REPUBLIC OF TURKEY
MINISTRY OF TRADE

ECONOMIC OUTLOOK
August 2020

Last Updated: 3 September 2020

Note: Data, views and assessments in the presentation do not include any commitment to any person, institution or organization and for informational purposes only.

A- MACROECONOMIC DEVELOPMENTS

Main Economic Indicators

	2000	2010	2015	2016	2017	2018	2019
GDP Growth, 2009 Prices, %	6,9	8,4	6,1	3,3	7,5	3,0	0,9
GDP, at Current Prices, Billion TL	171	1.168	2.351	2.627	3.134	3.758	4.320
GDP, at Current Prices, Billion $	273	777	867	869	859	797	761
Population, Thousand People, Mid-Year	64.269	73.142	78.218	79.278	80.313	81.407	82.579
GDP Per Person, at Current Prices, $	4.249	10.629	11.085	10.964	10.696	9.792	9.213
Export (STS*, F.O.B.), Billion $	27.775	113.883	143.839	142.530	156.993	167.921	171.481
Export (STS*)/GDP,%	10,2	14,7	16,6	16,4	18,3	21,1	22,5
Import (STS*, C.I.F.), Billion $	54.503	185.544	207.234	198.618	233.800	223.047	202.703
Import(STS*)/GDP, %	20,0	23,9	23,9	22,9	27,2	28,0	26,6
Export/Import Ratio (%, STS*)	51,0	61,4	69,4	71,8	67,1	75,3	84,6
Travel Income, Billion $	7,6	22,6	26,6	18,7	22,5	25,2	29,8
Foreign Direct Investment, Billion $	1,0	9,1	19,3	13,9	11,1	13,0	8,6
Current Account Balance/GDP, %	-3,6	-5,7	-3,2	-3,1	-4,7	-2,6	1,2
Labour Force Participation Rate, %		46,5	51,3	52,0	52,8	53,2	53,0
Unemployment Rate, %		11,1	10,3	10,9	10,9	11,0	13,7
Employment Rate, %		41,3	46,0	46,3	47,1	47,4	45,7
CPI (2003=100), Annual Average, % Increases		8,6	7,7	7,8	11,1	16,3	15,2

Source: TURKSTAT, CBRT

**STS: Special Trade System*

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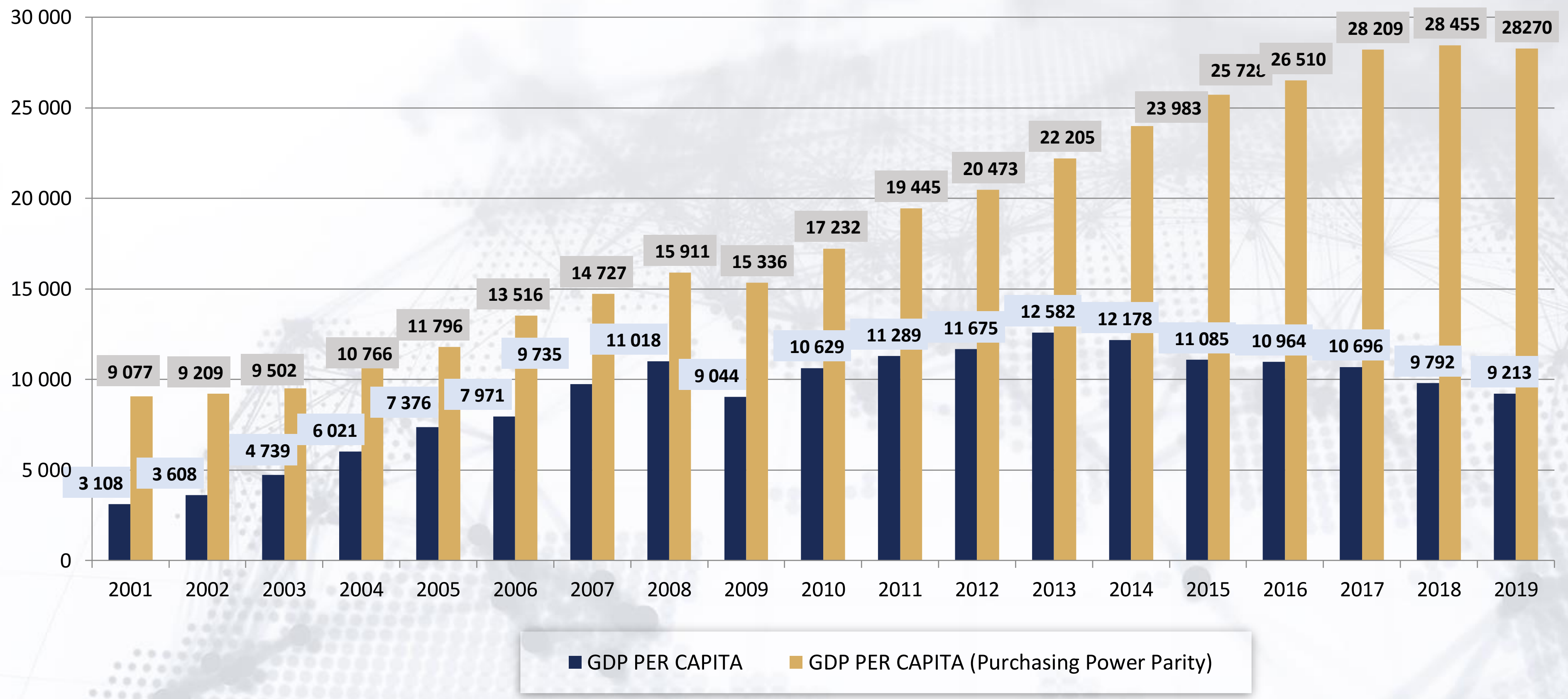
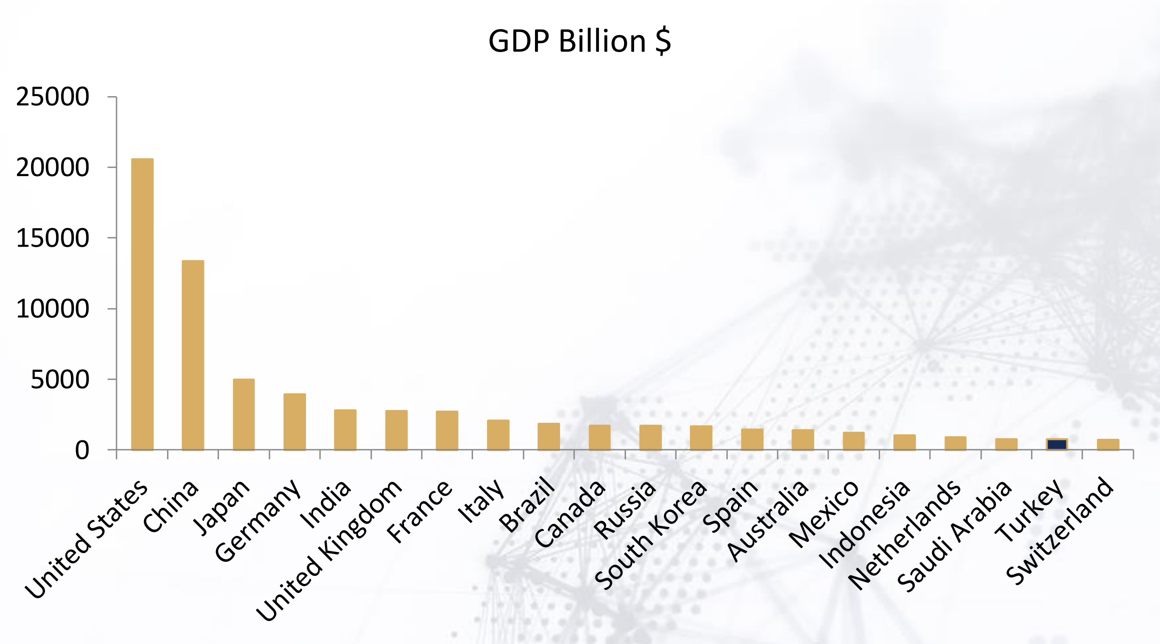
GDP Per Capita, US Dollars

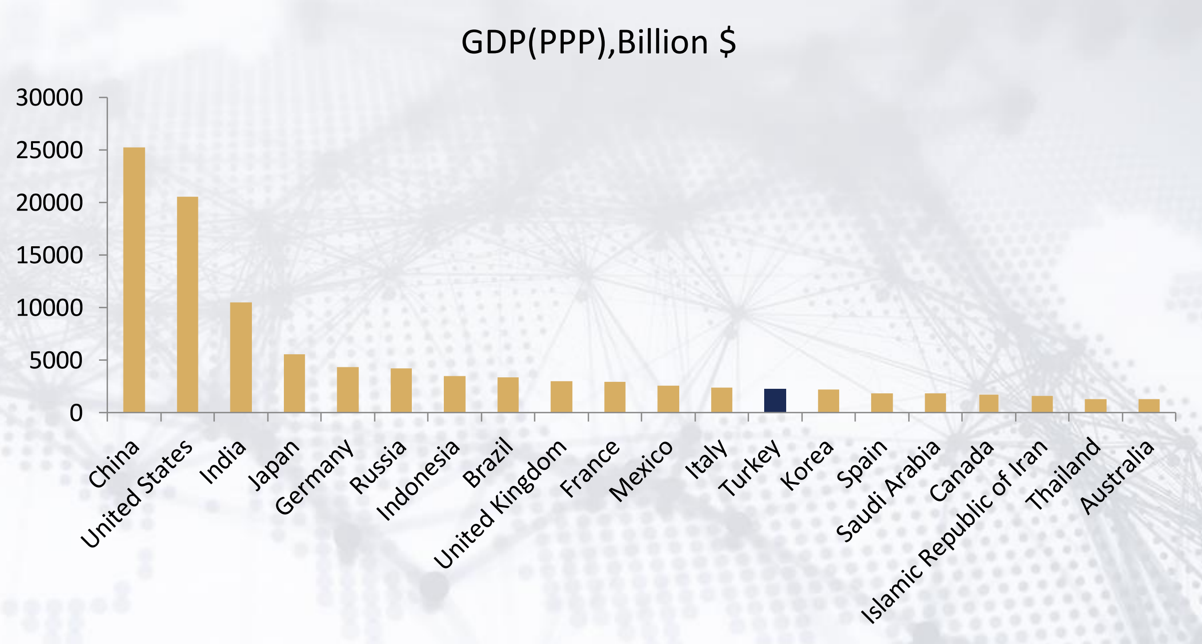


- Since 2002, GDP per capita has increased from 3,608 USD to 9,213 USD in 2019.
- In Purchasing Power Parity (PPP) terms, GDP per capita exceeded 28,270 USD in 2019.

Top 20 Economies (Current and Purchasing Power Parity (PPP))



Source: TURKSTAT, IMF



Source: IMF

➢**In 2019, according to current GDP figures, Turkey ranks as the 19th largest economy in the World and 7th in Europe.**

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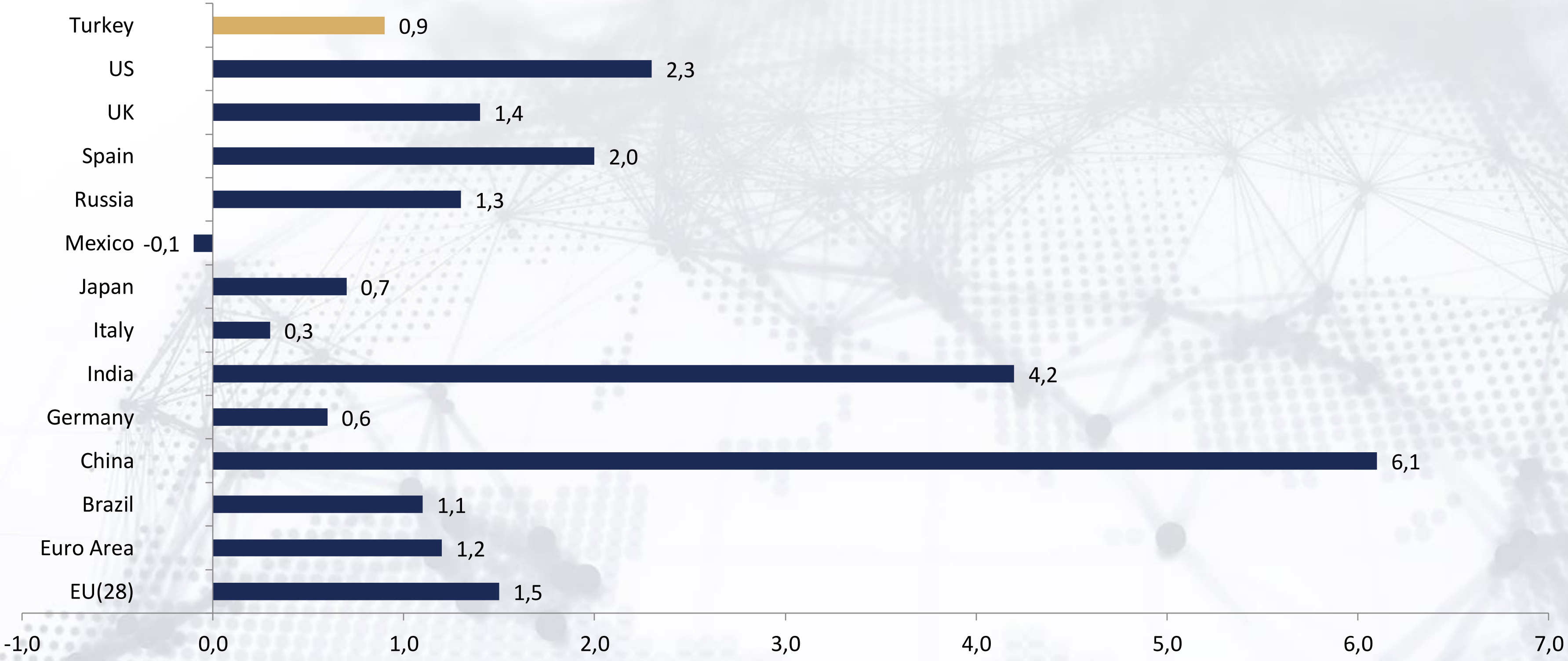
Real GDP Growth of Selected Countries/Country Groups (2019)



