Turkey slide package for a foreign investor

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1. General information

a) Some reasons to invest in Turkey

- Strategic location
- Large and growing domestic market
- Rights of foreign investors have recently been improved
- Ongoing privatisation program
- Huge energy and infrastructure projects
- Customs union with EU countries
- Institutionalised economy

1. General information

b) Geographical facts

Size:
The second largest (780 580 km^2) in Europe (Russia 1st)

Border with:
Armenia (268 km), Azerbaijan (9 km), Bulgaria (240 km), Georgia (252 km), Greece (206 km), Iran (499 km), Iraq (352 km), Syria (822 km)

Distance from Istanbul to some European capitals:
Berlin (1738 km), Helsinki (2150 km), London (2500 km), Madrid (2739 km), Paris (2256 km)

Regions:
Aegean, Black Sea, Central Anatolia, Eastern Anatolia, Marmara, Mediterranean, Southeastern Anatolia

1. General information

c) Population

Population:

Turkey 72 605 000

Largest cities:

Istanbul	9 712 000 / with suburbs	11 622 000
Ankara	3 573 000 / with suburbs	4 386 000
Izmir	2 487 000 / with suburbs	3 709 000
Bursa	1 414 000 / with suburbs	2 414 000
Adana	1 245 000 / with suburbs	1 983 000
Gaziantep	992 000 / with suburbs	1 427 000
Konya	871 000 / with suburbs	1 140 000
Antalya	670 000 / with suburbs	867 000
Diyarbakir	596 000 / with suburbs	833 000
Mersin	568 000 / with suburbs	956 000

Share of urban population:

59% (2000) urban population growth rate 3,3% (1990-2000)

Source: Turkstat

1. General information

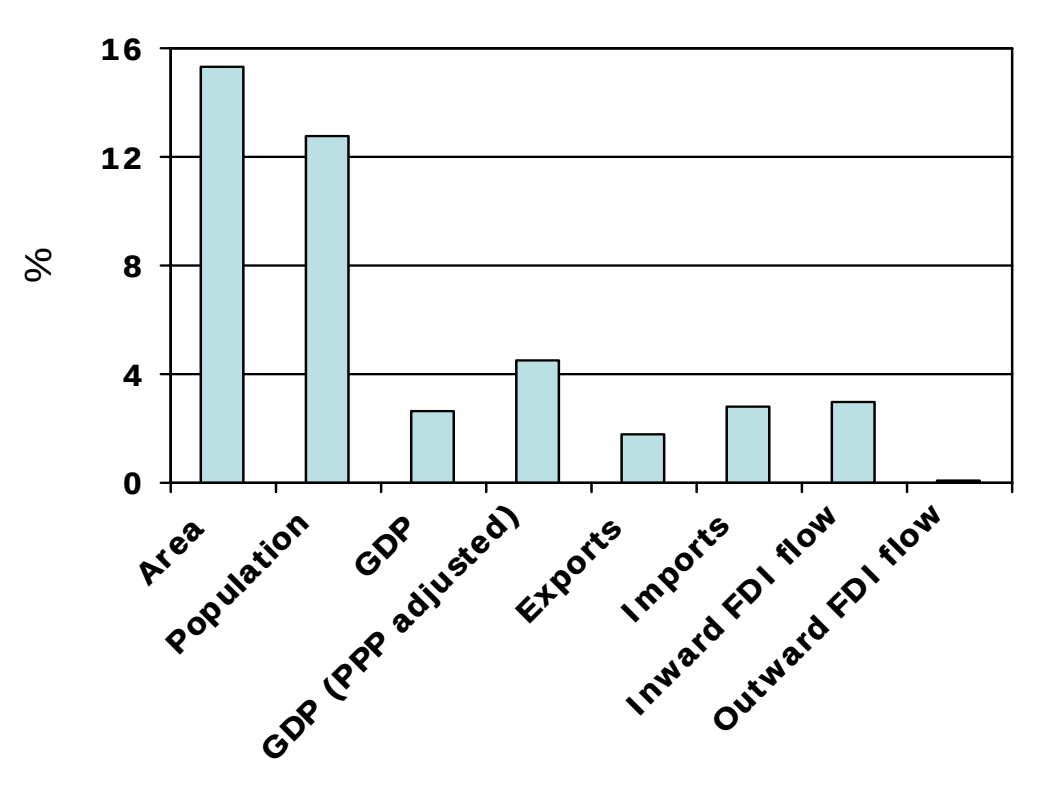
d) Turkey in European economy 2006

Basic facts (of EU27+Turkey)

Area	15.3 %
Population	12.8 %

Economy (of EU27+Turkey)

GDP	2.6 %
GDP (PPP adjusted)	4.5 %
Exports	1.8 %*
Imports	2.8 %*
Inward FDI flow	3.0 %
Outward FDI flow	0.1 %



