



▶▶ Newsletter Turkey March 2017

Please find below our latest newsletter covering economic and political developments in Turkey. If you would like to see our previous newsletters since 2006, [please click here](#). Do not hesitate to [forward](#) our newsletter to interested persons.

Best regards,

FMConsulting Team

newsletter@fmconsulting.com

▶▶ Economy

Overview of Monthly Data

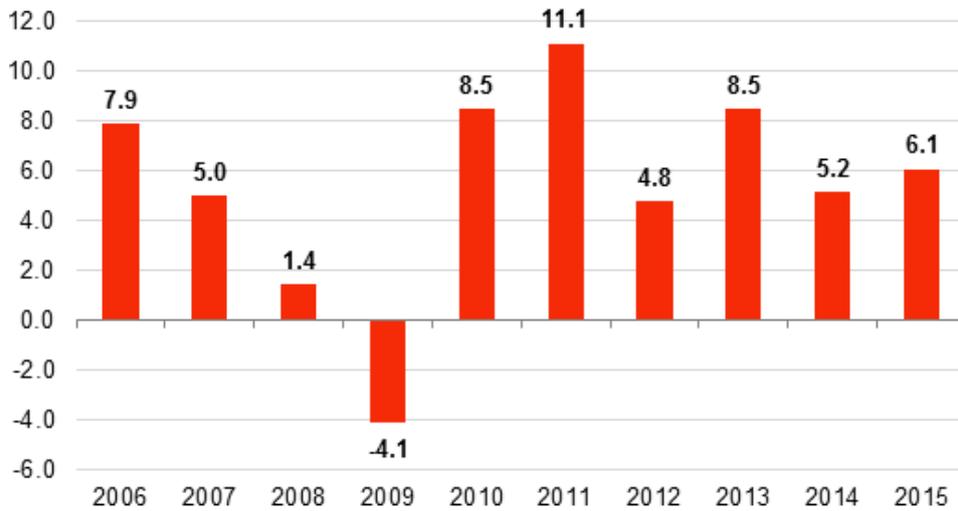
Exchange Rates	31/01/2017	28/02/2017	Change in %
TRY per Euro	4.0632	3.8291	-5.76%
TRY per USD	3.7942	3.6143	-4.74%

Stock Exchange Index	31/01/2017	28/02/2017	Change in %
BIST 100	86,295.72	87,478.33	1.37%

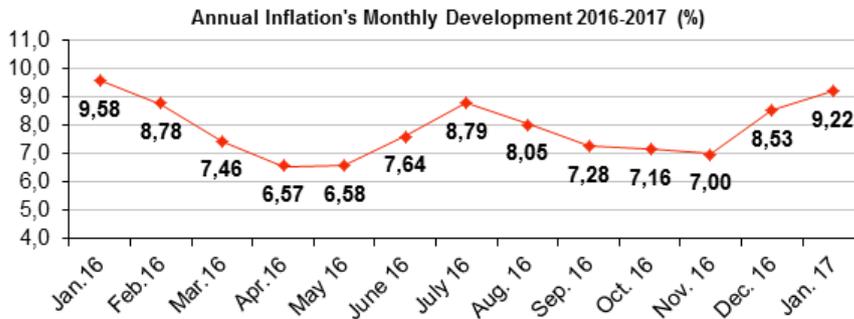
Inflation in %	Monthly inflation	Annual inflation
Domestic producer prices	1.26	15.36
Consumer prices	0.81	10.13

Growth Rates

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2011	11.7	11.5	11.6	9.9	11.1
2012	6.8	5.0	3.6	4.2	4.8
2013	8.5	9.8	8.9	6.9	8.5
2014	8.7	2.9	3.7	5.9	5.2
2015	3.5	7.2	5.9	7.4	6.1
2016	4.5	4.5	-1.8		



Inflation



Inflation becomes double-digit

In February, consumer prices in Turkey increased by 0.81% over the previous month, and by 10.13% over the same month of the previous year (YOY). Accordingly, the increase in CPI-YOY has been in an upward trend for the last three months, reaching a double-digit level for the first time since April 2012. The highest monthly increases were observed in transportation (2.82%) and health (2.17%). The decreasing items were clothing and footwear (-3.35%) and furnishing and household equipment (-0.67%). The highest annual increase was in alcoholic beverages and tobacco (21.72%). The domestic producer price index (D-PPI) increased by 15.36% YOY and 1.26% monthly.

