

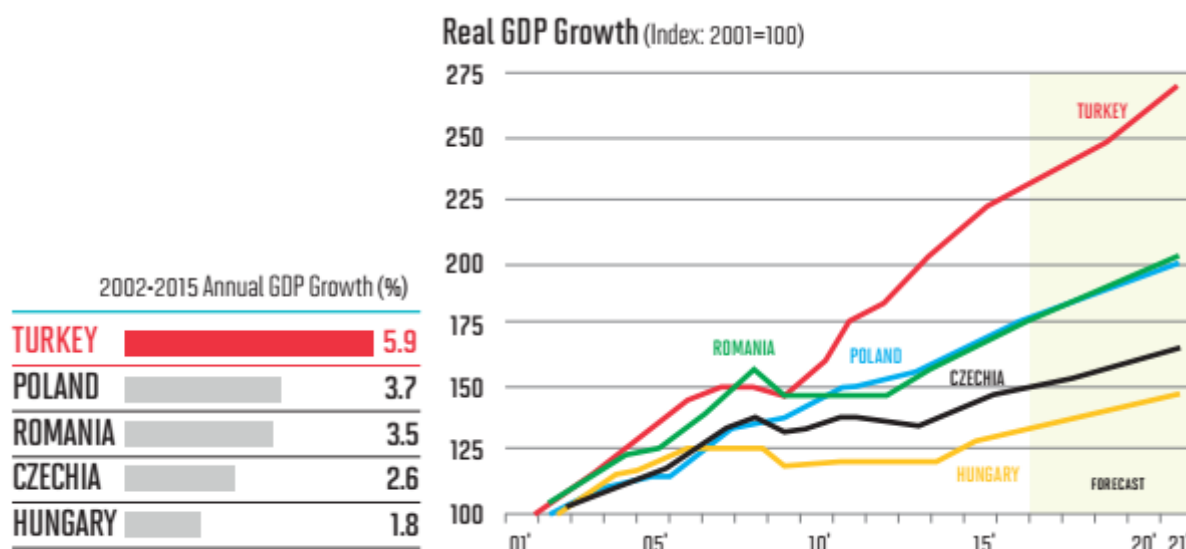
GENERAL INFORMATION

ABOUT

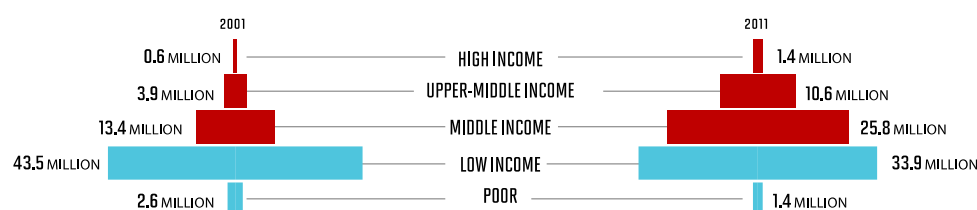
TURKEY'S INVESTMENT ENVIRONMENT

Turkey's Investment Environment

Turkey is a dynamic and growing G20 economy that links east and west in a unique way. In addition to being one of the world's fastest growing economies, Turkey also supports international investors' growth via a business-friendly agenda and by permitting access to a large domestic market and neighboring international markets.



Turkey's strong market fundamentals, its young and dynamic population with an average age of 30, a well-educated work force, increasing rates of employment over the years, a growing middle-class, and its unique geographical location have all helped transform Turkey into the fastest growing OECD member country. As of the end of 2015, Turkey is the 17th largest economy in the world, with an average growth rate of around 5.9% since 2002.

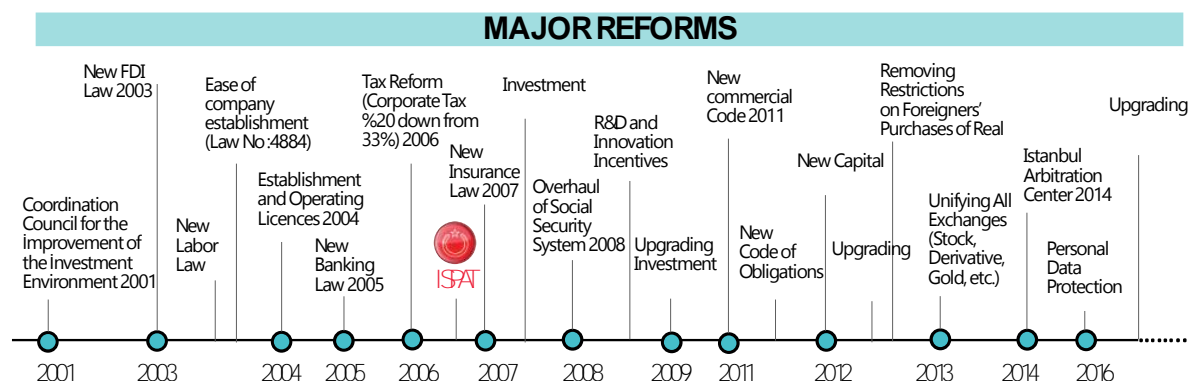


Source: IMF, Turkstat, Pew Research ; The poor live on \$2 or less daily, low income on \$2.01-10, middle income on \$10.01-20, super-middle income on \$20.01-50, and high income on more than \$50; figures expressed in 2011 purchasing power parities (PPP) in 2011 prices