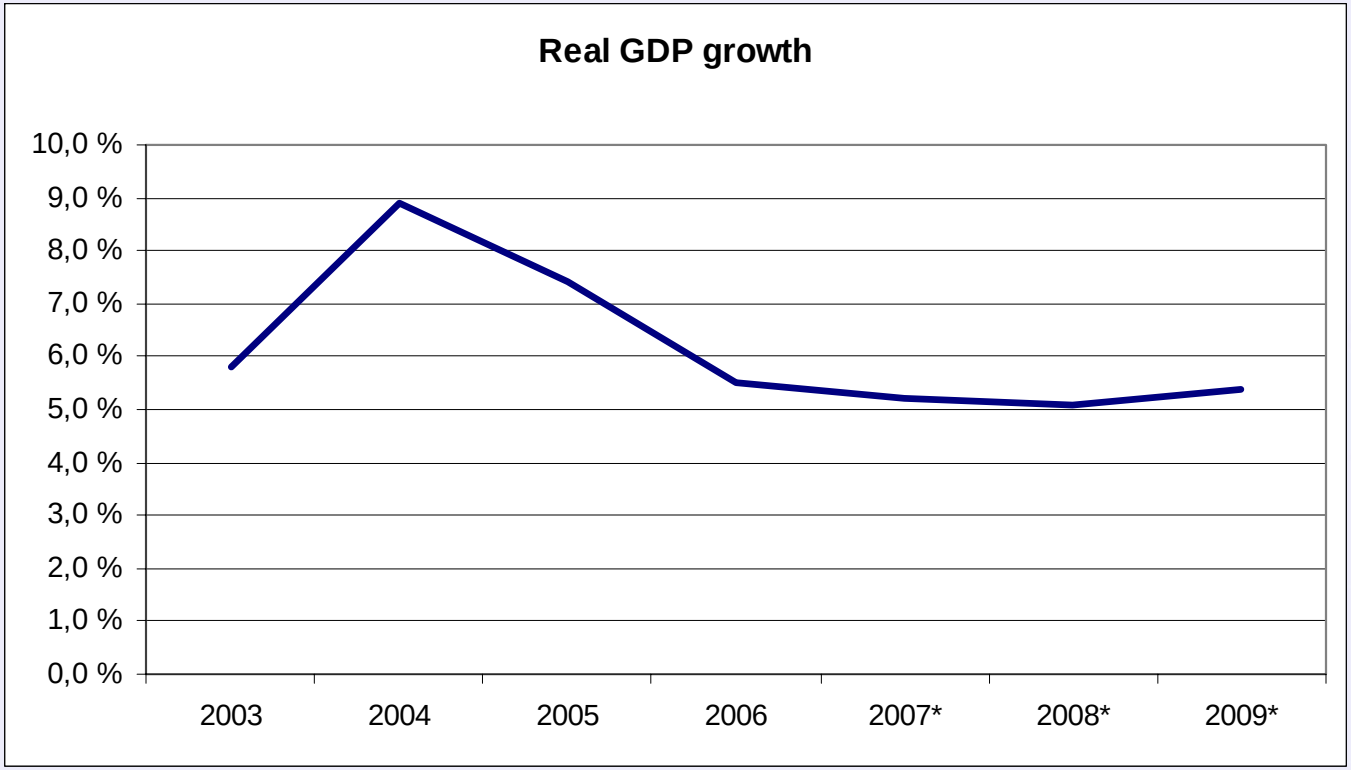
* in 2005

Sources: European and National Statistics

1. General information

e) Economic growth

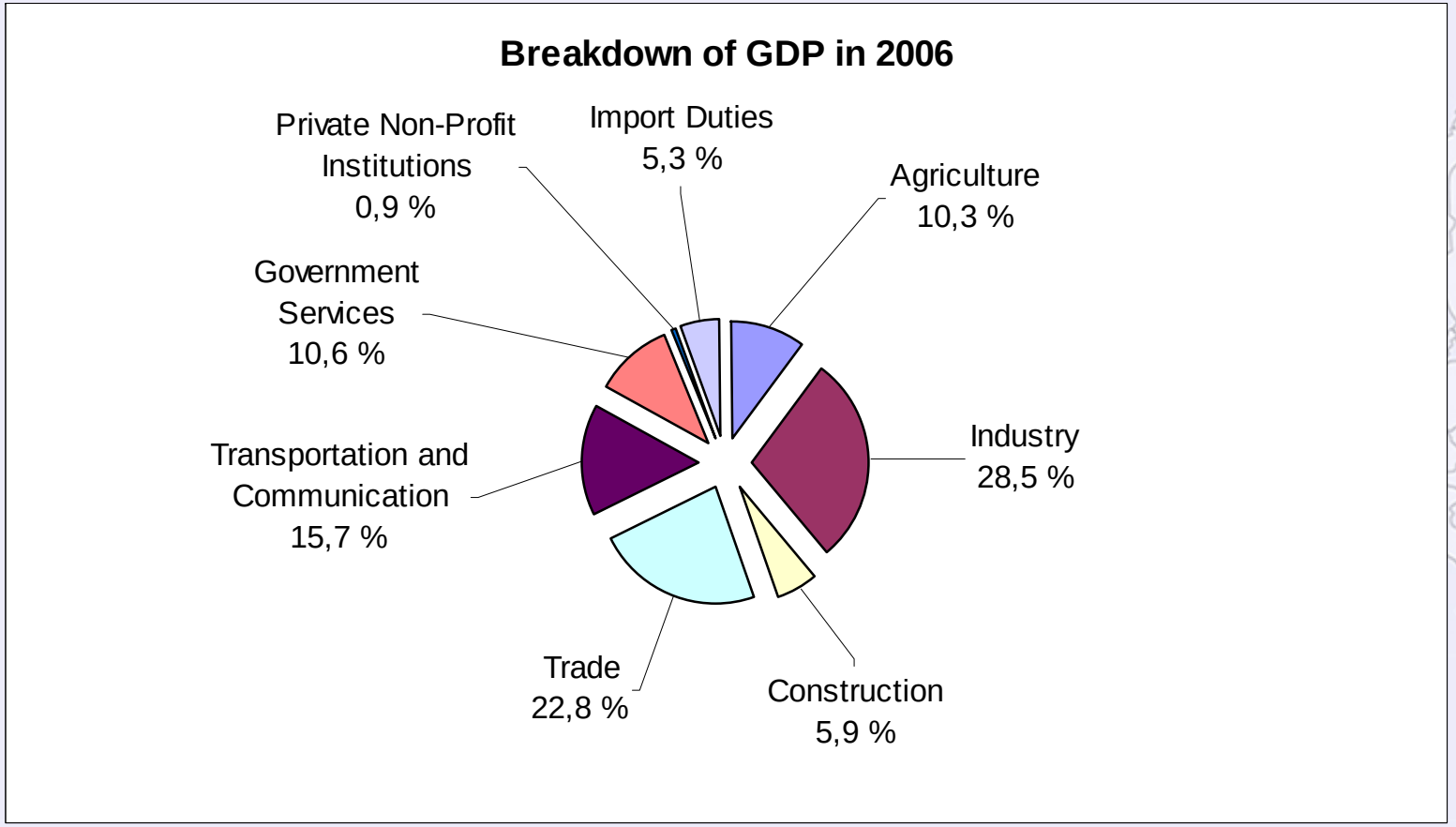
6th largest economy in the EU
17th largest economy in the world



Source: Eurostat 2007, *estimates and forecasts by Economist Intelligence Unit 2007

