



REPUBLIC OF TURKEY
MINISTRY OF ECONOMY

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GENERAL DIRECTORATE OF INCENTIVE IMPLEMENTATION AND FOREIGN
INVESTMENT

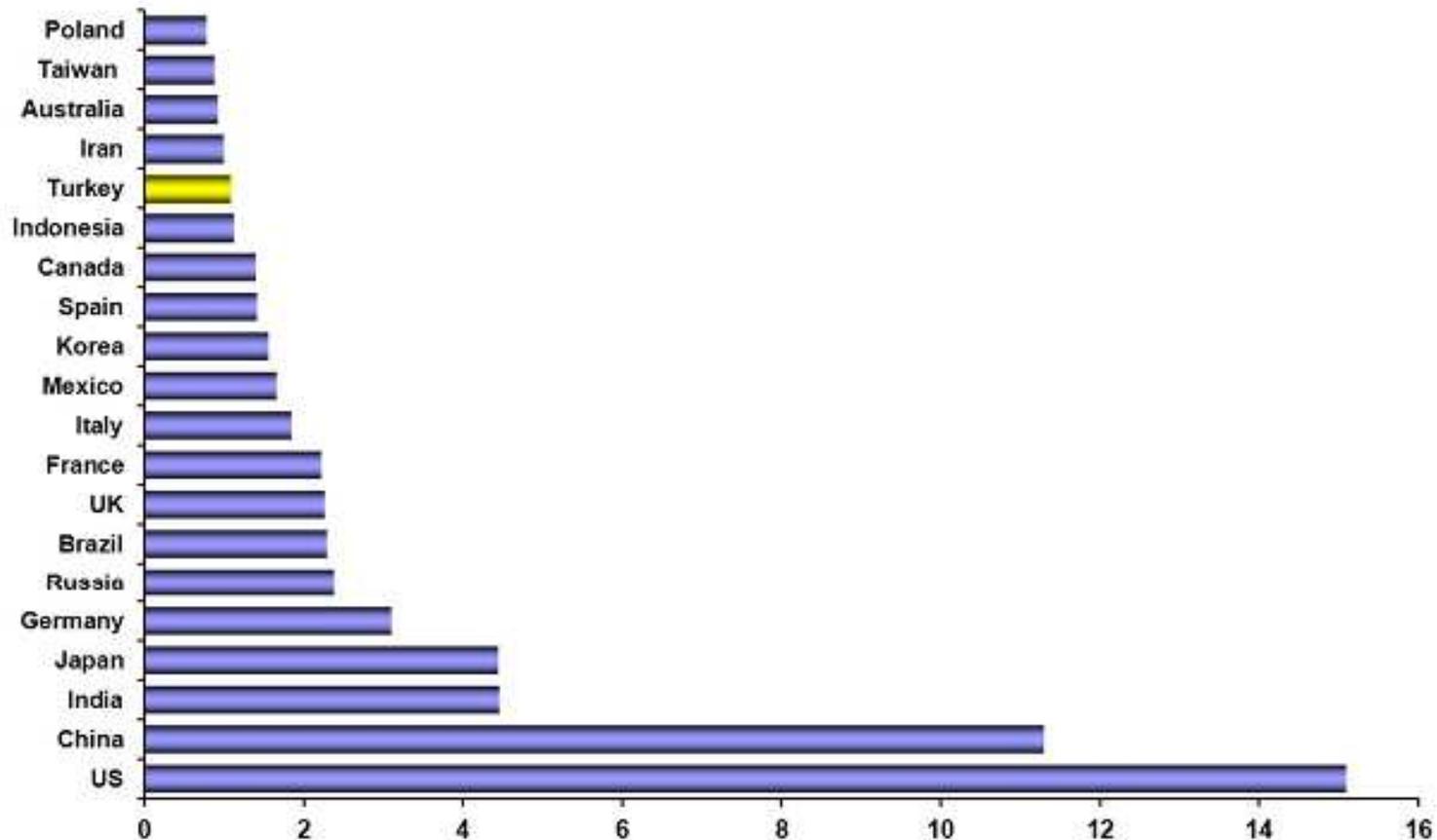
TURKEY'S GENERAL ECONOMIC OUTLOOK *FOR INTERNATIONAL INVESTORS*

November, 2012

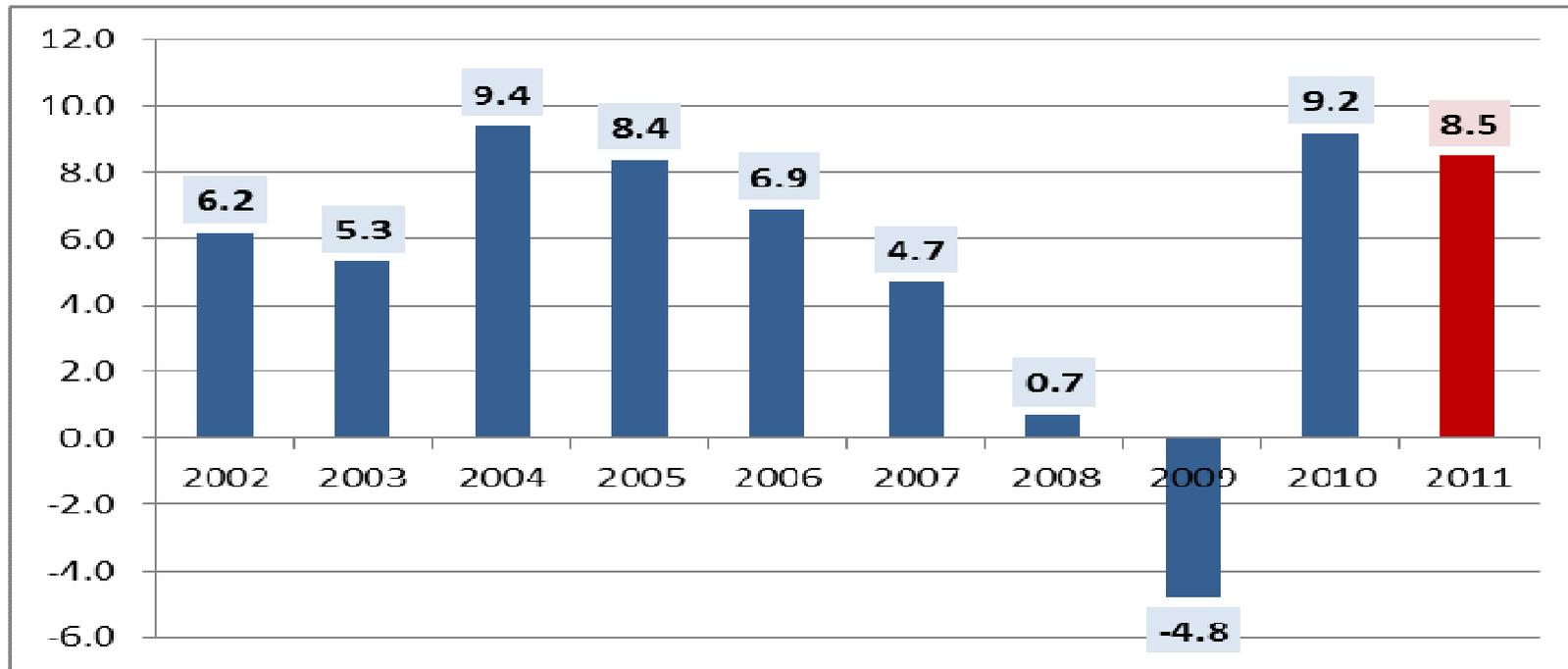
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World's Biggest Economies

(GDP based on Purchasing Power Parity, Trillion Dollar, 2011)

