



INVEST IN TURKEY

THE REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND PROMOTION AGENCY OF TURKEY

newsletter

ISSUE 6

AUGUST 2014



Istanbul Among Europe's Top 3 Tourist Destination



Turkey's Istanbul continues its rise among the world's most visited tourist destinations, sealing itself the 3rd place in Europe and 7th in the world, according to a MasterCard survey.

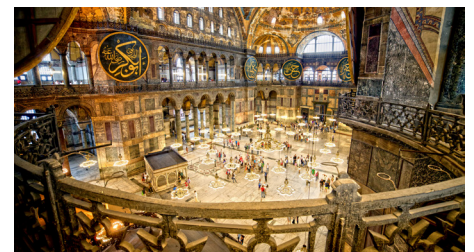
The historic city is expected to welcome 11.6 million tourists this year, coming 3rd in Europe after Paris and London, according to the findings of the US payment company MasterCard's Index of Global Destination Cities. Having

attracted 9.87 million visitors last year, Istanbul will host 17.5 percent more in 2014, the report has forecasted. The city's revenue from tourism is expected to reach USD 9.38 billion.

According to data from the Istanbul Culture and Tourism Directorate, Istanbul hosted 5.38 million tourists in the first 5 months of this year, a 9 percent increase over the same period of 2013.



Ranking 7th globally, Turkey's megacity is the fastest growing tourism hotspot in the world in terms of arrivals by air, the 132-city index states, as the city received 104.6 percent more visitors via air travel in 2009-2014 period.



Goldman Sachs buys into Turkish Petkim's Aegean port

Global leader US investment firm Goldman Sachs has become a partner in Turkey's largest integrated port, operated by petrochemicals maker Petkim, in a deal that will boost Petkim's plans to develop the port as the largest in the Aegean region.

Petkim announced that it has reached a preliminary agreement to sell its 30 percent stake in Petkim Limanlık (Petlim) for USD 250 million, after months of talks beginning in February of this year. Petkim and Petlim are controlled by the Turkish branch of Azeri energy giant SOCAR. Petlim was founded to run the financial operations of Petkim's port in the Aliağa district of the Aegean province of İzmir.

"We have signed a preliminary agreement with Akbank, one of Turkey's largest banks, for the financing of our port investment's project. We will secure USD 211 million in financing with a 13 year maturity within the term-sheet," SOCAR Turkey President Kenan Yavuz said.

The investment in what is expected to become Turkey's third container port will be in force in the last quarter of 2015. The Petkim Container Port, which will enable the berthing of ships with 11,000 TEUs for the first time in Turkey, will possess a starting capacity of 1.5 million TEUs. A 48-hectare logistics area will be created having 42 hectares in the port for container storage and 6 hectares in the rear service area.



New Turkish Airlines maintenance facility aims for the world's Top



Turkey's flag carrier, the Turkish Airlines (THY), is aiming to become one of the top 5 aircraft maintenance and repair service providers in the world with its newly launched facility at İstanbul's Sabiha Gokcen Airport.

Built with an investment cost of USD 550 million, Turkish HABOM (Türk Hava Yollari Havacilik Bakim Onarim Merkezi) operating under Turkish Technic, a subsidiary of THY, will service THY and third party airlines, taking advantage of İstanbul's key location lying within a flight distance of 3.5 hours to 55 countries in Europe, Asia, the Middle East, and Africa.

Turkey's Prime Minister, Recep Tayyip Erdogan, noted Turkey's great leap in airline industry. "Turkey has doubled the number of its airports in the last 12 years, bringing the number to 52 from 26, while the cost of air travel has dropped sharply, becoming a truly popular transportation method", Erdogan said. "The new maintenance facility will not only serve THY aircraft but will also service airline companies from 30 countries".

Once fully operational, the new facility will employ 7,000 people and generate annual revenues of USD 1.5 billion.

"Turkish Airlines Prize of Europe" given by ISPAT President at CHIO Aachen

İlker Aycı, President of the Investment Support and Promotion Agency of Turkey (ISPAT) and Turkish Airlines (THY) Board Member, presented awards to the top three US, Portuguese and Irish finalists in the "Turkish Airlines Prize of Europe" equestrian jumping competition. The competition was held at the Aachen International Equestrian Festival (CHIO Aachen), the biggest equestrian sport challenge ever.

Commenting on the competition, Aycı said, "This is one of the most significant equestrian competitions in the world. It is broadcast live in more than 140 countries. The event has brought the THY brand into the public eye once again, increasing its visibility world-wide. Companies from all over the world vie to sponsor this competition." During the festival, Aycı also held talks with potential investors about Turkey's investment climate.

Turkey's automotive industry to break new production record in 2014

The lights are all green for Turkey's automotive industry to reach record levels of production and exports according to Kudret Onen, the head of the Turkish Automotive Manufacturer Association (OSD).

"The strong recovery in the European market has lifted the Turkish automotive industry's exports by 8 percent and the export revenue by 12 percent, offsetting the negative effects of the contraction in the domestic market", Onen said, assessing the industry's performance during the first six months of the year. EU is the major recipient of Turkey's export goods and motor vehicles usually top the list of the country's shipments. For the year-end total, an increase of 11 percent in automotive output over last year's 1.13 million is likely, the association predicts, which means the highest-ever figure for Turkey's automotive industry to date with 1.25 million vehicles. Soaring demand in Europe also means increased exports, expected to hit 910,000 vehicles over last year's 828,000.

