

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



**YOUR ONE-STOP-SHOP
IN TURKEY**

invest.gov.tr

February 2013 FDI News Digest

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



**YOUR ONE-STOP-SHOP
IN TURKEY**

invest.gov.tr

ANKARA (Headquarters): Kavaklıdere Mahallesi Akay Caddesi No:5 Çankaya 06640 Turkey
P: (+90 312) 413 89 00 • F: (+90 312) 413 89 01

İSTANBUL: Dünya Ticaret Merkezi A 1 Blok Kat:8 No:296-297 Yeşilköy 34149 Turkey
P: (+90 212) 468 69 00 • F: (+90 212) 465 72 72

Weekly News Digest

04-08 February

Automotive

Turkey to revamp automotive incentives to increase local content

04.02.2013

Hürriyet – Turkey’s investment incentive system is set to receive revamping to facilitate investments in the country’s critical automotive sector that involves the production of key components such as engines and transmission parts.

“Turkey aims to increase the local content in automotive manufacturing to 77 percent, from its current level of 56 percent..” according to a statement by the country’s Minister of Economy, Zafer Caglayan. The Ministry is actively working on a road map to adjust incentives that are available to automotive manufacturers, the Minister said. It is expected to cut down on costly imports of engine and transmission parts.

“Imports of intermediate goods in the automotive sector accounts for USD 5 billion of imports every year..”, Caglayan noted. “Vehicle engines constitute one fourth of imported intermediate goods in the automotive sector. Followed by transmission elements with a share of 10 percent..”, the Minister explained, stating the necessity to increase the domestic supply of such components.

A major auto production hub, Turkey manufactured slightly more than a million motor vehicles last year. Global automakers including Ford, Renault, Fiat, Hyundai, Toyota, and Honda have production operations in the country.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/040213-turkey-new-investment-incentives-for-auto-makers.aspx>

Energy

TANAP construction to start in 2013

08.02.2013

Yeni Safak – The construction work on the strategic Trans-Anatolian Pipeline (TANAP) project, designed to carry Azeri gas to Turkey and Europe, is set to begin this year, Turkey’s Prime Minister Recep Tayyip Erdogan said during a visit to Slovakia. At a press conference with the Slovakian Prime Minister Robert Fico, Erdogan stated that TANAP had passed through the parliaments of both Turkey and Azerbaijan, the two major partners of the project, and that construction was likely to begin in 2013.

“With no obvious progress on the Nabucco, Turkey has taken steps towards securing its energy supply and entered into an agreement with Azerbaijan. The agreement on TANAP has been ratified in the parliaments of the two countries”, Turkey’s Prime Minister said.

Envisaged as an alternative energy route to reduce Europe’s reliance on Russian gas, the Nabucco pipeline was initially planned to carry 32 billion cubic meters of natural gas per year through Turkey to European customers. Due to supply problems and high costs, the project was considerably downsized last year. Turkey would be playing a pivotal role in TANAP as a major partner and would be a transit country in the scaled-down Nabucco.

Turkey and Azerbaijan signed the TANAP agreement last June with Turkey’s BOTAS and Azeri SOCAR being the major partners of the USD 7 billion project. TANAP will carry 16 billion cubic meters of gas

per year, with 6 billion to be delivered to Turkey and rest to Europe. The project was later partnered by European energy companies BP, Statoil and Total, which acquired a combined 29 percent of shares late last year.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/080213-tanap-construction-set-to-begin-in-2013.aspx>

Turkey's Aksa to build 7 hydropower plants with Chinese CNTIC

07.02.2013

Milliyet – Istanbul-based Aksa Enerji, Turkey's largest independent power producer with an installed capacity of over 2000 MWs, has inked a deal with China National Technical Import & Export Corporation (CNTIC) to build seven hydropower plants in Turkey.

Aksa Enerji and CNTIC signed a memorandum of understanding for the construction of 7 hydroelectric power plants with a total installed capacity of 251 MW at an investment cost of USD 463 million, according to the statement sent to the Public Disclosure Platform of the Istanbul Stock Exchange.

