Opportunities for Investment in İzmir
İzmir Development Agency has been established by the cabinet decision in 2006.

Under the coordination of the Ministry of Development, the Agency is governed by a Executive Board under the presidency of Governor. The mayor of the city, the president of the provincial assembly, the chairman of chamber of commerce and chamber of industry are also the permanent members of Executive Board.
Who we are?

There is also a **Development Council** which is the consultative component of İzmir Development Agency consisting of 100 people from public, private and civil society sectors and academics.

Development Council gives consultative decisions about policies and strategies of the Agency across the problems and opportunities faced in the region.
Our services

İzmir Development Agency is

• **Preparing regional development plans** of İzmir with solid participation of local actors within the frame of the national development plans

• **Providing financial and technical support** to projects and development activities in accordance with the main targets, objectives and priorities defined in regional development plans

• **Promoting the investment and business environment** and opportunities in İzmir across national and international levels

İzmir Development Agency
Our services

Investment Support Office
As İzmir Development Agency Investment Support Office, we work as a “One Stop Shop” for investors aiming to increase their competitive edge and open their businesses to new markets by investing in İzmir.

The following services are provided free of charge:
• Consultancy in every step of the investment process
• Coordination and follow up during the official license and permission application process
• Support in developing new partnerships
Our services

Investment Support Office

1. Investment Decision Stage

We can give support to provide the necessary information for your final decision.

- Investment premises alternatives
- Budgeting
- Infrastructure
- Target market, competitors, suppliers, customers
- Information about administrative formalities
- Incentives
Our services

Investment Support Office

2. Setting up your business entity
We can give support to provide the initial guidance and put you in touch with professionals that you will need during your establishment period.
- Form of corporation
- Articles of association
- Commercial Registry
- Residence and work permits
3. Creating your Business Network

- Recruiting your team
- Networking with universities, industry associations, etc.
- Inform you about the events in your sector
- Networking with public bodies
Agenda

✓ Turkey at a glance
  • Economical conditions and performance
  • Structural reforms and incentives

✓ The reasons to invest in İzmir
  • Social potentials and opportunities
  • Economical potentials and opportunities
  • Current issues and important infrastructural projects in İzmir Region
Turkey at a glance

- 18th largest economy in the world and 7th when compared to the EU Countries in 2011 (IMF).

- Total GDP is 772,3 billion dollar in 2011

- The largest youth population when compared to the EU countries
Turkey at a glance

- Turkey is the 10th largest steel producer in the world and 2nd compared with the EU countries (Worldsteel 2011)

- Turkey is the 17th largest automotive producer in the world (OICA 2011)
Turkey at a glance

Turkish Airlines is one of the fastest growing airlines in Europe

- The best airline in Europe (Skytrax 2011)
- 118 million airline passengers in Turkey (2011)
Turkey at a glance

- Turkey is the 6th most visited holiday destination in the world (2011)
- Out of world’s top 100 best hotels 22 are from Turkey (TUI Holly, 2012)
Turkey at a glance

Economical conditions and performance

Dynamic, stable and attractive economy

**Benchmarking Performance of the Turkish Economy**

- **2011 GDP (Current Prices, $Billion)**

**Annual Average Real GDP Growth (%) 2002-2011**

- Turkey: 5.2, Slovakia: 4.8, Russia: 4.7, Chile: 4.6, Brazil: 4.5, Korea: 3.9, Bulgaria: 3.8, Romania: 3.7, South Africa: 3.6, Czech Republic: 3.5, Mexico: 3.4, Hungary: 2.3, China: 1.5

- **Fastest growing economy among the OECD countries**

**Average Annual Real GDP Growth (%) Forecast in OECD Countries 2011-2017**

- Turkey: 5.0, Luxembourg: 4.9, Slovak Rep: 4.7, Hungary: 4.5, Korea: 4.1, Czech Rep: 3.9, Australia: 3.8, Mexico: 3.0, Greece: 3.5, Norway: 3.2, Finland: 3.1, Ireland: 3.0, Spain: 2.9, Sweden: 2.8, Iceland: 2.6, Poland: 2.8, Switzerland: 2.3, US: 2.1, OECD: 2.2, Austria: 2.1, Canada: 1.9, Netherlands: 1.8, Italy: 1.4, Belgium: 1.0, France: 1.0, Germany: 1.2, Portugal: 1.2, Japan: 1.2
Turkey at a glance

