



# GLOBAL ADVANTAGE OF TURKEY

SEPTEMBER 2020

# Global Advantage of Turkey

## Executive summary

### Turkey has a great potential...

Turkey is a **large and high growth potential country** with:

- Young, educated and entrepreneurial population
- High manufacturing competitiveness
- Diversified economy with advanced sophistication across specific sectors
- Unique geographical position and proximity to both developed and developing markets
- Strong export potential and DNA

Global economic turbulence in recent years has limited Turkey to fully realize this potential

### ... with strong prospects

Turkey can realistically **realize this strong potential** by defining and executing a strategy built on its strengths

This **long-term strategy** should be built on:

- Transitioning to higher value-added and high-technology products in manufacturing to increase exports and minimize current account deficit
- Sustaining a predictable investment environment to further attract FDI and domestic investments
- Leveraging opportunities in changing global dynamics with Covid-19 and trade-wars to further strengthen Turkey's global position

# This is the right time for Turkey to re-assess and promote its global advantage in a changing world

## Changing Global Economic Context



- Increasing national protectionism and escalating trade wars
- Changing regional and global partnerships and Free Trade Agreements
- New developmental focus on increasing national capabilities and sectoral maturity



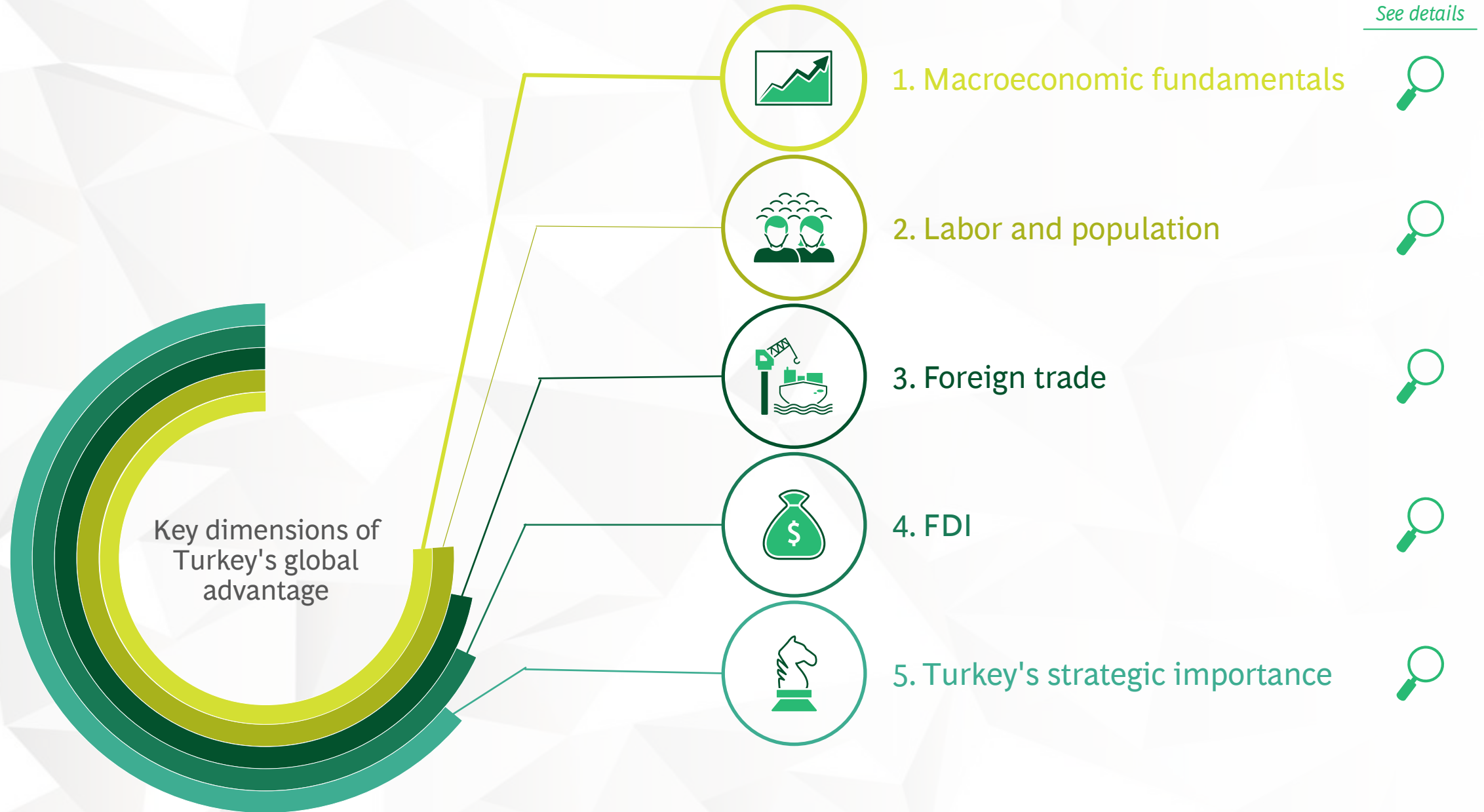
## Time to Re-define Turkey's Global Advantage

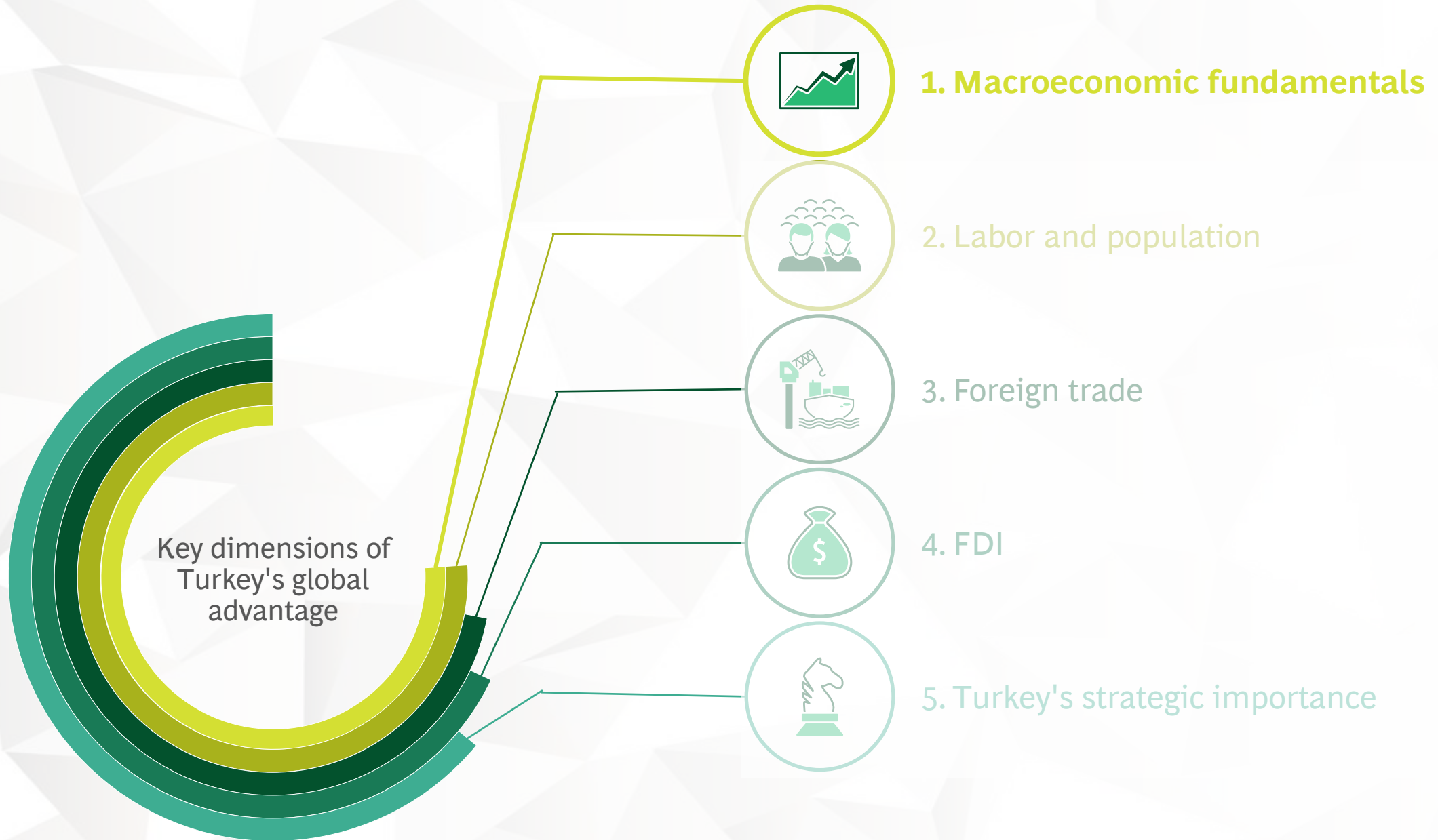


## Covid-19 Impact

- Slowdown in global economic activity, trade and FDI
- Shift in supply chains and trade corridors
- Increase in digitalization and e-commerce
- Emergence of new ways of working



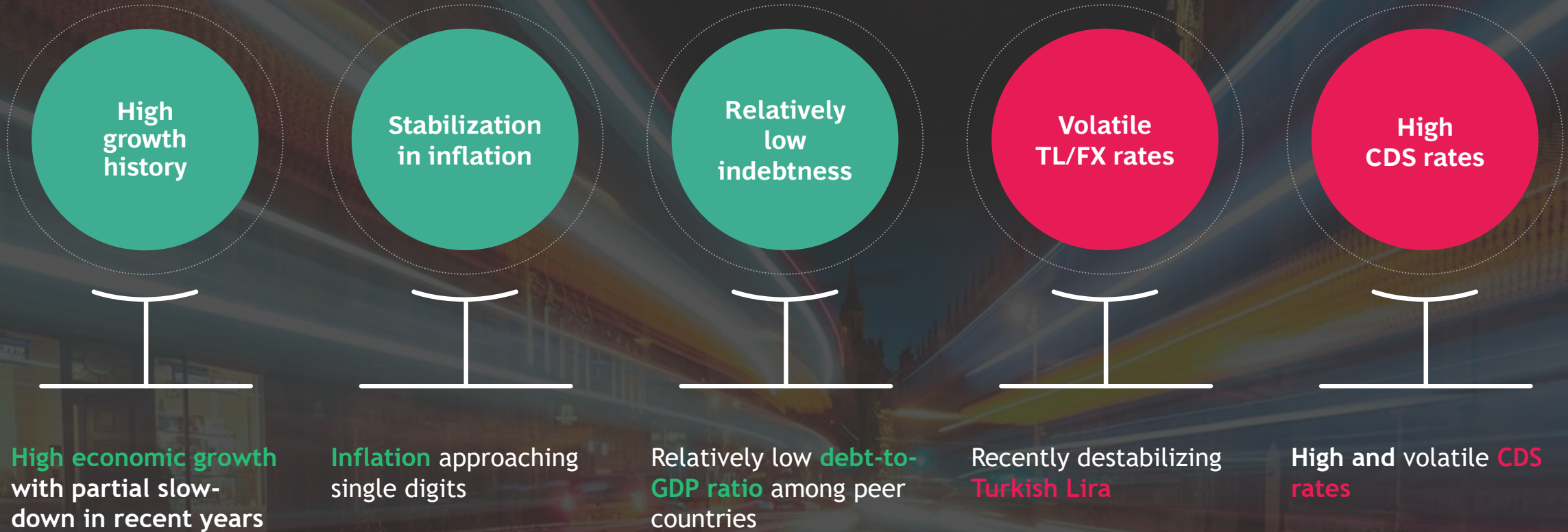




# Turkey has a strong economic potential and can continue its strong growth path with macroeconomic stability and sustaining investor confidence



