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PRIME MINISTRY
UNDERSECRETARIAT OF TREASURY**

**INTERNATIONAL
DIRECT INVESTMENT
INFORMATION BULLETIN**

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CONTENTS

| | Page |
|--|------|
| List of Tables | ii |
| 1) International Direct Investment Inflow | 1 |
| - <i>Developments in September 2008</i> | 1 |
| - <i>Developments in the 2008 January-September Period</i> | 3 |
| 2) Number of Companies with International Capital | 5 |
| - <i>Developments in September 2008</i> | 5 |
| - <i>Developments in the 2008 January-September Period</i> | 5 |
| - <i>Companies with international capital in Turkey</i> | 7 |
| 3) Investment Projects | 11 |
| 4) Attached Tables | 12 |

TABLES

| | | Page |
|------------------------|---|------|
| Table-1: | Components of International Direct Investment Inflow –2008/September | 1 |
| Table-2: | International Direct Investment Inflow, by sector - 2008/ September | 2 |
| Table-3: | International Direct Investment Inflow by sector, (2007-2008/ September) | 2 |
| Table-4: | International Direct Investment Inflow by Country- 2008/ September | 3 |
| Table-5: | International Direct Investment Inflow by Country, (2007-2008/ September) | 4 |
| Table-6: | Components of International Direct Investment Inflow, (2007-2008 Monthly) | 4 |
| Table-7: | Breakdown of Companies with International Capital by Mode of Establishment (2007-2008/ September) | 5 |
| Table-8: | Breakdown of Companies with International Capital by Mode of Establishment (2007-2008/ September) | 5 |
| Table-9: | Breakdown of Companies with International Capital by Sector according to size of Equity Capital (2007-2008/ September) | 6 |
| Table-10: | Breakdown of Companies with International Capital by Country according to size of Equity Capital (2007-2008/ September) | 7 |
| Table-11: | Number of Companies with International Capital by Year according to Mode of Establishment | 7 |
| Table-12: | Breakdown of Companies with International Capital by Sector, (2007-2008/ September) | 8 |
| Table-13: | Breakdown of Companies with International Capital by Country, (2007-2008/ September) | 9 |
| Table-14: | Breakdown of Companies with International Capital by Investment Location | 10 |
| Table-15: | Breakdown of Companies With International Capital by sector according to the Investment Location (1954-2008/ September) | 10 |
| Table-16: | International Direct Investment Projects, (2007-2008/ September) | 11 |
| Table-Annex 1: | International Direct Investment (Inflows) | 13 |
| Table- Annex 2: | International Direct Investment Inflow by Sector | 14 |
| Table- Annex 3: | International Direct Investment Inflow by Country | 15 |
| Table- Annex 4: | Breakdown of Companies with International Capital by Sector according to Mode of Establishment -(2007-2008/ September) | 16 |
| Table- Annex 5: | Breakdown of Companies with International Capital by Sector | 17 |
| Table- Annex 6: | Breakdown of Companies with International Capital by Country | 18 |
| Table- Annex 7: | Investment Incentive Certificates Issued for Companies with International Capital, (2002-2008/ September) | 19 |

INTERNATIONAL DIRECT INVESTMENT INFORMATION BULLETIN

1) International Direct Investment Inflow¹

Developments in September 2008

The net international direct investment inflow has been \$ 1.059 million in September 2008 (Table-1).

Table 1- Components of International Direct Investment Inflow, 2008/September

| | (Million \$) | | | | | | | | |
|--|--------------|----------|-------|-------|-----|-------|-------|--------|-----------|
| | January | February | March | April | May | June | July | August | September |
| International Direct Investment Total (Net) | 1.254 | 714 | 2.577 | 1.045 | 846 | 2.248 | 1.353 | 1.215 | 1.059 |
| International Direct Investment | 975 | 475 | 2.275 | 837 | 631 | 2.018 | 1.136 | 901 | 837 |
| <i>Equity Investment (Net)</i> | 924 | 419 | 2.388 | 785 | 661 | 1.991 | 1.144 | 893 | 836 |
| <i>Inflows</i> | 930 | 420 | 2.389 | 785 | 661 | 1.991 | 1.144 | 893 | 861 |
| <i>Liquidation Outflows</i> | -6 | -1 | -1 | 0 | 0 | 0 | 0 | 0 | -25 |
| Intra Company Loans* | 51 | 56 | -113 | 52 | -30 | 27 | -8 | 8 | 1 |
| Real Estate (Net) | 279 | 239 | 302 | 208 | 215 | 230 | 217 | 314 | 222 |

*Loans which companies with foreign capital take from foreign partners
Provisional Data, Source: Central Bank of the Republic of Turkey

¹International direct investment inflow includes the net amount of transfers classified as “capital” and “other capital” in the balance of payment statistics of the Central Bank of Turkey, from abroad by the firms operating according to the “Foreign Direct Investment Law No.4875 and transfers for the real estate purchases of foreigners in Turkey.

The equity investment inflow, which represents the equity share transfers of international investors for their new or existing companies in Turkey, and for their participation into the existing domestic companies, has been \$ 861 million. \$ 735 million of this has been into financial intermediation sector (Table-2).