Source: TURKSTAT, IMF

➢ **Turkish economy expanded by 0.9% in 2019.**

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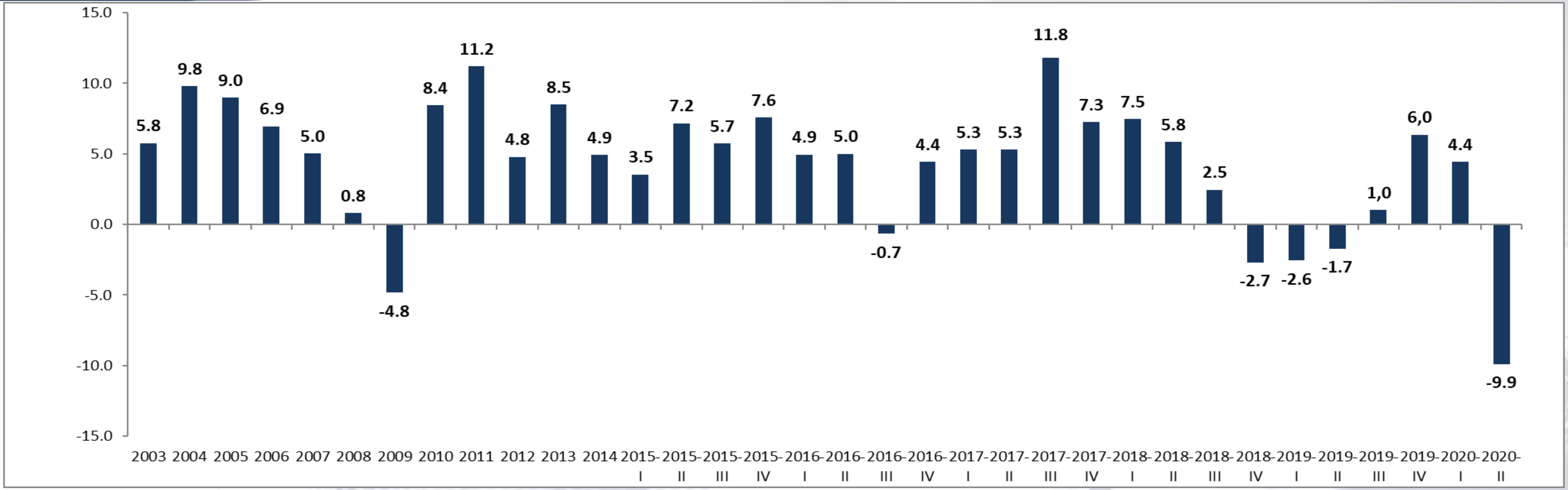
GDP Growth Rates (2003-2019)



Annual Increases

Source: TURKSTAT

- **GDP growth rate of the 2st quarter of 2020 is -9.9%.**
- **During 2003-2019 period, average annual growth rate in Turkey realized as 5.3%.**

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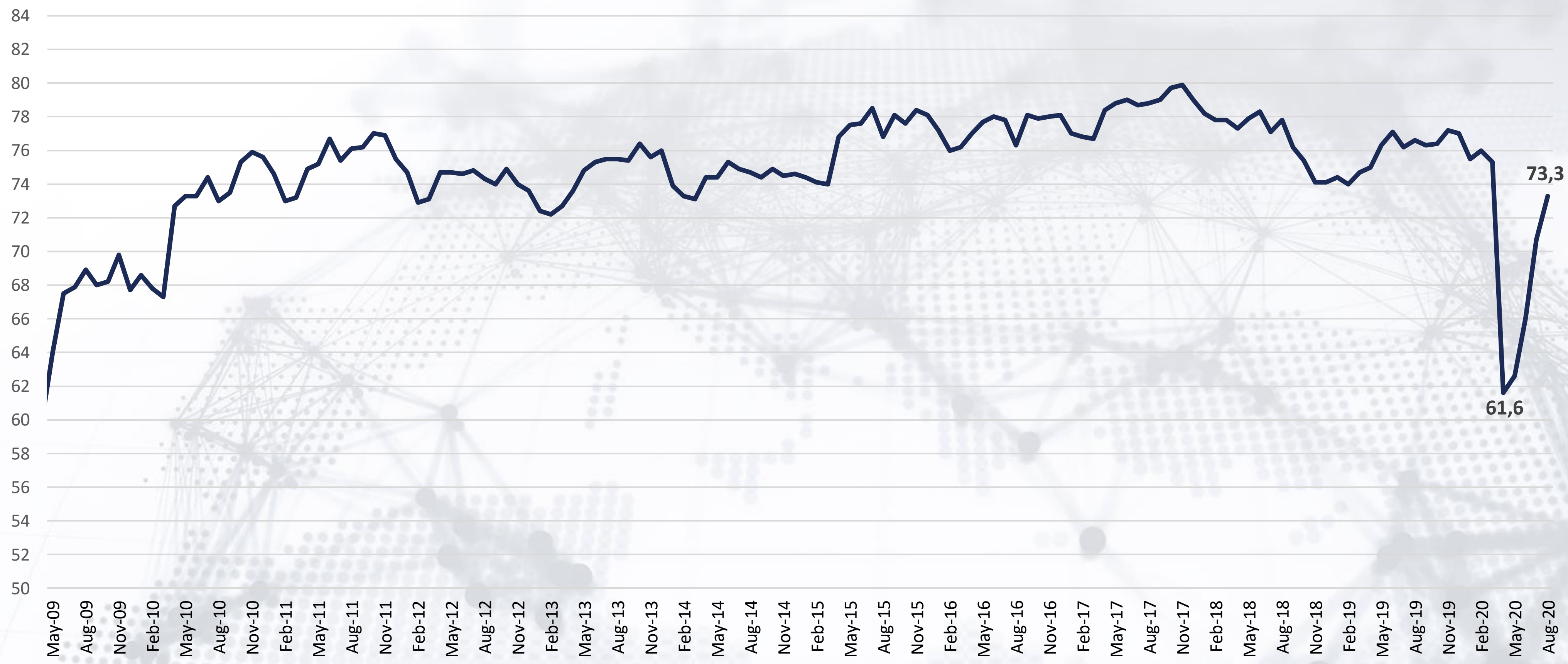
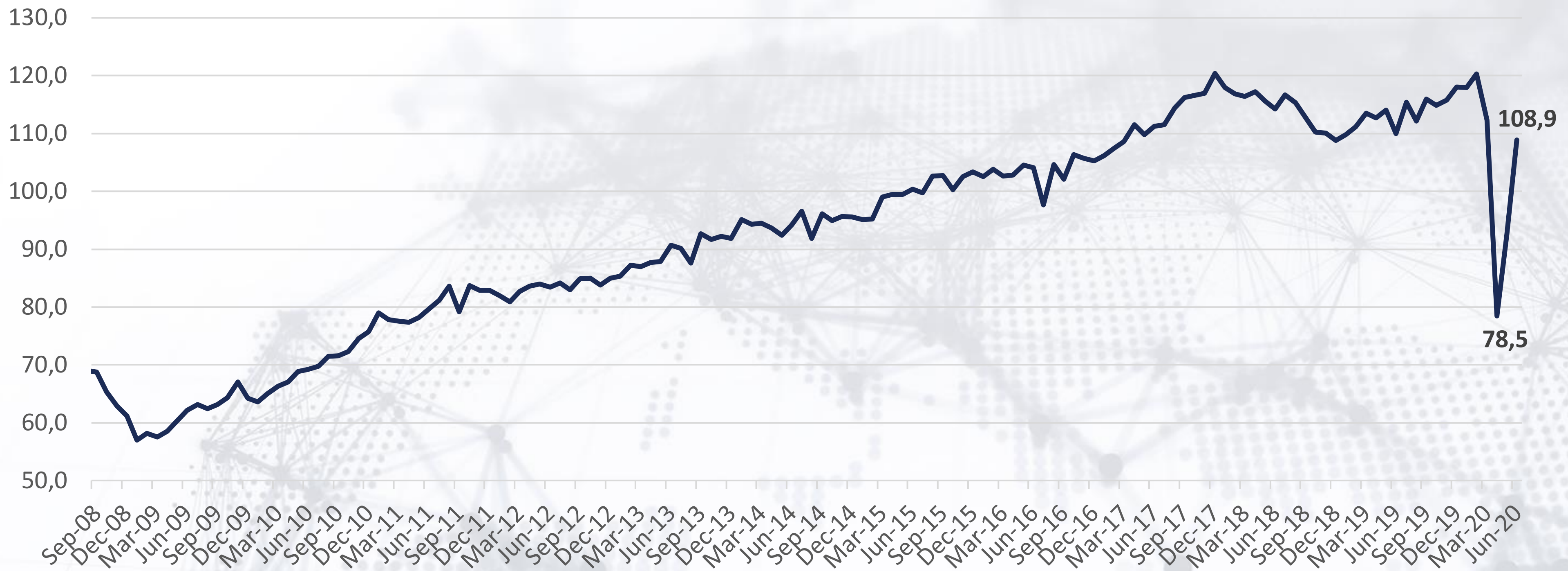
Capacity Utilization Rate in Manufacturing Industry (%)



Source: CBRT

- **Capacity utilization rate in August 2020 decreased by 3.3 percentage points compared to same month of the previous year.**

Industrial Production Index (2015=100)



Source: TURKSTAT

➢ **In June 2020, seasonally and calendar adjusted industrial production index increased by 17.7% in compared to May 2020.**

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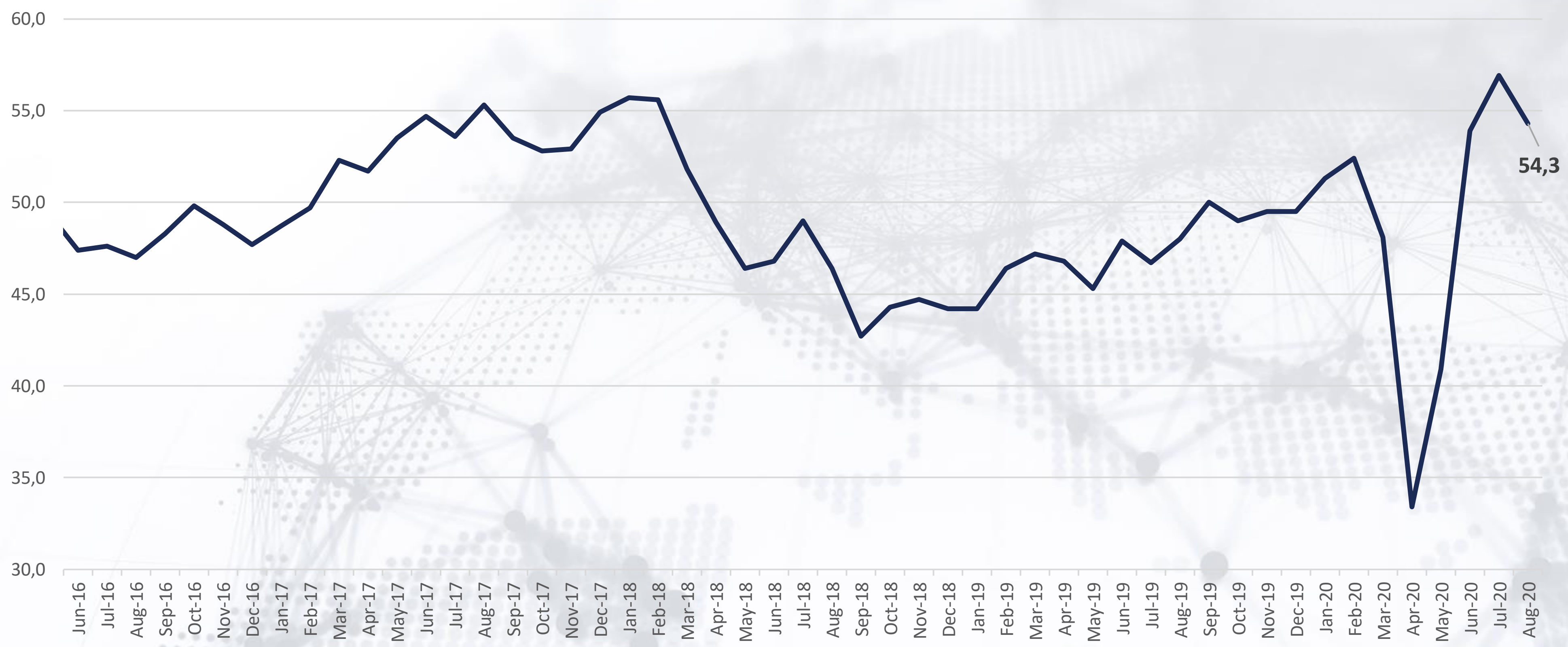
Purchasing Managers' Index (PMI)

