



## TURKISH GOVERNMENT GRANTS CITIZENSHIP TO INVESTORS

**In a bid to stimulate investments, Turkish government introduces five new paths to citizenship**



Leaving behind a tough year, Turkey headed full steam into 2017 with the introduction of new incentives and reforms for the improvement of the investment climate. The Intellectual Property Law guaranteeing individual and industrial rights, the Attraction Centers Program, and the law that facilitates access to Turkish citizenship for key foreign investors all aim to remove obstacles impeding investors.

Access to Turkish citizenship has now been eased for foreign investors with amendments to Turkey's citizenship law that were published in the Official Gazette on January 12, 2017. As per the new regulations, foreigners who meet at least one of the following conditions may be eligible to acquire Turkish citizenship:

- Making a minimum fixed capital investment of USD 2 million
- Acquiring real estate worth a minimum of USD 1 million
- Creating jobs for at least 100 people
- Depositing at least USD 3 million in banks operating in Turkey
- Buying at least USD 3 million worth of government debt instruments

These amendments are expected to yield fruit in related sectors, particularly in real-estate and finance. The government is anticipating that the introduction of this law will pave the way for a further injection of USD 1 billion in revenue from property transactions this year alone, with Istanbul accounting for the lion's share.

Meanwhile, TurkStat data show that property sales rose 4 percent year-on-year in 2016, with a total of 1,341,453 units having changed hands compared to 1,289,320 in 2015. Of those sales, 18,189 units were sold to foreigners in 2016, with Istanbul ranking at the top with 5,811 sales. Antalya followed with 4,352 sales to foreigners, and was joined by Bursa and Aydin with 1,318 and 871 sales respectively.

Furthermore, the law anticipates employment growth through stimulation in fixed investments, a rise in deposits that will provide further dynamism in the banking sector, and accumulation in portfolio investments that have particular importance for the Turkish economy.

### FOREIGNERS WHO MEET ANY OF THE FOLLOWING CONDITIONS MAY BE ELIGIBLE TO ACQUIRE TURKISH CITIZENSHIP



**invest at least USD 2 million**



**acquire an immovable asset of at least USD 1 million**

\*with a title deed restriction of not to sell for at least 3 years



**employ at least 100 people**



**deposit at least USD 3 million in Turkish banks**

\*with a condition of not to withdraw for at least 3 years



**hold at least USD 3 million in government bonds**

\*with a condition of not to sell for at least 3 years

# ATTRACTION CENTERS IN TURKEY TO ENTICE USD 5.3 BILLION INVESTMENT

At a launch event held in Ankara to mark the official inauguration of the Attraction Centers Program, which designates certain areas as priority for investments, Prime Minister Binali Yıldırım announced that the government received initial applications from 1,200 investors, worth TRY 19.6 billion (USD 5.3 billion). These applications, made following the November 2016 announcement of the Attraction Centers Program in the Official Gazette, are for regional projects in 23 provinces that will benefit from government incentives.

Yıldırım said that the Attraction Centers Program would invigorate lesser-developed locales by undertaking long overdue investments. It is hoped that the program will curb migration away from these areas and will remove disparities between different regions of the country.

The demand for such projects is expected to create employment opportunities for more than 112,000 people in Turkey's eastern and southeastern provinces, according to Yıldırım.

Company representatives willing to benefit from the incentives scheme for their projects must apply to the Development Bank of Turkey or to regional investment support offices for evaluation of their projects. The applications and related projects should conform with the Council of Ministers' Decree No. 2016/9596 dated 28.11.2016 on Principles and Procedures for the Implementation of the Attraction Centers Program.

As per the program to be coordinated by the Ministry of Development, the government is committed to providing support in four areas: support for investment and manufacturing, support for relocation of manufacturing facilities, support for call centers, and support for investment and energy in data centers.

Under the program, the government's support will vary in a wide range of areas. Support may come in the form of consultancy services, construction, land allocation, interest-free investment loans, and reduced-rate operating loans.



## BRAZILIAN BRF AND QATAR INVESTMENT AUTHORITY ACQUIRE TURKEY'S BANVIT

Brazilian food processor BRF SA and Qatar's sovereign wealth fund, Qatar Investment Authority (QIA) have jointly announced the acquisition of Turkish poultry company Banvit.

BRF and QIA will have a 60 and 40 percent share in the joint venture respectively, while the deal is valued at TRY 915 million (USD 245 million) for acquiring 79.48 percent of the shares. A second phase involving a tender offer for the rest of the company will be held at a later date.

