

REPUBLIC OF TURKEY PRIME MINISTRY
Investment Support and Promotion Agency of Turkey

Tunisia Investment Forum
IDB G8 - Deauville Partnership Regional
Investment Symposium
14 June 2013, Tunisia

INVESTMENT PROMOTION AND FACILITATION IN
PRACTICE
- THE CASE OF TURKEY -

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ISPAT

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



YOUR ONE-STOP-SHOP
IN TURKEY

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AGENDA

- **UNDERSTANDING THE INVESTOR'S MINDSET AND A MARKETING APPROACH TO INVESTOR SATISFACTION**
- **TURKEY'S STORY: A SUCCESSFUL TRANSITION TO ECONOMIC AND POLITICAL STABILITY AND A BETTER INVESTMENT ENVIRONMENT**
- **ISPAT AS TURKEY'S OFFICIAL IPA AND AN INSIGHT TO GOOD INVESTMENT FACILITATION AND INVESTOR SERVICING**

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**UNDERSTANDING THE
INVESTORS' MINDSET AND
A MARKETING APPROACH TO
INVESTOR SATISFACTION**



MARKETING APPROACH FOR INVESTOR SATISFACTION

The marketing concept holds that **the key to achieving organizational goals** consists of

- being more effective than competitors
- in integrating marketing activities
- toward determining and satisfying the needs and wants of target markets

** Philip Kotler (1997), Marketing Management, 9th Ed., Prentice Hall, New Jersey*



UNDERSTANDING INVESTORS' REQUIREMENTS

Understand Typical Key Location Factors for Types of Investment

Manufacturing	Office-based services	Research & Development
<ul style="list-style-type: none"> • Economic and political stability • Regulations on treatment of foreign-owned firms (and profits) • Market size Market growth • Presence of suppliers • Presence of competitors • Utilities supply (power, ICT, water) • Property availability • Transport infrastructure • Labor force skills and availability • Labor costs • Utility costs • Transport costs • Property costs • Scientific or intellectual infrastructure and intellectual property rights (for advanced manufacturing) • Import and export conditions, trade treaties (where relevant) • Business support 	<ul style="list-style-type: none"> • Economic and political stability • Regulations on treatment of foreign-owned firms (and profits) • Labor force skills and availability • Market size • Market growth • Presence of competitors • Utilities supply (power, ICT) • Property availability • Air connectivity • Labor costs • Property costs • Utility costs • Business support 	<ul style="list-style-type: none"> • Economic and political stability • Regulations on treatment of foreign owned firms (and profits) • Labor force skills and availability • Scientific or intellectual infrastructure and intellectual property rights • Market size • Market growth • Utilities supply (power, ICT, water) • Property availability • Air connectivity • Labor costs • Property costs • Utility costs • Business support



THE IMPORTANCE OF IPAs

According to a survey conducted by **World Bank**;

- While taking an investment decision, company managers less likely take into account countries which do not conduct any promotional activities.
- 65 % of the companies are working directly with the Investment Promotion Agency of the country concerned while selecting an area to invest.
- Only 8 % of the companies are not working with the Investment Promotion Agencies while selecting an area to invest.



**TURKEY'S STORY:
A SUCCESSFUL TRANSITION TO
ECONOMIC AND POLITICAL
STABILITY AND A BETTER
INVESTMENT ENVIRONMENT**

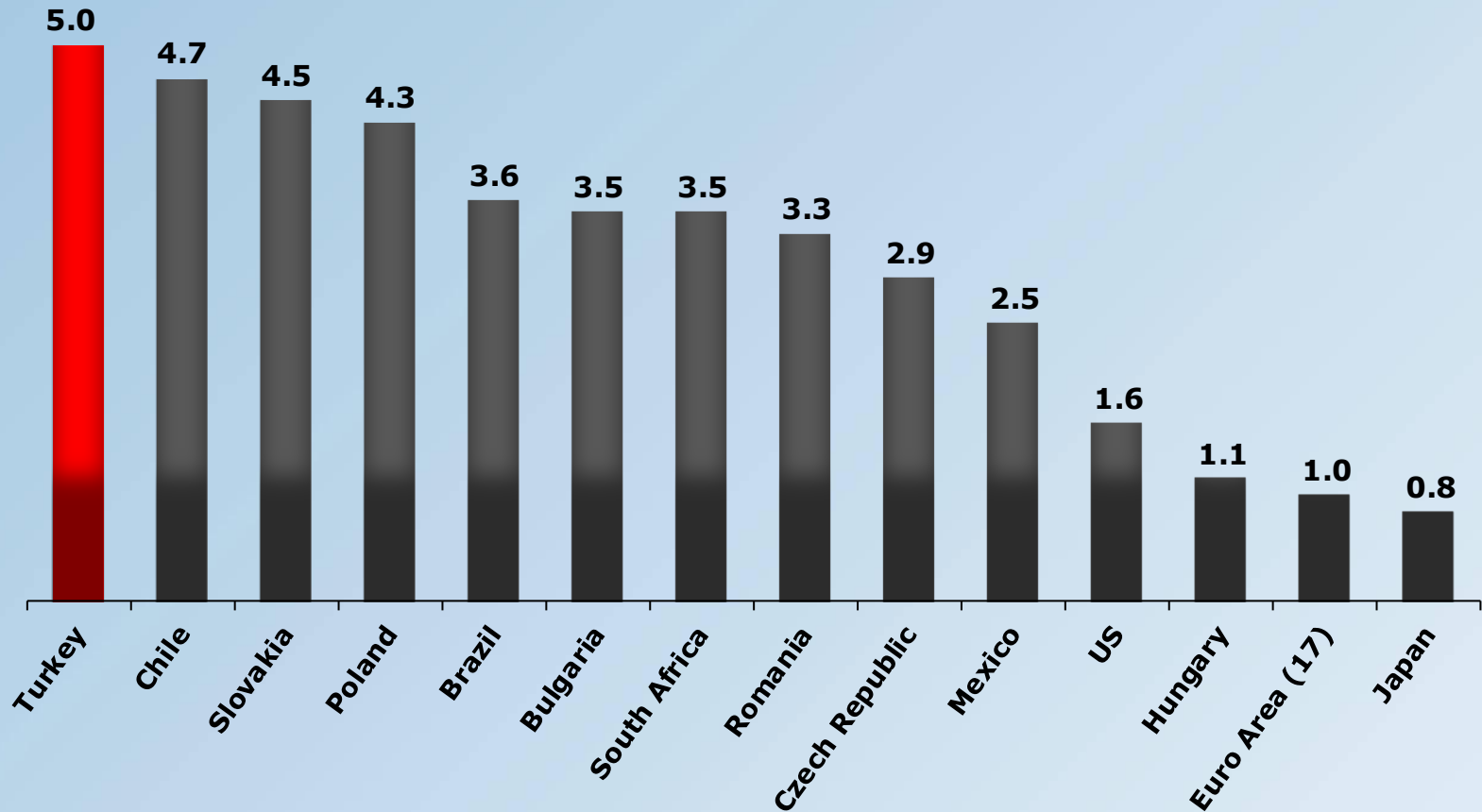


KEY ELEMENTS OF STRUCTURAL REFORM AGENDA

- Public Sector Reform
- Financial Sector Reform
- Social Security Reform
- Tax Reform
- Enhancing Private Sector's Role in the Economy
 - ✓ Opening the Key Markets to Competition, and Regulation by Independent Agencies
 - ✓ Improving the Investment Environment
 - ✓ Accelerated Privatization
 - ✓ New R&D and Innovation Support Law