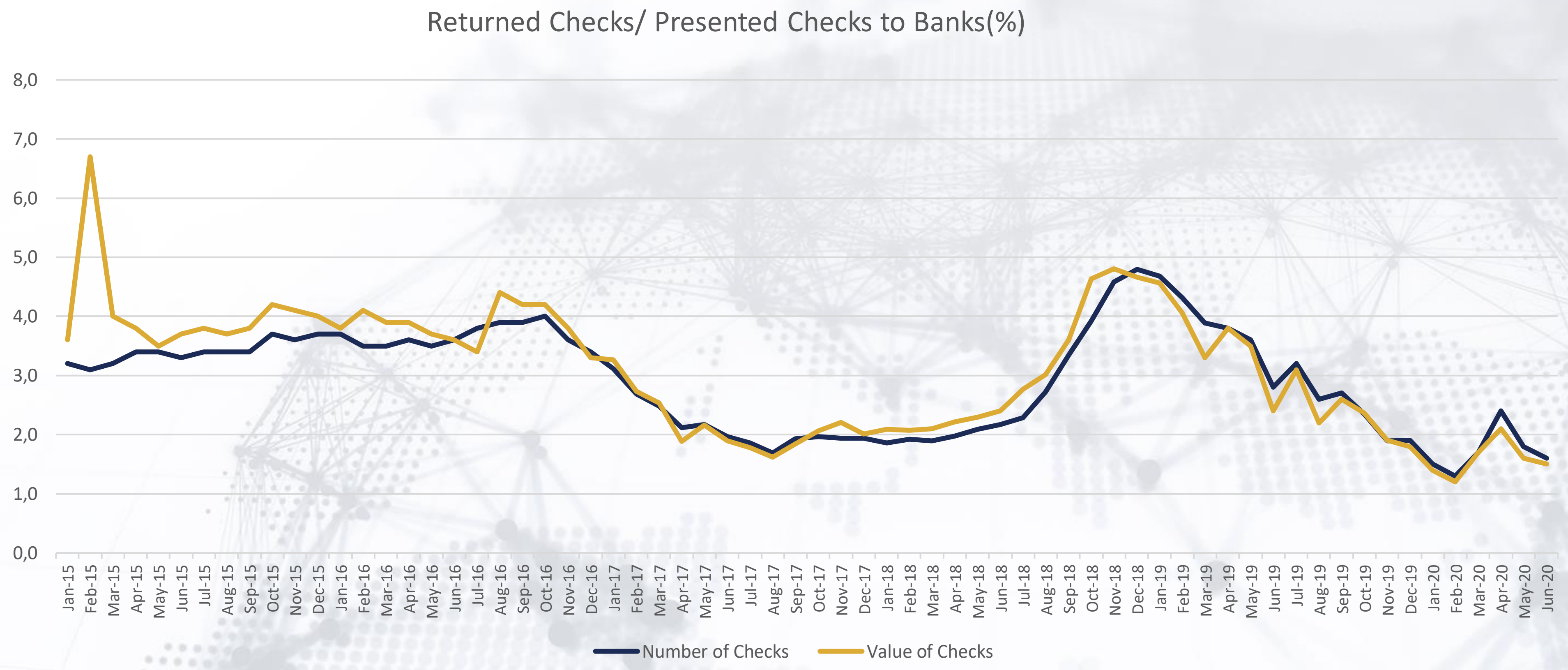


Source: Markit Economics

➢ **In August 2020, the PMI was realized as 54.3.**

Note: The index measured above 50 indicates an increase, the index measured below 50 indicates a decline.

Bounced Checks



Source: The Banks Association of Turkey

- **In June 2020, the ratio of the number of bounced checks in total submitted to banks and the ratio of value of bounced checks in total decreased.**

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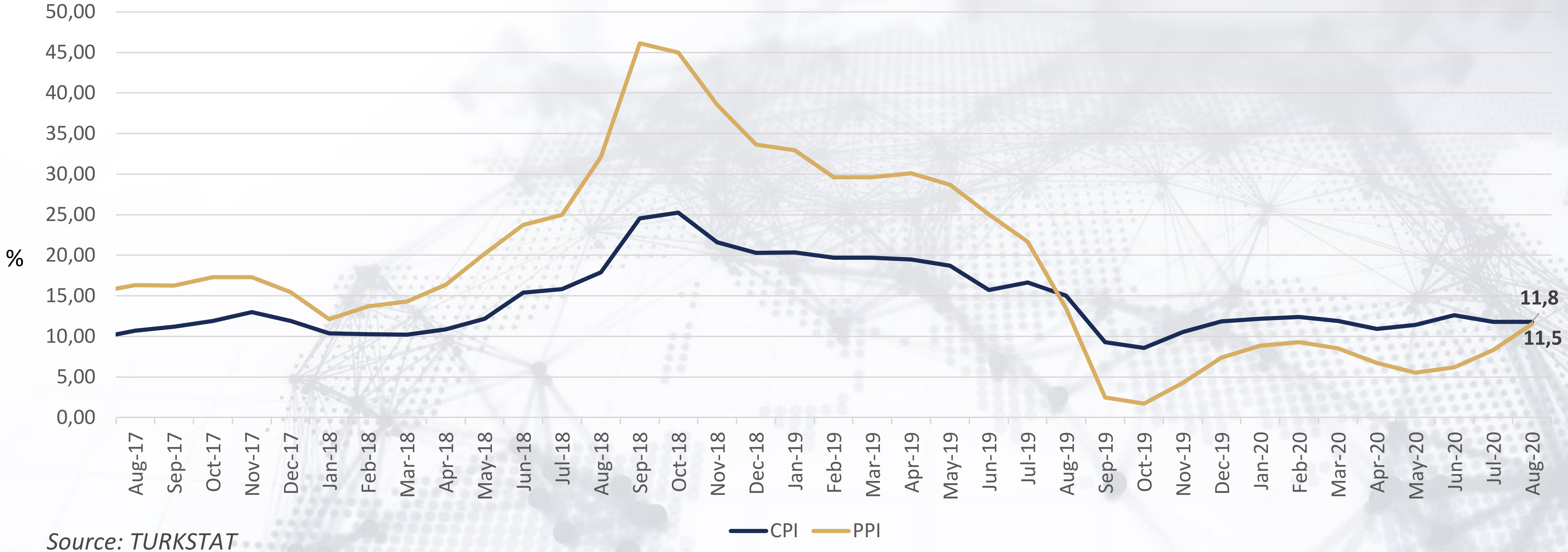
Price Indices*



Source: TURKSTAT

- **CPI inflation rates realized as 11.8% in August 2020, and PPI inflation rates realized as 11.5% in August 2020.**

***Index (2003=100)**

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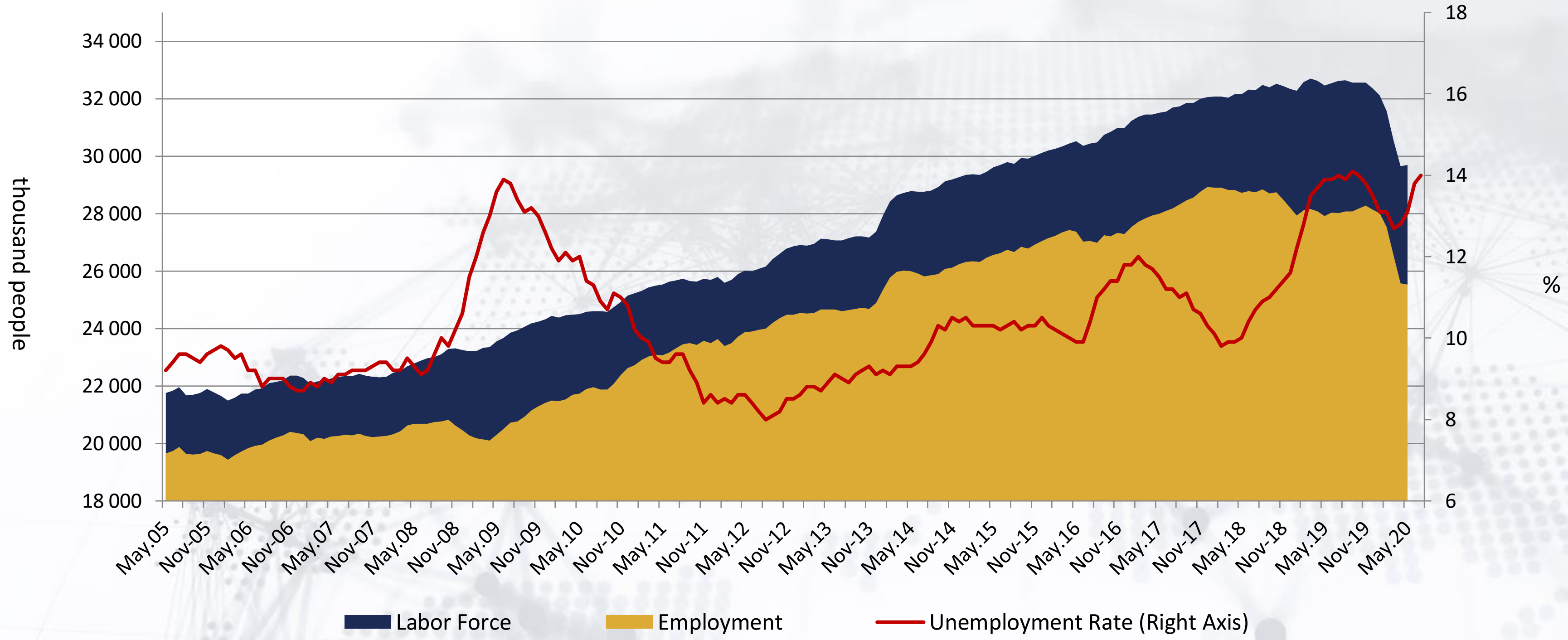
Developments in Turkish Labor Market



Source: TURKSTAT
**Seasonally Adjusted Series*

- **In May 2020, unemployment rate and seasonally adjusted unemployment rate were 12.9% and 14.0 respectively.**
- **In June 2020, seasonally adjusted unemployment rates was 7.8% in Euro Area. In the USA, the seasonally adjusted unemployment rate realized as 10.2% in July 2020.**

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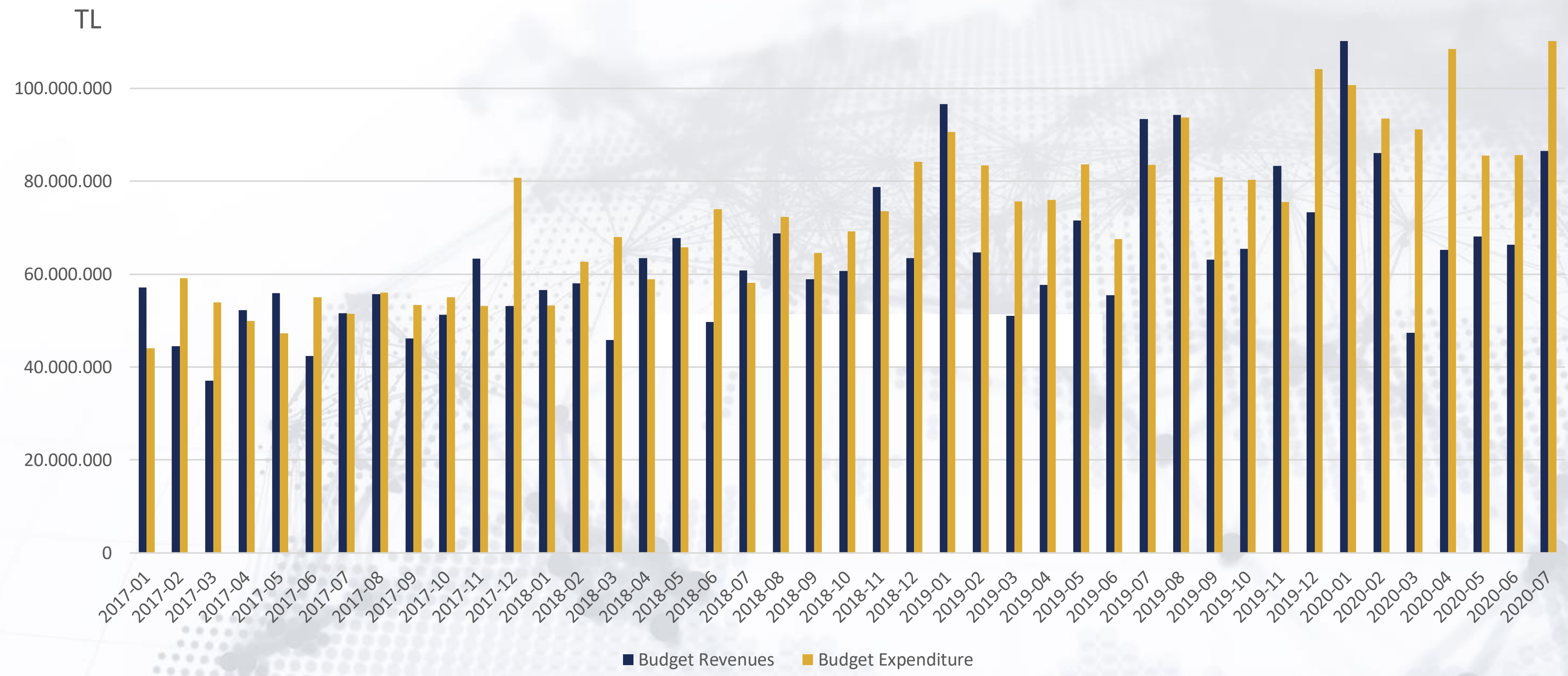
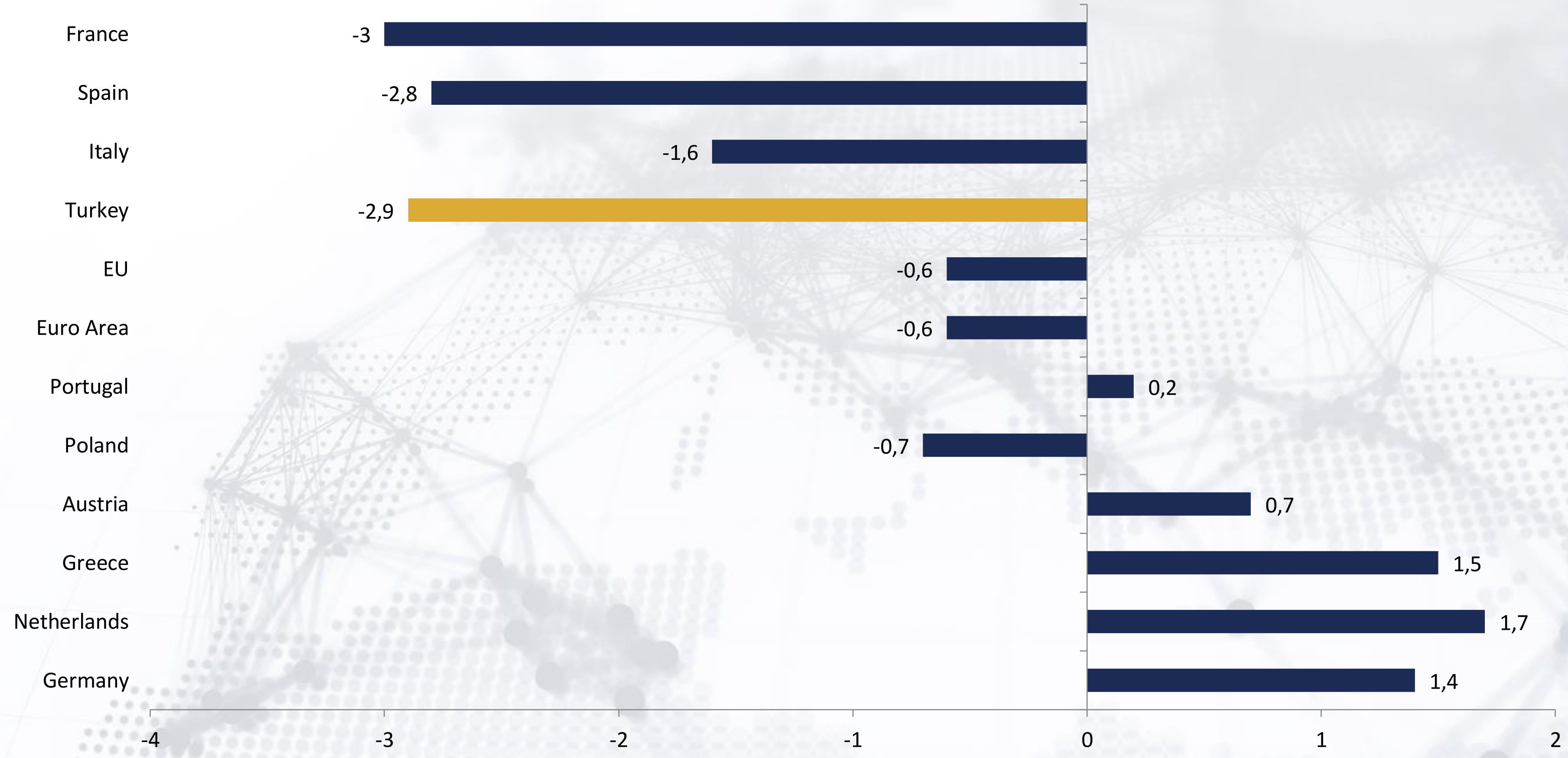
Central Government Budget Realizations



