

Yasemin Öztürk, Local Trade Officer, Swiss Business Hub Turkey

DOING BUSINESS IN TURKEY



What do you know about Turkey?



**Mustafa Kemal
Atatürk**



Kebab



Bosphorus

10 good reasons to come to Turkey



Robust economy

Strategic location

Liberal Investment
Climate

Skilled & Cost-
competitive Labor
Force

Favorable
Demographics

Lucrative
Incentives

Benign R&D
Ecosystem

Track Record

Sectoral
Opportunities

Large domestic
market & EU

Facts & Figures

TURKEY AT A GLANCE



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CH - TR

Indicators (2015)	Switzerland	Turkey	Comparison
Surface	41'285 km ²	783'562 km ²	1 x 20
Population	8.2 Mio	73 Mio	1 x 9
Population TR in CH / CH in TR	~15%	~17%	1 x 1.3
GDP per capita	~55'000 CHF	~10'000 USD	1 x 5.5
GDP	~450 Bn USD	~750 Bn USD	1 x 1.7
GDP growth	~1.5%	~7%	1 x 4.7
Unemployment	~3.5%	~10.2%	1 x 3
CH with World	195 bln USD	220 bln USD	1 x 1.1
TR with World	~242.5 bln USD	~1537 bln USD	1 x 6.3
CH with TR	~1.2 bln CHF	~1.96 bln CHF	1 x 1.6

Direct Investment	
FDI from TR to CH	0.55 bn CHF
FDI from CH to TR	2.6 bn CHF

Source: CIA World Factbook 2015

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Macroeconomic Indicators & Trends

Switzerland and Turkey in International Ranking	Switzerland	Turkey
Global Competitiveness Index 2014-2015 (WEF)	1	45
Ease of Doing Business, 2015 (WorldBank)	20	55
The Global Innovation Index 2015 (Doing Business)	1	58
Corruption Perception Index 2015 (Transparency)	7	66
Index of Economic Freedom 2015 (The Heritage Foundation)	4	79
Quality of Life by Cities 2015 (Mercer)	3 (Zurich)	37 (Bursa)



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- The 61th government program foresees that Turkey will be among the **10 biggest global** economies in 2023. It aims to reach **500 billion USD in exports** volume with an average of **12% increase** in exports annually. **GDP 2 trillion USD, GDP per Capita 25K USD, 5-6% unemployment**
- Turkey's tomorrow is to **invest strongly into research & development, into infrastructure, into the country positioning and into the way of working.**


- → i.e brand



new



old

 Not to forget is that Turkey has not only access to one market but multiple markets → 1,9 billion people; \$27 trillion GDP; \$8 trillion trade



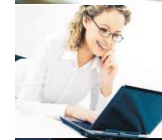
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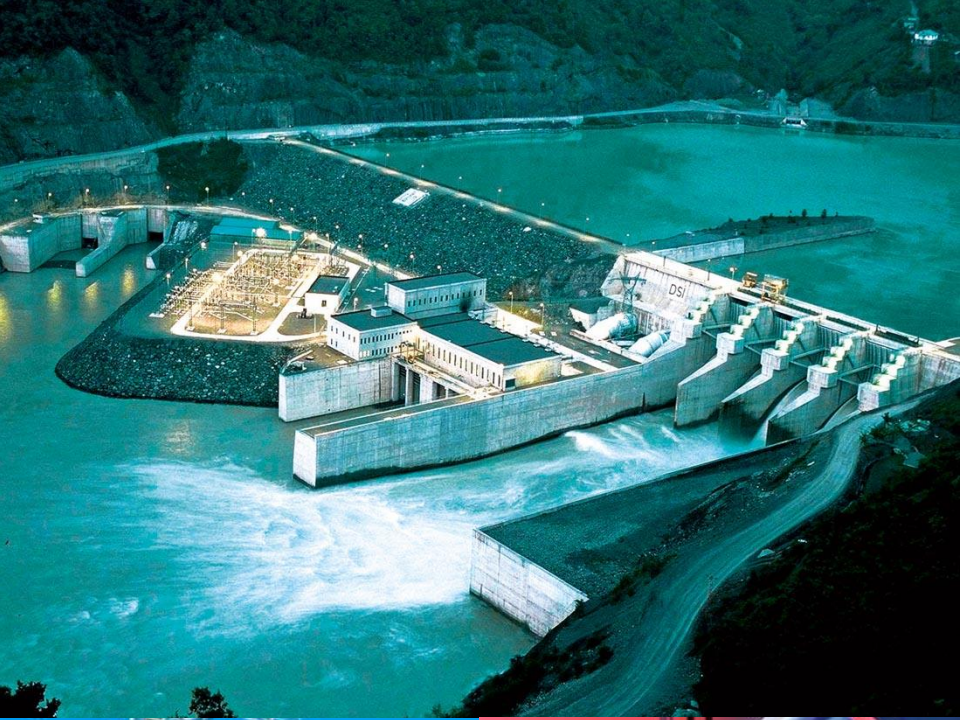
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Management Summary

