISE EXPORTS BY GEOGRAPHY



NUMBER OF EXPORT PRODUCTS OVER \$1 BILLION



TÜRKİYE'S SHARE IN GLOBAL EXPORTS OF GOODS

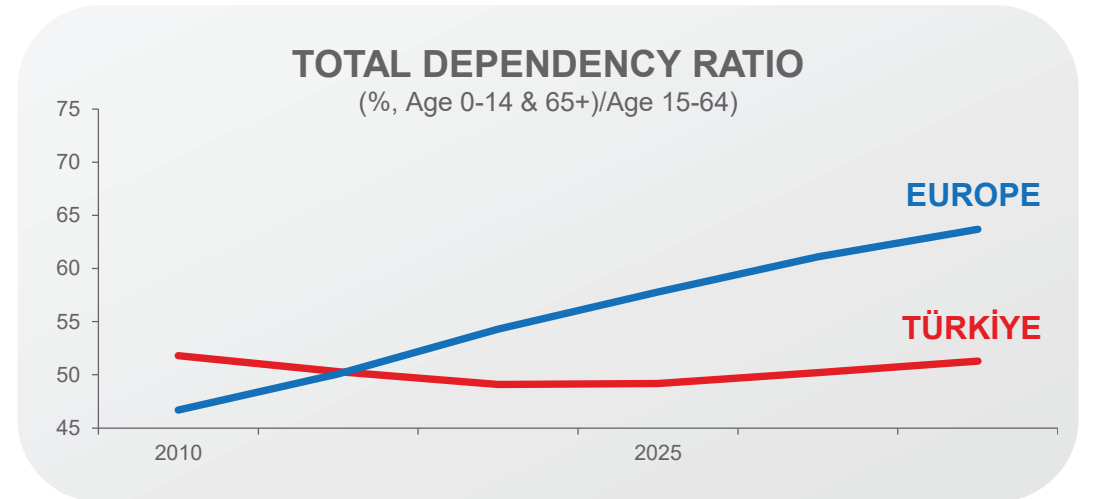
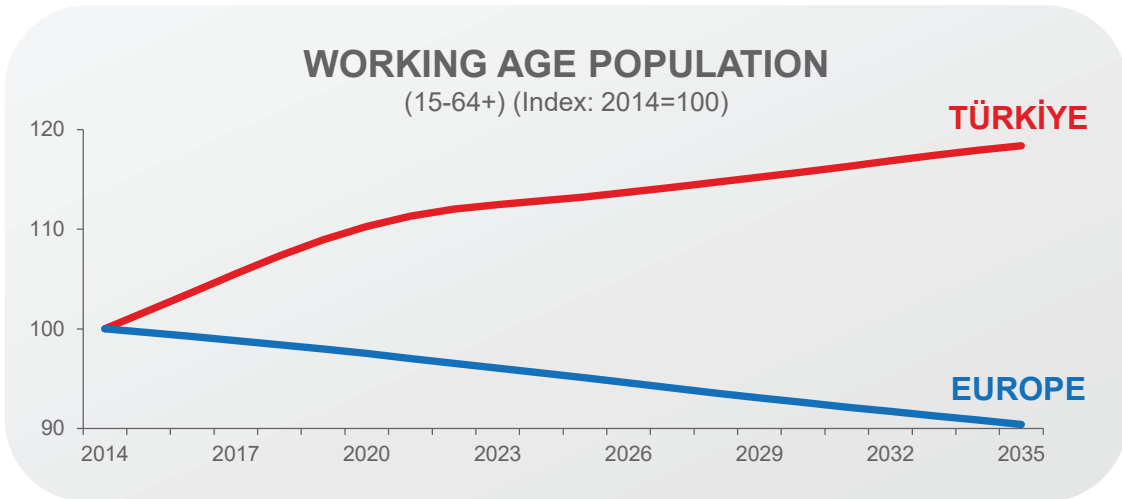
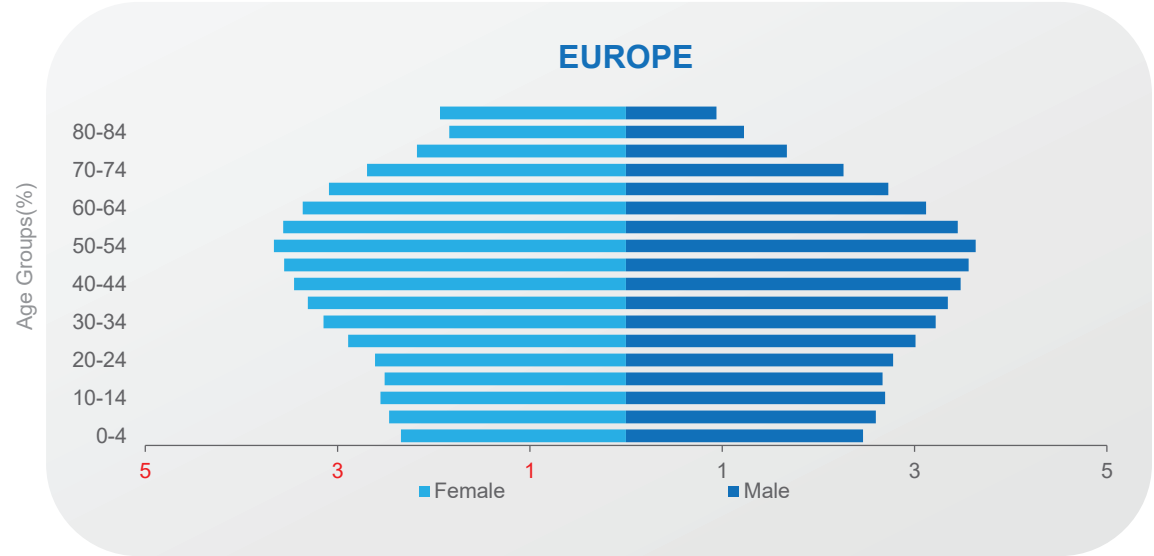
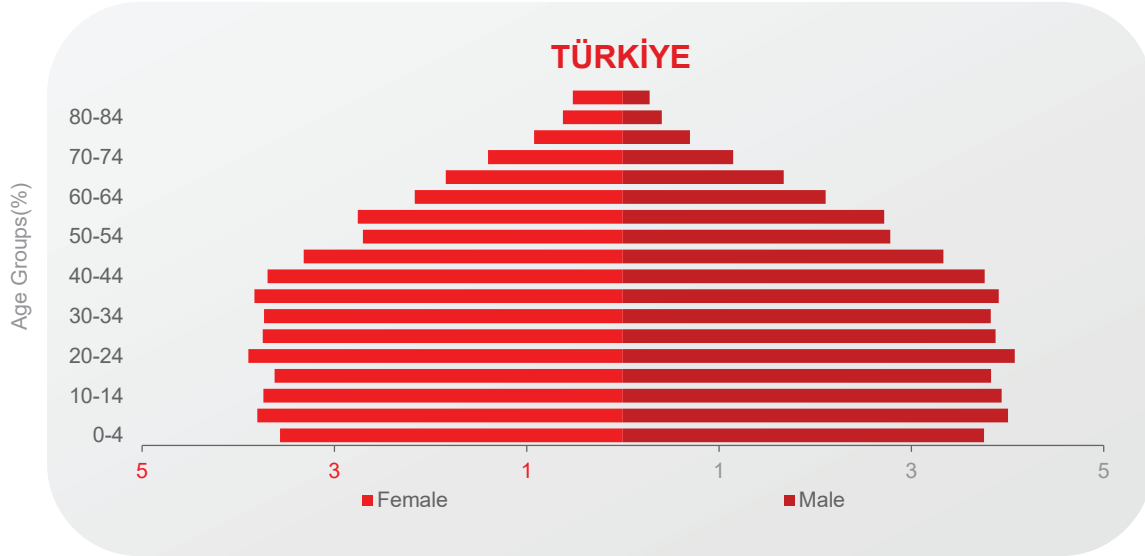