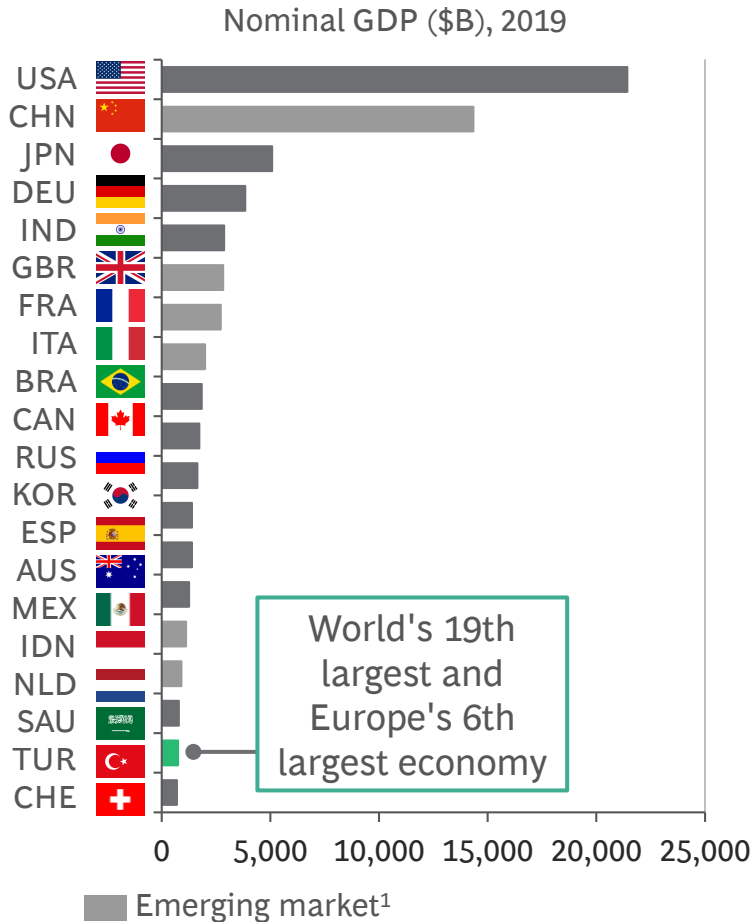
## Key highlights



# Turkey is one of the world's largest economies with strong growth performance

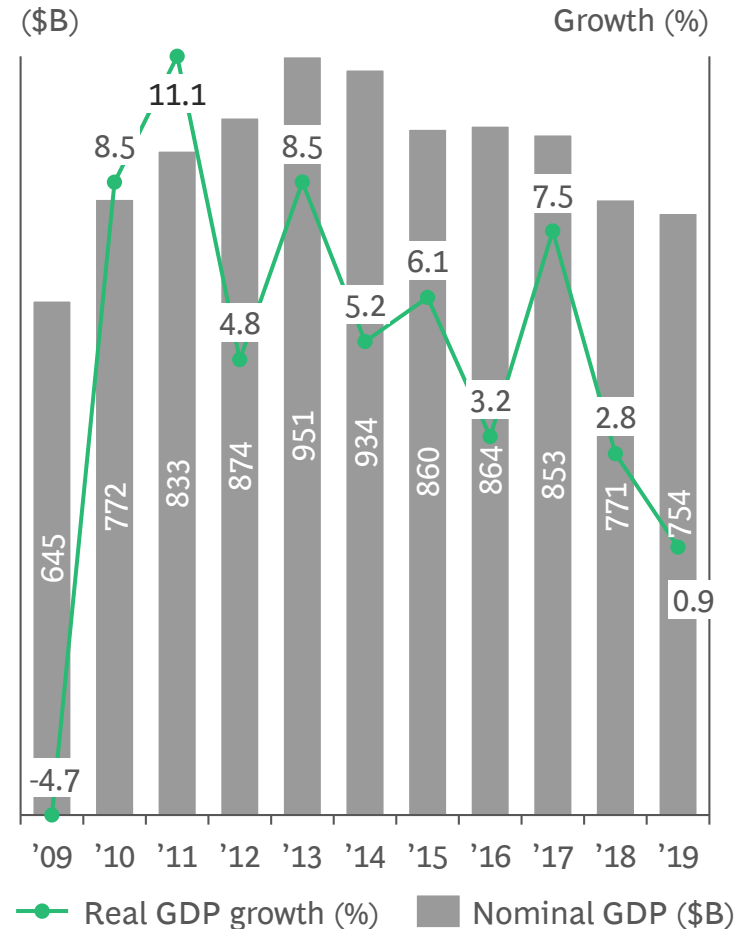


## A major economy...

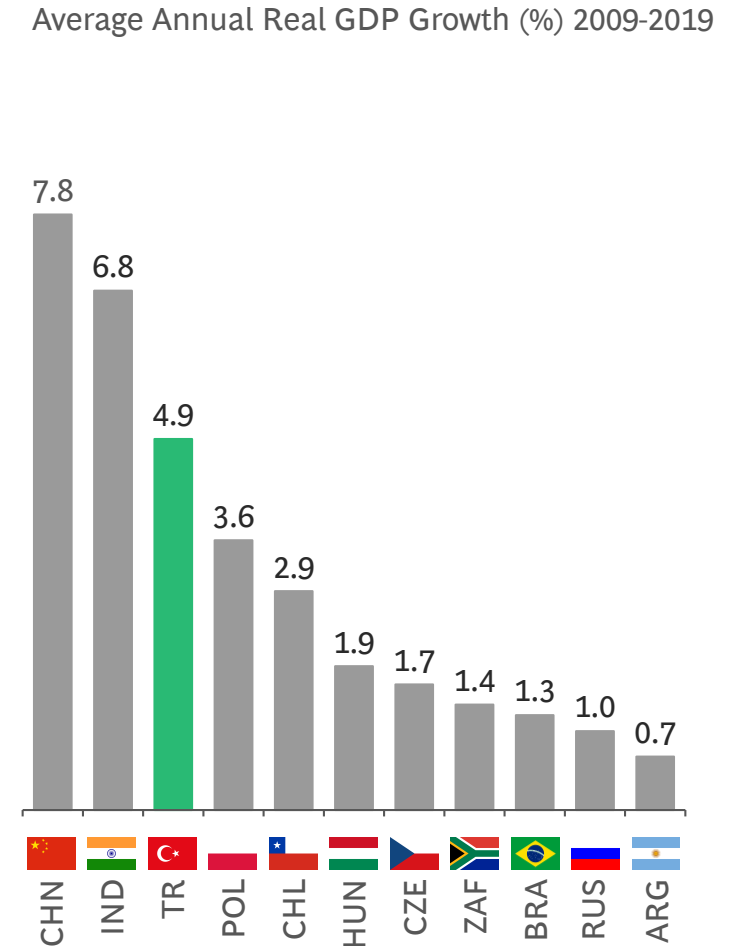


1. According to IMF  
Source: EIU; Turkstat; World Bank; BCG analysis

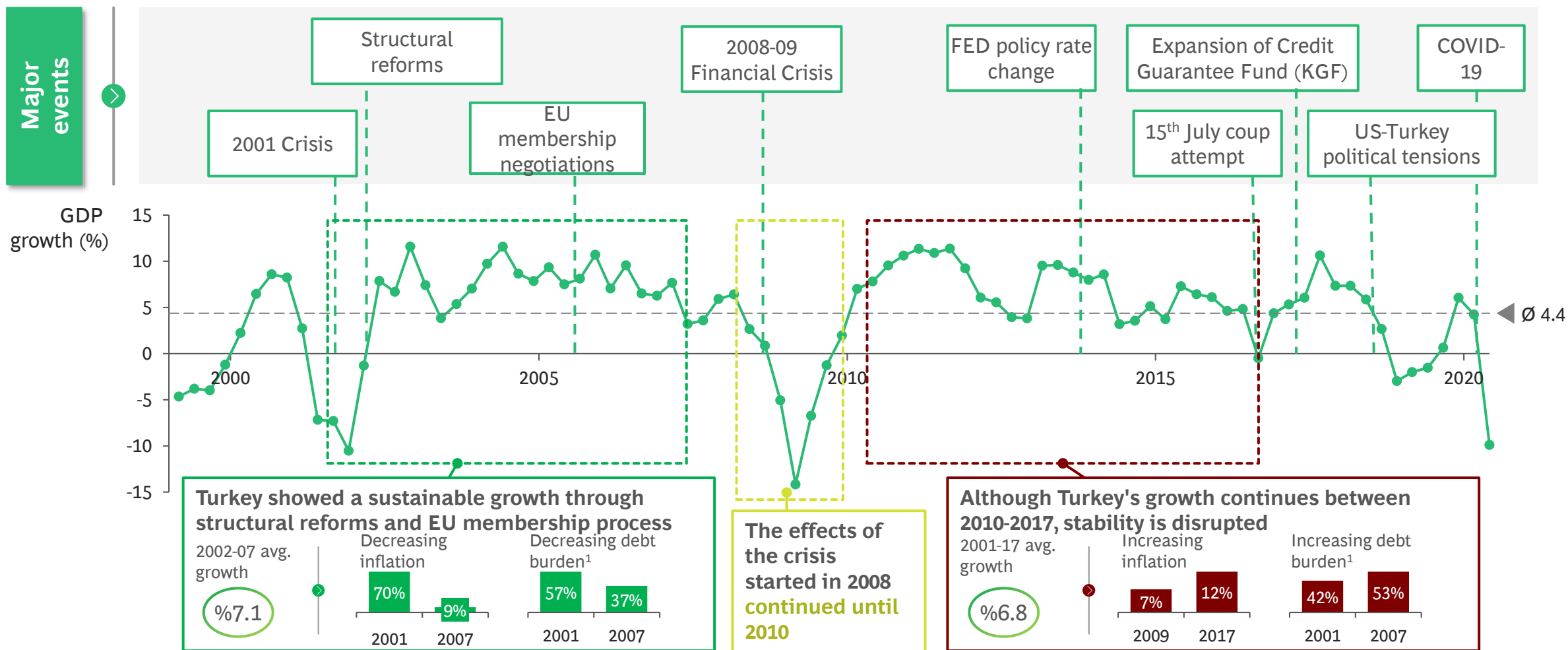
## ... with solid GDP growth ...



## ... which is among the highest across EMs



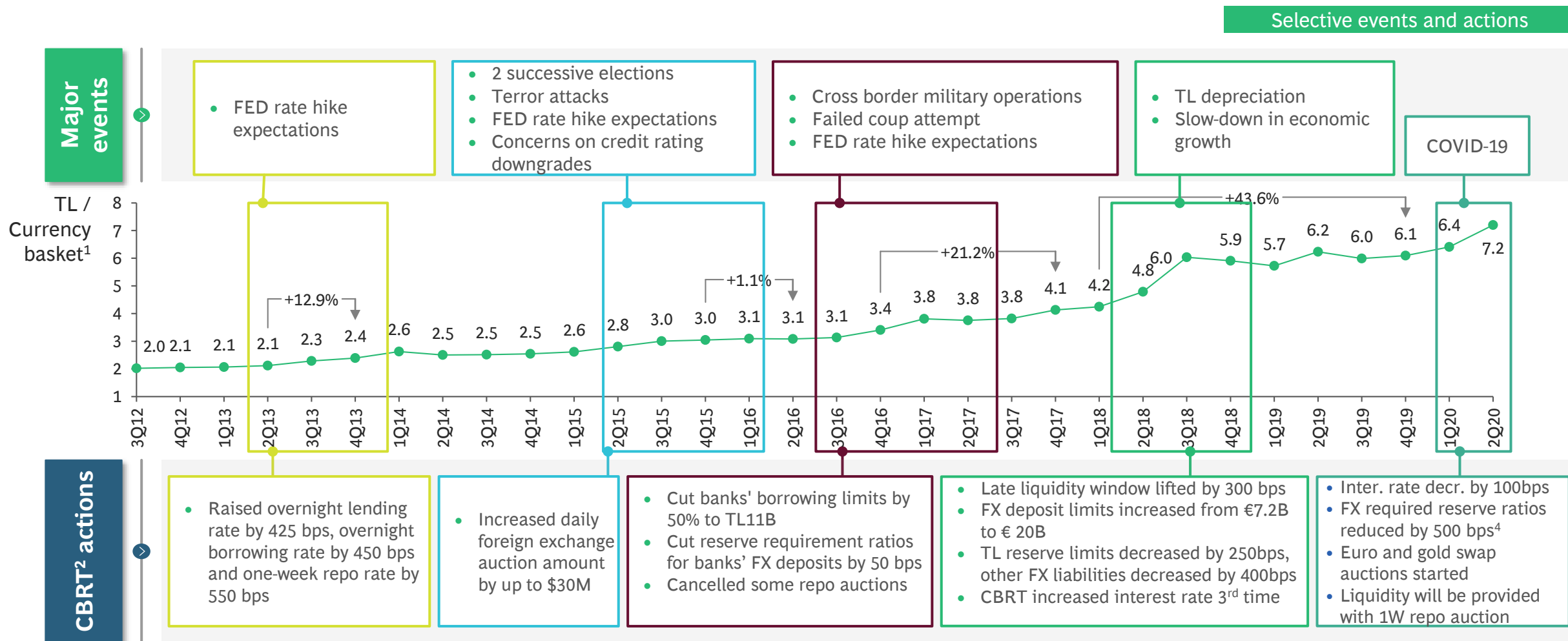
# Turkey showed a stable growth performance in the last 20 years, but this trend has partially deteriorated in recent years



1. The ratio of external debt stock to GDP  
Source: Turkstat, literature research, BCG analysis



# TL started to depreciate after 2013, stabilization of local currency important for macroeconomic stability



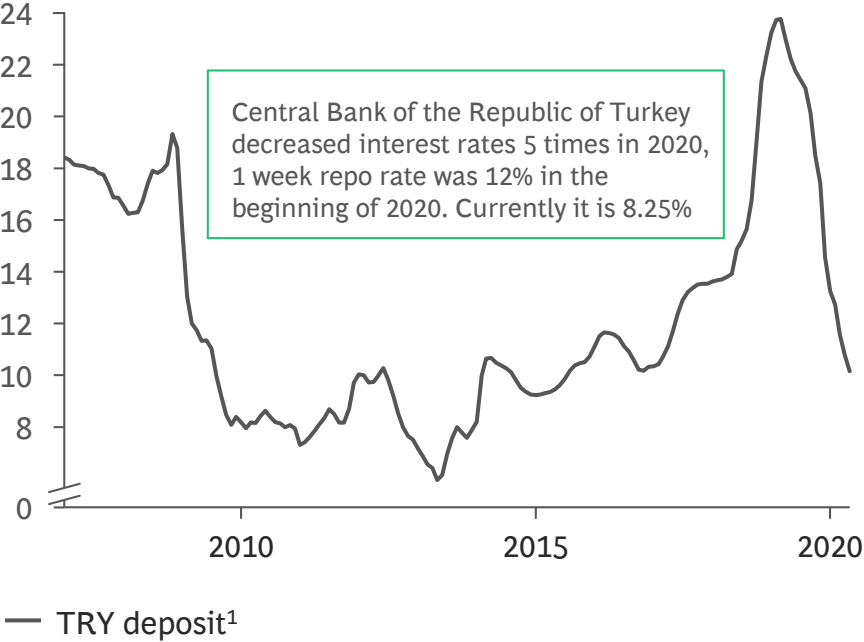
1. Currency basket is calculated as 50% USD, 50% Euro 2- Central Bank of the Republic of Turkey  
Source: CBRT; Press releases



# Interest rates and inflation stabilizing after the spike in 2018-19

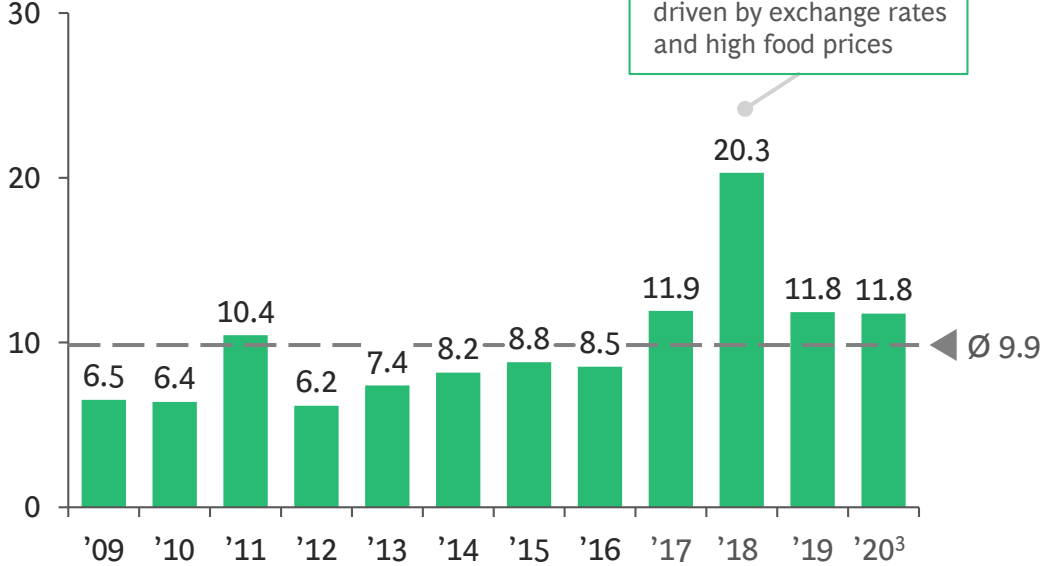
## Interest rates

Interest Rates<sup>1</sup> (%)



## Change in year-end Consumer Price Index

Inflation<sup>2</sup> (%)

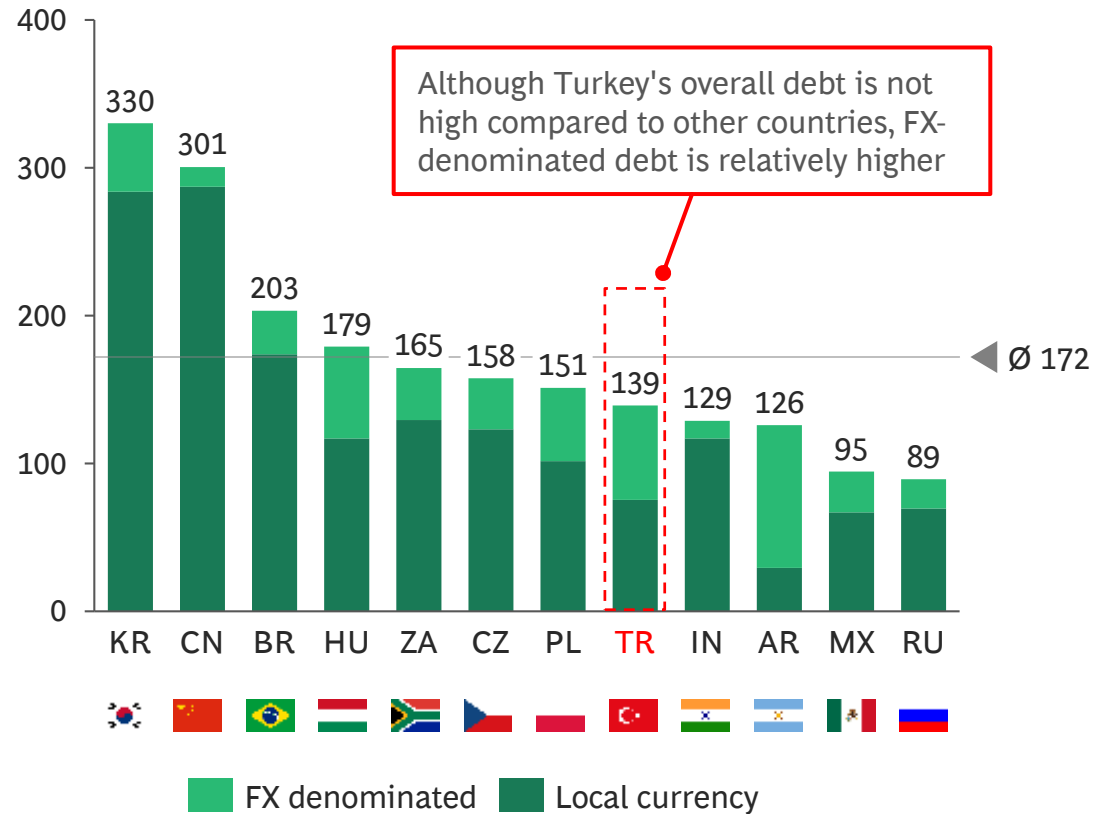


1. Average TRY deposit interest rate up to 1 Year (Arithmetic average of monthly rates) 2. Annual rate of change 3. As of July 2019  
Source: TCMB, IMF, BCG analysis

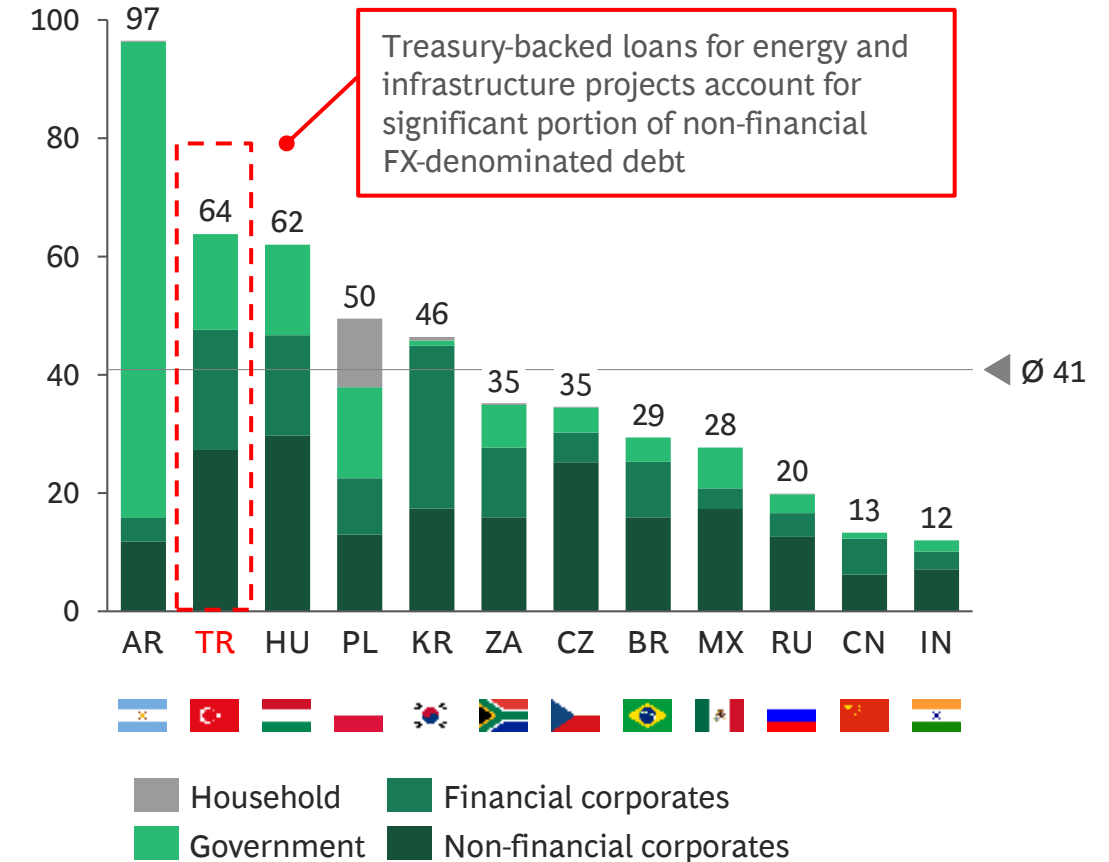
# Turkey's overall debt is not high in international comparison; yet FX-denominated obligations creating a burden with depreciating currency