1. General information

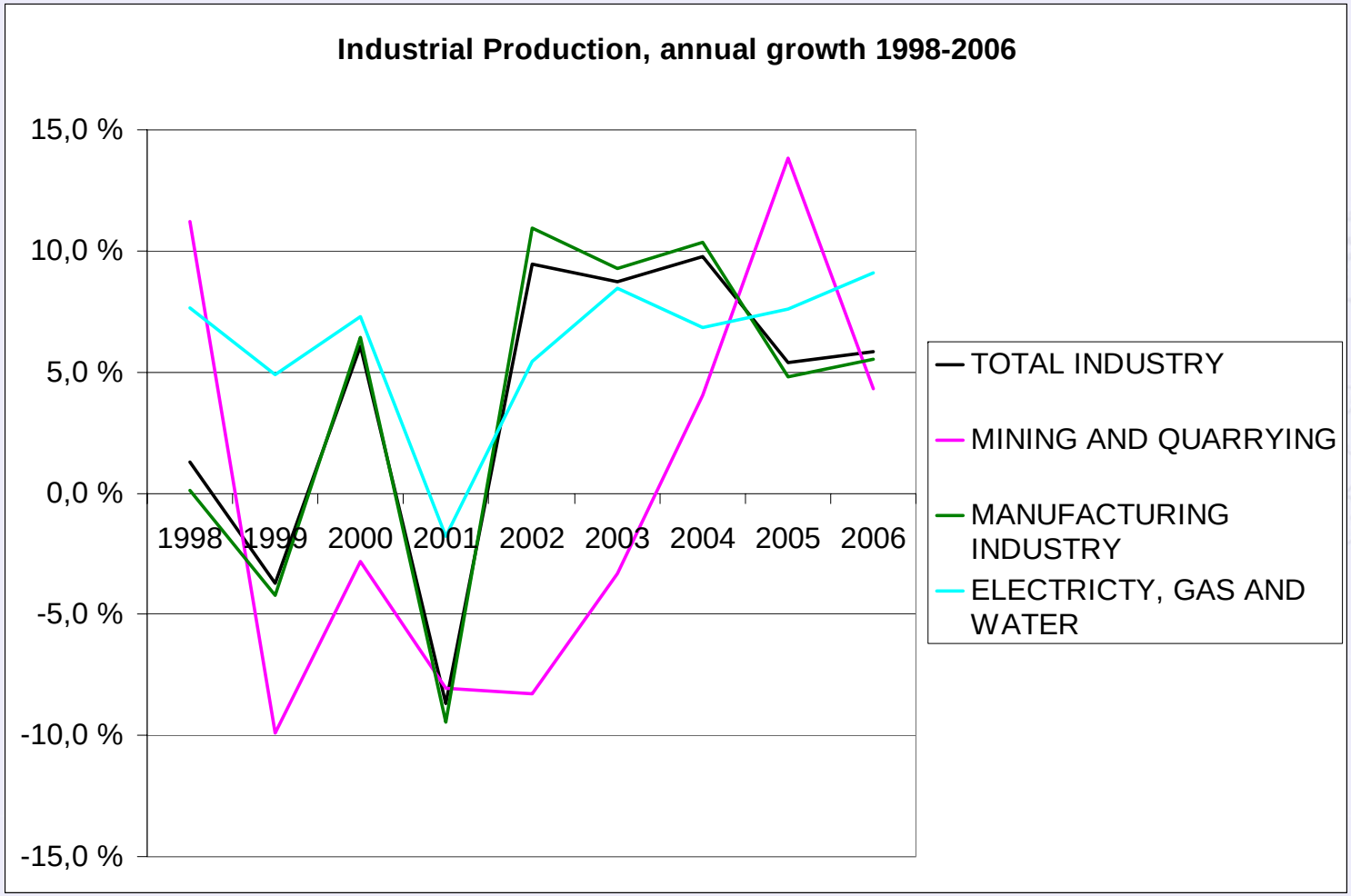
f) Sectoral breakdown of gross domestic product



Source: Turkstat

1. General information

g) Sectoral breakdown of growth in industrial production



Source: Turkstat

1. General information

h) Main industries and natural resources

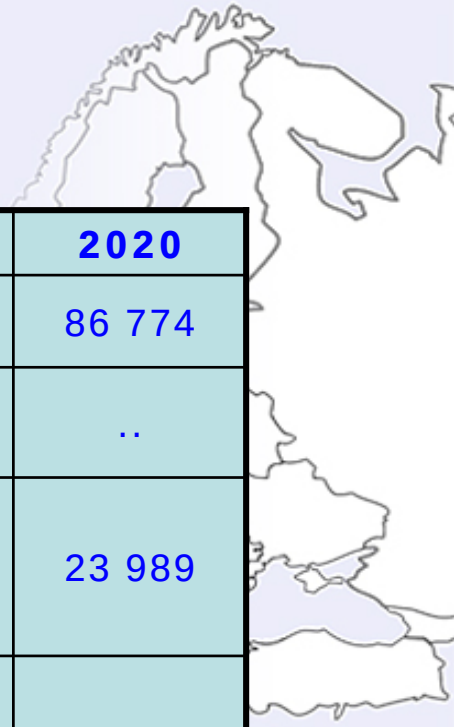
Main industries:
Textiles, metals, chemicals, machinery and equipment

Natural resources:
coal, iron ore, copper, chromium, antimony, mercury, gold, barite, borate, celestite (strontium), emery, feldspar, limestone, magnesite, marble, perlite, pumice, pyrites (sulfur), clay, arable land, hydropower

1. General information

i) Labour force and population

Population estimated to grow remarkably but economically active population is estimated to decline by 2020



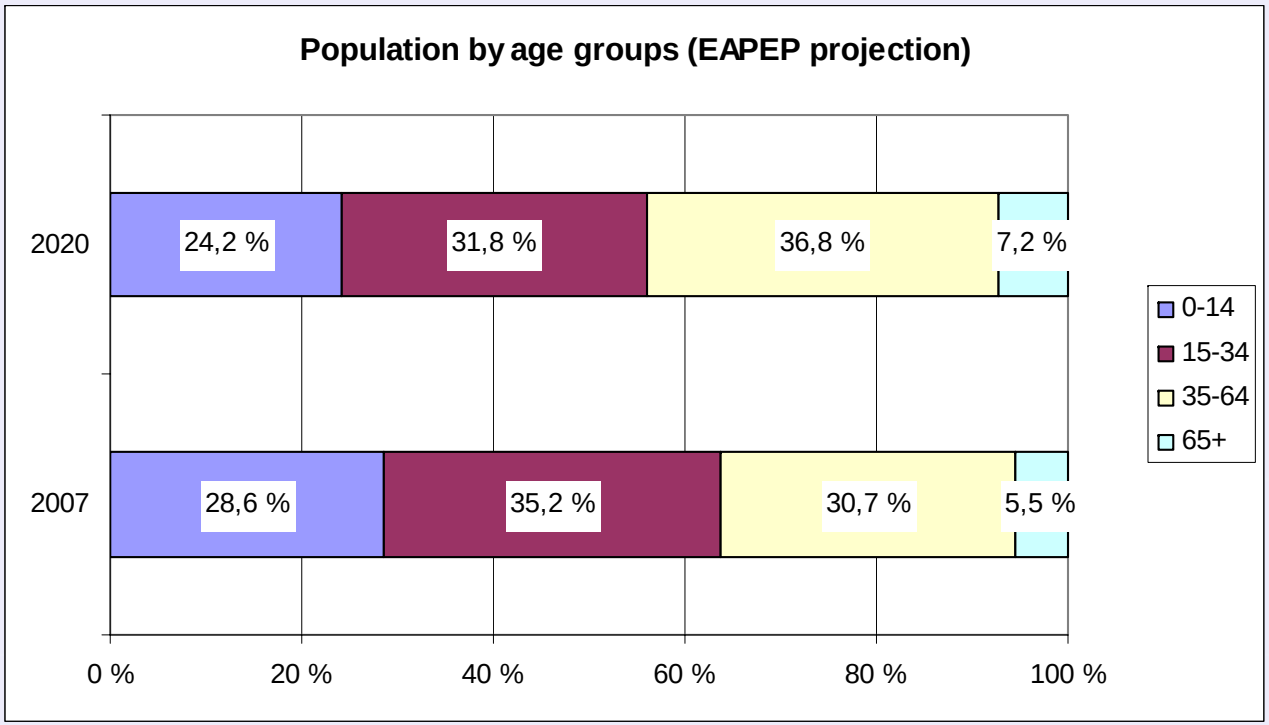
	1990	1995	2000	2006	2020
Population, thousands*	57 300	62 620	68 234	72 600	86 774
Population growth rate (%)**	2,0	1,8	1,4	1,2	..
Economically active population, thousands*	21 402	23 073	23 877	27 460	23 989
Labour force participation rate (%)**	56,6	54,1	49,9	48,0	..