March 3, 2017

12.1% unemployed in November 2016

In November, 3.715 million people in Turkey aged 15 and older were out of work, 590,000 more than in the same month of 2015. The unemployment rate was 12.1% with a 1.6-point increase YOY. The youth unemployment rate in the 15-24 age bracket increased to 22.6%. The labour force participation rate rose to 52.1% in total and to 32.7% for females. Of those with employment in this period, 54.2% were employed in the services sector, 19.6% in industry, 18.7% in agriculture, and 7.4% in construction.

Feb. 15, 2017

Foreign trade deficit increases by 10.3% in January

In January, Turkey's exports increased by 18.1% and imports increased by 15.9%, YOY. With exports increasing to USD 11.3 bn and imports increasing to USD 15.6 bn, the trade deficit increased by 10.3%, up to USD 4.3 bn. The main partner for exports was Germany (USD 1.1 bn), followed by Iraq (USD 684 mn), the UK (USD 676 mn), and the UAE (USD 655 mn), whereas the top country Turkey's imports came from was China (USD 1.9 bn), followed by Russia (USD 1.5 bn), Germany (USD 1.2 bn), and the USA (USD 734 mn).

Feb. 28, 2017

Slight increase in current account deficit, drastic decrease in FDI

In 2016, the current account deficit increased by 1.5%, up to USD 32.6 bn, whereas foreign direct investments fell sharply by 31%, down to USD 12.1 bn. The main target sector of FDI was the manufacturing industry, with the food, beverage and tobacco industry ranking first among its sub-sectors, followed by the banking sector. The main source of FDI was Europe, followed by the Middle East, and the leading countries were the UK, the Netherlands, and Azerbaijan.

Feb. 14, 2017

Politics

Merkel visits Turkey

During her fifth visit to Turkey in the last one and a half years, German Chancellor Angela Merkel met with Turkish President Recep Tayyip Erdoğan and Prime Minister Binali Yıldırım in Ankara. Merkel pointed out the possibility of further improving mutual economic relations between the two countries, while underlining the importance of freedom of opinion and the press. The two leaders also agreed on further cooperation against terrorism.

Feb. 2, 2017

Constitutional referendum will be held on April 16

The Supreme Election Council has announced April 16 as the date for the referendum to be held on constitutional amendments, in which the government will be seeking the electorate's approval to a transformation of Turkey's political system into a presidential model granting extensive powers to the President.

Feb. 11, 2017

Cancellation of rallies raises tensions between Turkey and Germany

In several German towns and cities, officials have not permitted rallies to be held by the Turkish Minister of Justice and Minister of Economy, who were planning to meet Turkish expatriate voters in order to solicit their support in the upcoming constitutional referendum. Chancellor Merkel clarified that such decisions fall under the jurisdiction of the local authorities. President Erdoğan spurred criticism in Germany by drawing a parallel between these practices and Nazi policies.

March 4-8, 2017

The Netherlands expels Turkish minister

The Netherlands has not permitted a rally to be held in Rotterdam by Fatma Betül Sayan Kaya, Turkey's Minister of Family and Social Policy, and expelled her as persona non grata. Dutch police blocking off the Turkish consulate clashed violently with protesters of Turkish origin. President Erdoğan said that the Netherlands will have to pay a price for this action, accusing Dutch politicians of racism. Turkey sent two diplomatic notes to the Netherlands, requesting an official apology. Dutch Prime Minister Mark Rutte stated that they cannot allow gatherings that may damage the public order, and while they are willing to relieve the tensions between the two countries, an apology is out of the question; rather, Turkey would have to apologize for comparing Dutch to Nazis.