CNTIC will be the contractor for the project, including the financing, the statement said, in accordance with earlier deals between Aksa Energy stake-holder Goldman Sachs and Chinese financial institutions. China Development Bank and other Chinese lenders will loan 85 percent of the investment cost while the remainder will be financed from Aksa's own resources.

Turkey's growing energy industry is luring international companies as the emerging nation increasingly seeks to tap its renewable sources of energy to feed its expanding economy. The country plans to supply 30 percent of its power from renewable sources such as hydro, solar and wind, by the year 2023, the centennial of the republic.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/070213-turkish-aksa-chinese-cntic-building-hydropower.aspx>

Financial Services

Kuwaiti Burgan Bank to start operations in Turkey

04.02.2013

Sabah – Kuwaiti lender Burgan Bank Group, has announced the start of operations in Turkey under its own name, following its acquisition of the Istanbul-based Eurobank Tekfen. The Kuwaiti bank completed the takeover of a total of 99.26 percent shares from Tekfen's Greek partner for USD 355 million last December.

The third largest banking company from the Gulf nation, Burgan Bank's entry to the Turkish banking market follows the likes of Bank Audi from Lebanon, the first foreign lender to receive a Turkish banking license in 11 years and the Japanese Bank of Tokyo-Mitsubishi UFJ, another lender recently licensed to operate in Turkey, to cash in on the country's lucrative banking market. Istanbul's bid to become an international financial center is amongst other reasons that lure multinational financial institutions to Turkey.

Already a strong name in the region, Burgan Bank's operations across the Middle East will be fostered by the brand's expansion into Turkey, a country with a key geo-strategic location and a strong banking system, according to a statement by the company.

The bank will operate with 60 branches across Turkey.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/040213-burgan-bank-starts-turkey-operations.aspx>

Infrastructure

Istanbul's second airport leads in growth

06.02.2013

Dünya – Istanbul's second airport, Sabiha Gokcen International, has claimed the "Europe's Fastest Growing Airport" title for the third time, according to the World Airport Traffic Report 2012, published by Airports Council International (ACI).

Sabiha Gokcen airport handled 14.9 million passengers in 2012, up 8.4 percent year-on-year, ACI data showed, making Istanbul's second largest, after Ataturk Airport, the fastest 'grower' in the 10-25 million passenger capacity category.

Located on the Asian side of Turkey's megacity, Sabiha Gokcen Airport began accepting international flights in just 2009 but progressed quickly enough to be the fastest growing airport both in Europe and in the world in 2009 and 2010.

Turkey is planning to build a third airport on the northwestern section of Istanbul's European side, slated to be the world's largest in passenger handling capacity, as the country's national airline, Turkish Airlines, increasingly asserts itself as a global player.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/060213-istanbul-sabiha-gokcen-fastest-growing-airport.aspx>

Others

Turkey's steel output climbs to global 8th

05.02.2013

Dünya – Turkey's steel output has grown strongly last year, securing the country the 8th place among the top producers of the backbone material of the economy. The global steel output has reached 1.54 billion tons in 2012, according to the World Steel Association, which calculated Turkey's production to be at 35.9 million tons, up 5.2 percent over a year earlier.

Climbing two spots up from its previous 10th place, Turkey replaced Brazil and Ukraine in steel production in 2012, increasing its share in global output to 2.3 percent from 2011's 2.2 percent.

Ranking 15th in the global steel producing countries list just a decade ago, Turkey's robust growth in steel output in recent years made the country surpass major industrial nations such as Canada, Spain, French, Italy and Taiwan in terms of production.

The latest foreign investor in the country's steel sector is the South Korean Posco, currently building a cold-rolled stainless steel plant with a worth of USD 350 million in Kocaeli, western Turkey.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/050213-turkey-steel-production-increase-2012.aspx>

Weekly News Digest

11-15 February

Automotive

Tofas to introduce two new models, eyes exports to North America

11.02.2013

Milliyet – Tofas of Turkey, a joint venture between Koc Holding and Italy's Fiat, is working on new vehicle models, projected to increase its annual production to 400,000 vehicles per year, according to its CEO, Kamil Basaran. The company is also looking into exporting its Doblo light commercial vehicle (LCV) to the North American market.