Sources: *ILO/Laborsta, **Turkstat

1. General information

j) Demographic projection of population growth

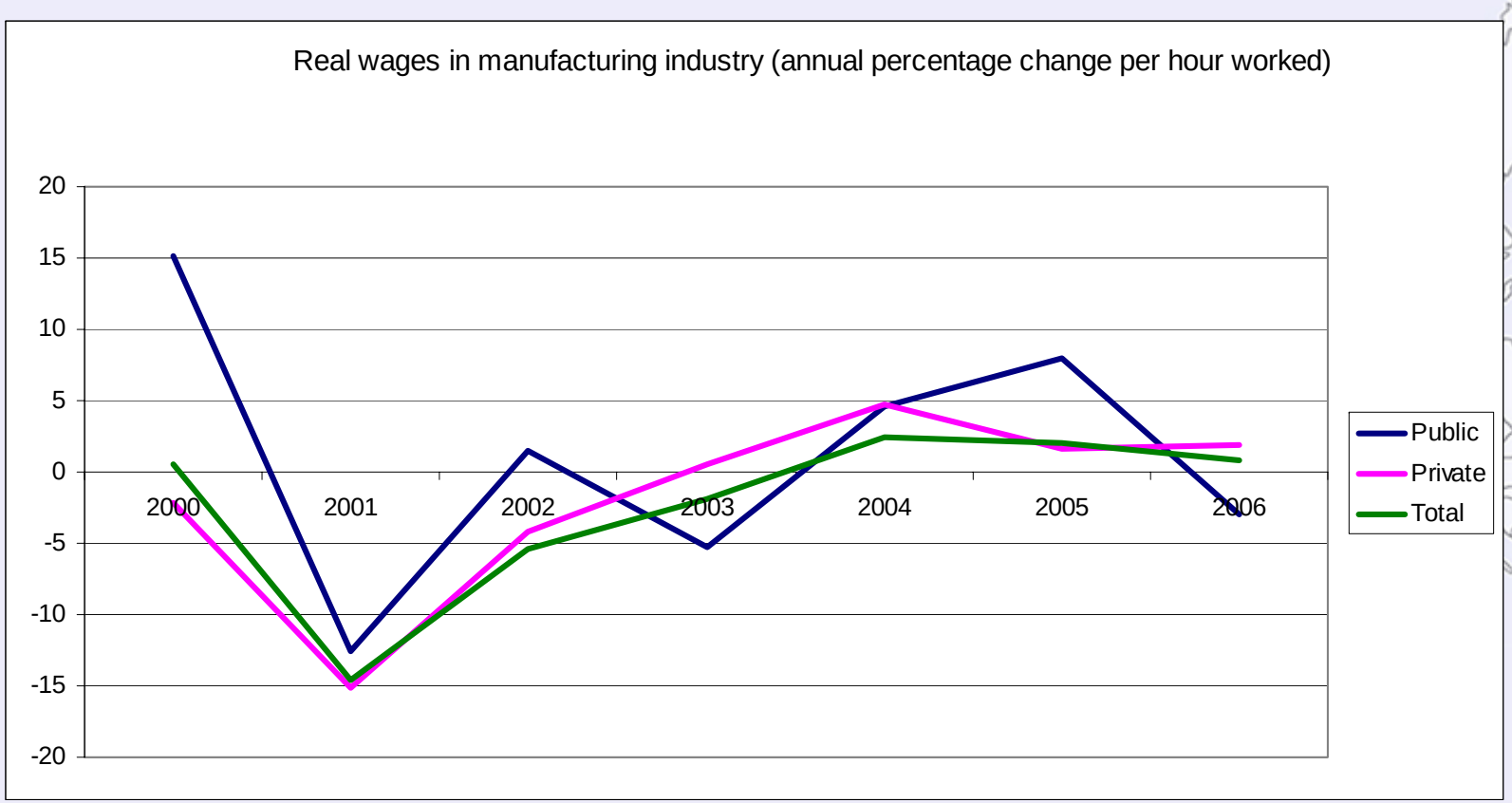
- Relatively young population and estimated to remain young until 2020



