





This study has been conducted on behalf of TAIK to determine U.S. Direct investment in Turkey.

We combine the results of several studies that address a set of related research hypotheses. (meta-analysis)

Secondary data has been used for the study and has been gathered from below sources.

- The World Bank
- Ministry of Economic
- Turkish Statistical Institute (Turkstat)
- Central Bank of the Republic of Turkey (CBRT)
- U.S. Bureau of Economic
- United Nations Conference on Trade and Development
- The World Trade Organization (WTO)
- U.S. State Department
- U.S. Commercial Service
- Several newspapers (Bloomberg, Financial Times....)
- S&P, Moody's and Fitch
- Economic Intelligent Unit, ISA, Heidrick & Struggles reports...





To understand key drivers of investment, The country benchmark has been performed (to compare economic indicators of Turkey, Poland and Czech Republic)

According to U.S. Direct Investment outflows, Turkey a fourth-grade county with 5 billion USD investment.

Nine Questions has been defined to figure out how to increase U.S. direct investment.

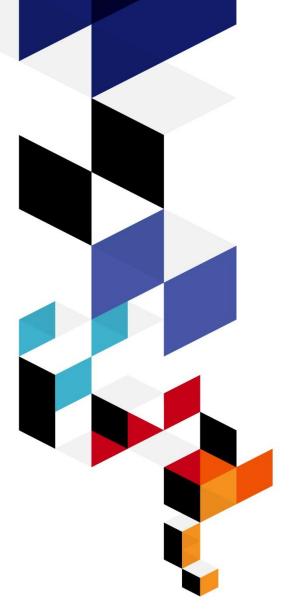






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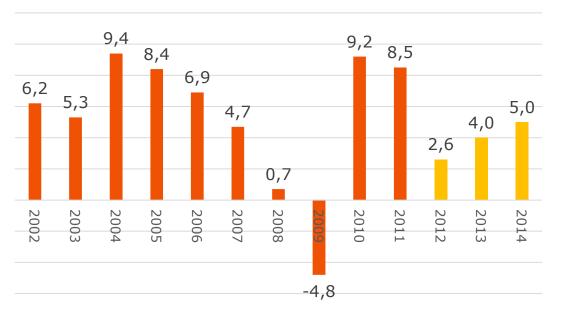




Annual Economic Growth Rates

Turkey has recovered fast from the global financial crisis and Turkey has the fastest economic growth rates in Europe.





After a sharp economic slowdown in 2008 and 2009, economic growth soared in 2010 and 2011 as both domestic and export demand rose at a strong pace

Regional power

Soap operas followed by all neighbours

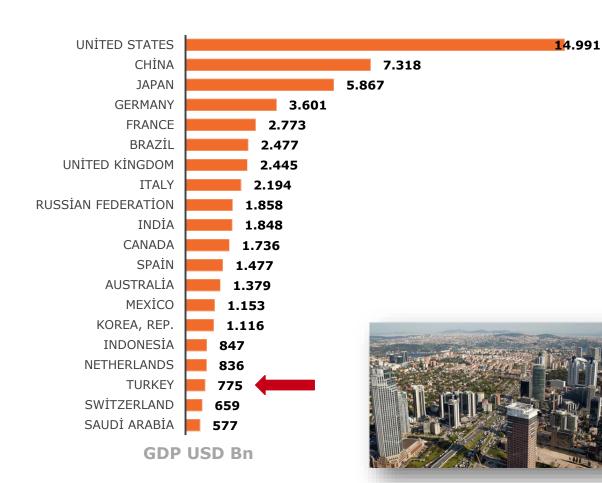




Data for 2012 is the first nine months of 2012, Ministry of Economy, Data for 2013 -2014 is World bank's prediction, ISA Country Report, Economic Outlook



Turkey was the 18th largest economy in the world



In 2011, Turkey was the 18th largest economy in the world, with a GDP of \$775 billion

Over the last three years, Turkey has been one of the fastest growing economies in the world, growing at 9.2% in 2010 and 8.5% in 2011

Turkey is the closest follower of BRIC countries

Worldbank 2011



Ratings

In 2012, Fitch, one of the three main ratings firms, lifted Turkey's long-term foreign-currency debt to triple-B-minus from double-B-plus.

Country	S&P Rating	Moody's rating	Fitch Rating
Bulgaria	BBB	Baa2	BBB-
Czech Republic	AA-	A1	A+
Greece	B-	С	CCC
Hungary	ВВ	Ba1	BB+
India	BBB-	Baa3	BBB-
Israel	A+	A1	Α
Italy	BBB+	Baa2	A-
Poland	A-	A2	A-
Russia	BBB	Baa1	BBB
Turkey	ВВ	Ba1	BBB-

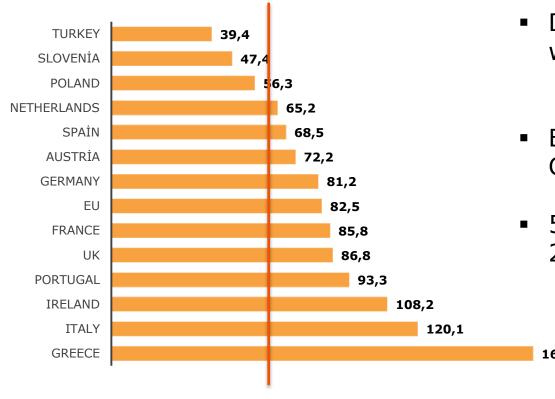
"Fitch believes that the Turkish economy is on track to return to a sustainable growth rate, having narrowed the current account deficit and lowered inflation after overheating in 2011"



S&P, Moody's, Fitch



Government Debt / GDP (%)



- Debt/GDP ratio of Turkey was 39.4% in 2011
- Below the Maastricht Criteria (60%)
- 50% population is under 29 of age

165,3



Economic Outlook Feb 2013, Ministry of Economic



Economic Targets of 2013-2015 Medium Term

Medium Term Programme which covers 2013-2015 period aims to strengthen macroeconomic and financial stability by reaching potential economic growth rate, decreasing the current account deficit further, reducing inflation and improving public fiscal balances.

	2012	2013	2014	2015
GDP (Billion \$, Current Prices)	799	858	919	998
GDP Per Capita (\$)	10.673	11.318	11.982	12.859
Real GDP Growth	3.2	4.0	5.0	5.0
Unemployment Rate (%)	9.0	8.9	8.8	8.7
Tourism Income (Billion \$)	23.5	25.4	27.0	28.4
Current Account Balance (Billion \$)	-58.7	-60.7	-63.6	-64.7
Current Account Balance/GDP (%)	-7.3	-7.1	-6.9	-6.5

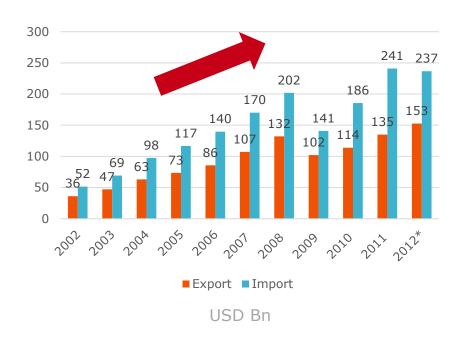
*Forecast (Medium Term Programme, Ministry of Development - October 9, 2012), Economic Outlook Feb 2013, Ministry of Economic





Foreign Trade Overview

Turkey is rapidly becoming an important center for manufactured exports to Europe and the Middle East.



While exports have suffered in recent years due to the weakness of key European export markets, the longer-term outlook calls for healthy export growth rates in the years ahead.