The entire technical work on two new passenger vehicles is done at Tofas in Turkey, Basaran told the press, confirming that one of the vehicles was a B- or C-segment sedan without providing details about the other. The company will hold all the patent and intellectual rights for both cars, just as it does in Doblo and Minicargo LCVs, Tofas CEO told reporters. Sedan type vehicles are hot sellers in the Turkish market. Both models are expected to enter the market in 2015 after the final approval in July and will be available for export as well.

Currently exporting vehicles to more than 80 countries, Tofas is near the completion of a feasibility study to expand its reach to the North American continent. The Doblo model will hit the streets in the US and Canada by late 2014 when its adaption to the specific market needs is finished, Tofas CEO said. Tofas will supply the model to the North American market under the 'Chrysler Ram' brand, as a part of a deal signed between Fiat and the Chrysler Group in 2011. The total investment cost for the standardization of the Doblo for the North American market is about USD 160 million. "We expect to export at least 20,000 vehicles to North America annually..", Basaran noted.

Known for its high quality and cost-effective production operations, the Tofas Bursa plant is one of Fiat's key production centers, currently manufacturing Minicargo-based LCVs for a number of European automotive companies, including Opel, Citroen, and Peugeot.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/110213-tofas-working-on-two-new-models-america-exports.aspx>

Chemicals

SOCAR to invest USD 800 million in Turkey refinery

15.02.2013

Zaman – The State Oil Company of Azerbaijan Republic (SOCAR) will inject USD 800 million of funding to its multibillion dollar refinery project in Aliaga, Izmir on Turkey's Aegean coast, according to Socar Turkey head speaking about the company's 2013 plans. SOCAR & Turcas Aegean Refinery, also known as the Star Refinery, will significantly reduce Turkey's costly petroleum product imports when it goes into operation by 2016.

"The USD 800 million to be channeled to the Star Refinery project will be from SOCAR's own equity..." SOCAR Turkey CEO Kenan Yavuz said, adding that a financing deal with a consortium of banks was expected to be signed within a month. "SOCAR will provide USD 1.9 billion out of its own equity for the USD 4 billion project..." Yavuz said. The company has invested USD 200 million so far for the facility that will process 10 million tons of crude oil annually, producing jet fuel, diesel, petroleum coke, LPG, naphtha and other oil derivatives.

The majority owner of Turkey's largest petrochemical complex, Petkim, SOCAR is one of the largest single foreign investors in Turkey in recent years. For the realization of the refinery project the Azeri

company will be benefitting from Turkey's new investment incentive system, introduced last summer, which provides major advantages to strategic projects that help cut down imports.

SOCAR is also the majority partner of the Trans-Anatolian gas pipeline (TANAP) project which will carry Azeri gas across Turkey to Europe.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/150213-socar-investing-usd-800-million-turkey-refinery.aspx>

Energy

Turkey's TPAO, Shell to explore for oil in Black Sea

15.02.2013

Milliyet – Turkey's state-owned oil and gas company TPAO and oil giant Royal Dutch Shell have signed an agreement to jointly explore for oil in the Black Sea. The exploration efforts will concentrate on western Black Sea with Shell bearing the cost of deep see operations while drilling will be jointly funded, according to the deal.

Turkey has expanded the budget for oil exploration 13.5 fold in the last decade, Turkey's Minister of Energy, Taner Yildiz, said during the signing ceremony as the country increasingly looks for domestic sources of energy to fuel its growing economy.

TPAO and Shell are also partners in another hydrocarbon exploration deal signed in 2011 covering Turkey's southeastern province of Diyarbakir.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/150213-tpao-shell-sign-black-sea-oil-exploration-deal.aspx>

Others

Turkey elected as Vice President of WAIPA

12.02.2013

Dünya - Turkey will be the second-in-command of the World Association of Investment Promotion Agencies (WAIPA) between the years 2013 and 2015. Investment Support and Promotion Agency of Turkey (ISPAT) has been elected to the post of Vice Presidency of the umbrella organization of 164 investment promotion agencies from 122 countries at the XVIII WAIPA World Investment Conference 2013 held in Geneva, Switzerland.