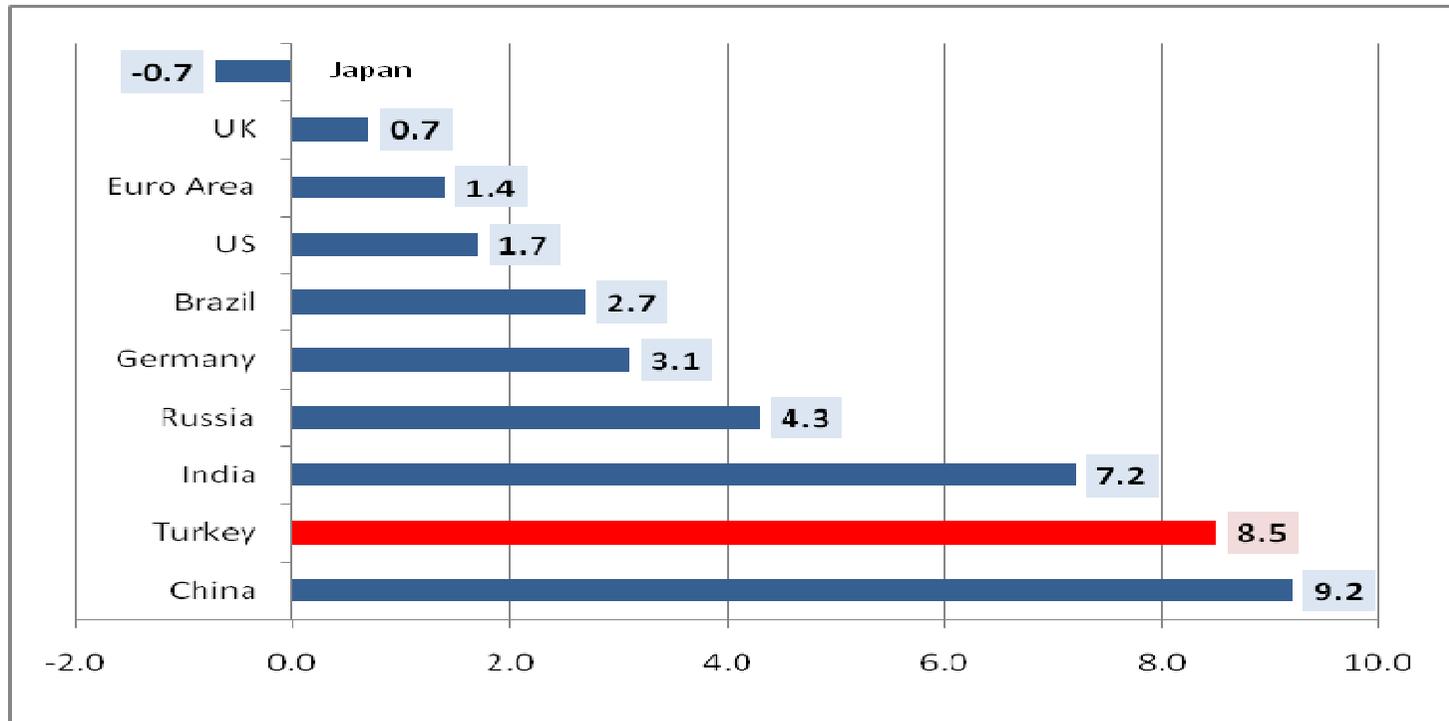


Source: IMF, World Economic Outlook, April 2012



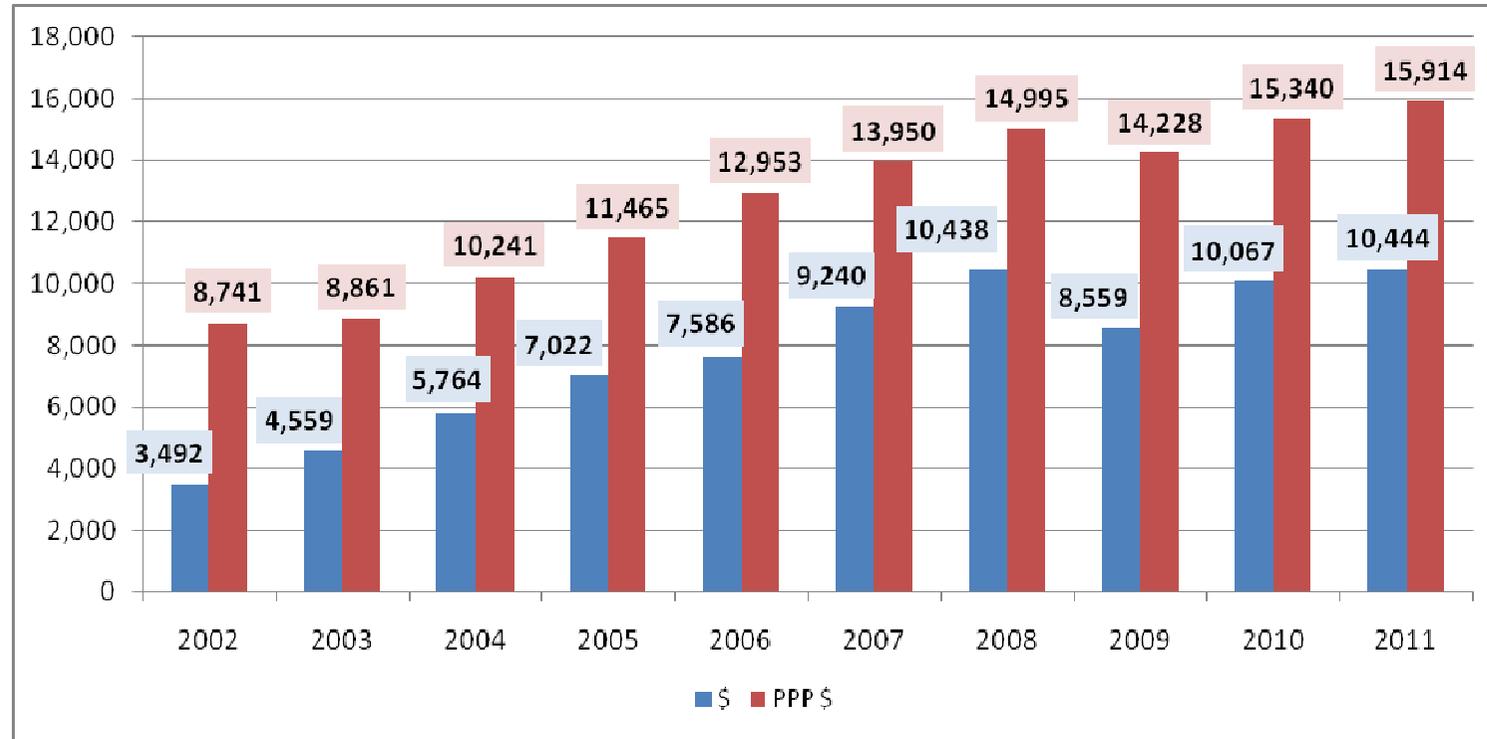
* Source: TURKSTAT

- Turkey has quickly recovered from the global financial crisis and among the least affected countries from current economic uncertainties
- Turkey has the highest economic growth rate in Europe
- **Average annual growth rate between 2002 and 2011 is 6%**
- **Real GDP growth for 2011 has been realized as 8.5%**
- **Turkey has grown 3.2% in first quarter of 2012**



Source: TURKSTAT, IMF

- Turkish Economy expanded by 8.5% in 2011, which was well beyond the forecasts of the IMF (7.5%).

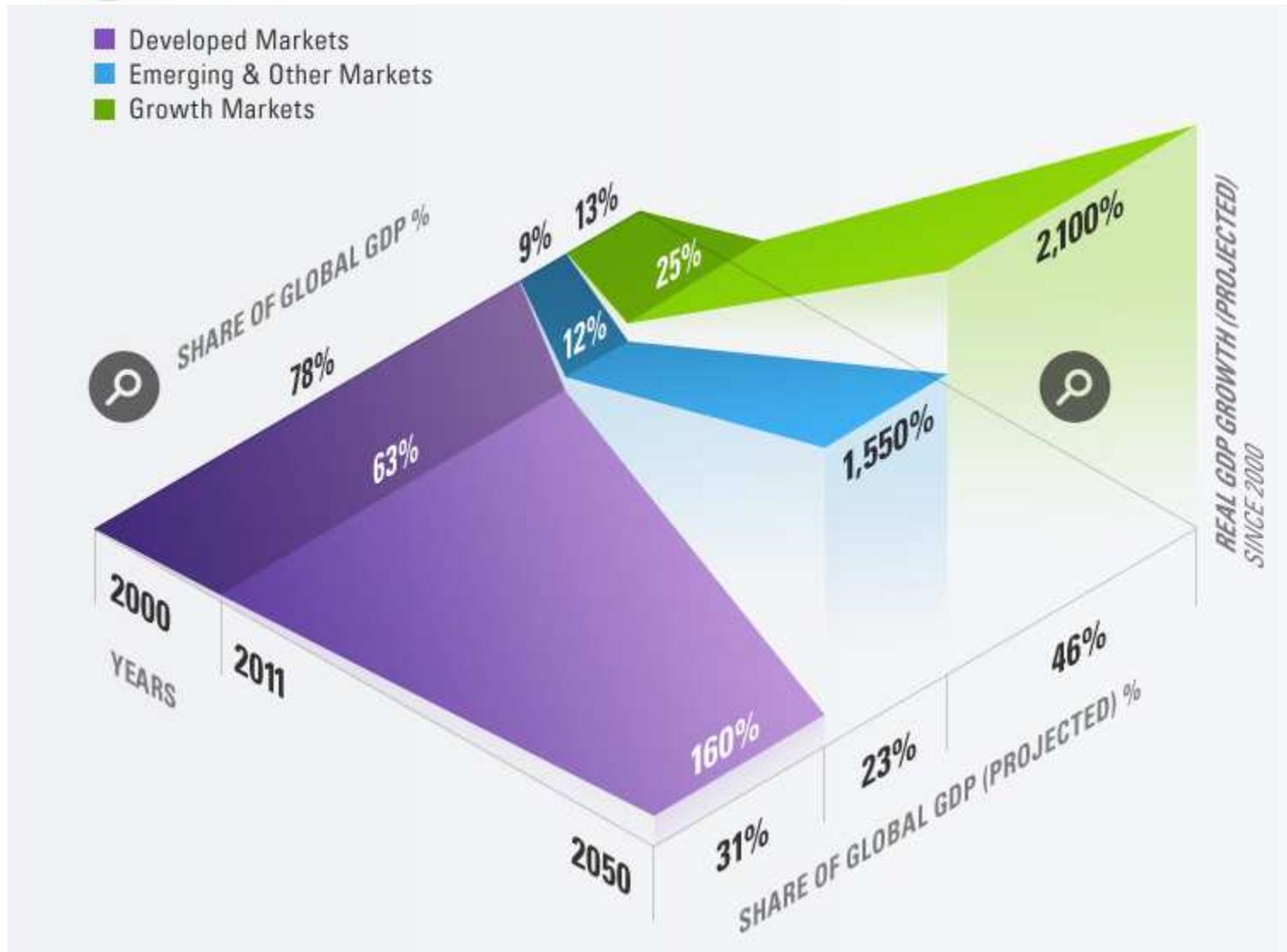


Source: TURKSTAT

- **GDP per capita has tripled in the last eight years from 3,492 USD to 10,444 USD. According to Purchasing Power Parity (PPP), GDP per capita surpassed 15,000 USD.**



Turkey: One of the Eight Growth Markets of Future

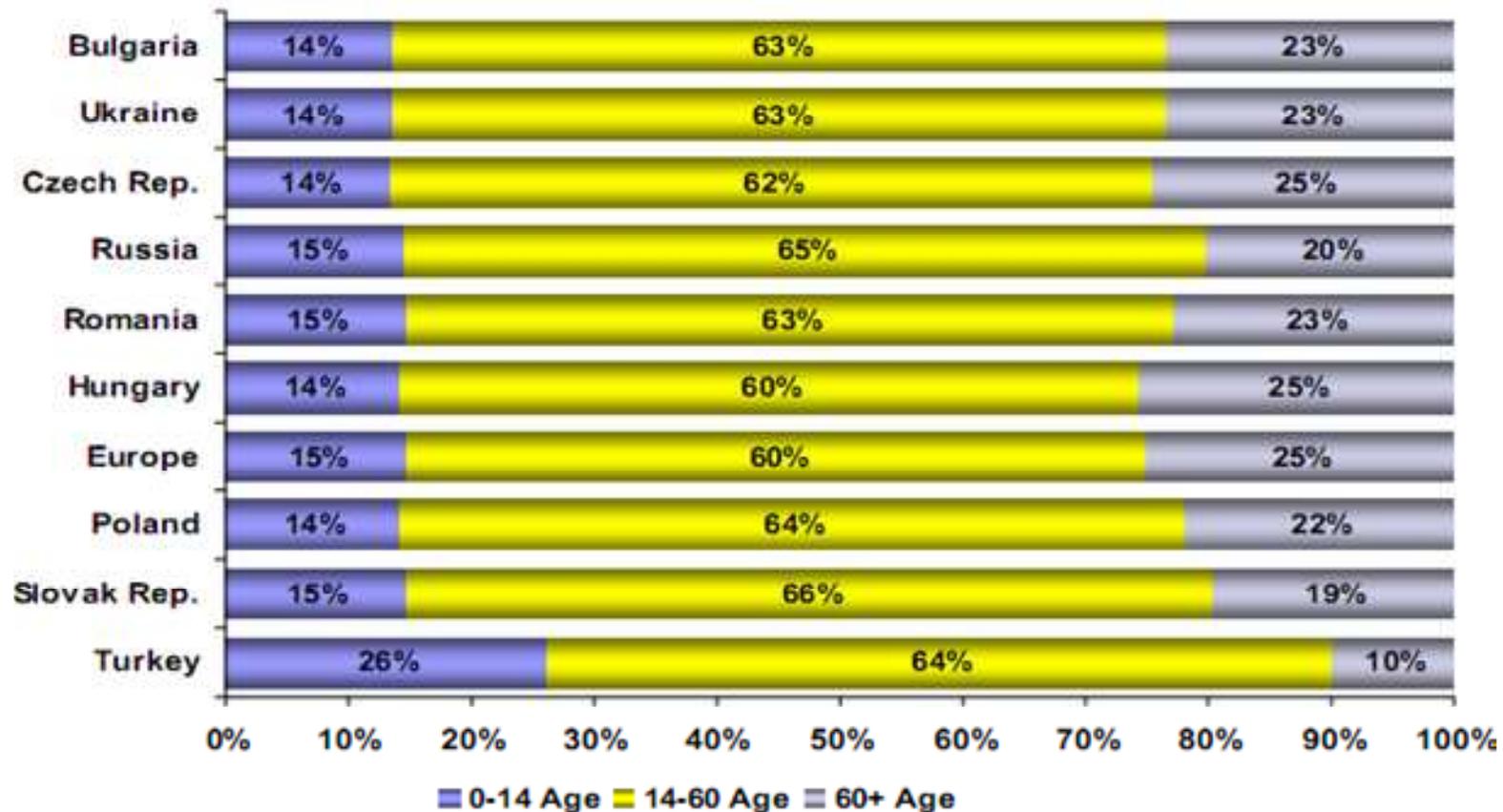


- ## Growth Markets
- Brazil
 - Russia
 - India
 - China
 - Mexico
 - Korea
 - Turkey
 - Indonesia