Data for 2012 is provisional. Turkstat, ISA Country Report 2013



Main Export Items

Rank	Code	Annual	2011	2012
1	71	Precious stones, precious metals: and articles thereof	3,739	16,328
2	87	Vehicle other than railway or tramway rolling_stock,parts thereof	15,803	15,151
3	84	Boilers, machinery and mechanical appliances: parts thereof	11,561	12,015
4	72	Iron and steel	11,225	11,342
5	85	Electrical machinery and equipment: parts thereof	8,874	9,380
6	61	Knitted and crocheted goods and articles thereof	8,386	8,428
7	27	Mineral fuels, minerals oils and product of their distillation	6,539	7,707
8	73	Articles of iron and steel	5,748	6,103
9	62	Non knitted and crocheted goods and articles thereof	5,124	5,436
10	39	Plastic and articles thereof	4,580	5,016

USD Million









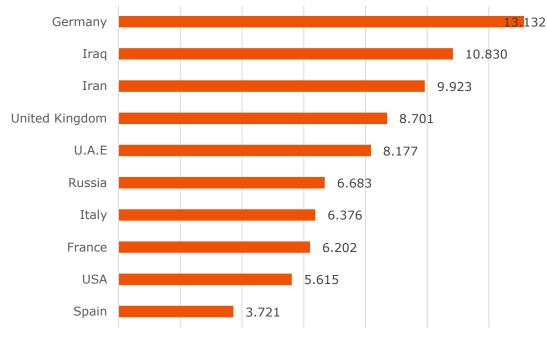


Turkstat





Main Export Countries









2012, USD Million

Turkstat



Global Talent Index

In the long-run, the low-cost of the Turkish labour force will attract additional foreign investment.



The rankings remain reasonably stable in both year, but noteworthy advances in 2015 are registered by Canada, Chile and Turkey.

Improved economic performance is expected to help talent environments improve in these countries, while tough economic conditions contribute to the largest falls in the index in 2015, suffered by Greece and Venezuela.

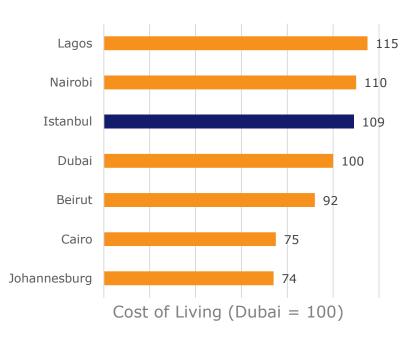
Heidrick & Struggles The Global Talent Index Report: The Outlook to 2015

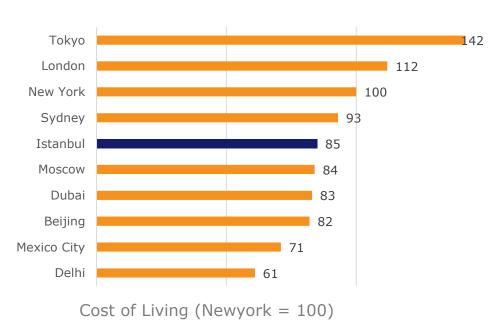


Cost of Living

Regional Cost of Living Comparisons

Global Cost of Living Comparisons





Cost of living levels are very high in Istanbul, whereas in the rest of the country, living costs are far lower. In fact, Istanbul is one of the most expensive cities in the entire Eastern Mediterranean region

ISA, US State Department



Logistics



- Europe's biggest truck fleet (45 thousands trucks and 1,420 companies)
- Almost 1,1 million flights in 2012 (2.4 million tonnes freight and 130 million passengers)
- 25. biggest fleet in the world
- 48 airports and 76 ports
- Total length of divided highways will reach 15 thousand kilometers.
- High-speed railway projects are carried out rapidly.



Economic Outlook, Ministry of Economy



Free Zones in Turkey

Turkey's 19 free zones registered \$22.6 billion in turnover last year and created employment for 54,000 people



Ministry of Economy, 2011





FTA Countries

- 1. EFTA (Norway, Switzerland, Iceland, Liechtenstein)
- 2. Israel
- 3. Macedonia
- 4. Croatia
- 5. Bosnia and Herzegovina
- 6. Palestine
- 7. Tunisia
- 8. Morocco
- 9. Syria (**)
- 10. Egypt
- 11. Albania
- 12. Georgia
- 13. Montenegro
- 14. Serbia
- 15. Chile
- 16. Jordan
- 17. Lebanon*
- 18. Mauritius*
- 19. South Korea*



(**) Pending

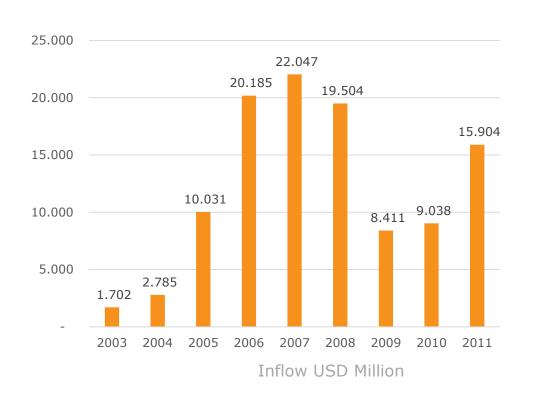
Ministry of Economy





Foreign Direct Investments

In 2011, Turkey recorded a strong recovery of FDI; inflows rose by more than 75 percent, from US\$9 billion to almost US\$16 billion.



Turkey stood as an exception to regional trends, with inflows registering a 76 per cent increase to \$16 billion, maintaining the country's position as the region's second largest FDI recipient and increasing its share in the region's total from 16 to 33 per cent

Turkey's geographical position is an asset

CBRT



Foreign Direct Investments

In addition, Turkey's FDI promotion policy has been shifting towards a more sector-specific approach, aiming directly at high value added, high-tech and export- oriented projects.

	2010	2011	2011*	2012*
UK	245	905	788	1992
Austria	1584	2419	2361	1399
Luxemburg	292	555	487	1226
Netherlands	486	1424	1329	1090
Germany	597	665	460	462
USA	323	1402	693	346
Azerbaijan	12	1266	11	339
Switzerland	122	233	204	325
Lebanon	29	44	44	315
Malaysia	6	14	11	294
Italy	25	111	102	161



Inflow USD Million

CBRT, World Investment repot 2012 UNCTAD



Foreign Direct Investments

Investments in automotive and petrochemical industries have been designated primary objectives by the Investment Support and Promotion Agency, and the mining sector will soon be added as well.

	2004	2005	2006	2007	2008	2009	2010	2011
Cumulative FDI (net)	2,785	10,031	20,185	22,047	19,504	8,411	9,038	15,904
FDI	1,442	8,190	17,263	19,121	16,567	6,629	6,544	13,891
Capital (Net)	888	8,053	16,876	18,100	14,313	5,382	5,792	13,297
Inflow	986	8,454	17,533	18,843	14,348	5,464	5,827	15,288
Outflow	(98)	(401)	(657)	(743)	(35)	(82)	(35)	(1,991)
Reinvested Earnings	204	81	106	294	399	788	411	599
Other Capital	350	56	281	727	1,855	459	341	(5)
Real Estate Purchases (Net)	1,343	1,841	2,922	2,926	2,937	1,782	2,494	2,013
LICD Millian								

USD Million

CBRT





FDI by Industry

As the countries of Eastern Europe become more expensive, Turkey will be in a position to gain significant amounts of manufacturing FDI, if the political climate is favorable



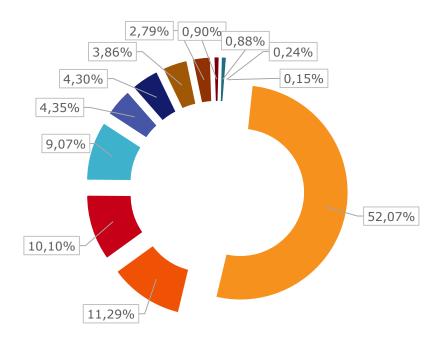


Inflow USD Million

CBRT



Breakdown of FDI in Manufacturing (%)