ISPAT gathered the clear majority, 65 percent, of the votes in the General Assembly of WAIPA to replace Spain, while Hong Kong took over the leadership role of WAIPA from Brazil for the next term.

"Our election to the Vice Presidency of WAIPA coincides with ISPAT's increased efforts to promote Turkey's investment environment and to develop sector-, country- and even product-based strategies to attract international investors. Complemented by Turkey's rise as an economic and political powerhouse in the global arena, this success will strengthen our resolve to better present our country to international investors.", ISPAT President Ilker Ayci said upon accepting the post.

WAIPA is a non-governmental organization founded in 1995, which acts as a forum for cooperation and exchange of best practices for the promotion and development of investments.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/120213-turkey-elected-vice-president-of-waipa.aspx>

Turkey predicted to attract USD 15-20 billion of FDI in 2013

14.02.2013

Today's Zaman - The International Investors Association of Turkey (YASED) released its semi-annual Barometer survey on Wednesday, announcing that the expectation of foreign direct investment (FDI) flow among 49 percent of the participants shows the figure to be around USD 15-20 billion in the first six months of 2013.

The survey, which was conducted on international companies having operations in Turkey, showed that 49 percent of the surveyed companies predict the economy will attract between USD 15 to 20 billion FDI flow during the year while 20 percent responded with an answer of USD 20 to 25 billion and 4 percent indicated the figure would be more than USD 25 billion.

In the survey, 48 percent expressed that economic growth would be stable in the first half as for 36 percent the growth would speed up. Also, 38 percent of them expressed that the global investment environment would improve and 57 percent responded that the investment environment would improve in Turkey. In addition, 46 percent said they will be making new investments in Turkey in the first half. Prediction on gross national product (GNP) growth was stated as 4.01 percent on average by 35 percent of the respondents.

When asked in which sectors they would be investing, the top three sectors were energy, financial services and health, respectively. Also automotive and parts, fast moving consumer goods (FMCG), food and agriculture and information communication technology were other sectors that they plan to invest in.

In a move widely expected to boost investor confidence in Turkey, credit rating agency Fitch upgraded the country to 'investment grade' late last year, highlighting the declining government debt burden, sound banking system, favorable medium-term growth prospects and a relatively wealthy and diverse economy.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/140213-turkey-expects-usd-20-billion-fdi-2013.aspx>

Multinationals pick Turkey for managing regional markets

13.02.2013

Dünya – Turkey with its key strategic location and having a quality talent pool that suits any managerial need is quickly becoming a hub for managing regional markets that large multinational companies do business in. As the world's economic center of gravity shifts from West to East, Turkey's advantages as a regional management center, as well as being a top choice for investments, are increasingly apparent for companies seeking to expand into a fast growing economy with strategic trade links to neighboring markets.

A young population with a median age below 30 and logistic advantages provided by a unique geographical location are the main factors behind the reasoning of multinational companies that choose Turkey as a regional 'operations base' which covers diverse geographic areas such as Europe, the Middle East, Central Asia and North Africa.

The ratio of multinationals in Turkey that use their local office as a regional headquarters has reached 33 percent, according to a 2012 survey by the International Investors Association (YASED). Turkey's financial capital Istanbul is the location of choice for a regional management center for foreign investors as a thriving trade hub. Furthermore, increasingly more Turkish nationals become employed by multinationals in their operations abroad.

On the growing list of companies that use their Turkey branch to manage their operations in surrounding countries are; Alstom, Axa, BASF, Benetton, BMS, Bosch, BP, BSH, Citibank, Coca-Cola, FMC Biopolymer, Coface, Diaverium, General Electric, Gefco, GlaxoSmithKline (GSK), Hafele, Hewlett-Packard (HP), Hugo Boss, Hyundai, Imperial Tobacco, Intel, İpragaz, ISI, JTI, LG, Lifung, Mapfre, Mercedes-Benz, Metro Group, Microsoft, Pepsi, Pirelli, Procter&Gamble (P&G), Samsung, Schott Orim, Siemens, TeliaSonera, Tetrapak, Unilever, Vaillant and Visa, according to YASED's Secretary General Ozlem Ozyigit, noting that there were many other unlisted foreign companies who set up their regional headquarters in Turkey.

