Turkey
Discover the potential
TURKEY IN BRIEF

Turkey lies between Asia and Europe, serving as a bridge geographically, culturally and economically. Its location on two continents plays a central part in Turkish history and gives the country a major advantage in serving the markets of Europe, Asia, Middle East and North Africa.

Turkey has a magnificent past, and is a land full of historic treasures covering thirteen successive civilizations. Over the centuries, the Turks established many independent states and developed their own civilizations in different parts of Asia and Anatolia. Ottoman Empire, which had a 600-year history in Anatolia, created one of the greatest and the most powerful states in Turkish history.

The Turkish Republic is a unitary, democratic and secular state, which was founded in 1923 under the leadership of Mustafa Kemal Atatürk.

With 81 administrative provinces, Turkey is divided into seven geographical regions: The Marmara Region, the Black Sea Region, the Mediterranean Region, the Eastern Anatolia Region, the Southeastern Anatolia region, the Aegean Region and the Central Anatolia Region, each of which possesses unique climatic and ecological features.

By the end of 2017, the population of the country had reached 80.8 million. Turkey’s population density is 103 persons per sq. km. in 2017. The density is greater in the western coastal regions. Istanbul, where 18.6% of Turkey's population lives, has the largest population with 15 million people. Other major cities and their populations are the capital city Ankara (5.4 million), İzmir (4.3 million), Bursa (2.9 million), and Antalya (2.3 million).

About 99% of Turkey’s population is Muslim, the remaining being Jews and members of various Christian churches, including Greek Orthodox, Gregorian, and Syrian Orthodox. Turkey is a secular state that guarantees complete freedom of religion and belief. The economically active population over the age 19,4% was employed in the agricultural sector in 2017. Industry employs 19.1% of the working population whereas the construction and services sectors employ 7.4% and 54.1%, respectively.
FOREIGN POLICY AND INTERNATIONAL RELATIONS

Turkey’s foreign policy is based on the basic tenets of Atatürk’s foreign policy “Peace at home, peace in the world” which emphasizes the inseparability and vital interdependence between domestic social harmony and international order and solidarity. Turkey’s foreign policy based on cooperation and peaceful coexistence.

Turkey is a member of various international political, social, economic, cultural and military organizations. In order to ensure the integrity and security of the country, Turkey has continuously aligned itself politically and militarily with the western democracies after World War II. On the military side, this alignment culminated in Turkey’s membership in the North Atlantic Treaty Organization (NATO).

Turkey is a member of the United Nations, the Council of Europe, the Organization for Economic Cooperation and Development (OECD), the International Bank for Reconstruction and Development (World Bank), the International Monetary Fund (IMF) and the World Trade Organization (WTO).

European Union membership is one of the primary objectives of Turkish foreign policy and a strategic goal for Turkey. The point of departure for Turkey-EU relations is the Ankara Association Agreement signed in 1963. This Agreement linked Turkey’s fate to that of Europe with the clear recognition of the prospect for full membership. Turkey’s application for full membership in 1987 and the establishment of the Customs Union between Turkey and the EU at the end of 1995, as foreseen by the Ankara Agreement, were further milestones on Turkey’s course towards full integration with the EU.

Turkey is granted candidate status to the EU on an equal footing with the other candidate states at the Helsinki Summit in December 1999. As agreed by the European Council in December 2004, accession negotiations have been launched on October 3, 2005 with the adoption of the Negotiation Framework by the Council of the European Union.

Turkey is the only OECD member country which is also a member of the Organization of the Islamic Conference, the Islamic Development Bank, the Standing Committee for Economic and Commercial Cooperation (COMCEC) and the Islamic Centre for Development of Trade (ICDT). Turkey has taken the lead in the establishment of a Black Sea Economic Co-operation Organization, which became the regional trade organization of all countries surrounding the Black Sea. In addition, Turkey continues its active role in the Economic Cooperation Organization (ECO).