Total gross debt % GDP, Q4 2019



FX-denominated debt % GDP, Q4 2019

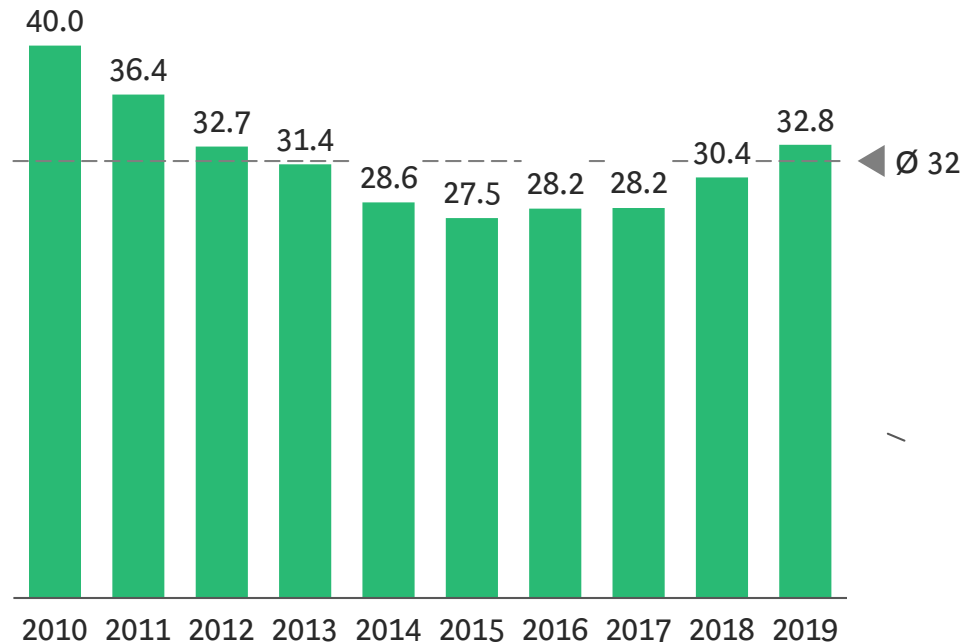


# Turkey has performed well in managing its public debt with a careful policy approach and this performance needs to be continued

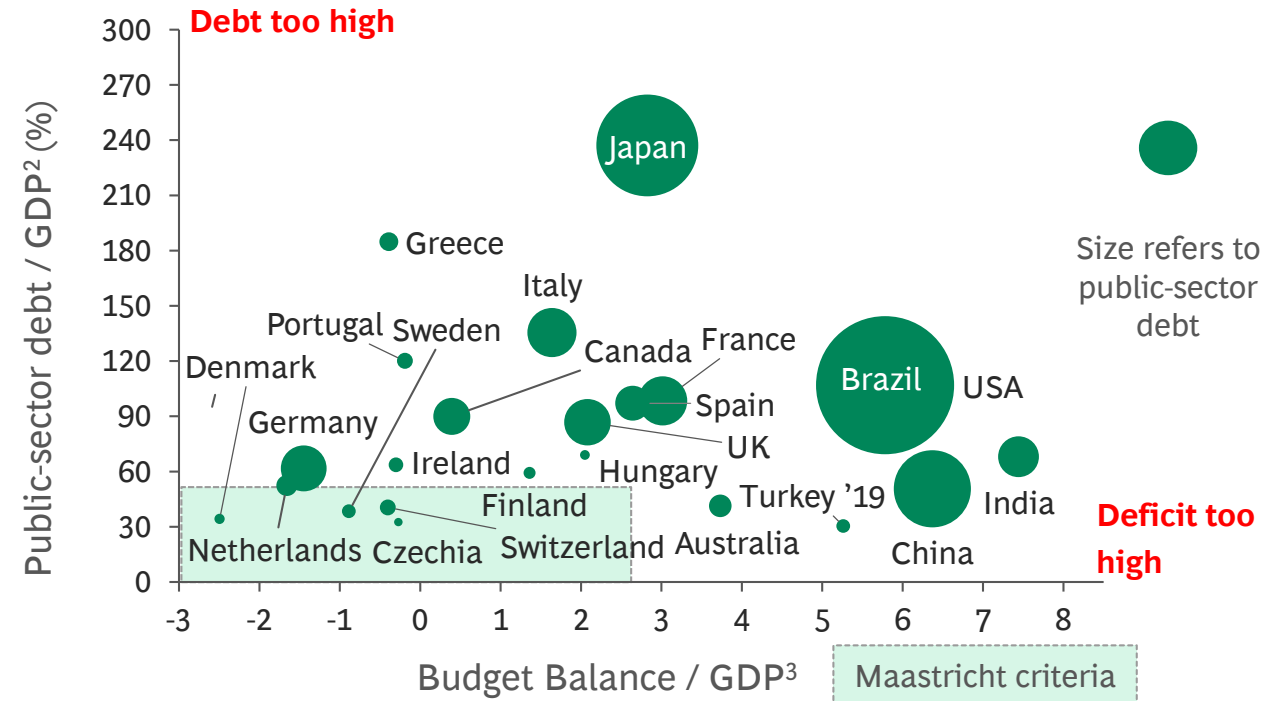


## Turkey's public sector debt to GDP ratio is within recommended levels...

Public-sector debt / GDP<sup>1</sup> (2010-2019)  
(%)



## ... positioning Turkey as a strong performer among peers



1. EU Defined General Government Debt Stock data published by the Ministry of Treasury and Finance 2. IMF General gross public debt / GDP is used, 2018 data

3. One-time revenues are not included in IMF calculations

Source: IMF April 2019 World Economic Outlook Database; EIU; BCG Analysis

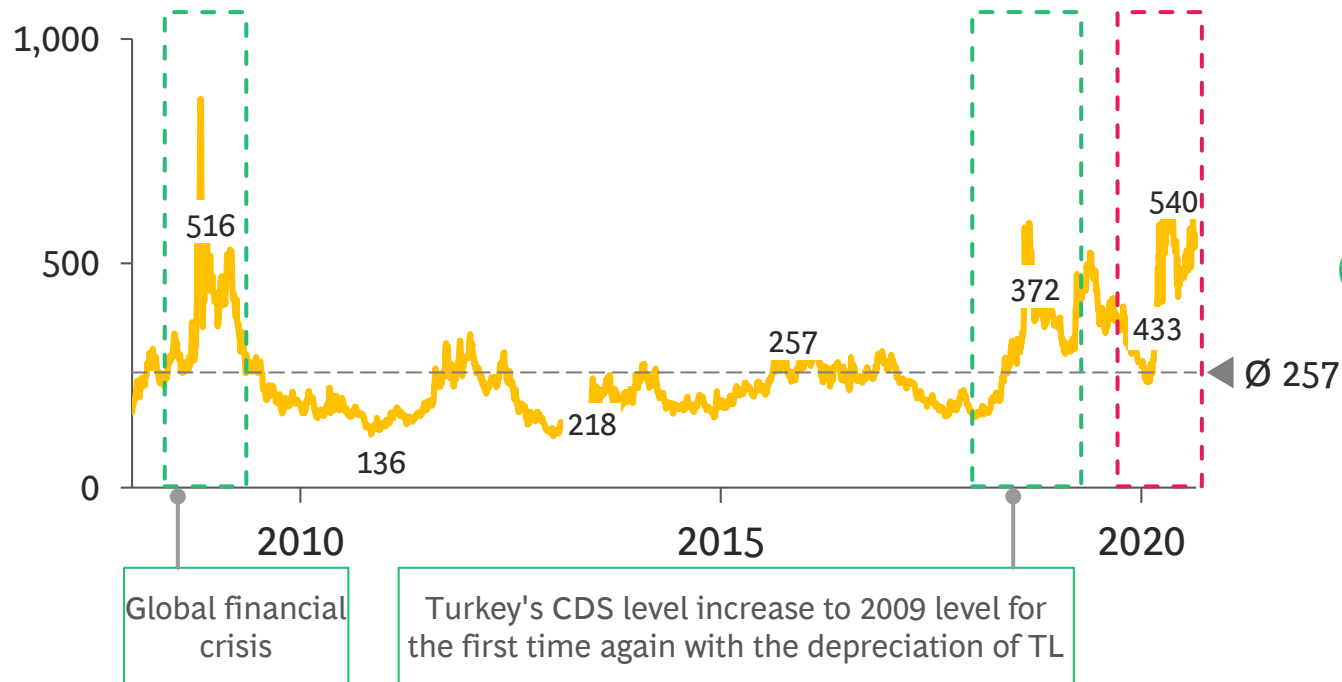


# Turkey's risk perception is adversely affected by multiple factors



## Turkey's CDS is above the critical level of 300 points

### Turkey 5Y CDS



## Both external and internal factors causing increasing CDS

### External factors:

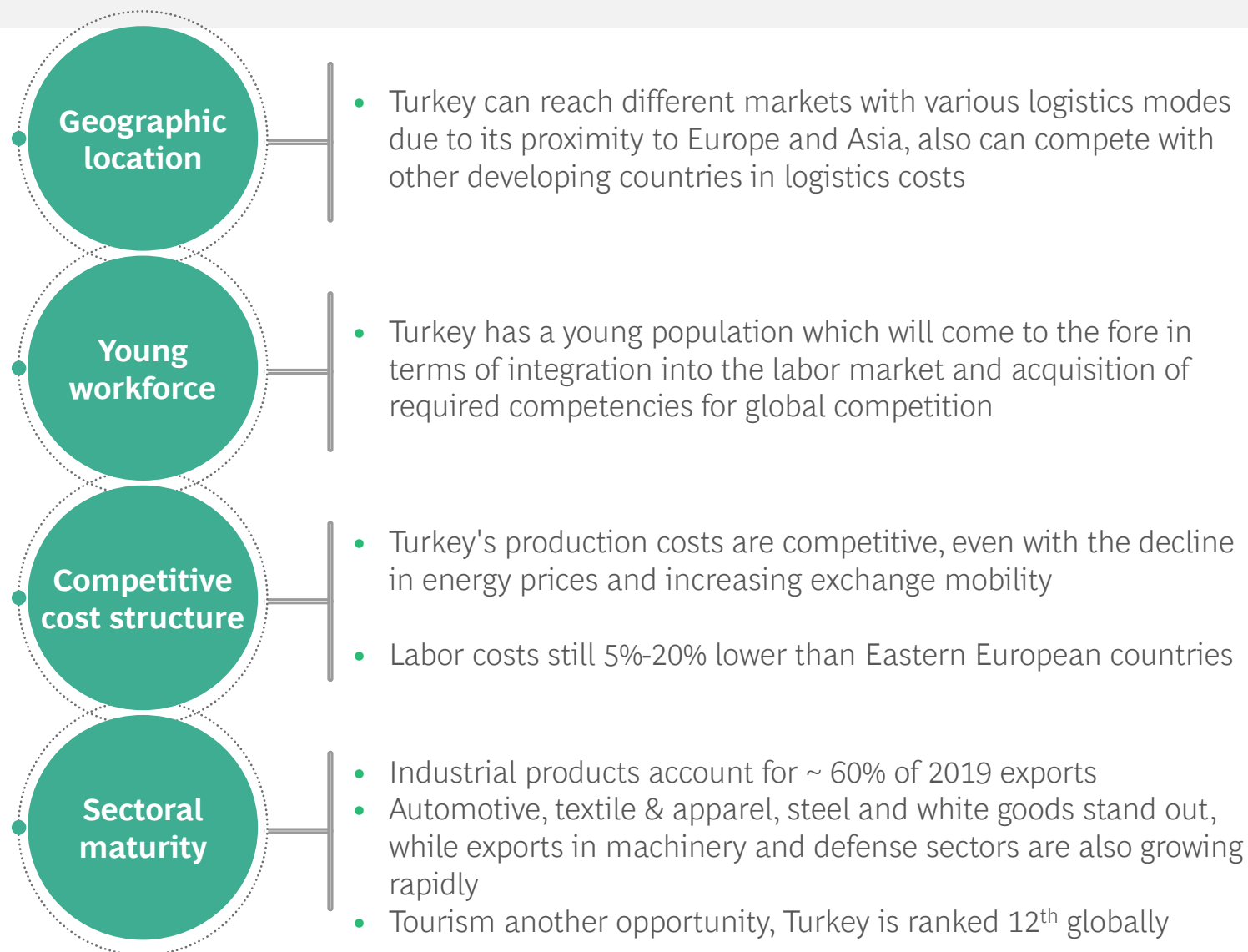
- Increasing uncertainties with the COVID-19
- Global slowdown and liquidity prospects

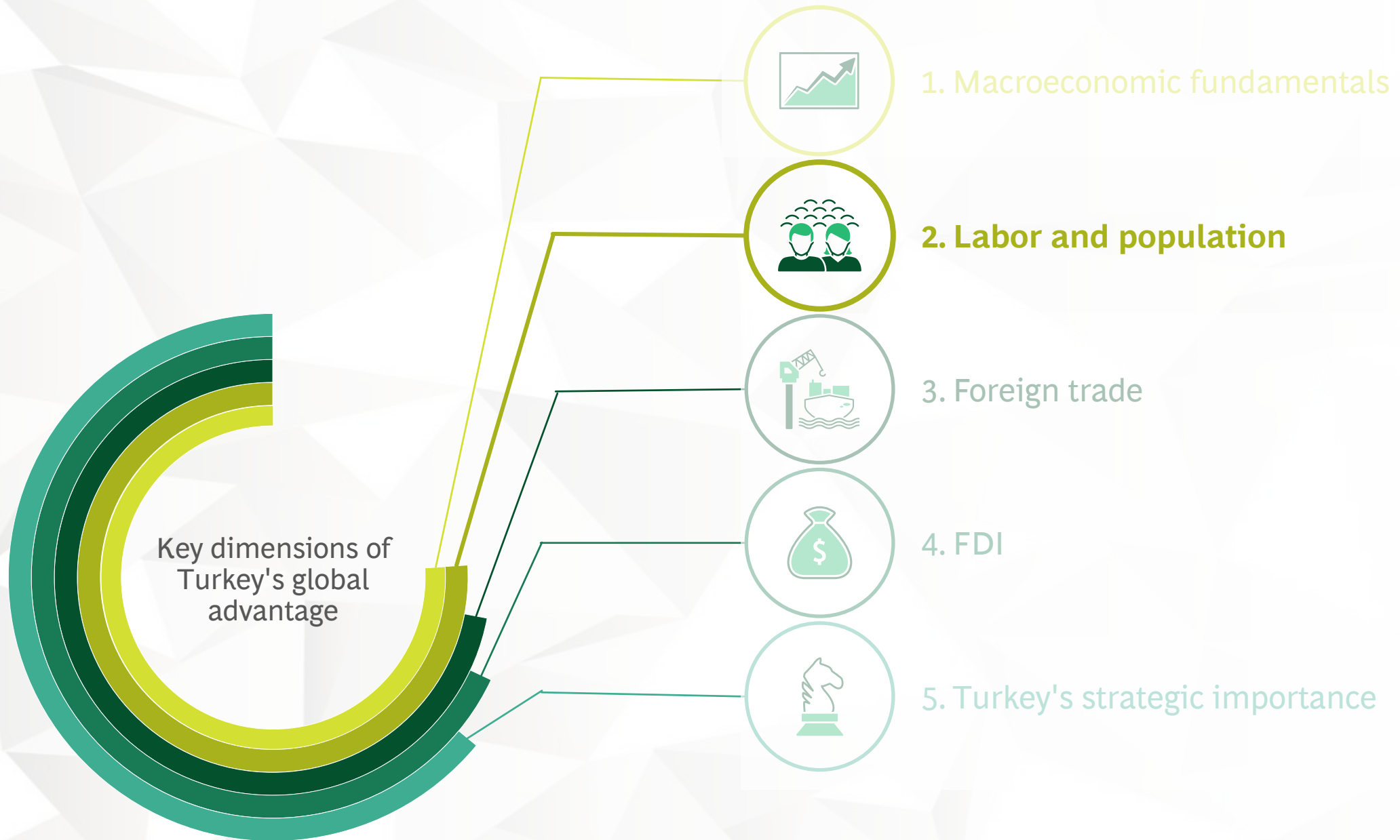
### Internal factors:

- Declining GDP growth
- Rising inflation
- Increasing external debt
- Misalignment between official interest rates and market expectations



Despite drawbacks;  
Turkey's **geographical  
location, young  
workforce, competitive  
cost structure** and  
**sectoral maturity**  
represent significant  
opportunities





# Turkey's growing and young population will continue to fuel economic growth and further rise of the middle class



## Key highlights

Large and young population

Turkey has the **youngest population in Europe** with a median age of 32

Affordable and qualified labor

Turkey is expected to rank **11<sup>th</sup> across OECD and G20** countries by 2030 in terms of **recent STEM graduates** with a highly competitive labor cost

Urbanized country

Urban population **accounts for 76% of total** population with an appetite for consumption

Growing middle-class population

There are **+10M middle-income households** with **4% CAGR** in the last decade

Rising Unemployment

Unemployment still an issue to be further addressed in Turkey, **reached 13%** in 2019, and even higher in **young population with 24%**

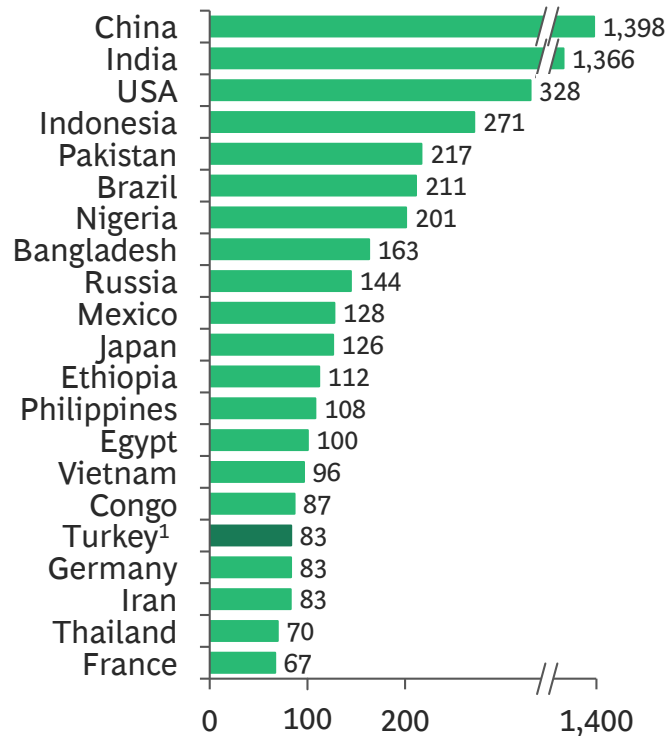


# Turkey has a large, young and growing population



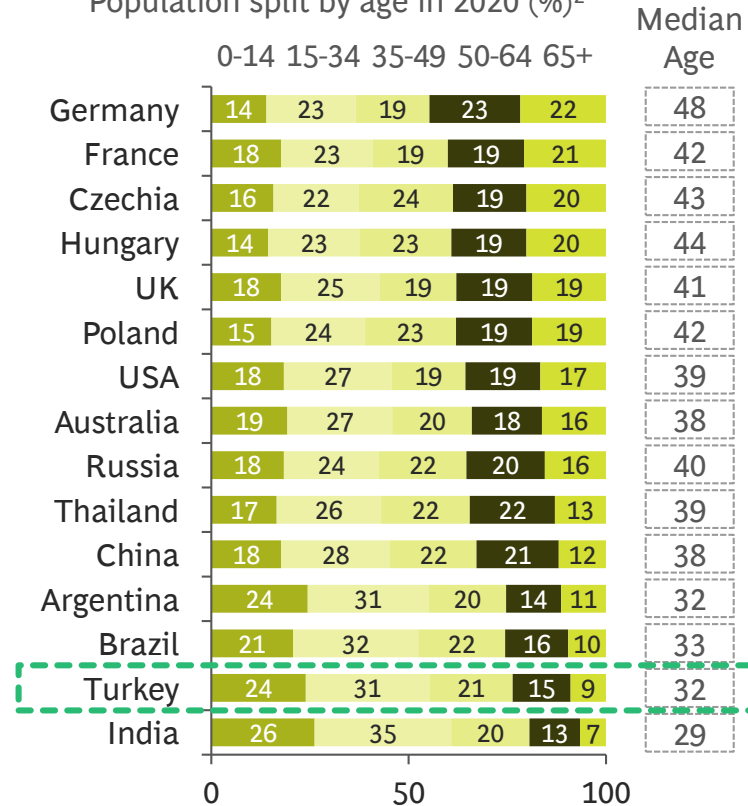
## 17<sup>th</sup> most populated country in the world...