"A large domestic market with strong ties to surrounding countries is crucial in attracting foreign investors. All of logistical advantages, business-friendly investment environment and political stability play a part in Turkey's success in becoming an investment destination. But the most important aspect is the superior labor force skills that multinational companies seek." Ozyigit remarked on Turkey's rise as a regional management hub.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/13.02.13-turkey-regional-management-center-for-multinationals.aspx>

Weekly News Digest **18-22 February**

Automotive

Automotive investments given 'high priority' status in Turkey's incentive system

18.02.2013

Dünya – Global car makers assessing Turkey's investment environment for manufacturing operations are one step closer to joining Ford, Toyota, Renault, Hyundai and others who have already invested in the country's fast growing automotive industry. In addition to a large domestic market with a low vehicle-per-capita rate, a highly skilled work force and nearby export markets, a recent amendment to the country's investment incentives system provides automotive investors with another good reason to choose Turkey as an auto manufacturing hub.

Investments relating to the manufacture of engines, engine parts, transmission elements and electronics – which meet the minimum requirements of TRY 300 million for general automotive production, TRY 75 million for engine production and TRY 20 million for engine parts, transmission elements and car electronics- will receive Region 5 benefits regardless of the actual investment location, except for Region 6, which itself is eligible for further incentives.

According to the new incentives system which became effective last June, Turkey is divided into six regions with most support instruments made available to the least developed parts of the country whereby industrialized Region 1, consisting of western Turkish provinces, has fewer supportive measures for investors than Region 6, comprising of eastern and south-eastern provinces.

Turkey aims to increase the level of local content in its automotive production, currently at 56 percent and reduce the imports of intermediate goods. The country manufactured over 1 million motor vehicles in 2012, ranking as the 6th largest producer in Europe and the 17th largest in the world.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/180213-turkey-offers-new-incentives-to-auto-makers.aspx>

Energy

Turkey's shale gas reserves draw foreign interest

20.02.2013

Star - Turkey's search for alternative sources of energy to feed its growing economy and reduce oil and gas imports, which cost USD 60 billion a year, may take a new turn given new technologies that feasibly extract gas from shale formations and the existence of major shale gas reserves thought to be in the country's southeastern and western regions.

In talks with US, British and Canadian companies to explore and extract gas from shale reserves in Turkey, Turkish energy officials say a new deal can be reached with a major oil company within a year in addition to the exploration deal signed two years ago between Shell and Turkey's state-owned oil company TPAO to look for shale gas in the southeastern Anatolian province of Diyarbakir. The westernmost part of the country, Thrace, is also thought to have significant reserves of shale gas.

"While determining the size of Turkey's shale reserves at this early stage of exploration is not possible, there are encouraging indicators hinting at a sizeable reserve of shale gas in the country.", said Yvonne Telford of the research and consulting firm Wood Mackenzie, adding that the existing oil/gas production and transportation infrastructure in Turkey would prove a perfect match for probable shale oil/gas production.

There may be 13 trillion cubic meters of shale gas reserves in Turkey, 1.8 trillion of which are recoverable, according to an estimate made by the Turkish Association of Petroleum Geologists last year. Some industry officials state that the reserves may hold as much as 20 trillion cubic meters, citing data from international bodies.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/200213-turkey-shale-gas-reserves-draw-foreign-interest.aspx>

Real Estate

Istanbul among top picks for real estate investors: PWC-ULI report

21.02.2013

Hurriyet – Turkey's megacity has once again scored well in the league of 27 European cities analyzed for their commercial real estate value, thanks to its development potential and favorable demographics, according to a survey by PricewaterhouseCoopers (PwC) and the Urban Land Institute (ULI).

Emerging Trends in Real Estate Europe 2013, an annual report based on market expectations, ranked Istanbul first in "Development Prospects" based on the city's exciting real estate potential. With its status boosted by Turkey's rapid growth and the country's young population, Istanbul also takes advantage of its transformation into a regional financial center and the country's relaxed property laws which allow foreign property ownership to attract international property investors.