Source: ILO / EAPEP

1. General information

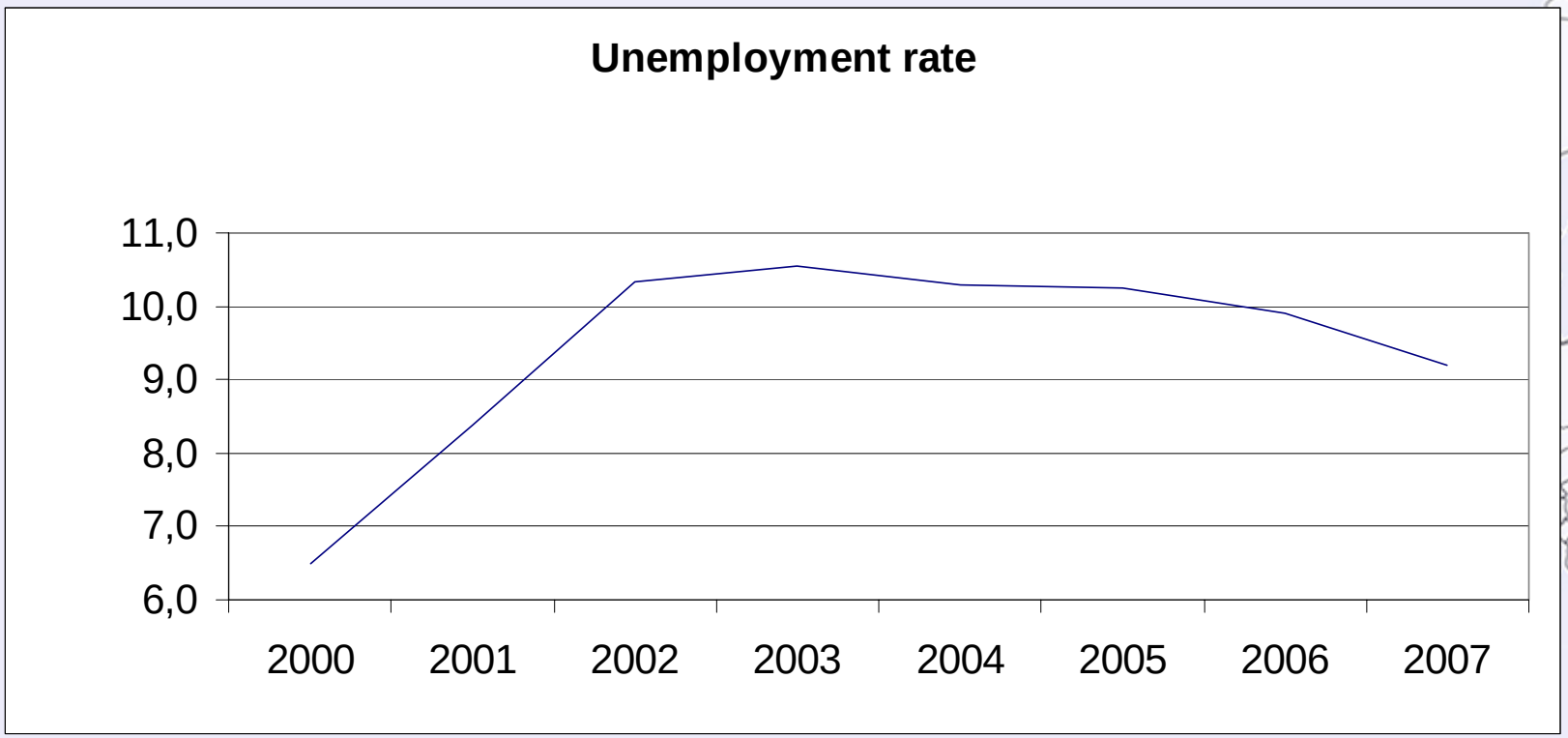
k) Development of real wages



Source: Turkstat

1. General information

I) Unemployment

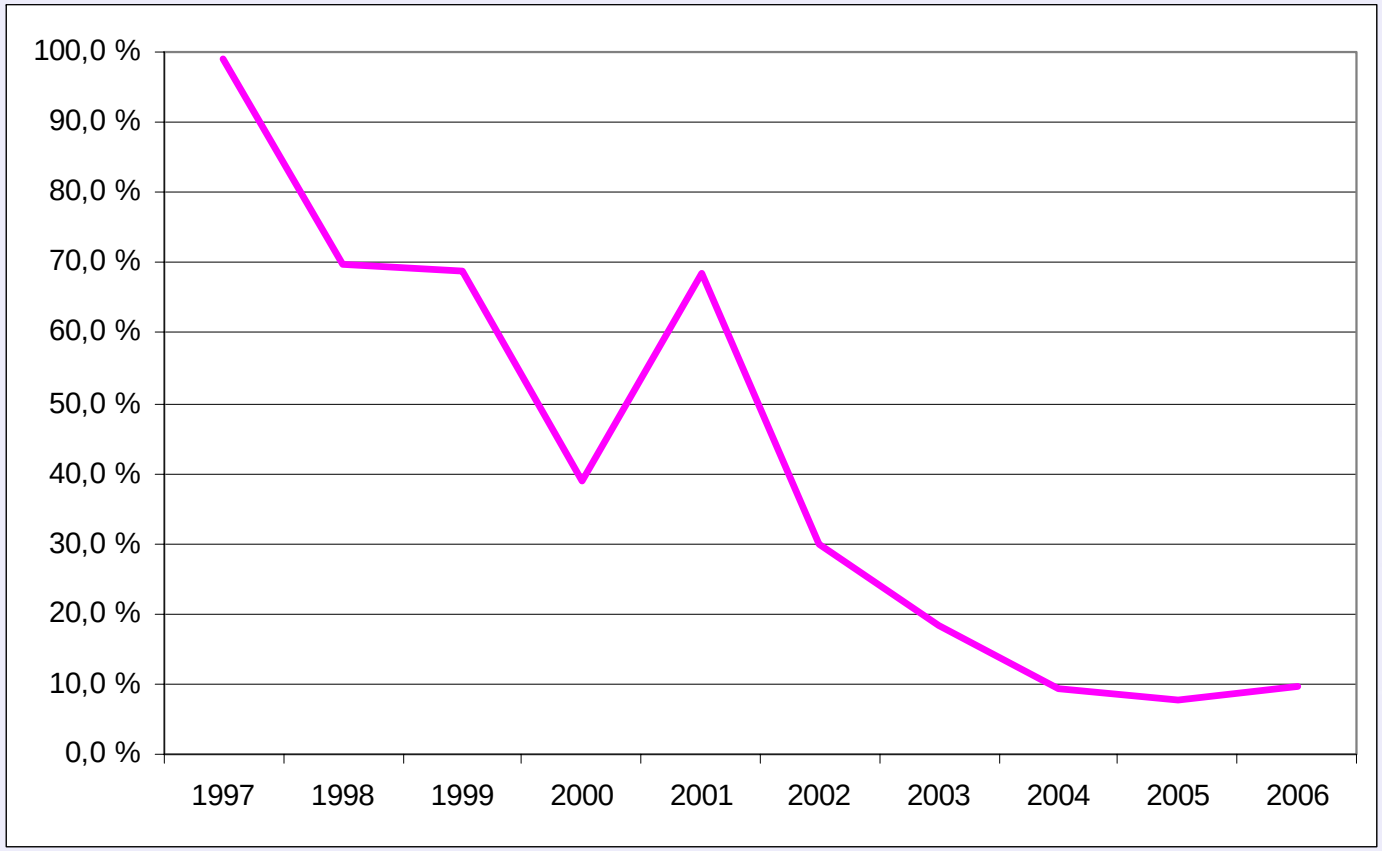


Unemployment rate August 2007: 9,2 %

Source: Turkstat

1. General information

m) Inflation



Source: Turkish Undersecreteriat of Treasury

1. General information

n) Transport infrastructure

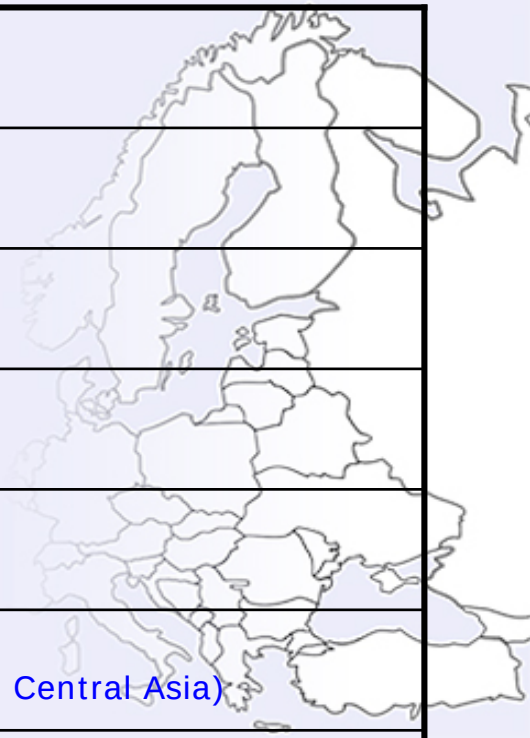
	Turkey	EU-27
Motorways per road network length, 2003	0,4 %	1,4 %
Passenger cars per thousand persons, 2003	66	480
Lenght of railway network (km), 2005	8 697	235 199
Merchant fleet (1000 dwt), 2005	7 572	210 323
Air passengers (1000 persons), 2004	12 516	432 127
International visitors (1000 overnight visitors), 2004	16 826	340 125

Source: Turkstat

1. General information

o) Turkey in international comparison

Global Competitiveness Ranking 2007 [World Economic Forum]	53/131
World Democracy Audit overall ranking [World Audit]	55/150
Business Environment Index 2006 [EIU – Global Outlook Report]	56/82 (improving trend since 2003)
Country Credit Rating 2006 (Institutional Investor)	71/174 (improving trend since 2003)
Control of Corruption Indicator [World Bank Group]	81/201 (improving trend since 2003)
Transparency International 2007 (Corruption Perceptions Index)	64/178 (1st within Eastern Europe and Central Asia)
Index of Economic Freedom 2007 [The Heritage Foundation]	83/157 (improving trend since 2003)
Doing Business Ranking 2007 [World Bank]	57/178 (improving by 8 ranks from 2006)