Türkiye Records All-time High Exports in 2021

Exports of Goods in Türkiye and World

FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 32.7 CREATING DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE

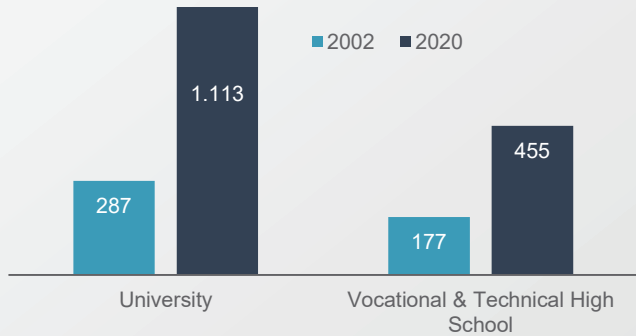


SKILLED AND COMPETITIVE LABOR FORCE

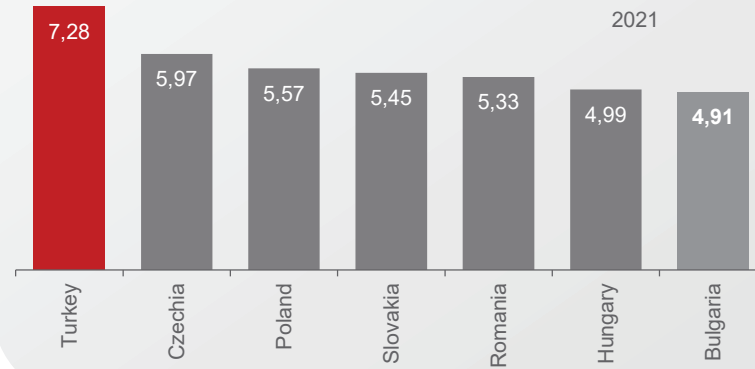
UPGRADED EDUCATION SYSTEM TO ENABLE
A SKILLED LABOR POOL AND ADDRESS
BUSINESS REQUIREMENTS



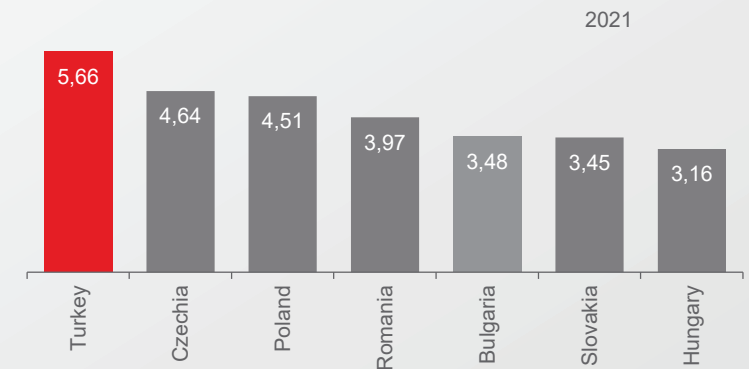
ANNUAL NUMBER OF GRADUATES
(thousands)



