



**INVESTMENT IN TURKEY AND  
THE ROLE OF TOBB  
ON IMPROVING INVESTMENT  
CLIMATE**

**MOBILISING INVESTMENT  
FOR DEVELOPMENT IN MENA REGION**

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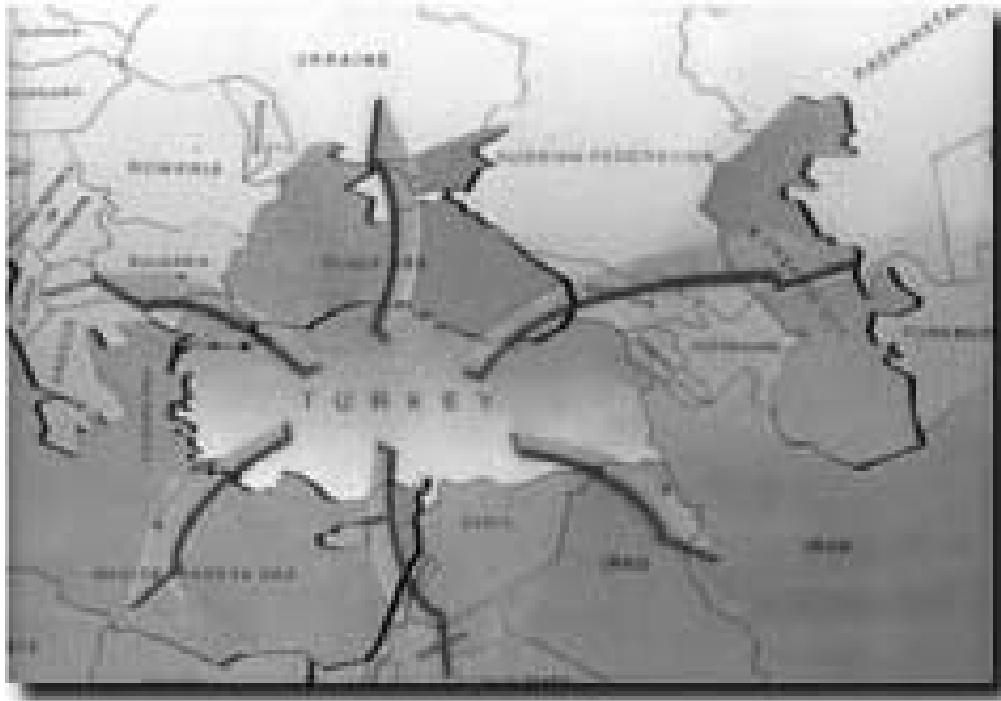
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# INVESTMENT IN TURKEY

## SITUATION

✓ Turkey, situated at the crossroads where two continents meet, is an ideal center for investors looking for a location at the heart of EURO-ASIA.



✓ Turkey, is located just in the north of Middle East Countries and have strong historical, cultural and economic links with the MENA countries.

✓ As a candidate, Turkey is the last country at the east of EU.



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# **INVESTMENT IN TURKEY**

## **OPPORTUNITIES**

- ✓ **With its dynamic and growing economy, huge market, competitive & skilled labour force, Turkey offers numerous opportunities to international investors.**
- ✓ **Banking and finance system, İstanbul Stock Exchange are the advantages for the foreign investors.**
- ✓ **Young population, efforts on vocational education and training system, are other assets considering, the human resources.**
- ✓ **Present situation of its industry, entrepreneurial culture of local investors and growing interest of SME's and private sector companies on global markets are attractive items for international investors**



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# **INVESTMENT IN TURKEY**

## **LEGISLATION**

- ✓ **Turkey, had one of the most liberal Foreign Capital Law since 1954.**
- ✓ **This law has been replaced with the new FDI Law on June 2003, which is more liberal than the one before.**
- ✓ **The liberal FDI legislation and the experiences of more than 5.500 foreign capital firms ensures a stable and reliable investment environment.**