Table 2- International Direct Investment Inflow, by Sector, 2008/August

(Million \$)

| Sectors | January | February | March | April | May | June | July | August | September |
|--|------------|------------|--------------|------------|------------|--------------|--------------|------------|------------|
| Agriculture, hunting, fishing and forestry | -- | 1 | 13 | 16 | -- | 1 | 4 | -- | 1 |
| Mining and quarrying | 1 | 7 | 2 | 73 | 3 | 1 | 5 | 6 | 4 |
| Manufacturing | 290 | 150 | 115 | 313 | 161 | 1.638 | 101 | 144 | 47 |
| <i>Manufacture of food products, beverages and tobacco</i> | 133 | 14 | 4 | 5 | 47 | 616 | 3 | 63 | 3 |
| <i>Manufacture of textiles</i> | 2 | 22 | 1 | 8 | 60 | 10 | 22 | 46 | 7 |
| <i>Manufacture of chemicals and chemical products</i> | 11 | 21 | 2 | 5 | -- | 20 | 6 | 4 | 3 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | -- | -- | 56 | 5 | 17 | 21 | 18 | 3 | 1 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | -- | 2 | 3 | 5 | 7 | -- | 15 | 4 | 11 |
| <i>Other Manufacturing</i> | 144 | 91 | 49 | 285 | 30 | 971 | 37 | 24 | 22 |
| Electricity, gas and water supply | 4 | 20 | 78 | 57 | 13 | 12 | 151 | 1 | 5 |
| Construction | 137 | 48 | 81 | 104 | 138 | 64 | 56 | 32 | 33 |
| Wholesale and retail trade | 4 | 12 | 11 | 5 | 7 | 8 | 8 | 3 | 2 |
| Hotels and restaurants | 3 | 0 | 0 | 1 | 0 | 1 | 2 | 15 | 0 |
| Transport, storage and communications | 2 | 38 | 12 | 8 | 1 | 12 | 23 | 24 | 6 |
| Financial intermediation | 425 | 68 | 1.983 | 154 | 228 | 210 | 730 | 626 | 735 |
| Real estate, renting and business activities | 38 | 54 | 93 | 54 | 44 | 27 | 13 | 41 | 28 |
| Other community, social and personal service activities | 26 | 22 | 1 | -- | 66 | 17 | 51 | 1 | -- |
| Total | 930 | 420 | 2.389 | 785 | 661 | 1.991 | 1.144 | 893 | 861 |

Provisional Data, Source: Central Bank of the Republic of Turkey

\$ 843 million of the \$ 886 million equity investment has been exported by the EU countries (Table-3).

Table 3- International Direct Investment Inflow, by Country, 2008/August

(Million \$)

| Countries | January | February | March | April | May | June | July | August | September |
|--|------------|------------|--------------|------------|------------|--------------|--------------|------------|------------|
| European Union (25) | 555 | 268 | 1.122 | 466 | 438 | 1.916 | 1.046 | 847 | 813 |
| <i>Germany</i> | 1 | 116 | 39 | 79 | 20 | 47 | 623 | 14 | 20 |
| <i>The Netherlands</i> | 463 | 52 | 40 | 229 | 218 | 63 | 91 | 118 | 41 |
| <i>United Kingdom</i> | 43 | 6 | 8 | 34 | 27 | 1.576 | 57 | 22 | 6 |
| <i>Other European Countries</i> | 48 | 94 | 1.035 | 124 | 173 | 230 | 275 | 693 | 746 |
| Other European Countries (Excluding EU) | 2 | 28 | 55 | -- | 11 | 30 | 8 | 2 | 5 |
| Africa | 8 | -- | -- | 71 | 3 | -- | -- | -- | -- |
| <i>U.S.A.</i> | 141 | 53 | 9 | 16 | 29 | 11 | 75 | 9 | 4 |
| <i>Canada</i> | -- | 5 | -- | -- | 2 | -- | 1 | -- | 1 |
| <i>Central-South America And Caribbean</i> | -- | 1 | 53 | 1 | -- | -- | 1 | -- | -- |
| Asian | 224 | 65 | 1.150 | 231 | 178 | 34 | 13 | 35 | 38 |
| <i>Gulf Arabian Countries</i> | 188 | 5 | 1.114 | 128 | 177 | 3 | 10 | 31 | 12 |
| <i>Near And Middle Eastern Countries</i> | 26 | 52 | 3 | 78 | 1 | 27 | 3 | 1 | 24 |
| <i>Other Asian Countries</i> | 10 | 8 | 33 | 25 | -- | 4 | -- | 3 | 2 |
| Other Countries | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Toplam | 930 | 420 | 2.389 | 785 | 661 | 1.991 | 1.144 | 893 | 861 |

Provisional Data, Source: Central Bank of the Republic of Turkey

Developments in 2008 January-September Period

The net international direct investment inflow has been \$ 12.311 million January and September period in 2008 (Table-4).

Equity investment inflow component of the international direct investment inflows reached up to \$ 10.074 million January and September period in 2008 (Table-4).

Table 4- Components of International Direct Investment Inflow, (2007-2008/September)

(Million \$)

| | January-September | | % Change |
|--|-------------------|---------------|--------------|
| | 2007 | 2008 | |
| International Direct Investment Total (Net) | 17.096 | 12.311 | -28,0 |
| International Direct Investment Capital | 15.044 | 10.085 | -33,0 |
| <i>Equity Investment (Net)</i> | 14.441 | 10.041 | -30,5 |
| <i>Inflows</i> | 14.500 | 10.074 | -30,5 |
| <i>Liquidation Outflows</i> | -59 | -33 | -44,1 |
| <i>Intra Company Loans*</i> | 603 | 44 | -92,7 |
| <i>Real Estate (Net)</i> | 2.052 | 2.226 | 8,5 |

*Loans which companies with foreign capital take from foreign partners Provisional Data,
Source: Central Bank of the Republic of Turkey

\$ 5.159 million of the total \$ 10.074 million of the equity capital entry has been into financial intermediation sector (Table-5).

Table 5- International Direct Investment Inflow, by sector, (2007-2008/September)
(Million \$)

| Sectors | January-September | |
|--|-------------------|---------------|
| | 2007 | 2008 |
| Agriculture, hunting, fishing and forestry | 8 | 36 |
| Mining and quarrying | 323 | 102 |
| Manufacturing | 3.505 | 2.959 |
| <i>Manufacture of food products, beverages and tobacco</i> | 719 | 888 |
| <i>Manufacture of textiles</i> | 186 | 178 |
| <i>Manufacture of chemicals and chemical products</i> | 1.008 | 72 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 32 | 121 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | 63 | 47 |
| <i>Other Manufacturing</i> | 1.497 | 1.653 |
| Electricity, gas and water supply | 550 | 341 |
| Construction | 234 | 693 |
| Wholesale and retail trade | 129 | 60 |
| Hotels and restaurants | 19 | 22 |
| Transport, storage and communications | 531 | 126 |
| Financial intermediation | 8.604 | 5.159 |
| Real estate, renting and business activities | 411 | 392 |
| Other community, social and personal service activities | 186 | 184 |
| Total | 14.500 | 10.074 |

Provisional Data, Source: Central Bank of the Republic of Turkey

During the January and September period in 2008, %74,2 of the equity capital entry is from EU (Table-6).