Population in 2019 (M people)



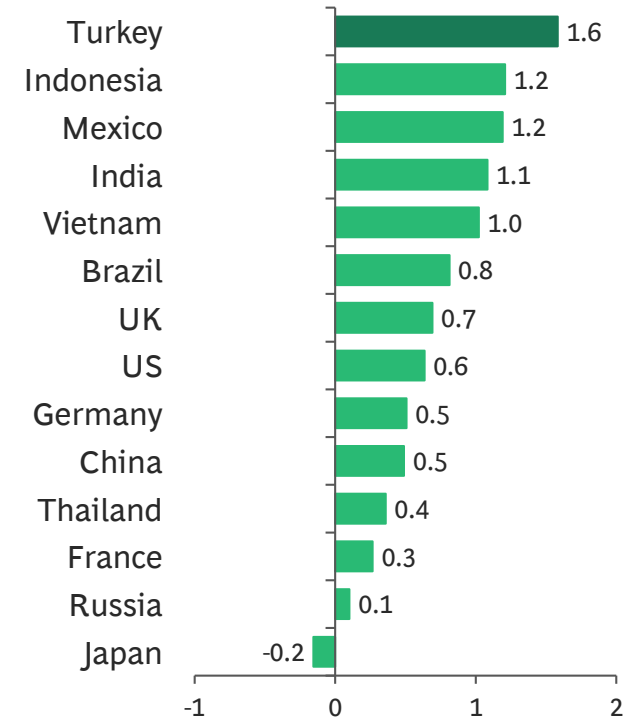
## ...and the youngest in Europe...

Population split by age in 2020 (%)<sup>2</sup>



## ...growing above 1.5% per annum

Avg. population growth in 2014-2019 (%)



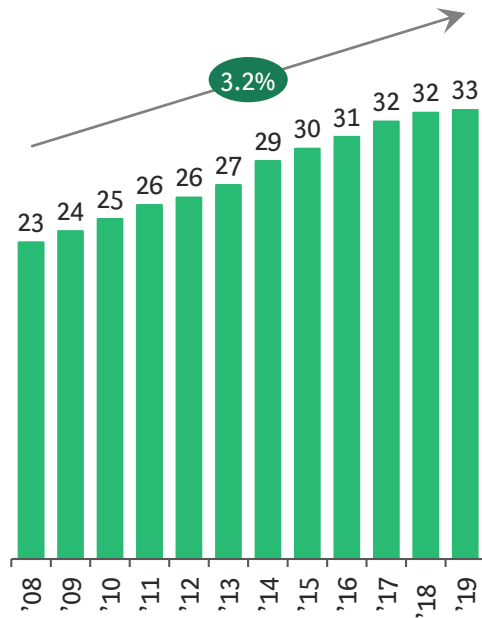
1. Excludes, ~4 M refugees 2. Estimation by United Nations, Department of Economic and Social Affairs  
Source: World Bank; Turkstat; CIA Factbook; BCG analysis

# Turkey has a dynamic labor force, yet unemployment is an issue that needs to be addressed



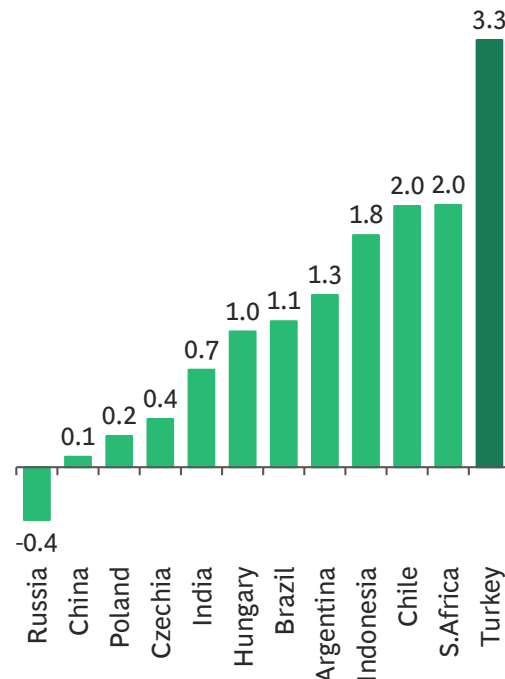
## Labor force is growing

Labor force (M people)<sup>1</sup>



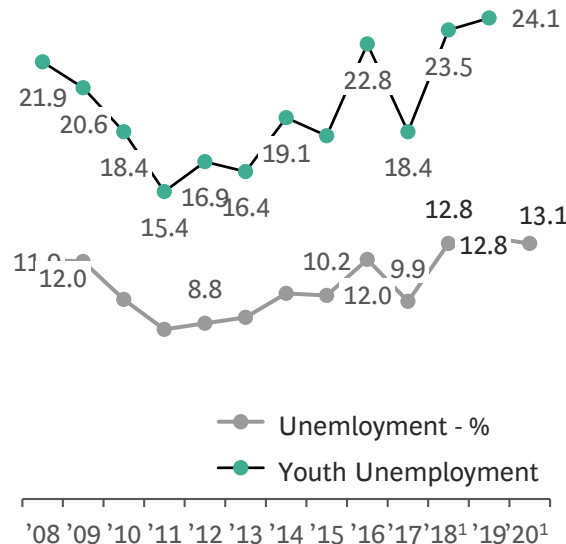
## Employment growth is higher than other countries

Employment growth<sup>2</sup> (%)



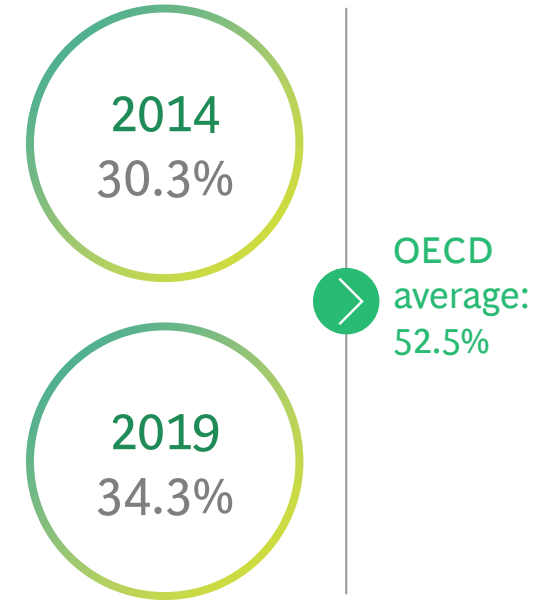
## With unemployment remaining as an issue to be further addressed

Year-end unemployment (%)



## Women participation in the workforce rising, yet still low compared to other countries

Female labor force participation (%)



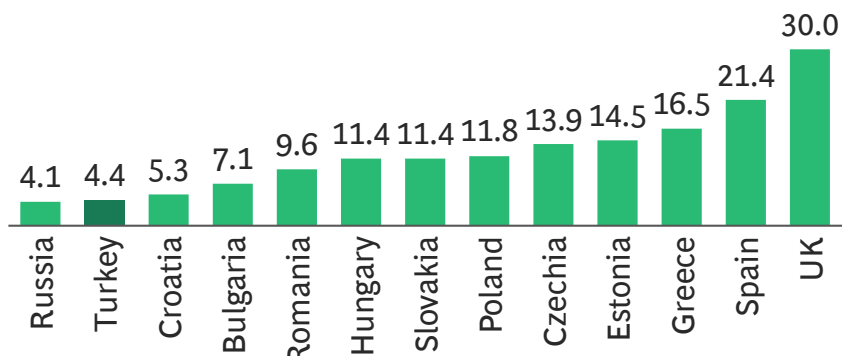
1. Labor force decreased to 29M as of April 2020 due to COVID-19 Impact 2. CAGR employment from 2009 to 2019 among developing countries 3. Union of chambers and commodity exchanges Source: Turkstat; IMF; Ministry of Labor and Social Security



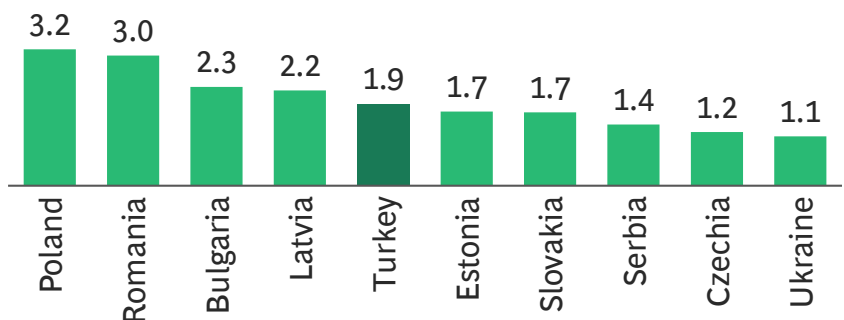
# Turkey's labor force is not only cost competitive and sizeable; but also well educated

## Cost competitive Turkish labor force within CEE / EU with increasing productivity ...

Labor Cost Per Hour, \$ US (2019)

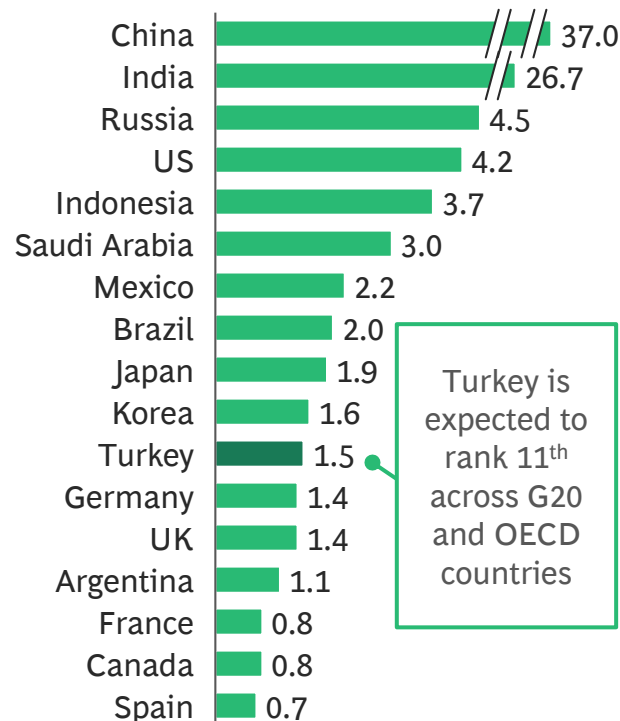


Labor productivity growth<sup>1</sup>, %



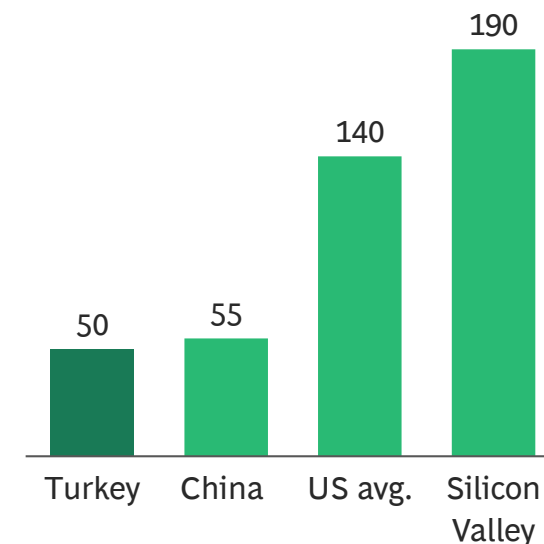
## ... with competent and highly skilled workforce

Expected Share in STEM Graduate Pool in 2030 (%)<sup>2</sup>



## Turkey's R&D labor rate is competitive

R&D loaded labor rates<sup>3</sup> (\$ k)



Turkey offers **well-trained engineers** for R&D centers with lower costs, even more cost competitive than Chinese regions

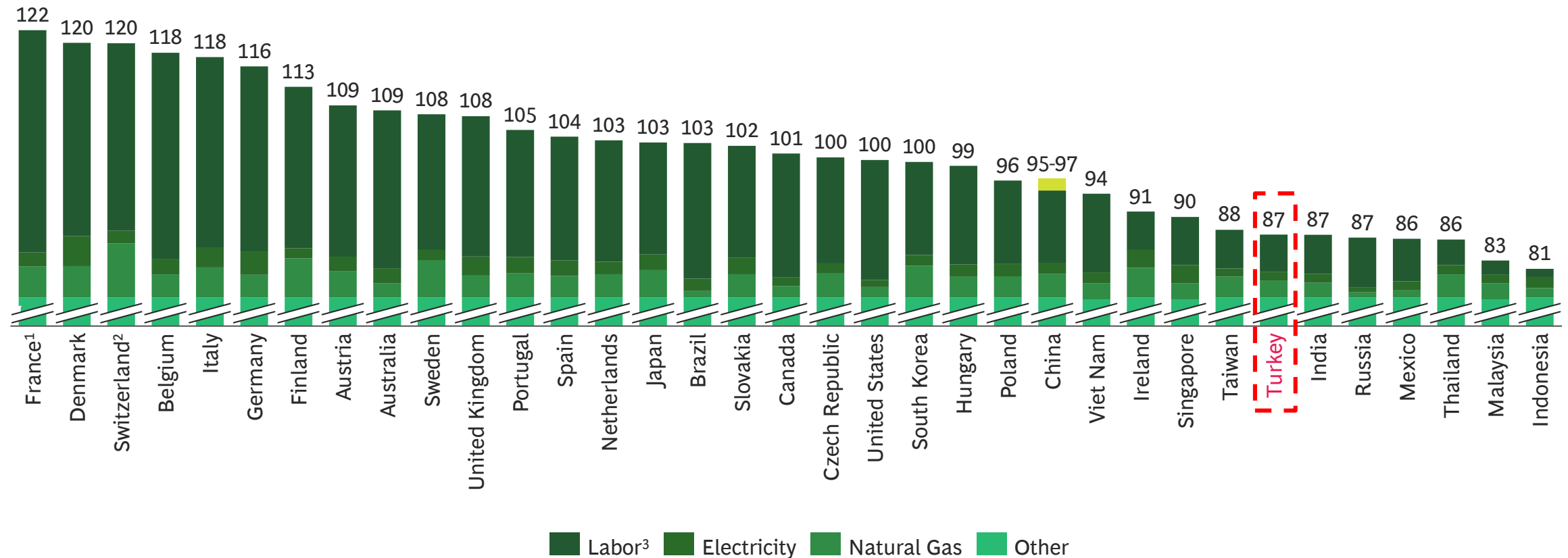
1. Annual average 2009-19 2. OECD forecast for 25-34 year-olds with a tertiary degree in Science, Technology, Engineering and Mathematics across OECD and G20 countries 3. Average estimations based on expert interviews . R&D loaded labor rates vary significantly between regions in China. Turkey has competitive advantage over Chinese eastern coast Source: Turkstat, IMF WEO, EIU, OECD BCG analysis

# Affordable labor cost makes Turkey attractive in total manufacturing-cost index across top 35 manufacturing export economies



Manufacturing-cost index, 2019 (US = 100), productivity adjusted

2019 Edition



1. Range shows average of All China (95) and Yangtze River Delta region (97); 2. Represents US Southern States; 3. Productivity-adjusted

Note: Index covers four direct costs only. No difference assumed in "other" costs (for example, raw-material inputs, machine and tool depreciation); cost structure calculated as a weighted average across all industries; Ukraine, Norway and Romania also tracked by index, but not shown as no longer in Top 35; Philippines tracked due to similarity to SE Asian peers

Source: US Economic Census; BLS; BEA; ILO; Euromonitor; EIU; Oxford Economics; NDRC Price Monitoring Center; IEA; Eurostat; BCG analysis