1. General information

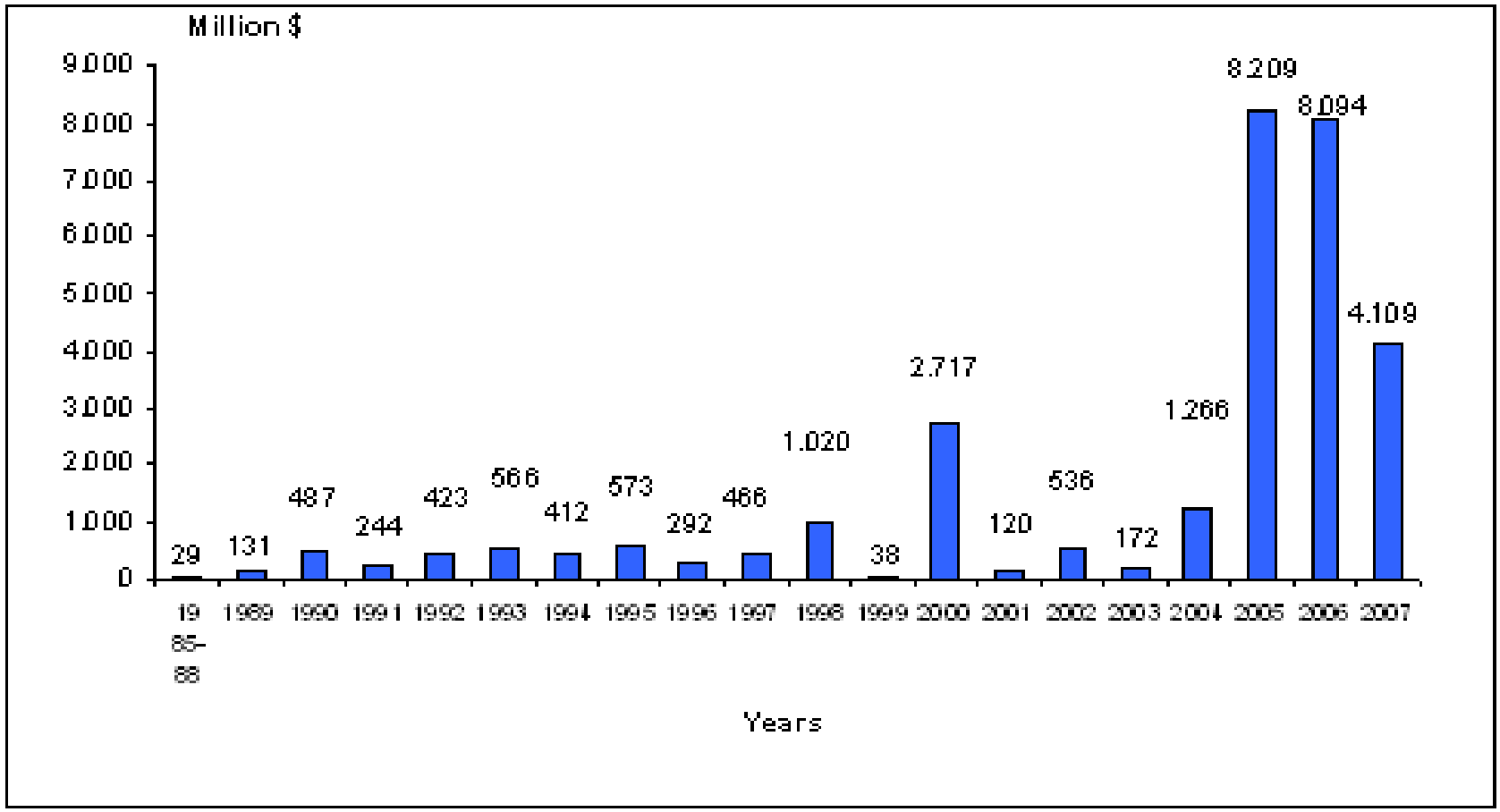
p) Remarks on Turkey's international competitiveness

Despite of improving trend Turkey is not still performing well, and in some specific issues it is in fact still performing poorly.

Employing workers (Doing Business Ranking)	136/178
Dealing with licences (Doing Business Ranking)	128/178
Closing a business (Doing Business Ranking)	112/178

1. General information

q) Implementation of privatisation projects in Turkey



Source: Privatization Administration of Turkey

1. General information

r) 20 largest companies in Turkey

1. **Koc Holding**
   – conglomerate (energy, car, food, appliances, bank, insurance, retail), www.koc.com.tr
2. **Sabanci Holding**
   – holding, www.sabanci.com.tr
3. **Oyak Holding**
   – pension fund (car, steel, food, cement energy, retail), www.oyak.com.tr
4. **Tupras-Türkiye Petrol Rafinerileri Holding**
   – energy & water, www.tupras.com.tr
5. **Dogus Insaat**
   – conglomerate (finance, car, contruction, tourism, media)
6. **Dogan Group**
   – conglomerate (energy, media, industry, trade, insurance, tourism), www.doganholding.com.tr
7. **Vestelkom**
   – electronics, www.vestel.com.tr
8. **Turkcell Iletisim Hizmetleri**
   – telecommunications services, www.turkcell.com.tr
9. **Turk Ekonomi Bankasi (TEB)**
   – banking, www.teb.com.tr
10. **Cimentas**
    – construction, www.cimentas.com