Bilateral Investment Treaties (BITs) are regarded as valuable tools to promote and protect foreign investment. So far, Turkey has signed BITs with 98 countries, 76 of them are currently in force. The Contracting Parties include all the OECD member countries except Iceland, Canada, Norway and New Zealand.

Within the context of globalization, Turkey has started to implement an outward oriented development strategy and export led growth since 1980. With the establishment of the Customs Union on January 1, 1996, industrial goods have started to move freely between Turkey and the European Union. With respect to imports of industrial goods from third countries, Turkey applies the Common Customs Tariff.
TURKISH ECONOMY AND FOREIGN TRADE

MAJOR SOCIAL AND ECONOMIC INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ billion) current prices</td>
<td>720</td>
<td>862.7</td>
<td>851</td>
</tr>
<tr>
<td>Real GDP Growth Rate (%)</td>
<td>6.1</td>
<td>3.2</td>
<td>7.4</td>
</tr>
<tr>
<td>GDP per head (US$)</td>
<td>11.019</td>
<td>10.883</td>
<td>10.597</td>
</tr>
<tr>
<td>Inflation Rate (CPI, annual average %)</td>
<td>7.7</td>
<td>7.8</td>
<td>11.1</td>
</tr>
<tr>
<td>Population (million)</td>
<td>78.7</td>
<td>79.8</td>
<td>80.0</td>
</tr>
<tr>
<td>Recorded unemployment (Av %)</td>
<td>10.3</td>
<td>10.9</td>
<td>10.9</td>
</tr>
<tr>
<td>Exports (Billion USD)</td>
<td>143.8</td>
<td>142.5</td>
<td>157.0</td>
</tr>
<tr>
<td>Imports (Billion USD)</td>
<td>207.2</td>
<td>198.6</td>
<td>233.8</td>
</tr>
<tr>
<td>EURO Exchange Rate (Annual Av)</td>
<td>3,018</td>
<td>3,340</td>
<td>4,116</td>
</tr>
<tr>
<td>US$ Exchange Rate (Annual Av)</td>
<td>2,720</td>
<td>3,021</td>
<td>3,648</td>
</tr>
</tbody>
</table>

Source: Turkish Statistical Institute

In this regard, Turkey has been harmonizing the structure, standards and legislative framework of her economy with those of the EU. Patents Law and anti-monopoly laws are the primary examples.

Additionally, determined steps taken towards privatization and better business procedures have transformed the country into one of the major recipients of FDI in the region.

In 2017, Turkey ranked as the 17th largest economy in the World and sixth in Europe. Mean annual growth rate between 2002 and 2017 was 5.85%.
Exports

Since 1980, Turkey’s exports have expanded significantly in line with her outward-oriented policy. While exports were USD $ 2.9 billion in 1980, this figure has increased constantly and reached the level of US$ 157 billion in 2017.

In 2017, the share of manufactured products in total exports was 93.7%, while agriculture and mining sectors occupied 3.4% and 2.2 % share in total exports respectively.

<table>
<thead>
<tr>
<th>EXPORTS OF TURKEY BY MAIN PRODUCTS</th>
<th>2017 (million US$)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AGRICULTURE AND FORESTRY</td>
<td>5,288</td>
<td>3.4</td>
</tr>
<tr>
<td>2. MINING/QUARRYING</td>
<td>3,509</td>
<td>2.2</td>
</tr>
<tr>
<td>3. MANUFACTURING</td>
<td>147,199</td>
<td>93.7</td>
</tr>
<tr>
<td>Food products and beverages</td>
<td>10,680</td>
<td>6.8</td>
</tr>
<tr>
<td>Textiles</td>
<td>14,210</td>
<td>9.0</td>
</tr>
<tr>
<td>Clothing</td>
<td>12,283</td>
<td>7.8</td>
</tr>
<tr>
<td>Chemicals and chemical products</td>
<td>7,904</td>
<td>5.0</td>
</tr>
<tr>
<td>Rubber and plastics products</td>
<td>6,819</td>
<td>4.3</td>
</tr>
<tr>
<td>Basic metals</td>
<td>18,944</td>
<td>12.1</td>
</tr>
<tr>
<td>Machinery and equipment n.e.c.</td>
<td>12,888</td>
<td>8.2</td>
</tr>
<tr>
<td>Electrical machinery and apparatus n.e.c.</td>
<td>5,329</td>
<td>3.4</td>
</tr>
<tr>
<td>Radio, television and communication eq.</td>
<td>1,832</td>
<td>1.2</td>
</tr>
<tr>
<td>Furniture</td>
<td>7,133</td>
<td>4.5</td>
</tr>
<tr>
<td>Motor vehicles, trailers and semi-trailers</td>
<td>25,537</td>
<td>16.3</td>
</tr>
<tr>
<td>Other transport equipment</td>
<td>3,327</td>
<td>2.1</td>
</tr>
<tr>
<td>4. OTHERS</td>
<td>1059</td>
<td>0.7</td>
</tr>
<tr>
<td>ALL PRODUCTS</td>
<td>157,055</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Turkish Statistical Institute; ISIC Classification