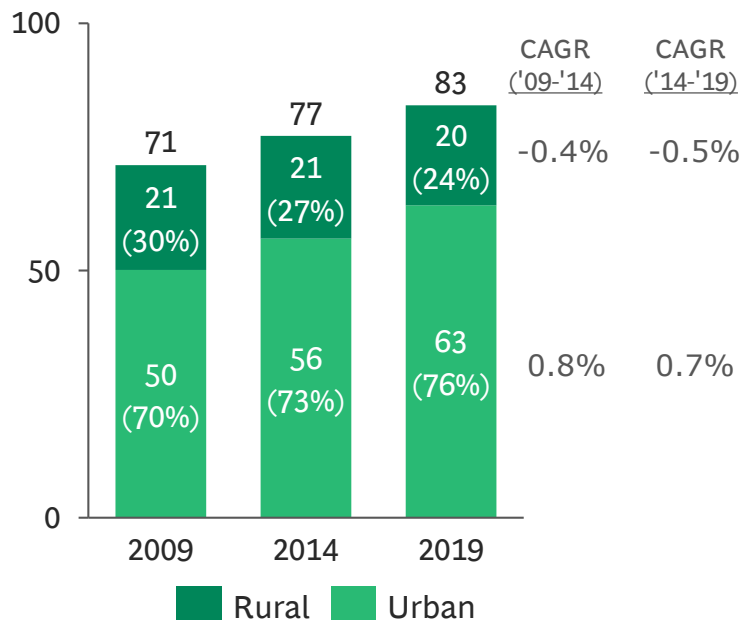


# Turkey is already an urbanized country with a growing middle-income population



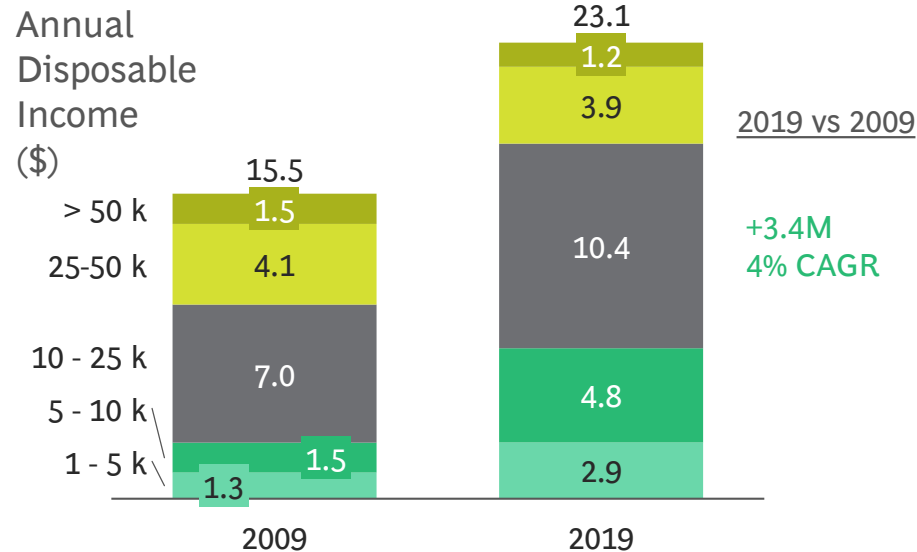
## Urban accounts for 76% of total population

Population in M



## There are over 10M middle-income households

Household Income Distribution in M



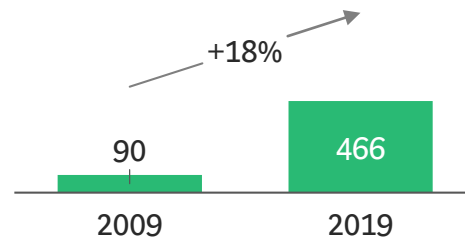
Growing middle-class and urbanized population stimulates **consumption-driven growth** and promises **opportunities in multiple sectors**

# Emergence of the Turkish middle-class observed in many key dimensions: Finance, Telecom, Media, Technology & E-commerce

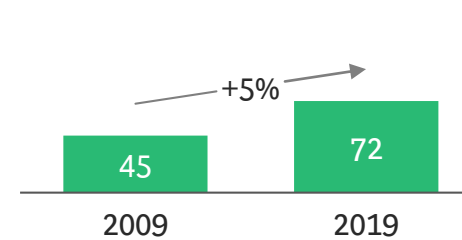


## Finance

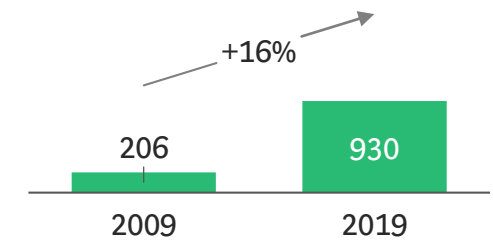
Consumer loans, TL B



Credit card ownership, millions

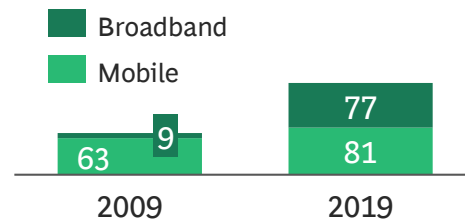


Credit card spending, TL B

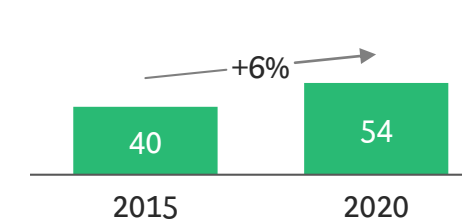


## Telecom, Media, Technology

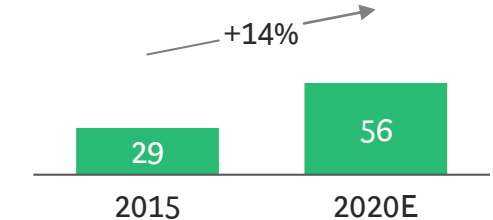
Mobile and broadband subscribers, millions<sup>1</sup>



Active social media users, millions

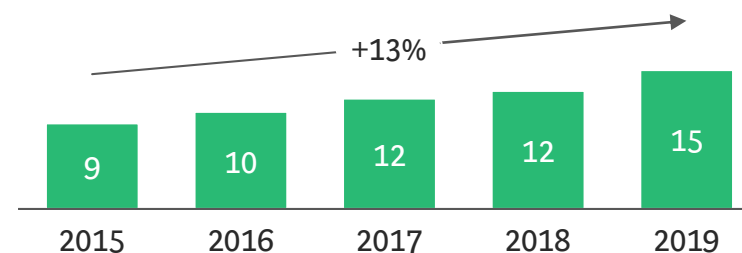


Smartphone users, millions

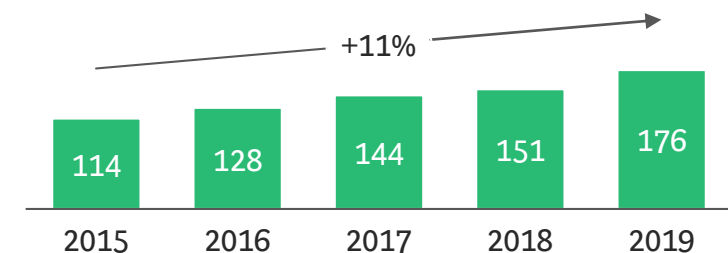


## E-commerce

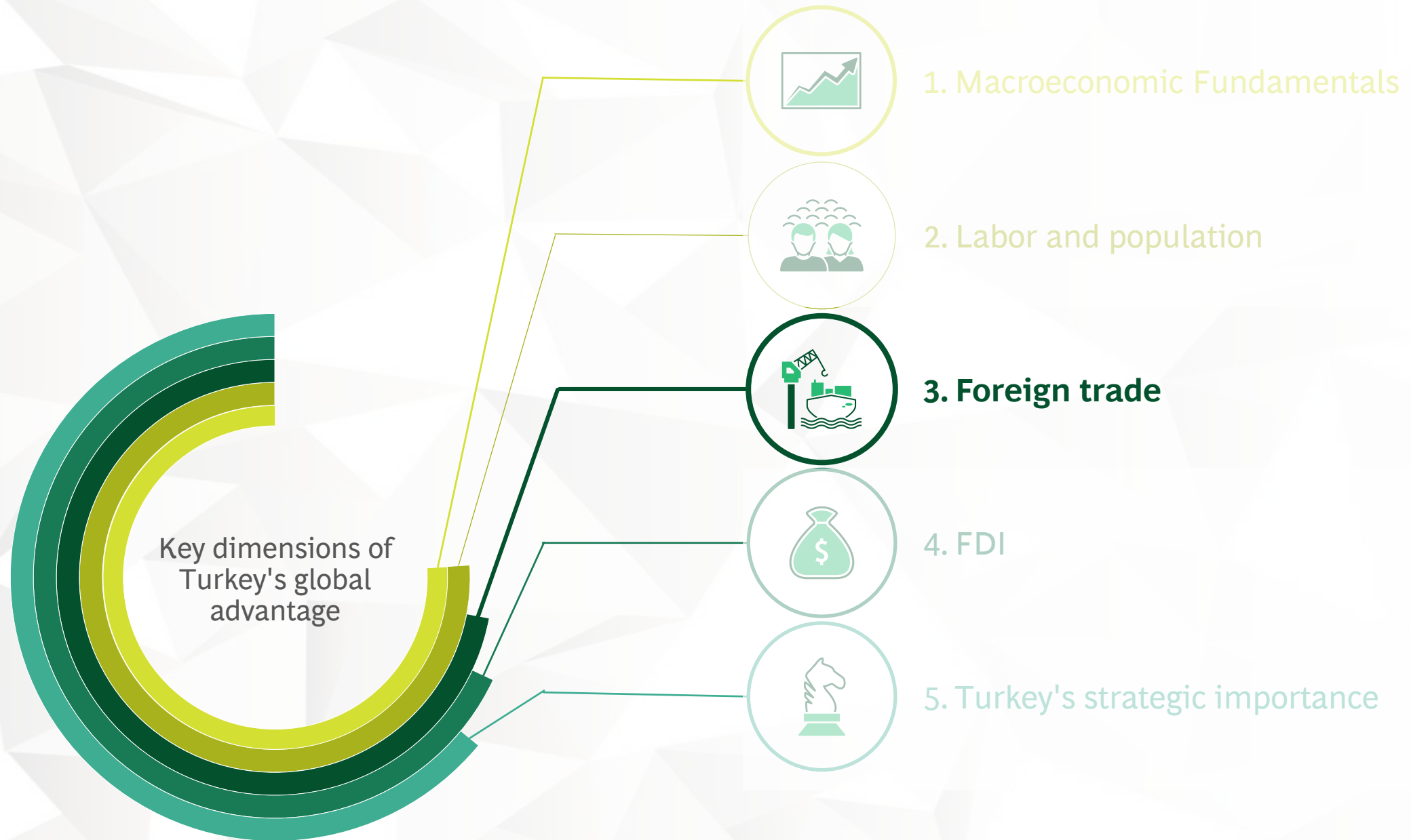
E-commerce market size (\$ B)



E-commerce per capita (\$)



Note: CAGRs are provided in the graphs Source: BDDK; TBB; BCG Analysis



# Turkey has a strong competitive advantage in international trade



## Key highlights

Increasing  
trade  
volume

Turkey has **significantly increased trade volume** in the last 20 years, with higher export growth rate compared to imports

Balanced  
sectoral  
composition  
in export

Trade deficit stems from energy and high technology products while **automotive and textile industries help minimize the trade deficit**

Diversified  
trade  
partners

Turkey has a **diverse geographical orientation**; with new trade opportunities likely to be seized in US, Africa and in new geographies driven by **Belt and Road Initiative**

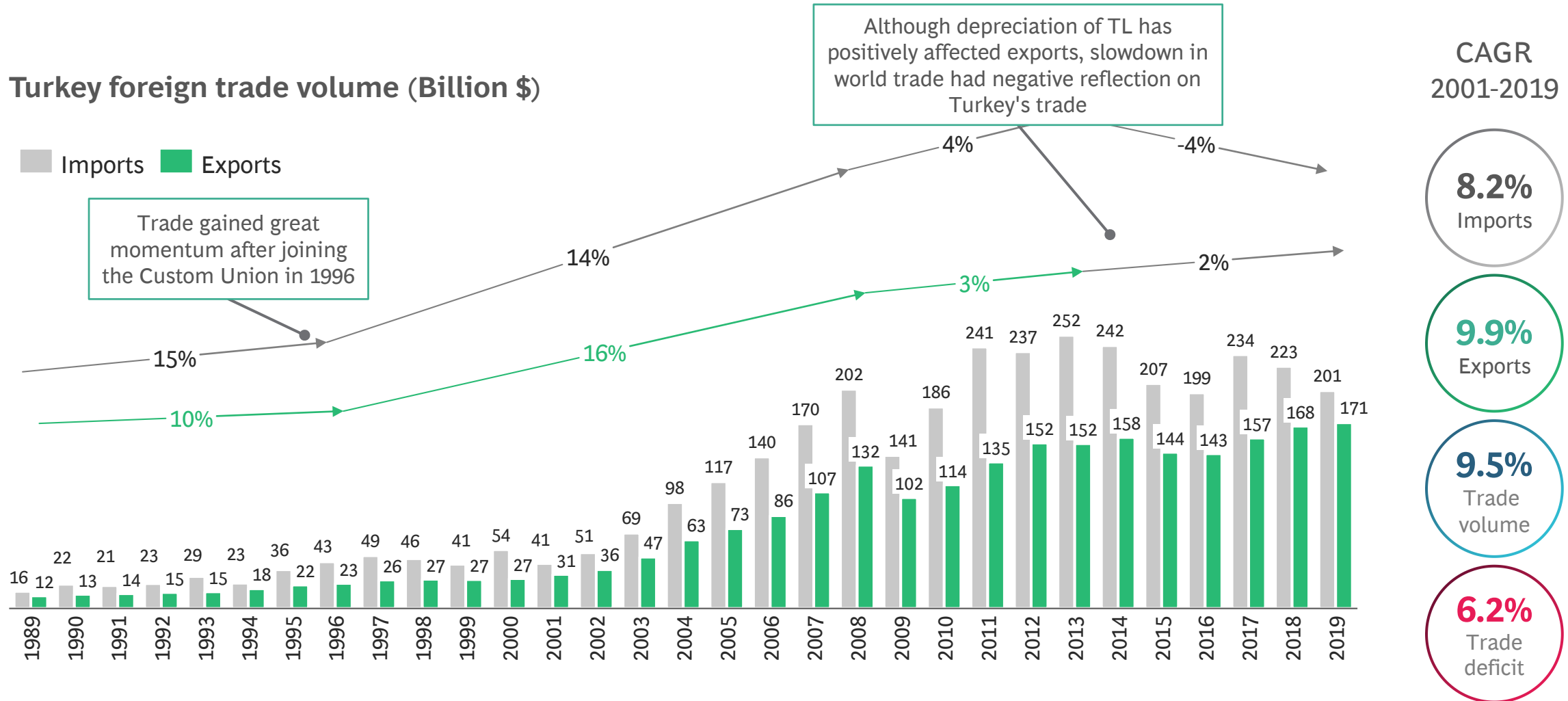


# Turkey has significantly increased trade volume in the last 20 years

Recent export performance has been much better compared to imports in a context of global slow-down in trade



## Turkey foreign trade volume (Billion \$)

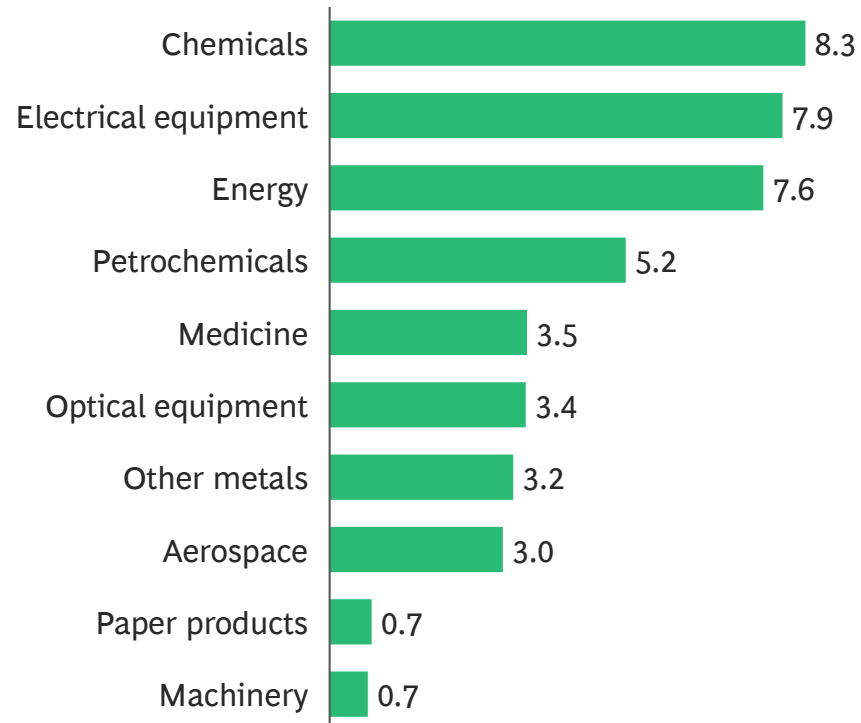


# Turkey's trade deficit stems from energy and high technology products

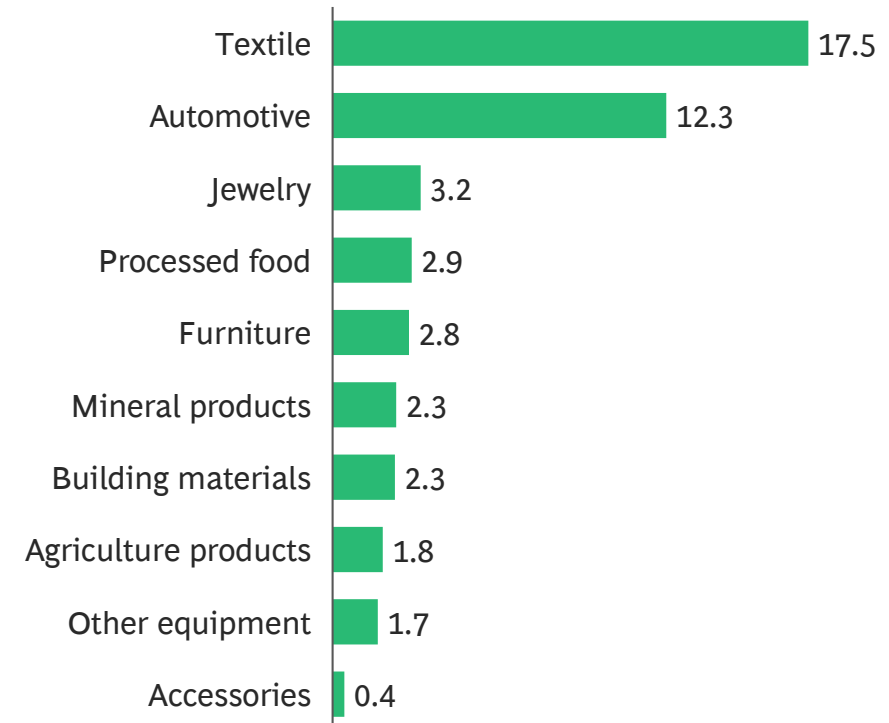
## Turkey's key (e.g. automotive and textile) industries help minimize the trade deficit