Turkey: A Globally Preferred Logistics Hub

The geopolitical location of Turkey makes it the logistic hub of the EMEA (Europe-Middle East-Africa) region. The government's aggressive economic policies targeting the centennial of the republic in 2023 will surely make Turkey an active bridge between Europe and the Middle East. Turkey has been classified as the country with the highest potential in a survey conducted by globally renowned third-party logistics professionals. Logistic funds will aggressively penetrate the market and all logistics providers have achieved growth above market standards.

According to the JLL 'Occupier Survey on European Logistics and Industrial Trends' report published in April 2014, Turkey is the

second-fastest-growing logistics and industrial market in the EMEA region after Russia, excluding the established Western European markets. The growth rate expectations for Turkish logistics and industrial markets over the next five years in Turkey are 48% and 26% respectively. Relatively strong economic growth, a growing middle class and the improving transportation infrastructure are the factors that raised Turkey's ranking in the survey.

According to the survey, the top three trends expected to drive the logistics market over the next five years are e-commerce and multi-channel retailing,

emerging markets, and implementation of new technology.

From the perspective of facility size, buildings providing floor space between 30,000 sqm and 50,000 sqm are preferred; however, the Turkish market does not provide 50,000 sqm one-story logistic facilities due to zoning restrictions and topography. Therefore investors are led towards multi-story facilities with floor space of 10,000 to 15,000 sqm.

and completion of the third Bosphorus bridge and connecting roads is expected to strengthen the Gebze-Hadımköy axis. Moreover, the planned Limakent project near the third airport is intended to serve Ro-Ro transport and become the global leader in cargo transport.

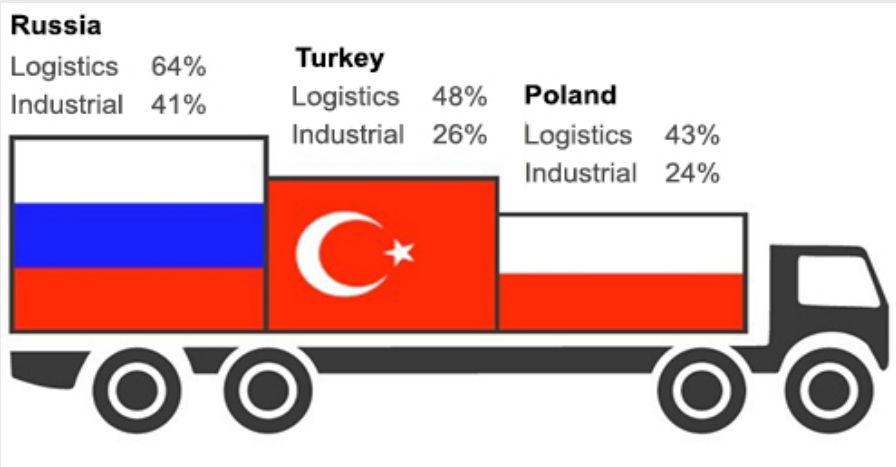
The rise in the industrial production and growth of e-commerce has boosted demand in the market. Strong demand kept prime rent in balance; however, due

to scarcity in land supply land prices increased by approximately 20%.

An increase in the size of logistics facilities as a result of consolidation and in-house logistics solutions was the major trend

shaping the İstanbul and Kocaeli logistics market. In the next twelve months, we expect new logistics facilities of 5,000 to 25,000 sqm to be available in the next twelve months.

The total logistics supply of İstanbul and Kocaeli increased from 7 million to 7.6 million in year-end 2013 and H1 2014, constituting 40% of the total logistics supply in Turkey. We expect the approximately 2.5 million sqm planned logistics supply to be completed by end-2017, complementing existing pipeline supply.



With regard to sustainability, the standards currently being set in the market are high, and in order to ensure competitiveness, new facilities will be required to adopt the new sustainability standards.

The importance of İstanbul and Kocaeli regions as the primary logistics market has increased with the growing demand for Grade A logistics supply and the improvements made in accessibility by virtue of new transportation projects. Hadımköy and Esenyurt on the European side of the Bosphorus, Tuzla on the Asian side and Gebze in Kocaeli are the preferred logistics sub-markets

GDP & FDI

- FDI: up 25% y-o-y to USD 5.7 bln in Jan-May 2014
 - Real GDP: up 4% y-o-y in 2013
 - GDP at current prices: USD 820 bln in 2013, up from USD 786 bln in 2012
 - Current account deficit: down 38.5% y-o-y in Jan-May 2014 (USD 19.8 bln)
- Source : TurkStat & CBRT

Foreign Trade

- Exports: up 3.6% y-o-y in May 2014 & up 7.4% y-o-y in Jan-May 2014
 - Imports: down 10.3% y-o-y in May 2014 & down 5.6% y-o-y in Jan-May 2014
 - Foreign trade deficit: down 28.7% y-o-y in May 2014 & down 24.9% in Jan-May 2014
 - Exports/Imports: 65.9% in May 2014, up from 57.1% in May 2013 & 68.1% in Jan-May 2014, up from 59.8% in Jan-May 2013
- Source : TurkStat

Have you seen ISPAT's recent global campaign exclusively designed for airports?

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