Economical conditions and performance

Dynamic, stable and attractive economy

Stability and high performance in the Economy

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

Maastricht Criteria: 60 %
Turkey at a glance

Economical conditions and performance

Dynamic, stable and attractive economy

Young population and skilled labour force
Turkey at a glance

Economical conditions and performance

Dynamic, stable and attractive economy

Increasing confidence in the Turkish economy

Foreign Direct Investment Confidence Index 2012

<table>
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<th>2012</th>
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Values calculated on a 0 to 3 scale
Turkey at a glance

Economical conditions and performance

Dynamic, stable and attractive economy
Increasing confidence in the Turkish economy

![Graph showing FDI Inflows and Number of Companies with Foreign Capital]

- FDI Inflows ($ billion):
  - 1923-2002 (80 years): 15
  - 2003-2011 (9 years): 110

- Number of Companies with Foreign Capital:
  - 2002: 5,6
  - 2003: 6,7
  - 2004: 8,8
  - 2005: 11,7
  - 2006: 15
  - 2007: 18,7
  - 2008: 21
  - 2009: 23,7
  - 2010: 25,5
  - 2011: 29,4
Turkey at a glance

Economical conditions and performance

International hub

Access to multiple markets more than 1,5 billion people and $ 25 trillion GDP
Turkey at a glance

Economical conditions and performance

International hub

Turkey as an Energy Corridor and Terminal
Turkey at a glance

Structural reforms and incentives

Key Elements of Structural Reform Agenda

- Public Sector Reform
- Financial Sector Reform
- Social Security Reform
- Tax Reform
- Enhancing Private Sector’s Role in the Economy
  - Opening the Key Markets to Competition, and Regulation by Independent Agencies
  - Improving the Investment Environment
  - Accelerated Privatization
  - New R&D and Innovation Support Law
Turkey at a glance

Structural reforms and incentives

New FDI Law & other legislation

- Protection against expropriation
- Guarantee of transfers
- Access to real estate
- International Arbitration
- Employment of expatriates
- Freedom to invest
- National treatment
- Corporate income tax 20%
Turkey at a glance

100th year targets of the Republic

Economy

- To take place among the top 10 economies in the world.
- Achieve, by 2023, a gross domestic product of $2 trillion.
- Increase annual Turkish exports to $500 billion.
- Achieve per capita income of 25 thousand dollars.
- A foreign trade volume of 1 trillion dollars.
- Increase employment rate by 10 points.
- 30 million people will be part of the working population.
- Reduce unemployment rate in Turkey to 5 percent.
Energy

- To build 20,000 MegaWatt installed capacity for wind energy and 600 MegaWatt installed capacity for geothermal energy.
- Use 20 percent less energy than in 2010, by more efficiently utilizing available energy resources.
Turkey at a glance

100th year targets of the Republic

Transport

- Build 11 thousand kilometers of new railway and expand high-speed train network.
- Have one of the 10 largest ports in the world.
- Turkish engineers producing own airplane, unmanned aerial vehicle and satellite.
100th year targets of the Republic

**Tourism**

- To make Turkey the fifth largest tourist destination.
- Host 50 million visitors in Turkey.
- Obtain 50 billion USD of tourism revenue.
The reasons to invest in İzmir

Social potentials and opportunities

Dynamic and well-educated population

Productive workforce making up 72% of the total population
The reasons to invest in İzmır

16,000 graduates per annum
9 universities

An abundance of vocational schools and high schools providing many sectors with skilled labour
The reasons to invest in İzmir

Social potentials and opportunities

High level of living standards

• Social and cultural facilities
• Education and health services
• Peculiar housing alternatives at affordable prices, good quality living environments
• Advanced urban transportation infrastructure
• Closeness to the touristic attraction areas
• 4-season tourism; religious, archeological, gastronomy, health, convention, cruise, etc.
• Beautiful natural environment
The reasons to invest in İzmir