- Food, Benerage, Tobacco
- Textile
- Electrical and Optical Equipment
- Minerals other than Metallics

- Chemicals and Manmade Fiders
- Refined Oil Product and Cooking Coal Basic and Fabricated Metals
- Vehicles
- Paper

- Others
- Machinery and Equipment

Plastics and Rubber

CBRT, January -November 2012



The New Investment **Incentives Program**



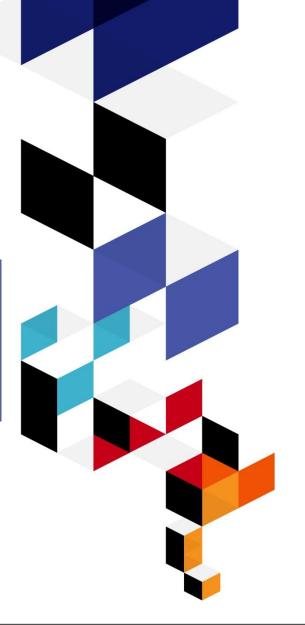
Ministry of Economy





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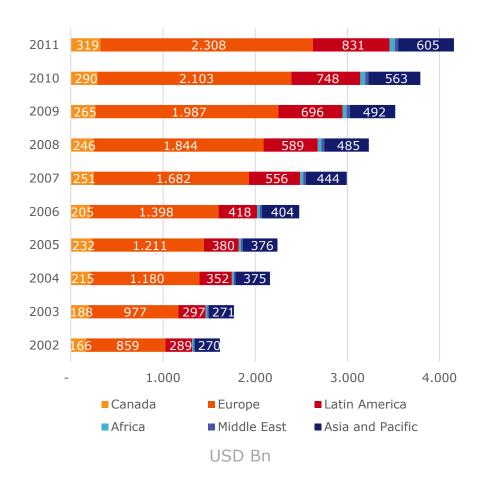
Turkey Investment Climate 03 Trade & Outflow FDI Trends **US Trade & Outflow FDI** Trends Benchmark 46 Questions 61







U.S. Direct Investment Position Abroad

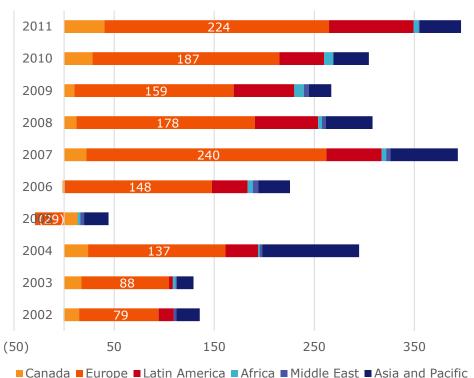


By location, in 2010 and 2011, U.S. firms focused slightly more than half of their investments in the highly developed economies of Europe with investments in other developed economies raising the share of investments going to developed economies to about 70% of total U.S. direct investment abroad

U.S. Direct Investment Abroad,U.S. Direct Investment Position Abroad on a Historical-Cost Basis, U.S. Bureau of Economic



U.S. Direct Investment Outflow



New spending by U.S. firms on businesses and real estate abroad, or U.S. direct investment abroad rose by 27% in nominal terms in 2011 over the amount invested in 2010, reflecting improvements in the rate of economic growth in Europe and elsewhere

250 350

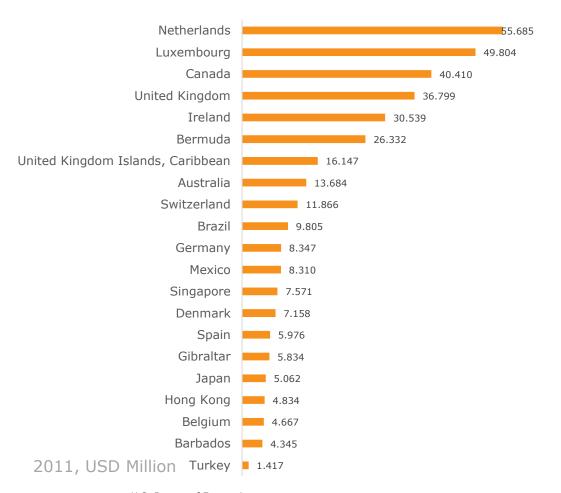
Africa Middle East Asia and Pacific

USD Bn

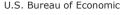
U.S. Direct Investment Abroad, Financial Outflows Without Current-Cost Adjustment , , U.S. Bureau of Economic



U.S. Direct Investment Outflow by County



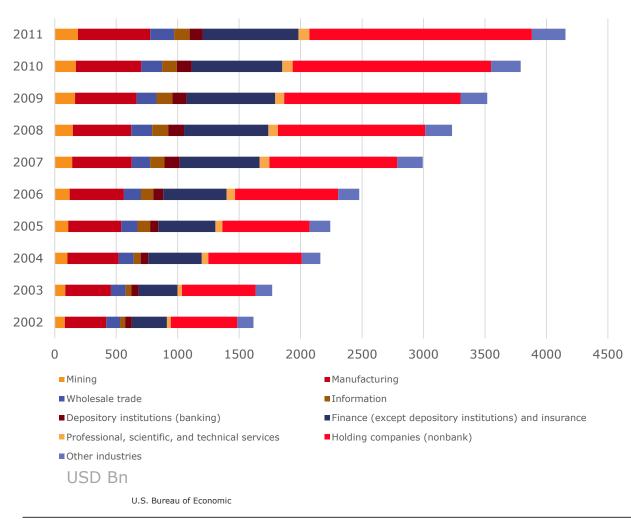
The majority of U.S. direct investment abroad is in developed countries where wages, markets, industries, and consumers' tastes are similar to those in the United States. U.S. direct investment in these developed countries is oriented toward serving the markets where the affiliates are located and they tend, in the aggregate, to boost exports from the United State







U.S. Direct Investment Position by Industry

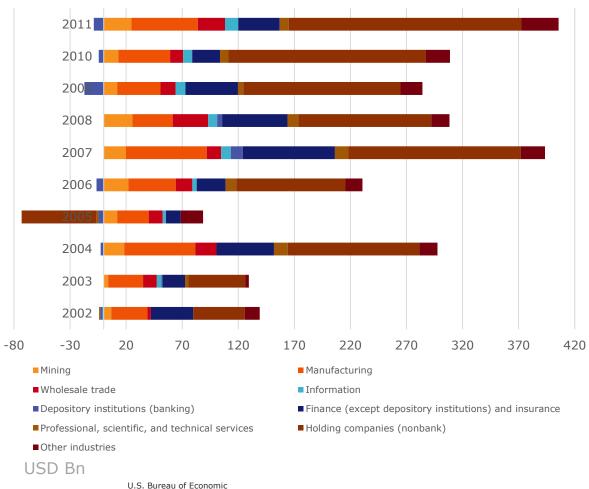


Patterns in U.S. direct investment abroad generally reflect fundamental changes that occur in the U.S. economy during the same period. As investment funds in the U.S. economy shifted from extractive, processing, and manufacturing industries toward high technology services and financial industries, U.S. investment abroad mirrored these changes.