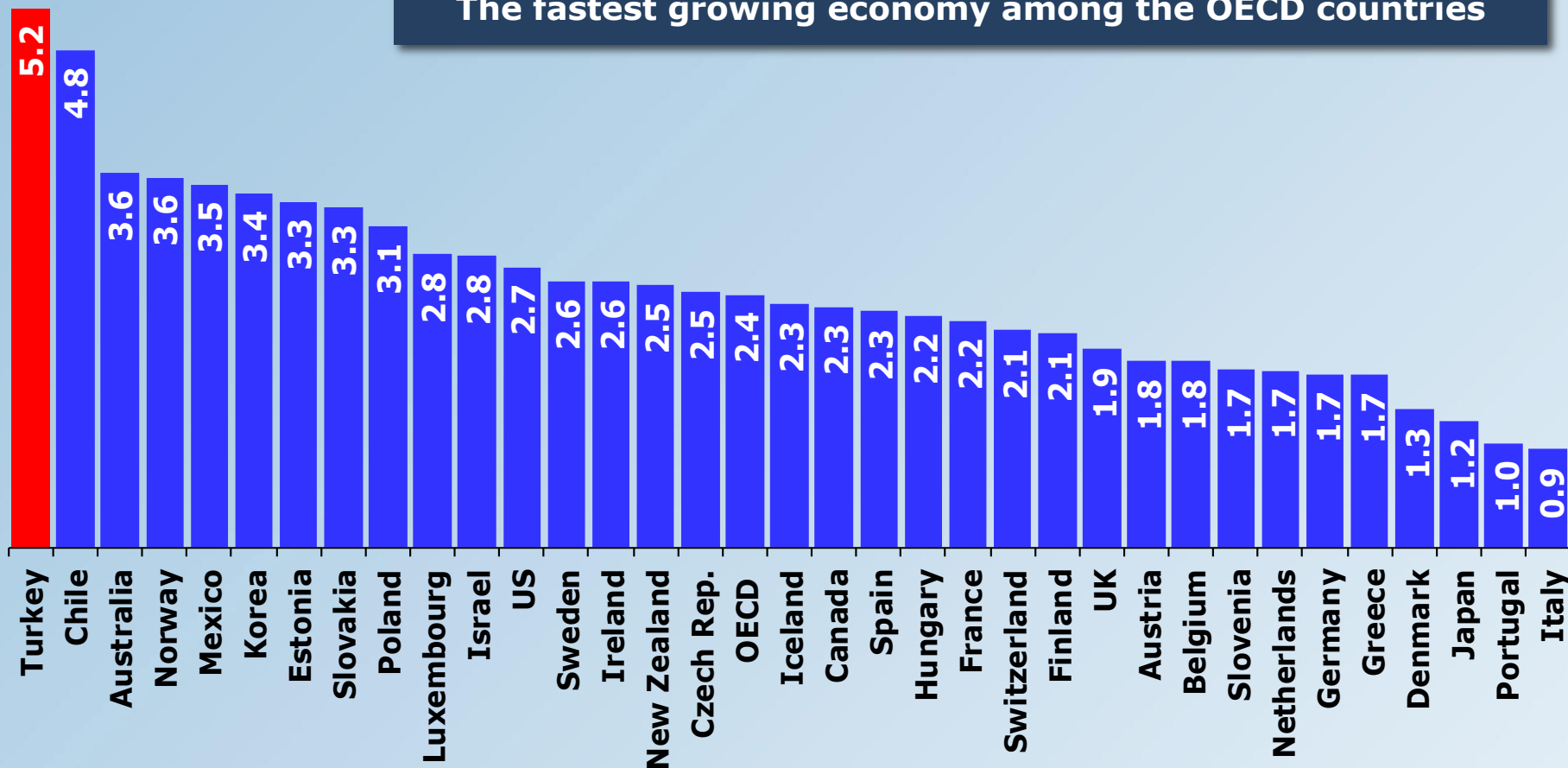
AVERAGE ANNUAL REAL GDP GROWTH (%)

2002-2012



AVERAGE ANNUAL REAL GDP GROWTH (%) FORECAST in OECD 2012-2017

The fastest growing economy among the OECD countries

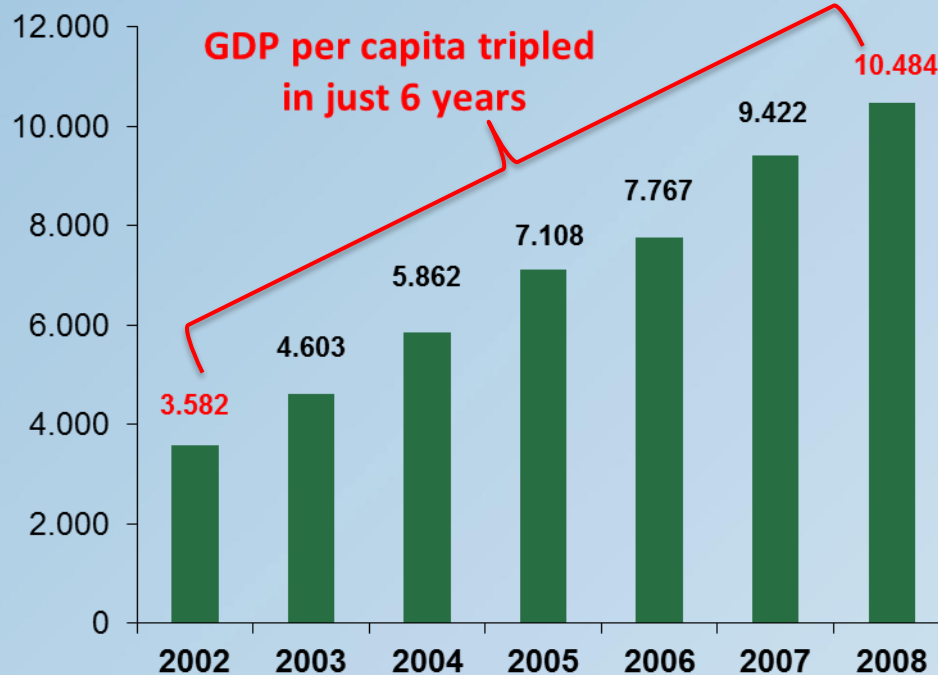


GROWTH PROJECTION BY GOLDMAN SACHS FOR 2050

Largest Economies in 2050 by GDP	
1	China
2	U.S.A.
3	India
4	Brasil
5	Russia
6	Indonesia
7	Mexico
8	U.K.
9	Turkey
10	Japan
11	France
12	Germany