Source: Ministry of Treasury and Finance

- **In July 2020, central government budget revenues was TL 86.5 billion, budget expenditures was TL 116.2 billion and the budget was a deficit of TL 29.7 billion.**

Central Government Budget Deficit/ GDP (%), 2019



Source: Ministry of Treasury and Finance, Eurostat

- **Central Government budget deficit/GDP ratio was 2.9% in 2019, and it is below the Maastricht criteria of 3%.**

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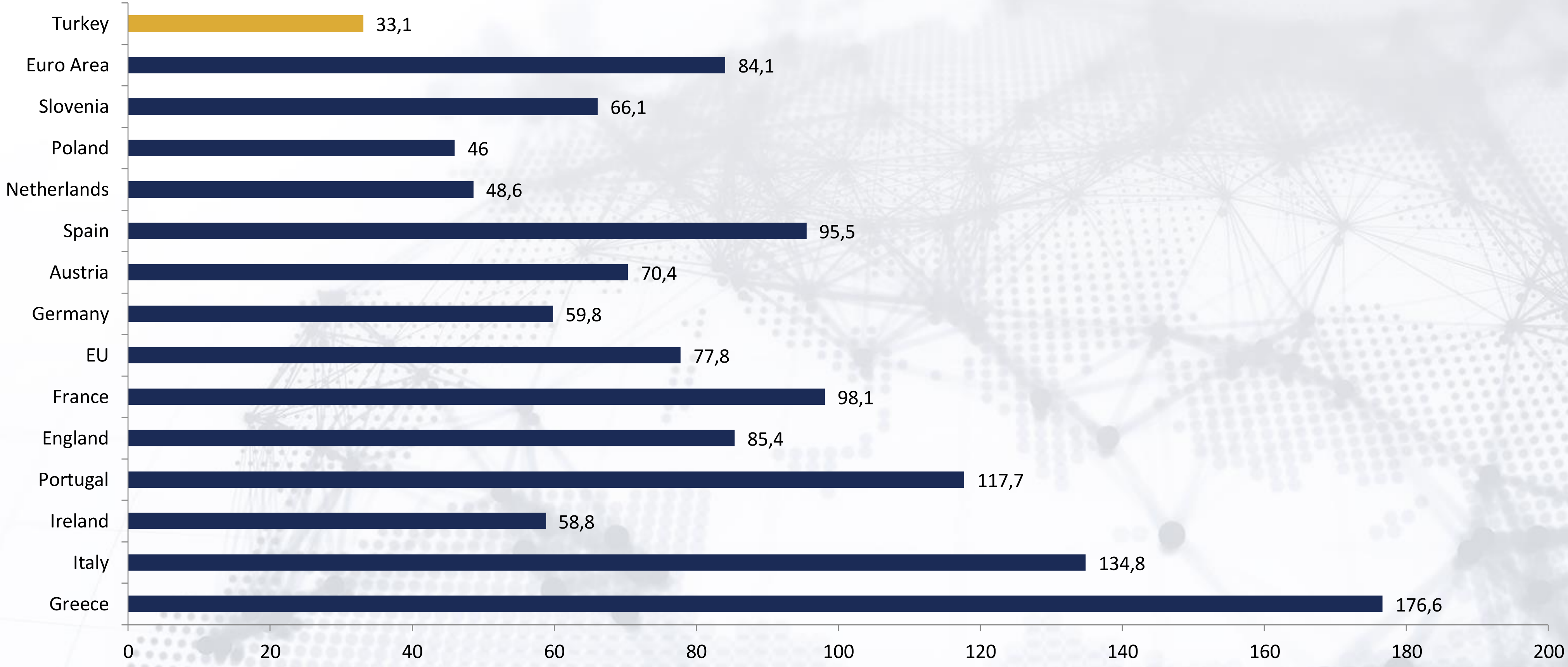
General Government Debt Stock / GDP (%), 2019



Source: Ministry of Treasury and Finance, Eurostat

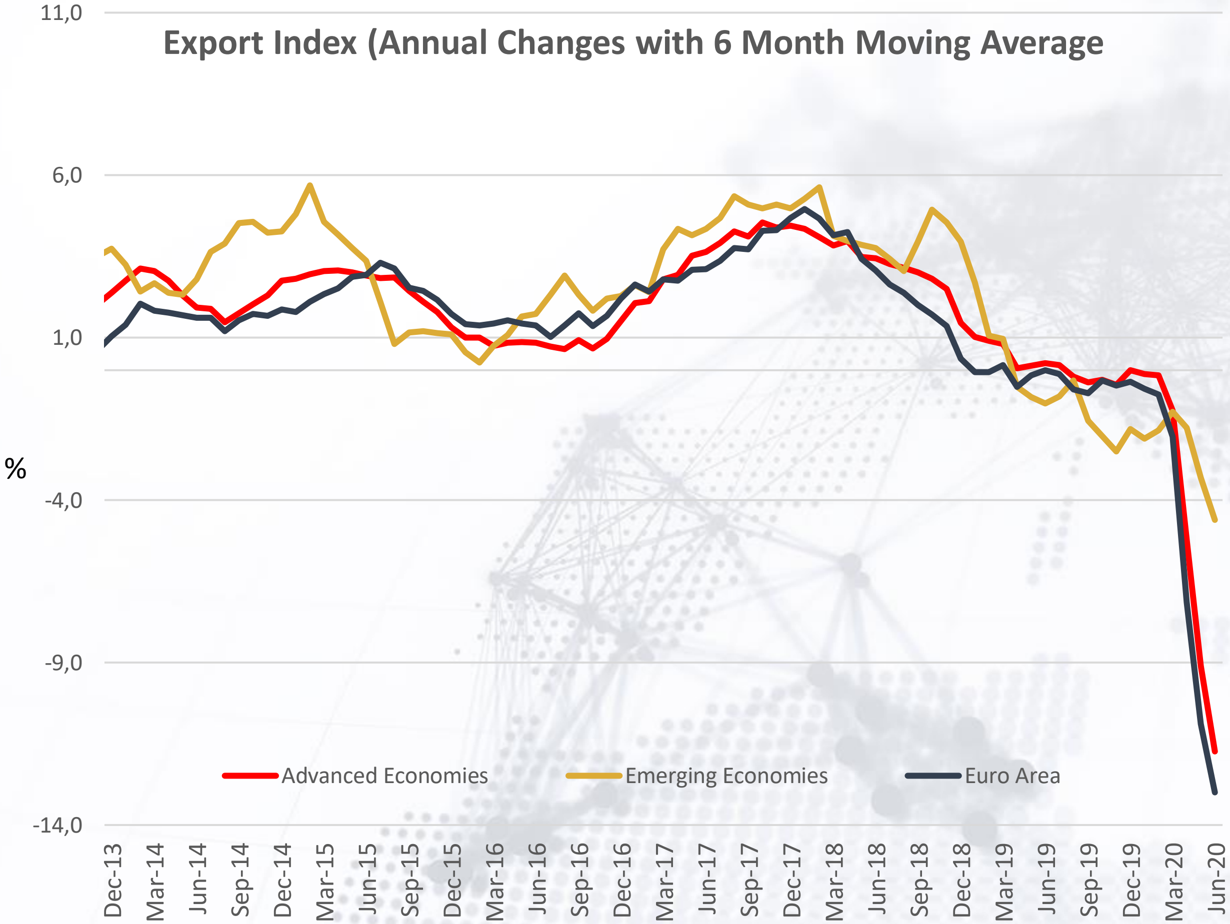
➢ **General Government Debt Stock/GDP ratio of Turkey, defined by European Union Standards, was 33.1% in 2019, which is below the Maastricht Criterion (60%).**