The OECD countries accounts for 56.3 % of Turkey’s exports and exports to the EU constituted 47 % of the total exports in 2017. Turkey’s export markets are highly diversified. Germany continued to be the largest export market with a share of 10% for Turkish products in 2017. In 2017, Turkey’s second largest export market was the United Kingdom followed by UAE and Iraq.

Source: Turkish Statistical Institute; ISIC Classification
Imports

The main principles of Turkish import policy are reduction of bureaucratic procedures, conformity with GATT'94 and customs union rules and securing the supply of raw materials and intermediary goods at suitable prices and certain quality standards.

Because of liberalization measures, Turkey’s imports increased from US$ 7.9 billion in 1980 to US$ 233.8 billion in 2017.

In 2017, 50 % of total imports originated from the OECD countries. The imports from the EU countries have the largest share (36 %) in this group. The People's Republic of China (PRC) became the primary source for Turkish imports. The share of China in Turkish imports was 10% in 2017. Germany ranked second as an important source with its 9.1% share. The Federation of Russia, taking a share of 8.3 %, follows it.

The following product groups represent the import value exceeds 5 billion US$ in Turkey’s Manufacturing import purchases during 2017. Among the main sectors, manufactured products occupied the largest share of 81.6 % in the total imports. The share of agriculture was 3.8 % and the share of mining products was 11.2 %.

Source: Turkish Statistical Institute; ISIC Classification
## IMPORTS OF TURKEY BY MAIN PRODUCTS

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2017 (million US$)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AGRICULTURE AND FORESTRY</td>
<td>8,990</td>
<td>3.8</td>
</tr>
<tr>
<td>2. MINING AND QUARRYING</td>
<td>26,078</td>
<td>11.2</td>
</tr>
<tr>
<td>3. MANUFACTURING</td>
<td>190,742</td>
<td>81.6</td>
</tr>
<tr>
<td>Food products and beverages</td>
<td>4,909</td>
<td>2.1</td>
</tr>
<tr>
<td>Textiles</td>
<td>5,395</td>
<td>2.3</td>
</tr>
<tr>
<td>Coke, refined petroleum products</td>
<td>12,460</td>
<td>5.3</td>
</tr>
<tr>
<td>Chemicals and chemical products</td>
<td>33,113</td>
<td>14.2</td>
</tr>
<tr>
<td>Rubber and plastics products</td>
<td>5,220</td>
<td>2.2</td>
</tr>
<tr>
<td>Basic metals</td>
<td>35,978</td>
<td>15.4</td>
</tr>
<tr>
<td>Machinery and equipment n.e.c.</td>
<td>20,373</td>
<td>8.7</td>
</tr>
<tr>
<td>Electrical machinery and apparatus n.e.c.</td>
<td>8,359</td>
<td>3.6</td>
</tr>
<tr>
<td>Radio, television and communication eq.</td>
<td>11,740</td>
<td>5.0</td>
</tr>
<tr>
<td>Medical, precision and optical instruments</td>
<td>5,493</td>
<td>2.3</td>
</tr>
<tr>
<td>Motor vehicles, trailers and semi-trailers</td>
<td>20,912</td>
<td>8.9</td>
</tr>
<tr>
<td>Other transport equipment</td>
<td>6,944</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>4. OTHERS</strong></td>
<td><strong>7,982</strong></td>
<td><strong>3.4</strong></td>
</tr>
<tr>
<td><strong>ALL PRODUCTS</strong></td>
<td><strong>233,792</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Turkish Statistical Institute; ISIC Classification*
AGRICULTURE AND FOOD INDUSTRY