POTENTIAL OF THE TURKISH ECONOMY

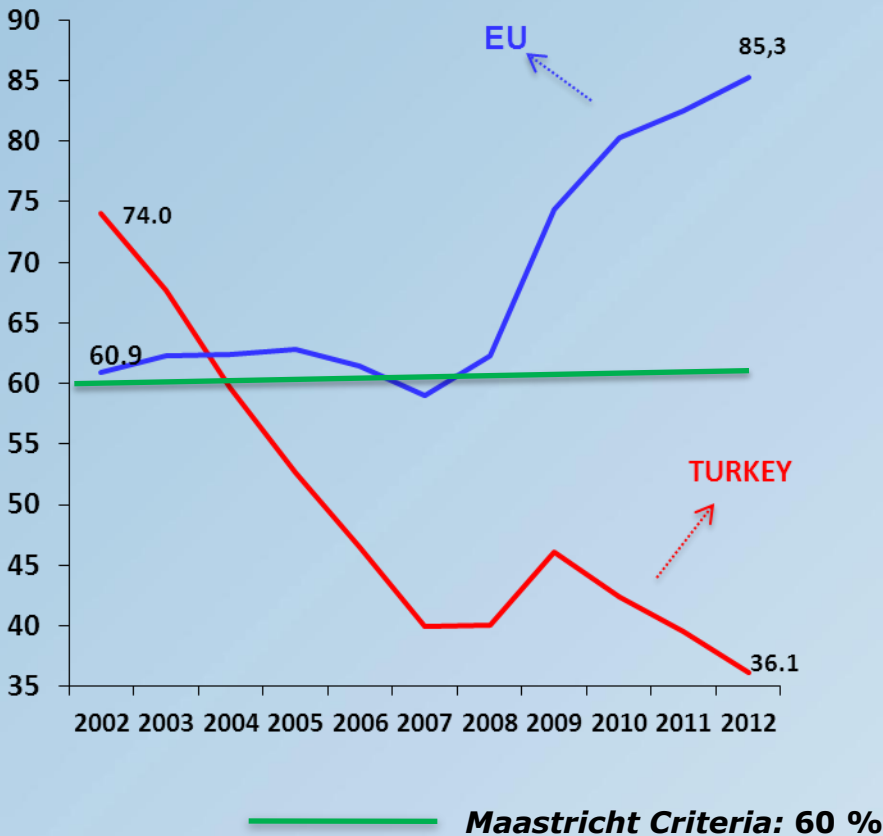
GDP Per Capita – Current Prices (US\$)



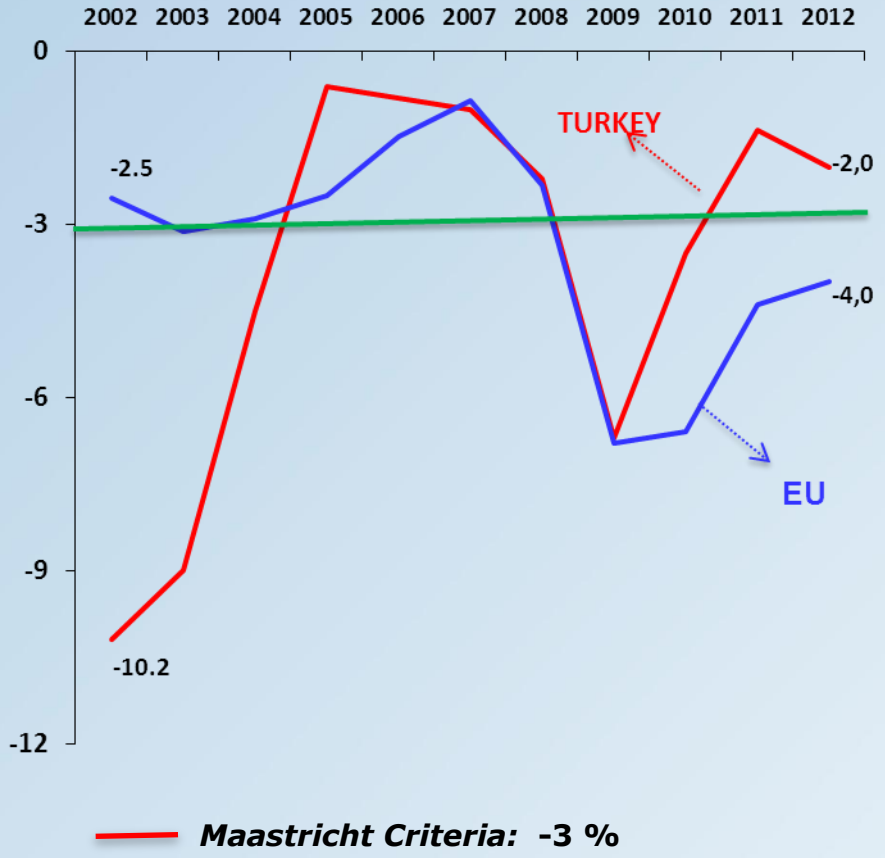
- **US** in **14** years
from \$3.400 to \$10.400 (1964-1978)
- **UK** in **11** years
from \$3.516 to \$10.091 (1974-1986)
- **Germany** in **7** years
from \$3.490 to \$10.710 (1972-1979)
- **Japan** in **7** years
from \$3.460 to \$10.490 (1973-1980)

FINANCIAL DISCIPLINE & STABILITY

EU Defined General Government Gross Debt Stock (% of GDP)



Central Government Budget Balance (% of GDP)