U.S. Direct Investment Outflow by Industry



As a result, U.S. direct investment abroad focused less on the extractive, processing, and basic manufacturing industries in developing countries and more on high technology, finance, and services industries located in highly-developed countries with advanced infrastructure and communications systems





GDP / U.S. Investment Position

GDF Ran	· · · · · · · · · · · · · · · · · · ·	GDP	US Investment Position	GDP/ US Investment	GDP Rank		GDP	US Investment Position	GDP/ US Investment
17	Netherlands	836	595	71.2%	15	Korea, Rep.	1,116	32	2.8%
7	U.K	2,445	549	22.5%	3	Japan	5,867	117	2.0%
19	Switzerland	659	125	19.0%	20	Saudi Arabia	577	9	1.5%
11	Canada	1,736	319	18.4%	16	Indonesia	847	12	1.4%
13	Australia	1,379	136	9.9%	10	India	1,848	25	1.3%
14	Mexico	1,153	91	7.9%	8	Italy	2,194	25	1.2%
12	Spain	1,477	59	4.0%	2	China	7,318	54	0.7%
5	France	2,773	89	3.2%	18	Turkey	775	5	0.7%
4	Germany	3,601	107	3.0%	9	Russian Fed.	1,858	10	0.5%
6	Brazil	2,477	71	2.9%					

2011, USD Bn

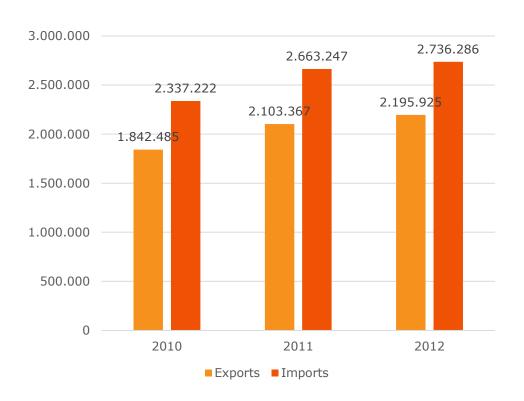
Worldbank, U.S. Bureau of Economic





U.S. Import & Export

The \$2.73 trillion in imports during fiscal year 2012 represents a three percent increase over fiscal year 2011 import values and is the highest annual import value figure to date



Ten commodity groups accounted for 70 percent of fiscal year 2012 import value.

- Mineral Products,
- Machinery and Mechanical Equipment ,
- Appliances and Electrical Equipment,
- Vehicles,
- Aircraft and Parts,
- American Goods Returned,
- Jewelry and Precious Stones,
- Optical/Measuring Devices,
- Pharmaceutical Products,
- Chemicals and
- Furniture.

USD Million



U.S. Import by county

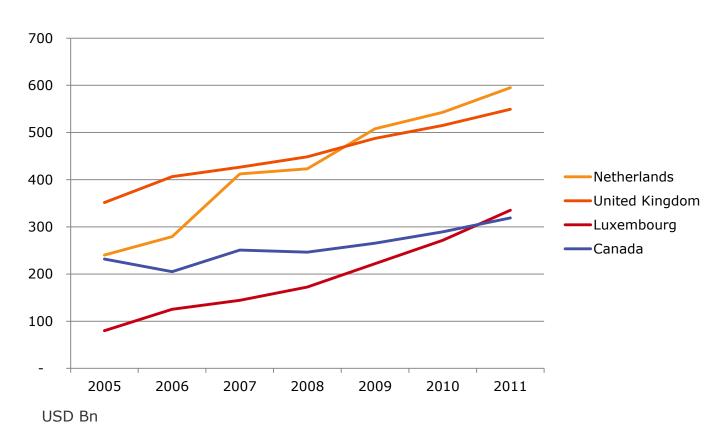


China remained the top trading partner with the U.S. (in terms of imports) during fiscal year 2012, followed by Canada, Mexico, Japan and Germany



U.S. Direct Investment Position by Country

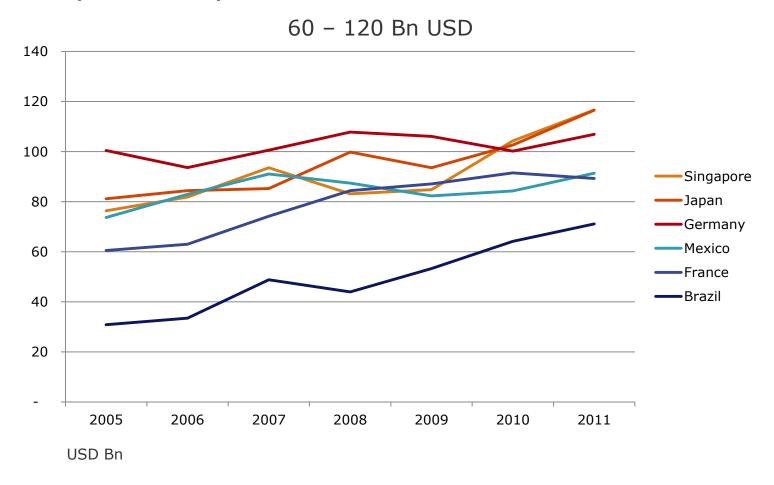
300 - 500 Bn USD







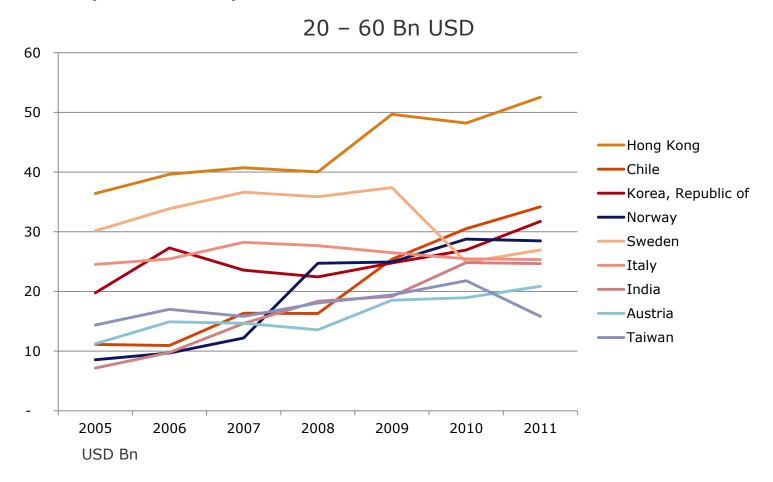
U.S. Direct Investment Position by Country







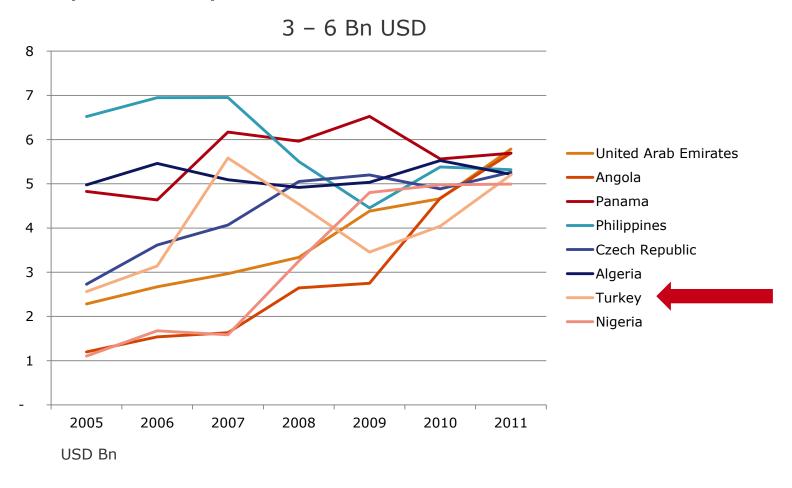
U.S. Direct Investment Position by Country







U.S. Direct Investment Position by Country



U.S. Bureau of Economic





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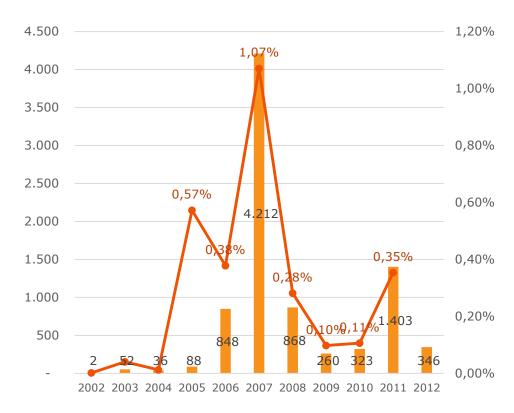
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U.S. Direct Investment in Turkey



