



FMCONSULTING

▶▶ Newsletter Turkey May 2016

Please find below our latest newsletter covering economic and political developments in Turkey. Do not hesitate to forward our newsletter to interested persons.

Best regards,

FMConsulting Team

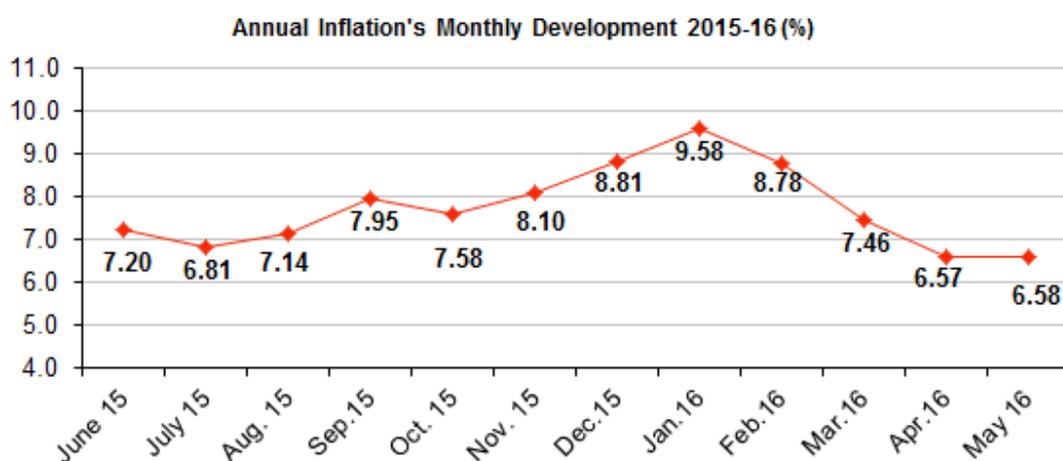
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▶▶ Economy

Overview of Monthly Data

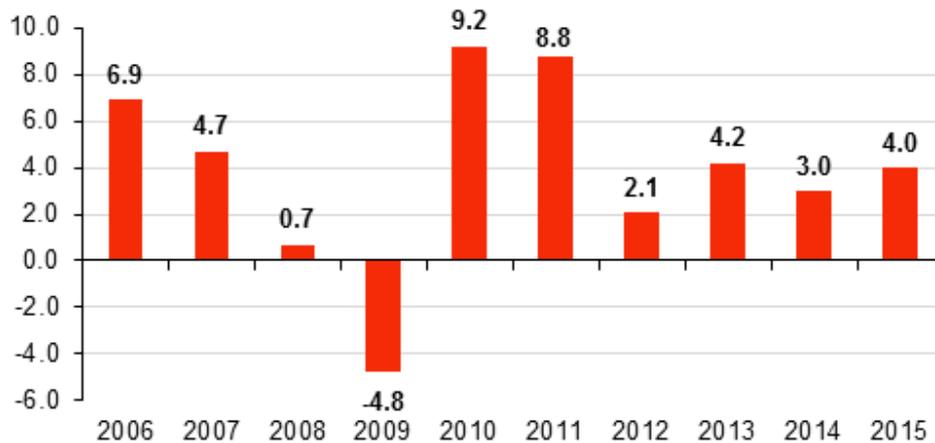
Exchange Rates	29/04/2016	31/05/2016	Change in %
TRY per Euro	3.1908	3.2940	3.23
TRY per USD	2.8064	2.9568	5.36
Stock exchange index	85,327.80	77,803.41	-8.82

Inflation in %	Monthly inflation	Annual inflation
Domestic producer prices	1.48	3.25
Consumer prices	0.58	6.58



Growth Rates

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2005	8.5	7.7	7.6	9.8	8.4
2006	5.9	9.7	6.3	5.7	6.9
2007	8.1	3.8	3.2	4.2	4.7
2008	7.0	2.6	0.9	-7.0	0.7
2009	-14.7	-7.8	-2.8	5.9	-4.8
2010	12.6	10.4	5.3	9.3	9.2
2011	12.4	9.3	8.7	5.3	8.8
2012	3.1	2.7	1.5	1.3	2.1
2013	3.1	4.7	4.3	4.6	4.2
2014	5.2	2.4	1.8	3.0	3.0
2015	2.5	3.7	3.9	5.7	4.0
2016	4.8				



Turkey's Q1 growth soars beyond expectations

In the first quarter of 2016, Turkey's Gross Domestic Product grew by 4.8% compared with the same period of 2015, reaching USD 31.7 billion at constant prices and exceeding the expectations of 4.5%. With a 5.9% increase, the industry sector was the main contributor to the GDP growth, followed by the service sector with 5.1%, and agriculture with 2.7%. Despite geopolitical tensions and recession on a global scale, Turkey's Q1 growth rate was higher than in any country in the EU and the Organisation for Economic Co-operation and Development, which comprises 34 of the world's economies.

June 10, 2016

Turkish inflation continues to increase

In May, consumer prices in Turkey increased by 0.58% over the previous month, and by 6.58% over the same month previous year. The highest monthly increase was observed in clothing and footwear (8.04%). The monthly index increased 1.10% for transportation, 1.04% for education, 0.95% for miscellaneous goods and services and 0.2% for communication. The monthly CPI declined for food and non-alcoholic beverages by 1.64%, for furnishings and household equipment by 0.28% and for alcoholic beverages and tobacco by 0.03%. Having decreased in the first 4 months of 2016, the domestic producer prices showed a slight increase in May. The domestic producer price index (D-PPI) increased by 1.48% compared to the previous month, and by 3.25% over the same month of the previous year.