- Turkey is the world's 17th and Europe's 6th largest economy (IMF World Economic Outlook, October 2015, TurkStat)
- Turkey is the 6th most visited holiday destination in the world after F, US, ES, Ch, I → 36 Mio visitors in 2015
- Turkey is the 8th largest steel producer in the world and 2nd compared with the EU countries (worldsteel 2015)
- Turkey is the 17th largest automotive producer in the world, 2nd largest auto source in Europe (+1M vehicles per year)
- The largest youth population when compared to the EU countries
- 32,6 million broadband internet subscribers (2015)
- 57 million credit card users (2015)
- 69.6 million GSM users (2015)





enabling new business

+ SWITZERLAND
GLOBAL
ENTERPRISE

Bilateral Trade

TRENDS & OPPORTUNITIES





CH-TR Bilateral Relations; Legal Framework of the Economic Relations

Year	Agreement
1930	Trade Agreement
1942	Agreement on the Organization of Commercial Exchange and Payments
1988	Agreement on the Reciprocal Promotion and Protection of Investment
1991	Free Trade Agreement EFTA-TURKEY
2001	Memorandum of Understanding (MoU) of Joint Economic Commission
2002	MoU on High Level Commercial and Economical Consultation
2009	MoU in Energy Cooperation
2011	EFTA Protocol E (Mutual Recognition of Conformity Assessment of Products)
2013	Avoidance of Double Taxation Agreement








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3.1 Export Figures & Market Potential

Export	2014	2015 (estimate)
Total Imports from CH Bn CHF	1,975	2,151

Most Important Industry Sectors (2014)	%	Mio. CHF
Prod. of Chemicals, Pharmaceuticals or Allied Industries	44.0	0,876
Machines, Appliances, Electronics	28.0	0,553
Precision Instruments, Clocks, Watches and Jewelry	14.2	0,28
Forestry & Agriculture	12	0,23

Outlook Industry Sectors 2015/2016

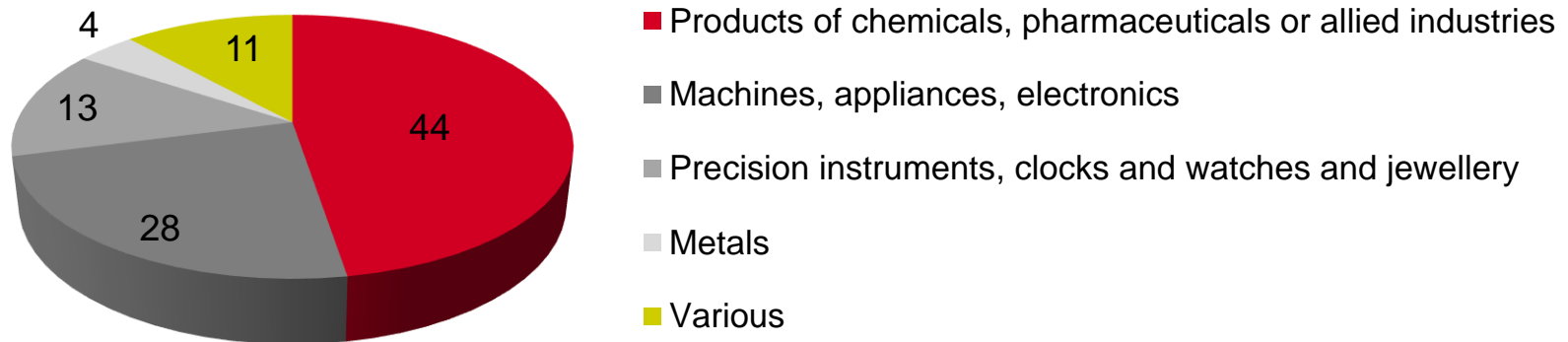
Healthcare, Medtech, Biotech, Pharmaceuticals	
Machines, Appliances, Electronics	
Precision Instruments	
Metal	
Luxury Goods	
Forestry & Agriculture	
Product of Chemicals, Pharmaceuticals	

