



REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY

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GENERAL DIRECTORATE OF INCENTIVE IMPLEMENTATION AND FOREIGN  
INVESTMENT

# INTERNATIONAL DIRECT INVESTMENT CLIMATE IN TURKEY

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## ***OUTLINE***

- ✓ Scope and Definition of FDI in Turkey
- ✓ Basic Principles Concerning FDI Regime in Turkey
- ✓ Company Registration
- ✓ Real Estate Acquisition of Foreigners
- ✓ Work Permits



### *Foreign Investor*

- ✓ Foreign real persons
- ✓ Turkish nationals resident abroad
- ✓ Foreign legal entities established under the laws of foreign countries
- ✓ International institutions

















## DEFINITION OF FOREIGN DIRECT INVESTMENT

***FDI***

- ✓ Establishing a new company
  - ✓ Establishing a branch of a foreign company,
  - ✓ Share acquisitions from a company established in Turkey
- by a foreign investor



- ✓ Facilitates business connections between the parent (foreign) company and the firms in Turkey
- ✓ Initial operational permit for 3 years
- ✓ Possibility of extending operational permits
- ✓ Permitted fields of activity:
  - Representation and hosting,
  - Control, inspection and provision of local suppliers,
  - Technical support,
  - Communication and transfer of information,
  - ***NEW CONCEPT- REGIONAL MANAGEMENT HEADQUARTERS: START-UP PERMISSION FOR 10 YEARS***

MNCs	Number Of Countries Managed From Turkey
 Coca Cola	94
 GE Healthcare	80
 Microsoft	80
 Intel	67
 Unilever	36
 Verifone	30
 GlaxoSmithKline	30
 Schneider Electric	27
 ERICSSON	22
 Cargill	20
 Pfizer	20
 VOLVO	18
 BASF	18
 PEPSI	14

### ***FDI Regime***

- National treatment
- No pre-entry screening /minimum capital requirements
- Right to acquire real estate
- Guarantee to free transfer of proceeds, dividends and other financial assets.
- Right to employ key expatriate staff
- Right to access international dispute settlement

### ***International Agreements***

- Bilateral Investment Treaties with **85** countries
- Double Taxation Agreements with **76** countries
- Customs Union with the **EU**
- Free Trade Agreements with **19** countries