Industries with **trade deficit** in 2019 (\$ B)



Industries with **trade surplus** in 2019 (\$ B)

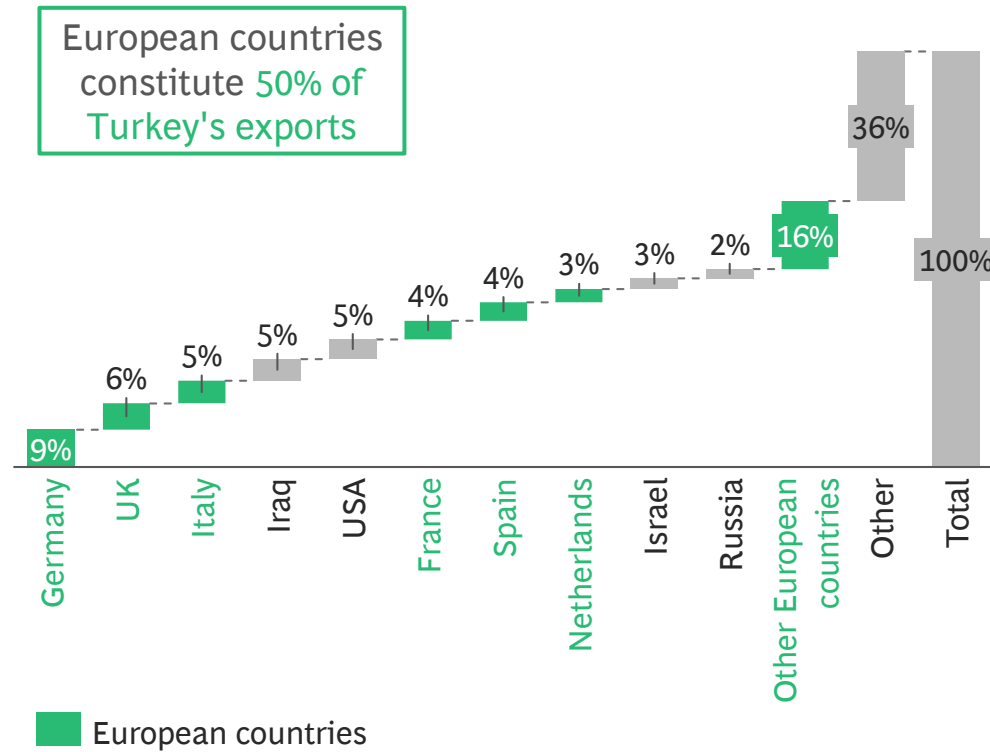


Note: "Other" sector with a trade deficit of \$ 30 billion is not shown  
Source: International Trade Centre; BCG Analysis

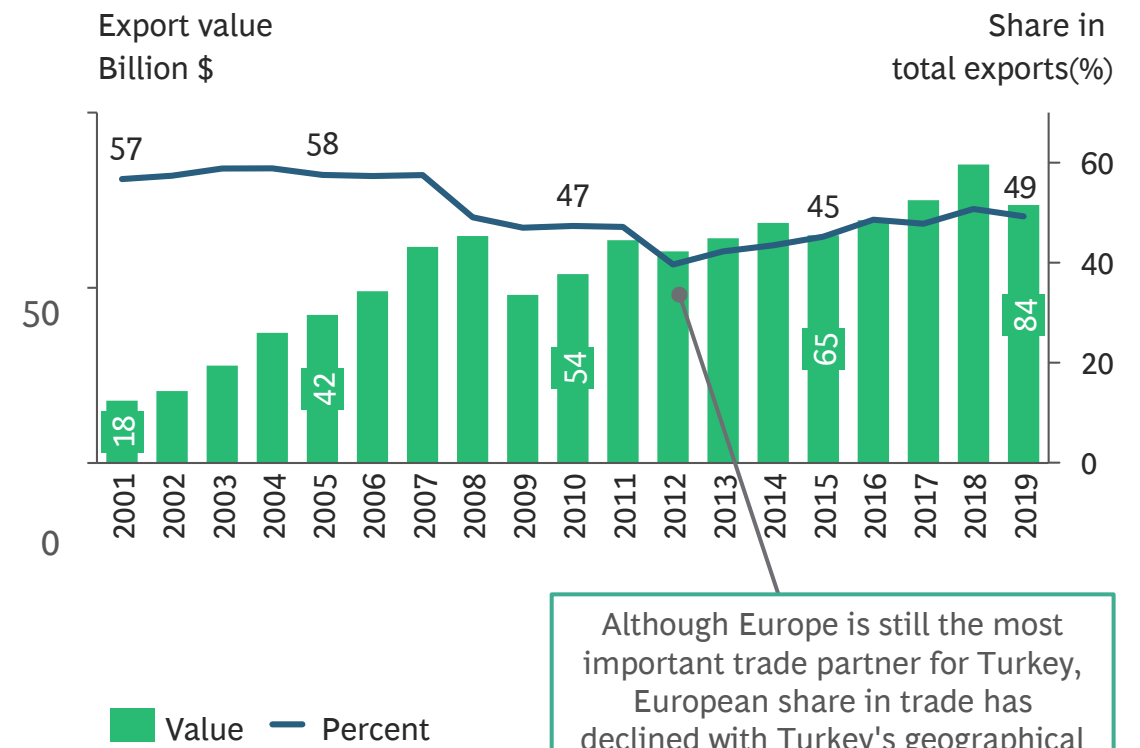
# Turkey has diverse geographical coverage; Europe is still the largest trade partner



## Turkey's exports by country, 2019 (%)



## Exports to European countries by years (2019, \$ B)

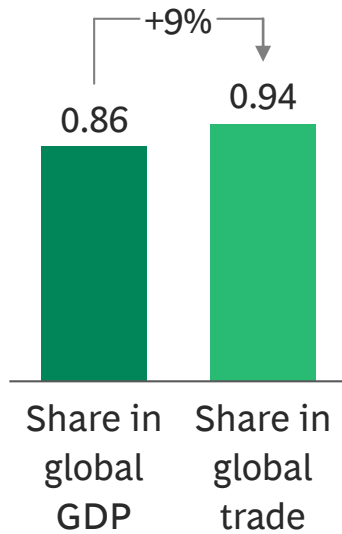


Although Europe is still the most important trade partner for Turkey, European share in trade has declined with Turkey's geographical diversification strategy

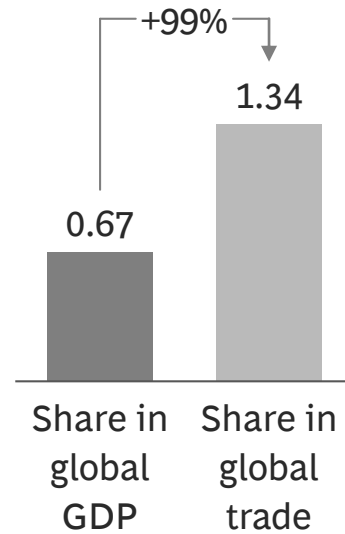
# Despite this solid performance, there is still potential for improvement



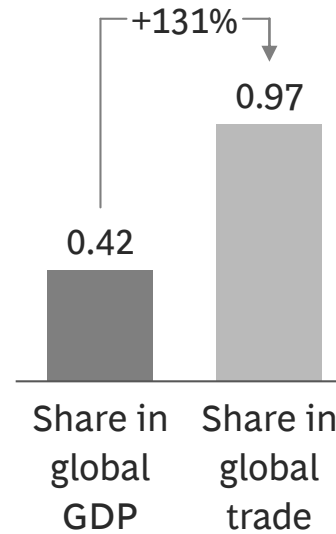
Turkey



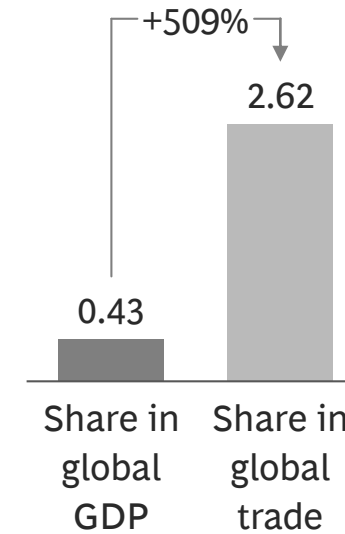
Poland



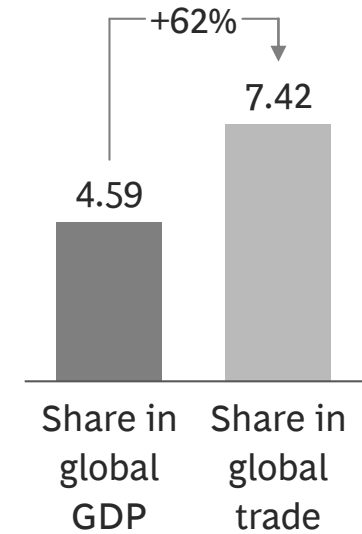
Malaysia



Singapore



Germany



# To diversify trade, Turkey can proactively seek FTAs with a large array of countries



	FTAs		FTAs with Top 4 economies				Main trade blocks
	FTA number	Global ranking <sup>1</sup>	USA	EU	China	Japan	
EU	42	1	✗	–	✗	✓	EEA, EU28
India	16	14	✗	✗	✗	✓	SAFTA
China	15	16	✗	✗	–	✗	
Singapore	24	7	✓	✓	✓	✓	CPTPP <sup>1</sup> , ASEAN <sup>2</sup>
South Korea	18	10	✓	✗	✓	✗	
USA	14	17	–	✗	✗	✓ <sup>3</sup>	NAFTA
Turkey	23	9	✗	✓ <sup>4</sup>	✗	✗	



Although Turkey is in a good position in the FTA, it has limited agreements with major economies that it plans to develop its trade relations

1. Global ranking is determined by the total number of signed and implemented FTAs 2. Trans Pacific Partnership Agreement. Members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam 3. Association of Southeast Asian Nations. Members: Indonesia, Thailand, Singapore, Malaysia, Philippines, Vietnam, Cambodia, Brunei, Myanmar, Laos 4. Negotiations are still continuing, UK agreement is uncertain after Brexit  
Source: WTO RTA database; BCG analysis





# Turkey can capture more share in US imports with the "new normal"

## US is diversifying its trade partners

Current political issues and pandemic led US to change its trade strategy and diversify its trade partners

### 1 Political issues



Amplified **US-China trade war**



Concerns in the US about **growing trade deficit** with China



US imports from China **reduced by 16% (\$ 90 B)** in one year only (2018-2019), **expected to decline further**

### 2 COVID-19 impacts



Transition of supply chain focus **from cost efficiency to resiliency**



**Re-shoring, nearshoring and diversification** expected to increase



**National security concerns** have risen especially on **medical technologies, biopharma and information technologies**

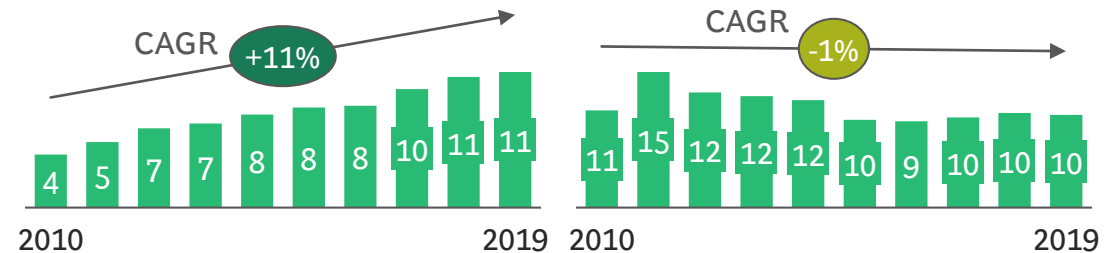
Source: International trade center, BCG analysis

## Turkey can be an alternative importer of US

Turkey's export to US has been increasing while US exports to Turkey is stagnant

Turkey exports to US (\$ B)

Turkey imports from US (\$ B)



Turkey can increase its export in its main export sectors by leveraging its existing capabilities



Automotive - parts



White goods



Textile & apparel



Building materials



Furniture

Turkey can seize opportunities from high potential sectors by building required capabilities



Electrical equipment and electronics

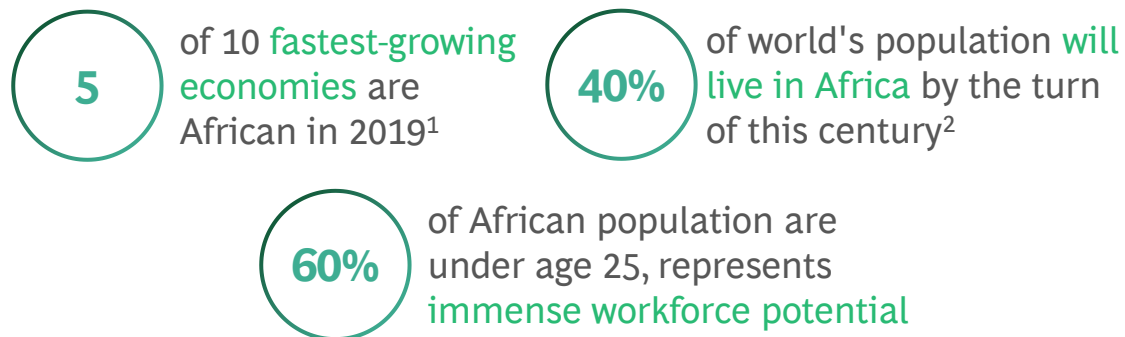


ICT (conventional ICT and startup ecosystem)

# Turkish firms can seize opportunities, especially in Sub-Saharan Africa



## Africa has high potential ...



## ... but needs major infrastructural upgrading

Big infrastructure investments required to unleash the potential



Construction and real estate



Public network, and energy



Transportation infrastructure



Health and education infrastructure

## Turkish firms eligible to do business in Africa



Dynamic and quick decision making



High-skilled and low-cost workforce



Resistant to harsh conditions



Easily develop relationships



Favorable geopolitics location



Strong cultural relations

## Turkey's interest intensified towards to mainly the Sub-Saharan Africa (SSA)

### Selective done projects



37 Turkish embassies in Sub-Saharan Africa in 2020 (There were only 7 in 2009)



Turkish Airlines is the major airline providing flights to 55 cities in 34 SSA countries



\$ 2.5 B

Tanzania



\$ 1.8 B

Sudan



\$ 0.7 B

Nigeria



\$ 0.5 B

Mozambique

## Opportunities also occur in some sectors depending on the regional development



White goods



Furniture



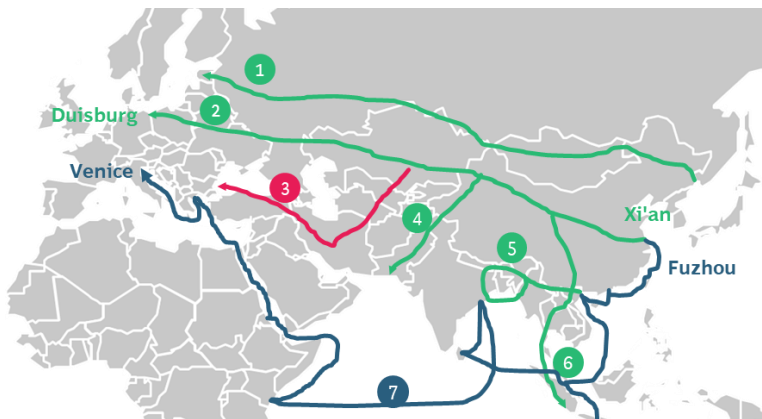
Consumer goods

# Turkey needs to leverage Belt & Road Initiative to access new geographies and to increase its trade –potential risks also need to be considered



## Diversifying Trade Routes: Belt & Road Initiative

- In 2013, China announced BRI to connect Asia with Africa and Europe via land and maritime networks along with 6 major economic and a maritime corridors
- With BRI, China aims to improve regional integration, increase trade and stimulate economic growth



- 1 China-Mongolia-Russia
- 2 New Eurasia Land Bridge
- 3 China-Central Asia-West Asia
- 4 China-Pakistan
- 5 Bangladesh-China-India-Myanmar
- 6 China-Indonesia
- 7 Maritime Silk Road

~\$1 Trillion of investment along the BRI corridor is planned

>440 \$ B already funded as of 2019

~80 % of investments initially planned to be provided by end-of 2021<sup>1</sup>

COVID-19 context will further incentivize China on BRI

- Trade war and COVID-19 have impacts on Chinese trade, particularly in the corridor with US
- With BRI, China aims to unlock new trade opportunities

Turkey can increase its trade through BRI



Geopolitics location makes Turkey an influential player on BRI route and this would bring new trade opportunities

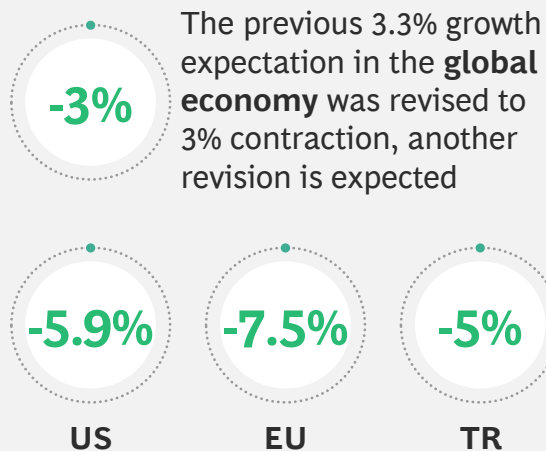


## We expect a serious change in the global trade volume in the short term and in the trade flow routes in the medium-long term

**COVID-19** had a visible effect in 3 key areas likely to change the trajectory of global trade

### Macro-economic expectations

Downward revision in IMF 2020 global economy expectations



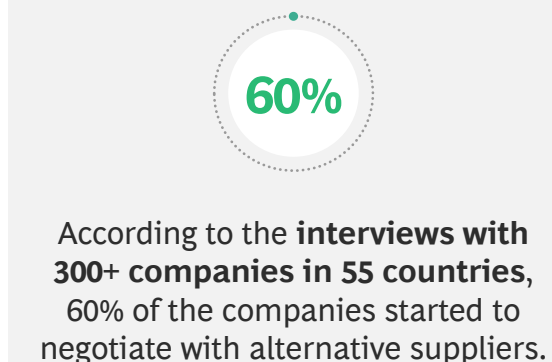
### Geopolitical location

Actions focused on protecting local needs and economy in many countries

- **Export restrictions, especially on sanitary wares and basic agricultural products** (protective equipment in the EU, respirators in India, grain in Russia, etc.)
- **Re-shoring and nearshoring** supporting activities

### Supply chain changes

Transition from cost and efficiency focused supply chain to resilience and flexibility principles



**We expect that global trade will reach its former volume in 2021-2023 period**, but with a much different route distribution ...