Source: Goldman Sachs Asset Management, 2011

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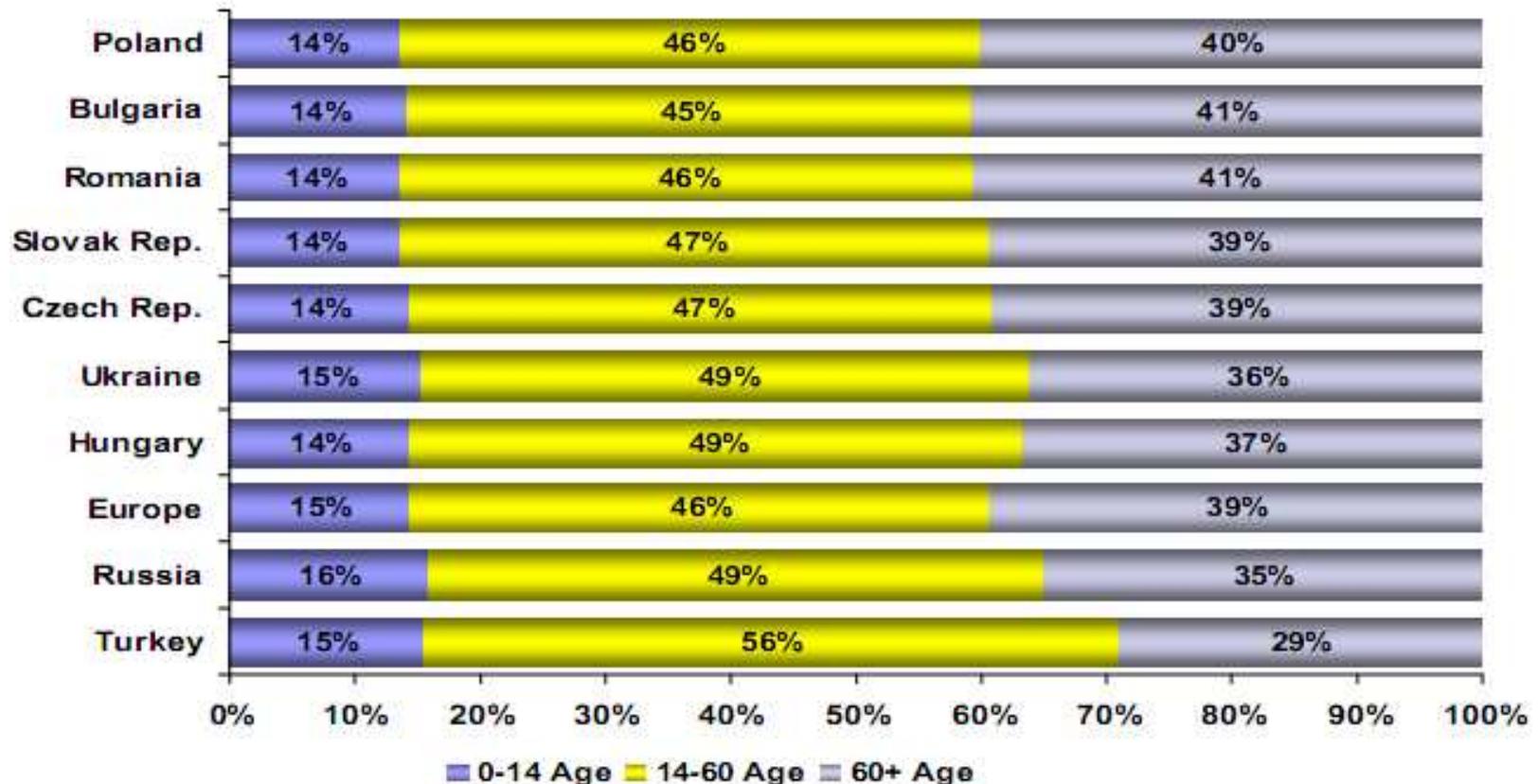
Demographic Profile* (as of 2010)



(*) Estimates

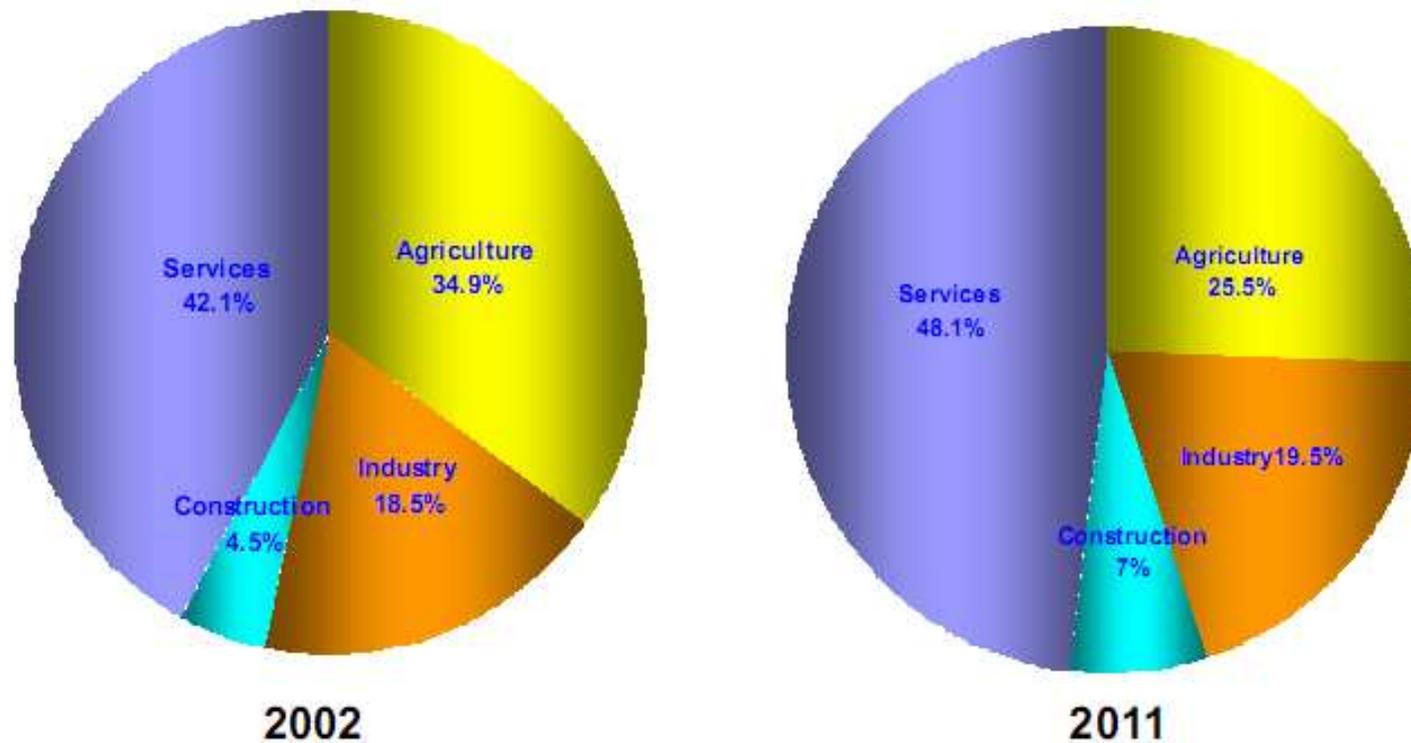
Source: UN

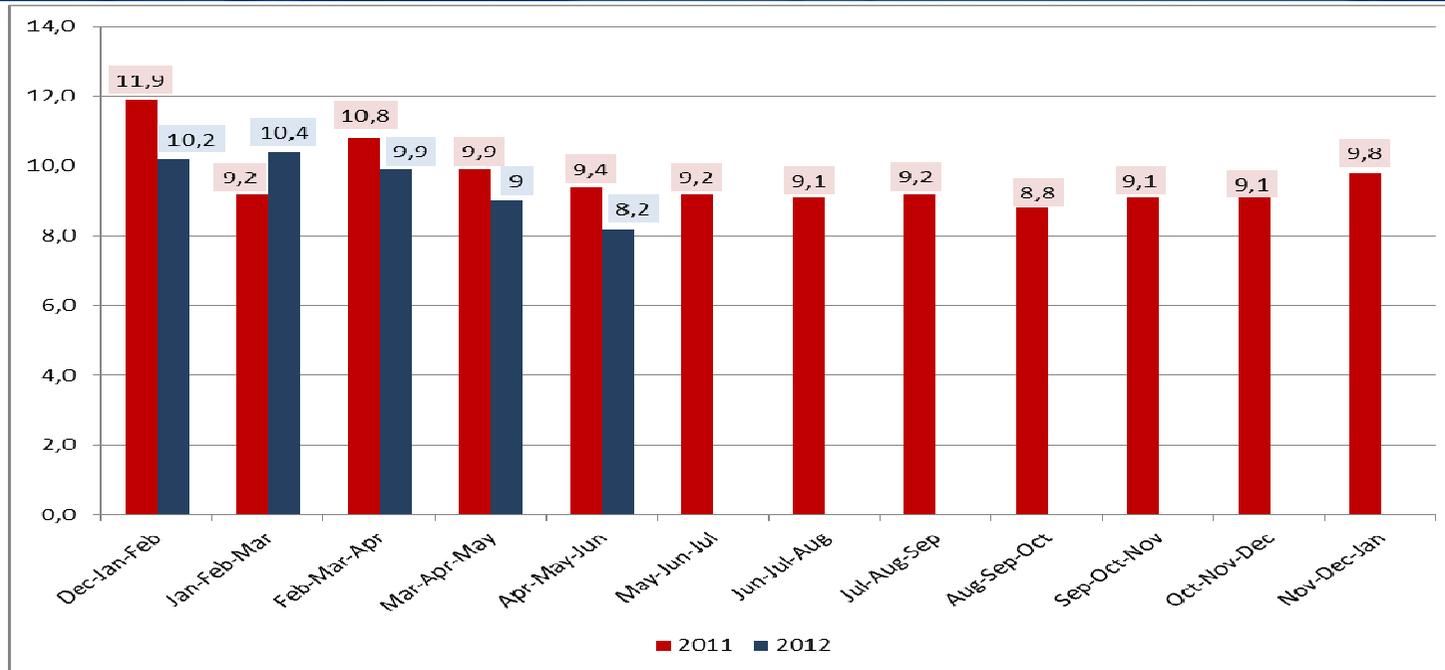
Demographic Profile (2050 Projections)



Source: UN

Distribution of Employment by Economic Activity (%)



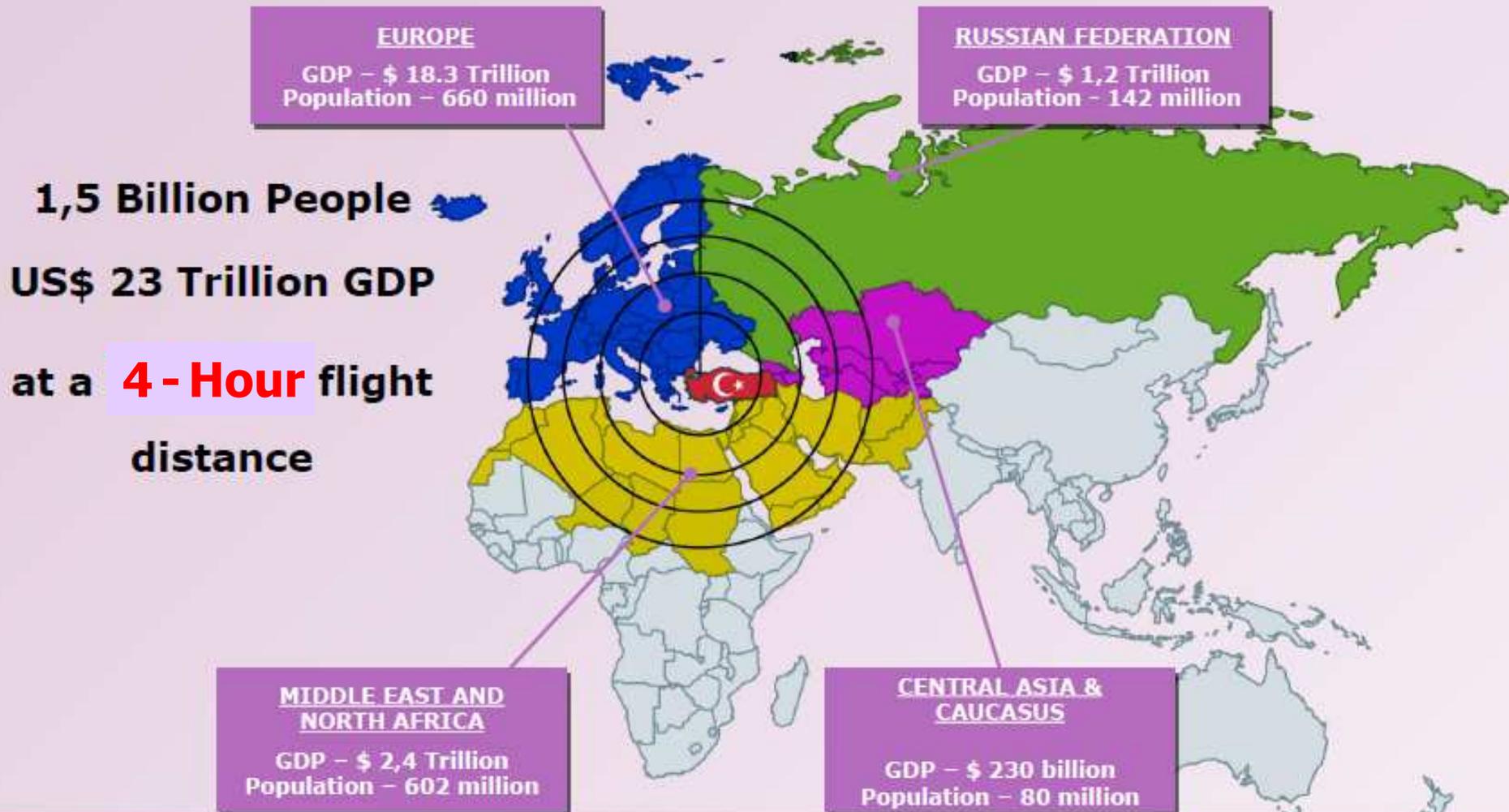


Source: TURKSTAT

- As of May 2012, the unemployment rate was 8.2% (seasonally adjusted unemployment rate was 9%).
- Seasonally adjusted unemployment rate in Euro Area was 11.3% and 10.4% in (EU27) as of July 2012. In terms of unemployment ratio Turkey outperformed 14 EU countries in July 2012.
- After Russia, Germany, England and France, Turkey has the 5th largest labor force among the European countries (2010, World Bank)