## ***International Agreements – Italy***

- ***Bilateral Investment Treaty***

- ***Signature date : March 22, 1995***
- ***Come into force: March 2 , 2004***

- ***Double Taxation Treaty***

- ***Signature date : July 27, 1990***
- ***Come into force: December 1, 1993***

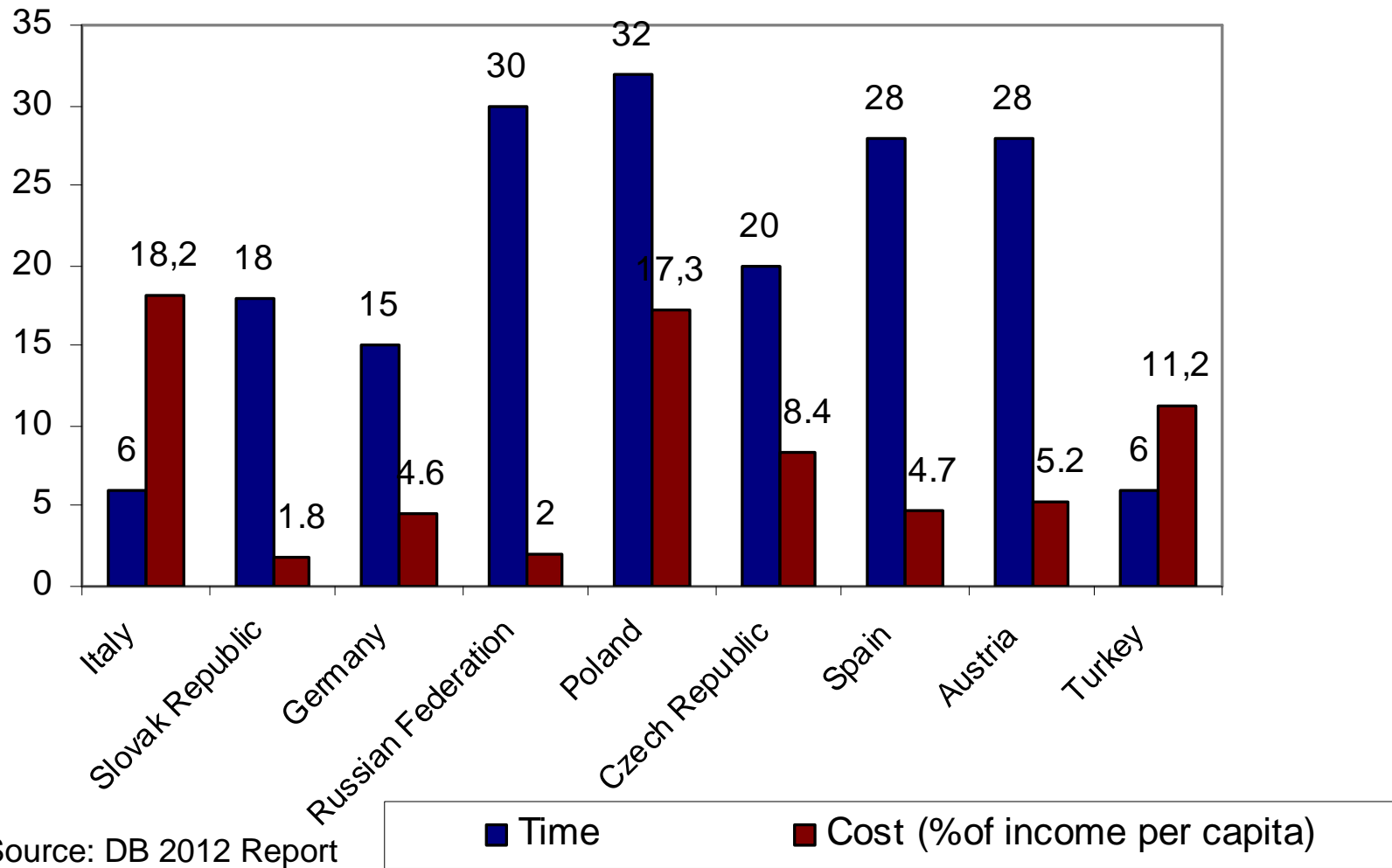






- ✓ Company establishment in one day
- ✓ Starting and operating a business on equal terms with local investors within the context of the new Turkish Commercial Code
- ✓ All types of companies are allowed
- ✓ Significant cost and time advantages comparing with the countries in the region

## Comparable Time and Cost of Starting A Business in Some European Countries





## COMPANY REGISTRATION

**Company Statute  
and  
Notarized signatures of founders**

**Deposit the initial capital in a bank  
and the %00,4 of the capital  
to the account of the Competition Authority**

**Register with the Trade Registry and  
the Chamber of Commerce and/or Industry**

**Notarize Commercial Books**



## REAL ESTATE ACQUISITIONS BY FOREIGNERS: BASIC PRINCIPLES

3 different types of foreigners in terms of real estate acquisitions:

- ✓ Foreign Real Persons
- ✓ Foreign Companies
- ✓ Turkish Companies with foreign capital



Different Acquisition Regimes



## REAL ESTATE ACQUISITIONS BY FOREIGNERS: BASIC PRINCIPLES

### Foreign Real Persons

- ✓ Acquisition is possible for all nationalities without requiring “reciprocity”
- ✓ Acquisitions up to 30 hectares
- ✓ The total area of real estates can not exceed 10% of the privately owned land in the town.
- ✓ Requirement to develop a project within two years in case the acquisition of a vacant land

### Foreign Companies

- ✓ Acquisition of real estate within the context of special laws such as Petroleum Law, Tourism Encouragement Law, Industrial Zones Law.