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# **INVESTMENT IN TURKEY**

## **KEY REASONS TO INVEST IN TURKEY**

- ✓ **Unique geographic location.**
- ✓ **A strong international investment record.**
- ✓ **A fast developing economy.**
- ✓ **A huge domestic market.**
- ✓ **The gateway to access surrounding markets.**
- ✓ **High skilled competitive labour.**
- ✓ **High quality standards.**
- ✓ **The gateway of energy resources.**
- ✓ **A state of art telecommunications network.**
- ✓ **Strong ties with Caucasasia, Central Asia and Middle East.**
- ✓ **Industrial background and cultur of entrepreneurship.**
- ✓ **Reliability, and credibility.**



# **INVESTMENT IN TURKEY**

## **EFFORTS ON IMPROVING THE INVESTMENT CLIMATE IN TURKEY**

- ✓ **At the request of our government, the Foreign Investment Advisory Service (FIAS), a joint establishment of IFC and World Bank, completed a study on the investment environment of Turkey, namely “ Administrative Barriers to Investment” (June 2001 )**
- ✓ **As a result of FIAS study, Council of Ministers, accepted a decree on “ The Reform Programme for Improving the Investment Climate in Turkey” (December 2001)**
- ✓ **According to the reform programme, Coordination Committee for the Improvement of Investment Climate (YOİKK) has begun its studies on March 2002.**



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# **REFORM PROGRAMME FOR IMPROVING INVESTMENT CLIMATE IN TURKEY**

**After the Establishment of YOİKK (Coordination Committee for Improving the Investment Climate) Turkish Government paid more attention to improve the investment environment. It has been one of the priority programmes either for 57 th government or 58 th, and 59 th.**

**Within two years, the necessary steps has been taken to enhance foreign direct investments and some of the other changes are underway.**



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# YOİKK

(Coordination Committee for the Improvement of the Investment environment)

- ✓ **YOİKK is an advisory committee to the Council of Ministers, for making the necessary regulations, to prevent the administrative barriers to investments.**
- ✓ **Within YOİKK, there are 10 Technical Committees on the key reform areas.**
- ✓ **YOİKK has a joint structure, either from government side and the private sector, and chaired by the State Minister (in charge of Economy, and Treasury)**
- ✓ **President of TOBB and Chairmen of other three private sector organisations participate in YOİKK.**



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# YOİKK

- ✓ **The structure of YOİKK is unique. Its the only joint platform, to advise and propose legal changes to government for preventing administrative barriers, where public sector and private sector meet together.**
- ✓ **TOBB has, considerable influence on YOİKK and the Technical Commitees, for the preparation of drafts of the new laws and the other regulations.**
- ✓ **The negotiations on the new law drafts and the other regulations are done in Technical Commitees, and than comes to the agenda of YOİKK. After the negotiations in YOİKK, decisions are being reported to the Council of Ministers.**



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# YOİKK

**Technical Committees are established according to the key reform areas mentioned in FIAS Study, which are;**

- ✓ **T.C.I -Company Establishment**
- ✓ **T.C.II – Employment**
- ✓ **T.C.III- Sectorial Licences**
- ✓ **T.C. IV- Location of Investment (LAND)**
- ✓ **T.C.V- Taxes and Incentives**
- ✓ **T.C.VI- Customs and Standarts**
- ✓ **T.C.VII- Intellectual Property Rights**



# YOİKK

**The above mentioned Technical Committees are the ones mentioned in FIAS Study, as the subjects consist of more intensively administrative barriers. The Council of Ministers decided to establish two more Technical Committees at the beginning. Which are;**