Source: Treasury, Eurostat, IMF

Source: Ministry of Finance, Eurostat

INCREASING CONFIDENCE IN THE TURKISH ECONOMY

Investment Grade by Moody's in May 2013

Investment Grade by Fitch in Nov 2012

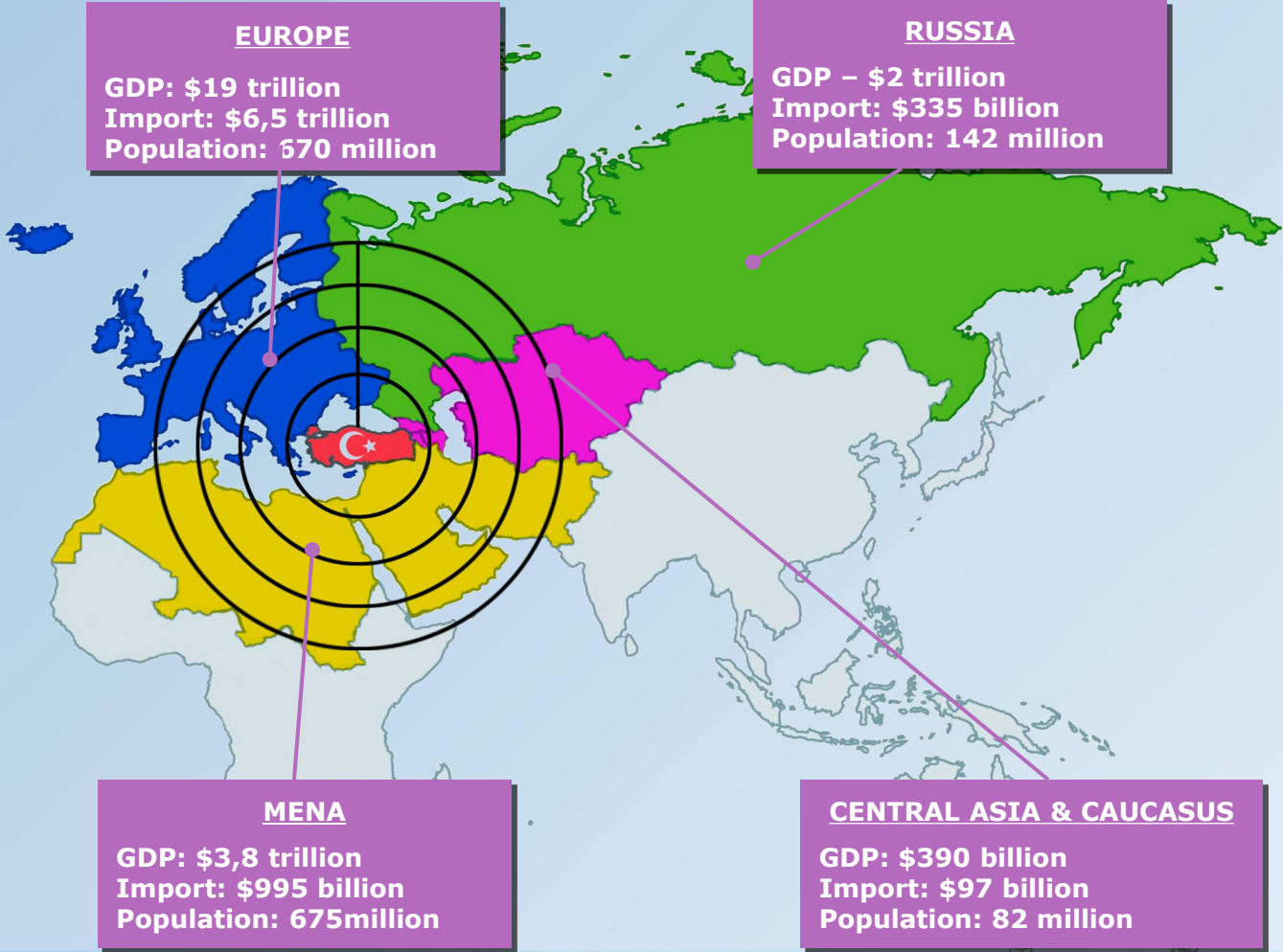
Investment Grade by JCR in May 2013

Turkey's Sovereign Credit Ratings															
S&P				Moody's				Fitch				JCR			
Scale	Jan 2010	Feb 2010	Mar 2013	Scale	Dec 2009	Jan 2010	May 2013	Scale	Dec 2009	Jan 2010	Nov 2012	Scale	Jan 2010	Feb 2010	May 2013
A				A2				A				AAA+			
A-				A3				A-				AAA			
BBB+				Baa1				BBB+				AAA-			
BBB				Baa2				BBB				A+			
BBB-				Baa3				BBB-				A			
BB+			Turkey	Ba1		Turkey	Turkey	BB+		Turkey	Turkey	A-			
BB		Turkey		Ba2				BB				BBB+			
BB-	Turkey			Ba3	Turkey			BB-	Turkey			BBB			
B+				B1				B+				BBB-			Turkey
B				B2				B				BB+		Turkey	
B-				B3				B-				BB			
CCC+				Caa1				CCC+				BB-	Turkey		
CCC				Caa2				CCC				B+			
CCC-				Caa3				CCC-				B			
SD				Ca				DDD				B-			
								D				CCC			
												CC			
												C			
												D			

Source: Respective rating agencies

ACCESS TO MULTIPLE MARKETS











1,5 billion people; \$25 trillion GDP; \$8 trillion trade



Source: IMF World Economic Outlook and WTO; GDP, Imports and population figures as of 2012

BUSINESS CAPITAL FOR REGIONAL HQS

MULTINATIONAL COMPANIES (MNCS)

	MNCs	Number of Countries Managed from Turkey
	Coca Cola	94
	GE Healthcare	80
	Microsoft	80
	Intel	67
	Unilever	36
	Verifone	30
	GlaxoSmithKline	30
	BSH	30
	Schneider Electric	27
	Alstom	26
	Ericsson	22
	Cargill	20
	Pfizer	20
	Volvo	18
	BASF	18
	PepsiCo	14

-The best airline in Europe (Skytrax 2011 and 2012)

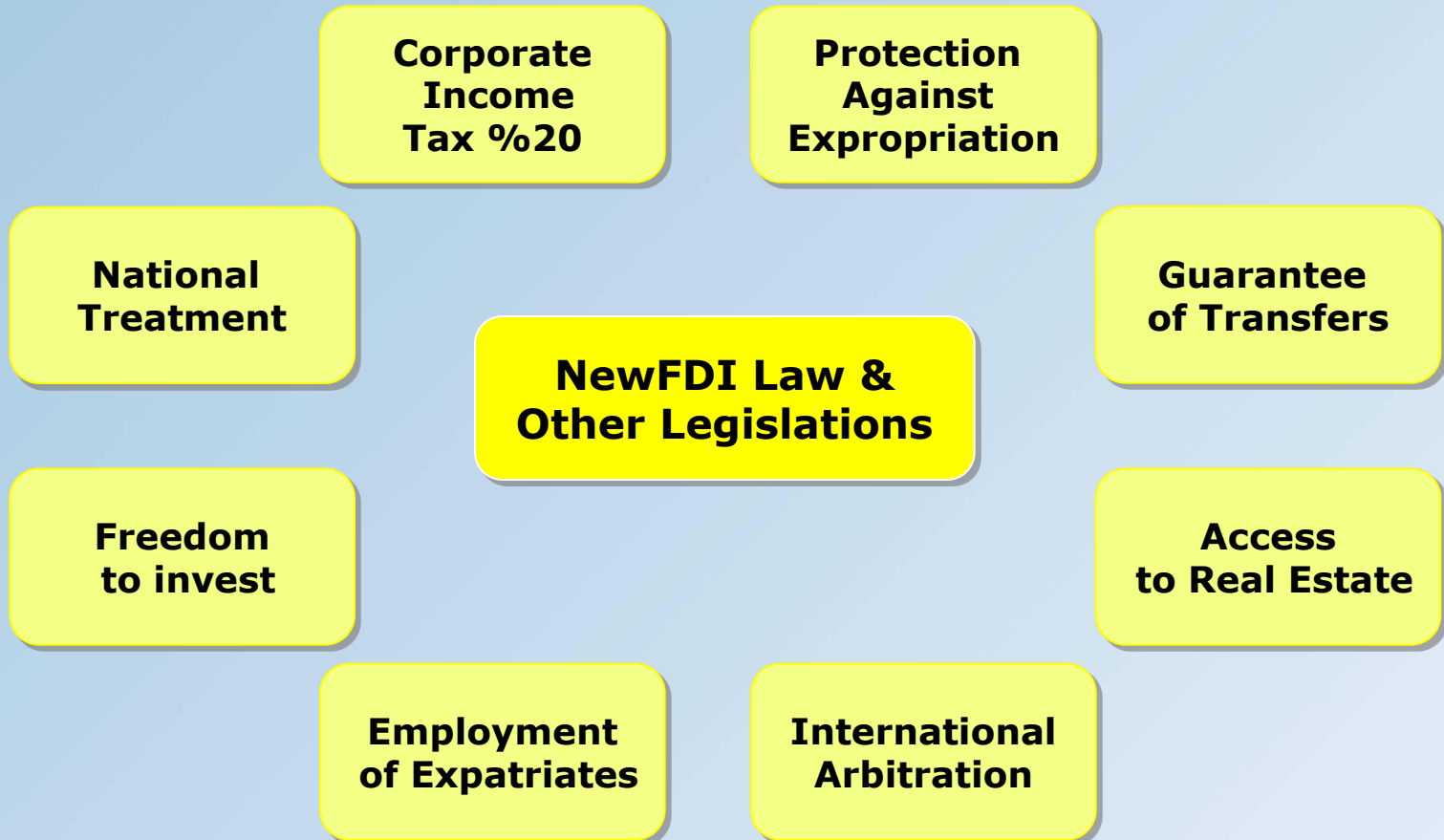


- 131 million airline passengers in Turkey (2012)

- Istanbul Ataturk Airport is the best airport in Southern Europe (Skytrax 2010)