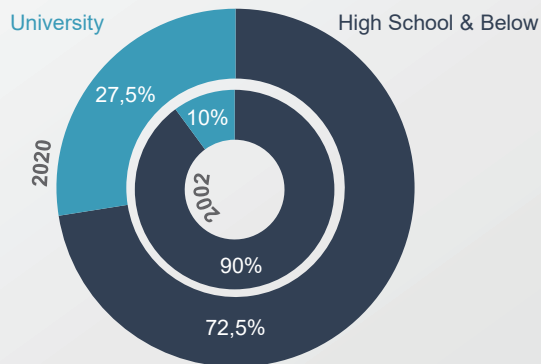
AVAILABILITY OF QUALIFIED ENGINEERS
(10=Available; 0=Unavailable)



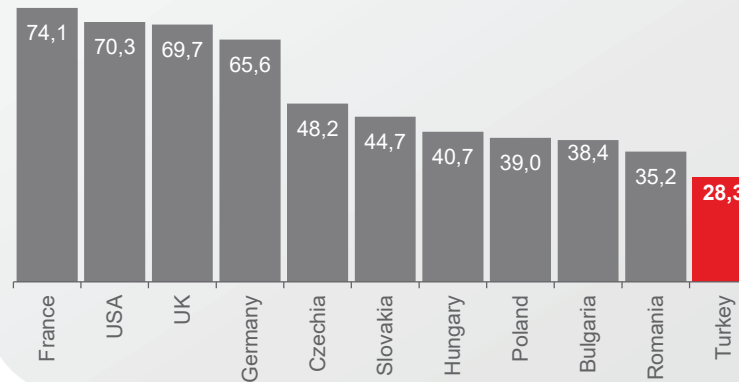
AVAILABILITY OF COMPETENT SENIOR MANAGERS
(10=Available; 0=Unavailable)



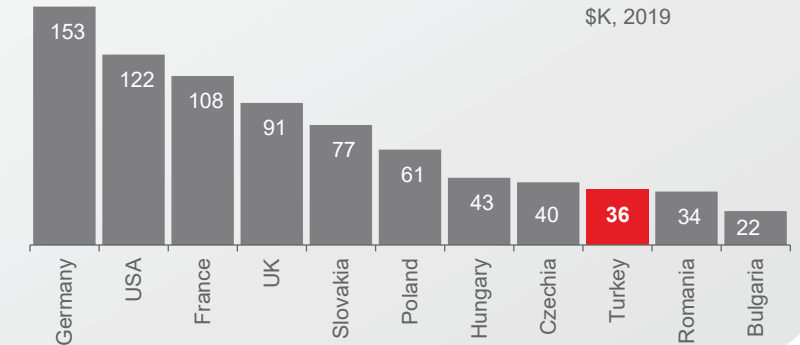
LABOR FORCE BY EDUCATION LEVEL



COST OF LIVING INDEX 2022
(New York=100)