Source: www.transnationale.org
Information subject to changes

1. General information

r) 20 largest companies in Turkey

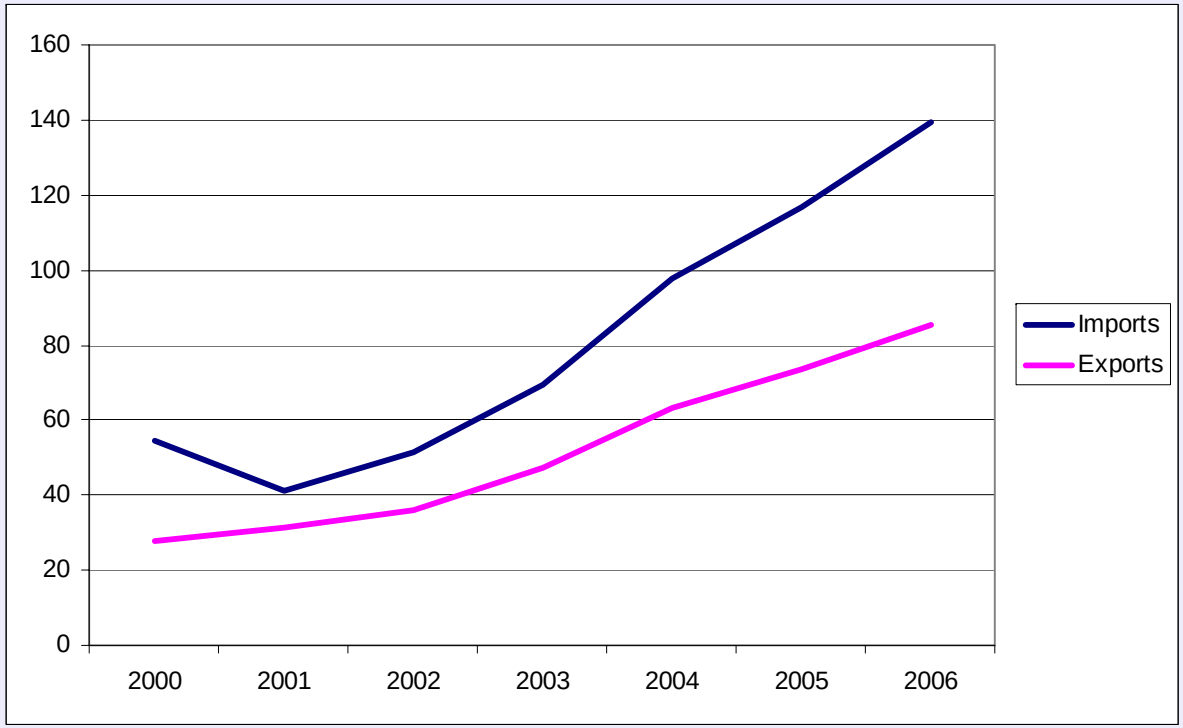
11. AkBank
– banking, www.akbank.com.tr
12. Asia Cell
– telecommunications services, www.asiacell.com
13. Botas
– energy & water, www.botas.gov.tr
14. BRK Elektronik LTD
– electronics, www.brkelectronics.com
15. Ciner
– private person, www.cinergroup.com.tr
16. Turgay
– private person
17. Danonesa
– food, www.danone.com
18. Delta Petroleum
– energy & water, www.deltapetrol.com
19. Demirbank
– banking, www.hsbc.com.tr
20. Disbank
– banking, www.fortis.com.tr

Source: www.transnationale.org
Information subject to changes

2. External economic relations

a) Development of foreign trade 1996-2006

In USD billion

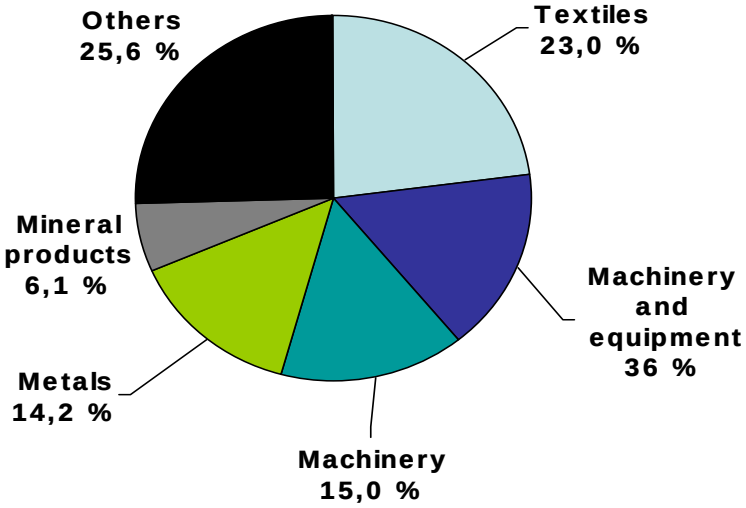


Source: Turkstat 2007

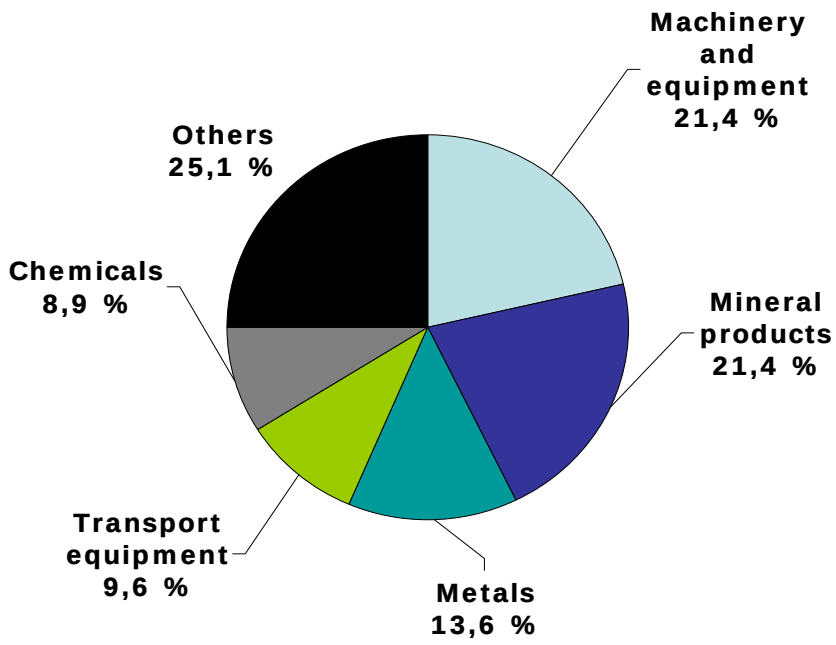
2. External economic relations

b) Structural breakdown of exports and imports

Structure of exports from Turkey



Structure of imports to Turkey



Source: Turkstat

2. External economic relations

c) Foreign trade by main trading partners

In USD million

	Total	Exports	Imports
Germany	24 336	9 683	14 653
Russia	20 883	3 238	17 645
Italy	15 349	6 752	8 597
The United Kingdom	11 924	6 813	5 112
France	11 816	4 604	7 212
The United States	11 282	5 061	6 221
China	10 294	693	9 601
Spain	7 533	3 720	3 813
Iran	6 691	1 066	5 624
Romania	4 994	2 350	2 645

Turkey is the EU's 7th largest import partner (2,9%) and 5th largest export partner (4,0%) [Eurostat]