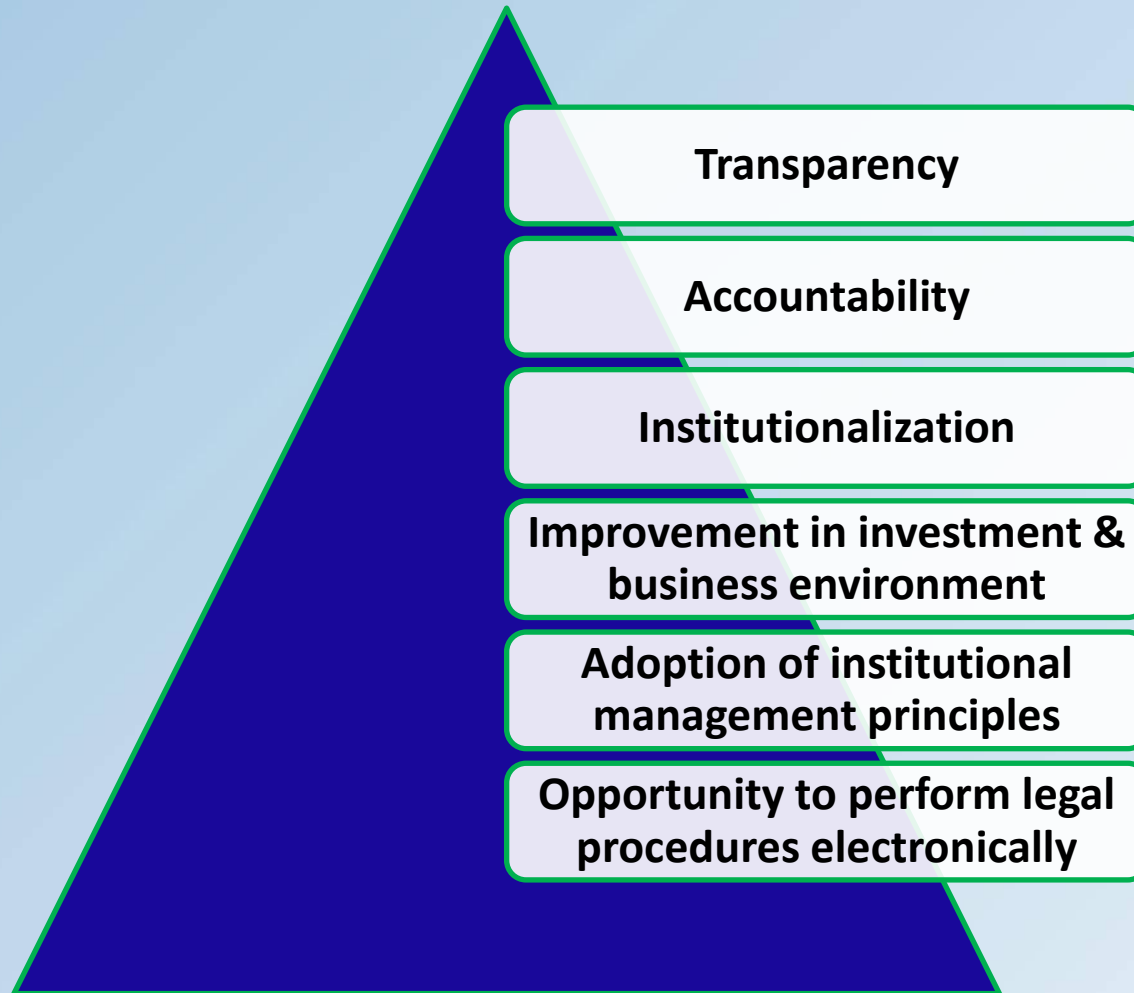
INVESTMENT ENVIRONMENT REFORMS

Legal Amendments has been made for reducing administrative and bureaucratic barriers



NEW TURKISH COMMERCIAL CODE

effective as of July 2012



REAL ESTATE ACQUISITION BY FOREIGNERS

BEFORE	AFTER
<ul style="list-style-type: none">• Reciprocity principle	<ul style="list-style-type: none">• Cancelation of Reciprocity principle• Nationals of countries specified by the Ministerial Cabinet may acquire immovable and limited right in rem.
<ul style="list-style-type: none">• Max size of immovable properties that could be acquired : 2.5 hectares.	<ul style="list-style-type: none">• Max size of immovable properties that can be acquired: 30 hectares.
<ul style="list-style-type: none">• Foreign real persons and legal entity commercial companies may purchase lands from the planned areas (Such as from residential or business zones).	<ul style="list-style-type: none">• Foreign real persons and legal entity commercial companies may purchase lands and areas, whether they are in the planned or unplanned area and classified as agricultural lands or not.• Plans must be prepared in two years time



STRUCTURAL REFORMS: YIELDING RESULTS & INCREASING COMPETITIVENESS

Global Competitiveness Index			
Year	Number of Countries	Turkey's Rank	Turkey's Rank (Percentile)
2004	104	66	63,5
2005	117	66	56,4
2006	125	59	47,2
2007	131	54	41,2
2008	134	63	47,0
2009	133	61	45,9
2010	139	61	43,9
2011	142	59	41,5
2012	144	43	29,8

REGIONAL INCENTIVE MAP



NEW INCENTIVE SCHEME

NEW INCENTIVE SYSTEM

1. General Incentives

- ✓ VAT Exemption
- ✓ Custom Duty Exemption

2. Regional Incentives

- ✓ VAT Exemption
- ✓ Custom Duty Exemption
- ✓ Tax Deduction
- ✓ Employer's share for insurance premium payment
- ✓ Land provision
- ✓ Interest Support (except 1st and 2nd regions)

3. Incentives for large-scale Investments

- ✓ VAT Exemption
- ✓ Custom Duty Exemption
- ✓ Tax Deduction
- ✓ Employer's share for insurance premium payment
- ✓ Land provision

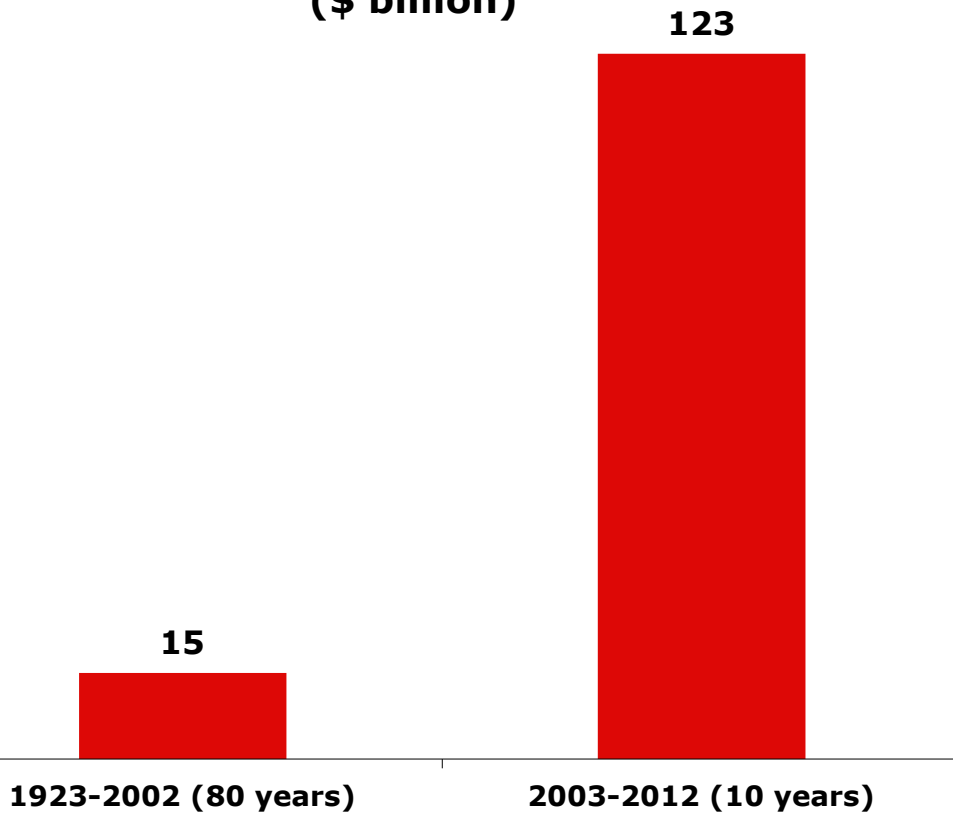
4. Incentives for Strategic Investments

- ✓ VAT Exemption
- ✓ Custom Duty Exemption
- ✓ Tax Deduction
- ✓ Employer's share for insurance premium payment
- ✓ Land provision
- ✓ Interest Support
- ✓ VAT Refund