We expect significant opportunities for Turkey after COVID-19 in global trade  
Companies need to anticipate changes and prepare for emerging opportunities



In this period, we expect automotive, textile, agriculture and tourism sectors to come to the fore  
Opportunities may also occur in the field of building materials and electrical and electronics

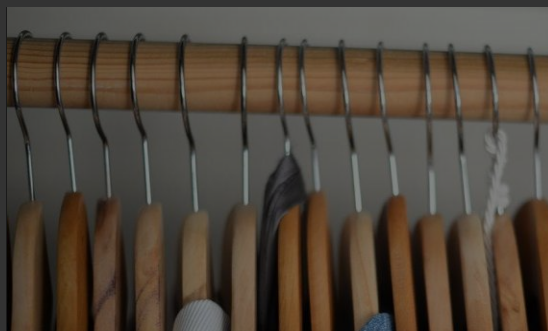


## Automotive

One of the locomotive sectors of Turkey's export with **25\$ B** volume

Turkey represents **%2** percent of global automotive trade volume and is the **17<sup>th</sup>** largest exporter

Some risks are on the table, but Turkish automotive parts suppliers can further **integrate into global value chains**



## Textile

Turkey is the 7th largest textile exporter with **28\$ B** export volume

**Historically strong** industry despite Asia's competitive challenge in recent years

**High growth potential** with the diversification of supply chains and increasing role of agility, fast fashion and responsible production

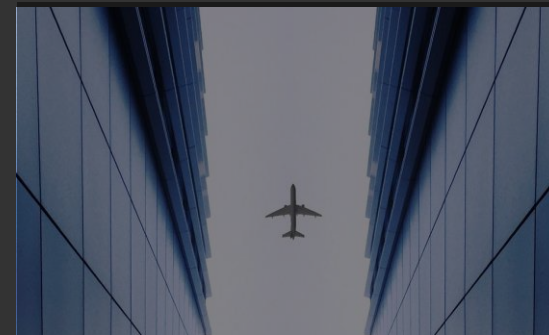


## Agriculture

Turkey is the 27th largest agricultural exporter with **11\$ B** export volume

Sustainability and reducing dependence will be key trends after Covid-19

Turkey should aim for **high value added production** with advanced technology and efficient logistics network

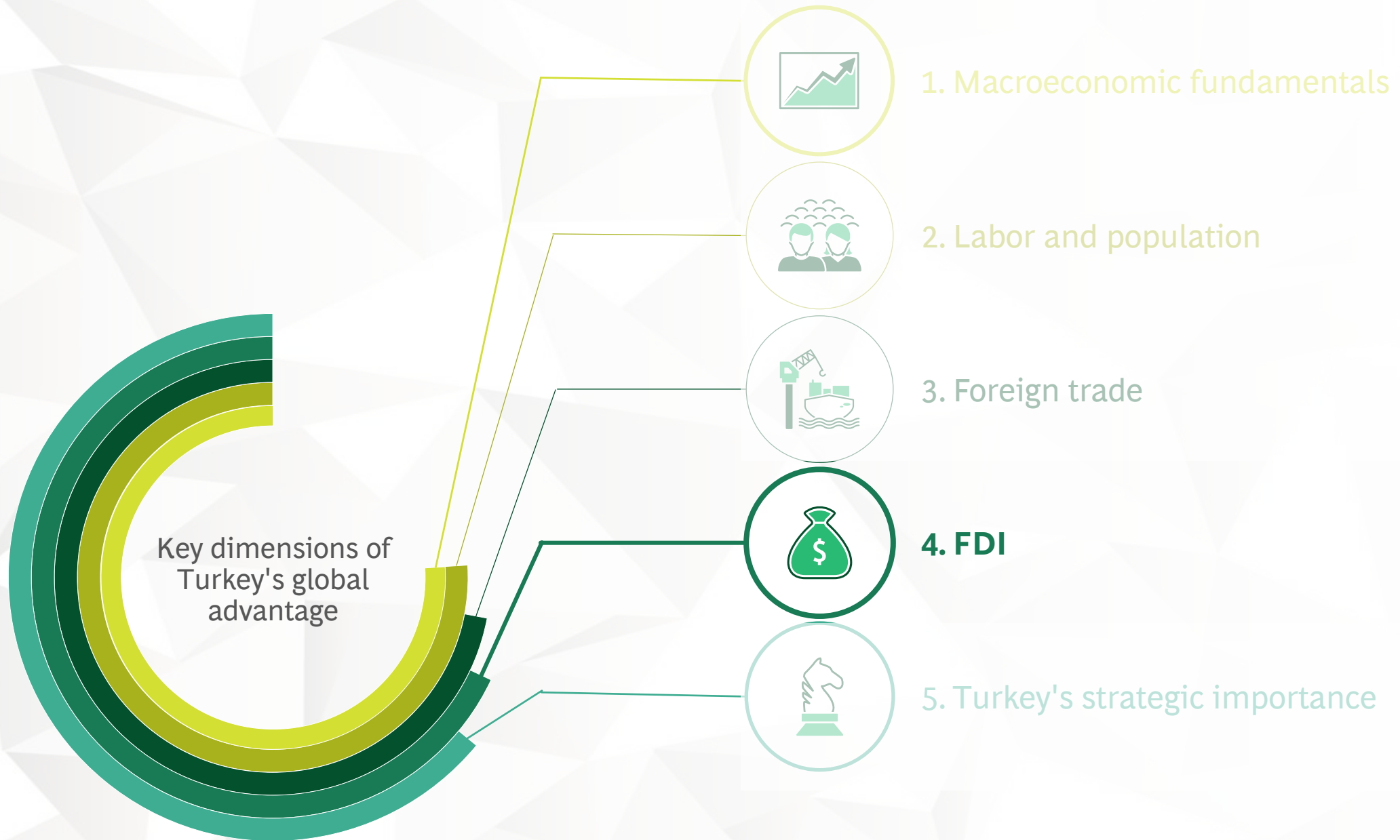


## Tourism

Turkey is an important tourism location with a **35\$ B** revenue generated from tourism

We expect significant decline tourism revenues but recovery will be fast after Covid-19; **Turkey has strong potential to reach 60+\$ B revenues**





# Turkey should aspire to attract more FDI with its potential and track record



## Key highlights

**Solid track  
record**

Turkey attracted over **\$90B**  
**FDI** in the **last decade**

**Business-  
friendly  
environment**

Turkey offers easier to  
manage environment for  
**setting up and running  
businesses**

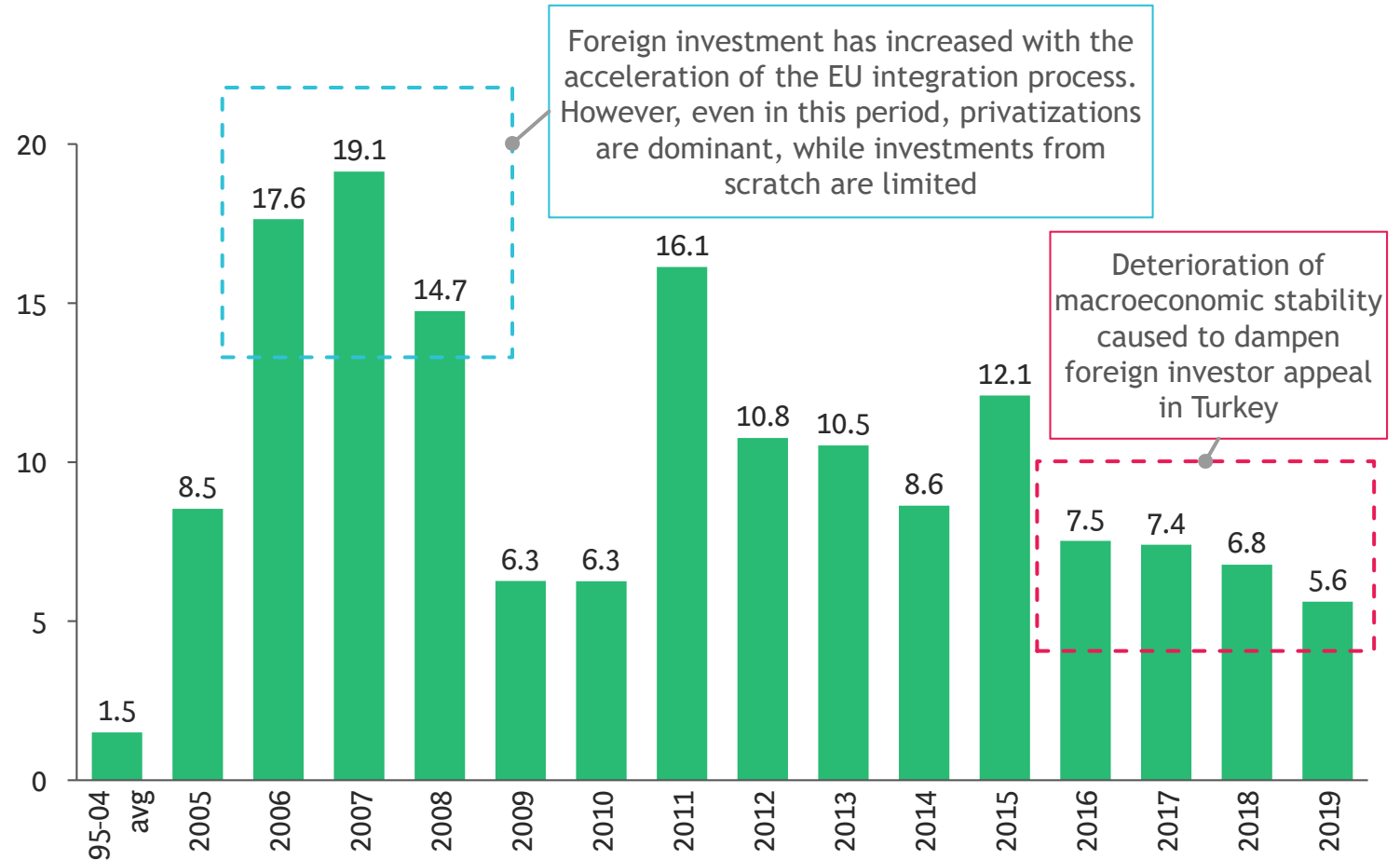
**Promising  
examples in  
Technology**

**Turkish technology  
companies** are  
attracting FDI



Turkey's FDI performance had been strong in the past, with some slowdown in recent years

## Foreign direct investment inflow (Billion US\$)

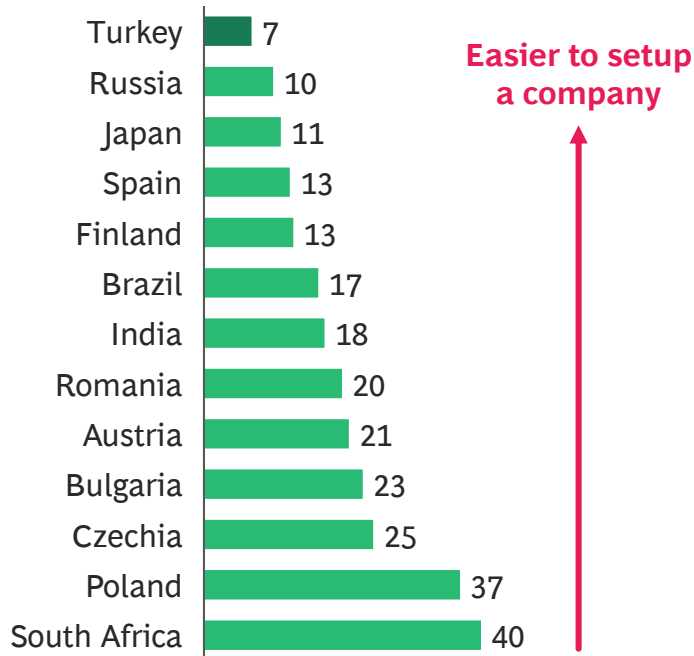


Source: CBRT; BCG Analysis

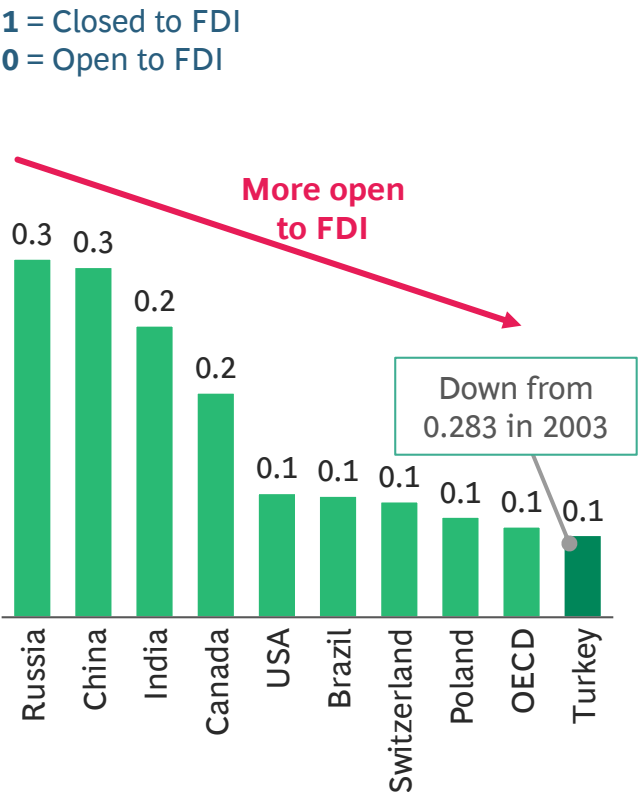


# However, Turkey has business-friendly environment to attract FDI

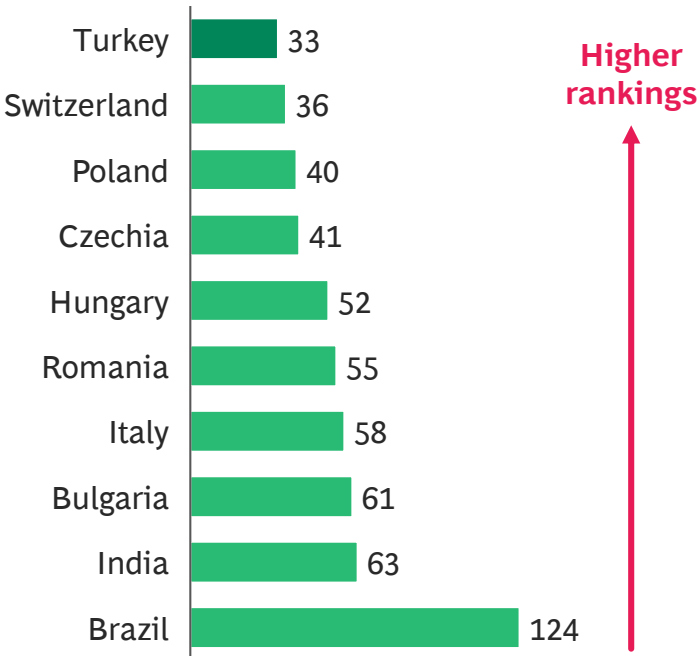
Number of Days to Setup a Company (2019)



FDI Regulatory Restrictiveness Index (2018)



Ease of Doing Business Ranking (2020)