June 3, 2016

Turkish unemployment rate falls to 10.1% in March

In March, 3.023 million people in Turkey aged 15 and older were out of work, 46,000 less than in the same month of 2015. The unemployment rate was 10.1% with a 0.5 percentage point decrease compared to the same month previous year. Having peaked at 11.1% in January, the unemployment figures decreased for 2 months in a row, dropping to the level of August 2015. The youth unemployment rate in the 15-24 age bracket amounted to 17.0%, and the labour force participation rate stood at 51.3%. Of those with employment in this period, 54.4% were employed in the services sector, 19.6% in industry, 18.9% in agriculture, and 7.1% in construction.

June 15, 2016

Politics

Turkey continues with new PM

Following PM Ahmet Davutoglu's sudden resignation from the chair, Binali Yildirim, who was the sole candidate to run for the party's leadership, became AK Party Chairman and Turkey's new Prime Minister. Yildirim, Recep Tayyip Erdogan's trusted ally, later announced the new cabinet and won the vote of confidence at the Grand National Assembly of Turkey with 315 votes, with 138 deputies voting against. Yildirim announced that his foremost task will be to create a new constitution to bring Turkey "an executive presidential system".

May 24, 2016

Turkey recalls ambassador after Germany's recognition of Armenian genocide

The German parliament's decision to approve a motion labelling the 1915-16 massacre against the Armenian minority in the Ottoman Empire as genocide has triggered fierce protests in Turkey and among Turks living in Germany. Turkish President Erdogan said that the resolution will 'seriously affect' Turkish-German relations. In reaction to this vote, Turkey recalled its ambassador from Berlin. On the other hand, German Chancellor Merkel underlined that ties between Germany and Turkey remain strong, and that controversial disputes are a part of democratic culture.

June 2, 2016

Terrorist attack on Istanbul's Ataturk Airport

A Jihadist terrorist attack at Istanbul's Ataturk international airport left at least 45 people dead and 239 people injured. Following a shoot-out with automatic rifles in the terminal building, the 3 assailants committed suicide bombings with powerful explosives. While no group has claimed

immediate responsibility for the attack, Turkish officials established that the attackers had ties with the ISIL terrorists. Among the dead, there are 10 foreign nationals and 3 dual citizens. Turkey declared one day of mourning for the victims, and great international solidarity ensued.

June 30, 2016

▶▶ Other topics

Austrian Post seeks to increase its shares in Aras Kargo

Austrian Post, an affiliate of the Austrian mail service, is about to conclude an agreement with the owners of Turkish parcel service provider Aras Kargo which will lead to an increase in the Austrian company's stakes from 25% to 75%. Austrian Post had acquired 25% of the shares from the Aras family in 2013, and agreed on a future majority option which they now wish to exercise. Founded in 1989 and based in Istanbul, Aras Kargo has a market share of 27%. It currently serves 12 million customers all over Turkey with 19 regional offices, 28 transfer centres, 825 branches, a 320-vehicle fleet, and more than 12,000 employees.

May 24, 2016

Obligation of employing OHS professionals effective from July 1, 2016

According to the Law on Occupational Health and Safety (Law No. 6331) or in short OHSL, the obligation of hiring or outsourcing qualified OHS professionals, which was already applicable to all workplaces classified as "hazardous" or "very hazardous" and those classified as "less hazardous" but with 50 or more employees, will also become applicable to workplaces with less than 50 employees as of July 1, 2016. According to the OHSL, a fine of TRY 5,000 per month will be imposed on employers failing to employ occupational safety experts (OSE) and on-site doctors for each case.

June 1, 2016

Import procedures change for some product groups

Turkey's Ministry of Customs and Trade has announced that a communiqué by the Turkish Ministry of Economy concerning the auditing of imported consumer products, has been published in the Official Gazette. The aim of the communiqué, which is effective as of May 2, 2016, is to set forth the procedures and principles for the auditing of compliance with the regulations on human health, security of life and property, and protection of the environment and consumers. The import goods subject to these specific regulations are to be monitored under the GTIP-IRIS system prior to their import procedures. The IRIS system can be accessed through the e-government website.

June 1, 2016

Tesco sells its Turkish subsidiary to Turkish Migros

Britain's biggest retailer Tesco PLC has officially announced that it has sold its Turkish subsidiary Kipa to Migros, the leading chain of supermarkets in Turkey owned by Anadolu Group. Migros will pay TRY 302.3 million (app. USD 104.33 million) to Tesco for 95.5% of stakes in Kipa. Tesco Kipa employs around 7,000 people in 172 stores. Tesco had taken over Kipa in 2003 but failed to grow as desired against competitors such as Migros and Carrefour.

June 8, 2016

▶▶ About us

FOREIGN MARKET CONSULTING Ltd. Sti. is a German-Turkish consulting company located in Istanbul. Our wide range of services gives our clients the option of having a single local service partner in Turkey. If you need further information, please do not hesitate to contact Mr. Peter Heidinger.

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▶▶ Contact

FOREIGN MARKET CONSULTING Ltd. Sti.

Peter J. Heidinger

Partner, CEO

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