Table 6- International Direct Investment Inflow, by Country, (2007-2008/September)
(Million \$)

| Countries | January-September | |
|--|-------------------|---------------|
| | 2007 | 2008 |
| European Union (27) | 8.858 | 7.471 |
| <i>Germany</i> | 556 | 959 |
| <i>The Netherlands</i> | 2.600 | 1.315 |
| <i>United Kingdom</i> | 551 | 1.779 |
| <i>Other European Countries</i> | 5.151 | 3.418 |
| Other European Countries (Excluding EU) | 248 | 141 |
| Africa | 5 | 82 |
| <i>U.S.A.</i> | 3.624 | 347 |
| <i>Canada</i> | 10 | 9 |
| <i>Central-South America And Caribbean</i> | 493 | 56 |
| Asian | 1.235 | 1.968 |
| <i>Gulf Arabian Countries</i> | 278 | 1.668 |
| <i>Near And Middle Eastern Countries</i> | 207 | 215 |
| <i>Other Asian Countries</i> | 750 | 85 |
| Other Countries | 27 | -- |
| Toplam | 14.500 | 10.074 |

Provisional Data, Source: Central Bank of the Republic of Turkey

2) Number of Companies with International Capital

Developments in September 2008

153 companies with international capital have been established and 36 foreign capital participations to the existing domestic companies incurred in September 2008 (Table-7).

Table 7- Breakdown of Companies with International Capital by Mode of Establishment, (2007-2008 Monthly)

(Number of Companies)

| | 2007 | | | | 2008 | | | | % Change |
|--------------|-----------------------|---------------|---------------|--------------|-----------------------|---------------|---------------|--------------|-----------|
| | Company Establishment | Participation | Branch Office | Total | Company Establishment | Participation | Branch Office | Total | |
| January | 201 | 38 | 5 | 244 | 240 | 64 | 9 | 313 | 28,3 |
| February | 210 | 57 | 11 | 278 | 234 | 53 | 7 | 294 | 5,8 |
| March | 262 | 60 | 2 | 324 | 264 | 50 | 5 | 319 | -1,5 |
| April | 211 | 51 | 6 | 268 | 252 | 54 | 4 | 310 | 15,7 |
| May | 307 | 69 | 7 | 383 | 304 | 64 | 4 | 372 | -2,9 |
| June | 237 | 58 | 4 | 299 | 231 | 70 | 4 | 305 | 2,0 |
| July | 273 | 54 | 0 | 327 | 268 | 55 | 7 | 330 | 0,9 |
| August | 251 | 53 | 10 | 314 | 233 | 61 | 5 | 299 | -4,8 |
| September | 275 | 49 | 9 | 333 | 151 | 36 | 2 | 189 | -43,2 |
| October | 271 | 59 | 3 | 333 | -- | -- | -- | -- | -- |
| November | 284 | 71 | 2 | 357 | -- | -- | -- | -- | -- |
| December | 209 | 32 | 1 | 242 | -- | -- | -- | -- | -- |
| Total | 2.991 | 651 | 60 | 3.702 | 2.177 | 507 | 47 | 2.731 | -- |

Provisional Data, Source: Undersecretariat of Treasury

Developments in the 2008 January-September period

In the first nine month of 2008, 2.224 companies and branch offices with international capital have been established and 507 international capital participations to the existing domestic companies incurred (Table-8).

Table 8- Breakdown of Companies with International Capital by Mode of Establishment, (2007-2008/September)

(Number of Companies)

| | January-September | | % Change |
|-----------------------|-------------------|--------------|-------------|
| | 2007 | 2008 | |
| Company Establishment | 2.227 | 2.177 | -2,2 |
| Participation | 489 | 507 | 3,7 |
| Branch Office | 54 | 47 | -13,0 |
| Total | 2.770 | 2.731 | -1,4 |

Provisional Data, Source: Undersecretariat of Treasury

In the January-September period in 2008, majority of the total 2.731 companies with international capital is in the wholesale and retail trade sectors while real estate renting and business activities and manufacturing sectors follow (Table-9). Chemicals-chemical products and machinery and equipment n.e.c lead the manufacturing sector investments followed by, food products and beverages sector.

Of these total 2.731, 269 have capital values higher than \$ 500.000. Among these, 52 companies operate in manufacturing, 45 companies operate in wholesale and retail trade sector and 30 companies operate in real estate, renting and business activities sectors (Table-9).

Table 9- Breakdown of Companies with International Capital by Sector according to Size of Equity Capital, (2007-2008/September)
(Number of Companies)