U.S. direct investment in Turkey in 2011 doubled to \$1.4 billion. The U.S. Department of Commerce has identified Turkey as one of several priority markets for U.S. business development – the only country in Europe with such a designation;

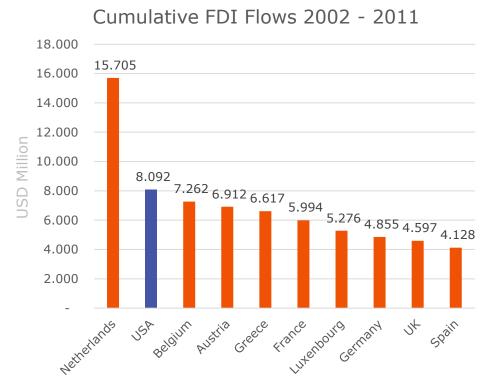
USD Million

2012 is first 11 month CBRT, U.S. Bureau of Economic

©TNS 2013



U.S. Direct Investment in Turkey



Capital Inflow to Turkey, 2011

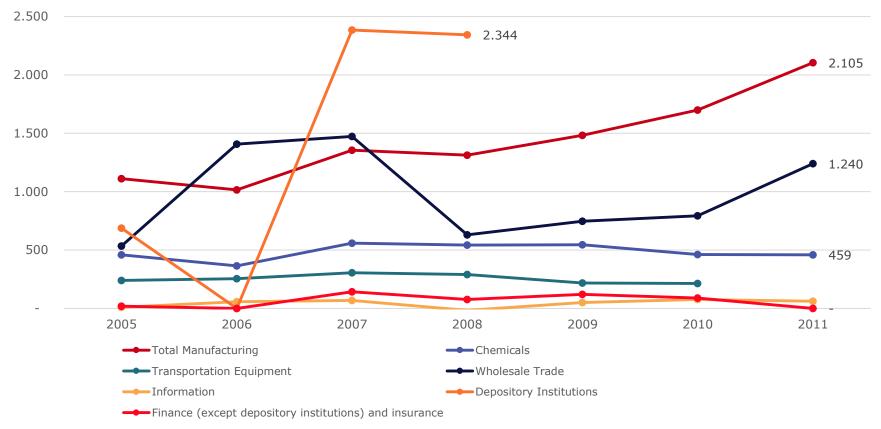


U.S. is second largest investor in Turkey in the last 10 years

CBRT



U.S. Direct Investment Position by Industry



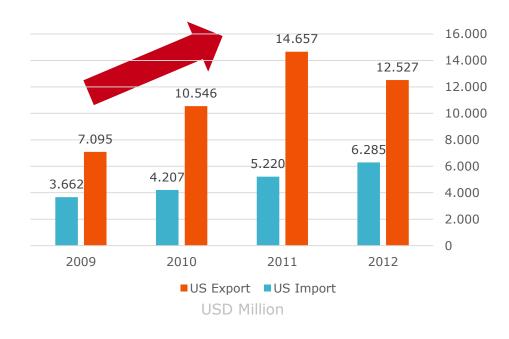
Some data have been suppressed to avoid disclosure of data of individual companies. USD Million

U.S. Bureau of Economic Analysis





Trade Volume 2009 - 2012



U.S. Export have more than doubled from 2009 to 2011

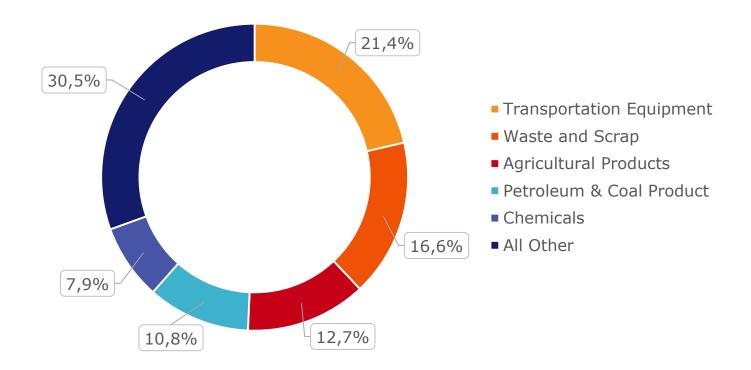
Total Trade 2011 - \$19.851 billion – has broken all record for the full year



CBRT, census



U.S. Export to Turkey



U.S. Commercial Service





Top Three Sector for U.S. Goods & Services

Aircraft \$2.234.616.997 to \$2.856.914.205 %28 increase

> Iron and Steel \$1.573.299.408 to \$2.475.284.045 %57 increase





Mineral Fuel, Oil \$599.676.139 to \$2.136.470.172 %256 increase



Global Trade Atlas Navigator





Top Three Sector for Turkish Goods & Services

Vehicles \$453.149.914 to \$661.868.067 %46 increase



Machinery and Engine Part \$457.925.230 to \$544.043.065 %19 increase

Iron and Steel \$258.001.825 to \$401.437.141 %55 increase





Global Trade Atlas Navigator



Agriculture

The U.S. and Turkey are partners in agriculture, and U.S. exporters provide critical inputs for Turkey's food and fiber manufacturing and export industries



U.S. Products

Cotton
Wheat
Corn, soybeans, and live animals
Almonds



Turkish Products/ Exports

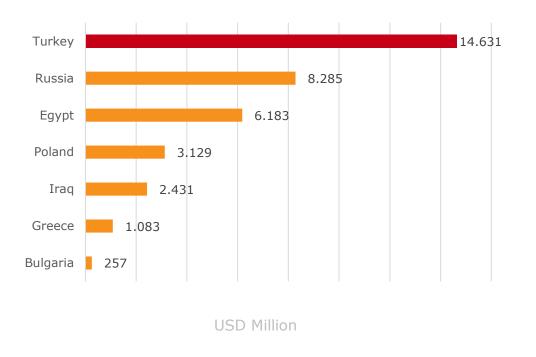
Textiles
Flour
Meat and dairy
Snack Food



Turkey re-exports or adds value to over 85% of products it imports from the United States.



U.S. Export Regional Market Comparison





U.S. Census Bureau Data





Important M&A transactions of 2011

In energy sector, Cogentrix, which partners with Eti Elektrik Üretim A.Ş., was the major American investor

> The acquisition of the majority of the shares in the gittigidiyor.com by the USA based Ebay for USD 217.5 million

and the acquisition of 99.9% share of Deniz **Emeklilik by MetLife Foreign Direct** Investments in Turkey 2011, for USD 231.7 million,

were the important M&A transactions of 2011 and reflected to the balance of payments in 2011 as capital inflows from the USA







Ministry of Economy



U.S. Companies in Turkey

General Electric will invest \$900 million in aviation, energy, health, transportation and infrastructure in Turkey over the next three years after the government offered incentives to investors.





3M, on their 25 anniversary in Turkey, will establish a manufacturing facility in the town of Corlu. The estimated USD 500 million investment will kick off with the groundbreaking in December

Turkey plans to invest \$5bn on smart power grids by 2015 to enhance network efficiency, allowing North American firms to expand. America sees "substantial opportunities for closer cooperation between the Turkish government and energy companies and U.S. companies that provide smart-grid technologies," a statement from the US consulate in Istanbul noted.