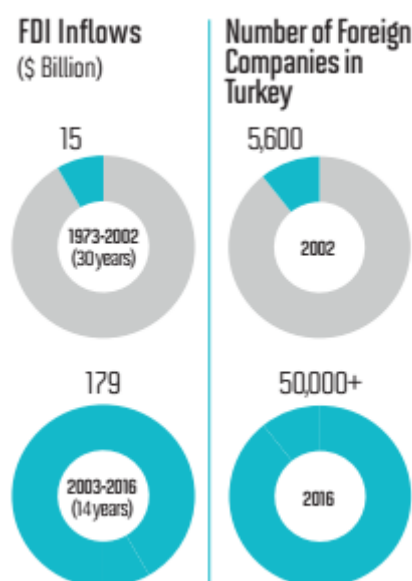
Turkey's location, at the crossroads of Europe, Central Asia, and the Middle East, provides easy access to the European, Middle Eastern, North African, Central Asian, and Gulf markets that comprise more than 1.6 billion people and a total GDP of USD 28 trillion. More than half of the world's trade takes place within a four-hour flight radius of Turkey – a key reason why multinational companies like 3M, Coca Cola, Microsoft, and Intel have chosen Turkey as a strategic regional hub for their operations.

Taking cues from the strong foundation that it built to attract international investments, Turkey put into practice successful economic reforms to support its internal investment environment. Structural reforms over the last decade have ensured that all international businesses have the same rights and abide by the same regulations as domestic companies, providing a secure environment for

international investors. Some of the reforms and incentives introduced for the improvement of the investment climate include R&D and tax reforms, sectoral incentives and a general incentives scheme, all of which provide attractive opportunities for investors looking at Turkey.



As a result of these reforms, Turkey started to climb up in the World Bank's Ease of Doing Business ranking and became a global economy with a rising level of inward investment flows. As of 2016, the number of companies with foreign capital in Turkey reached 53,000, up from 5,600 in 2002. Up until 2002, total FDI into Turkey stood at USD 15 billion; however, from 2003 to December 2016, Turkey has attracted more than USD 179 billion of FDI.



There has also been a transformation in FDI source countries and sectors of FDI inflows. The trajectory is clearly towards high quality FDI. Turkey has not only been receiving more FDI into manufacturing and energy sectors, but it has also been diversifying its FDI sources. In addition to USD 140 billion of equity FDI, Turkey also attracted nearly USD 40 billion of inward investment into real estate over the last 14 years. International investment in real estate is a strong signal that the international community has confidence in the business environment and legal framework of the country.

Turkey - Italy Relations

There has been a rapid increase in Italian investments in Turkey in the past 14 years. The FDI stock of Italian companies in Turkey has reached USD 3 billion since 2002. As of the end of 2016, more than 1,360 companies exist in Turkey with Italian capital. These include investments of Ferrero, Fiat, Unicredit, Pirelli, Astaldi and Recordati, Intesa San Paolo, Barilla, Perfetti, and Generali among others. While this figure took off in the past 5 years, it is still low when compared to investments coming from Germany or France which means there is still a huge potential to grow together. The geostrategic position of Turkey is a big advantage for Italian companies willing to work with Turkish companies in third countries and looking to reach the attractive markets of the surrounding regions. Furthermore, the SMEs that constitute the backbone of the economy of the both countries can forge beneficial partnerships and grow together.

Turkey and Europe remain important and strategic economic partners and Turkey is of enormous geopolitical and economic importance to Europe. Turkey's young and growing population represents an important market for European exporters – and the GDP of Turkey accounts for roughly 1.2 percent of global GDP. Moreover, the Customs Union with the EU since 1996 permits the trade of industrial goods between the two zones free of customs duties. Turkey and Italy are sizeable trading partners: Italy being Turkey's 3rd largest export and 5th largest import partner in 2016. During that same year, the trade volume between the two countries was USD 17.8 billion.

About ISPAT

Established in 2006, under the auspices of the Prime Ministry, as part of an overall action plan to create a more business-friendly economic environment in Turkey both for domestic and international investors, the Investment Support and Promotion Agency of Turkey (ISPAT) is the official organization for promoting Turkey's investment opportunities to the global business community and for providing assistance to investors before, during, and after their entry into Turkey. ISPAT serves both as a reference point for international investors and as a point of contact for all institutions engaged in promoting and attracting investments at national, regional, and local levels.

Active on a global scale, ISPAT operates with a network of local consultants in China, France, Germany, Japan, Saudi Arabia, Spain, the UK, the USA, South Korea, and UAE. ISPAT offers an extensive range of services to investors through a one-stop-shop approach, and assists them in obtaining optimum results from Turkey. ISPAT's team of professionals can assist investors in Arabic, Chinese, English, French, German, Italian, Japanese, Korean, Russian, or Spanish as well as Turkish, and is dedicated to helping investors successfully develop their business operations in Turkey.