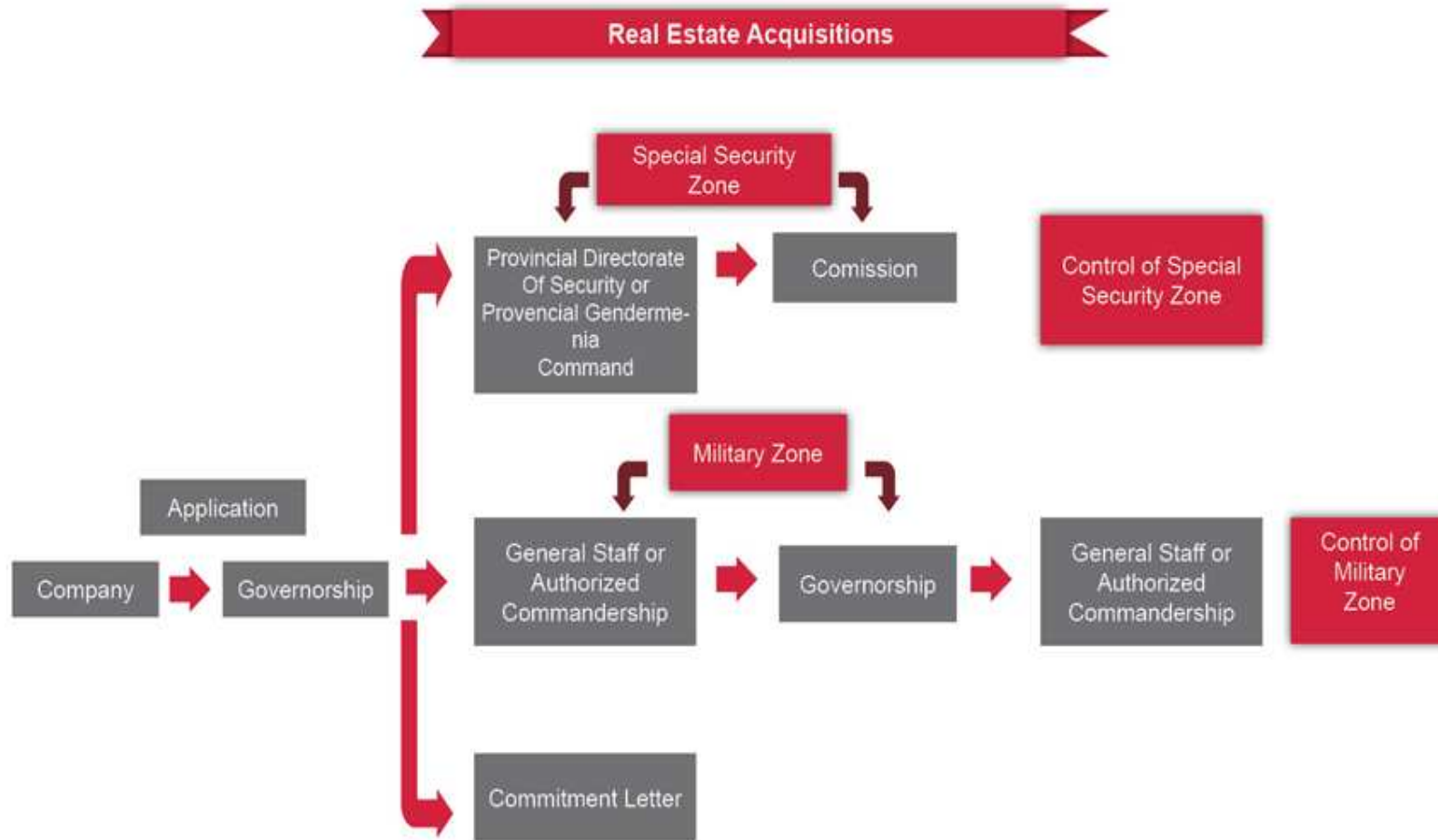
## REAL ESTATE ACQUISITIONS BY FOREIGNERS: BASIC PRINCIPLES

### Turkish Companies With Foreign Capital

- ✓ No restriction on acquisition and utilization of real estates to conduct business activities listed in the Statute of Company
- ✓ Permission requirement for the acquisitions in military zones and special security zones from the military authorities and province governorship respectively
- ✓ Permission requirement is necessary only for foreign capital companies controlled by foreign investors.
- ✓ Exemptions to specific cases for flexibility: Pledge on real estates, liquidation of pledges, mergers and divisions of companies, acquisitions in specific investment zones, acquisitions by banks for the collection of their receivables.



# REAL ESTATE ACQUISITIONS BY TURKISH COMPANIES WITH FOREIGN CAPITAL





- ✓ Requirement to obtain a work permit before starting to work in Turkey
- ✓ Opportunity to submit and process the application electronically
- ✓ Various types of work permits depending on the status of the applicant
- ✓ 30-day statutory time limit to conclude the application





## WORK PERMITS: PROCEDURES

*Application to the  
Ministry of Labor and Social Security in Turkey or from abroad*

*Conclusion of the evaluation process  
within 30 days*

*Notification of the conclusion to the applicant and  
the relevant public authorities (Governorship, the Ministries  
of Interior and Foreign Affairs)*