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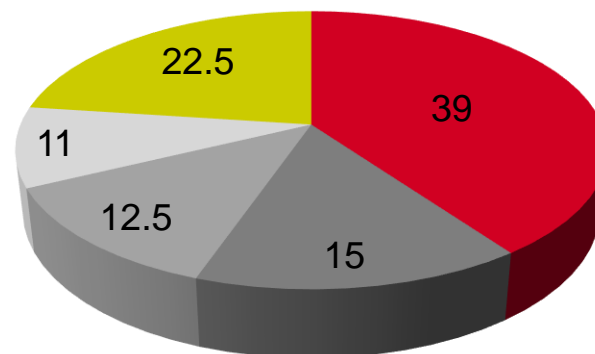
Bilateral Trade by Sectors

Swiss Exports to Turkey by Industries



Swiss Imports from Turkey by Industries

- Textiles, clothing, shoes
- Vehicles
- Forestry and agricultural products, fisheries
- Metals
- Various



Source: Fed. Customs Administration

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Trends & Opportunities



**ICT &
INFRASTRUCTURE**

LIFE SCIENCE

**RENEWABLE
ENERGY**

CONSTRUCTION



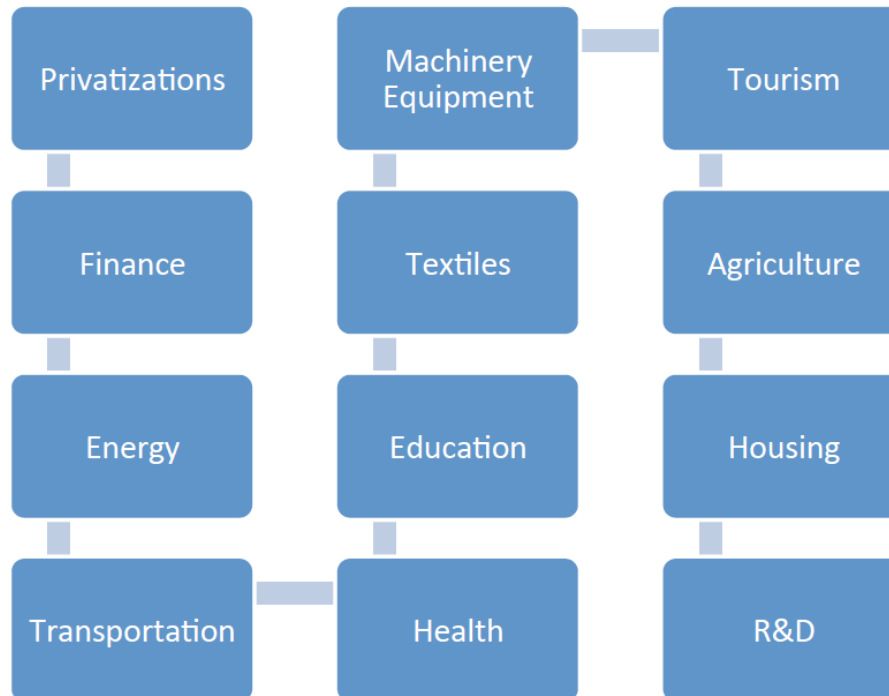
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Trends & Opportunities

Investment Opportunities



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ENERGY

- Growing demand
- Energy corridor; proximity to 70% of world's proven primary energy sources
- Untapped renewable sources
- In the last decade energy demand and electric consumption have increased by 4% and 8% per year
- Turkey needs to make over \$200 billion investment in electricity production in the next twenty years
- Privatization of energy generation assets and electricity distribution networks
- The framework agreement (2009) b/w Switzerland and Turkey aims to encourage business and technical cooperation in various fields (e.g. Renewable, energy efficiency, nuclear safety etc.)