Bloomberg



News

"Ribbit Capital, a Palo Alto, Californiabased venture capital firm, is looking for Turkish startups to back from its \$100 million fund started last month." Bloomberg Feb 18, 2013



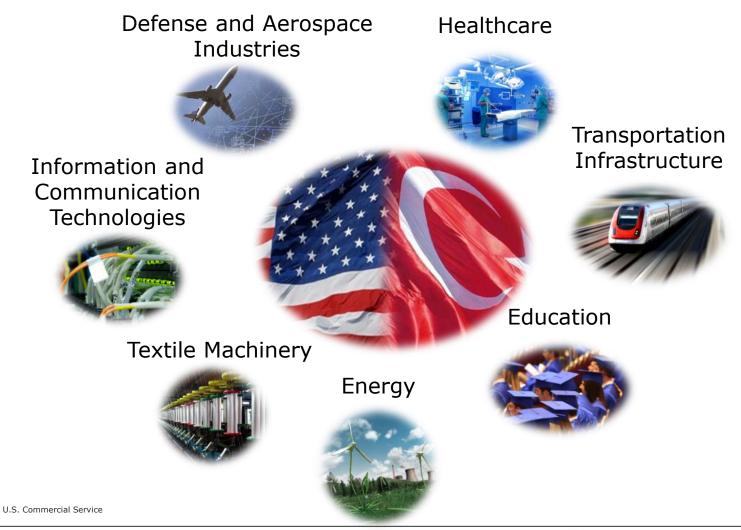
"With a total 300,000 employees and 60 billion dollars in annual revenue, Pepsi Co. has now decided to increase their 800 million dollar investment in Turkey to five billion dollars. The firm plans to make Turkey their base of distribution to countries in the Middle East and North Africa," announces Çağlayan. Sabah April 18, 2012



Bloomberg, Sabah



Key Sectors for U.S. Companies







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Turkey, Poland and Czech Republics







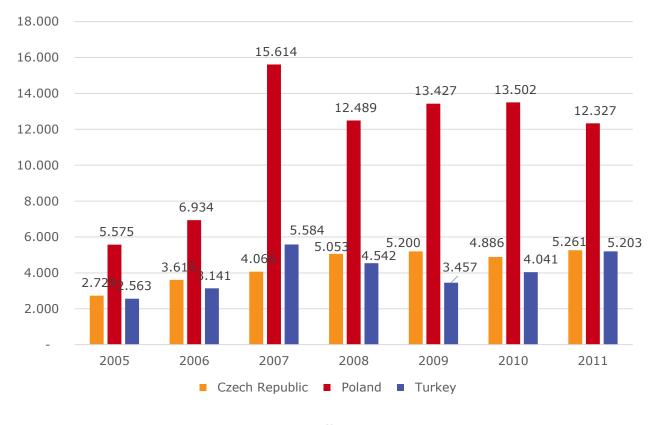








U.S. Direct Investment Position



USD Million

U.S. Bureau of Economic





U.S. Direct Investment Position vs GDP

GDP Rank	Country Name	GDP	US Investment Position	GDP/ US Investment
45	Czech Republic	217	5	2.4%
22	Poland	514	12	2.4%
18	Turkey	775	5	0.7%

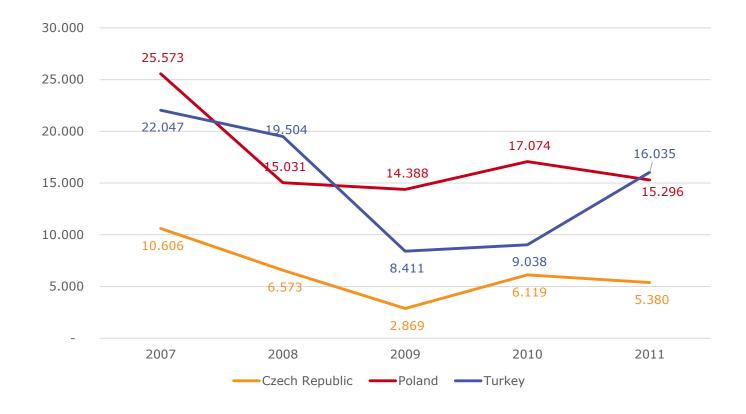
2011, USD Bn



Worldbank, U.S. Bureau of Economic



Foreign direct investment, net inflows (BoP, current US\$)

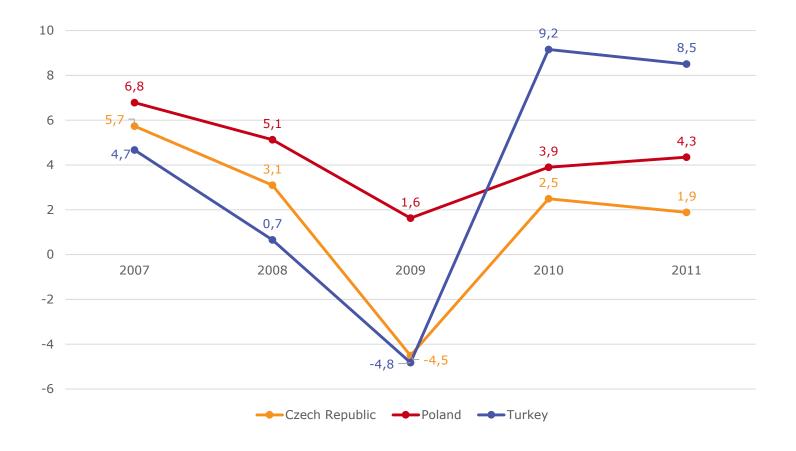


Worldbank





GDP growth (annual %)

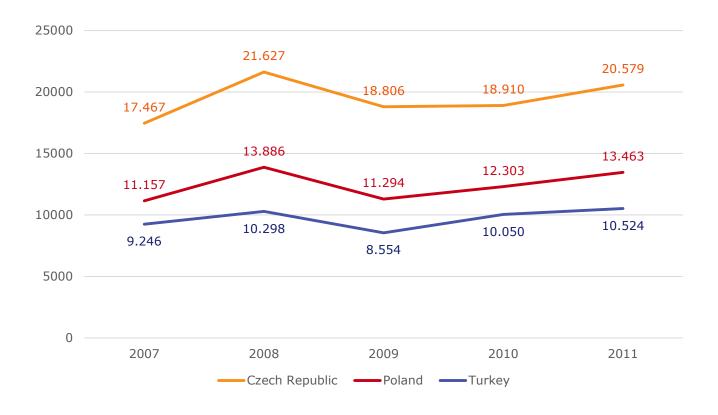


Worldbank





GDP per capita (current US\$)



worldbank





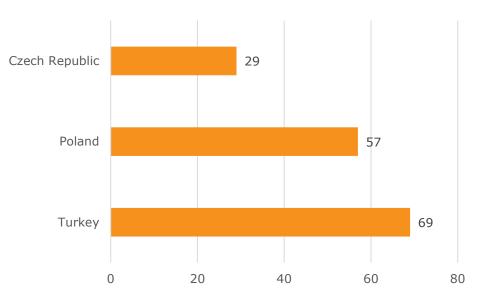
Doing Business Rank

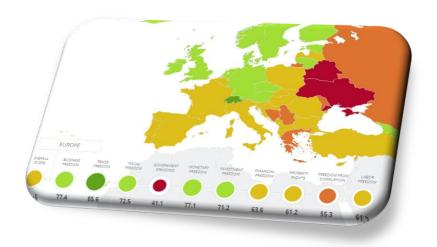






Index of Economic Freedom







The Heritage Foundation





Forbes Best Countries for **Business**

Rank	Country	GDP Growth (%)	GDP/Capit T a (\$)	rade Balance as % of GDP	Population (mil)
38	Poland	4.4	13,463	-4.3	38.4
41	Czech Republic	1.7	20,407	-2.9	10.2
52	Turkey	8.5	10,498	-10	79.7