Turkey is one of the largest producers and exporters of agricultural products in Europe and the Middle East. Total exports of agricultural and food industry products (HS: 01-24) have been US $ 16.9 billion in 2017 and accounted for about 10.7% of Turkey’s total export volume in the same period.

Vegetal production is the leading sub-sector of Turkish agriculture and it is mainly made up of fresh fruits and vegetables, cereals, pulses, industrial plants, and fodder crops.

In vegetal production, fresh fruits and vegetables constitute the backbone of the sector thanks to availability of diverse ecological conditions in Turkey enabling to grow all temperate, subtropical and some tropical products. Total fresh fruits and vegetables production was 51.6 million tons in 2017. Fruit bearing vegetables constitute 45% of the total vegetable production. Among these vegetables, tomatoes take first place with an output of 12.7 million tons and potatoes, watermelons, melons, onions and cucumbers follow this vegetable. The export value of fresh fruit and vegetables constitute around 12.9% of total agricultural exports.

While wheat is the main grain produced in Turkey, Turkey has a major role among the world’s important producing countries of pulses. Turkey is the main producer of oriental type tobacco in the world.

Turkish edible nuts and dried fruits production is considerably high and dominates the world markets. Among edible nuts and dried fruits, hazelnuts, pistachios, raisins, dried apricots and dried figs are of significant importance in Turkish agricultural exports. Historical documents reveal that hazelnuts have been grown along the Black Sea Coast in northern Turkey since 300 BC.

Anatolia was known as a country of fishery products since ancient times. At present, Turkey is an important supplier of fishery products in European countries, the USA, Commonwealth of Independent States (CIS) and Middle East countries.

The frozen fruits and vegetables industry is one of the important export-oriented sectors as the majority of the production is exported. Turkish fruit juice and concentrates industry started production in the late 1960’s and flourished rapidly thanks to modern production units, and the strong support of abundant fresh fruit production. Tomato processing industry is the pioneering sector in food processing industry with the product categories like tomato paste, peeled and diced tomatoes.

Despite its fragmented structure, Turkey is the largest producer of dairy products in the region. The rich varieties of cheese have made Turkey one of the preferred suppliers of this product in the region. Turkey also has a highly developed meat and poultry products sector. Domestic consumption of poultry meat in Turkey has grown very quickly and poultry products dominate the exports in the sector.

Turkey is one of the important vegetable oil (especially for sunflower oil and margarine) producer and exporter in the world. In Turkey, Vegetable oil production has undergone remarkable developments over the last years, more edible oil facilities have either started to produce high quality products or increased their production capacity. Today, Turkey has large-scale oil facilities with modern bottling lines and high capacities. In addition, there are compulsory export and production standards for vegetable oil sector in Turkey; thus, production in all facilities conforms to the standards of the Turkish Standards Institution (TSE), which are also consistent with the international regulations.

As the motherland of olive and olive oil, Turkey has an experience and tradition with thousands of years. Turkey has been one of the major producers of olives among Mediterranean countries.
and the olive production in Turkey is coming from the coastal region along the Aegean Sea and the Mediterranean Sea. Today, Turkey supplies olives and olive oil of Mediterranean cuisine all over the world. Turkish olives and olive oil are highly demanded from every part of the world. Besides, there are more than hundred countries that have experienced the excellent taste and fragrance of Turkish olives and olive oil.

The sugar and chocolate confectionery sector in Turkey is historically based on the production of traditional Turkish confectionery products such as Turkish delight and halva. Today products are widely diversified and of higher quality. Major items produced in the industry include various types of candies, chewing gum, Turkish delight, halva, chocolate-coated products and various types of chocolates.