- Increasing/developing of renewable Energy resources
 - wind-, solar- and geothermal power plants
- Improving of Energy Efficiency



- Building Nuclear Capacity



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TRANSPORTATION

- Total Investment required (2007-2023): EUR 59 bn
- Waste and waste management; waste water and water management
- Railways: Turkey plans to increase 11'000 km current network of rails to 25'000 km within ten years; 5'500 light vehicles (metro) is projected in twenty years
- Highways: construction of highways/bridges connecting major economic zones (USD 10 bn)
- Airports: rehabilitation and/or expansion of existing airports and construction of new airports (150 mio passengers, construction cost EUR 10 bn)
- Privatization of some existing networks



→ **General:** 2013-23 > USD 350 bn will be invested
Intensity of highway, motorway and railway

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MAJOR PROJECTS



TURKEY'S BIGGEST TECHNOPARK

- On the Asian side of Istanbul
- 750 000 m²
- Costs: USD 4 bn



THIRD BOSPORUS BRIDGE

- At the northern end of the Bosphorus
- 1 875 m
- Costs: USD 2 bn



THE WORLD'S BIGGEST AIRPORT

- Capacity for 150 Mio passengers per year
- Area of 90 mio m²
- Costs: EUR 10 bn

- IZMIT GULF TRANSIT
- ISTANBUL-IZMIR HIGHWAY
- HIGH SPEED TRAIN THROUGH ANKARA-BURSA-ISTANBUL
-

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INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

- Fastest growing IT companies in the region are from Turkey, 27 of the 500 fastest growing tech companies in EMEA are Turkish
- Cell phone penetration rate is over 90%. Internet penetration is 45% (more than doubled in last 5 years)
- Market size is around >\$30 billion (2013) and huge potential for further growth
- E-commerce is expected to exceed \$13 billion in 2014 (16 times bigger compared with 2005)
- Increasing budget allocation by government for public IT investments



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RETAIL BUSINESS

- Market size is expected to exceed \$300 billion in 2013
- Food, home appliances, textile, technology products and luxury products are the major categories

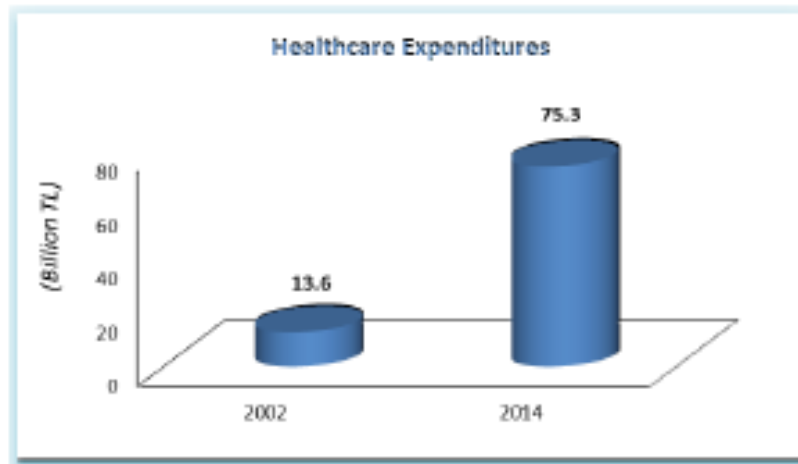


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HEALTHCARE

- The Turkish healthcare system has been undergoing a reform process. The government aims to increase the quality, efficiency and accessibility
- More than 40 new state hospitals are planned to open in 29 provinces (\$750 million)
- Over 100 new private hospitals in addition to existing 500 private hospitals to be opened
- The size of the pharma sector is expected to reach more than \$15 billion in 2014



Source: The Ministry of Finance

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MEDICAL TECHNOLOGY

- Turkey has discovered a new and very lucrative revenue stream – medical tourism – but still needs to put a high level of investment in if it is to position itself as a global player.
- The medical tourism business is going very well in Turkey, with sales already hitting the equivalent of USD10.5 billion by 2012 - and this has more than doubled since then. In the first 10 months of this year, the figure reached USD 25.4 billion, and is set to increase to over USD32 billion by 2019.
- Treatment for eye and cardiovascular diseases, heart transplants, dental procedures and plastic surgery are currently popular with medical tourists in Turkey.