| Sectors | 2007 | | | | | 2008 (January-September) | | | | |
|---|--------------|----------------------|-----------------------|------------|--------------|--------------------------|----------------------|-----------------------|------------|--------------|
| | <50.000\$ | 50.000\$ - 200.000\$ | 200.000\$ - 500.000\$ | >500.000\$ | Total | <50.000\$ | 50.000\$ - 200.000\$ | 200.000\$ - 500.000\$ | >500.000\$ | Total |
| Agriculture, hunting, fishing and forestry | 25 | 17 | 3 | 7 | 52 | 16 | 18 | 7 | 5 | 46 |
| Mining and quarrying | 38 | 25 | 9 | 10 | 82 | 33 | 25 | 8 | 16 | 82 |
| Manufacturing | 243 | 130 | 47 | 80 | 500 | 162 | 103 | 49 | 52 | 366 |
| <i>Manufacture of food products and beverages</i> | 19 | 6 | 4 | 5 | 34 | 10 | 7 | 4 | 4 | 25 |
| <i>Manufacture of textiles</i> | 25 | 15 | 4 | 5 | 49 | 8 | 6 | 2 | 2 | 18 |
| <i>Manufacture of chemicals and chemical products</i> | 25 | 12 | 6 | 11 | 54 | 20 | 8 | 3 | 5 | 36 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 20 | 15 | 5 | 8 | 48 | 14 | 12 | 4 | 6 | 36 |
| <i>Manufacture of motor vehicles, trailers, semi-trailers</i> | 8 | 5 | 1 | 5 | 19 | 9 | 3 | 2 | 4 | 18 |
| <i>Other Manufacturing</i> | 146 | 77 | 27 | 46 | 296 | 101 | 67 | 34 | 31 | 233 |
| Electricity, gas and water supply | 47 | 21 | 4 | 4 | 76 | 61 | 18 | 6 | 14 | 99 |
| Construction | 257 | 161 | 57 | 37 | 512 | 125 | 108 | 48 | 30 | 311 |
| Wholesale and retail trade | 464 | 243 | 59 | 62 | 828 | 306 | 210 | 66 | 45 | 627 |
| Hotels and restaurants | 142 | 63 | 12 | 7 | 224 | 105 | 50 | 8 | 19 | 182 |
| Transport, storage and communications | 178 | 81 | 23 | 27 | 309 | 120 | 58 | 34 | 26 | 238 |
| Financial intermediation | 8 | 8 | 1 | 24 | 41 | 10 | 3 | 3 | 19 | 35 |
| Real estate, renting and business activities | 566 | 215 | 51 | 59 | 891 | 322 | 164 | 46 | 30 | 562 |
| Other community, social and personal service activities | 124 | 46 | 9 | 8 | 187 | 120 | 38 | 12 | 13 | 183 |
| Total | 2.092 | 1.010 | 275 | 325 | 3.702 | 1.380 | 795 | 287 | 269 | 2.731 |

Provisional Data, Source: Undersecretariat of Treasury

1.430 of the total 2.731 companies are of EU origin, 446 companies are of other European countries and 437 companies are of Near and Middle Eastern Countries (Table-10).

Table 10- Breakdown of Companies with International Capital by Country According to Size of Equity Capital (2007-2008/September)
(Number of Companies)

| Countries | 2007 | | | | | 2008 (January-September) | | | | |
|---|--------------|----------------------|-----------------------|------------|--------------|--------------------------|----------------------|-----------------------|------------|--------------|
| | <50.000\$ | 50.000\$ - 200.000\$ | 200.000\$ - 500.000\$ | >500.000\$ | Total | <50.000\$ | 50.000\$ - 200.000\$ | 200.000\$ - 500.000\$ | >500.000\$ | Total |
| European Union | 1.300 | 558 | 142 | 193 | 2.404 | 749 | 387 | 138 | 156 | 1.430 |
| Germany | 319 | 173 | 43 | 44 | 579 | 244 | 132 | 41 | 43 | 460 |
| The Netherlands | 151 | 55 | 16 | 38 | 260 | 112 | 59 | 25 | 30 | 226 |
| United Kingdom | 298 | 116 | 24 | 25 | 463 | 111 | 54 | 19 | 21 | 205 |
| Other European Union Countries | 532 | 214 | 59 | 86 | 1.102 | 282 | 142 | 53 | 62 | 539 |
| Other European Countries (Excluding EU) | 225 | 141 | 36 | 29 | 220 | 230 | 130 | 46 | 40 | 446 |
| North Africa | 14 | 14 | 1 | 1 | 30 | 8 | 9 | 6 | -- | 23 |
| Other African Countries | 10 | 6 | 2 | 1 | 19 | 11 | 2 | 1 | -- | 14 |
| North America | 112 | 27 | 14 | 16 | 169 | 69 | 30 | 8 | 11 | 118 |
| U.S.A. | 90 | 18 | 13 | 14 | 135 | 63 | 27 | 6 | 9 | 105 |
| Canada | 22 | 9 | 1 | 2 | 34 | 6 | 3 | 2 | 2 | 13 |
| Central-South America And Caribbean | 19 | | | 2 | 21 | 6 | 1 | 3 | 2 | 12 |
| Near And Middle Eastern Countries | 251 | 179 | 50 | 47 | 527 | 177 | 168 | 58 | 34 | 437 |
| Azerbaijan | 58 | 40 | 12 | 11 | 121 | 37 | 31 | 21 | 12 | 101 |
| Iraq | 58 | 41 | 11 | 5 | 115 | 26 | 25 | 11 | 3 | 65 |
| Iran | 58 | 36 | 10 | 4 | 108 | 40 | 53 | 9 | 5 | 107 |
| Other | 77 | 62 | 17 | 27 | 183 | 74 | 59 | 17 | 14 | 164 |
| Other Asian Countries | 142 | 79 | 26 | 30 | 277 | 91 | 64 | 26 | 16 | 197 |
| Other Countries | 19 | 6 | 4 | 6 | 35 | 39 | 4 | 1 | 10 | 54 |
| Total | 2.092 | 1.010 | 275 | 325 | 3.702 | 1.380 | 795 | 287 | 269 | 2.731 |

Provisional Data, Source: Undersecretariat of Treasury

Companies with international capital in Turkey

Currently, a total of 21.039 companies with international capital are operating in Turkey. Among these, 17.167 companies and branch offices with international capital have been established and 3.872 foreign capital participations to the existing companies incurred (Table-11).