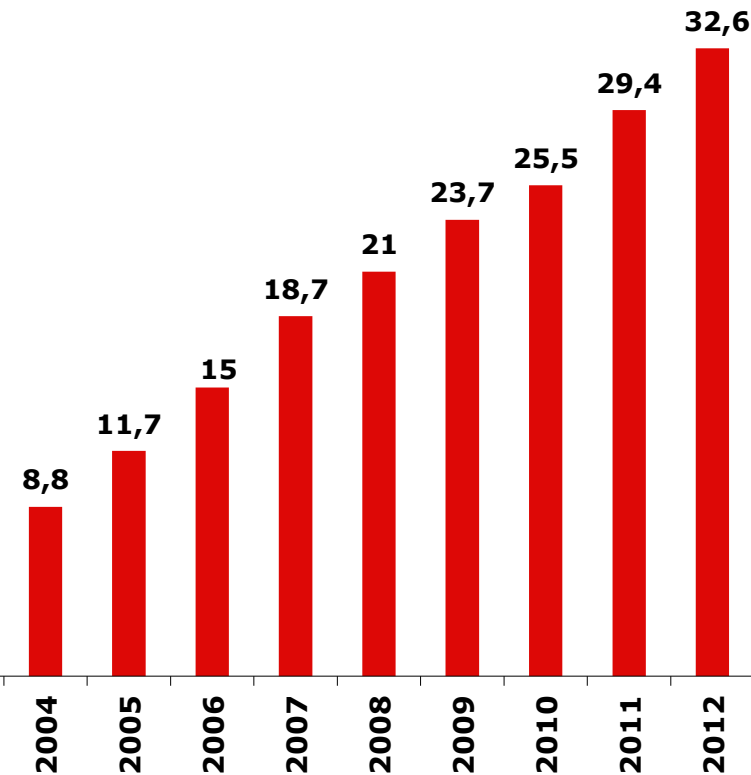
In the 6th Region; income withholding tax and employee's share for insurance premium payment

Soaring FDI Inflows

**FDI Inflows
(\$ billion)**

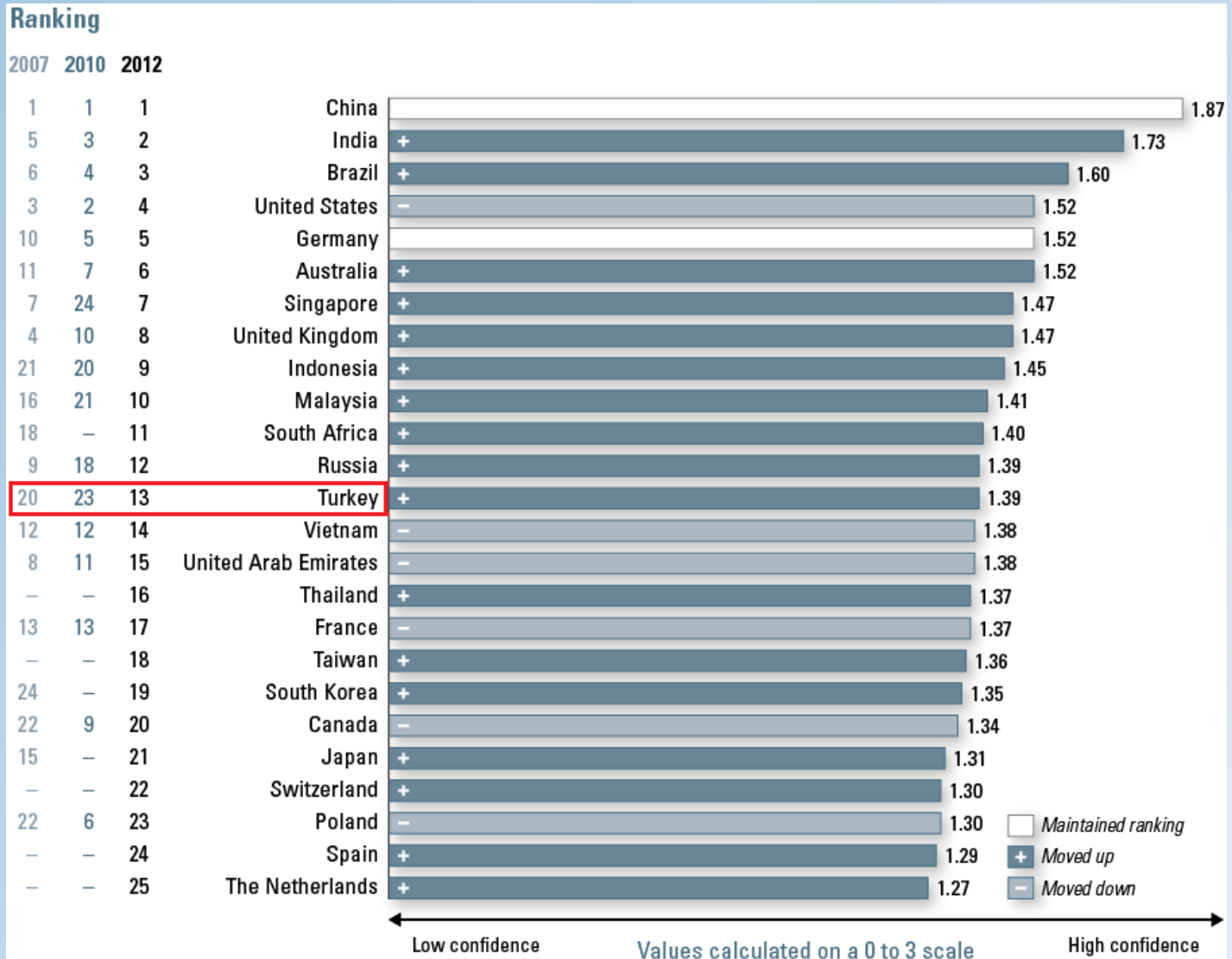


Number of Companies with Foreign Capital



FDI in TURKEY

Increasing Confidence in the Turkish Economy



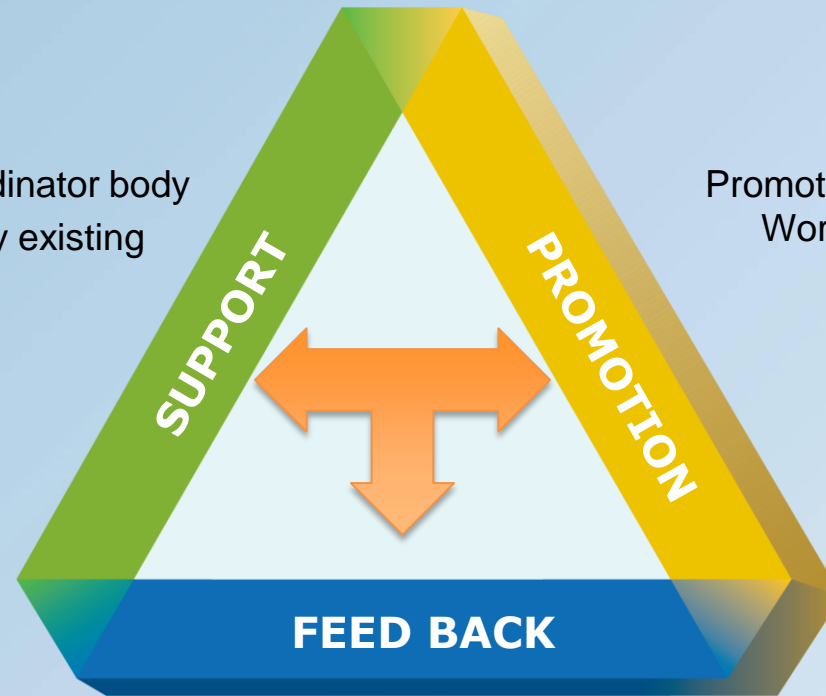
**ISPAT AS TURKEY'S OFFICIAL
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ISPAT – THE AGENCY

