



F M C O N S U L T I N G

▶▶ Newsletter Turkey January 2015

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

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We are pleased to announce that our **CEO, Mr. Peter Heidinger**, and **Regional Sales Manager, Ms. Ozlem Ilica** will be giving a seminar on **Market Entry to Turkey in German on 10th February 2015** in **Cologne** in collaboration with [Maier + Vidorno GmbH](#). The topics in this seminar will include:

- *Economic conditions - Is Turkish market a market of the future?*
- *Cultural differences - What do I know about Turkish business culture?*
- *Successful staffing - How do I find suitable local employees which fit to my company culture?*
- *From practice - A success story from Turkish market*
- *Strategy - Is there a "right" way to enter the Turkish market?*

The seminar is open for registration now, please [email us](#) until **2nd February 2015**. There is limited space so we appreciate your timely application.

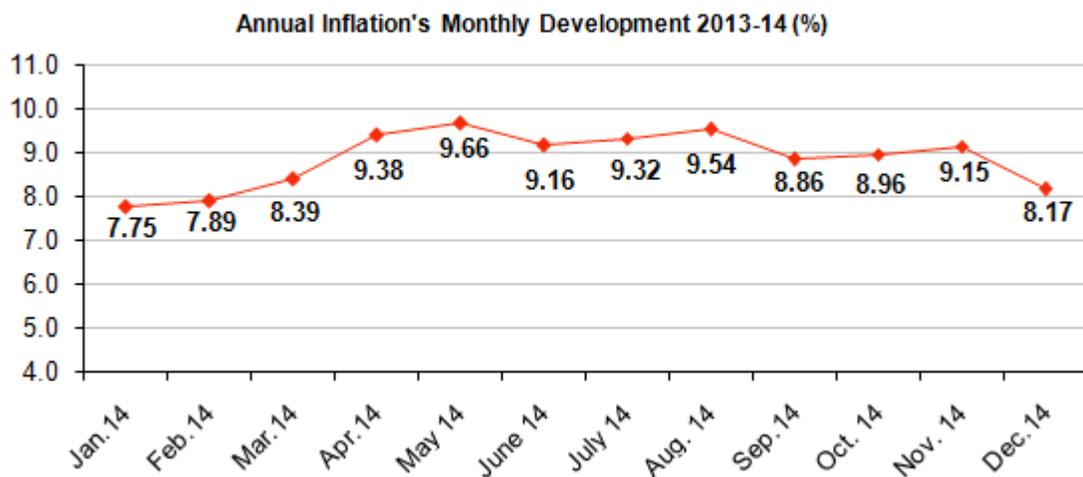
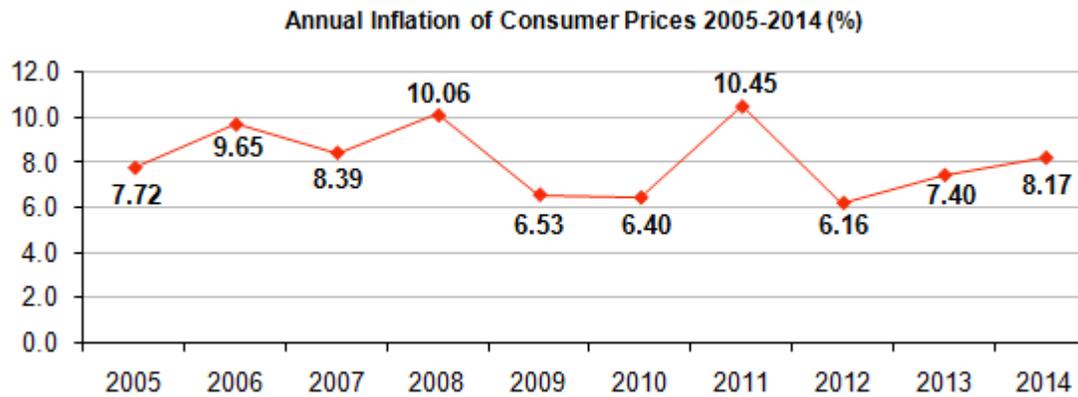
▶▶ Economy

