

# Remarks on the current Turkish Economy

The Turkish economy has been in a rapid growth since last years especially due to the major structural reforms and legal reforms having the purpose to promote foreign direct investments in Turkey.

The visible improvements in the Turkish economy have also boosted foreign trade, while exports reached USD 12.75 billion by the beginning of 2015, up from USD 36 billion in 2002. Similarly, tourism revenues, which were around USD 8.5 billion in 2002, exceeded USD 34 billion in 2014.

According to the statistics, Turkey is the 17th largest economy in the world and the 6th largest economy in the EU countries, according to GDP figures (at PPP) in 2015.

As a member of several international organizations and unions such as OECD, G-20 major economies and EU Customs Union, Turkish economy has been expanded faster compared to Europe despite the financial crisis between 2007 and 2009.

## External trade and foreign direct investments in Turkey

Due to its participation to Customs Union with Europe since 1996, external trade of Turkey has been in a structural change. According to

this Convention, Turkey has repealed customs duty to the industrial products from Europe. Moreover, after this Convention, Turkey's customer, antitrust legislation is adapted to the EU-legislation. As of 2015, this Convention has been updated in favor of Turkey, which includes the participation of Turkey in all decisions, extension of customs union's capacity and participation of Turkey in all conventions of the EU with third parties.

The main trading partners of Turkey have been Germany, United Kingdom and Iraq as of 2014 and 2015.

With regard to export, main changes have been observed along with the participation of Turkey to the European Customs Union. Especially electronic, machinery, parts of wagons and railways, iron and steel and gem have been the mostly exported products in the year of 2014.

Turkey has participated to different economic cooperation organizations such as the World Trade Organization ("WTO") since 1995, UNCTAD, World Customs Organization ("WCO").

Apart from its external trade volume, Turkey has been a preferred country in foreign direct investments especially by countries in the Europe and Middle East. By means of legal reforms in foreign direct investments, investment procedures have been eased, transfer of investment revenue in Turkey to abroad has been enabled and some exemptions in income tax, VAT, customs tax and social security employer contributions have been provided. The number of foreign companies has been 41.397 as of the end of 2014.

## Turkish economy on sectoral basis: Particularly energy market

Apart from the fastest developing sectors in Turkey such as tourism,

communication after the liberalizations after 2004, textile and construction sectors, energy market has an important position in Turkish economy.

Due to its location and several international natural gas pipeline projects, Turkey has the opportunity to become an energy hub. The biggest and most important natural gas pipeline project TANAP intends to transmit the produced natural gas from Azerbaijan to Europe through Turkey. Currently, its construction and tender processes are in progress. After its completion, this project will contribute to decrease of the energy import rate of Turkey.

Foreign investors prefer not only natural gas market, but also in renewables. Recently, foreign energy companies from Azerbaijan and USA have declared their intention to invest in power generation from renewable energy.

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