COMPREHENSIVE APPROACH

Support as coordinator body
to new or already existing

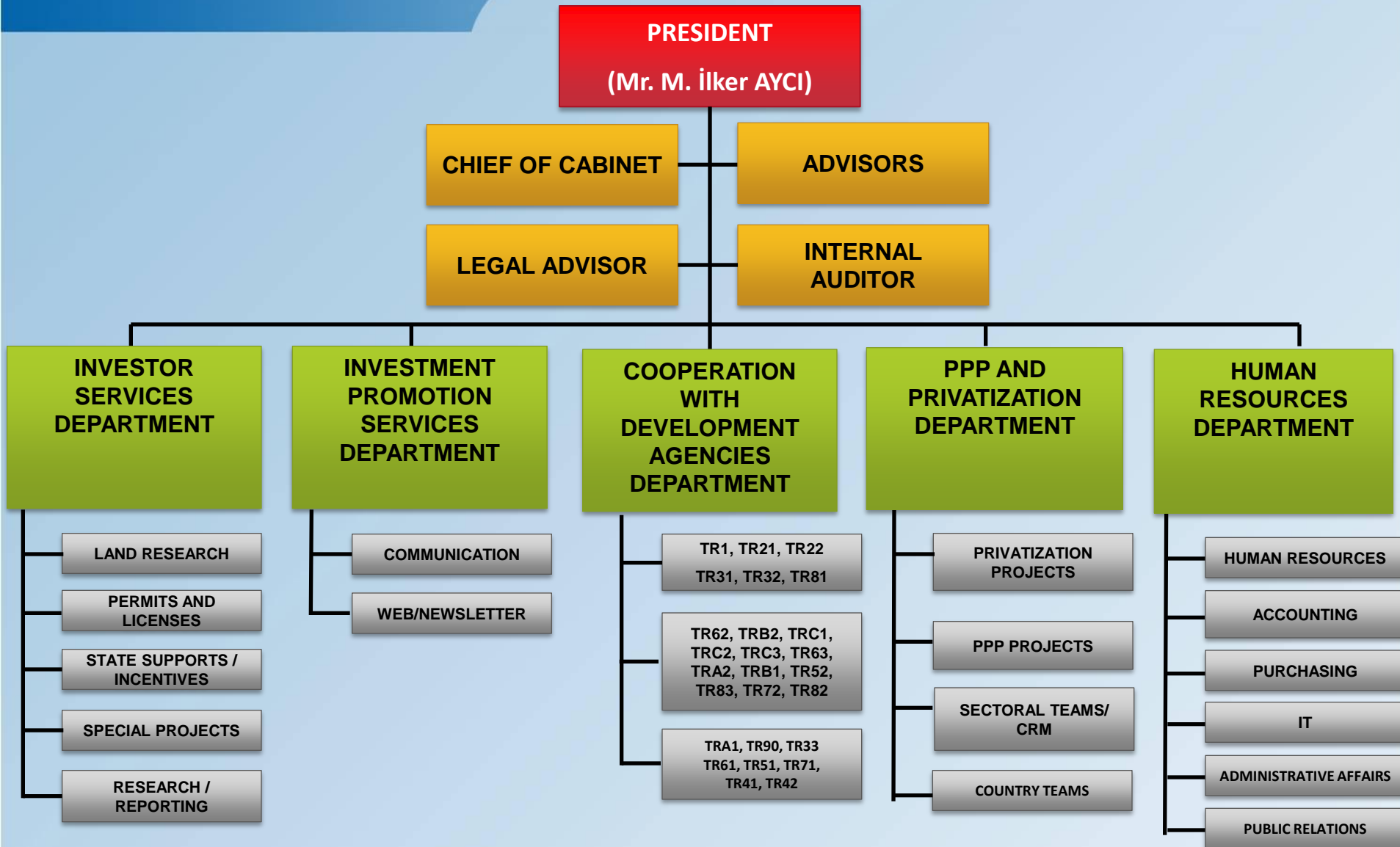


Promotion activities all around the
World regarding the Investment
Climate in Turkey

Reporting systematic problems on Ministerial level
Coordinating macro investment projects
Contributing to Improvement of Investment Environment Activities



ISPAT – THE AGENCY ORGANIZATION CHART



ISPAT – THE AGENCY

THE INTERNATIONAL NETWORK

18 Representatives

13 Countries



*To be located

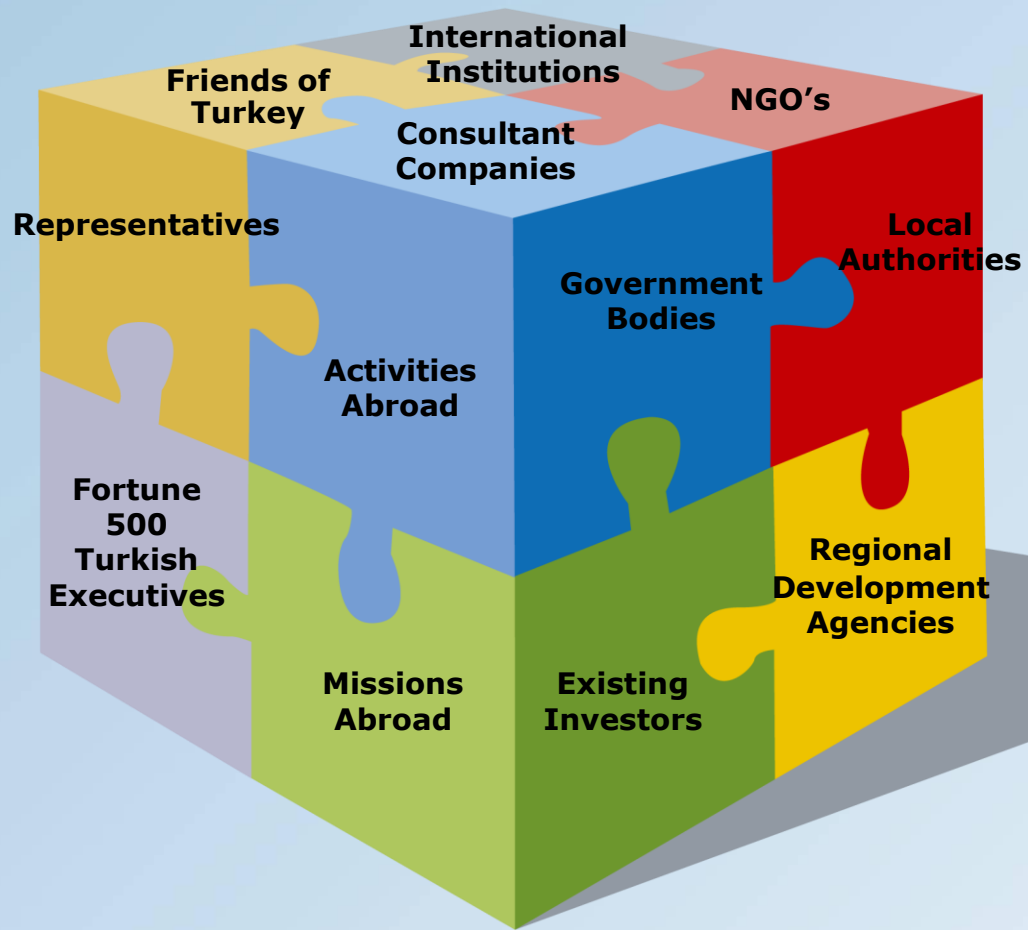
**Also Estonia and CIS countries

International representatives network worldwide and strategic partners in Turkey (Embassies, Consulates, Commercial Attaches, NGO's etc)

