

# A safe haven for investment

By İLKER AYCI

PRESIDENT, INVESTMENT SUPPORT AND PROMOTION AGENCY OF TURKEY (ISPAT)



İLKER AYCI

is a graduate in Political Science and Public Administration from Bilkent University. He worked at Kurtsan Pharmaceuticals, the Istanbul Metropolitan Municipality, the Universal International Trade Company and was General Manager of Başak Insurance Company in 2005-2006 and the Güneş Insurance Company in 2006-2010. He also served on the board of many organisations including the Association of the Insurance and Reinsurance Companies of Turkey (TSRŞB), the Foreign Economic Relations Board (DEİK) and the Turkish-Chinese Business Council.

As the recovery in the world economy falters and faces the threat of a second recession, investors are looking for safe havens. Turkey, with its robust economy, offers investors a secure investment environment with lucrative opportunities. The Turkish economy expanded 9 per cent in 2010. Turkey's strong economic performance has continued into 2011 with the economy expanding by 11.6 and 8.8 per cent in the first and second quarters respectively. The OECD expects Turkey to be the fastest growing OECD economy during 2011-2017 with an average annual growth rate of 6.7 per cent.

Today Turkey is the 17th largest economy in the world and it is expected to be among the top 10 economies in the next decade. Turkey is also an industrial power house being the world's eighth largest steel producer and the second largest among the 27 EU countries. It is also the 16th largest automotive producer and the largest manufacturer of both commercial vehicles and television sets in Europe.

Global investors have been flocking to Turkey. Turkey has attracted more than US\$ 100 billion foreign direct investment (FDI) over the past nine years, in comparison to just US\$ 15 billion in the preceding eight decades before 2003. FDI has increased 100 per cent in the first nine months of 2011 compared to the same period last year.

As an industrial powerhouse and a regional business hub, Turkey offers tremendous opportunities to British companies to penetrate the growing economies of the Middle East, North Africa, Central Asia, the Balkans, and the Caucasus. British investors are already aware of Turkey's vibrant economy and growing regional power with the UK being one of the major investors in Turkey. Today, there are more than 2000 British companies in Turkey, up from around 400 in 2003. For example, HSBC has successfully ridden the wave of economic growth in Turkey and as of today has almost doubled its total balance sheet in Turkey after the acquisition of a local bank in 2001. Similarly, Vodafone Turkey has been the fastest growing unit within Vodafone Europe, doubling the number of its subscribers to 18 million today, up from nine in 2005, when it acquired a local GSM operator.

Britons have also invested in real estate in Turkey with 35,000 Britons owning property in the country, the highest among the foreign real estate owners in Turkey. The number of the British tourists visiting Turkey has almost tripled reaching to 2.7 million in 2010 as compared with 2002. That is why Turkey is the seventh most visited

holiday destination in the world offering exquisite services to tourists in many areas from healthcare, spas, culture to religious tourism, not to mention historical sites and seaside resorts. Speaking of tourism, 17 of the world's best ranked hotels are located in Turkey according to TUI Holly, an international tour operator which also consults hoteliers.

Abundant investment opportunities are available ranging from automotive, ICT, energy, renewable energy, iron and steel to petro-chemicals. There are also different avenues of investment in Turkey for British investors. The expertise of British companies in public private partnership (PPP) projects is more than welcome in Turkey. The national and local authorities in Turkey have been implementing numerous investment projects through PPP and are keen to realize further opportunities in education, energy, defense, health, transportation and other public services. Similarly, opportunities are also available in privatization projects. While Turkey's privatization efforts totaled US\$ 44 billion in the last eight years, there are still several more areas to be privatized including infrastructure and energy generation. The Turkish government's Istanbul Finance Center project offers global companies a chance to run their financial operations in the region from Istanbul thanks to various incentives including a skilled workforce, and a global, cosmopolitan city with a vibrant local economy. Financial investors from the UK are welcome to contribute to and benefit from this development.

Global companies have decided to take advantage of Turkey's unique characteristics by establishing manufacturing bases or by moving their regional headquarters to Istanbul. For example, HP has recently inaugurated a manufacturing facility in Turkey to produce and export more than two million computers. GE Healthcare moved its regional headquarters to Istanbul to manage its operations in 80 countries in four major regions – Central Asia, the Middle East, Russia and Africa. Both Coca Cola and Microsoft have their regional headquarters in Turkey, managing almost a hundred countries from Turkey.

As the official organization for promoting Turkey's investment opportunities to the global business community and providing assistance to investors before, during and after their entry into Turkey, ISPAT welcomes British investors to Turkey and is ready to serve as a reference point for them.