*Application for the entry visa and the residence permit*

### Improving investment climate : Moving target for the government since 2001

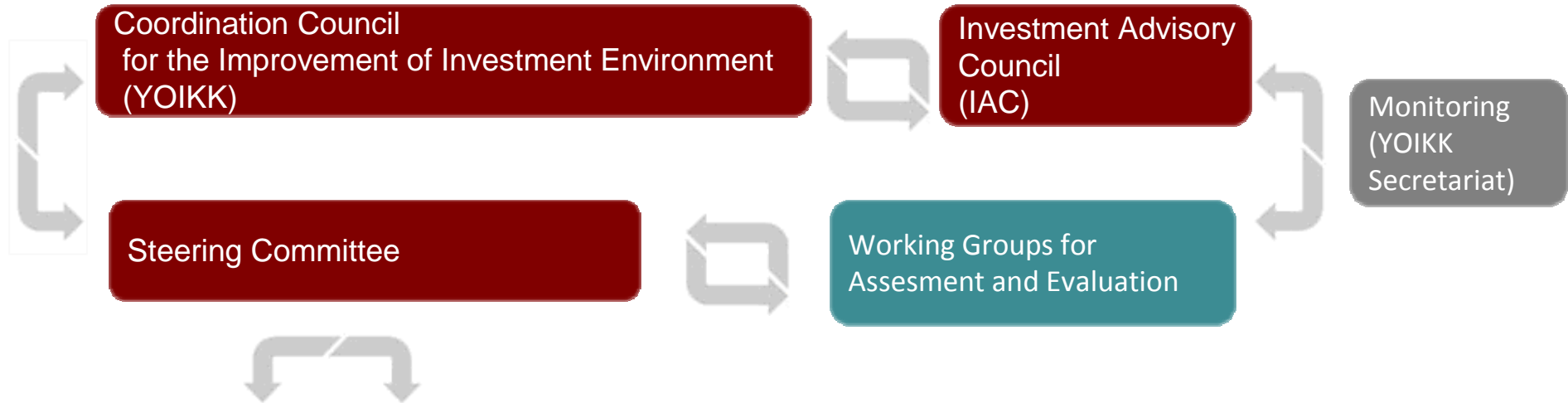


- ✓ Streamlining procedures for investments and eliminating administrative and bureaucratic hurdles in line with changing priorities and needs of business
- ✓ Political ownership
- ✓ Making full use of public-private dialogue through permanent platforms:
  - The Coordination Council for Improvement of Investment Climate
  - The Investment Advisory Council for Turkey

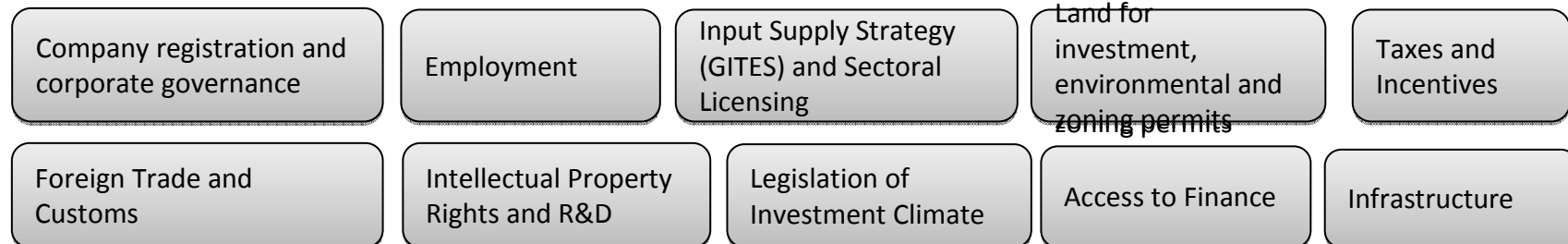


# Structures for Improving Investment Environment in Turkey

## COUNCIL OF MINISTERS



## TECHNICAL COMMITTEES



**For more information: <http://www.yoikk.gov.tr/eng>**

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# Structures for Improving Investment Environment in Turkey

## Working Groups for Assessment and Evaluation



### **Aim:**

Assess the effects of the completed activities of YOİKK Technical Committees on investors



### **Groups:**

Determined separately for each assessment topic by YOİKK Steering Committee

### **Group Members:**

- The Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- The government body responsible from the assessment topic
- 3 other institution, given that YOİKK member NGOs are prioritized

### **Duty:**

- Conduct Impact Assessment Studies on completed actions
- Report the data to the Steering Committee in two months



# Structures for Improving Investment Environment in Turkey

## Investment Advisory Council

- ✓ Executives of leading multinational firms,
- ✓ Heads of international institutions (IMF, World Bank, European Investment Bank) and
- ✓ Heads of TOBB, TUSIAD, YASED, TIM.



**Investment Advisory Council of Turkey had 7 meetings since 2004.**



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MINISTRY OF ECONOMY**



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