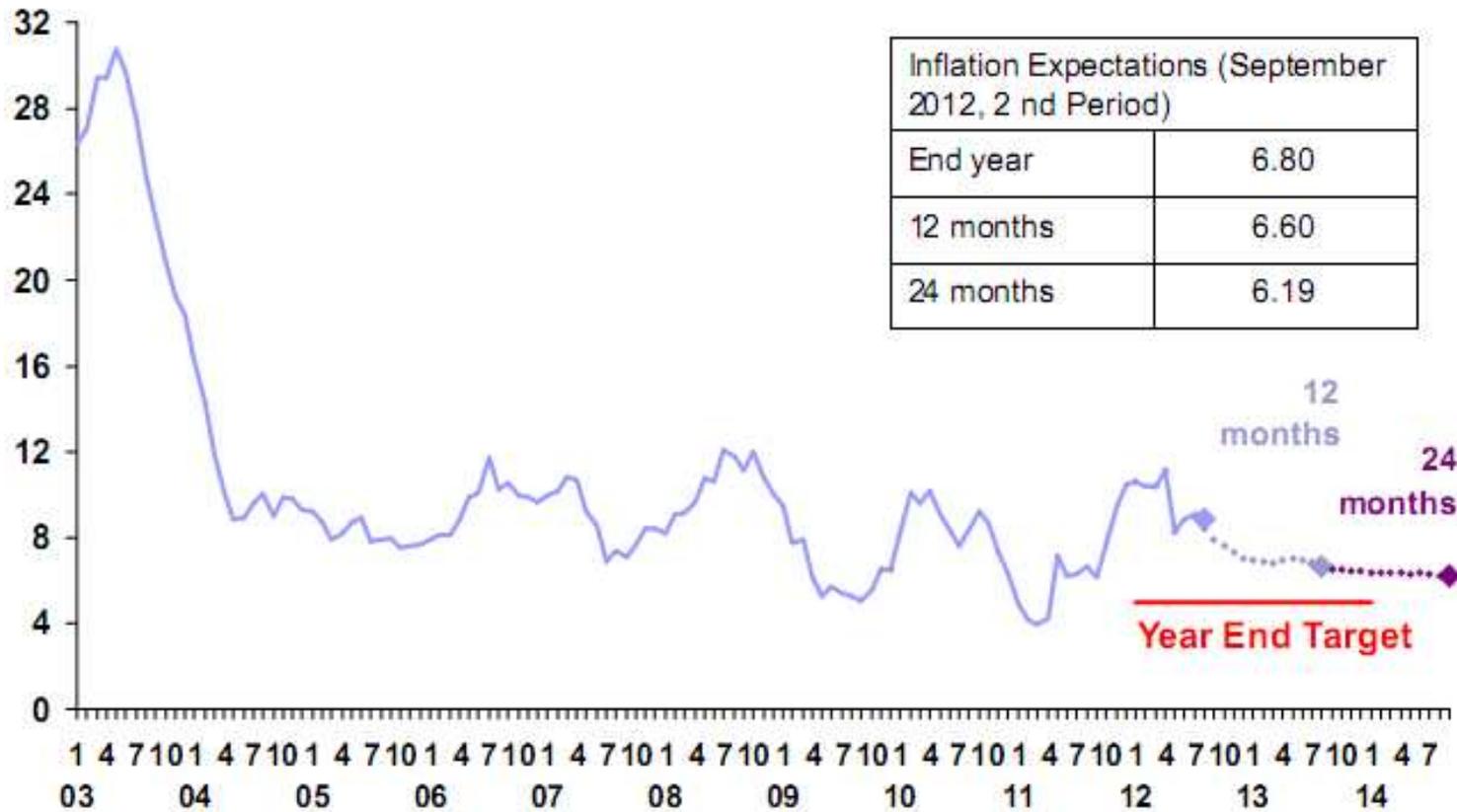


Investing in Turkey = Doing Business in the Region

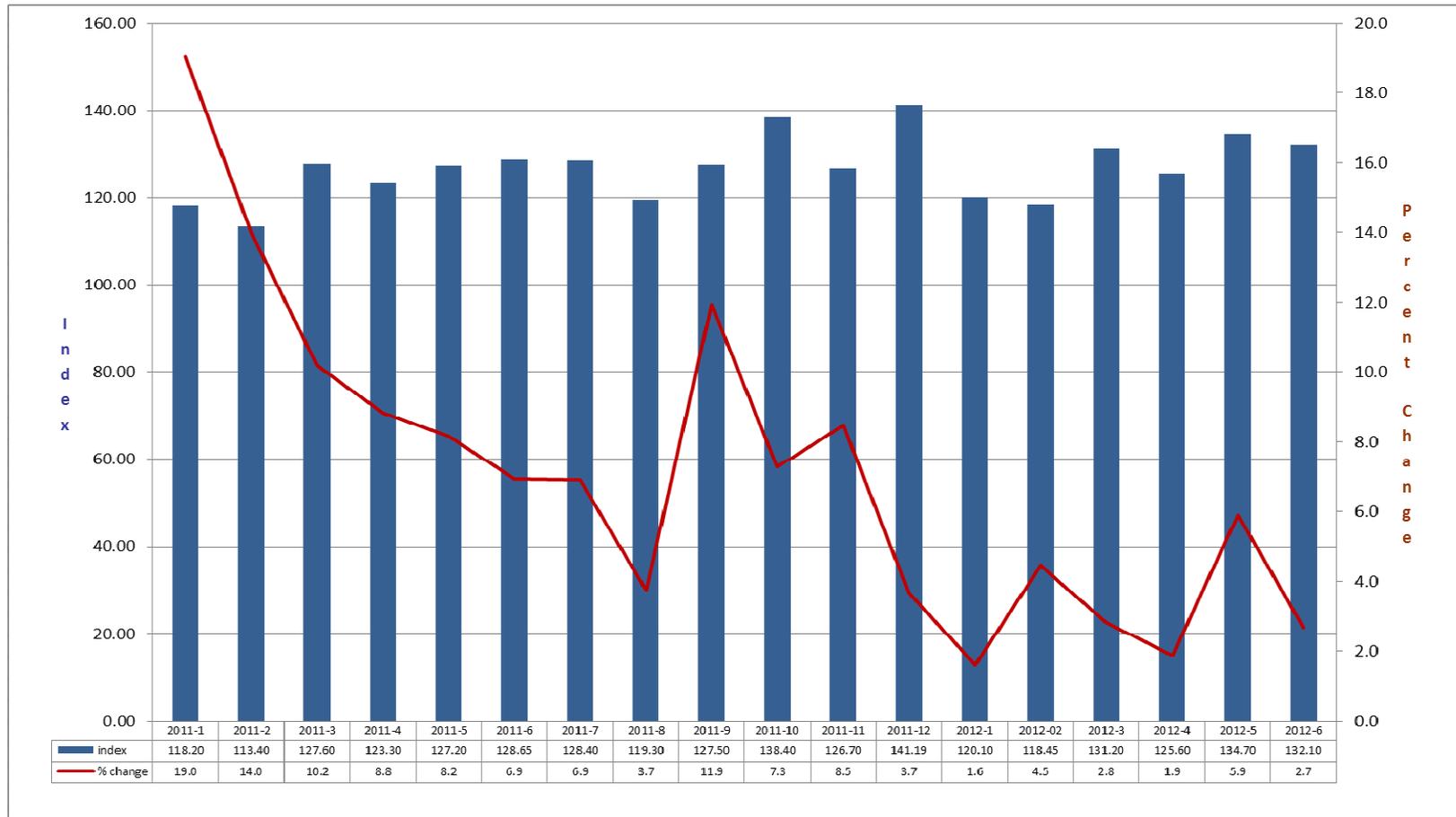


Source: for GDP and population IMF World Economic Outlook September 2011

Annual Inflation and Expectations (%)