Table 11- Number of Companies with International Capital by Year according to Mode of Establishment
(Number of Companies)

| Year | Company Establishment | Participation | Branch Office | Total |
|------------------------|-----------------------|---------------|---------------|---------------|
| 1954-2002 (Cumulative) | 4.336 | 892 | 210 | 5.438 |
| 2003 | 851 | 208 | 32 | 1.091 |
| 2004 | 1.515 | 460 | 64 | 2.039 |
| 2005 | 2.191 | 501 | 58 | 2.750 |
| 2006 | 2.571 | 653 | 64 | 3.288 |
| 2007 | 2.991 | 651 | 60 | 3.702 |
| 2008/September | 2.177 | 507 | 47 | 2.731 |
| Total | 16.632 | 3.872 | 535 | 21.039 |

Provisional Data, Source: Undersecretariat of Treasury

Majority of the total 21,039 companies with international capital is in the wholesale and retail trade sectors while manufacturing, real estate renting and other business activities follow. Textile goods production leads the manufacturing sector investments followed by chemicals - chemical products, food products and beverage sector (Table-12).

Table 12- Breakdown of Companies with International Capital by Sector, (2007-2008/September)

(Number of Companies)

| Sectors | January-September | | (1954- 2008/September) |
|--|-------------------|--------------|---------------------------|
| | 2007 | 2008 | General Total |
| Agriculture, hunting, fishing and forestry | 40 | 46 | 325 |
| Mining and quarrying | 62 | 82 | 409 |
| Manufacturing | 392 | 366 | 3,760 |
| <i>Manufacture of food products and beverages</i> | 28 | 25 | 359 |
| <i>Manufacture of textiles</i> | 37 | 18 | 440 |
| <i>Manufacture of chemicals and chemical products</i> | 45 | 36 | 419 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 35 | 36 | 308 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | 15 | 18 | 259 |
| <i>Other Manufacturing</i> | 232 | 233 | 2,009 |
| Electricity, gas and water supply | 50 | 99 | 319 |
| Construction | 376 | 311 | 1,943 |
| Wholesale and retail trade | 627 | 627 | 6,262 |
| Hotels and restaurants | 146 | 182 | 1,509 |
| Transport, storage and communications | 244 | 238 | 1,805 |
| Financial intermediation | 26 | 35 | 274 |
| Real estate, renting and business activities | 661 | 562 | 3,366 |
| Other community, social and personal service activities | 146 | 183 | 1,067 |
| Total | 2,770 | 2,731 | 21,039 |

Provisional Data, Source: Undersecretariat of Treasury

When the distribution of the companies with international capital according to their country of origin is concerned, it is seen that 12.150 of the total 21.039 companies with foreign capital are of EU origin, in which Germany leads with 3.585 firms followed by United Kingdom (2.036 firms) and the Netherlands (1.645 firms) (Table-13).

Table 13- Breakdown of Companies with International Capital by Country, (2007-2008/September)

| Countries | (Number of Companies) | | |
|---|-----------------------|--------------|-----------------------|
| | January-September | | (1954-2008/September) |
| | 2007 | 2008 | Total |
| European Union | 1.594 | 1.430 | 12.150 |
| <i>Germany</i> | 432 | 460 | 3.585 |
| <i>The Netherlands</i> | 188 | 226 | 1.645 |
| <i>United Kingdom</i> | 365 | 205 | 2.036 |
| <i>Other European Countries</i> | 609 | 539 | 4.884 |
| Other European Countries (Excluding EU) | 375 | 446 | 2.137 |
| African Countries | 34 | 37 | 346 |
| North America | 111 | 118 | 1.072 |
| <i>U.S.A.</i> | 86 | 105 | 939 |
| <i>Canada</i> | 25 | 13 | 133 |
| Central-South America And Caribbean | 18 | 12 | 117 |
| Near And Middle Eastern Countries | 384 | 437 | 3.509 |
| <i>Azerbaijan</i> | 83 | 101 | 554 |
| <i>Iraq</i> | 86 | 65 | 576 |
| <i>Iran</i> | 77 | 107 | 1.017 |
| <i>Other</i> | 138 | 164 | 1.362 |
| Other Asian Countries | 223 | 197 | 1.427 |
| <i>China</i> | 37 | 37 | 337 |
| <i>South Korea</i> | 20 | 13 | 147 |
| <i>Other</i> | 166 | 147 | 943 |
| Other Countries | 31 | 54 | 281 |
| Total | 2.770 | 2.731 | 21.039 |

Provisional Data, Source: Undersecretariat of Treasury

When the investment location distribution of the 21.039 international capital companies are considered, it is seen that 11.203 of the total 21.039 are in Istanbul, which is followed by Antalya (2.682 firms), Ankara (1.370 firms) and Mugla (1.244 firms) (Table-14).

Table 14- Breakdown of Companies with International Capital by Investment Location

| City | Number of Companies (1954-2008/September) |
|---------------|--|
| ISTANBUL | 11.203 |
| ANTALYA | 2.682 |
| ANKARA | 1.370 |
| MUGLA | 1.244 |
| IZMIR | 1.228 |
| BURSA | 411 |
| AYDIN | 371 |
| MERSIN | 347 |
| KOCAELI | 248 |
| ADANA | 155 |
| Other Cities | 1.780 |
| Toplam | 21.039 |

Provisional Data, Source: Undersecretariat of Treasury

In Istanbul, the majority of the 11.203 companies with international capital is in the wholesale and retail trade sectors (3.988 firms) while they also operate in manufacturing (2.170 firms), real estate renting and other business activities (1.635 firms) (Table-15).