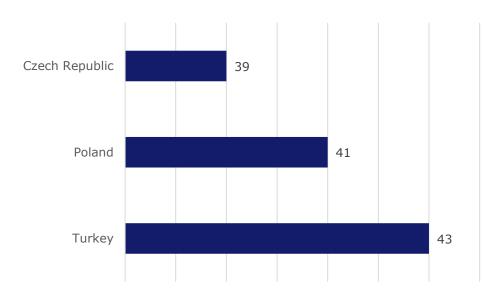
Forbes

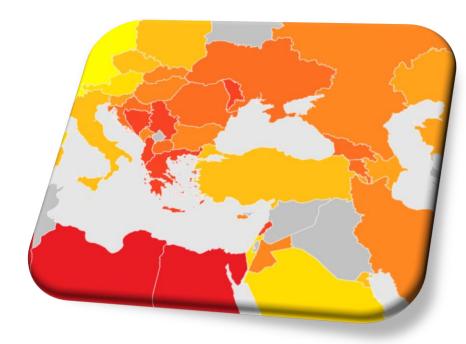




Global Competitiveness Index







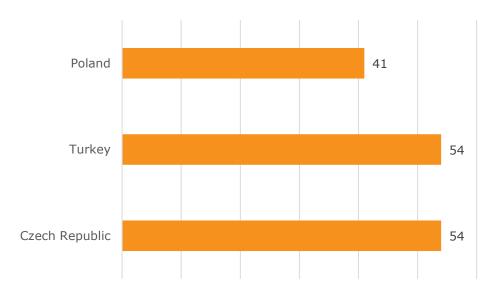
World Economic Forum





CORRUPTION PERCEPTIONS INDEX







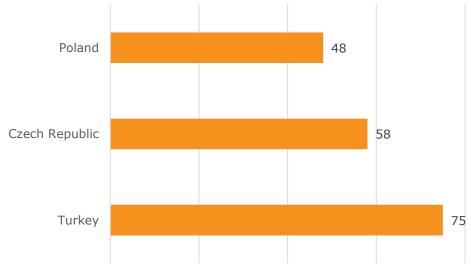
TRANSPARENCY INTERNATIONAL





Economic Freedom Ratings







The Fraser Institute



Tax

	Rank	Payments (number per year)	Time (hours per year)	Profit tax (%)	Labor tax and contributio ns (%)	Other taxes (%)	Total tax rate (% profit)
Czech Republic	120	8	413	7.5	38.4	3.4	49.2
Poland	114	18	286	17.4	23.8	2.6	43.8
Turkey	80	15	223	17.9	18.8	4.5	41.2





Worldbank





Rank in World Trade

Export

	Turkey	Poland	Czech Rep
Merchandise	32	27	30
Commercial	29	30	36

Import



	Turkey	Poland	Czech Rep
Merchandise	20	24	30
Commercial	38	32	41

WTO



Agenda

Turkey Investment Climate 03 Trade & Outflow FDI Trends Questions & Answers Benchmark 46 Questions 61







IN-DEPTHS & ON-LINE INTERVIEWS

In-depths and on-line Interviews were conducted based on a questionnaire which was prepared by TNS Global and approved by TAİK prior to fieldwork.

This step was a qualitative step, with qualitative insights and with a linked in-depth interview.







Can Turkey increase U.S. direct investment stock to 18,6 billion USD ? How? What are barriers?

GDP Rank	Country Name	GDP	US Investment Position	GDP/ US Investment
45	Czech Republic	217	5	2.4%
22	Poland	514	12	2.4%
18	Turkey	775	5	0.7%

If Turkey's GDP/US Investment rate are equal to Czech Rep's rate or Poland's rate:

0.7 %



2,4 %

USD 5,2 Bn



USD 18,6 Bn





Can Turkey increase U.S. direct investment stock to 18,6 billion USD ? How? What are barriers?

Turkey is not perceived as an European country. Poland is a country more attractive for Europe. For the process with European Union has been extended, it is the most important point of issue separating Turkey with Poland.

In our country, unfortunately there are tax injustice and slow processes in law. Turkey is up to one-tenth of the population of the Czech Republic. These two countries are closer to the EU. Turkey is among the neighboring countries.

In the days when The United States has decided to open up to the international community, Turkey's political and technical infrastructure was not enough, and that such decisions of direct investments are not changing from day to day. It is very high cost to slip an investment to another region. Turkey's logistics and system infrastructure is still not enough.







Can Turkey increase U.S. direct investment stock to 18,6 billion USD ? How? What are barriers?

Turkey has not been introducing enough to U.S. companies, insufficient lobbying, U.S. companies are not having awareness about Turkey's economy and the competitive advantages offered.

Bureaucracy, legal infrastructure, intellectual property rights protection, the tax system are some of the main barriers to the difficulties related to this subject.

In addition, to increase the global competitiveness of Turkish companies, they have to be more innovative and creative, more high-tech, have more focus on creating added value.

Establishing a culture of innovation and R & D partnerships will make it more attractive.

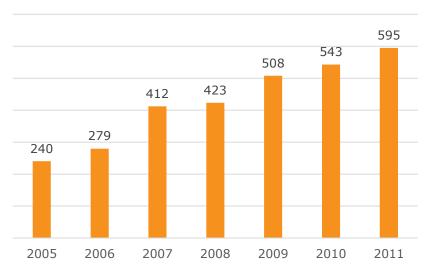






Can Turkey become a Trade-Hub / Gateway to Middle East, Central / East Europe, Russian Federation for U.S. Companies? How?

The Netherlands "Gateway to Europe"



U.S. Direct Investment Position in Netherlands USD Bn.







Can Turkey become a Trade-Hub / Gateway to Middle East, Central / East Europe, Russian Federation for U.S. Companies? How ?

With the crisis in the European Union, they discovered the North African continent. Manufacturing can be made in Turkey and products can be sold as a commercial center, but we need time for this process.

Ties to the Middle East are narrow but we can still be a passage to the middle east, but not yet for Russia.

Turkey is a bridge for energy. Poland is more attractive for Central Europe and Eastern Europe.

Subject is not only about Turkey, the improvement of the roads and having good neighbours are also important. As long as these problems go on, Turkey can be seen as an island.

Here is a need to research the following. "Why must America prefer Turkey?"







Can Turkey become a Trade-Hub / Gateway to Middle East, Central / East Europe, Russian Federation for U.S. Companies? How?

The reason is the law in general, compliance with laws and incentives.

For the new manufacturing centers in Central and Eastern Europe, we can talk about Romania, Poland and the Czech Republic. Egypt can be counted for middle east.

U.S. direct investment in Russia is already in, therefore, Turkey can not be a door for the Russian market. Russia is already a gateway to herself.

Turkey's domestic market with high growth potential is the center of attraction herself. In addition, being only 4-hour flights from Istanbul to over 50 countries, reaching to a population of 1.5 billion, the reachable market from Turkey reached to a size of 25 trillion dollars. This is also a very important logistical advantage to our country.







Can Turkey become a Business Process Outsourcing hub for U.S. Companies? How?

Kraków - Poland, recognized by UNCTAD as the best place for the growth of BPO projects in the category of Locations for global services outsourcing











Can Turkey become a Business Process Outsourcing hub for U.S. Companies? How?

Poland is a beautiful model.

Classters are developing in industrialization and can be very successful if can be penetrated into this system. Classters have big industrial importance. Investors look to their costs and find the most advantageous costs. Bilecik and Bursa are Classters.

Technoparks are needed to be developed.

We had 5-year development plans, but they could not have been successful enough. Perhaps by working together in the overall planning can improve our success.

Language is an important factor. Human capital, human resources and the need of knowing more than one language are also very important. Turkey has a good location.







Can Turkey become a Business Process Outsourcing hub for U.S. Companies? How?

Selecting of Poland might be a result of Jewish, as Poland is Jewish center in Europe.

If Turkey can make a good lobby, then it can be considered.