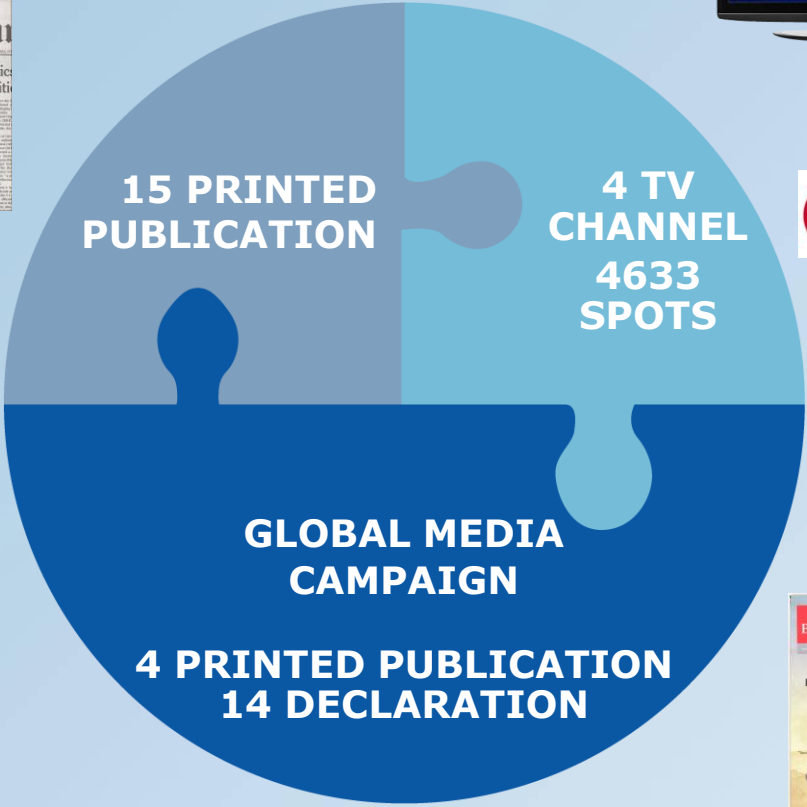


ISPAT – THE AGENCY

STRATEGIC STAKEHOLDERS



ISPAT – IMAGE BUILDING AND PROMOTION ACTIVITIES INTERNATIONAL ADVERTISING CAMPAIGN



ISPAT – IMAGE BUILDING AND PROMOTION ACTIVITIES

PRESENTATIONS TO THE COMPANIES



ISPAT – IMAGE BUILDING AND PROMOTION ACTIVITIES

PARTICIPATION TO THE OFFICIAL MISSIONS AND PRESENTATIONS



THE COORDINATION COUNCIL FOR THE IMPROVEMENT OF THE INVESTMENT ENVIRONMENT (YOIKK)

- A key structure for reforming the investment climate
- Creating public-private platform in international area
- Generate solution to the bureaucratic obstacles



5th Kızılcahamam Investment Conference

Fifth Kızılcahamam Investment Conference was conducted on March 5, 2011.



INVESTMENT ADVISORY COUNCIL OF TURKEY



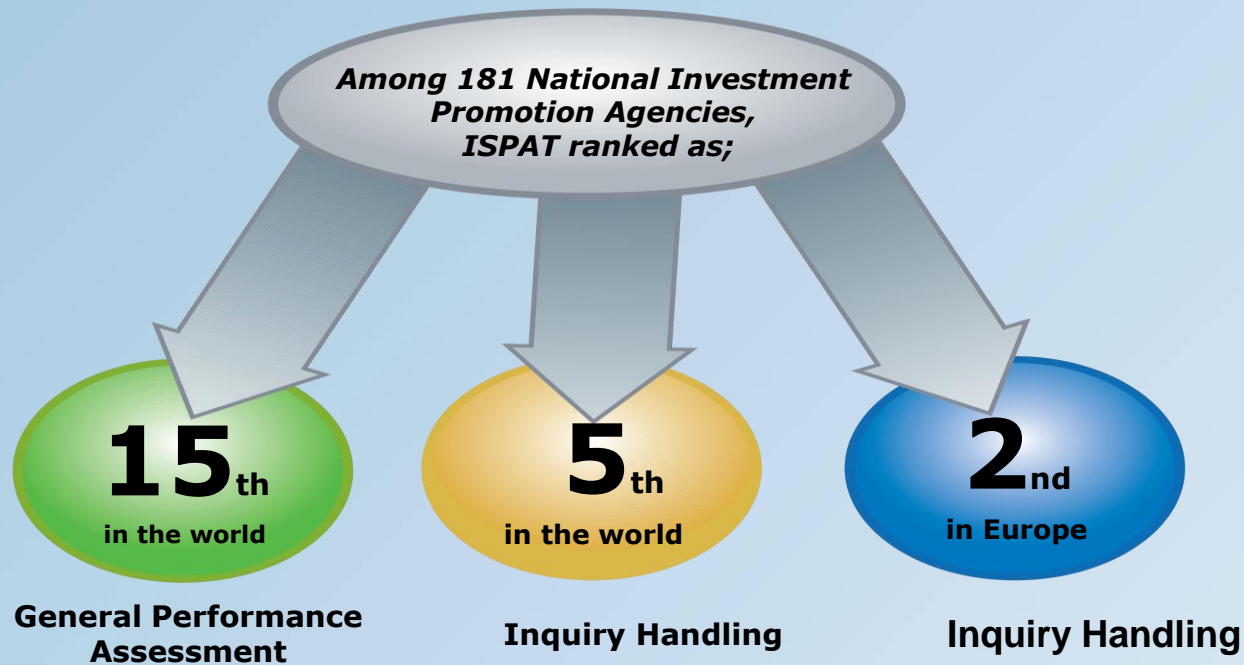
ISPAT - INVESTMENT FACILITATION AND INVESTORS SERVICING WEB PORTAL – ANOTHER IMPORTANT TOOL

According to the “**Global Investment Promotion Best Practices 2012 Report**” of World Bank; www.invest.gov.tr has been ranked as the “**7th best IPA Web Portal**” in the World

The screenshot shows the homepage of the Invest in Turkey website. The browser address bar displays www.invest.gov.tr/en-US/Pages/Home.aspx. The page features a red header with the "INVEST IN TURKEY" logo, a language dropdown set to "EN English", a search bar, and a Turkish flag. Below the header is a navigation menu with tabs for "Turkey at a Glance", "Investment Guide", "Sectors", "Benchmark Turkey", "Interactive Map", "Success Stories", and "Info Center". The main content area includes a large image of a city at night with the text "International trade hub" and a pagination bar. Below this are four featured sections: "Benchmark Turkey" (with a line graph icon), "Investment Process Wizard" (with a star icon), "Message from the President" (with a podium icon), and "News from Turkey" (with a newspaper icon). The news section lists two items: "13.6.2012 Istanbul ranks 5th in MasterCard global tourist survey" and "12.6.2012 GE to invest USD 900 million in Turkey". A red circular logo with a star and crescent is visible in the bottom right corner.

ISPAT – THE AGENCY SUCCESS VERIFIED!

World Bank's Global Investment Promotion Benchmarking Report 2009



According to the World Bank, in 2012

Turkey ranked as **13th** in the world regarding General Performance Assessment, **7th** best website in 12 Languages



Thank you...

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