Table 15- Breakdown of Companies with International Capital by Sector according to the Investment Location (1954-2008/September)

| Sectors | (Number of Companies) | | | | |
|--|-----------------------|--------------|--------------|--------------|--------------|
| | Istanbul | Antalya | Ankara | Mugla | Izmir |
| Agriculture, hunting, fishing and forestry | 79 | 65 | 22 | 16 | 41 |
| Mining and quarrying | 145 | 19 | 74 | 7 | 45 |
| Manufacturing | 2.170 | 156 | 208 | 35 | 313 |
| <i>Manufacture of food products and beverages</i> | 173 | 26 | 18 | 5 | 44 |
| <i>Manufacture of textiles</i> | 280 | 5 | 9 | 4 | 26 |
| <i>Manufacture of chemicals and chemical products</i> | 277 | 15 | 11 | 1 | 31 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 187 | 3 | 24 | 1 | 29 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | 86 | -- | 10 | -- | 13 |
| <i>Other Manufacturing</i> | 1.167 | 107 | 136 | 24 | 170 |
| Electricity, gas and water supply | 173 | 13 | 81 | 1 | 25 |
| Construction | 602 | 566 | 154 | 201 | 93 |
| Wholesale and retail trade | 3.988 | 353 | 378 | 84 | 384 |
| Hotels and restaurants | 475 | 475 | 68 | 256 | 69 |
| Transport, storage and communications | 1.057 | 252 | 63 | 137 | 79 |
| Financial intermediation | 235 | 9 | 7 | 8 | 8 |
| Real estate, renting and business activities | 1.635 | 658 | 213 | 459 | 115 |
| Other community, social and personal service activities | 644 | 116 | 102 | 40 | 56 |
| Total | 11.203 | 2.682 | 1.370 | 1.244 | 1.228 |

Provisional Data, Source: Undersecretariat of Treasury

3) Investment Projects²

20 incentive certificates having a total investment value of \$ 397,4 million were issued by the Undersecretariat of Treasury in September 2008 for companies with international capital. Thus, In the first nine month of 2008, the number of certificated investment projects reached up to 170, while their capital value reached to \$ 5,1 billion (Table-17). 48,3 % of this capital will be covered by the international partners (Table-16).

Table 16: Investment Incentive Certificates Issued for Companies with International Capital, 2008/Monthly

| | January | February | March | April | May | June | July | August | September |
|--|---------|----------|-------|---------|-------|-------|---------|--------|-----------|
| Number of Incentive Certificates (Number) | 16 | 19 | 14 | 26 | 20 | 13 | 30 | 12 | 20 |
| Amount of Investment (Million \$) | 324,9 | 806,2 | 183,6 | 1.104,1 | 622,8 | 271,1 | 1.116,5 | 263,3 | 397,4 |
| Equity Share of Foreign Direct Investor (%) | 68,6 | 41,5 | 50,2 | 58,7 | 27,8 | 77,7 | 41,5 | 38,5 | 53,6 |

* Investment value is prescribed in the investment certificate which is issued for companies with foreign capital
Source: Undersecretariat of Treasury

Out of the total 170 investment incentive certificates, 138 were issued for manufacturing, 3 for agriculture hunting and forestry, 7 for mining-quarrying and 22 for services sector.

² Investment projects of international investors, certified within the framework of foreign direct investment legislation and the incentives regime.

ANNEXED TABLES

Table annex-1: International Direct Investment (Inflows)

(Million \$)

| | 2003 | 2004 | 2005 | 2006 | 2007 | January-September | |
|--|--------------|--------------|---------------|---------------|---------------|-------------------|---------------|
| | | | | | | 2007 | 2008 |
| International Direct Investment Total (Net) | 1.751 | 2.785 | 10.031 | 20.185 | 22.214 | 17.096 | 12.311 |
| International Direct Investment | 753 | 1.442 | 8.190 | 17.263 | 19.288 | 15.044 | 10.085 |
| <i>Equity Investment (Net)</i> | 737 | 1.092 | 8.134 | 16.982 | 18.561 | 14.441 | 10.041 |
| <i>Inflows</i> | 745 | 1.190 | 8.535 | 17.639 | 19.304 | 14.500 | 10.074 |
| <i>Liquidation Outflows</i> | -8 | -98 | -401 | -657 | -743 | -59 | -33 |
| Intra Company Loans** | 16 | 350 | 56 | 281 | 727 | 603 | 44 |
| Real Estate (Net) | 998 | 1.343 | 1.841 | 2.922 | 2.926 | 2.052 | 2.226 |

**Loans which companies with foreign capital take from foreign partners

Provisional Data, Source: Central Bank of the Republic of Turkey

Table annex-2: International Direct Investment Inflow by Sector

(Million \$)

| Sectors | 2003 | 2004 | 2005 | 2006 | 2007 | January-September | |
|--|------------|--------------|--------------|---------------|---------------|-------------------|---------------|
| | | | | | | 2007 | 2008 |
| Agriculture, hunting and forestry | 1 | 4 | 5 | 5 | 5 | 5 | 19 |
| Fishing | -- | 2 | 2 | 1 | 3 | 3 | 17 |
| Mining and quarrying | 14 | 73 | 40 | 122 | 336 | 323 | 102 |
| Manufacturing | 448 | 190 | 785 | 1.866 | 4.210 | 3.505 | 2.959 |
| Manufacture of food products, beverages and tobacco | 249 | 78 | 68 | 608 | 766 | 719 | 888 |
| <i>Manufacture of textiles</i> | 8 | 9 | 180 | 26 | 232 | 186 | 178 |
| <i>Manufacture of chemicals and chemical products</i> | 9 | 38 | 174 | 601 | 1.110 | 1.008 | 72 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 17 | 6 | 13 | 54 | 47 | 32 | 121 |
| <i>Office machinery and computers</i> | 4 | 2 | 13 | 53 | 116 | 108 | 194 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | 145 | 27 | 106 | 63 | 70 | 63 | 47 |
| <i>Other Manufacturing</i> | 14 | 30 | 231 | 461 | 1.869 | 1.389 | 1.459 |
| Electricity, gas and water supply | 86 | 66 | 4 | 112 | 567 | 550 | 341 |
| Construction | 8 | 3 | 80 | 222 | 285 | 234 | 693 |
| Wholesale and retail trade | 92 | 72 | 68 | 1.166 | 169 | 129 | 60 |
| Hotels and restaurants | 4 | 1 | 42 | 23 | 32 | 19 | 22 |
| Transport, storage and communications | 2 | 639 | 3.285 | 6.696 | 1.116 | 531 | 126 |
| Financial intermediation | 51 | 69 | 4.018 | 6.957 | 11.663 | 8.604 | 5.159 |
| Real estate, renting and business activities | 6 | 3 | 29 | 99 | 729 | 411 | 392 |
| Health and social work | 23 | 35 | 74 | 265 | 176 | 176 | 141 |
| Other community, social and personal service activities | 10 | 33 | 103 | 105 | 13 | 10 | 43 |
| Total | 745 | 1.190 | 8.535 | 17.639 | 19.304 | 14.500 | 10.074 |