Wheat flour, bread, macaroni, biscuits, pastries, semolina and cracked wheat characterize the pastry and milling industry sector in Turkey.

The number of farmers dealing with organic agriculture and the variety of organic products in Turkey is also increasing year by year. Today around 250 kinds of agricultural products including raisins, dried figs and dried apricots are organically produced in Turkey and shipped abroad.

In Turkish agricultural and food industry, production is realized in conformity with all rules of hygiene in order to produce high quality and sanitary products. In this regard, Turkish firms generally apply internationally recognized quality and food safety systems line ISO 9000, ISO 22000, HACCP, BRC, IFS, SQD and GLOBALGAP and export to all around the world.
INDUSTRY

The factors, which give competitive strength to the Turkish manufacturing industry, are its geographical proximity to export markets, developed infrastructure and telecommunications systems, the existence of young and trained human resources, a large domestic market and the liberal economic policies in force. Vehicles and auto parts, textiles and clothing, machinery, iron and steel and electronics have been the most dynamic industrial sectors in recent years. In 2017, manufacturing industry exports reached US$ 147 billion with a share of 93.7% in total exports.

Today Turkey is an automotive production hub in the world. Turkish automotive industry is not only one of the main driving forces in Turkish economy but also the locomotive industry of Turkey is manufacturing industry and overall exports. Today Turkish Automotive Industry has reached a production capacity of almost 1.8 million units per year. Turkey ranks 14th and 5th biggest producer of motor vehicles in the world and in EU respectively. Besides, among EU countries Turkey enjoys the first place for light commercial vehicles. The automotive industry in Turkey, which has been operating for more than sixty years, has been the export champion for the years. Turkey has also a very strong supplier industry, which had a chance to become a “co-designer” of the main industry companies for global production. Turkish Supplier Industry produces almost all parts and components of the sector and have important high-level customers. Along with local manufacturers, there are also world brands that have significant investments in Turkey. Turkey is keen on improving the structure and performance of automotive industry that is why she attaches utmost importance to technological development and R&D production. Today Turkish automotive industry has reached same technological level with the world. Exports of the automotive and supplier industries were responsible for the 18% of Turkey’s total exports in 2017. In the same year, 1.3 million vehicles were exported out of total production of nearly 1.7 million and exports of the industry increased 20 % compared to 2017 and reached to 28,8 billion USD.

Turkey has shown consistent and stable progress in the machinery industry. The industry has shown rapid adaptation to international manufacturing standards and uses the highest quality machinery and equipment. Machinery and equipment industry almost doubled its production during the last 15 years. Due to its recent development and potential, the share of the machinery sector in Turkey’s economy and exports is growing rapidly. The Turkish machinery industry established a very strong partnership with Germany. Given the success in the German market and the knowledge gained from this relationship, Turkey is now focused on other important markets to build equally profitable partnerships. The share of Turkish machinery export is 6% in Turkey’s total export. Turkey’s machinery exports has reached USD 8.6 billion in 2016 and USD 9.5 billion in 2017.

The Turkish electronics industry, founded on high added value, innovation, creativity, and extensive research, develops products not only for the local market but also for overseas. The exports of the sector have demonstrated a constant increase since 1990. This is mainly due to intensive R&D efforts and production aligned with the needs of the export markets. Thus, electronics industry having the most recent technology is another key industry, which has a share of 6.5 % in Turkey’s exports. The most important sub sectors are the electrical machinery, TV sets and durable (white) goods. Turkish TV sets and white durable goods have significant market shares in most of the European countries. The exports of the industry was recorded as 10.2 billion USD in 2017, with an increase of 4 % compared to the previous year. The export performance of the young and dynamic Turkish electronics industry has been increasing with high quality products at reasonable prices. Turkish electronics will attain significant market shares in foreign markets with their broad range of products, continuous R&D activities, engineering quality and efficient after sales services.