Istanbul ranked second in "New Property Acquisitions" thereby retaining its appeal as a top investment market and took the 4th position in the "Existing Property Performance" category of the report which draws attention to the international companies setting up regional headquarters in the city.

Turkey received USD 2.6 billion of foreign investments in the form of real estate purchases last year, up 31 percent over 2011.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/210213-istanbul-among-top-real-estate-markets-pwc-uli.aspx>

Ernst & Young ranks Turkey Europe's second most attractive real estate market

19.02.2013

Today's Zaman - The "European Real Estate Assets Investment Trend Indicator 2013" report released recently by Ernst & Young has ranked Turkey the second most attractive market in Europe for real estate investors.

The report, which was prepared in cooperation with the Economist Intelligence Unit (EIU), was announced in Turkey by Ernst & Young Corporate Finance Department Director Musfik Cantekinler, who said that, based on research, all of the participants found Turkey an attractive market overall. The report noted that 40 percent found Turkey the second most attractive real estate market. It also highlighted a notable trend: Non-Eurozone countries are particularly attractive. Russia, Ukraine and Turkey were ranked as places where office buildings are expected to have a high demand, increasing the potential for higher prices.

Cantekinler noted that their expectations are toward an increase in prices, saying, "It is important to underline that these price increases will only be at prestigious locations." However, the report also showed that investors are interested in real estate purchases across all budgets. Eighty percent of respondents expressed that they believe that the volume of real estate transactions would increase while 70 percent said foreign investments would become more significant as transactions increase.

Last year, Turkey lifted the reciprocity principle which prohibited ownership of property in the country by foreign nationals whose country of origin does not give a Turkish citizen the right to purchase property in that country. The move allows foreign buyers to purchase property almost anywhere in Turkey, drawing property investors from all over the world, especially from Arab countries who were not allowed to buy in Turkey before.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/190213-turkey-europe-most-attractive-realty-market.aspx>

Others

Turkey's urban transformation project watched by investors – ISPAT President

22.02.2013

Yeni Safak – Turkey's multibillion-dollar urban transformation project, which sees the demolishing and renewing of millions of buildings deemed to be unsafe in the country's earthquake-prone provinces, is gathering investor interest on a global scale, the President of the Investment Support and Promotion Agency of Turkey (ISPAT) and the Vice-President of World Association of Investment Promotion Agencies (WAIPA), Ilker Ayci, has said at a meeting with the Turkish press.

Estimated to create a market of about USD 500 billion in volume within the next decade, Turkey's urban transformation is the center of attention for the world's leading construction companies, Ayci said, adding that the Agency was getting increasing numbers of enquiries from foreign builders seeking cooperation with Turkey's Housing Development Administration (TOKI) and its subsidiary Emlak Konut, a real estate investment trust. Drawing attention to the size of the urban renewal project, Ayci said that construction machinery manufacturers were also likely to invest in the country in the near future.

Providing insights on foreign direct investment (FDI) into Turkey in 2013, ISPAT head pointed at the new entries in the country's finance sector, namely the Bank of Tokyo-Mitsubishi UFJ (BTMU), which was granted a Turkish banking license late last year. New foreign entrants are also expected in Turkey's insurance industry, Ayci remarked. Turkey is also in investor scope for its shale gas potential, as newly found evidence indicates large reserves of the unconventional fossil fuel in the provinces of Konya, Ankara and Kirsehir. Royal Dutch Shell is actively exploring for shale gas in Diyarbakir province.

"On constant duty all over the world to promote Turkey's investment environment, ISPAT staff present specific projects in the country's hottest sectors tailored to the best interests of potential investors.." ISPAT President said as he explained the Agency's methods for attracting FDI. Turkey left behind its regional competitors such as Poland, Czech Republic and Romania in FDI inflows in 2012, Ayci continued, stating that ISPAT would play an active role in Turkey's privatization program, particularly in the upcoming tenders of the country's energy industry.