BRF Vice President for Finance and Investor Relations Alexandre Borges said in an interview that it is an attractive deal for the Brazilian company, and added that they can use their own cash or pursue an alternative such as raising money through OneFoods.

OneFoods is a subsidiary of BRF that began operations in early January as part of the parent company's strategy to move into the halal market. Banvit will be integrated into this new company.

## BANK OF CHINA GETS GREEN LIGHT IN TURKEY

According to the statement of the Banking Regulation and Supervision Agency (BRSA), Bank of China has completed the necessary legal pre-application process to be authorized to operate a fully-licensed commercial bank in Turkey. The bank has deposited the USD 300 million paid-in capital to Turkish banks. Bank of China is expected to make application within the shortest time.



**GLOBAL 2000  
WORLD'S TOP  
COMPANIES LIST**  
(FORBES - 2016)

**#6 OVERALL**

**#35 IN SALES**

**#5 IN PROFIT**

**#5 IN ASSETS**

**#44 IN MARKET VALUE**

## INDIAN MAHINDRA ACQUIRES STAKE IN HISARLAR

Indian Mahindra & Mahindra acquired a 75 percent stake in Turkish farm-equipment maker Hisarlar. According to the terms of the transaction, which is expected to close by April 2017, Mahindra will invest TRY 71 million (around USD 19 million). With this acquisition, Mahindra Group aims at growing in the farm equipment business in Turkey and Europe.



**Industrial Development Bank of Turkey (TSKB) was awarded 'Sustainable Bond Award of the Year' by the International Financing Review Magazine (IFR).**

TSKB, which issued the first Green / Sustainable Bond of Turkey and the wider Central & Eastern Europe, Middle East, and Africa (CEEMEA) region last year, has won another prestigious award. IFR magazine published by Thomson Reuters honored TSKB with the 2016 'Sustainable Bond Award of the Year'. The recognition by IFR magazine comes on the heels of TSKB's award for 'EMEA Green/SRI Bond Deal of the Year' by GlobalCapital.

According to TSKB CEO Suat İnce, TSKB is the first bank to issue a green / sustainable bond in the international debt capital markets in the region. The green bond attracted USD 4 billion-demand from 317 investors -- 13 times higher than the issue amount. İnce also emphasized that, as part of their efforts in investing in renewable energy and energy efficiency projects, the proceeds will be used for private sector investments that help reduce greenhouse gas emissions.

TSKB considers energy to be among its top priority sectors, and in this vein the bank has financed more than 150 renewable energy projects since 2002. İnce added, "We have allocated around USD 3.8 billion of loans to the energy sector so far, and the projects we financed by the third quarter of 2016 reached an installed capacity of 4,272 megawatts, equivalent to 13 percent of Turkey's installed renewable energy capacity."

TSKB aims to contribute to Turkey's targets for 2023 by providing support to energy efficiency projects within its sustainable funding schemes signed with international financial institutions.

**TURKEY IS PROJECTED TO BECOME G20'S 4<sup>TH</sup> FASTEST GROWING ECONOMY IN 2017 & 2018**

Driven by the ongoing incentives introduced and reforms implemented in 2016 and early 2017, the Turkish economy is expected to offset the adverse impacts seen last year and GDP will grow in line with Medium-Term Program. The tourism sector, negatively affected by the Turkey-Russia tension in 2015, will recover in the wake of the strong rapprochement period and make positive contribution to Turkey's growth in 2017. Furthermore, the newly-introduced state guarantees on bank loans to exporters and SMEs - key drivers of the economy - should also support growth rates this year. Thus, Turkey will go back to its factory settings and further strengthen its reformist climate that will in return support economic growth in the country.

**OECD PROJECTIONS FOR G20 COUNTRIES**  
Real GDP Growth<sup>1</sup> (%)

		2017		2018
#1	India <sup>4</sup>	7.6	India <sup>4</sup>	7.7
#2	China	6.4	China	6.1
#3	Indonesia	5.1	Indonesia	5.3
#4	<b>TURKEY</b>	<b>3.3</b>	<b>TURKEY</b>	<b>3.8</b>
#5	Argentina	2.9	Argentina	3.4
#6	Australia	2.6	Australia	3.1
#7	South Korea	2.6	South Korea	3
#8	Mexico	2.3	United States	3
#9	Spain	2.3	Mexico	2.4
#10	United States	2.3	Canada	2.3
#11	Canada	2.1	Spain	2.2
#12	Germany	1.7	Germany	1.7
#13	France	1.3	South Africa	1.7
#14	United Kingdom	1.2	France	1.6
#15	South Africa	1.1	Brazil	1.2
#16	Japan	1	Italy	1
#17	Italy	0.9	Russia	1
#18	Russia	0.8	United Kingdom	1
#19	Brazil	0	Japan	0.8
	World <sup>2</sup>	3.3	World <sup>2</sup>	3.6
	OECD <sup>2-3</sup>	2	OECD <sup>2-3</sup>	2.3
	Euro area <sup>3</sup>	1.6	Euro area <sup>3</sup>	1.7