Turkish shipbuilding industry has emerged as an exporting sector with increasing production capacity. Due to the developments in the Turkish shipbuilding industry and world demand, there has been a sharp increase in production volume and product diversity at ship subsidiary industries in Turkey. The sector can produce anchors, chains, bollards, locking equipment, windlasses and equipment, electric cables and hydraulic units. Exports of shipbuilding industry...
reached to USD 1.3 billion in 2017. Turkey is a growing force within the international maritime sector.

**Clothing and textiles** are among the most important manufacturing sectors in the Turkish economy in terms of GDP, employment and exports. In 2016, the share of clothing and textile industry (including leather and leather products, shoes and carpet) was 19.3 % in total exports. In 2017, this sector had a share of around 18% in total exports of the country. Turkey is one of the main actors in the world clothing industry. In 2016/17, Turkey ranked eighth in global cotton production and fourth in global cotton consumption. The Turkish clothing industry with a share of 3.4 % is the eighth in 2016 among the exporting countries. The Turkish textile and clothing industry, which is listed among the world’s top ten exporters, is the third largest supplier to the EU in 2017. The **leather industry** is among the traditional export sectors of Turkey. Recently, Turkey has become one of the biggest producers of leather garments in Europe. Textile industry exports was about US$ 13,5 billion in 2016 and US$ 14,2 billion in 2017 (**ISIC Classification**) and mainly composed of household textiles, man-made and cotton yarns and fabrics.

The **carpet** is a gift from the Turkish people to world civilization. Turkish hand-made carpets and kilims are exported to a wide range of countries throughout the world. The major export markets are the developed countries. In 2017, Turkey’s total carpet exports reached US$ 2,1 billion, with 97% belonging to machine-made carpet and 3% hand-made carpet. Turkey’s total machine made carpet capacity is over 306 million square meters. Turkey is the number one world exporter of machine made carpets.

Turkish **iron and steel industry** has shown great progress, both in terms of quality and capacity. Raw steel production in Turkey rose to 37.5 million tons and Turkey is the eighth largest steel producing country in the world in 2017. Iron and steel exports in 2017 amounted to US$ 13.8 billion. Turkey as the second largest steel producer in Europe and second largest rebar steel exporter in the world. Turkey’s iron and steel exports are mainly composed of rolled bars and profiles for the construction industry. Iron and steel casting products and pipes and tubes are also significant sub-sectors.

Among other industrial good: rubber products, especially tires, processed marble products, glass products and ceramic products are the major exported items. Turkey as a land of marble has been exhibiting its extraordinary marble products all over the world. The production of **natural stones** in Turkey has grown rapidly in the last decade. Large-scale private companies invested in integrated processing plants, which resulted in developments in the local market. With the introduction of modern production equipment and methods, Turkey has become one of the world’s prominent natural stone producers. In 2017, processed natural stone exports were realized as 900 million dollars and the share in total natural stone exports is 45 %. The **glass industry** is one of the most important and highly developed industries in Turkey with a traditional background. The major part of production consists of flat glass, including both float and sheet types. The second group of items is glass containers and the third one is glass household articles. Glass exports were US$ 916 million in 2017 and 50 % of the exports went to the EU countries. **Ceramics** are also among Turkey’s oldest and best-known products. The majority of product line consists of ceramic wall and floor tiles. In addition to large production capacity, Turkish wall and floor tiles and sanitary ware have exquisite design and superior quality. Ceramics exports totalled US$ 970 million in 2017. Ceramic tiles constitute the major part of exports.

Among consumer goods, **jewellery** has a significant place. Turkey has a great jewellery tradition. Turkish jewellery industry reflects a rich cultural heritage combined with the latest technology, outstanding artisanship and modern designs. Today, Turkey is one of the global leaders, both in production and exports, ranking among the top five countries in the world in gold jewellery production. Turkey has a capacity to produce 400 tons of gold and 200 tons of silver annually. The gold jewellery exports reached to US$ 4.2 billion in 2017.
Turkey’s furniture exports have also a promising upward trend in recent years. The exports of this sector were US$ 2.3 billion in 2017.