Life Science Fact Finding Mission

October 17 - 21, 2016



Adobe Acrobat
Document



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Sum up

SWOT: Year Analysis 2015	
Strengths	Weaknesses
<ul style="list-style-type: none">• Large, dynamic market• It has an ideal strategic geographical location for trading• Strengthened investor protections through a new commercial code• Steady regulatory improvements are making it easier to set up and run a business in Turkey• Reduced time for dealing with construction permits	<ul style="list-style-type: none">• Current account deficit continues to be a source of vulnerability• Weakness and relapse in education• Strong dependence on imports of energy sources• Signs of anti-democratic statecraft• Lumbering bureaucracy• Increase on Minimum Capital for new businesses• Corruption• Poor IPR protection
Opportunities	Threats
<ul style="list-style-type: none">• Growing suburbs & sub-regions• Young and skilled labor force → Growth of know-how (returnees) and R&D (government)• Potential role as an energy –gas hub• Manufacturing (hub) of high quality products• Strategically located between key markets in Europe, the Middle East, Russia and Central Asia• Growing interest in renewable energy and energy efficiency• There are many industrial locations and resources untouched	<ul style="list-style-type: none">• Education system is not delivering enough of the skills needed by an innovative and dynamic entrepreneurial business sector• Threat of energy shortage• Currency risk• High inflation• Instability at the borders such as the disturbance caused by ISIL and PKK• Excessive increase in immigration from neighbour countries