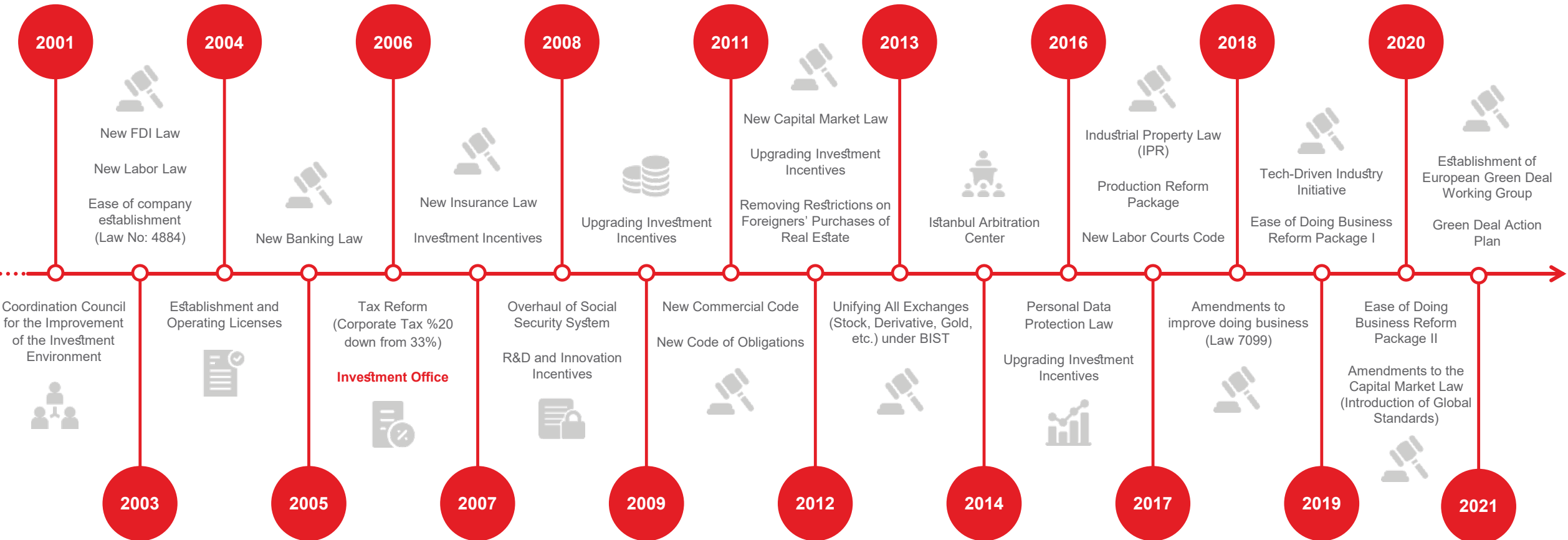


REMUNERATION OF MANAGEMENT/ENGINEER
Total base salary plus bonuses and long-term incentives





Major Reforms

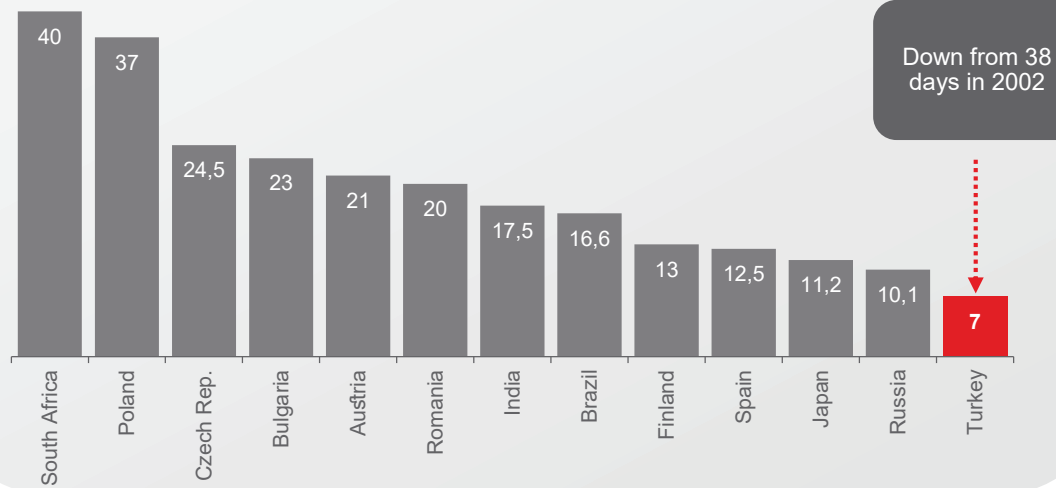


REFORMS

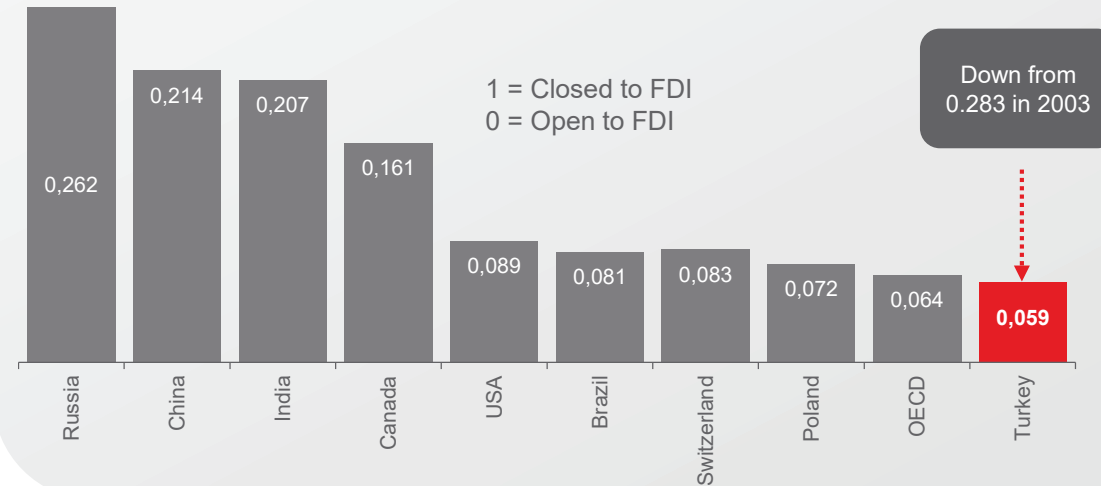
CONTINUOUSLY IMPLEMENTING SWEEPING REFORMS IN MANY AREAS



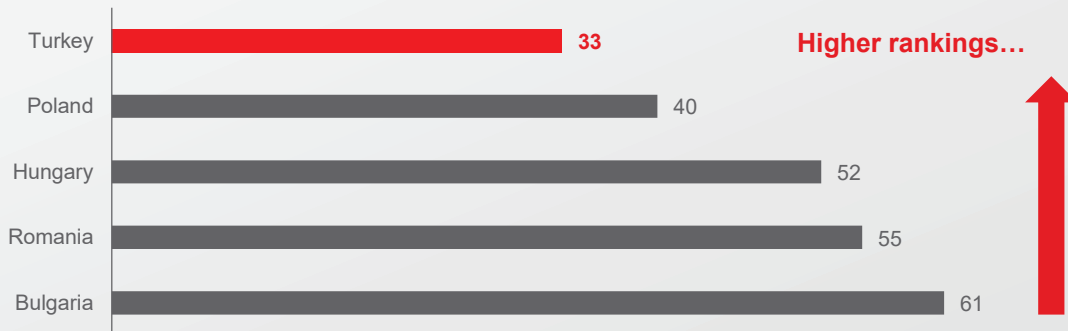
NUMBER OF DAYS TO SET UP A COMPANY, 2020