Source: Turkstat

2. External economic relations

d) Development of foreign investment flows

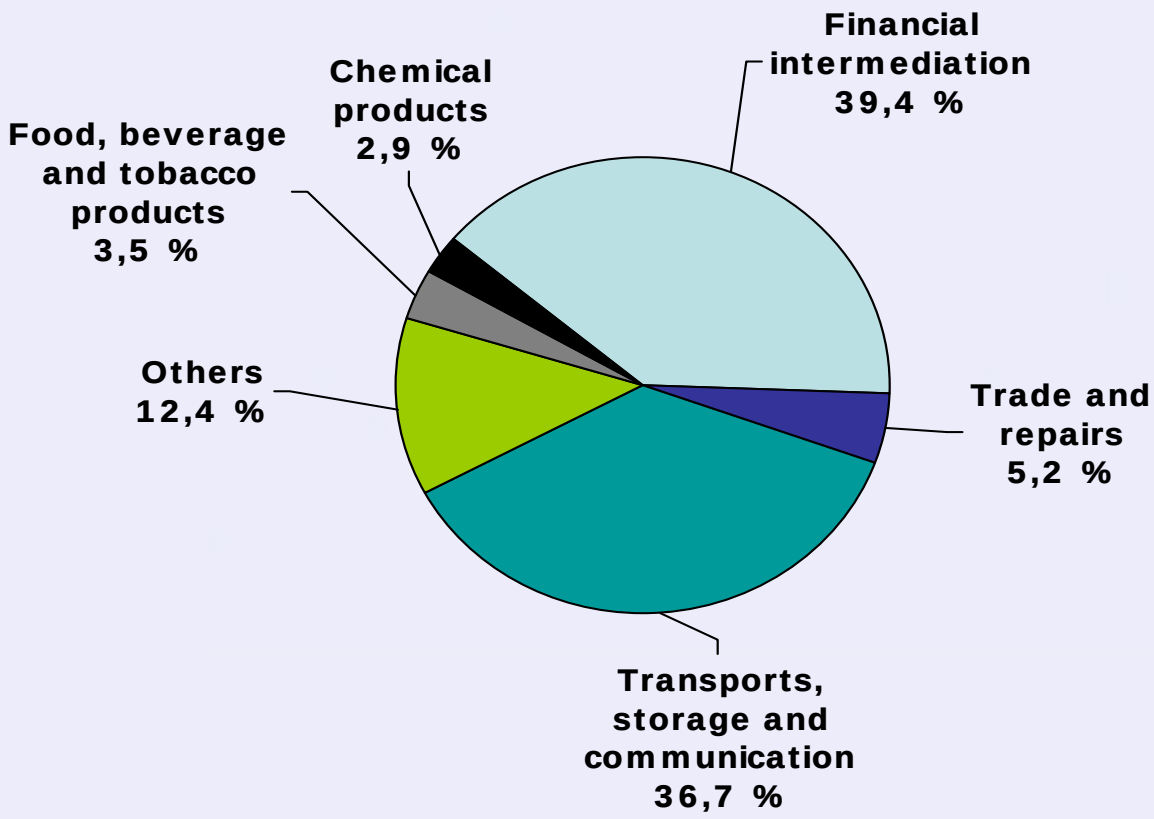
In USD million

	1990-2000 Annual average	2003	2004	2005	2006	2006
FDI outward flow	227	499	859	1 078	934	Total stock: 8 866
FDI inward flow	791	1 752	2 883	9 803	20 120	Total stock: 79 075
FDI inward flow as a percentage of gross fixed capital formation	1.9	..	5.4	13.8	23.7	World average: 12.6
FDI inward stock as a percentage of gross domestic product	..	..	..	17.8	19.6	World average: 24.8

Source: UNCTAD

2. External economic relations

e) Foreign direct investments in Turkey by sectors in 2002-2006

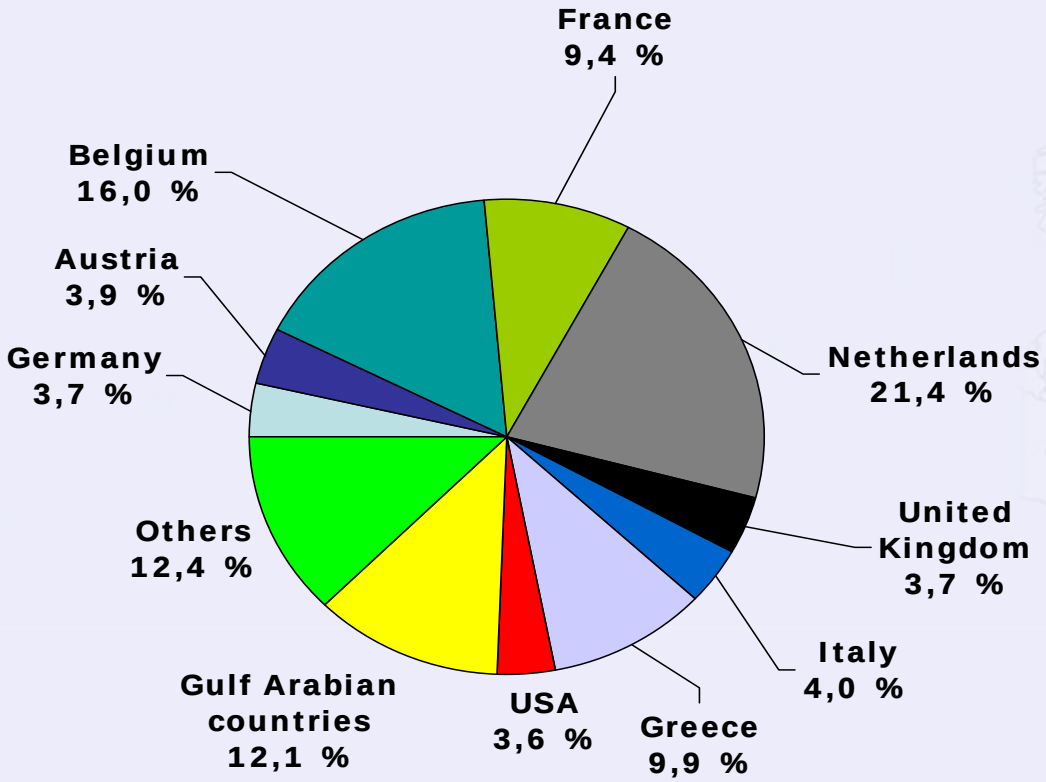


Source: Central Bank of the Republic of Turkey

2. External economic relations

f) Main foreign investor countries

Foreign investment inflow in 2002-2006



Source: Central Bank of the Republic of Turkey

3. Additional information

- **Central Bank of the Republic of Turkey:**
  www.tcmb.gov.tr ; Tel. +90 (312) 310 36 46
- **Delegation of the European Commission to Turkey:**
  www.avrupa.info.tr ; Tel. +90 (312) 459 87 00
- **Foreign Economic Relations Board (DEiK):**
  www.deik.org.tr ; Tel. +90 (212) 359 50 00
- **Independent Industrialists and Businessmen's Association (MÜSIAD):**
  www.musiad.org.tr ; Tel. +90 (212) 222 04 06
- **International Investors Association (YASED):**
  www.yased.org.tr ; Tel. +90 (212) 272 50 94
- **Invest in Turkey:**
  www.invest.gov.tr ; Tel. +90 (312) 413 89 00

Information subject to changes

3. Additional information

- **Privatization Administration of Turkey:**
  www.oib.gov.tr ; Tel. +90 (312) 430 45 60
- **The New Anatolian:**
  www.thenewanatolian.com ; Tel. +90 (312) 440 42 22
- **Turkish Industrialists and Businessmen's Association (TÜSIAD):**
  www.tusiad.org ; Tel. +90 (212) 249 54 48
- **Turkish Statistical Institute:**
  www.turkstat.gov.tr ; Tel. +90 (312) 410 04 10
- **Turkish Tourism Investors Association (TYD):**
  www.ttyd.org.tr ; Tel. +90 (212) 347 21 35
- **Undersecreteriat of Treasury:**
  www.treasury.gov.tr ; Tel. +90 (312) 204 60 00

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