Provisional Data, Source: Central Bank of the Republic of Turkey

Table annex-3: International Direct Investment Inflow by Country

(Million \$)

| Countries | 2003 | 2004 | 2005 | 2006 | 2007 | January-September | |
|--|------------|--------------|--------------|---------------|---------------|-------------------|---------------|
| | | | | | | 2007 | 2008 |
| European Union (27) | 563 | 1.027 | 5.006 | 14.489 | 12.788 | 8.858 | 7.471 |
| <i>Germany</i> | 142 | 73 | 391 | 357 | 962 | 556 | 959 |
| <i>France</i> | 120 | 34 | 2.107 | 439 | 368 | 258 | 425 |
| <i>Netherlands</i> | 50 | 568 | 383 | 5.069 | 5.624 | 2.600 | 1.315 |
| <i>United Kingdom</i> | 141 | 126 | 166 | 628 | 702 | 551 | 1.779 |
| <i>Italy</i> | 1 | 14 | 692 | 189 | 74 | 68 | 176 |
| <i>Other European Countries</i> | 109 | 212 | 1.267 | 7.807 | 5.058 | 4.825 | 2.817 |
| Other European Countries (Excluding EU) | 62 | 6 | 1.646 | 85 | 373 | 248 | 141 |
| Africa | -- | -- | 3 | 21 | 5 | 5 | 82 |
| <i>U.S.A.</i> | 52 | 36 | 88 | 848 | 4.212 | 3.624 | 347 |
| <i>Canada</i> | 6 | 61 | 26 | 121 | 11 | 10 | 9 |
| Central-South America And Caribbean | 0 | -- | 8 | 33 | 494 | 493 | 56 |
| Asian | 60 | 60 | 1.756 | 1.927 | 1.385 | 1.235 | 1.968 |
| <i>Gulf Arabian Countries</i> | -- | 43 | 1.675 | 1.783 | 311 | 278 | 1.668 |
| <i>Near And Middle Eastern Countries</i> | 1 | 11 | 3 | 127 | 297 | 207 | 215 |
| Other Asian Countries | 59 | 6 | 78 | 17 | 777 | 750 | 85 |
| Other Countries | 2 | -- | 2 | 115 | 36 | 27 | -- |
| Total | 745 | 1.190 | 8.535 | 17.639 | 19.304 | 14.500 | 10.074 |

Provisional Data, Source: Central Bank of the Republic of Turkey

Table annex-4: Breakdown of Companies with International Capital by Sector According to Mode of Establishment -(2007-2008)

(Number of Companies)

| Sectors | 2007 | | | | 2008 (January-September) | | | |
|--|-----------------------|---------------|---------------|--------------|--------------------------|---------------|---------------|--------------|
| | Company Establishment | Participation | Branch Office | Total | Company Establishment | Participation | Branch Office | Total |
| Agriculture, hunting, fishing and forestry | 40 | 11 | 1 | 52 | 35 | 11 | -- | 46 |
| Mining and quarrying | 61 | 21 | -- | 82 | 60 | 20 | 2 | 82 |
| Manufacturing | 382 | 105 | 13 | 500 | 275 | 81 | 10 | 366 |
| <i>Manufacture of food products and beverages</i> | 29 | 5 | -- | 34 | 16 | 9 | 0 | 25 |
| <i>Manufacture of textiles</i> | 33 | 16 | -- | 49 | 13 | 4 | 1 | 18 |
| <i>Manufacture of chemicals and chemical products</i> | 41 | 12 | 1 | 54 | 27 | 8 | 1 | 36 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 36 | 9 | 3 | 48 | 30 | 5 | 1 | 36 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | 13 | 4 | 2 | 19 | 15 | 3 | 0 | 18 |
| <i>Other Manufacturing</i> | 230 | 59 | 7 | 296 | 174 | 52 | 7 | 233 |
| Electricity, gas and water supply | 64 | 12 | -- | 76 | 71 | 28 | 0 | 99 |
| Construction | 442 | 60 | 10 | 512 | 261 | 45 | 5 | 311 |
| Wholesale and retail trade | 628 | 183 | 17 | 828 | 508 | 109 | 10 | 627 |
| Hotels and restaurants | 183 | 41 | -- | 224 | 140 | 41 | 1 | 182 |
| Transport, storage and communications | 232 | 70 | 7 | 309 | 176 | 57 | 5 | 238 |
| Financial intermediation | 19 | 21 | 1 | 41 | 22 | 12 | 1 | 35 |
| Real estate, renting and business activities | 793 | 89 | 9 | 891 | 498 | 52 | 12 | 562 |
| Other community, social and personal service activities | 147 | 38 | 2 | 187 | 131 | 51 | 1 | 183 |
| Total | 2,991 | 651 | 60 | 3,702 | 2,177 | 207 | 47 | 2,731 |