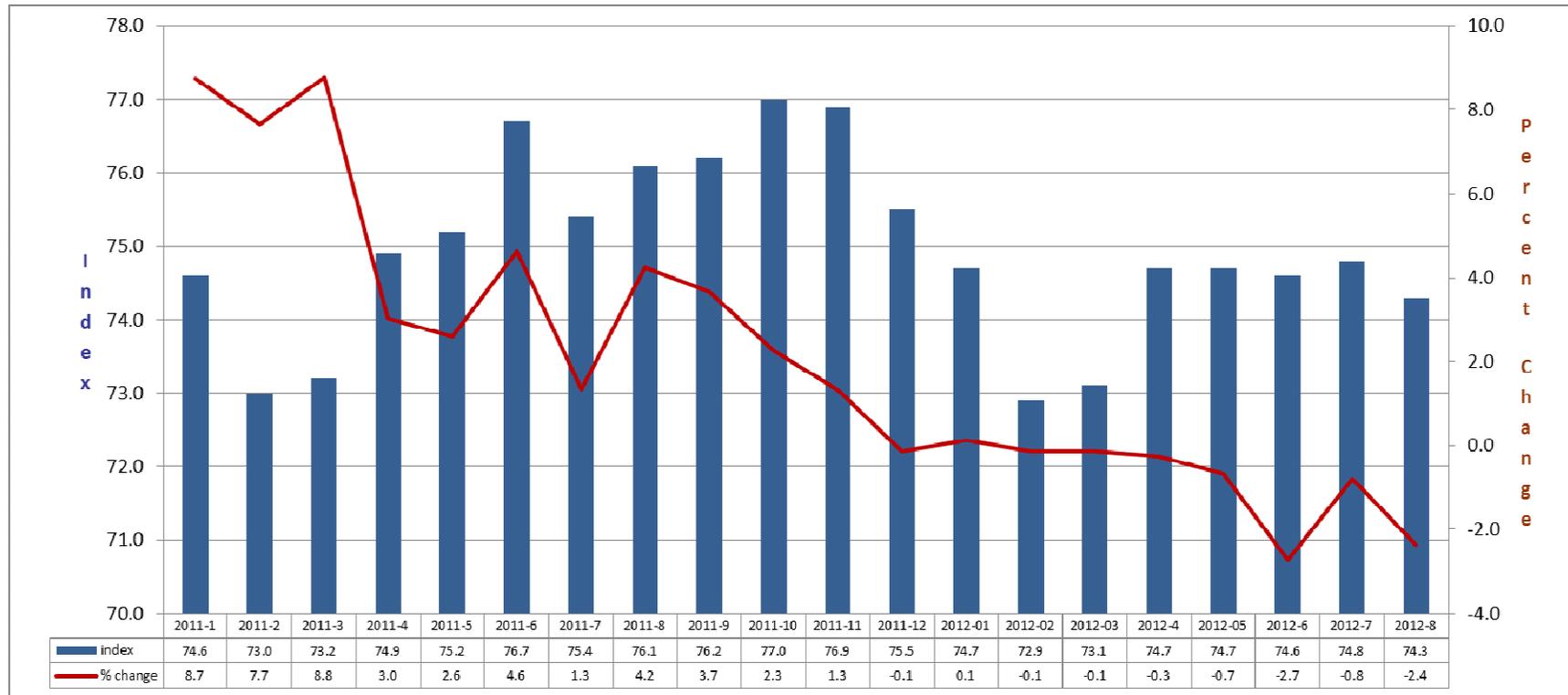


Source: CBRT's Survey of Expectations



Source: TURKSTAT

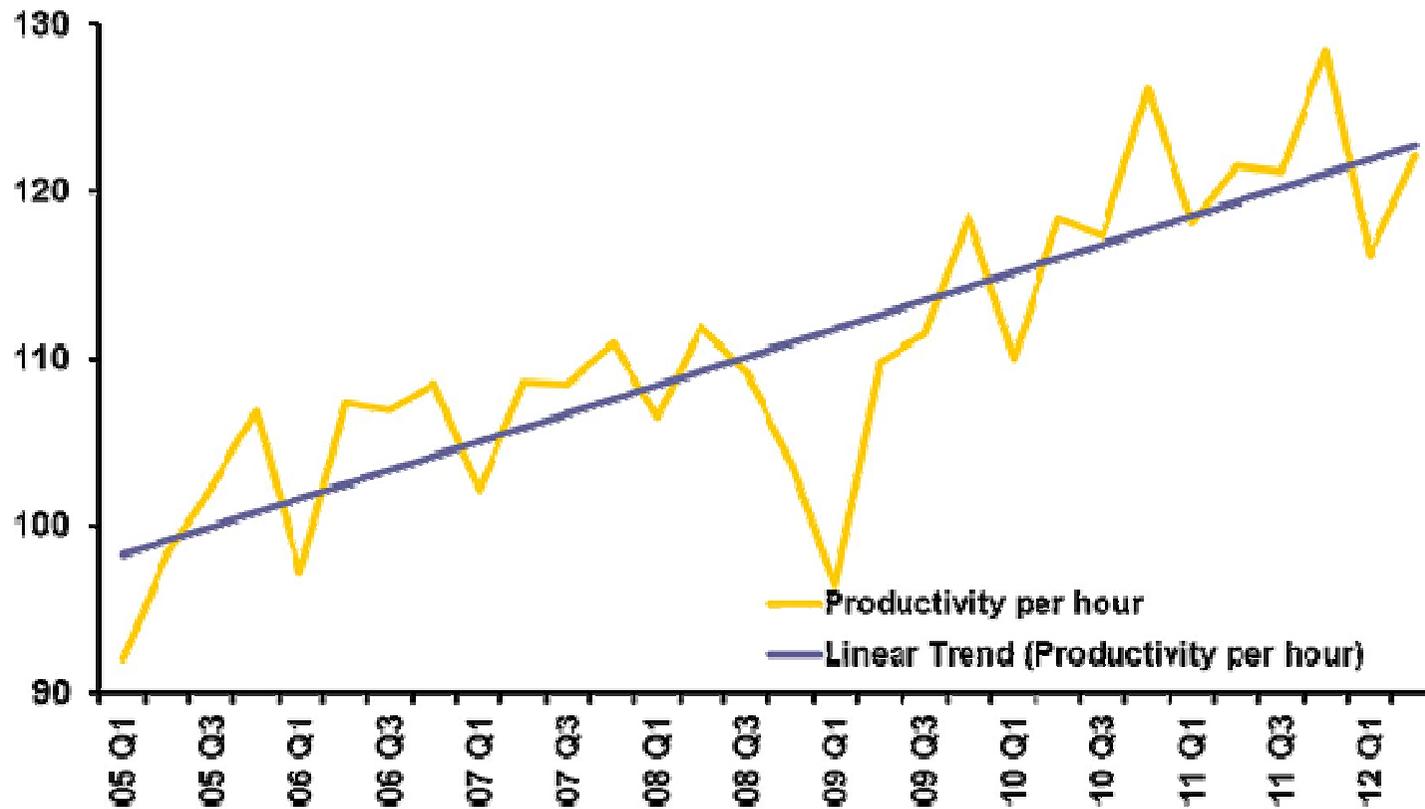
- Industrial production index has increased by an average of 2,7% annually as of June 2012, up to 132,1.



Source: TURKSTAT

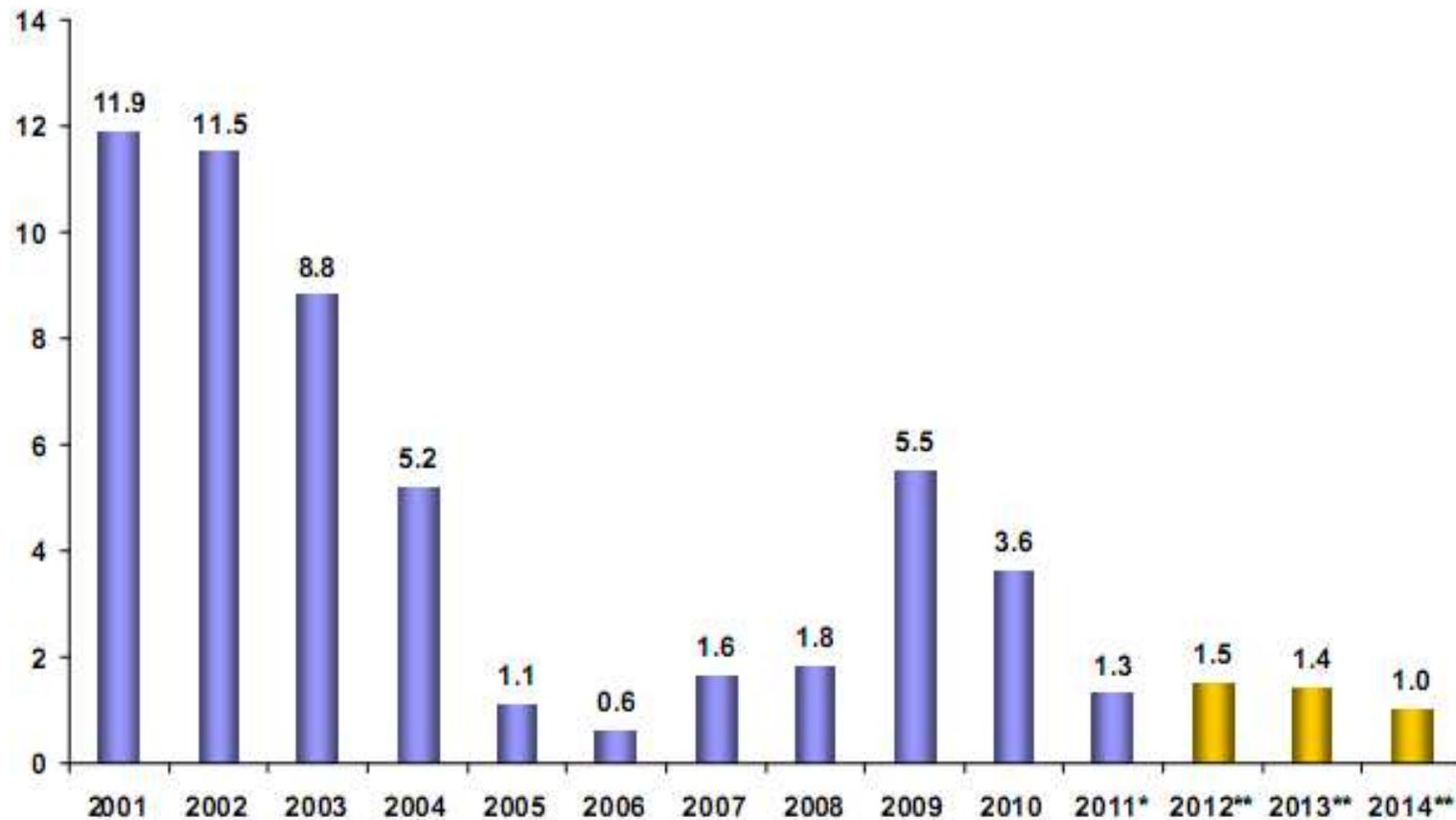
➤ Capacity utilization ratio has been realized as 74.3% in August 2012.

Productivity Index of Total Industry



Source: TURKSTAT, Undersecretariat of Treasury

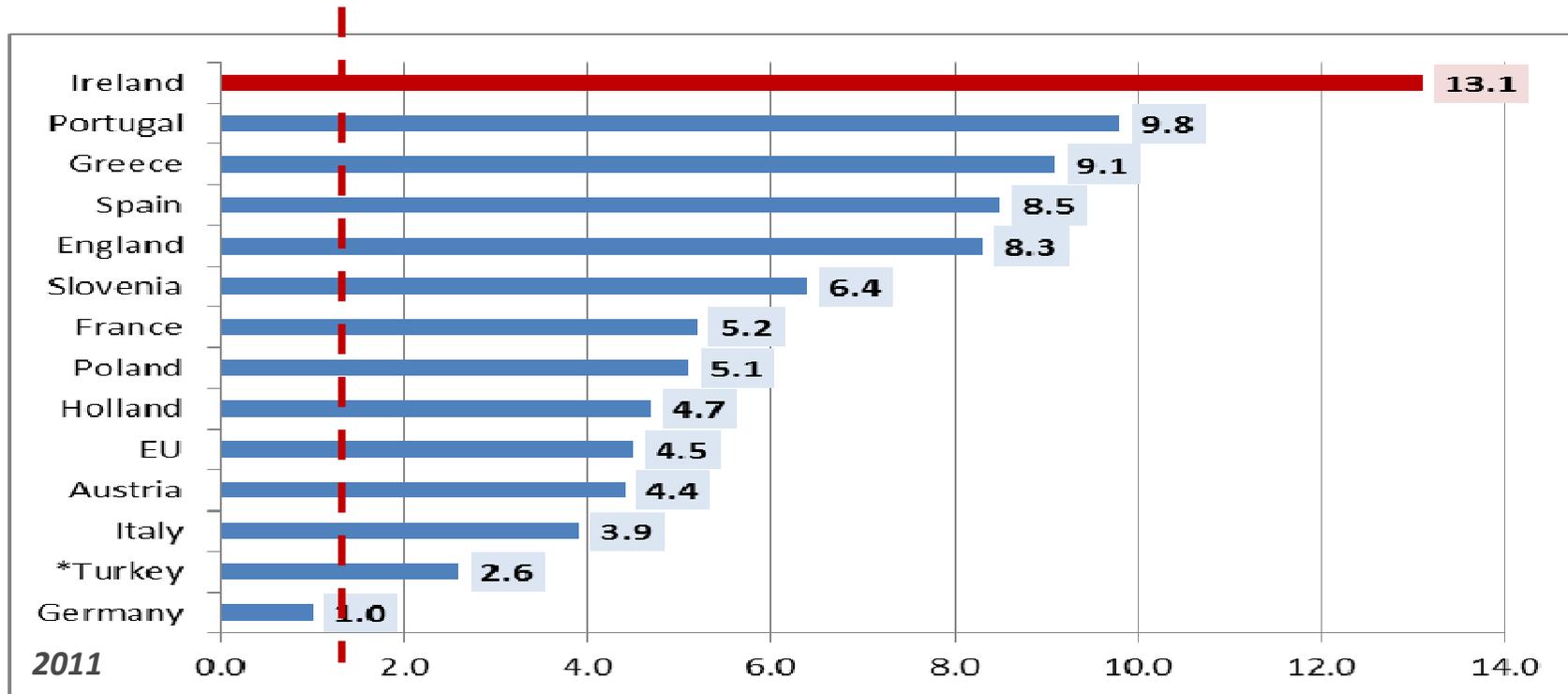
Central Government Budget Deficit (% of GDP)



(*) Provisional

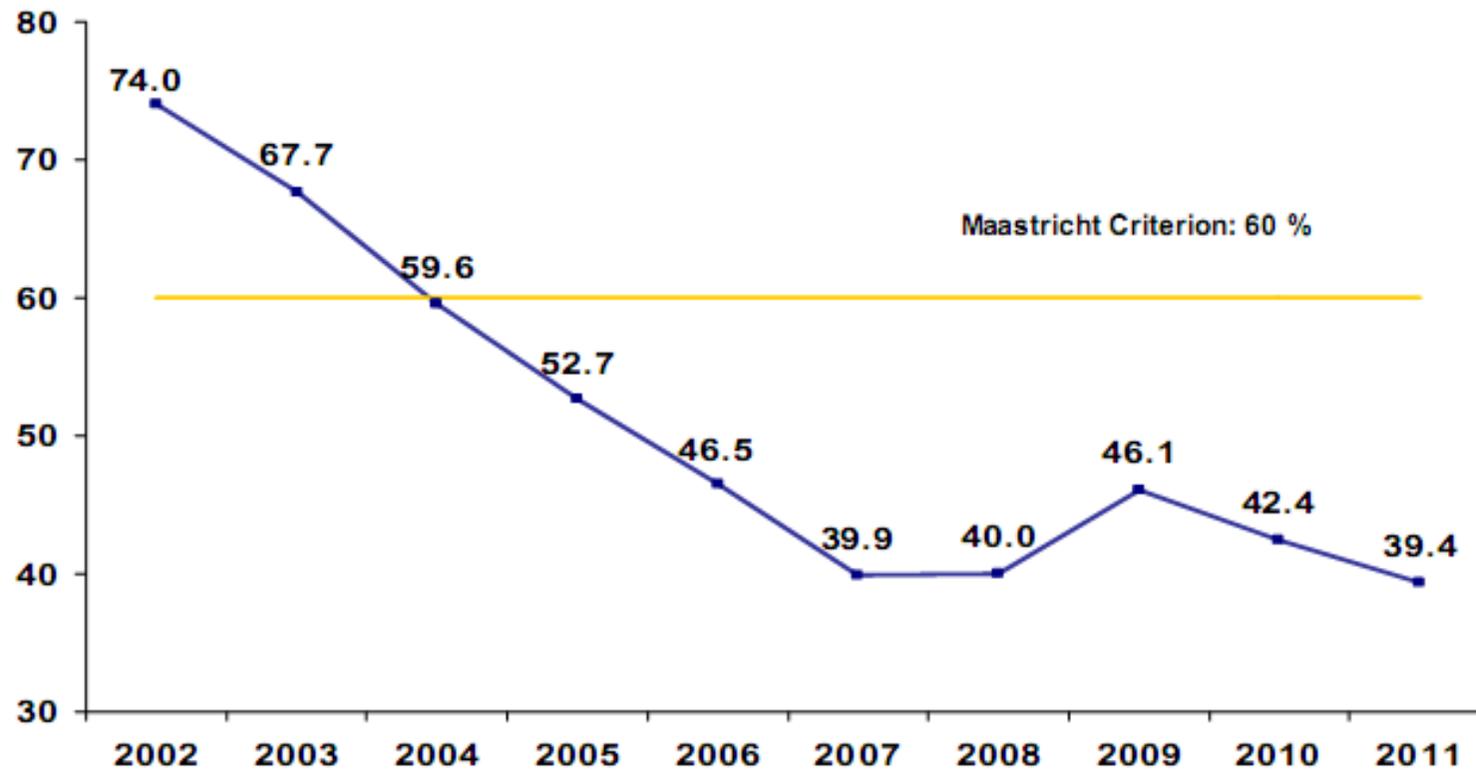
(**) 2011-2014: Medium Term Program targets