Turkey plans to privatize its remaining state-owned power generation and distribution companies in 2013.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/220213-turkey-urban-transformation-project-foreign-investors.aspx>

Weekly News Digest **25 February – 01 March**

ICT

Microsoft eager to take part in Fatih Project, eyes R&D center in Turkey

25.02.2013

Sabah – World's largest software company vies to be a part of Turkey's high-tech education initiative, Fatih Project, and eyes opening a research and development (R&D) center in the country, Turkey's Minister of Science, Industry and Technology, Nihat Ergun said following a meeting with Microsoft CEO Steve Ballmer in the Turkish capital, Ankara.

Speaking of the significance of the government's billion-dollar worth project, Ergun said that the overall quality of public education in Turkey will rise considerably as the project progresses over the years and that local IT industry will further develop as a result of international contribution.

"Turkey's information technology sector, including the software industry, will be one of the benefactors of this project, given the international interest expressed by some of the major names of global IT industry to the project."

Microsoft, Google, Intel, Apple, Blackberry and many others have reportedly voiced their eagerness to participate in Fatih Project before.

"Microsoft stated their willingness to cooperate with local partners for domestic production for both hardware and software aspects of the project.", Ergun noted, adding that establishing an R&D center in Turkey was also seriously considered by Microsoft.

To be put into practice in all over Turkey, the Fatih Project encompasses millions of primary education students, 600,000 classrooms and 40, 000 schools to be equipped with the latest IT technologies including tablet PCs, smart boards and other state-of-the-art devices.

Turkey seeks local manufacturing of the tablets to be distributed to students and is open to cooperate with the tech world's leading companies eager to take part in the project.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/250213-microsoft-interested-in-turkey-fatih-project.aspx>

Real Estate

Germans rank first in Turkey realty purchases

28.02.2013

Yeni Safak – Of all foreign property investors, German nationals have acquired the most real estate in Turkey since property laws were relaxed last August, according to data from the Ministry of Environment and Urban Planning.

A total of 11,008 foreign nationals bought 10,687 immovables, 2,513 parcels of land and 8,174 housing units in Turkey over the past nine months with Germans in the lead with a total of 2,557 acquisitions. The British followed with 1,302 purchases, while Austrians bought a total of 352 properties in Turkey.

As first time buyers in Turkey's real estate market, citizens of the Gulf countries - Kuwait, Saudi Arabia and the United Arab Emirates - acquired a total of 484 properties.

The popular Mediterranean tourist resort Antalya was the location most preferred by foreigners buying property in Turkey while the iconic city of Istanbul, one of the most promising property markets in Europe, came second.

Real estate purchases by foreigners reached a total of USD 2.6 billion in 2012, a rise of 31 percent from the preceding year. Last year, Turkey amended its property laws to enable investors from 189 countries to freely acquire property in the country.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/280213-turkey-foreign-realty-buyers-2012.aspx>

Tourism

Turkey among best-value holiday destinations

01.03.2013

Hurriyet Daily News - Turkey has again been named among the world's top 10 best-value holiday destinations in the annual Worldwide Holiday Costs Barometer 2013 report released by British retail post company The Post Office.

Turkey tops the list for the first time since 2008, having become even more affordable in the past five years because resort prices have fallen by a massive 16 percent on average over the last 12 months, the report said. The country now also features on the "best value" lists of many top travel bloggers.

Turkey is the world's 6th most popular tourist destination according to the United Nations World Tourism Organization (UNWTO). Antalya on the Mediterranean coast is named with Paris, London,

New York and Singapore as one of the tourist hot spots in 2012.

The country's tourism industry experienced a boom in the past decade, welcoming more than 31 million tourists last year, up from 12.9 million in 2002.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/010313-turkey-best-value-holiday-location.aspx>

Others

ISPAT signs MoU with Sharjah of the UAE

26.02.2013

Investment Support and Promotion Agency of Turkey (ISPAT) has signed a Memorandum of Understanding (MoU) with the investment agency of Sharjah Emirate of the United Arab Emirates (UAE) during Turkish Prime Minister Recep Tayyip Erdogan's visit to the Gulf nation.