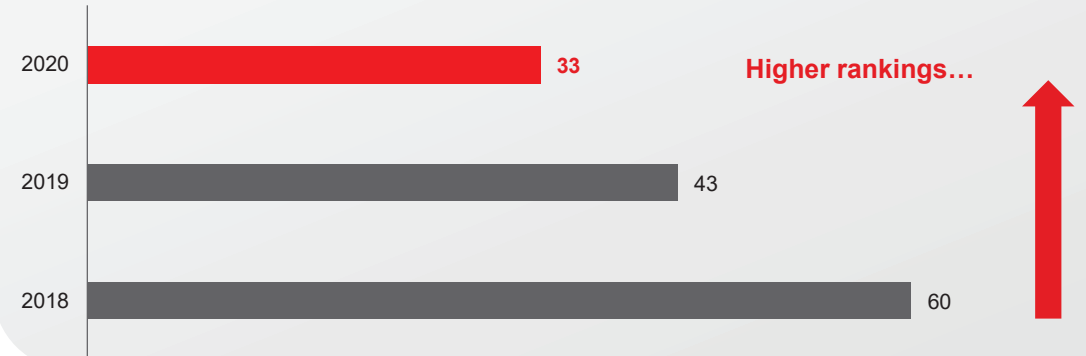
FDI REGULATORY RESTRICTIVENESS INDEX, 2020



EASE OF DOING BUSINESS RANKING, 2020



EASE OF DOING BUSINESS RANKING (Y-O-Y)