Turkey has been manufacturing chemicals for very long time, being a producer of many basic and intermediate chemicals and petrochemicals. Production includes petrochemicals, inorganic and organic chemicals, fertilizers, paints, pharmaceuticals, soaps and detergents, synthetic fibres, essential oils, cosmetics and personal care products. Turkish chemical industry has competitive power for various chemicals because of raw material advantages. Turkey is among the main producers of soda ash, chrome and boron chemicals. In 2017, the exports of the chemical industry were US$ 16,8 billion, representing about 10.7 % of total exports of Turkey.

Mining

Turkey possesses the greatest mine resources of the world for some minerals. There are 53 exploitable minerals and metals, and 4,500 mineral deposits in Turkey. Turkey’s major minerals produced are boron minerals, marble, basalt, feldspar, magnesite, perlite, pumice, barite and bentonite. A wide variety of primary metallic minerals is produced as well. Chrome and copper ore are the most significant minerals in the metal sector. Turkey is a major world producer of processed minerals, including refined borates and related chemicals, cement, ceramics and glass. In addition, Turkey is a significant producer of ferrochromium. In 2017, the exports of mining products were US$ 4.7 billion, which represents about 3 % of total exports of Turkey.
TRADE IN SERVICES

Turkey is one of the crucial countries in health tourism. Turkey has been progressing towards becoming a key actor of this sector, thanks to its advanced health infrastructure, young and qualified labor force, worldwide-developed technologies as well as its advantageous intercontinental geographical position. More than 350,000 international patients visited Turkey in 2016 and about 413,000 international patients were treated in 2017 as well. On the other hand, with approximately 2,000 thermals springs, Turkey ranks after China, Iceland, USA and Japan in the world and 1st in Europe.

The Turkish films and TV-series have been invited to and screened at major TV channels and at international film festivals. Within this context, Turkey has been illustrated as one of the top countries producing original movies and TV-series. It is estimated that Turkish TV-series are watched in about 100 countries by more than 400 million viewers from Middle East to Balkans, from Africa to Far East and Latin America.

While the number of foreign students studying in Turkey is 32,000 in 2012, this number has increased 3.5 times and reached 108,000 in 2017. Turkey, as the bridge of Asia and Europe, is in the way of becoming a higher education center in its territory with its 184 universities.

Information and Communication Technologies (ICT) sector in Turkey has become an essential part of the economy as it is affecting nearly every part of business world. Turkish ICT companies have been strengthening their positions in the international market, especially in the field of defence, finance, telecommunication and video games software.

Construction Services

Regarding to the Construction Services, Turkish contractors are capable of competing with the world’s leading contractors in the international construction market with their reliability, creativity and cost effectiveness. Today, they are working in four continents using all the financial, managerial and technological instruments of international contracting standards. According to the leading international magazine “ENR-Engineering News Record”, with 46 companies among the top 250 contracting companies, Turkey ranked second in the world after China in 2017. The Turkish contracting sector has significant advantages due to their low cost offer, risk-taking abilities, speed of work and experienced employees.

Turkish contractors meet the significant needs of the products and services of the countries in which they are operating or intending to operate. They are catering to those needs with whole package offers consisting of basic or process engineering, feasibility studies, equipment selection and extension of credit.

Until January 2018, Turkish contractors have undertaken more than 9,200 projects in 119 countries, with a total value of more than USD $ 355 billion. On the other hand, Turkey is among the world’s leading producers of building materials. Between the period of 2010-2017, Turkmenistan (16.8%), Russian Federation (16.7%), Iraq (8.7%) and Saudi Arabia (6.1%) represented the major markets for Turkish contractors.
Tourism

Situated at the junction of the Asian, European and African continents, Turkey is the heir to many natural and cultural treasures. In terms of both accessibility and as a crossroad through which many civilizations have passed over the millennia, Turkey’s unique land ranks among those with the highest tourism potential in the world.