Turkey can be an outsourcing center because of her strong economic growth, political stability, the geographical location and providing a dynamic internal market.

More than half of foreign direct investment from 2007-2012 arrived in Istanbul. With the new incentive system, there may be the possibility to withdraw from investing in other regions.

There are quality infrastructure for the industrial sector in manufacturing and logistics. However, especially when it comes to the service sector, for example for call centers, there is trouble to find multilingual end experienced staff. Similarly, new initiatives can also be existent in the health sector.







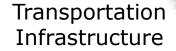


Which sectors have the most potential for U.S. direct Investment?

Defense and Aerospace **Industries**



Energy







Information and Communication Technologies



Textile Machinery Healthcare

Education













Which sectors have the most potential for U.S. direct Investment?

First, we must look to what America is selling to us. The defense industry is a great area, this area should be expanded.

With great partnerships in strategic sectors causes also other sectors of the industry to develop faster. Transportation and infrastructure are also important factors. Energy, health and education sectors can be absolutely great. Students from abroad can come to Turkey.

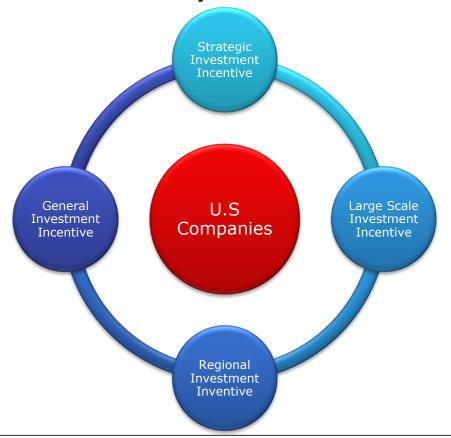
Also aerospace, information and communication, education and energy sectors have serious potentials.

The investments in the defense and aerospace industries will go through major investments, but investors never make these kinds of investments to a country where it is not known for this country to be in which side in the future.





What type of incentives would motivate U.S. Companies to make investment in Turkey?











What type of incentives would motivate U.S. Companies to make investment in Turkey?

There is need to strategic consultation.

When considered the incentives given to the 6. region, it can be seen not to have stability and human resources.

Turkey has difficulties for incentives to spread to abroad. Businessmen also have difficulties in deciding from the same inconvenience.







What should TAIK do to increase Turkey's Rating?





















What should TAIK do to increase Turkey's Rating?

Budget is required primarily. There are different groups, but as a donation for the publication of a book wanted.

A lot of knowledge already go there from Turkey.

Turkey's shortcomings and weaknesses are on the basis of this situation.

Competitiveness rankings are made each year, and there is a very good picture of Turkey there. Cons-pros from all sides, the positions are dumped out. We can take this research report as a basis.

If we try to correct the shortcomings of other studies, then we do not need the extra work.

Lobbying is also very important and effective.

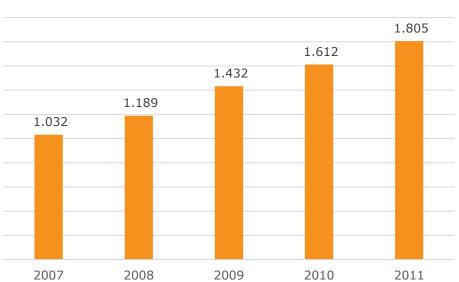
It is also very important bringing together of the potential U.S. investors and senior executives of U.S. companies in Turkey who have been successful in some of the platforms and sharing of the best practices to concentrate efforts to encourage investments.







Can Istanbul International Finance Center become attractive for U.S. Holdings?



U.S. Holdings Direct Investment Position Abroad, USD Bn.











Can Istanbul International Finance Center become attractive for U.S. Holdings?

Turkey is not like Hong Kong or Dubai. This is not conducive with this law system.

Culturally, Turkey, the Russians and the Arabs are not close. There are not big investments although many meetings were held. According to them, Turkey is not attractive.

For Istanbul to be a financial center, some criterias should be realized, for example, a financial center is located in Dubai.

Istanbul alone can not become attractive as a financial center, beside being a financial center, the tax advantages may make her attractive.

There have been significant improvements in recent years under Istanbul International Financial Center coverage.







Can Istanbul International Finance Center become attractive for U.S. Holdings?

Last year, the legal framework has been strengthened by subtracting the new Turkish Commercial Code, Capital Markets Law and the Law of Obligations.

In order to increase the diversity of financial services and products, the transformation of the ISE Stock Exchange in Istanbul has been realized, all stock exchanges has been gathered under one roof. Istanbul Stock Exchange has been signed business and co-operation agreements with the exchanges in Tokyo, Singapore and Hong Kong.

There are ongoing negotiations for strategic partnerships with London and Nasdaq exchanges. The next stage is the development of the technological infrastructure of the Stock Exchange, offering the large domestic and foreign companies in the region, providing access to a large number markets from one hand.

In these circumstances, Istanbul Finance Center will also be attractive for U.S. companies.







Can Turkey become a Logistic hub? How?











Can Turkey become a Logistic hub? How?

Turkey is an attractive country in the field of energy and the transmission is an advantage.

Turkey can be a logistics center for Iraq. However, Turkey can be the only one door that can be opened to northern Iraq, but the market there is very small. Turkey can be a logistics center for energy sector.

Financial center must be established, it is possible to realize all of them in 10 years, but this is a matter of cost. The success and failure stories must be studied.

Turkey has a good location. Especially in terms of natural resources, Turkey is a perfect country for the Caucasus and the Middle East.

The most important issue to work on for Turkey is the theme of the logistics center.





Can Turkey become a Logistic hub? How?

In many European countries, and even in Russia, there are very successful giant centers with technical infrastructures prepared with expertised.

The location is one of the parameters that can not be changed on Earth.

More specific logistics areas with airports must be studied and established. Air, sea and road networks must be interconnected with each other for Turkey to become a logistics center, it is very important.

Also easiness of the customs procedures and regulations of the storage areas will be important.







How can Turkey increase Special Trade Zone proportion?

- Free zones
- Foreign trade zones
- Export processing zones
- Free trade zones
- Special economic zones
- Industrial development zones









How can Turkey increase Special Trade Zone proportion?

Some of these areas exist now in Turkey.

Mersin region is a not studied region and it is not an attractive region.

Free trade zones are similar to plants, if the free zones which feasibility studies have been made are unsuccessful, these studies had been made wrong or no studies have been made at all.

The basic reasons of specific regions are to drop down the costs which mean to give up from one of the sources. So it is needed to gather income from other sources.







How can Turkey increase Special Trade Zone proportion?

Another benefit can be to bring together of the companies in the same industry, but the source must be balanced.

Practices in Singapore and Poland, special economic zones which processed between USA, Egypt and Jordan can be examined and adapted.

Technoparks, Organized Industrial Zones and Free Zones can be used more efficiently and effectively.

In addition, if Turkey can also take the advantage of EU-US Free Trade Agreement, it would be a significant advantage.



Banchmark...

We are up from a lot of countries in terms of human resources, but the salary levels do not create an attraction. Tax economy is law. Informal economy breaks the competition between companies. The cost of living is higher in Turkey when compared to Poland.

Salary levels, rent levels and quality of infrastructure, especially in terms of communication are quality.

We have reached to a good point in terms of human resources, but we have to be more favorable and attractive about taxes.

We are very risky about inputs (raw materials) and can not compete on that issue.



Banchmark...

We can compete on the issues below;

Young and well-educated population, skilled, efficient and cheap labor (blue and white collar), quality manufacturing, advanced supply industry, long and flexible working hours, dedication, attention to occupational health and safety, increased investments in infrastructure and technology, easiness of transportation, customs union with the EU, co-operation agreements with various countries, economic expansions, the executive power, experience and our R&D culture.