The MoU between ISPAT and Sharjah Investment and Development Authority (Shurooq) aims to promote investment opportunities available in their respective countries in order to encourage bilateral investments. Signed by ISPAT President Ilker Ayci and Shurooq Chairperson Shaikha Bodour bint Sultan Al Qasimi, in the presence of Prime Minister Recep Tayyip Erdogan and Dr Shaikh Sultan Bin Mohammad Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, the agreement forms the basis of stronger business ties between Sharjah Emirate and Turkey.

Trade between Turkey and the UAE reached USD 5 billion in 2011 and is expected to reach USD 10 billion by 2015.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/260213-ispat-signs-mou-with-sharjah-uae.aspx>

Istanbul hosting YPO 2013

27.02.2013

Turkey's Istanbul is hosting the Young Presidents' Organization's (YPO) Global Leadership Summit 2013 for the first time with the attendance of high profile names such as Muhtar Kent, President of Coca-Cola, Guy Laliberte, CEO of Cirque du Soleil and Sergio Marchionne, CEO of Fiat Group.

The event that connects more than 2,500 members is considered an annual gathering of the best and brightest minds of today's business, politics, finance, technology, philanthropy, social enterprises and humanities circles to exchange information and share experiences on current topics and issues shaping the global business environment.

As a sponsor of the summit, Investment Support and Promotion Agency of Turkey (ISPAT) will be holding a plenary on Turkey's success through the global financial crisis, presenting the country's investment opportunities to an audience of senior executives in control of companies that generate a revenue of USD 6 trillion per year.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/270213-istanbul-hosting-y-po-summit-2013.aspx>

Turkey leader again in regional M&A activity

27.02.2013

Hürriyet – The continuing momentum in Turkey’s mergers and acquisitions (M&A) market has secured the country the top spot for the second consecutive year in Ernst & Young’s M&A Barometer report covering Central and South Eastern Europe.

Turkey topped the 11-country region with 297 transactions which created a combined volume of USD 17.9 billion, ranking first both in terms of transaction numbers and total volume. The Czech Republic came a distant second with USD 8.3 billion in the transaction volume category while Poland was second in transaction numbers. With a decline of 18 percent, the whole region’s M&A volume total stood at USD 41.8 billion, the financial advisory firm’s study revealed.

The report, which excludes transactions involving public parties, listed last year’s major deals in Turkey as the acquisition of Dexia’s Turkish unit Denizbank by Sberbank for USD 3.5 billion, brewer Anadolu Efes’ merging of Russian and Ukrainian operations with SABMiller for USD 1.9 billion, Aéroports de Paris’ partnering with Turkish airport operator TAV for USD 874 million, and the acquisition of Turkish pharma company Mustafa Nevzat by US biotech giant Amgen for USD 700 million.

Turkey led the region in M&A activities in 2011 as well, recording a total volume of USD 15 billion in 241 transactions.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/270213-turkey-mergers-acquisitions-2012-ey-report.aspx>

Turkey to take center stage at PDAC 2013

26.02.2013

Dünya – Turkey’s fast-growing mining industry with its numerous business and investment opportunities will be presented to the global mining sector’s leading people, companies, and organizations during the upcoming PDAC International Convention, Trade Show, & Investors Exchange 2013 which will take place on March 3-6, in Toronto, Canada.

The Turkish delegation attending the four-day show will be led by Dr. Nevzat Kavakli, Deputy Undersecretary of Turkey’s Ministry of Energy and Natural Resources.

Represented at the highest level by President Ilker Ayci, the Investment Support and Promotion Agency of Turkey (ISPAT) will manage the Turkish booth at PDAC 2013 and will host a number of events including presentations detailing Turkey’s rich mineral reserves, the latest legal arrangements to facilitate investments as well as the incentives provided by the government.

Representatives from foreign mining companies doing business in Turkey, including Pilot Gold, Alamos Gold, Chesser Resources, Alacer Gold, Inmet Mining, and Eurasian Minerals, will also be sharing their experiences in the country and hold question & answer sessions with visitors at the convention.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/260213-turkey-mining-sector-at-pdac-2013.aspx>