Following the foundation of the Turkish Republic after World War I, İstanbul and İzmir became centers of social and business life while Ankara became the new capital. These three cities host the country’s most respected universities, conservatories, theatres and concert halls. Jewish and Christian communities and immigrants from different parts of the Ottoman Empire add diversity to the cities, contributing to the human mosaic, so characteristic of Anatolia.

Turkey offers extraordinary diversity in terms of sight, scenery and activities. Turkey was one of the most popular tourist destination in the world in 2017, attracting more than 38 million tourists annually. Tourism revenues realized at US$ 26 billion in 2017.
FOREIGN INVESTMENT

The Foreign Direct Investment Law No. 4875 regulates the liberalized investment environment in Turkey, which has been in force since June 2003.

**The main principles of the FDI regime in Turkey are as follows**

✓ No Pre-entry Screening Requirement  
✓ No Minimum Capital Requirement  
✓ National Treatment  
✓ Guarantee to Transfer of Proceeds, dividends and other financial assets  
✓ Right to Key Expatriate Personnel Employment  
✓ Protection Against Expropriation  
✓ International Dispute Settlement  
✓ Right to acquire real estate

FDI inflows to Turkey increased more than 13 folds between 2003 and 2017 period and amounted to 193.1 billion USD under the favour of market friendly reform agenda accompanied by political and macroeconomic stability in the last decade. Turkey’s new investment incentive system, launched in April 2012, became effective by the “Council of Minister’s Decree No. 2012/3305 on Government Subsidies for Investments” of June 15, 2012. According to this system; investors may benefit from different incentive instruments including; tax Incentives, employment incentives, financial incentives and incentives related to land allocation.

**Current Incentive Program consists of four different schemes**

1. General Investment Incentives Scheme  
2. Regional  
3. Large Scale; and  
4. Strategic Investments Incentive Scheme.

Furthermore, an additional investment incentive scheme, called as **Project Based Investment Incentive Program**, for investments with a minimum amount of 100 million USD has been launched in 2016 to promote R&D intense, high tech and export industries, such as renewable energy technologies, new generation transportation vehicles, electric & electronics. With this Project Based Investment Incentive Program, investments will be supported individually with unique incentive mechanisms, such as Infrastructure Support, Energy Support, Exemption from Permissions and Licenses among many others.
Free Trade Zones

Free Zones are defined areas in which special regulatory treatment exist for the operating users in order to promote exports of goods and services. There are 18 Turkish Free zones, which offer convenient, and flexible business climate for foreign investors with activities of research and development, manufacturing, software, general trading, storing, packing and banking and insurance. Investors are free to construct their own premises, while zones have also available office spaces or warehouses on rental basis with attractive terms. All field of activities open to Turkish companies are also open to joint venture of foreign companies.

Advantages of Free Zones

- Opportunity to Benefit from Tax Advantages for Manufacturer Users
- Opportunity of Medium and Long Term Planning
- Opportunity to Transfer Profits
- Facilitation of Foreign Trade
- Free from Customs Duty Procedure
- Easy Access to EU Countries
- Equal Treatment
- No Time Limitation for Storing Goods
- Managing Trade Activities According to Market Demands and Conditions
- Inflation Accounting Opportunity
- Access to Domestic and Foreign Markets
- Reduced Bureaucratic Procedures and Dynamic Management
- Strategic Location
- Competitive Infrastructure Standards
- Supply Chain Management
TEN GOOD REASONS FOR TRADING WITH TURKEY

- Outward oriented dynamic economy and free trade regime
- Low taxes and high incentives
- Geographical advantage of being neighbour to the European, Balkan and Middle Eastern Countries as well as Newly Independent States
- Integration of the Turkish economy with the world economic system due to the establishment of a Customs Union with the European Union and being a founding member of the World Trade Organization
- Dynamic society with approximately 80 million people
- Abundant trained labour force, managerial manpower and professional business people
- Competitive manufacturing industry
- Rich agricultural and mineral resources
- Technologically improved banking and telecommunication systems and well developed infrastructure
- Located at a close proximity of more than 70 percent of the world’s proven primary energy reserves