Social potentials and opportunities

It’s not only a place to work, but also a fascinating place to live

- International İzmir Festival
- İzmir European Jazz Festival
- International İzmir Film Festival
- International İzmir Short Film Festival
- International Puppetry Festival
- Windsurf Competitions
- International İzmir Fair
- International Natural Stone & Technology Fair
- Organic Products Fair
The reasons to invest in İzmir

Social and cultural facilities
The reasons to invest in İzmir

*Education and health services*

 întegrated of The Healthy Cities Network

*EXPO 2020 İzmir-Turkey*

Candidate City

*NEW ROUTES TO A BETTER WORLD HEALTH FOR ALL*

İzmir, with its increasing number of medical schools and highly specialized trained clinicians and scientists, is becoming more attractive for health investments day by day.

- 27 state hospitals
- 18 private hospitals
- 3 university hospitals
The reasons to invest in İzmir

Peculiar housing alternatives at affordable prices, good quality living environments
The reasons to invest in İzmir

Advanced urban transportation infrastructure
The reasons to invest in İzmir

Four season tourism
The reasons to invest in İzmir

Beautiful natural environment
The reasons to invest in İzmir

Economic potentials and opportunities

...where the Silk Road meets the Aegean

..in the middle of everywhere..
The reasons to invest in İzmir

Economic potentials and opportunities

- proximity to foreign and domestic markets
- access to a high quality workforce
- low labour rates
- a highly developed infrastructure
- access to raw materials
The reasons to invest in İzmir

SOME PROMINENT INDICATORS

- The second largest commercial centre in Turkey
- A significant industrial base, realizing 9.3% of Turkey’s total industrial production
- Created 48% of the Aegean Region's GDP in 2008
- % 9.7 of the total employment of Turkey
- More than 4,000 export companies
The reasons to invest in İzmir

SOME PROMINENT INDICATORS

✓ 4.2% of the total imports and 5.8% of the total exports of Turkey

✓ Has high potential in motor vehicles, chemicals, industrial machinery & equipment, food & beverage production, renewable energy, tourism, automotive OEM, information & communications technology

✓ Has 1739 international companies
✓ Ranked the 4th City in Turkey regarding income tax
The reasons to invest in İzmir

SOME PROMINENT INDICATORS

✓ The traditional export items of İzmir are agro-industry products, machinery and mechanical appliances, automotive components, iron and steel, tobacco, foodstuffs and textile

✓ A worldwide reputation for its local products such as cotton, figs, grapes, tobacco, olives and superior quality olive oil
The reasons to invest in İzmir

Transportation & Logistics

İzmir enjoys the advantage of being a significant export orientated city. It utilizes the benefits of its geographical position close to the markets of the European Union and those of the Near and Middle East as well as having Turkey’s 2nd largest seaport, İzmir Alsancak Port.
The reasons to invest in İzmir

Transportation & Logistics

İzmir Alsancak Port

- Second largest container handling capacity in Turkey
- Total area of 525,000 m²
- Railway and highway connections to Europe, Asia and the Middle East
- Open to container, general, dry and liquid cargo ships as well as roll-on, roll-off vessels
- Continuous expeditions to all main ports of the world
- Potential capacity of 25 million tonnes
- Handles 26% of the total exports and 20% of the total imports of Turkey including 90% of all imports and exports from Turkey’s Aegean region
The reasons to invest in İzmir

Aliaga Port

- 12 private docks including Ege Gubre, Nemport and Petkim
- Open to third parties
- Approximately 4,500 vessels in 2010
- Annual capacity of 70 million tonnes
- Bulk freights, container and general cargo transportation
- Bulk freights: oil, chemicals, fuel-oil, diesel, gas, asphalt, naphtha, metal, iron, copper, grain, salt, etc.
The reasons to invest in İzmir

Çesme RoRo Port

- 1,060 vessels per annum
- Total length of 300 m quay
- Total area of 25,152.50 m²

Dikili Port

- Closed Warehouse of 21,500 m² and open storage area of 12,500 m² with a 4 km distance to the port
- General cargo and bulk freight port
- Annual capacity of 1 million tonnes
- Open to passenger vessels
The reasons to invest in İzmir

İzmir Adnan Menderes Airport

- Open to international flights
- Direct flights from more than 40 cities from European and Middle Eastern countries
- 18 km from the city centre
- Capacity of 9 million passengers per annum
The reasons to invest in İzmir