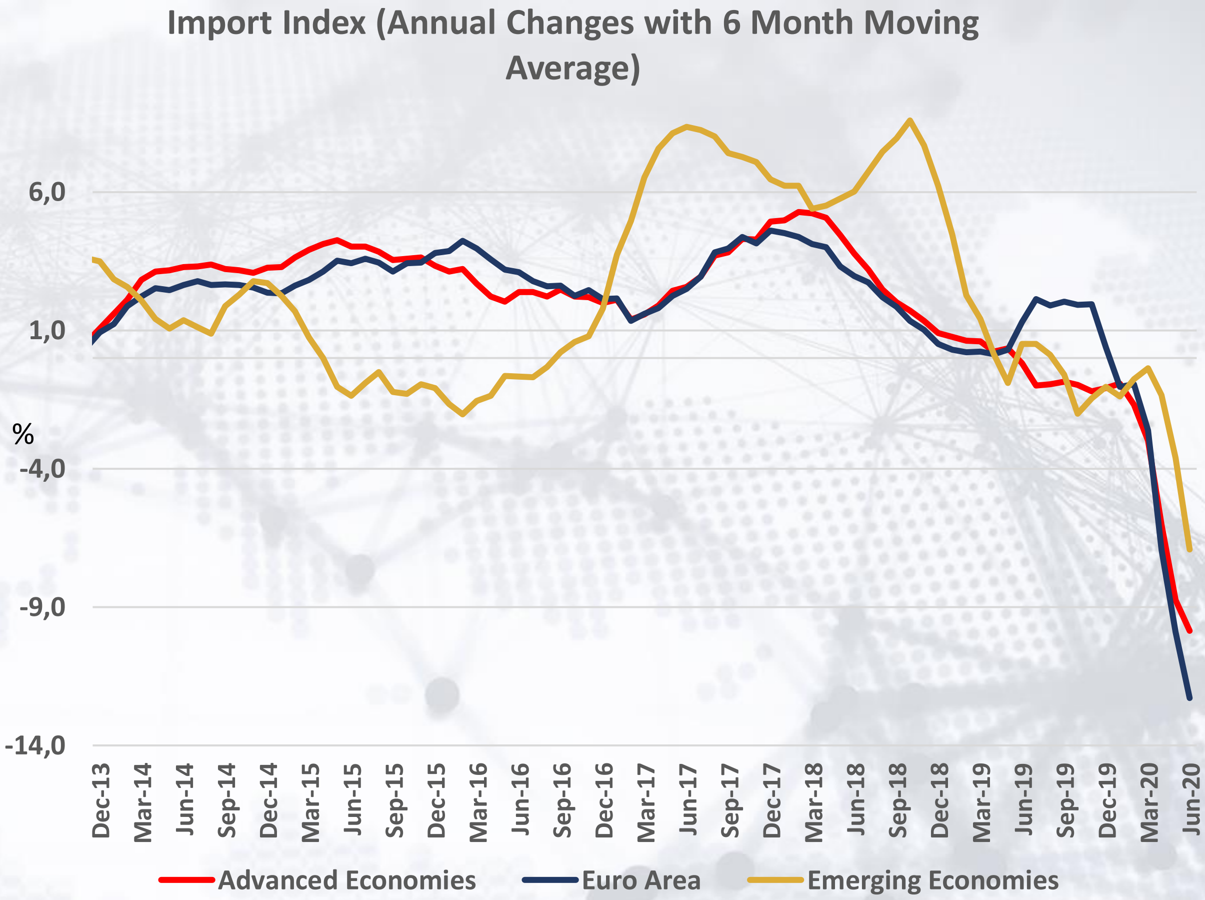
Balance of Payments

Million Dollar	June			January-June		
	2019	2020	Change (%)	2019	2020	Change (%)
I- CURRENT ACCOUNT	-95	-2.934	2.988	185	-19.804	-10.805
A. BALANCE ON GOODS	-2.378	-2.047	-14	-6.972	-18.241	162
B. BALANCE ON SERVICES	3.413	-294	-109	13.182	3.667	-72
C. BALANCE ON PRIMARY INCOME	-1.180	-570	-52	-6.171	-4.970	-19
D. BALANCE ON SECONDARY INCOME	50	-23	-146	146	-260	-278
II- CAPITAL ACCOUNT	-1	0	-100	18	-20	-211
III- FINANCIAL ACCOUNT	-2.849	-956	-66	142	-21.742	-15.411
Direct Investment	-581	-3	-99	-3.161	-1.937	-39
Net Acquisition of Financial Assets	392	223	-43	1.486	926	-38
Net Incurrence of Liabilities	973	226	-77	4.647	2.863	-38
Equity Capital	666	120	-82	3.001	1.639	-45
Inflow	692	172	-75	3.046	2.783	-9
Outflow	26	52	100	45	1.144	2.442
Other Capital (Net)	-59	-77	31	-577	-567	-2
Real Estate (Net)	366	183	-50	2.223	1.791	-19
Portfolio Investment	2.131	1.499	-30	-1.601	12.765	-897
Other Investment	-1.923	5.255	-373	4.094	-2.452	-160
Rezerve Assets	-2.476	-7.707	211	810	-30.118	-3.818
IV- NET ERRORS AND OMISSIONS	-2.753	1.978	-172	-61	-1.918	3.044

Source:CBRT

Developments in Global Trade Indices *





Source: Netherlands Bureau for Economic Policy Analysis (CPB)

* Trade Indices (2010=100), Seasonally adjusted series.

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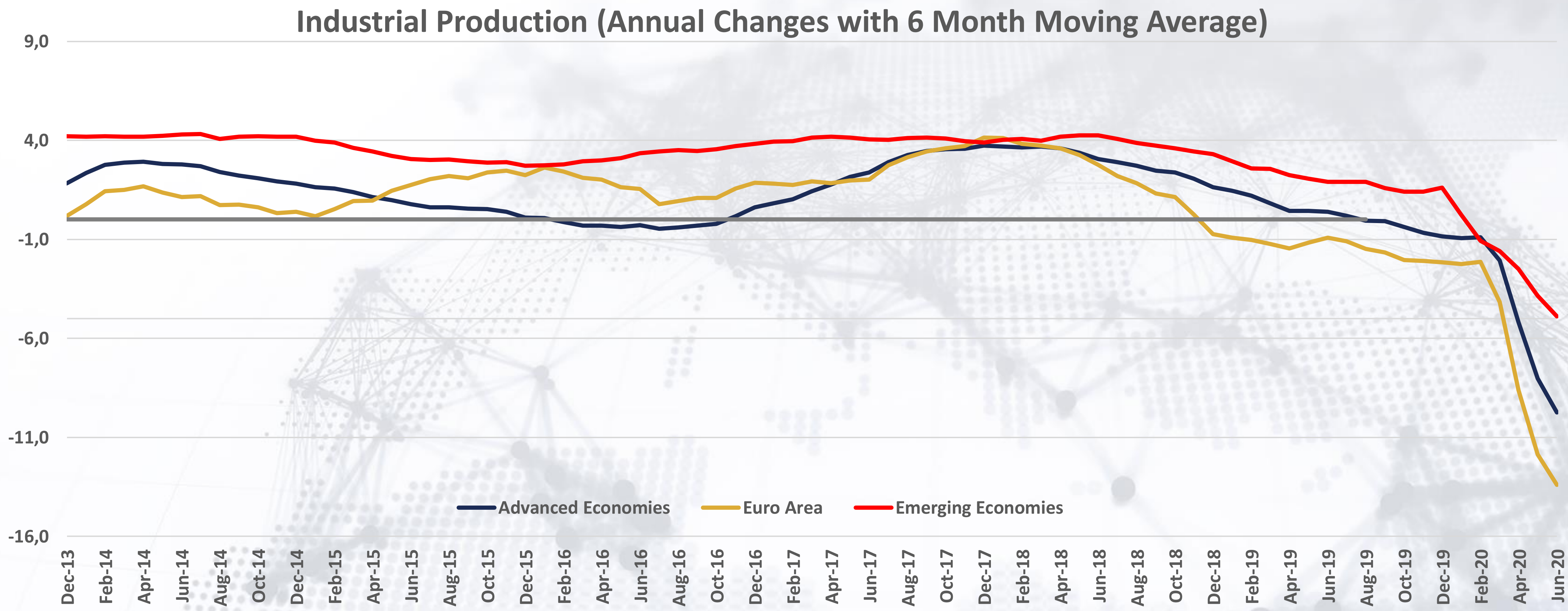
MINISTRY OF TRADE

Developments in Global Industrial Production Indices *



Source: Netherlands Bureau for Economic Policy Analysis (CPB)

* Industrial Production Index (2010=100), Seasonally adjusted series.

B-MACROECONOMIC OUTLOOK

Economic Targets of 2020-2022 New Economy Program (NEP)

	2019	2020	2021	2022
GDP (Billion TL, Current Prices)	4,269	4,872	5,484	6,070
GDP Per Capita ($)	9,093	9,738	10,144	10,534
Real GDP Growth	0.5	5.0	5.0	5.0
Unemployment Rate(%)	12.9	11.8	10.6	9.8
Tourism Revenues (Billion $)	29.0	34.3	40.1	46.5
Current Account Balance (Billion $)	1.0	-9.6	-7.0	0.0
Current Account Balance/GDP(%)	0.1	-1.2	-0.8	0.0

Source: Ministry of Treasury and Finance, New Economic Plan (NEP)

- **New Economy Program, which covers 2020-2022 period, aims to realize economic transformation and sustainable growth.**

Targets Of Export Master Plan

SUSTAINABLE INCREASE IN EXPORTS

- HIGH VALUE ADDED & COMPETITIVENESS
- MARKET DIVERSIFICATION
- NEW EXPORTERS
- PROTECTION OF PRODUCER-EXPORTER FIRMS
- COMPETITIVE SERVICES SECTORS

- DIGITALIZATION
- TECHNOLOGY ORIENTED NEW GENERATION FREE ZONES
- FINANCING OF EXPORTS
- NEW APPROACHES TO EXPORT SUPPORTS
- TRADE FACILITATION

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MINISTRY OF TRADE

Policy Instruments Of Export Master Plan

Digitalization & Trade Facilitation	Trade Diplomacy & New Exporters	Technology Oriented New Free Zones	Finance of Exports (EXIMBANK Products)
Digitalization in Customs	Commercial Attaches Network	Finance Support	Long Term Financing
Friendly Digital Applications for Exporters	Turkish Women Enterpreneurs Network	Energy Support	New Products for FX Volatility Risks
Trade Diplomacy Tools	Angel Investors Network	Rent Support	Special Programs for Women and Young Enterpreneurs
Trade Policy Measures	Foreign Trade Vocational Education	Employment Support	Seasonal Credit Support Program

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MINISTRY OF TRADE

Growth Forecasts of International Organizations

Growth Forecast for Selected Countries/Country Groups(%)									
		World	Euro Area	US	Brazil	Russia	India	China	Japan
IMF	2019	2,9	1,3	2,3	1,1	1,3	4,2	6,1	0,7
	2020	-4,9	-10,2	-8,0	-9,1	-6,6	-4,5	1,0	-5,8
	2021	5,4	6,0	4,5	3,6	4,1	6,0	8,2	2,4
OECD*	2019	2,7	1,3	2,3	1,1	1,4	4,2	6,1	0,7
	2020	-6,0/-7,6	-9,1/-11,5	-7,3/-8,5	-7,4/-9,1	-8,0/-10,0	-3,7/-7,3	-2,6/-3,7	-6,0/-7,3
	2021	5,2/2,8	6,5/3,5	4,1/1,9	4,2/2,4	6/4,9	7,9/8,1	6,8/4,5	2,1/-0,5
World Bank	2019	2,4	1,2	2,3	1,1	1,3	4,2	6,1	0,7
	2020	-5,2	-9,1	-6,1	-8,0	-6,0	-3,2	1,0	-6,1
	2021	4,2	4,5	4,0	2,2	2,7	3,1	6,9	2,5

Source: IMF (June 2020), OECD (June 2020), World Bank (June 2020)

**OECD's forecasts for 2020 and 2021 are presented according to single-hit and double-hit scenarios.*

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Forecasts for Merchandise Trade Growth

WTO Forecasts for Merchandise Trade Volume (%)

	Optimistic Scenario		Pessimistic Scenario	
	2020	2021	2020	2021
Volume of World Merchandise Trade	-12.9	21.3	-31.9	24.0
Exports				
North America	-17.1	23.7	-40.9	19.3
South and Central America	-12.9	18.6	-31.3	14.3
Europe	-12.2	20.5	-32.8	22.7
Asia	-13.5	24.9	-36.2	36.1
Imports				
North America	-14.5	27.3	-33.8	29.5
South and Central America	-22.2	23.2	-43.8	19.5
Europe	-10.3	19.9	-28.9	24.5
Asia	-11.8	23.1	-31.5	25.1

IMF Forecasts for Goods and Services Trade (%)

IMF World Goods and Services Trade Real Growth (%)	2020	2021
World Goods and Services Trade	-11,9	8,0
-Advanced Economies	-13,4	7,2
-Emerging Economies	-9,4	9,4

Source: IMF (June 2020), WTO (April 2020)

C-DEVELOPMENTS IN FOREIGN TRADE

1) MERCHANDISE TRADE

Merchandise Trade Targets (New Economic Plan)

	2020	2021	2022
Exports (Billion $) (GTS)	190.0	202.0	213.0
Imports (Billion $) (GTS)	231.5	247.0	260.0
Balance of trade (Billion $)	-41.5	-45.0	-47.0
Volume of trade/GDP(%)	51.9	52.4	52.6
Exports/Imports (%)	82.1	81.8	81.9

Source: Ministry of Treasury and Finance
GTS: According to General Trade System

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MINISTRY OF TRADE

Turkey's Share in Global Merchandise Exports (%)

Source: WTO

➢ **Turkey’s share in global merchandise exports was %0.96 in 2019.**

Turkey's Share in Global Merchandise Imports (%)

Source: WTO

- **Turkey's share in global merchandise imports was %1.09 in 2019.**

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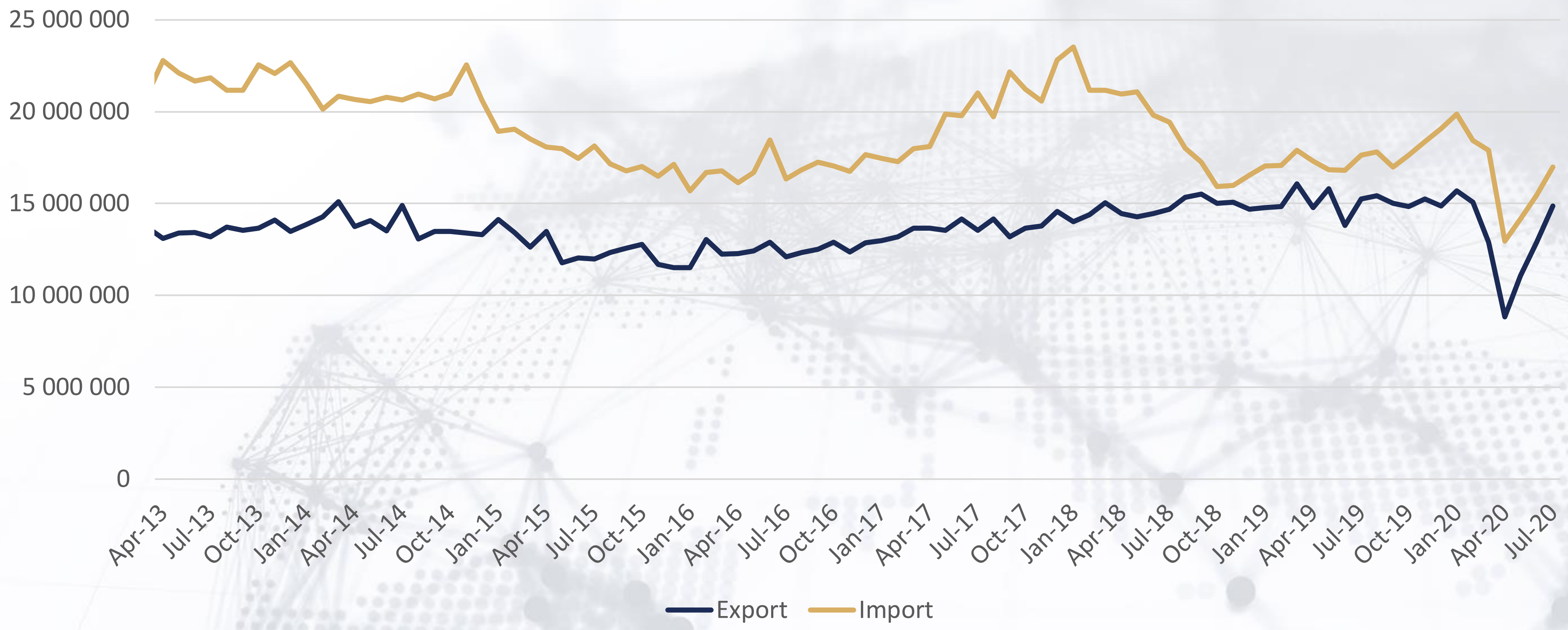
Monthly Exports and Imports (Thousand $)