- ✓ **T.C. A – Investment Promotion**
- ✓ **T.C. B – FDI Legislation**

**After the establishment of 58 th. Government a new Technical Committee has been established;**

- ✓ **T.C. X - Small and Medium Size Enterprises (SME)**



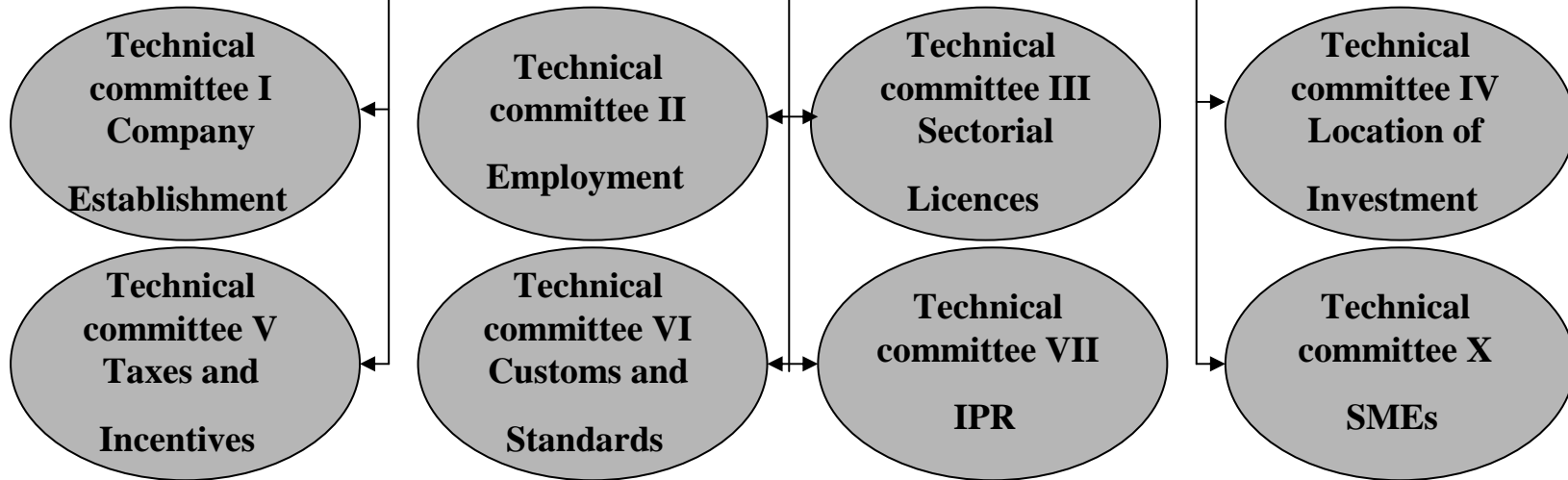
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# COINCIL OF MINISTERS

QUARTERLY  
PROGRESS REPORT

Coordination Committee for the  
Improvement of the Investment  
Environment (YOİKK)

Monthly  
Progress Report



Technical committee A  
Investment Promotion

Technical committee B  
FDI Legislation



# YOİKK

**Main laws, which are passed through the Grand National Assembly (or waiting in Council of Ministers) with the efforts of YOİKK:**

- ✓ **Foreign Direct Investments Law. (Legalised on 17.6.2003)**
- ✓ **Law on making changes in different laws to simplify the procedures of company establishment. (Legalised on 17.3.2003)**
- ✓ **Draft Law about Establishing Investment Promotion Agency. (waiting to be signed by the Ministers)**



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# YOİKK

**Besides the main laws came out directly from YOİKK, some other laws which facilitates to prevent from the administrative barriers, negotiated in YOİKK and the Technical Committees. Which are;**

- ✓ **Law on Working Permits of Foreign Personnel**
- ✓ **Law on Turkish Employment Authority**
- ✓ **Law on Prohibition and Prosecution of Smuggling**
- ✓ **Labour Law**
- ✓ **Social Security Authority Law**
- ✓ **Law on Social Security Organisation for the Self Employed**
- ✓ **Law on Ammendments to be made in Tourism Incentives Law**
- ✓ **Law on increasing investments and employment.**
- ✓ **Law on establishment of Turkish Patent Institute**
- ✓ **Ammendments on some of the tax laws.**
- ✓ **Law on Correction of Inflation**