Source: Ministry of Finance, 2012-2014 MTP

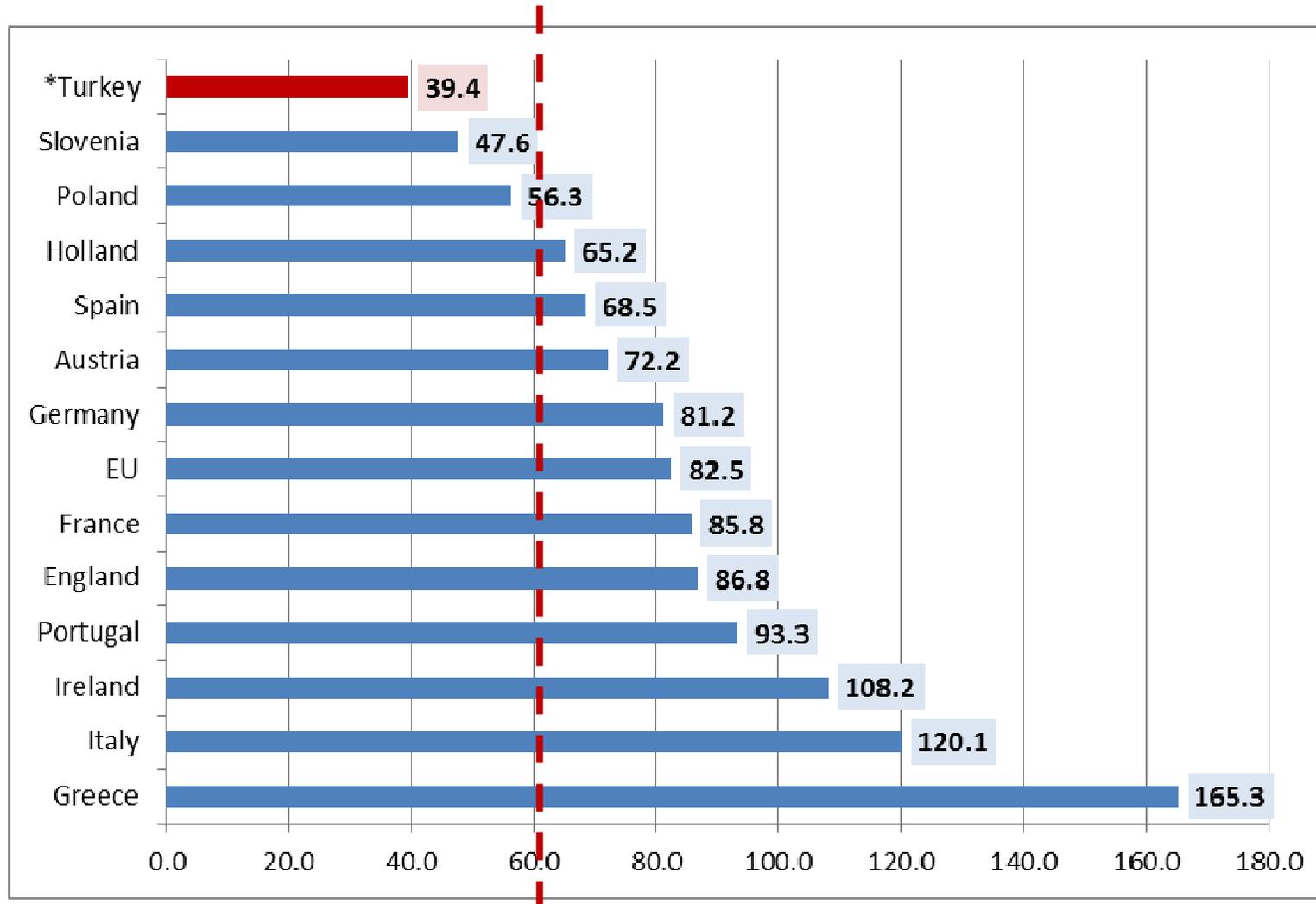


- EU defined general government budget deficit/GDP ratio was 2.6% in Turkey in 2011 and Turkey satisfied the Maastricht criteria of 3%. Turkey also outperformed 18 EU Countries.
- Central government budget deficit/GDP ratio was 1.3% in Turkey in 2011 and Turkey outperformed 23 EU Countries.
- In January-June 2012, central government budget deficit has been recorded as 6,7 billion dollars.

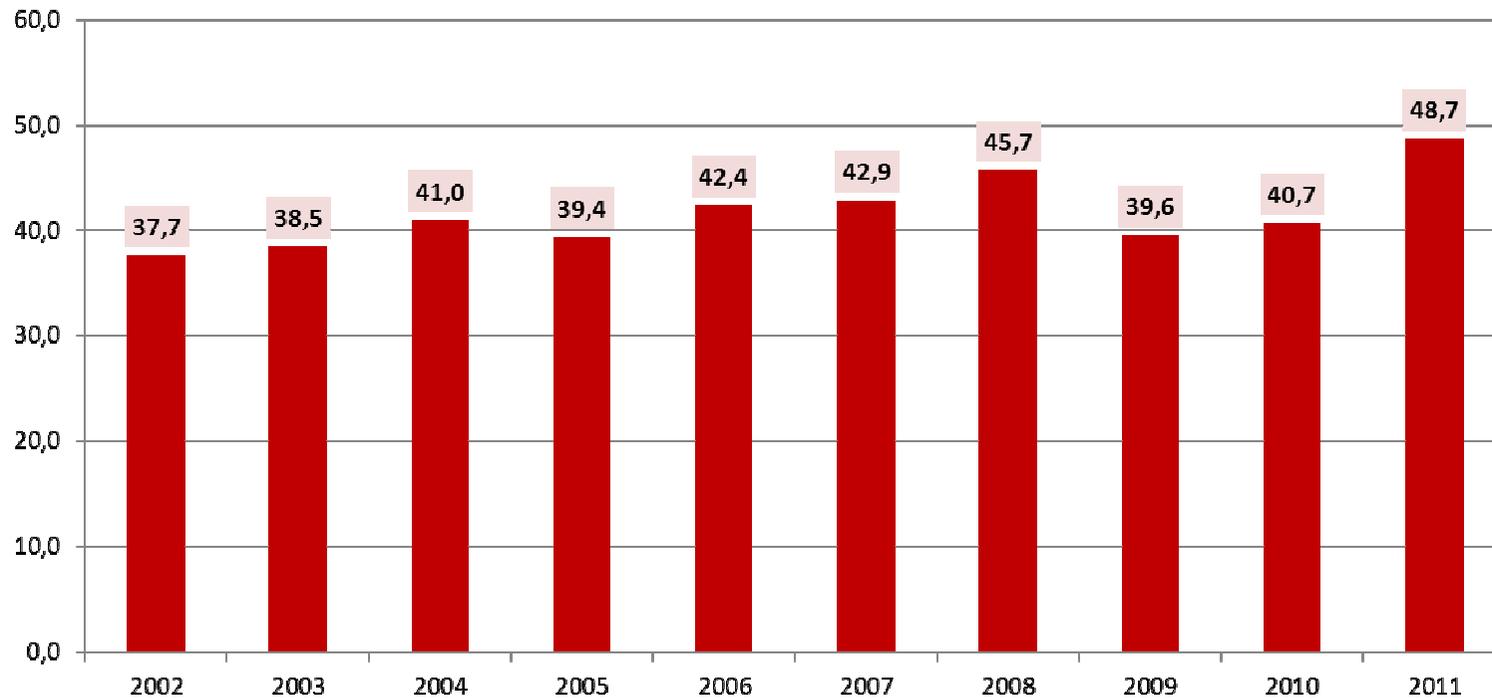
General Government Gross Debt Stock (EU Defined, % of GDP)



Source: Undersecretariat of Treasury



- **Debt/GDP ratio of Turkey was 39.4% in 2011, which was below the level in 21 EU Countries and the Maastricht Criteria (60%).**



- The ratio of foreign trade volume/GDP was 48,7% in 2011.
- Turkey's integration to the international trade system is eminent.

EXPORT

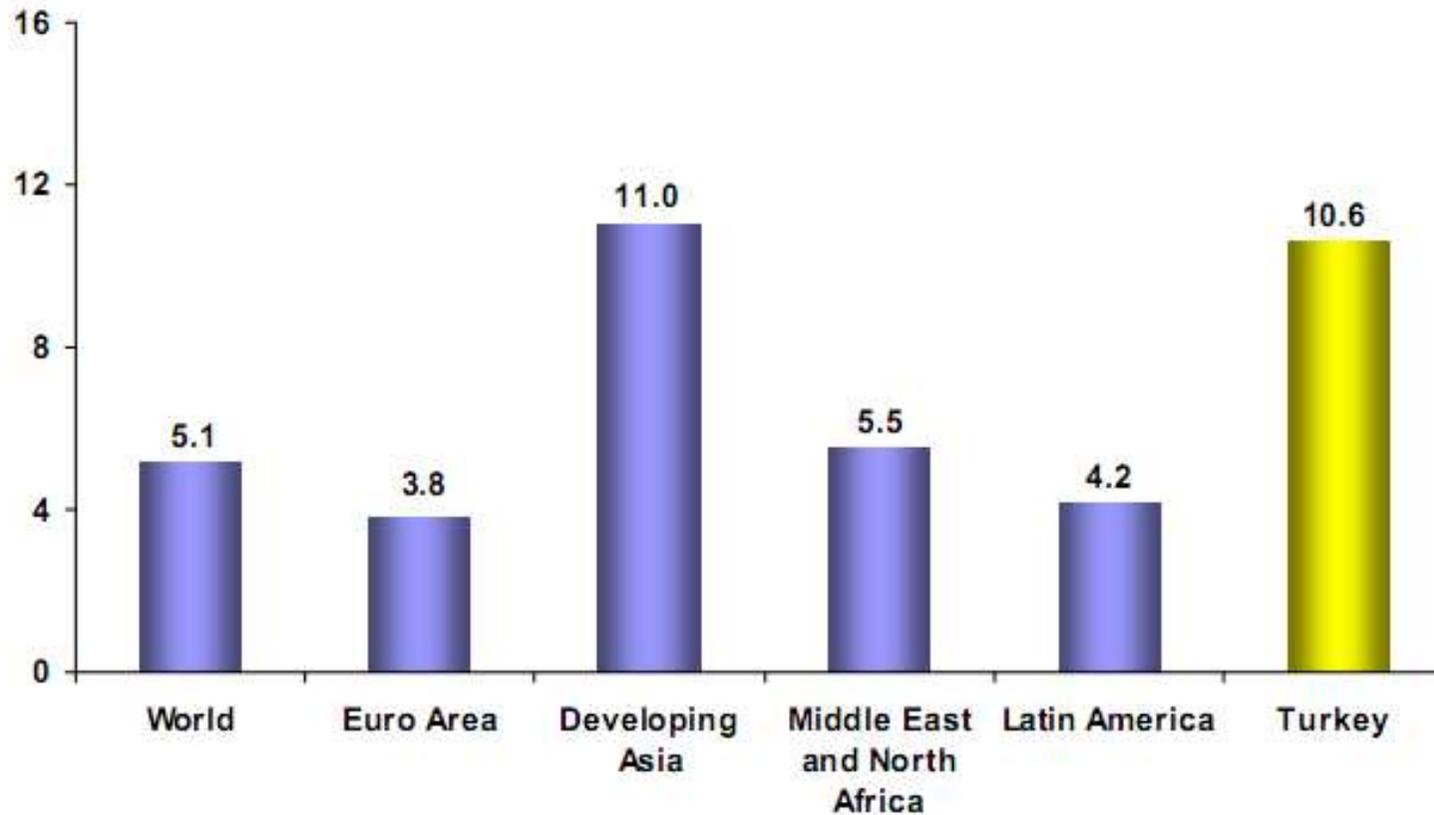
(Million \$)	Annual		2010/2011	Periodic (January-July)		2011/2012
	2010	2011	Change.%	2011	2012	Change %
Investment Goods	11.771	14.167	20,4	8.334	8.150	-2,2
Intermediate Goods	56.381	67.981	20,6	39.107	47.280	20,9
Consumption Goods	45.321	52.252	15,3	29.728	31.493	5,9
Others	411	555	35,0	278	289	4,0
TOTAL	113.883	134.954	18,5	77.447	87.212	12,6