Source: TURKSTAT
Note: Seasonally and Calendar Adjusted Series

➢**In July 2020, compared to the same month of the previous year, exports decreased by 5.8% and realized as 15.0 billion dollars, and imports decreased by 7.9% to the level of 17.7 billion dollars. External trade deficit decreased by %18.2 and realized as 2.7 billion dollars.**

Foreign Trade Developments

	Annual (Billion $)		(JANUARY) (Billion $)		
	2018	2019	2019 (JAN-JUL)	2020 (JAN-JUL)	Change (%) 2019/2020
Export	167.921	180.833	104.296	90.015	-13,7
Energy Export*	4.412	8.447	4.624	2.690	-41,8
Gold Export	2.588	2.001	1.044	1.687	61,6
Import	223.047	210.345	121.381	116.605	-3,9
Energy Import*	43.006	41.731	24.699	16.719	-32,3
Gold Import	11.300	11.269	5.146	11.036	114,5
Foreign Trade Volume	390.968	391.178	225.677	206.620	-8,4
Foreign Trade Balance	-55.126	-29.512	-17.085	-26.590	55,6
Balance excl. Energy	-16.533	3.771	2.990	-12.561	-520,0
Export/Import (%)	75,3	86,0	86	77	-10,2

Source: Ministry of Trade

** Energy corresponds to Chapter 27.*

➢ **In January-July 2020, compared to same period of 2019, exports decreased by 13.7% and realized as 90.0 billion dollars. Imports decreased by 3.9% in the same period and realized as 116.6 billion dollars.**

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Foreign Trade Indices (2010=100)

	2017		2018		2019		2020 June	
	Index	Change %	Index	Change %	Index	Change %	Index	Change %
Export Unit Value Index	93,3	1,5	95,8	2,7	91,8	-4,2	89,9	-2,8
Export Volume Index	147,8	8,5	154,0	4,2	164,1	6,5	149,4	18,5
Import Unit Value Index	88,8	7,5	93,6	5,4	89,4	-4,5	81,7	-9,0
Import Volume Index	141,9	9,5	128,4	-9,5	122,3	-4,8	125,3	22,1
Terms of Trade	105,0	-5,6	102,3	-2,6	102,7	0,4	102,2	6,8

Source: TURKSTAT

**Periodical data are obtained by taking average.*

➢**In June 2020, compared to the same period of the previous year, export volume index increased by 18.5% and the import volume index increased by 22.1%.**

General and Special Trade Systems in Foreign Trade

General Trade System (GTS)

	August			January-August		
	2019	2020	Change (%)	2019	2020	Change (%)
Export (Million $)	13.223	12.463	-5,74	117.519	102.478	-12,80
Import (Million $)	15.564	18.776	20,64	136.945	135.380	-1,14
Foreign Trade Volume (Million $)	28.787	31.239	8,52	254.464	237.859	-6,53
Foreign Trade Balance (Million $)	-2.341	-6.312	169,66	-19.426	-32.902	69,37
Export/Import (%)	85,0	66,4		85,8	75,7	

Source: Ministry of Trade

Special Trade System (STS)

	August			January-August		
	2019	2020	Change (%)	2019	2020	Change (%)
Export (Million $)	12.500	11.759	-5,93	111.307	96.898	-12,94
Import (Million $)	15.076	18.177	20,57	131.987	129.845	-1,62
Foreign Trade Volume (Million $)	27.576	29.936	8,56	243.294	226.743	-6,80
Foreign Trade Balance (Million $)	-2.576	-6.418	149,18	-20.680	-32.946	59,31
Export/Import (%)	82,9	64,7		84,3	74,6	

Source: Ministry of Trade

General Trade System, includes customs warehouses, all types of free zones, free circulation area and premises for inward processing.
In special trade system; customs warehouses, all types of free zones and premises for inward processing are excluded from the statistical territory thus only imports and exports of the free circulation area are recorded.

Distribution of Foreign Trade in Broad Economic Categories

EXPORT

	August			January - August		
Export (Million $)	2019	2020	Change (%)	2019	2020	Change (%)
Investment Goods	1.522	1.371	-9,93	14.336	11.492	-19,84
Intermediate Goods	6.726	6.112	-9,12	56.515	49.777	-11,92
Consumption Goods	4.885	4.911	0,53	46.025	40.553	-11,89
Others	90	70	-22,91	643	657	2,16
TOTAL	13.223	12.463	-5,74	117.519	102.478	-12,80

Source: TURKSTAT, Ministry of Trade

IMPORT

	August			January - August		
Import (Million $)	2019	2020	Değ. (%)	2019	2020	Değ. (%)
Investment Goods	1.766	2.461	39,41	16.659	18.679	12,12
Intermediate Goods	12.253	14.469	18,08	106.483	102.143	-4,08
Consumption Goods	1.496	1.800	20,29	13.424	14.171	5,56
Others	48	45	-7,06	378	387	2,36
TOTAL	15.564	18.776	20,64	136.945	135.380	-1,14

Source: TURKSTAT, Ministry of Trade

REPUBLIC OF TURKEY
MINISTRY OF TRADE

Main Export Items

CODE	EXPORT Million Dollar	July			January-July		
		2019	2020	% Change	2019	2020	% Change
87	Vehicles other than railway or tramway rolling-stock, parts thereof	2.604	1.910	-26,7	15.960	11.194	-29,9
84	Boilers, machineries and mechanical appliances, parts thereof	1.556	1.521	-2,3	10.248	8.870	-13,5
61	Knitted and crocheted goods and articles thereof	860	853	-0,9	5.289	4.084	-22,8
85	Electrical machinery and equipment, parts thereof	801	843	5,2	5.450	4.873	-10,6
62	Non knitted and crocheted goods and articles thereof	662	751	13,5	4.180	3.612	-13,6
72	Iron and steel	874	733	-16,1	6.256	4.880	-22,0
39	Plastic and articles thereof	629	639	1,5	3.992	3.775	-5,4
73	Articles of iron and steel	591	580	-1,9	3.790	3.494	-7,8
71	Precious stones, precious metals, pearls and articles thereof	761	521	-31,5	4.114	3.496	-15,0
94	Furniture	340	381	12,1	2.163	2.058	-4,9

Source: TURKSTAT

** Sorted by July 2020*

Main Import Items

CODE	IMPORT Million Dollar	July			January-July		
		2019	2020	% Change	2019	2020	% Change
27	Mineral fuels, minerals oils and product of their distillation	3.444	2.413	-29,9	24.699	16.719	-32,3
84	Boilers, machineries and mechanical appliances, parts thereof	2.167	2.143	-1,1	12.703	12.937	1,8
71	Precious stones, precious metals, pearls and articles thereof	1.100	2.074	88,6	6.363	11.814	85,7
85	Electrical machinery and equipment, parts thereof	1.312	1.449	10,5	8.648	8.575	-0,8
87	Vehicles other than railway or tramway rolling-stock, parts thereof	939	1.425	51,8	5.431	6.637	22,2
72	Iron and steel	1.384	1.335	-3,5	8.802	8.322	-5,5
39	Plastic and articles thereof	1.128	948	-16,0	7.146	6.571	-8,0
29	Organic chemicals	531	396	-25,3	3.669	3.276	-10,7
90	Optical, photographic, cinematographic, measuring checking, precision	387	372	-3,8	2.595	2.633	1,5
30	Pharmaceutical products	430	347	-19,4	2.774	2.804	1,1

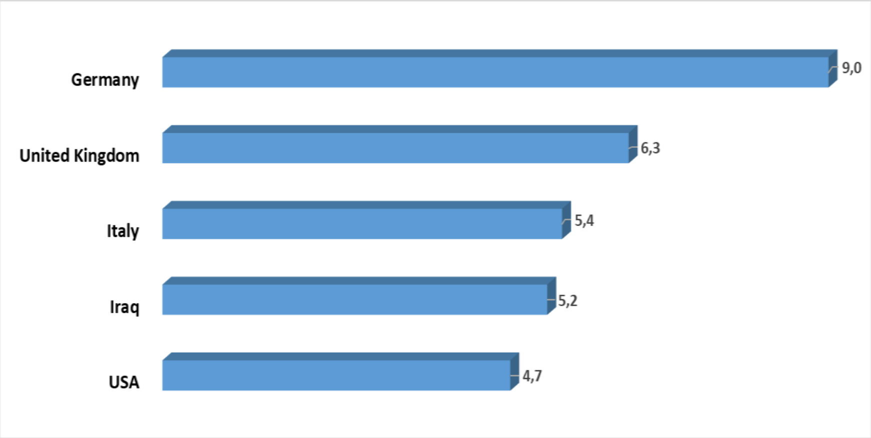
Source: TURKSTAT

**Sorted by July 2020*

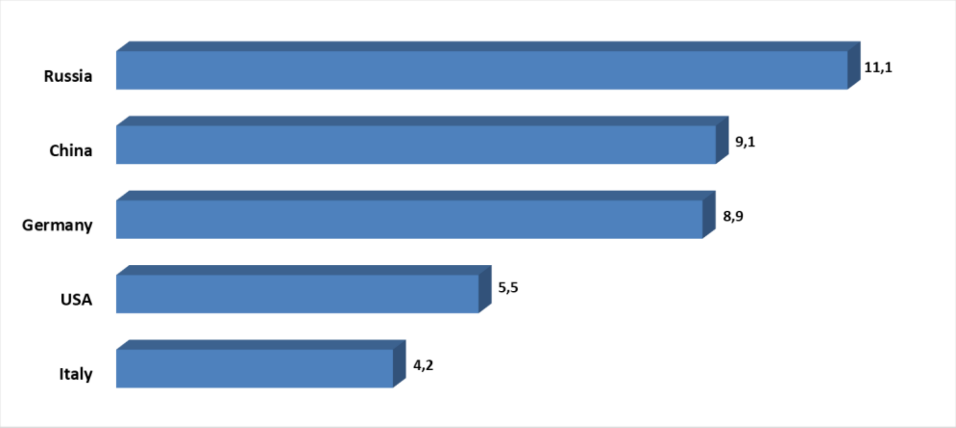
REPUBLIC OF TURKEY
MINISTRY OF TRADE

Main Trade Partners

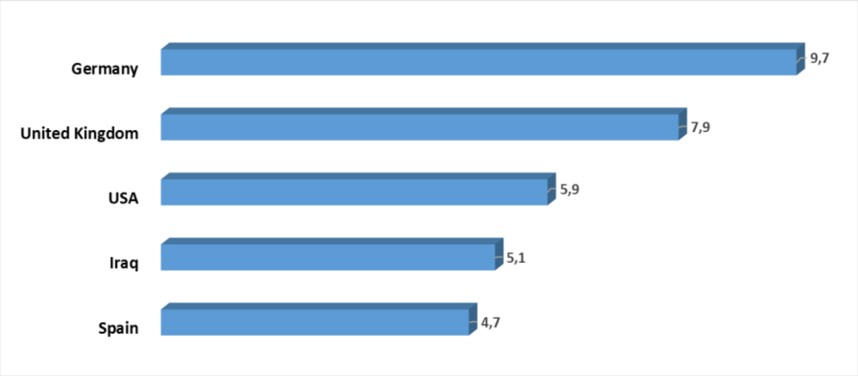
Leading Export Partners in 2019 (Share in Total Exports)



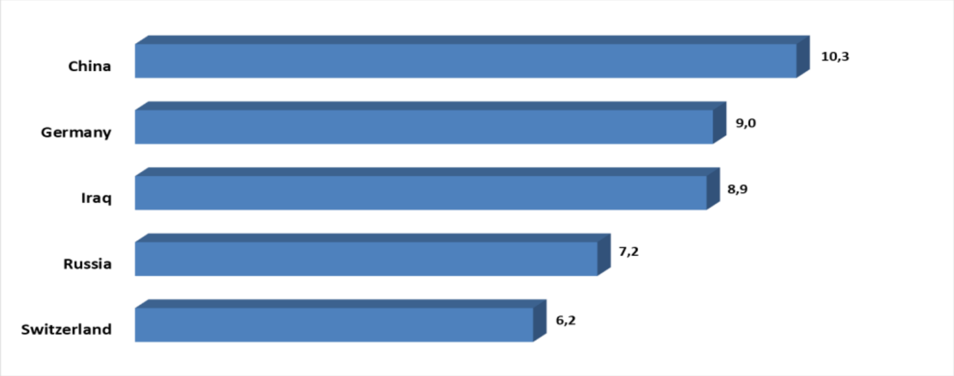
Leading Import Partners in 2019 (Share in Total Imports)



Leading Export Partners in August 2020 (Share in Total Exports)



Leading Import Partners in August 2020 (Share in Total Imports)