# YOİKK

The laws which have not been legalized yet (most of them are in parliament or the Prime Ministry);

- ✓ Amendments to mining law
- ✓ The new law on Environment
- ✓ Framework law on State Subsidies in Investments
- ✓ Law on Establishment of Institute of Intellectual Property Rights
- ✓ Law on Protection of Integrated Circuits
- ✓ Law on National Occupational Standards
- ✓ Harmonisation of Facility and Activity definitions taking place in food sector legislation.
- ✓ Other various laws which facilitates the improvement of investment climate.



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# THE ROLE OF TOBB ON IMPROVING THE INVESTMENT CLIMATE

- ✓ **The President of TOBB is member of YOİKK**
- ✓ **TOBB is represented in all Technical Committees and sub committees.**
- ✓ **TOBB leads other private sector organisations to develop a unique opinion of private sector on YOİKK matters.**
- ✓ **TOBB established 10 working groups parallel to Technical Committees of YOİKK to form its opinions and to prepare the proposals on YOİKK matters.**
- ✓ **Business Development and Investment Consultancy department of TOBB coordinates the YOİKK activities and other FDI matters either with public sector or other private sector organisations**



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## THE ROLE OF TOBB ON IMPROVING THE INVESTMENT CLIMATE

- ✓ **TOBB organised a conference on January 3-5, 2003 about improving the investment climate in Turkey, where 9 Technical Committees of YOİKK and private sector representatives meet.**
- ✓ **The results and the final reports of the conference has been accepted as the basis of the necessary reforms to improve the investment climate in Turkey.**
- ✓ **TOBB organises several meetings to prevent administrative barriers on investments and sectorial board meetings to solve the problems of different sectors, and carries the matters either to YOİKK and the Technical Committees or to ESDK (Joint board between government and TOBB to evaluate the economic problems)**



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## **THE ROLE OF TOBB ON IMPROVING THE INVESTMENT CLIMATE**

**TOBB consider the studies on improving the investment climate in Turkey and the incoming of FDI as one of the most important matters in Turkish economy. Therefore TOBB supports these activities and participates in the bodies concerning investments and FDI;**

- ✓ TOBB has established the “FDI Board” within the Union, with its foreign capital members. (first meeting will be held within a month)**
- ✓ TOBB will be the main partner of Investment Promotion Agency of Turkey (The law is underway)**
- ✓ OECD-TOBB-TUSIAD-YASED and DEİK are going to establish a platform called Istanbul Investment Forum (Negotiations are continuing on the basic principals of the forum)**



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## THE ROLE OF TOBB ON IMPROVING THE INVESTMENT CLIMATE

As the largest and the legal organisation of Turkish Private Sector TOBB is the exact address for the foreign investors. Totally 362 Chambers of Industry, Chambers of Industry and Commerce, Chambers of Commerce, Chambers of Maritime Commerce and Commodity Exchanges are the members of TOBB Turkey wide. Within 362 chambers and commodity exchanges, there are more than a million firms and companies as members.

With its country wide organisation TOBB is the best partner, for doing business either for international business organisations, chambers, investment promotion agencies, or companies.



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# THE ROLE OF TOBB ON IMPROVING THE INVESTMENT CLIMATE

Within TOBB the department of “ BUSINESS DEVELOPMENT AND INVESTMENT CONSULTANCY “ is in charge of Improving the investment climate studies, investment incentives, regional development studies, project and bussiness development, advisory services either for local or foreign investors and FDI.

For any further questions and suggestions you may contact directly to Bussiness Development and Investment Consultancy Department.



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# TOBB THE UNION OF CHAMBERS AND COMMODITY EXCHANGES OF TURKEY

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