BUSINESS-FRIENDLINESS

OFFERING PROTECTION AND EASE OF DOING BUSINESS



Protection of International Investors by FDI Law

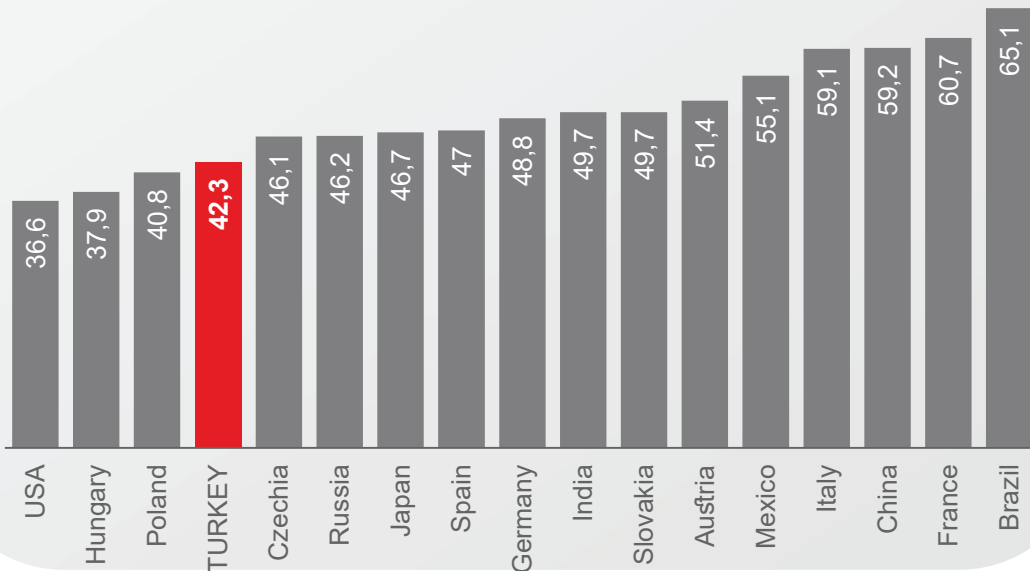


Bilateral Investment Protection Treaties with 86 countries

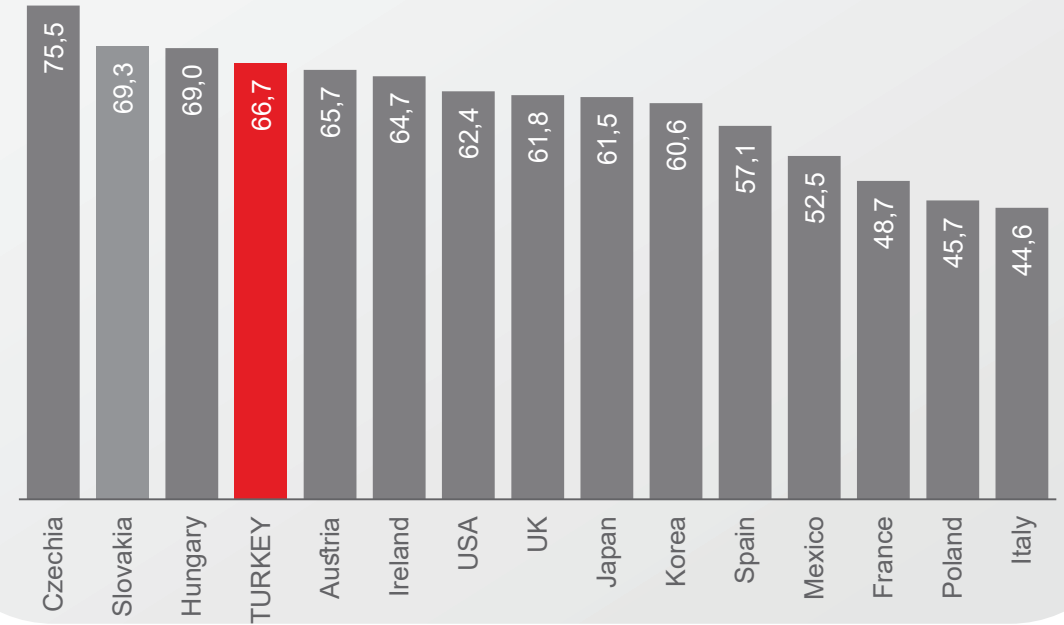


Treaties to avoid Double Taxation with 86 countries

TOTAL TAX AND CONTRIBUTION RATE*, 2019
(% of Profit)



INTERNATIONAL TAX COMPETITIVENESS, 2021**
(Index=100 as most competitive)



Source: Ministry of Trade, World Bank, Tax Foundation Foreign Direct Investment Law 2003. *Total Tax Rate: Profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, turnover taxes and other taxes (such as municipal fees and vehicle taxes). (Tax competitiveness measures countries' tax policies five categories: corporate income tax, consumption taxes, property taxes, individual taxes, and international tax rules.)

LUCRATIVE INCENTIVES

OFFERING LUCRATIVE INCENTIVES IN MANY WAYS



MANUFACTURING INCENTIVES

- ✓ Tax deduction & exemption +



EMPLOYMENT INCENTIVES

- ✓ Payroll & Training support +



R&D AND INNOVATION INCENTIVES

- ✓ Tax deduction & exemption +



INCENTIVES FOR SERVICE EXPORTERS

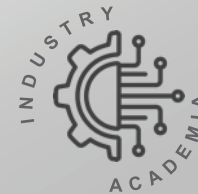
- ✓ Tax deduction for exporting services in;

- Engineering
- Architecture
- Design
- Software
- Medical Reporting
- Accounting
- Call Center
- Datacenter
- Education
- Healthcare



TECHNOLOGY DEVELOPMENT ZONES

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



EXCLUSIVE ZONES

- ✓ **Free Zones**
Tax deduction & exemption +
- ✓ **Organized Industrial Zones**
Developed infrastructure



BENIGN R&D ECOSYSTEM

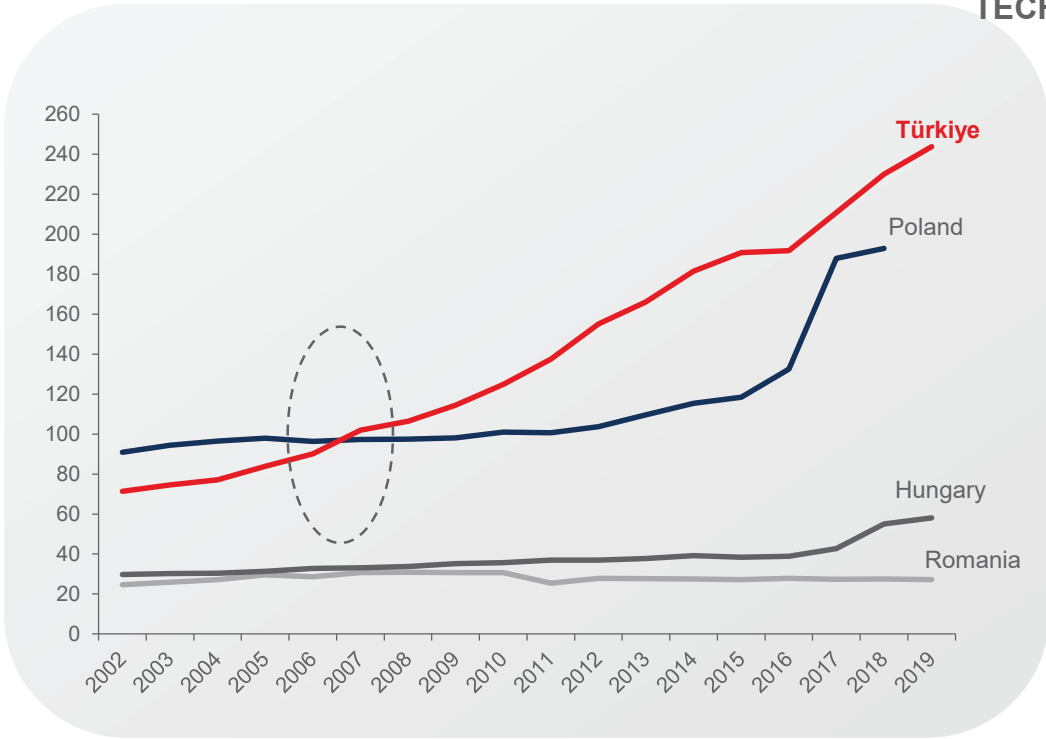
R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM



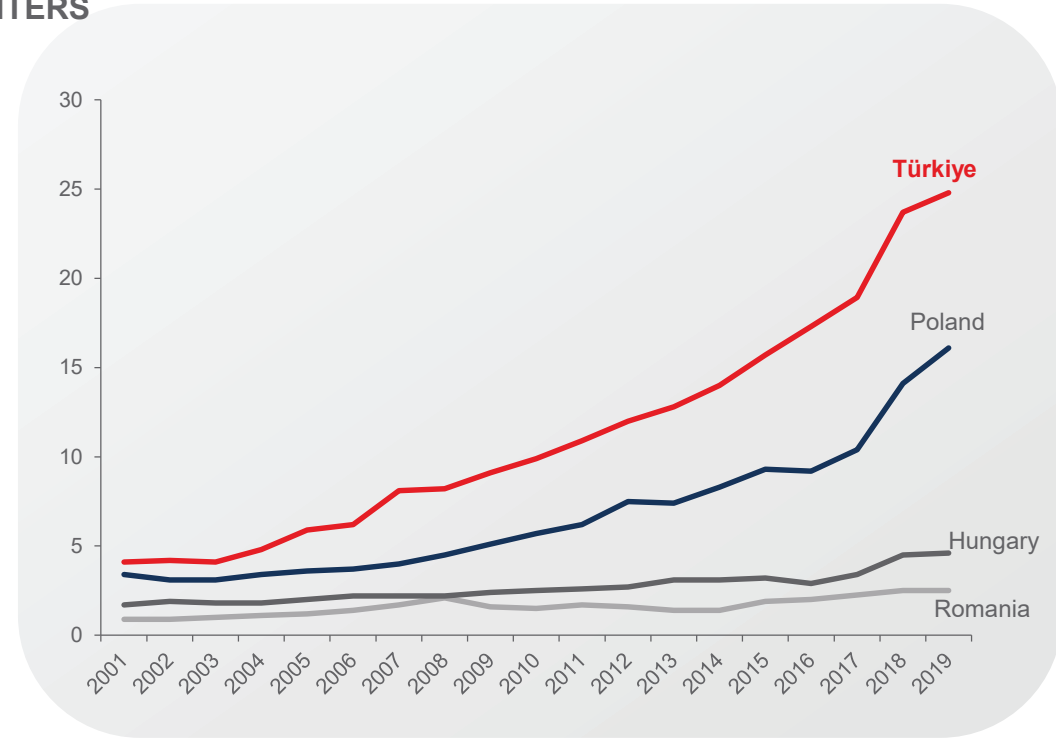
NUMBER OF RESEARCHERS
(thousands)

AROUND 500 INTERNATIONAL COMPANIES OPERATING IN TECHNOPARK AND R&D CENTERS

INCREASING R&D SPENDING
(\$ Billion, PPP)