Aegean railway network
- The largest network in Turkey
- Connected to Europe, Asia and the Middle East
- Connected to the İzmir Alsancak Port
- Access to all cities and important districts in the Aegean region of Turkey
- Passenger, bulk, container and general cargo transportation
- Turkey’s biggest intracity light railway public transportation project

Highways
- Connection to Europe, Asia and the Middle East
- İzmir Ringroad, İzmir – Aydın and İzmir – Cesme Highways with international standards
The reasons to invest in İzmir

With its organized industrial zones including 7 active, 6 under construction and several in project phase, 2 free zones, 1 technology development zone and 4 main trade ports, İzmir is the investment attraction centre of the region.
The reasons to invest in İzmir

FDI trend in İzmir

Major international corporations that have chosen to invest in İzmir

Philip Morris, KT&G, Hugo Boss, Akzo Nobel, Delphi, Tetra Pak, Gates, Cummins, Enercon, PFW, Mahle, Tesco, Eldor, Hoffmann, Japan Tobacco International, IBM, Dr. Oetker, General Motors, Kanzai Altan, Fokker, Larth, Coca Cola, Pepsi, Pratt&Whitney
The reasons to invest in İzmir

FDI trend in İzmir

The number of international companies in İzmir increased by 45% from 2008 to 2011.
The reasons to invest in İzmir

Strategic sectors

Renewable Energy

• The city of İzmir is rich in terms of wind energy potential with theoretical capacity of 11,815 mW.
• The first wind power facility is founded in Çesme İzmir in 1998. The capacity was 1.5 mW.
• The first wind blade factory was established in İzmir in 2002.
• When evaluated in terms of wind energy, İzmir is ranked third in the country.
• İzmir has a research institute for solar energy named Aegean University Solar Energy Institute.
• İzmir has high potential in Geothermal Energy for producing energy, heating and Tourism.
The reasons to invest in İzmir

Strategic sectors

Chemistry

• Approximately 25% of overall Turkey export in chemicals sector is realised from İzmir

• Aliaga facilities belonging to one of the biggest petrochemicals companies of Turkey, PETKIM

• Leading sector companies such as DYO Paint and Kansai Paint are in İzmir
The reasons to invest in İzmir

Strategic sectors

**Industrial machinery**

**Excellent labour availability**
- A large workforce with 60,000+ employees
- A further labour pool of nearly 25,000 with related skill sets

**Attractive incentives**
- Investors may qualify for reduced corporate tax to 15%
- 100% tax reduction and other benefits for R&D investments

**High quality infrastructure**
The reasons to invest in İzmir

Strategic sectors

Strong presence of industry and R&D capability

- İzmir is in the fifth rank in Turkey regarding the number of companies in the sector
- Over 2,900 machinery & equipment companies
- Some very famous brands like Mecalac (France), Krone (Germany) and Bonfiglioli (Italy) have manufacturing facilities in İzmir.
- A further 2,500 related metals and metals manufacturing companies and over 2,000 motor vehicle & related production firms
- İzmir account for 7.91% of Turkey’s R&D in machinery & equipment
- Turkey is currently the world’s 10th largest producer of steel and 3rd largest in Europe

Low labour and property costs
Information & Communications Technologies

Untapped highly educated labour pool

- 2,100 university and vocational college computer science graduates
- 4,500 university and vocational students graduating each year in engineering

Very attractive incentives for software development

- The Izmir Technology Development Zone offers the following incentives:
- Profits 100% exempt from income and corporate taxed until Dec 31st 2013
- Wages of researchers and software personnel 100% exempt from personal income tax until Dec 2013
- Government will pay 50% of social security premium payable by the employer for 5 years until December 2024
- Deliveries of application software 100% exempt from VAT until Dec 2013

The reasons to invest in İzmir
The reasons to invest in İzmir

Strategic sectors

Low labour and property costs

High office space and infrastructure

The İzmir Technology Development Zone occupies an area of 225.5 hectares and provides high quality office space for ICT companies and other supporting services.