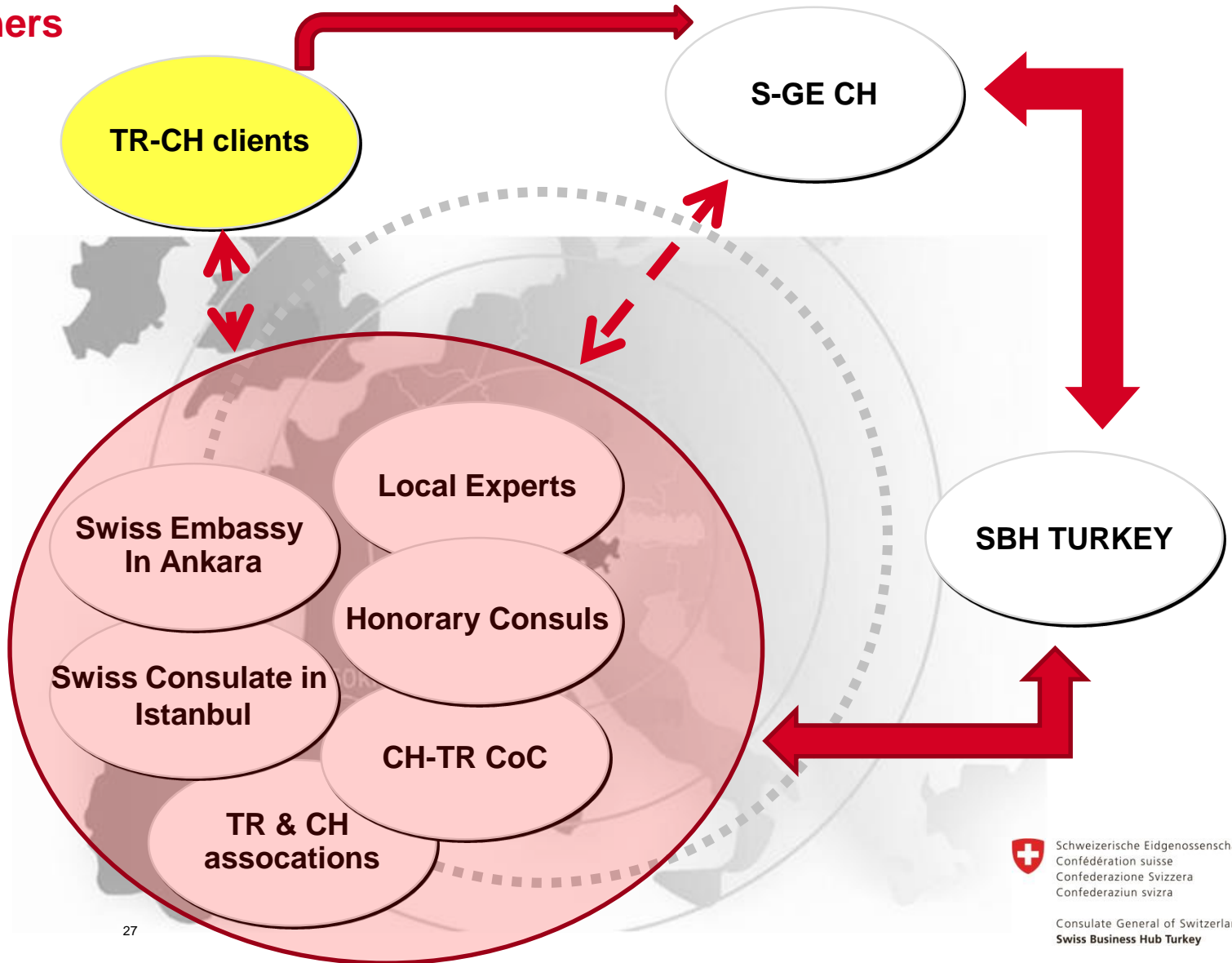


S-GE / SBH TURKEY



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Partners



Partner



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TÜRKİYE'DE İSVİÇRE TİCARET ODASI DERNEĞİ
SCHWEIZER HANDELSKAMMER IN DER TÜRKEI
CHAMBRE DE COMMERCE SUISSE EN TURQUIE



INVEST IN TURKEY



DIŞ EKONOMİK İLİŞKİLER KURULU
FOREIGN ECONOMIC RELATIONS BOARD



TUSKON

TÜRKİYE İŞ ADAMLARI VE
SANAYİCİLER KONFEDERASYONU



İSTANBUL
TİCARET
ODASI 1882



GELECEĞİN
KADIN LİDERLERİ
KAGİDER



İSTANBUL
SANAYİ ODASI



TÜRK
SANAYİCİLERİ
VE
İŞADAMLARI
DERNEĞİ



T.C.
Küçük ve Orta Ölçekli İşletmeleri
Geliştirme ve Destekleme İdaresi Başkanlığı

→ VARIOUS LOCAL EXPERTS AND
OTHER CHAMBERS AND INSTITUTIONS



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A nighttime photograph of a cityscape, likely Istanbul, featuring a mosque with two minarets in the foreground, a highway bridge with light trails in the middle ground, and a dense skyline of illuminated skyscrapers in the background.

QUESTIONS?

**GRACIE!
TEŞEKKÜRLER!**

BACK UP SLIDES



BACKGROUND Turkey

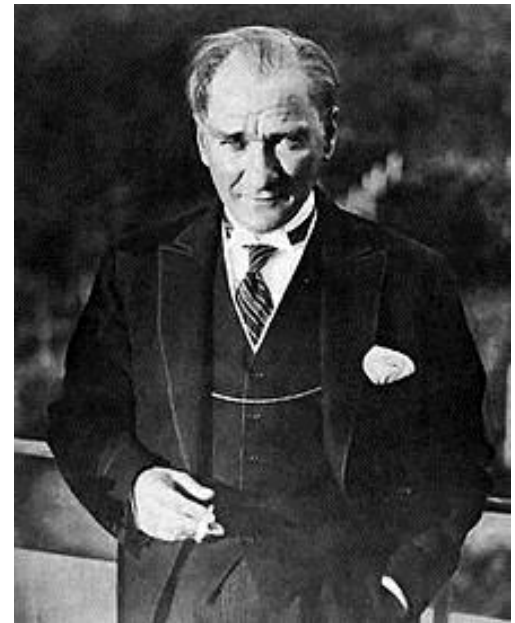


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Mustafa Kemal Atatürk – Father of the Turks

- Military Commander 1st WW
- Destruction Greek forces in Asia Minor (1919–1922)
- 1923 founding of Republic of Turkey (Treaty of Lausanne → peace treaty signed in Lausanne, ended the state of war with allied British Empire, French Republic, Kingdom of Italy, Empire of Japan, Kingdom of Greece...)
- First reforms based on western ideologies (Latin alphabet, metric system, Gregorian calendar, surnames, separation of powers of the state → legislative power executive power and judicial power, equality of gender, women voting rights, etc.)
- Introduction of the civil code based on the Swiss civil code)

→ **Secular, modern nation state**



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Characteristics; Pride and Nationalism

- Proud of
 - history
 - culture
 - country
 - modernity (westernization)
 - family
- Turks see themselves as Europeans!