500
INTERNATIONAL COMPANIES

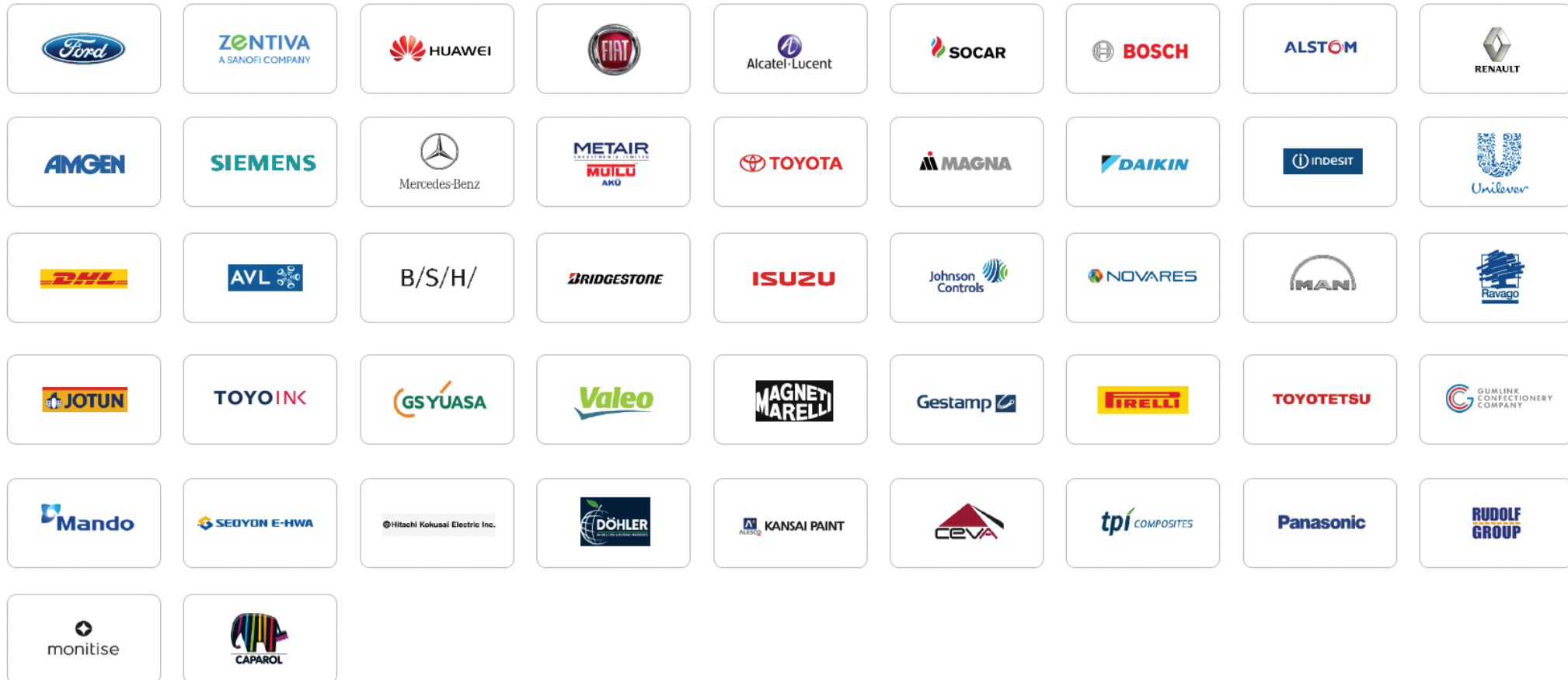


BENIGN R&D ECOSYSTEM

R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM



SELECTED FOREIGN COMPANIES CONDUCTING R&D IN TÜRKİYE



RESILIENT HEALTHCARE SYSTEM

STRONG HEALTHCARE SYSTEM IN THE FIGHT AGAINST COVID-19 PANDEMIC...



Merging **State hospitals, social security hospitals and institutional hospitals** for the service to all citizens.



13 city hospitals* entered into service in **12** provinces. **14** more city hospitals are under construction.



1,534 hospitals, some 4,000 medical treatment facilities and over 15,000 primary healthcare centers



State-of-the art technology ambulance fleets with **5,946 fully-equipped vehicles and 21 aircrafts.**



An army of medical professionals with **1.1 million people.**



Türkiye is leading the list of **intensive care beds** per 100K among the European countries.



The budget for healthcare services was increased **from 19 billion TRY to 117 billion TRY over the past 18 years.**



Healthcare expenditures during the **past 6 years** have grown by **19% annually (CAGR).**

SECTORAL OPPORTUNITIES

OFFERING ABUNDANT OPPORTUNITIES
IN A VARIETY OF SECTORS



AUTOMOTIVE

- 14th largest manufacturer in the World, 4th in Europe
- 1.5 million vehicle produced
- Market: \$13 billion
- Export: \$25.5 billion



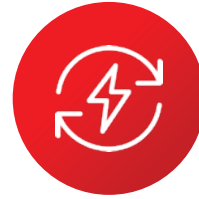
MACHINERY & ELECTRICAL EQP.

- Largest TV & white goods producer in Europe
- Market: \$34 billion
- Export: \$28 billion



AEROSPACE & DEFENCE

- \$19 billion defence spending
- Industry: \$11 billion
- Export: \$2.3 billion
- Air passengers: 210 million



ENERGY

- Market: \$66 billion
- Growing demand
- Energy corridor
- Untapped renewables



AGROFOOD

- Agriculture & Food Industry Market: \$103 billion
- Export: \$19 billion
- Export to around 200 countries



INFRASTRUCTURE

- \$170 billion PPP contracts (1986-2021)
- More opportunities in transport, energy, health



FINANCE

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



FOREIGN DIRECT INVESTMENT (FDI)

EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TÜRKİYE OFFERS



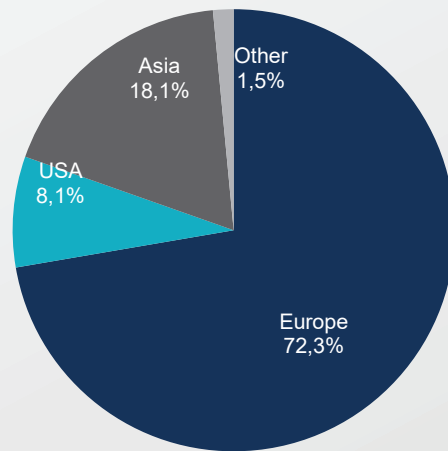
FDI INFLOWS (\$ BILLION)



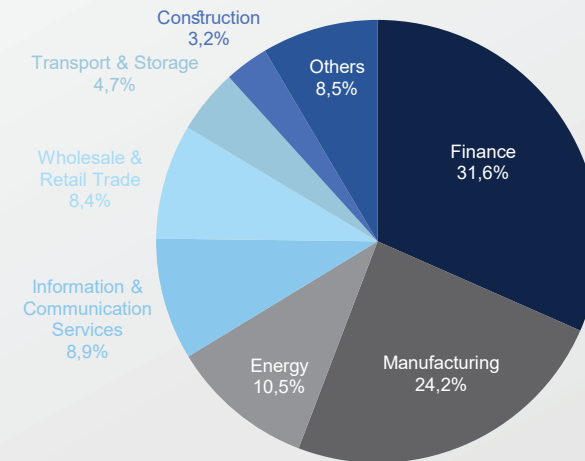
NUMBER OF FOREIGN COMPANIES IN TÜRKİYE ('000)



GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2021)



MOST ATTRACTIVE SECTORS (CUMULATIVE 2003-2021)





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 Türkiye



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