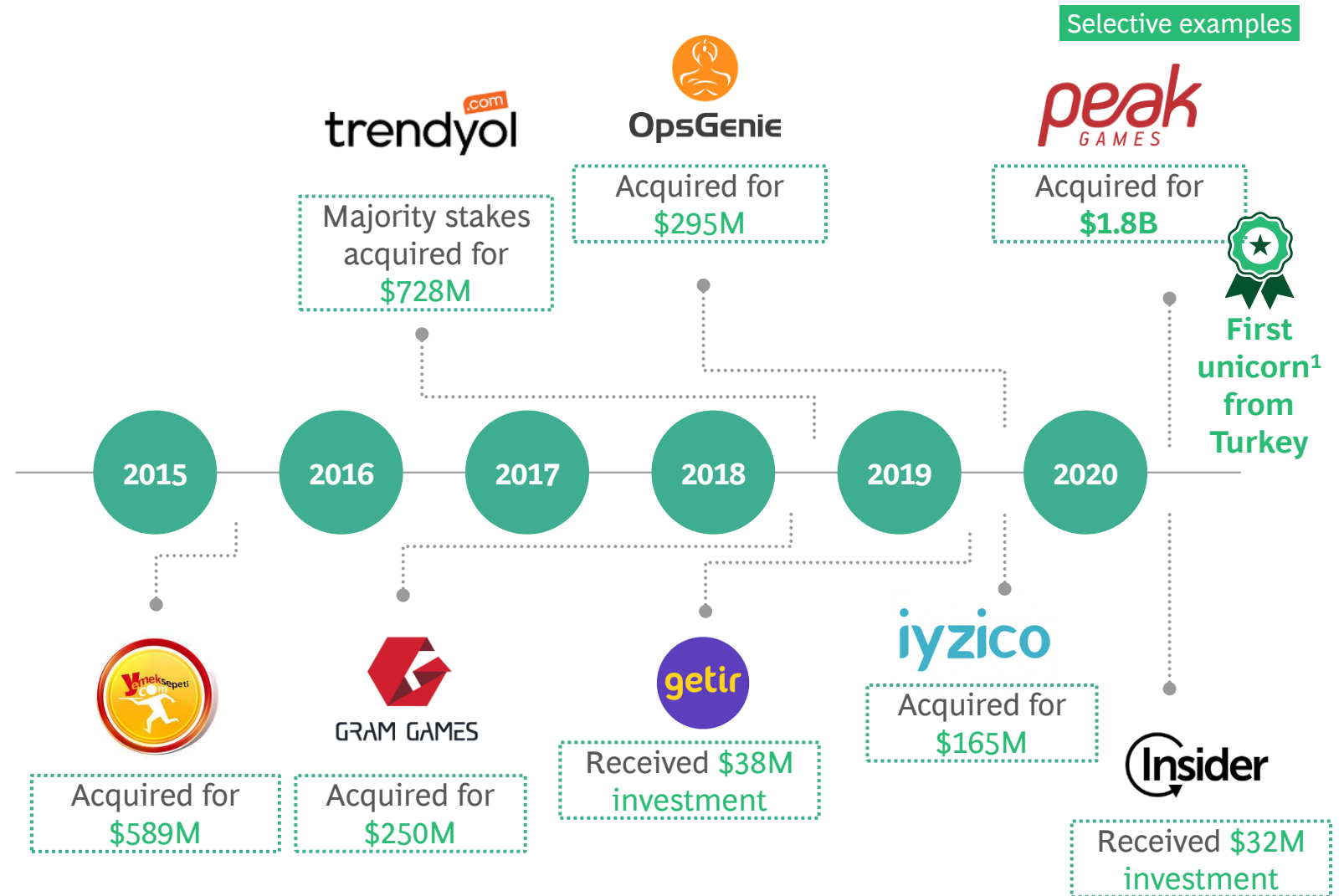


Source: Presidency of Republic of Turkey Investment Office, World Bank, OECD



## Significant deals between 2015-2019

Rather than conventional sectors, high-value added Turkish technology companies started attracting FDI, with more examples to follow



Source: Presidency of Republic of Turkey Investment Office  
1-Startup company reaching over \$1B valuation



# Foreign direct investments yield considerable returns on Turkish firms



## Hummingbird Investment in Peak Games



- 2011: Hummingbird Ventures invested **\$1.5M** in Peak Games and acquired 20% of its equity
- 2020: Peak sale to Zynga drives **8.6x gross fund return** for Hummingbird Ventures



## Actera Investment in UN Ro-Ro



- 2014: Actera, together with Esas Holding, acquired UN Ro-Ro with price of **~700M Euro**
- 2018: 4 years later, UN Ro-Ro was sold to DFDS with price of **950M Euro**



## Eaton Investment in Ulusoy Elektrik



- 2019: Eaton (Irish domiciled power company) acquired **82.27%** of Ulusoy Elektrik's equity
- 2020: Stock value of **\$1.86** on the date of the acquisition reached to **\$5.96** in September 2020<sup>1</sup>

1. Turkish stock pricing is in terms of TL, stock value calculations are made from present currency value on the days of transactions, investments were made in terms of dollars Source: Press search, BCG analysis



# Turkey has strategic advantages in its geo-political positioning; strengthened with its improving technological, social and cultural assets



## Key highlights

Strategical  
importance

Turkey is strategically important acting as a **natural bridge to markets** in Caucasia, Central Asia, Balkan states and the Gulf

Global  
economic  
and political  
cooperation

Turkey is a **key participant and an actor** of the global economical and political scene

Techno-  
logical  
importance

Turkey is also becoming **technologically important** globally

Social and  
cultural  
importance

Turkey has strong **social and cultural assets**

# Turkey is strategically important

A natural link to markets in Caucasasia, Central Asia, Balkan states and the Gulf



## Proximity to major markets and trade corridors



Turkey is strategically located between the EU and Asia



Turkey offers easy access to

- **1.5 billion people**
- Combined market worth of **US\$ 24 trillion GDP** in **Europe**, **MENA**, and **Central Asia** within a 4-hour flight radius



Turkey is a gateway to energy resources such as gas and oil pipelines in the region, also to strategic trade corridors such Belt & Road Initiative (BRI)

### JADI Link

An integrated multi-pass fiber optic network

### BRI

Global infrastructure development strategy adopted by the Chinese gov't to invest in nearly 70 countries

### Oil

- Baku-Tbilisi-Ceyhan pipeline
- Iraq-Turkey pipeline

### Gas

- Trans-Adriatic natural gas line
- Russia-Turkey natural gas line
- Iran-Turkey natural gas line
- Baku-Tbilisi-Erzurum line

## Strategic location

### Global connectivity



Easy reach to markets across 16 different time zones



Turkish Airlines connects 255 destinations in 122 countries

### Hub for multinationals

Multinationals have chosen Turkey as a preferred hub for manufacturing, exports, as well as management



**TOYOTA**

Exports over 90% of its production in Turkey



Exports over 77% of its production in Turkey



Uses Turkey as a production base for MENA region

#### Selective examples

**BOSS**  
HUGO BOSS

Has its largest production facility globally

Turkey also serves as a management hub for several multinational companies

B/S/H/



**KNAUF**



#### Selective examples

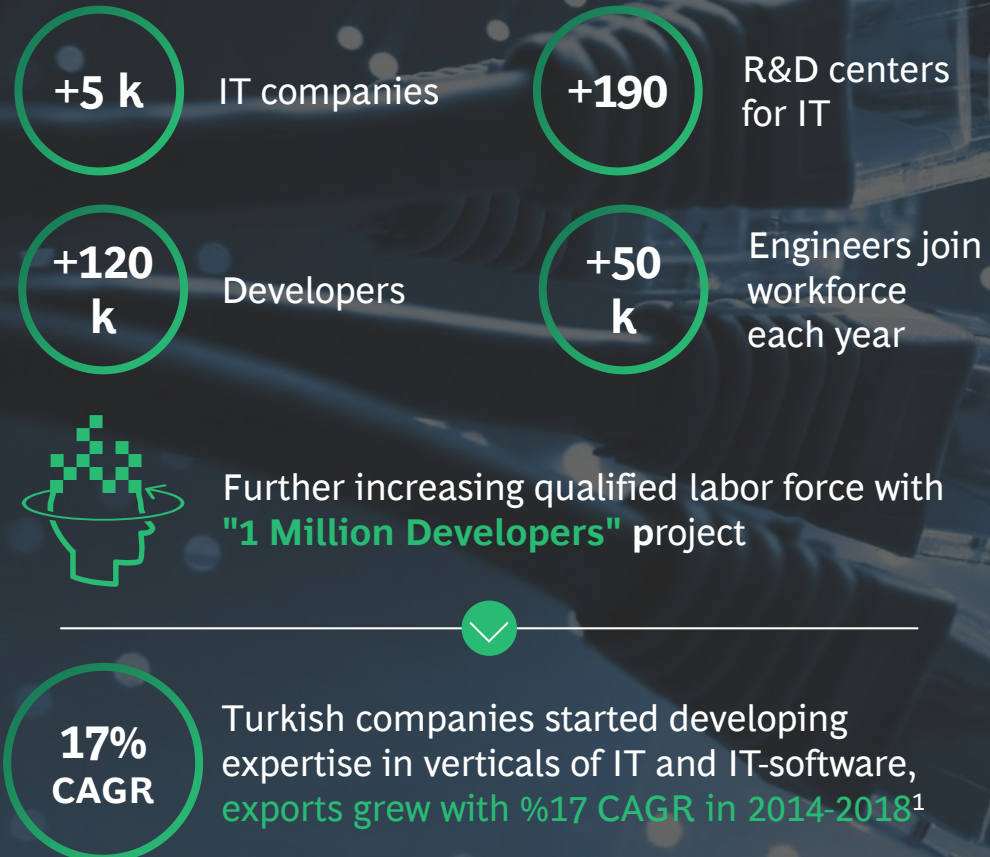
Note: JADI name derives from the initials of the following cities; Jeddah (Saudi Arabia), Amman (Jordan), Damascus (Syria) and Istanbul (Turkey)  
Source: BCG analysis, TT, ISPAT



# Turkey has an expanding technology ecosystem



## Growing its capabilities in IT sector...



## ... with an accelerating startup ecosystem



There are **7,500+ operating startups** with **+500 incremental** established each year



**Istanbul** is selected amongst **top-20 emerging ecosystems**<sup>2</sup>



**VC investments** are below **Turkey's fair share** at **\$102M in 2019** with 66% annual increase and are **expected to accelerate** in 2020



Turkey generated its **first unicorn** company in June 2020 and is **amongst ~30 countries to have achieved it**

# Domestic production of electric car is a major breakthrough for Turkey



**Electrification** is the new trend in automotive industry which will re-shape it



Automobiles are the **most complex** mass-produced industrial products



Profit pools for OEMs are limited, **shifting from conventional manufacturing towards downstream activities**



**Electrification** disrupts the industry and requires OEMs to adapt their business model



Established car makers still need to catch up in **EV adoption**, providing a entry window



Turkish government has launched an initiative to produce a **domestic electric car**



In December 2017, a consortium has been formed by **5 leading Turkish conglomerates to manufacture electric car** by the end of 2022

**Exporting electric car to surrounding geographies is on the government's agenda**



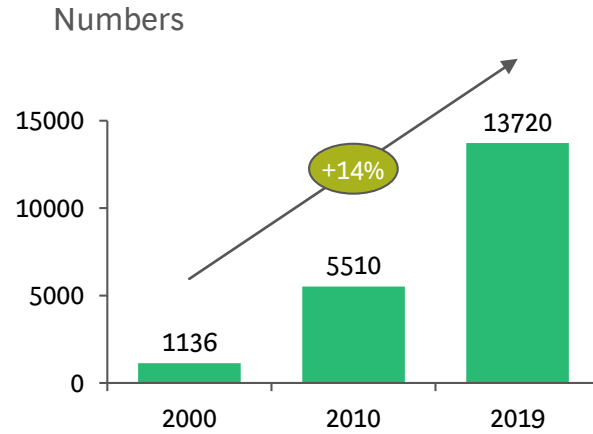
**North Africa, Middle East and Balkans** are potential export destinations



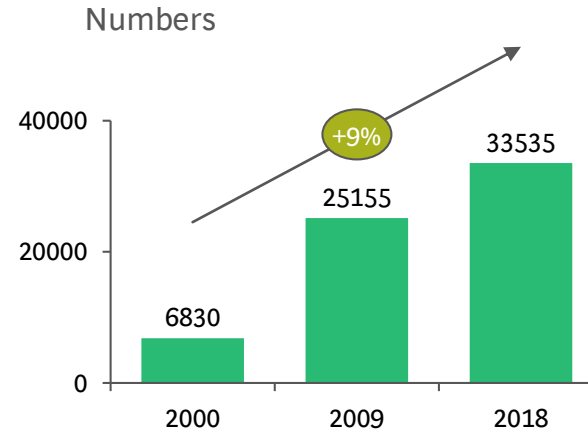
# Technological developments and scientific research increasing



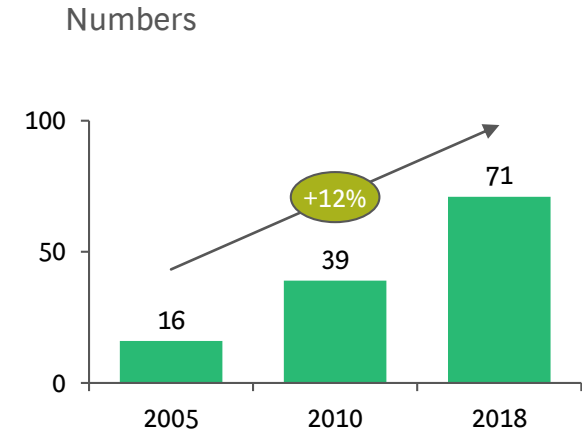
## Patent registrations



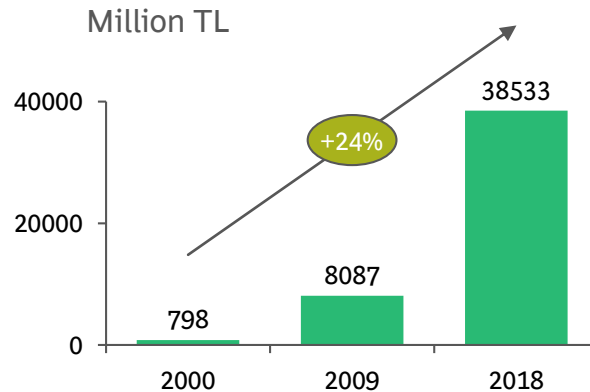
## Scientific and technical journal articles



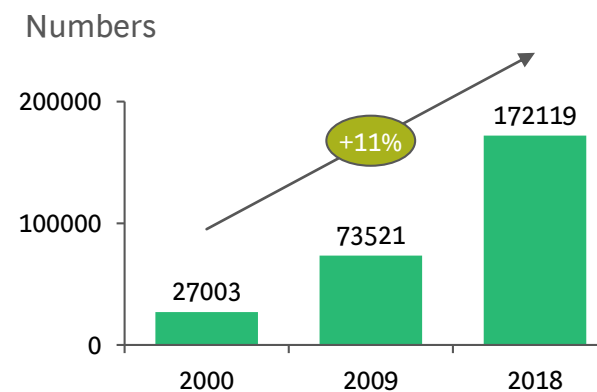
## Technoparks



## R&D spending



## R&D workforce (FTE<sup>1</sup>)



XX % : CAGR

1. Full time equivalent  
Source: TPE,,Turkstat, ISPAT



# Turkey is socially and culturally important with further potential in diverse tourism areas

## Unesco World Cultural Heritage (18)

In the UNESCO World Cultural Heritage List there are **18 heritage sites from Turkey**, out of 1121 properties around the world



## "Discover the potential" of Turkey

Turkey captivates blend of antiquity and contemporary and **East and West**



Turkey has **463 beaches** in total that **awarded with the blue flag** certification as of 2020



**Antalya** with 203 blue-flag beaches



**Mugla** with 102



**Izmir** with 50

## Healthcare Tourism

Turkey is **globally competitive in healthcare tourism**



**5<sup>th</sup> highest #** of JCI-accredited<sup>2</sup> hospitals in the world



Among **highest healthcare operation success rates** in developing world



**Cost-competitive** in majority of the 20 most common operations



Relatively **better healthcare performance** against COVID-19<sup>3</sup>

**Epidemic hospital built in the land of Ataturk Airport is planned to be used for health tourism after the epidemic**



1. The Blue Flag is an international environmental award given to safe, clean beaches from all around the world. 2. Joint Commission International is the most reputable accreditation agency in global healthcare 3. COVID-19 death rate of Turkey is 2.4% while US' rate 3.1% and world's is 3.4%  
Source: John Hopkins University, BCG analysis

# Going forward, Turkey should further leverage its potential to strengthen its global advantage



Turkey has a great potential with:

- Large, growing and diversified economy with advanced sophistication in specific sectors
- Young and educated population
- Cost competition in manufacturing and services
- Unique geographical position enabling regional hub position
- Strong export potential
- Business-friendly environment to attract FDI
- ...

With changing global context, it is the right time for Turkey to re-assess and promote its global advantage






Going forward, Turkey can realize this strong potential by defining and executing a strategy with :

- Further focus on higher value-added products
- Sustaining and business friendly environment to attract more FDI
- Strengthening its position in global trade

# We expect Turkey to increase its competitive position and have a stronger share in global economy in the upcoming decades



		2019	2030	2040	2050
 <b>GDP</b>	Annual GDP (\$B)	754	1,150 - 1,250	2,000 – 2,100	3,500 - 3,600
	Global Share	0.86%	0.95% - 1.05%	1.20% - 1.25%	1.45% - 1.50%
 <b>Foreign Trade</b>	Annual Exports (\$B)	171	290 - 300	580 - 590	1,130 – 1,140
	Global Share	0.91%	1.15% - 1.20%	1.50% - 1.55%	1.90% - 1.95%
 <b>FDI</b>	Annual Inward FDI Flow (\$B)	8	15 - 20	35 - 40	65 - 70
	Global Share	0.55%	0.80% - 1.10%	1.25% - 1.45%	1.60% - 1.70%

Notes: The forecast reflects inflation adjusted numbers and is based upon historical data from World Bank, UNCTAD and TradeMap with following assumptions: GDP: Global; - 4.9% for 2020, 5.4% for 2021 and 3.5% CAGR for 2022-2050, Turkey; -5% for 2020, and 5.5% CAGR for 2021-2050. Foreign Trade: Global exports; -11.9 for 2020, 8% for 2021, 2% for 2022, 4.3% CAGR for 2023-2050, Turkey; -10.3% for 2020, +8.1% for 2021, 3.3% for 2022, 7.1% CAGR for 2023-2039, 6.8% for 2040-2050. FDI: Global Annual Inward FDI flow; - 40% for 2020, 15% for 2021, 12% for 2022, 19% for 2023-2024, 7% for 2025, 4% for 2026-2050, Turkey; -40.8% for 2020, 18.8% for 2021, 25.5% for 2022, 21.2% for 2023-2024, 14.9% for 2025, 8.2% for 2026-2029, 6.9% CAGR for 2030-2039, 6.3% for 2020-2050



Turkey has a  
**strong potential**  
to be realized in  
the upcoming  
decades



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