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Turkey – two faces

- Cosmopolite and western oriented Cities i.e. Ankara, Istanbul, Izmir, Bursa
- Rural area



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Historicals, good to know about Turkey

Two of the Seven Wonders of the World are located in Turkey



**THE MAUSOLEUM AT HALICARNASSUS
(TOMB OF MAUSOLUS)**

In today's Bodrum



TEMPLE OF ARTEMIS

Near Izmir



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JULIUS CAESAR – VENI VIDI VICI

Julius Caesar spoke these famous words after defeating Pharnaces II, the King of Pontus (at the northeastern province of Anatolia on the southern coast of the Black Sea) in 47 AD.



CLEOPATRA

Marcus Antonius gave Cleopatra one part of the southwestern coast of Turkey as a wedding gift.

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Santa Claus was born in Demre, a settlement at the Mediterranean coast of Turkey.



The city of Troy – the district of the ancient Trojan wars – lies in the west of Turkey.

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Good to know about Turkey Nutrition



70 % of the worldwide hazelnut production comes from Turkey

Turkey is also the largest producer and exporter of apricots, cherries and dried fruit

Turkey is the second largest pasta producer in Europe behind Italy

Coffee was brought to Europe by the Turkish

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Good to know about Turkey Other



TURKISH AIRLINES
Turkish Airlines is the fourth largest Airline in Europe and it won the «Best European Airline Award» in 2011



INTERNET
Turkey is ranked 7th in Europe (27th worldwide) in terms of Internet usage



AUTOMOTIVE PRODUCTION
Ranked 17th worldwide and 7th in Europe



And hundreds of other reasons to invest in Turkey...

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Family

*“Ich traue keinem Manager,
Rechtsanwalt etc. – ich traue nur
meiner Familie.”*

(Hakan Yakin, NZZ, 2.9.2005)



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Trust

- To show respect & interest for country, people, culture, rules
- To prove reliability
- To be a member of the family
- To have personal contact / regularly visits TR-CH
- To know some Turkish words
- To do dinners/lunches
- To congratulate to celebrations (Bayram)



Loosing Face

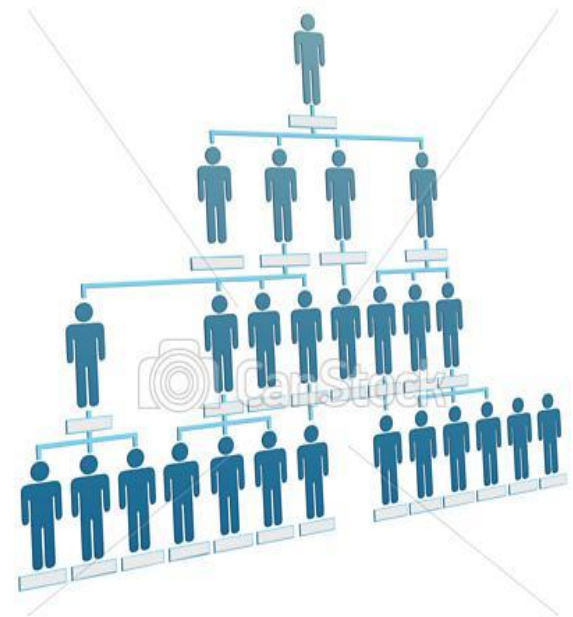
- “loosing face”
 - No direct critics
 - Not being pushy
 - Indirect communication
- Challenges: Evaluation of partner’s know how
- *To ask in a diplomatic way*