Source: TURKSTAT, Ministry of Trade

Exports by Regions

Million dolar	JULY				JANUARY-JULY			
	2019	2020	% Share	% Change	2019	2020	% Share	% Change
A- European Union (EU-27)	**6.693**	**6.283**	**41,9**	**-6,1**	**45.416**	**37.080**	**41,2**	**-18,4**
B- Other Countries	**9.239**	**8.729**	**58,1**	**-5,5**	**58.880**	**52.935**	**58,8**	**-10,1**
1- Other European Countries	**2.251**	**2.141**	**14,3**	**-4,9**	**13.314**	**12.411**	**13,8**	**-6,8**
2- Africa	**1.362**	**1.330**	**8,9**	**-2,3**	**9.539**	**8.489**	**9,4**	**-11,0**
North African Countries	882	807	5,4	-8,5	6.256	5.128	5,7	-18,0
Other African Countries	480	523	3,5	9,0	3.283	3.362	3,7	2,4
3- America	**1.206**	**1.374**	**9,2**	**13,9**	**7.828**	**7.935**	**8,8**	**1,4**
North American Countries	893	1.057	7,0	18,3	5.729	6.160	6,8	7,5
Central America and Caraips	155	144	1,0	-6,7	1.034	801	0,9	-22,5
South American Countries	158	173	1,2	9,3	1.065	974	1,1	-8,6
4- Asia	**4.303**	**3.746**	**25,0**	**-13,0**	**27.587**	**23.511**	**26,1**	**-14,8**
Near and Middle Eastern	3.020	2.673	17,8	-11,5	19.905	16.935	18,8	-14,9
Other Asian Countries	1.283	1.072	7,1	-16,4	7.681	6.576	7,3	-14,4
5-Australia and New Zealand	**78,7**	**87,2**	**0,6**	**10,8**	**445,7**	**420,8**	**0,5**	**-5,6**
6-Other Countries	**37,5**	**51,3**	**0,3**	**37,0**	**166,8**	**168,0**	**0,2**	**0,7**
TOTAL	**15.932**	**15.012**	**100**	**-5,8**	**104.296**	**90.015**	**100**	**-13,7**

Source: TURKSTAT

Imports by Regions

Million dolar	JULY				JANUARY-JULY			
	2019	2020	% Share	% Change	2019	2020	% Share	% Change
A- European Union (EU-27)	**6.295**	**6.276**	**35,4**	**-0,3**	**39.229**	**37.619**	**32,3**	**-4,1**
B- Other Countries	**12.935**	**11.433**	**64,6**	**-11,6**	**82.152**	**78.986**	**67,7**	**-3,9**
1- Other European Countries	**3.285**	**2.207**	**12,5**	**-32,8**	**20.627**	**17.550**	**15,1**	**-14,9**
2- Africa	**482**	**764**	**4,3**	**58,7**	**3.520**	**4.152**	**3,6**	**18,0**
North African Countries	322	526	3,0	63,4	2.284	2.467	2,1	8,0
Other African Countries	160	239	1,3	49,3	1.236	1.685	1,4	36,3
3- America	**2.051**	**1.677**	**9,5**	**-18,2**	**11.677**	**11.850**	**10,2**	**1,5**
North American Countries	1.459	1.044	5,9	-28,4	7.899	7.683	6,6	-2,7
Central America and Caraips	86	64	0,4	-25,4	484	590	0,5	21,8
South American Countries	505	569	3,2	12,5	3.293	3.577	3,1	8,6
4- Asia	**5.654**	**5.581**	**31,5**	**-1,3**	**37.173**	**36.989**	**31,7**	**-0,5**
Near and Middle Eastern	1.434	1.830	10,3	27,6	9.922	10.353	8,9	4,3
Other Asian Countries	4.220	3.751	21,2	-11,1	27.251	26.635	22,8	-2,3
5-Australia and New Zealand	**158**	**11**	**0,1**	**-93,3**	**696**	**174**	**0,1**	**-75,0**
6-Other Countries	**1.305**	**1.193**	**6,7**	**-8,6**	**8.459**	**8.271**	**7,1**	**-2,2**
TOTAL	**19.229**	**17.709**	**100**	**-7,9**	**121.381**	**116.605**	**100**	**-3,9**

Source: TURKSTAT

2) SERVICES

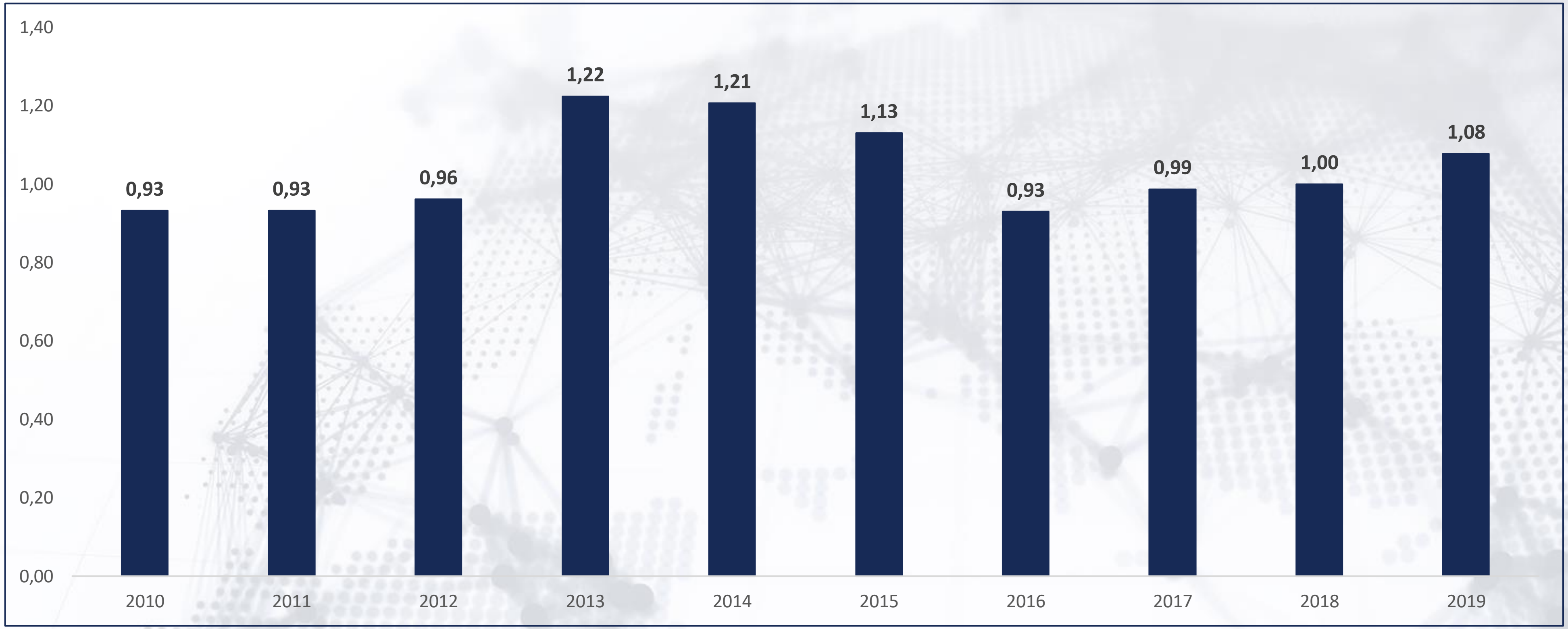
Targets in Services

In the scope of 2023 Strategy for Commercial Services;

- To increase the share from the World’s commercial trade
- To reach 150 billion USD of services exports

REPUBLIC OF TURKEY
MINISTRY OF TRADE

Turkey's Share in Global Services Exports (%)



Source: WTO,CBRT

➢**Turkey's share in global exports of services realized as 1.08 % in 2019.**

Turkey's Share in Global Services Imports (%)

Source: WTO,CBRT

➢ **Turkey's share in global imports of services realized as 0.49% in 2019.**

Balance of Payments- Services Items

CREDIT	June			January-June		
Million Dolar	2019	2020	Change(%)	2019	2020	Change(%)
Services	5,791	1,704	-70.6	26,251	16,288	-38.0
Transport	2,113	785	-62.8	11,273	7,956	-29.4
Travel	2,923	91	-96.9	10,808	3,501	-67.6
Construction	42	50	19.0	164	192	17.1
Insurance and pension services	109	172	57.8	796	1,052	32.2
Financial Services	66	49	-25.8	294	328	11.6
Charges for the use of intellectual property	10	31	210.0	36	116	222.2
Telecommunications, computer, information serv.	121	154	27.3	688	877	27.5
Other business services	222	272	22.5	1,203	1,470	22.2
Personal, cultural, and recreational services	9	5	-44.4	62	45	-27.4
Government goods and services	69	14	-79.7	301	133	-55.8
DEBIT	June			January-June		
Million Dolar	2019	2020	Change(%)	2019	2020	Change(%)
Services	2,378	1,998	-16.0	13,069	12,621	-3.4
Transport	612	517	-15.5	3,843	3,621	-5.8
Travel	396	62	-84.3	2,003	778	-61.2
Construction	14	3	-78.6	46	15	-67.4
Insurance and pension services	237	288	21.5	1,362	2,190	60.8
Financial Services	121	101	-16.5	708	706	-0.3
Charges for the use of intellectual property	194	228	17.5	889	1,043	17.3
Telecommunications, computer, information serv.	192	215	12.0	976	1,081	10.8
Other business services	432	437	1.2	2,171	2,191	0.9
Personal, cultural, and recreational services	4	3	-25.0	33	28	-15.2
Government goods and services	95	73	-23.2	570	442	-22.5

Source: CBRT

REPUBLIC OF TURKEY
MINISTRY OF TRADE

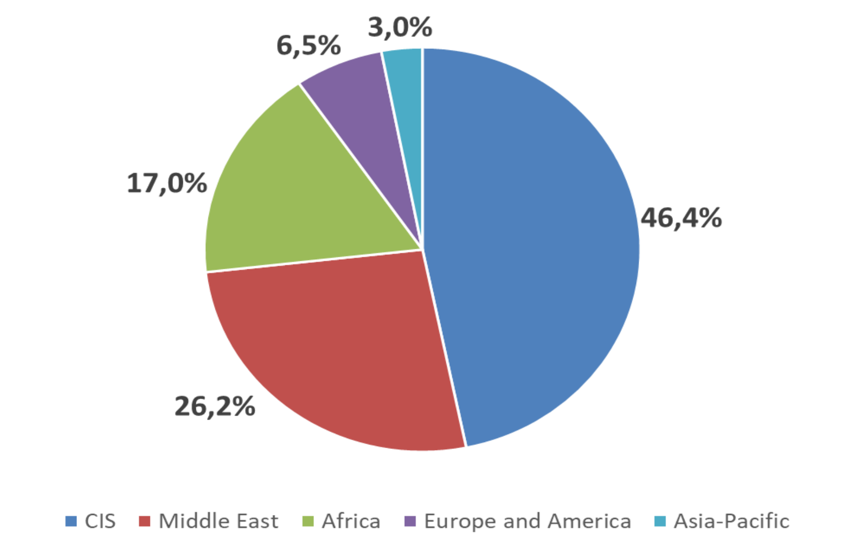
Contracting Services Abroad

Years	Projects	Countries	Project Volume (Million $)	Cum. Project Volume (Million $)	Avr. Project Volume (Million $)
1971-2002	2,426	48	50	50	0.0
2003	339	35	6,398	56,148	18.9
2004	477	36	8,620	64,768	18.1
2005	451	33	12,915	77,682	28.6
2006	577	35	22,408	100,091	38.8
2007	617	45	25,815	125,906	41.8
2008	664	39	24,546	150,452	37.0
2009	511	45	20,303	170,755	39.7
2010	631	50	23,683	194,438	37.5
2011	563	51	24,461	218,900	43.4
2012	544	49	31,355	250,255	57.6
2013	433	50	31,186	281,441	72.0
2014	348	54	26,607	308,048	76.5
2015	274	57	23,620	331,669	86.2
2016	198	56	14,034	345,702	70.9
2017	307	52	15,617	361,320	50.9
2018	325	53	21,222	382,542	65.3
2019	484	45	19,336	401,878	40.0
2020*	121	35	7.445	409.114	61,5
*August 2020					

Source: Ministry of Trade

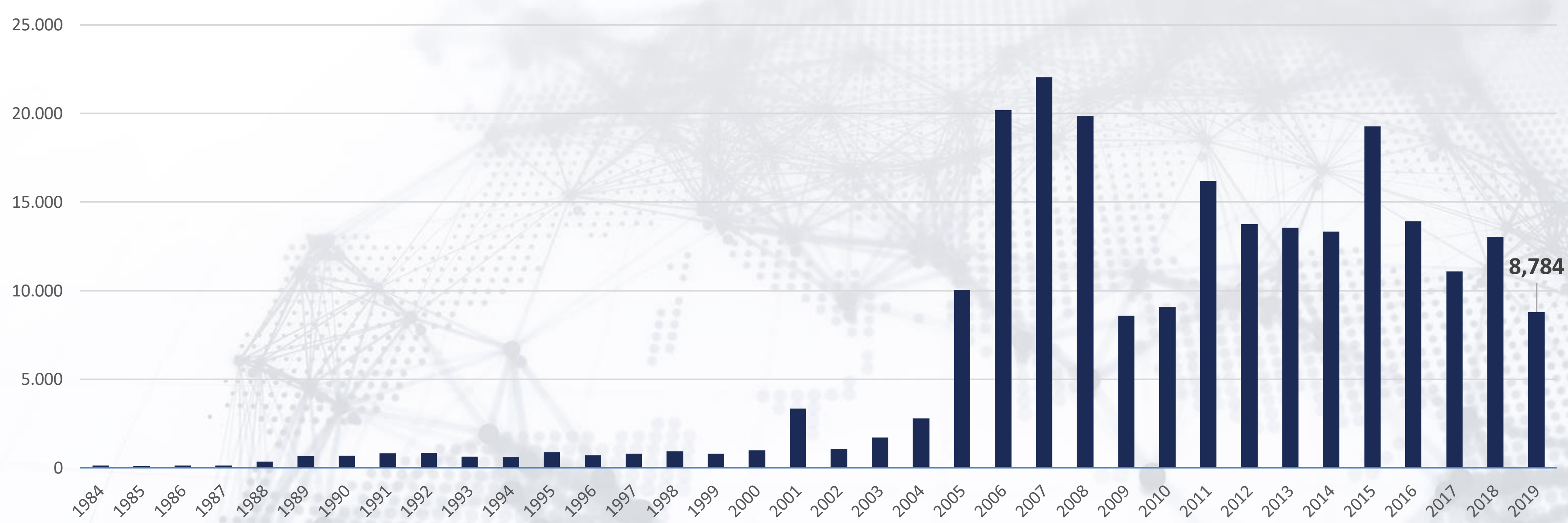
Contributions to the overall economic performance: ***Creating foreign exchange inflows, supporting exports and employment, enhancing technology transfer, adding to the machinery stock and facilitating internationalization.***