Provisional Data, Source: Undersecretariat of Treasury

Table annex-5: Breakdown of Companies with International Capital by Sector

| Sectors | 1954-2002 | 2003 | 2004 | 2005 | 2006 | 2007 | January-September | | (1954-2008/ September) |
|--|--|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|---------------------------|
| | (Cumulative) | | | | | | 2007 | 2008 | Total |
| | Agriculture, hunting, fishing and forestry | | | | | | 88 | 25 | 33 |
| Mining and quarrying | 97 | 12 | 34 | 54 | 48 | 82 | 62 | 82 | 409 |
| Manufacturing | 1.372 | 264 | 356 | 433 | 469 | 500 | 392 | 366 | 3.760 |
| <i>Manufacture of food products and beverages</i> | 144 | 21 | 52 | 38 | 45 | 34 | 28 | 25 | 359 |
| <i>Manufacture of textiles</i> | 135 | 62 | 55 | 71 | 50 | 49 | 37 | 18 | 440 |
| <i>Manufacture of chemicals and chemical products</i> | 169 | 28 | 44 | 41 | 47 | 54 | 45 | 36 | 419 |
| <i>Manufacture of machinery and equipment n.e.c.</i> | 104 | 20 | 23 | 27 | 50 | 48 | 35 | 36 | 308 |
| <i>Manufacture of motor vehicles, trailers and semi-trailers</i> | 121 | 16 | 18 | 21 | 12 | 19 | 15 | 18 | 259 |
| <i>Other Manufacturing</i> | 699 | 117 | 164 | 235 | 265 | 296 | 232 | 233 | 2.009 |
| Electricity, gas and water supply | 64 | 8 | 16 | 11 | 45 | 76 | 50 | 99 | 319 |
| Construction | 197 | 31 | 130 | 334 | 428 | 512 | 376 | 311 | 1.943 |
| Wholesale and retail trade | 1.940 | 427 | 860 | 765 | 815 | 828 | 627 | 627 | 6.262 |
| Hotels and restaurants | 583 | 60 | 76 | 171 | 213 | 224 | 146 | 182 | 1.509 |
| Transport, storage and communications | 424 | 96 | 216 | 248 | 274 | 309 | 244 | 238 | 1.805 |
| Financial intermediation | 111 | 13 | 6 | 20 | 48 | 41 | 26 | 35 | 274 |
| Real estate, renting and business activities | 369 | 91 | 226 | 519 | 708 | 891 | 661 | 562 | 3.366 |
| Other community, social and personal service activities | 193 | 64 | 86 | 161 | 193 | 187 | 146 | 183 | 1.067 |
| Total | 5.438 | 1.091 | 2.039 | 2.750 | 3.288 | 3.702 | 2.770 | 2.731 | 21.039 |

Provisional Data, Source: Undersecretariat of Treasury

Table annex-6: Breakdown of Companies with International Capital by Country

| Countries | 1954-2002 | 2003 | 2004 | 2005 | 2006 | 2007 | (Number of Companies) | | (1954-2008/ September) |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|--------------|---------------------------|
| | (Cumulative) | | | | | | January-September | | Total |
| | | | | | | | 2007 | 2008 | |
| European Union | 2.909 | 503 | 1.091 | 1.693 | 2.120 | 2.404 | 1.594 | 1.430 | 12.150 |
| <i>Germany</i> | 948 | 148 | 377 | 494 | 579 | 579 | 432 | 460 | 3.585 |
| <i>The Netherlands</i> | 477 | 69 | 140 | 199 | 274 | 260 | 188 | 226 | 1.645 |
| <i>United Kingdom</i> | 362 | 67 | 132 | 329 | 478 | 463 | 365 | 205 | 2.036 |
| <i>Other European Countries</i> | 1.122 | 219 | 442 | 671 | 789 | 1.102 | 609 | 539 | 4.884 |
| Other European Countries (Excluding EU) | 547 | 104 | 231 | 277 | 312 | 220 | 375 | 446 | 2.137 |
| African Countries | 88 | 30 | 41 | 58 | 43 | 49 | 34 | 37 | 346 |
| North America | 367 | 57 | 104 | 112 | 145 | 169 | 111 | 118 | 1.072 |
| <i>U.S.A.</i> | 341 | 48 | 93 | 99 | 118 | 135 | 86 | 105 | 939 |
| <i>Canada</i> | 26 | 9 | 11 | 13 | 27 | 34 | 25 | 13 | 133 |
| <i>Central-South America And Caribbean</i> | 42 | 5 | 13 | 14 | 10 | 21 | 18 | 12 | 117 |
| Near And Middle Eastern Countries | 1.079 | 269 | 368 | 398 | 431 | 527 | 384 | 437 | 3.509 |
| <i>Azerbaijan</i> | 96 | 39 | 55 | 59 | 83 | 121 | 83 | 101 | 554 |
| <i>Iraq</i> | 165 | 41 | 51 | 60 | 79 | 115 | 86 | 65 | 576 |
| <i>Iran</i> | 325 | 108 | 128 | 126 | 115 | 108 | 77 | 107 | 1.017 |
| <i>Other</i> | 493 | 81 | 134 | 153 | 154 | 183 | 138 | 164 | 1.362 |
| Other Asian Countries | 340 | 110 | 160 | 172 | 171 | 277 | 223 | 197 | 1.427 |
| <i>China</i> | 102 | 44 | 58 | 33 | 21 | 42 | 37 | 37 | 337 |
| <i>South Korea</i> | 50 | 15 | 16 | 17 | 12 | 24 | 20 | 13 | 147 |
| <i>Other</i> | 188 | 51 | 86 | 122 | 138 | 211 | 166 | 147 | 943 |
| Other Countries | 66 | 13 | 31 | 26 | 56 | 35 | 31 | 54 | 281 |
| Total | 5.438 | 1.091 | 2.039 | 2.750 | 3.288 | 3.702 | 2.770 | 2.731 | 21.039 |

Provisional Data, Source: Undersecretariat of Treasury

Table annex-7: Investment Incentive Certificates Issued for Companies with International Capital -(2003-2008/September)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008- January- September |
|--|---------|---------|---------|---------|---------|--------------------------------|
| Number of Incentive Certificates (Number) | 211 | 231 | 206 | 151 | 198 | 170 |
| Amount of Investment (Million \$) | 1.729,5 | 3.834,2 | 3.484,7 | 1.802,8 | 5.404,4 | 5.089,8 |
| Equity Share of Foreign Direct Investor (%) | 71,8 | 41,7 | 51,7 | 36,1 | 49,1 | 48,3 |

Source: Undersecretariat of Treasury