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Hierarchy

- Hierarchy is important (age and sex not imp., except in the family)
- Important is protocol: sittings, rules, etc.
- Top-down system (very westernized and modern comp. → bottom-up)
- Challenge: “Decision Makers” to identify and meet
- *SBH Turkey can operate as “Door opener”*



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First meeting

- Business casual /business dress code
- Start with “Merhaba” (good day) oder “Nasilsiniz” (how are you?) / Small Talk (family, football, weather...)
- Attention: don’t start with politics!
- Tea or Coffee
- Slow negotiations → don’t push
- Trust and Friendship takes time
- Presents
- You → Naming by man: -Bey
Naming by woman -Hanım



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Communication / Negotiation

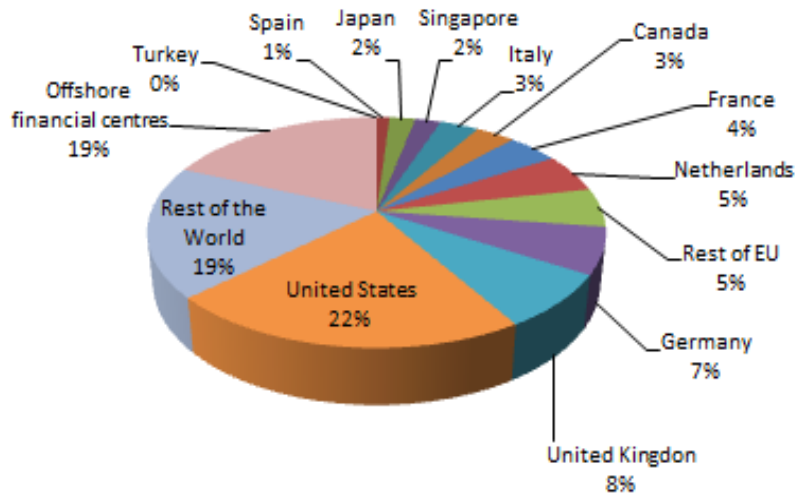
- Indirect communication (oral/written)
- Dynamic and intensive
- Challenging partners to negotiate
- Very price sensitive
- Everything can happen: between anger and hugging
- *To be patient, flexible, strategic and also hard*



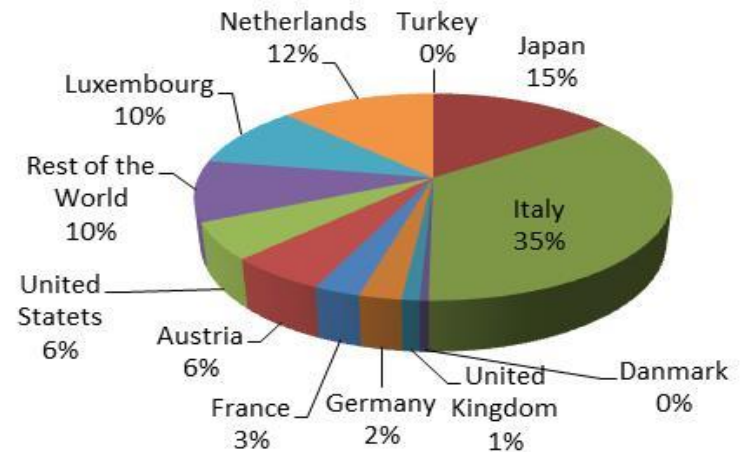
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Foreign direct investments, from and to Switzerland

Notable Swiss firms investing in Turkey:



Notable Turkish firms investing in Switzerland:



ABB, Adecco, Blaser Swisslaube, Bühler AG, Credit Suisse, Glencore, Mövenpick Hotel, Nestlé, Glencore, Novartis Oerlikon, Phonak, Roche, Sandoz, Schindler, Sika, Swiss, Syngenta, UBS, Viatrans, Barry Callebaut, Ammann-Technomak, Pfiffner, BR Schneider-Ammann, Swatch Group, Swissotel

Kofisa SA (Koc Group), Dilko SA (TR Peugeot Supplier), Baytur SA (Cukurova Group), Kibar Intl. (Kibar Group), City Trade SA (Altinbas Group), Europe Credit Bank (FIBA), Is Bank GmbH, Bank Commerce Deplacement (Yapi Kredi), Rixos Hotel, Dogus Holding, various advocate offices