Distribution of Contracting Services By Country Groups(%) (August 2020)



D- INVESTMENTS

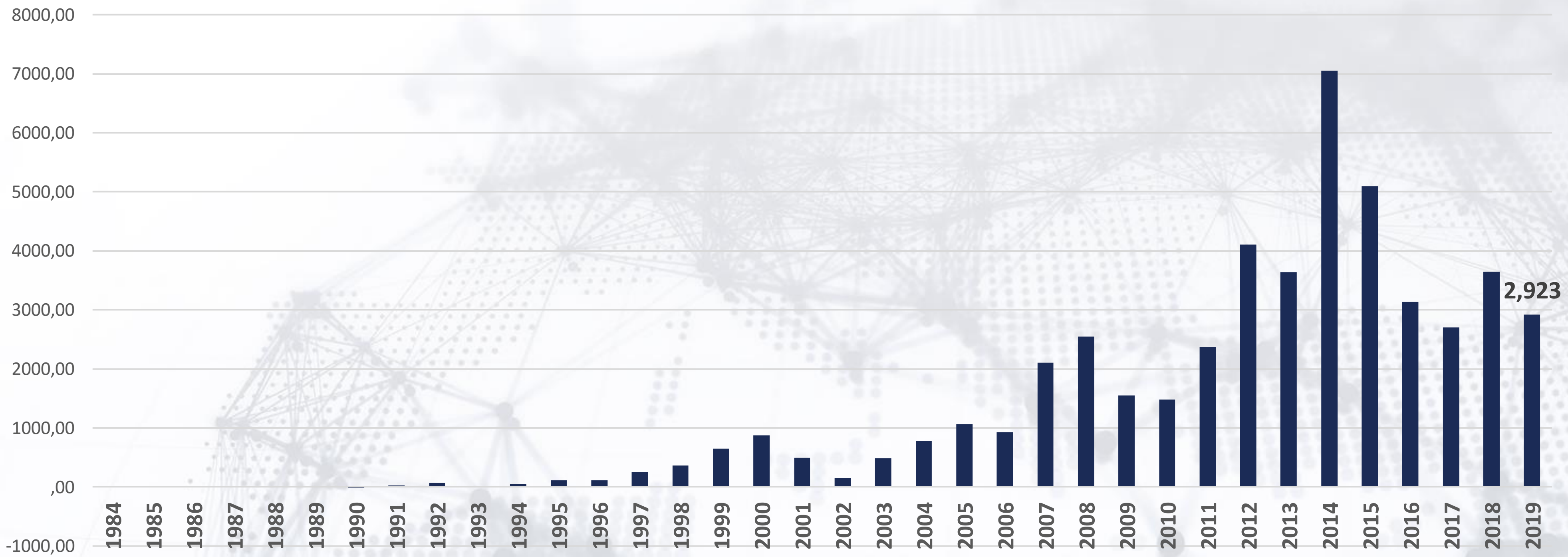
Foreign Direct Investment (Million $)



Source: CBRT

- **FDI stock reached 217.3 billion USD in the 2003-2019 period. It was 14.6 billion USD in over 1984-2002 period.**
- **In June 2019, there was 973 million dollars FDI inflow, in June 2020 226 million dollars of inflow was realized in FDI.**

Foreign Direct Investment Abroad (Million $)



Source: CBRT

- **Direct investments from Turkey to abroad reached 45.6 billion USD from 2003 to 2019 on a cumulative basis.**
- **In June 2020, foreign direct investment decreased by 43.1% compared to the same month of the previous year, and realized as 223 million dollars.**

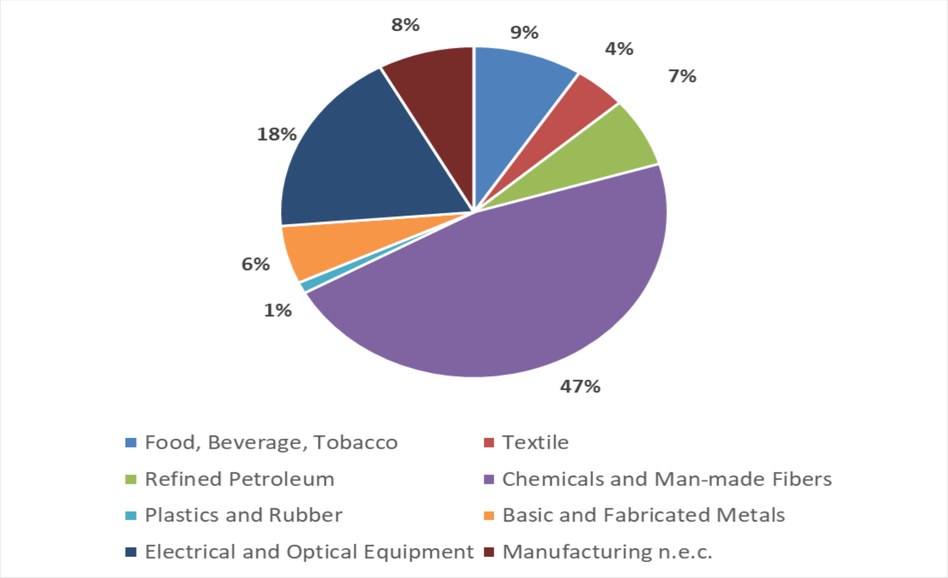
REPUBLIC OF TURKEY
MINISTRY OF TRADE

The Sectoral Breakdown of Foreign Investments

	Annual		January-June	
(Million $)	2018	2019	2019	2020
AGRICULTURE	**4**	**23**	**11**	**2**
INDUSTRIAL SECTORS	**2,706**	**2,195**	**894**	**674**
Mining and Quarrying	81	91	10	106
Manifacturing	1,934	2,004	873	556
Electricity, Gas, Steam and Air-conditioning Supply	687	99	11	11
Water Supply; Sewerage, Waste Management and Remediation	4	1	0	1
SERVICES SECTOR	**4,034**	**3,393**	**2,141**	**2,107**
TOTAL	**6,744**	**5,611**	**3,046**	**2,783**

Source: CBRT

Breakdown of Investment in Manufacturing Industry (%)



Breakdown of Foreign Investments by Country

Rank*	Countries	2019 FDI (Million Dolar)	2020 FDI June (Million Dolar)	2019 January-June FDI (Million Dollar)	2020 January-June FDI (Million Dollar)
1	Germany	436	76	188	173
2	France	176	31	73	74
3	Netherlands	845	18	246	180
4	Italy	113	16	68	974
5	England	825	5	597	391
6	Switzerland	294	4	98	65
7	Kuwait	58	4	34	24
8	Luxembourg	157	3	60	237
9	Virgin Islands (British)	42	3	19	17
10	South Korea	51	3	13	26
11	United States of America	342	2	163	89
12	China	26	2	14	12
13	Japan	317	2	40	46
14	Czech Republic	12	1	6	5
15	Russia	15	1	13	1
16	Saudi Arabia	12	1	6	6
17	Austria	64	0	4	15
18	Belgium	71	0	57	53
19	Bulgaria	0	0	0	1
20	Denmark	7	0	0	6
LIST TOTAL		3,863	172	1,699	2,395
TOTAL		5,611	172	3,046	2,783

Source: CBRT
**Sorted by FDI in June 2020*

E - FREE ZONES IN TURKEY

The Advantages of Free Zones

- Tax advantages for manufacturers
- Medium-and long-term investment view
- Availability to transfer profits
- Commercial facilities
- Exemption from customs duties
- Acquisition of the documents relating to the free movement of goods under the scope of Customs Union with the EU
- Principle of equality
- No time restrictions
- Flexibility to adjust to the market needs and conditions
- Reliable inflation accounting
- Market access to domestic and foreign markets
- Reduced bureaucratic procedures and dynamic business management
- Strategic advantages
- Affordable and compatible infrastructure
- Supply chain opportunities

REPUBLIC OF TURKEY
MINISTRY OF TRADE

Free Zones in Turkey

- Employment in the 18 Free Zones of Turkey is 76,300 in January-June 2020.

Trade Flows of Free Zones (Million $)

Million Dollar	2012	2013	2014	2015	2016	2017	2018	2019
From Domestic Market To Free Zones	2,971	2,887	2,732	2,205	2,125	2,376	2,563	2,665
From Free Zones To Abroad	7,071	7,701	7,958	7,494	7,041	7,525	8,147	7,978
From Abroad To Free Zones	7,257	7,490	7,059	6,550	5,868	6,404	6,453	5,633
From Free Zones To Domestic Market	5,754	5,162	4,683	4,012	3,999	4,073	3,766	3,379
TOTAL TRADE VOLUME	23,053	23,240	22,432	20,261	19,033	20,378	20,929	19,656

Source: General Directorate of Free Zones, Foreign Investments and Services, Ministry of Trade

- **In January-June 2020 total trade volume of the Free Zones was 9.2 billion US dollars.**

Concentration in Free Zones by Industries

Istanbul Ataturk Airport FZ	Services and Software
Antalya FZ	Yacht-building, Medical Equipment
Kocaeli FZ	Ship-building
Avrupa FZ	Ready-Wear
Mersin FZ	Ready-Wear
Bursa FZ	Automotive sub-industries
Izmir FZ	Leather
TUBITAK-MAM FZ	R&D Activities
Adana-Yumurtalik FZ	Ship Repair and Maintenance

Source: General Directorate of Free Zones, Foreign Investments and Services

F - BILATERAL, REGIONAL, PLURILATERAL and MULTILATERAL TRADE

Trade Relations of Turkey with Others

- **Bilateral Trade Relations of Turkey**

  Europe, Asia-Pacific, Eurasia, Middle East and North Africa, Sub-Saharan Africa, Americas

- **Regional Trade Relations of Turkey**

  EU, ECO, D8, BSEC, OIC, COMCEC

- **Multilateral Trade Relations of Turkey**

  WTO, G20

FTA Countries

1. EFTA (Norway, Switzerland, Iceland, Liechtenstein) (1992)
2. Israel (1997)
3. Macedonia (2000)
4. Bosnia and Herzegovina (2003)
5. Palestine (2005)
6. Tunisia (2005)
7. Morocco (2006)
8. Syria (*)
9. Egypt (2007)
10. Albania (2008)
11. Georgia (2008)
12. Montenegro (2010)
13. Serbia (2010)
14. Chile (2011)
15. South Korea (2013)
16. Mauritius (2013)
17. Lebanon**
18. Kosovo (2019)
19. Malaysia (2015)
20. Moldova (2016)
21. Faroe Islands (2017)
22. Singapore (2017)
23. Sudan**
24. Venezuella**
25. Qatar**
26. Ghana**

(*) Pending

(**) Agreements that are in the approval process

FTA Countries (On-going Negotiations)

Active Negotiations

1. Japan
2. Thailand
3. Indonesia
4. Ukraine
5. Somalia

Other Negotiations

1. Peru
2. Colombia
3. Cameroon
4. MERCOSUR
5. Democratic Republic of the Congo
6. Gulf Cooperation Council
7. Pakistan
8. Ecuador
9. Mexico
10. Djibouti
11. Chad

G-20 Presidency

- G20 is composed of United States, Germany, Argentina, European Union, Australia, Brazil, China, Indonesia, France, South Africa, South Korea, India, United Kingdom, Italy, Japan, Canada, Mexico, Russia, Saudi Arabia and Turkey.
- G20 accounts for 80 % of the world economy, 75 % of global trade and is home to almost two thirds of the world's population.
- G20 Term Presidency is carried out by a member country every year. In 2019, G20 Term Presidency has been assumed by Japan. In 2020, the G20 Term Presidency is being carried out by Saudi Arabia.

Regional Breakdown of Exports

Country Groups	2019 (Million Dollar)	2019 Jan-July (Million Dollar)	2020 Jan-July (Million Dollar)	% Change
EU(27)	76.728	45 416	37 080	-18,4
CIS	9.558	5 157	5 298	2,7
EFTA	1.795	969	1 032	6,5
Economic Cooperation Organization	8.708	4 842	4 400	-9,1
Organization of Islamic Cooperation	48.768	27 746	23 729	-14,5
Black Sea Economic Cooperation	20.447	11 353	10 757	-5,2
OECD Countries	99.327	57 966	49 980	-13,8
FTA Countries	20.171	11.382	10.726	-5,8
Turkish Republics	5.108	2 726	2 850	4,5

Source: Ministry of Trade, TURKSTAT

Trade Representatives Abroad

Representatives from The Ministry are serving in **110** countries, **157** locations and **3** Permanent Representation abroad.

REPUBLIC OF TURKEY
MINISTRY OF TRADE

Locations of Trade Representatives