1- Year-on-year increase

2- Moving nominal GDP weights using purchasing power parities

3- With growth in Ireland in 2015 computed using gross value-added at constant prices excluding foreign-owned multinational enterprise dominated sectors.

4- Fiscal years starting in April.

**16-17 Hong Kong**  
January

## 10<sup>TH</sup> ASIAN FINANCIAL FORUM

The 10<sup>th</sup> edition of the Asian Financial Forum brought together in Hong Kong some of the most influential members of the global financial community to discuss developments and trends in the dynamic markets of Asia. During the event, high-ranking government officials and top executives of global companies contributed to panel discussions with their talks covering a variety of sectors, including finance, cyber security, infrastructure, health, and insurance.

During the Infrastructure Investment Event of the AFF Deal Flow Matchmaking Session held by the Hong Kong Monetary Authority (HKMA) and the Hong Kong Trade Development Council (HKTDC) on the second day of the forum, ISPAT Department Head Ahmet İhsan Erdem delivered a presentation on Turkey's economic outlook and investment environment. He talked to the community of potential investors about the mega infrastructure projects in the pipeline in Turkey and the financing opportunities that are currently available.

## ANGEL INVESTMENTS IN 2016

EUROPE  
**EUR 6.7 BILLION**

USA & CANADA  
**USD 26 BILLION**

**USD 50 BILLION**  
EXPECTED EARLY-STAGE  
INVESTMENT MARKET IN 2020



ISPAT Department Head Ahmet İhsan Erdem addresses the audience on Turkey's investment environment at the Asian Financial Forum

**12-14 İstanbul**  
February **TURKEY**

## ISTANBUL TO HOST WORLD BUSINESS ANGELS INVESTMENT FORUM

The World Business Angels Investment Forum (WBAF) 2017 will take place on February 12-14 in Istanbul. The global organization will bring together more than 100 renowned equity market experts from 60 countries under the theme of "Partnering with Corporate Ventures from Start-up to Scale-up to Exit".

With cooperation among corporate business and angel investors / start-ups / SMEs being the focal point of the event, hot topics such as "Best Practice: Corporate Ventures as an Exit Strategy", "Focus on the WBAF Regional Report: Early-Stage Investment Markets - Southeast Europe", "Global Trends and Expectations for FinTech 2020", and "The Impact of Brexit on Early-Stage Investment Markets in Europe and Other Parts of the World" will be discussed.

OECD reports show that over 96 percent of the world economy is driven by SMEs, entrepreneurs, and start-ups. In Europe, more than 90 percent of early-stage investments come from angel investor capital. Corporate venture groups invested USD 5.4 billion in 775 deals in 2016, and by 2020 the total size of the world's early-stage investment market is expected to exceed USD 50 billion.

Turkey's angel investment ecosystem has come a long way despite being at the early life stage. With half of its population being under the age of 31, a total population of 78.7 million, internet users of 46.2 million, mobile phone subscribers of 73.6 million, and active social media users of 42 million as of 2015, Turkey harbors great potential for technology start-ups in particular.

Official sponsors of the forum include the Business Angels Association of Turkey (TBAA), the Global Business Angels Network (GBAN), The European Trade Association for Business Angels (EBAN), African Business Angel Network (ABAN), the MENA Business Angels Network (MBAN), and the United Nations Industrial Development Organization (UNIDO). The London Stock Exchange Group (LSEG), BNP Paribas-TEB Private Angel Investment Forum, and Istanbul Technical University's Ari Technopark will also sponsor the event.

During the forum, an MoU will be signed with WBAF and the partner institutions EBAN, ABAN, MBAN, LSEG, and the World Association of International Investment Promotion Agencies (WAIPA). The MoU will aim at providing support to business angels and early / post-early stage investment markets around the world.

One of the unique features of WBAF 2017 will be the investment delegations from Gulf countries such as Bahrain, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates, all of whom are looking for investment opportunities in high-scale start-ups.