High quality of life

- California lifestyle with a metropolitan Mediterranean city offering high quality city living combined with beach resorts, surfing (one of top three biggest surf zones in the world), yachting and beautiful surrounding countryside and world famous historic attractions.
- Affordable cost of living, with overall living costs in 2010 over 20% cheaper than Istanbul, half the cost of London and cheaper than most other Mediterranean cities in Europe.
The reasons to invest in İzmir

Strategic sectors

Tourism

- 6% of FDI into İzmir is in tourism
- Abundance of thermal spas
- One of the top 7 cities in Turkey for conferences
- Great potential in sea sports, yacht tourism, blue cruise tourism
- İzmir International Fair hosts 1.5 million visitors annually
The reasons to invest in İzmir

Strategic sectors

Agri-business

- Turkey is the largest producer and exporter of agricultural products in the Near East and Africa
- Turkey is the number one food and beverage exporter in its region
- İzmir has %4.6 of Turkey’s total agricultural production in Turkey
- İzmir has %7.7 of the red meat production in Turkey
- İzmir has %10 of the white meat production in Turkey
- İzmir has %21 of the canned food manufacturers in Turkey
The reasons to invest in İzmir

Strategic sectors

Motor Vehicles

İzmir is a major production centre in Turkey’s high growth automotive industry

- İzmir is a major production centre in Turkey’s high growth automotive industry
- Over 2,000 motor vehicle & related production firms in İzmir
- İzmir is an established export platform for the industry, accounting for over 10% of Turkey’s exports of motor vehicles
- Strong supply-chain in İzmir with 5,500 firms in industrial machinery & equipment and metals manufacturing related sectors
The reasons to invest in İzmir

Strategic sectors

Motor Vehicles

Excellent labour availability

- Large pool of experienced workers with nearly 25,000 employees in motor vehicle production
- A further 60,000+ employees in industrial machinery & equipment and metals manufacturing related sectors
- Large pool of students with nearly 4,500 university and vocational students graduating each year in engineering in İzmir
The reasons to invest in İzmir

Strategic sectors

Motor Vehicles

Low costs

❖ Labour costs are around 70% lower than in Western Europe
❖ Salaries are 50% lower than Istanbul for skilled and semi-skilled manufacturing workers and engineers
❖ Wage growth in İzmir is below that of Istanbul ensuring a cost effective workforce in the years to come
❖ Lower property costs than Istanbul (industrial rental costs 44% of Istanbul)

High quality infrastructure
The reasons to invest in İzmir

Strategic sectors

Aviation & Defence Industry

✓ Turkey has a rapidly growing defence sector with $2.3 billion turnover in 2008
✓ Defence and aerospace exports were $832 million in 2009 expected to reach up to $1.5 billion in 2011
✓ İzmir has a strong industrial sector which has already attracted aviation and defence companies to the region and has established Turkey’s first Aviation and Space Clustering Association (ASCA)
The reasons to invest in İzmir

Strategic sectors

Aviation & Defence Industry

İzmir has attracted some key investors in that sector which covers aerospace, defence, trains and related areas.

BMC
Tibet Machinery
Pagetel System
Fokker Elmo Aero Industry
FTB Fastner Technology Link Elements
PFW Aviation Industry and Foreign Trade
Pratt & Whitney
The reasons to invest in İzmir

Current Issues and important infrastructural projects in İzmir Region

Transportation and Logistics

North Aegean Çandarlı Port

- A HUB port serving all major international sea lines
- 80 km from the city centre
- Annual capacity of 20 million tonnes
- The final capacity is to be 2 million TEU
- Total area for the logistics and warehouse is 2 million m²
- General cargo, bulk, RORO and container transportation, especially for Panamax-Post Panamax type transit vessels
- The railway and roadway connections
- To be operational at the end of 2013
The reasons to invest in İzmir

Current Issues and important infrastructural projects in İzmir Region

Transportation and Logistics

Highway projects

• İzmir–Istanbul Highway
• İzmir–Ankara and İzmir–Çanakkale Highway Projects

High-speed train

• İzmir-Ankara high-speed train project

Logistics Village

Kemalpaşa OIZ logistic village project
The reasons to invest in İzmir

Current Issues and important infrastructural projects in İzmir Region

EXPO 2020 Candidate
Take your part in the most rewarding mediterranean city Izmir
Thank you...