IMPORT

(Million \$)	Annual		2010/2011	Periodic (January-July)		2011/2012
	2010	2011	Change.%	2011	2012	Change %
Investment Goods	28.818	37.268	29,3	21.875	19.621	-10,3
Intermediate Goods	131.445	173.135	31,7	100.597	102.798	2,2
Consumption Goods	24.735	29.692	20,0	17.832	15.131	-15,1
Others	546	739	35,3	491	361	-26,5
TOTAL	185.544	240.833	29,8	140.796	137.912	-2,0

Export Performance

(Average Annual Growth Rate, 2001-2011)

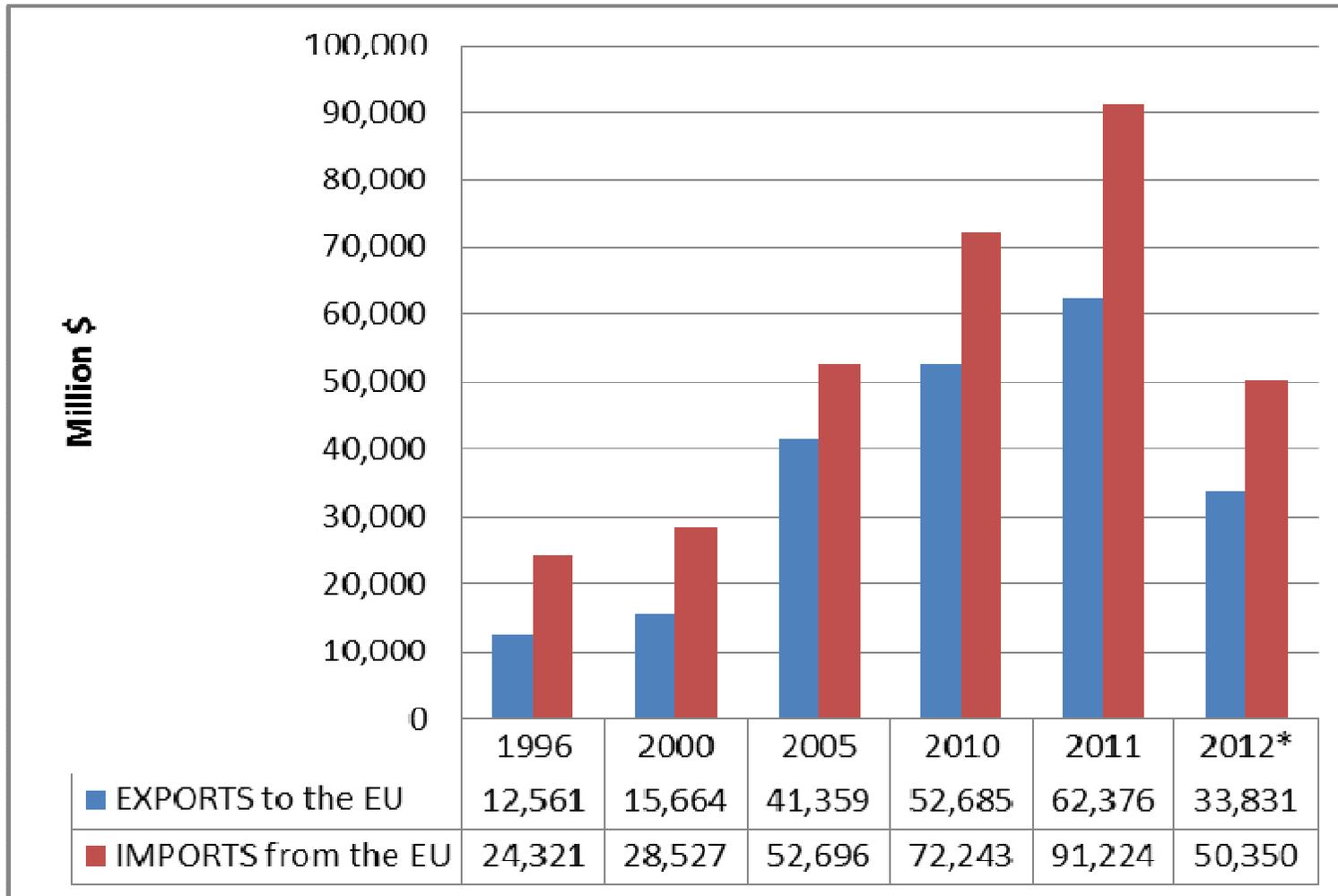


Source: TURKSTAT, IMF World Economic Outlook April 2012

(Million \$)	2010	2011	Change %	Share % (2011)	2011*	2012*	Change %	Share % (2012*)
CIS	10,288	13,376	30.0	9.9	7,273	8,297	14.1	9.5
EFTA	2,416	1,887	-21.9	1.4	918	1,231	34.1	1.4
Economic Cooperation Organisation	7,617	9,292	22.0	6.9	5,140	11,742	128.4	13.5
Organization of Islamic Conference	32,470	37,325	15.0	27.7	20,792	31,716	52.5	36.4
Black Sea Economic Cooperation	14,456	17,768	22.9	13.2	9,872	10,400	5.4	11.9
FTA Countries**	12,694	13,602	7.2	10.1	6,522	7,154	9.7	8.2
OECD	61,491	71,616	16.5	53.1	39,516	38,023	-3.8	43.6
Turkic Republics	3,921	5,040	28.5	3.7	2,731	3,214	17.7	3.7
TOTAL	113,883	134,907	18.5	100.0	77,448	87,212	12.6	100.0

Source: TURKSTAT * January-July ** Except Lebanon and Mauritius

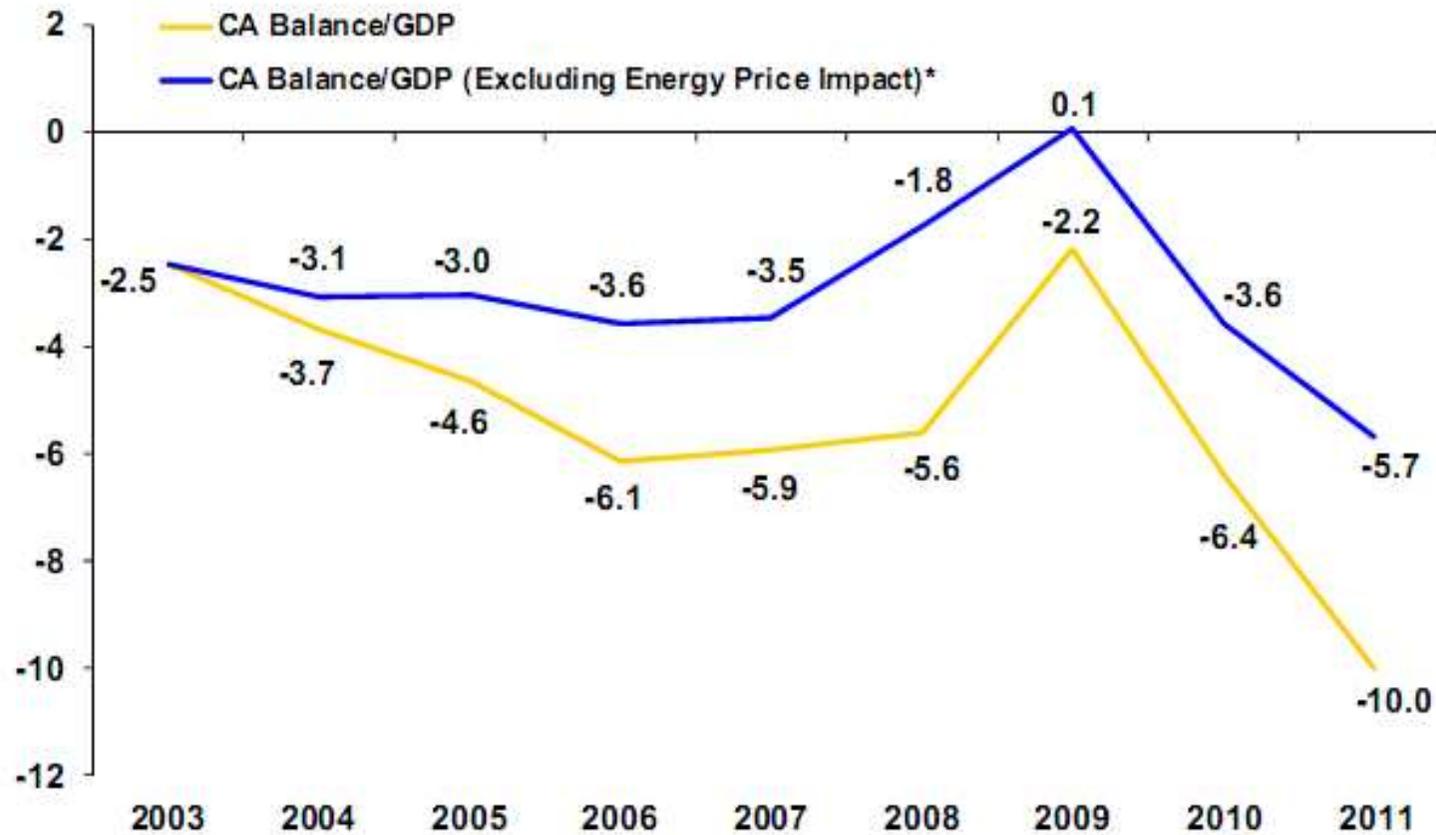
In January-July period of 2012, our exports to EFTA countries increased 34.1% and our exports to FTA countries increased 9.7% annually. The annual increase of our exports to ECO countries in the same period was 128.4% and ECO countries became the fastest growing export destination of the regions above.