March 13, 2017

Other Topics

The Turkish government has temporarily removed the 6.7% special consumption tax (SCT) on white goods and some small home appliances, cut the 18% VAT on some furniture to 8%, and for some marine vessels lifted the SCT and decreased the VAT to 1%, until April 30. Accordingly, companies are now offering discounts up to 20%, and domestic sales have started to pick up. Turkey's leading white goods manufacturer Arçelik has reported an increase as high as 60% in refrigerators, and 30% in washing machines and dishwashers, in the first 2.5 weeks of the campaign. Feb. 4-23, 2017

The Ministry of Food, Agriculture and Animal Husbandry has increased its R&D supports tenfold to TRY 3 million per project, up from TRY 300,000. The supported items include machinery, equipment, software, hardware, consumables, as well as seed and medicine necessary for the research. The deadline for applications to benefit from these supports for 2017 is April 4, 2017. Feb. 13, 2017

The World Business Angels Investment Forum was held in Istanbul. International angel investors with a total business volume of USD 50 bn determined their road map by the "Istanbul Agreements". 546 participants from 54 countries participated in the forum. According to a survey during the forum, the most targeted investment segment turned out to be financial technologies. Feb. 14, 2017

Argela, Türk Telekom's subsidiary in R&D activities, has opened the first 5G Center of Excellence in Ankara. Dr. Paul Doany, the CEO of Türk Telekom, stated that the centre will aim to transform Turkey from a technology-consuming country into a technology-exporting one. The centre will operate through the cooperation of Argela engineers and more than 30 academicians from 13 universities. Feb. 15, 2017

The number of dwelling units granted construction permits has increased by 10.6%, up to 986,119 in 2016, 22% of them being in Istanbul. The number of completed dwelling units given occupancy permits, on the other hand, increased only by 2.5%, up to 750,336. The initiation of 20-year housing loans, removal of the stamp duty and decrease of VAT from 18 to 8% is expected to boost the housing sales volume in 2017. Besides, the Turkish parliament has approved a VAT exemption on housing and offices sold to foreign citizens. Feb. 7-23, 2017

The American health care company Abbott Laboratories has decided to shift the production of 23 pharmaceutical products to Turkey. Through its subcontractor Pharmactive, located in the province of Tekirdağ, it will carry out the production of those cardiovascular, gastroenterological and neurological medicines, through technology transfer. Feb. 17, 2017

Spanish BBVA has acquired 9.95% further shares in Garanti Bank from its Turkish partner Doğuř Group for TRY 3.3 bn. Accordingly, the share total of BBVA increased to 49.85%, whereas the share of Doğuř Group decreased to 0.05%. The remaining shares are quoted on the stock exchange. The bank's chairman, Ferit Şahenk, will remain in charge. Feb. 22, 2017

The Turkish government has introduced an exemption from income and corporate taxes for all investment expenditures to be made in 2017. In addition, the rates of contribution to investment in all regions have been increased by 15 percentage points. Feb. 23, 2017

Media Markt's turnover in Turkey has grown by 19% in 2016, outperforming the 11% overall growth in the electronics retail market. Accordingly, Turkey has become the fastest growing market of the German retail giant, with 40 million customers visiting its 47 stores, and 75 million visitors in e-trade. Media Markt Turkey has opened 9 new stores in 2016 and aims to reach the same number in 2017. Feb. 24, 2017

The world's largest real estate enterprise and five-star hotel owner, Chinese Dalian Wanda Group, has signed an agreement with Turkish construction company Mar Yapı for a project designed by Philippe Starck. According to the agreement, the 150-room hotel Wanda Vista Istanbul, the first link of the chain outside China, will be commissioned by the end of 2018. Furthermore, 300 residences in the project will be marketed to Chinese investors. Feb. 28, 2017

[Recommend to a friend](#)

▶▶ About us

FMConsulting is a German - Turkish consulting company. Our wide range of services give our clients the option of having a single local service partner in Turkey.

Our Services:

[Market Research](#)

[Market Visit](#)

[Recruitment](#)

[Employee Leasing](#)

[Company Formation](#)

[Location Search](#)

[Financial Services](#)

[Business Partner Search](#)

[Supplier Search](#)

[Management Consulting](#)

[Support for Consulates and Chambers of Commerce](#)

[Seminars](#)

▶▶ Contact

If you need further information, please do not hesitate to contact Mr. Peter Heidinger who is the Partner, CEO.

**FOREIGN MARKET CONSULTING Ltd.
Sti.**

Buyukdere Mahallesi Cayirbasi Cad.

Dede Yusuf Sok. No: 11

TR-34453 Sariyer - Istanbul

Tel: +90-212-3638 052

Fax:+90-212-3638 056

www.fmconsulting.com

info@fmconsulting.com

Contact

English: +90-212-3638 055

German: +90-212-3638 052

Turkish: +90-212-3638 050