*January-July

Source: Data Source of the Ministry of Economy

Current Account Balance / GDP (%)



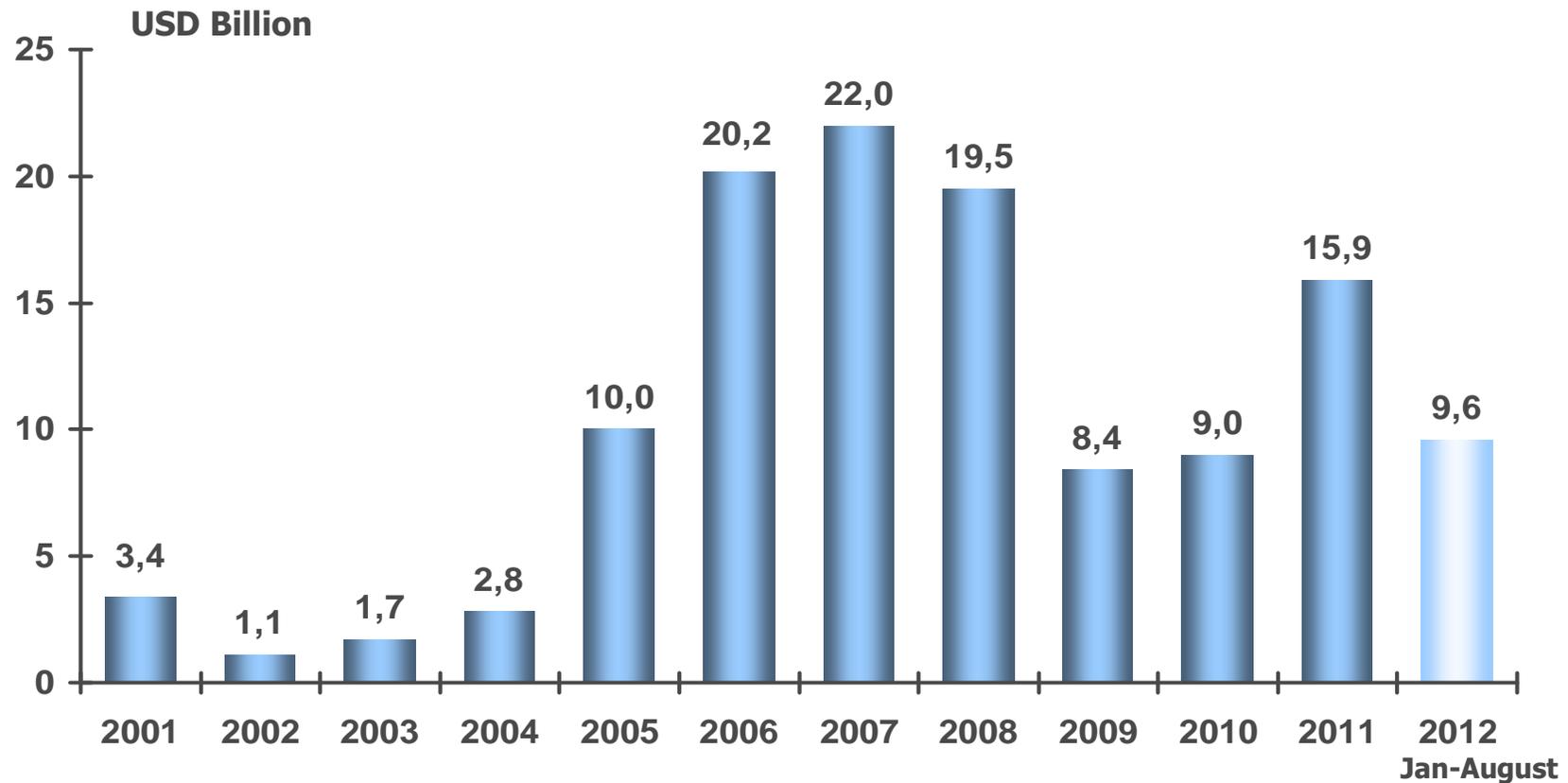
(*) With 2003 Energy Prices

Source: CBRT, Undersecretariat of Treasury

Financing of Current Account Deficit (Billion USD)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 Jan.- July
1. Current Account Balance	-0.6	-7.5	-14.4	-22.3	-32.2	-38.4	-41.5	-13.4	-46.6	-77.1	-34.5
2. Total Capital Inflows (Excluding Currency and Deposits and Reserve Assets)	6.9	6.4	20.1	37.7	48.5	48.8	45.4	3.3	43.3	61.3	35.7
– FDI Inflows	1.1	1.7	2.8	10.0	20.2	22.0	19.5	8.4	9.0	15.9	8.9
– External Borrowing of Non- Bank Private Sector (net)	1.9	2.3	7.7	12.6	17.1	29.3	26.7	-12.6	-3.8	8.5	5.6
– Other (net)	3.9	3.1	9.7	15.1	11.2	-2.5	-0.8	7.4	38.0	36.9	21.2
3. Errors and Omissions	-0.8	4.5	1.1	2.8	0.2	1.2	4.1	4.1	2.7	11.6	3.2
4. Currency and Deposits	0.6	0.7	-6.0	-0.3	-10.3	-3.5	-9.1	6.1	13.5	2.4	4.4
5. Change in FX Reserves	-6.2	-4.0	-0.8	-17.8	-6.1	-8.0	1.1	-0.1	-12.8	1.8	-8.8

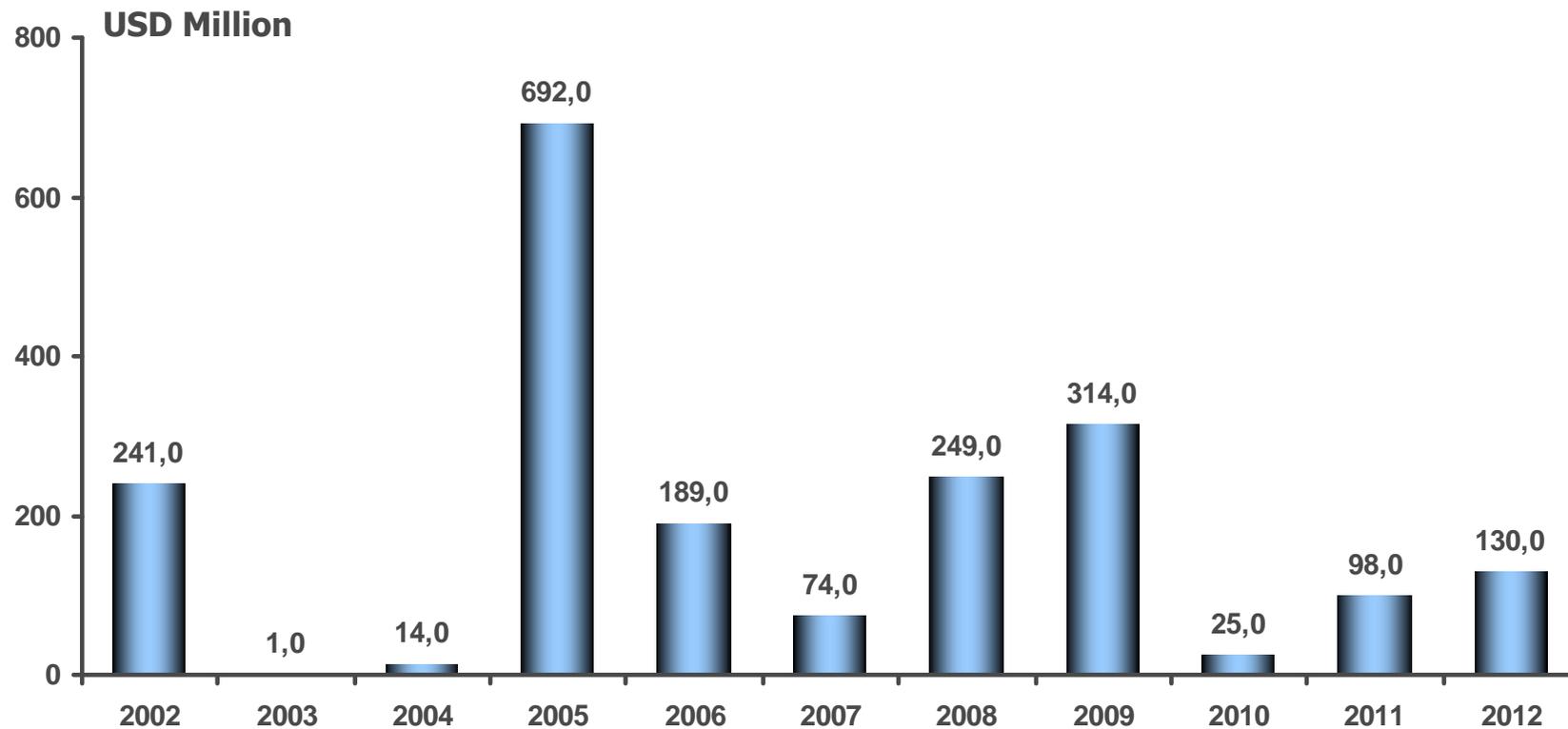
- 1923-2002 : **15 billion USD**
 - 2003-2011 : **110 billion USD**
- FDI inflows (cumulative)** **Companies with Intr.Capital (cumulative)**
- 1923-2002 : **15 billion USD**
 - 2003-2011 : **110 billion USD**
- 1923-2002 : **6.000**
 - 2003-2011 : **30.000**





Number of companies with Italian Capital: 944

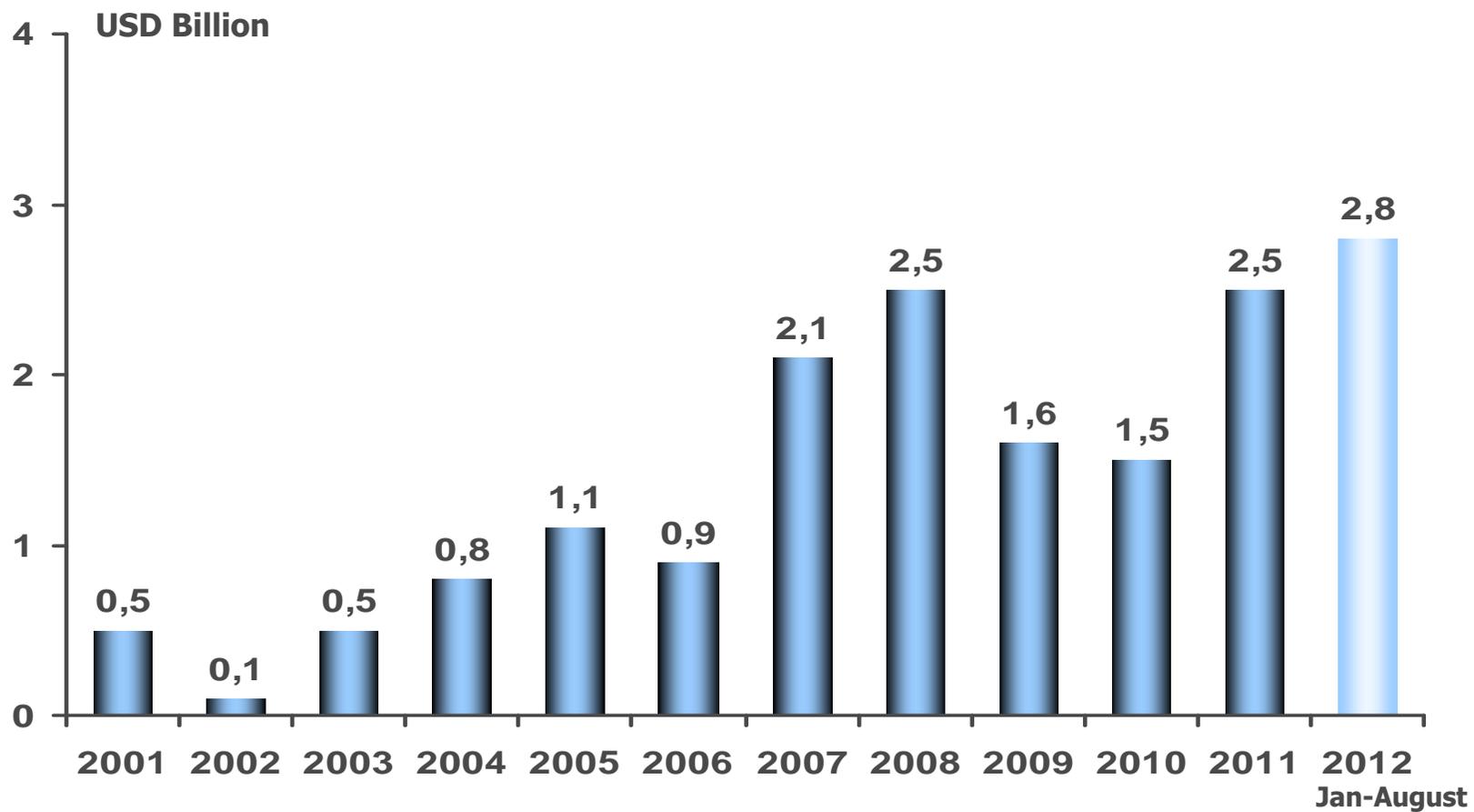
ITALY – FDI CAPITAL INFLOW



Source: CBRT



✓ Turkey is becoming a global player with increasing outward investments.



Source: CBRT, BOP Report



	2013*	2014*	2015*
GDP (Billion \$, Current Prices)	858	919	998
GDP Per Capita (\$)	11,318	11,982	12,859
Real GDP Growth	4.0	5.0	5.0
Unemployment Rate (%)	8,9	8,8	8,7
Tourism Income (Billion \$)	25	27	28
Current Account Balance (Billion \$)	-60,7	-63,6	-64,7
Current Account Balance / GDP (%)	-7,1	-6,9	-6,5

Medium Term Programme aims to sustain economic growth, to decrease the current account deficit, and to preserve macroeconomic and financial stability.

2023 TARGETS:

- 2 trillion dollars of Gross Domestic Product
- 25,000 dollars per capita GDP
- One of the ten biggest economies in the world
- 500 billion dollars of exports



**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY**

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