Overview of Monthly Data

TL-Rates	28.11.2014	31.12.2014	Change in %
TL per Euro	2.7585	2.8323	2.68
TL per USD	2.2141	2.3311	5.28

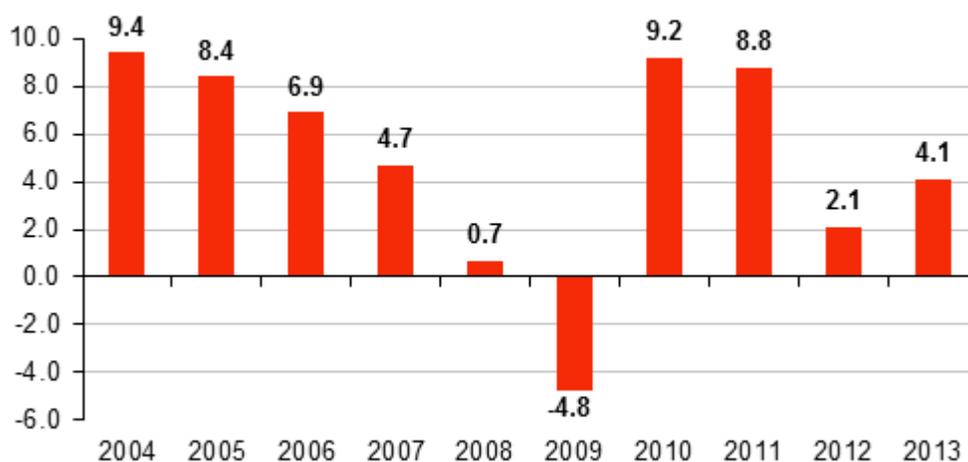
Stock exchange index	86,168.00	85,721.13	-0.52
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Inflation in %	Monthly inflation	Annual inflation
Producer prices	-0.76	6.36
Consumer prices	-0.44	8.17



Growth Rates

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2004	10.0	11.9	8.1	8.0	9.4
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	4.6	4.2	4.5	4.1
2014	4.8	2.2	1.7		



Inflation in December falls to lowest level in ten months

In December, the consumer price index (CPI) fell by 0.44% over the previous month, and increased 8.17% compared to the previous year, according to data released by Turkey's Statistical Institute (TurkStat). Thus, y-o-y inflation saw its lowest level since February, when it was 7.89%. The highest monthly increase was registered in the miscellaneous goods and services category, at 0.79%, whereas the highest monthly decrease was in the clothing and footwear category, at 3.71%. A monthly fall of 0.97% occurred in the domestic producer price index (D-PPI), which resulted to an annual increase of 6.36%.

January 5, 2015

Inflation will drop down to 5%, CB Governor Basci says

Erdem Basci, the Governor of the Turkish Central Bank, has revealed the monetary and exchange rate policies for 2015. He said that decreasing prices of oil and other commodities are expected to support the disinflation in 2015 down to 5%. The CB is planning to use the reserve and options mechanisms to encourage banks' long-term borrowing.

December 11, 2014

September unemployment hits 10.5%, highest in 43 months

The unemployment rate in Turkey hit 10.5% in September 2014, recording the highest rate since February 2011. 3,064,000 persons aged 15 years and older were seeking employment in September, whereas the number of employed people older than 15 years amounted to 26,169,000, bringing the employment rate to 46.1%. At 19.1%, the youth unemployment rate (15-24 age bracket) remained high.

December 15, 2014

CB Governor Basci says inflation will drop eventually

The Governor of the Turkish Central Bank, Erdem Basci, made a presentation before Parliament's Planning and Budget Commission. During his presentation he underlined that Turkey's CB is using and will use all the necessary mediums with the aim of lowering inflation, adding that nobody should doubt that inflation will improve and that the drop in the oil prices is an important opportunity towards this end. Commenting on the latest volatility in the markets, he said that all economies are being affected and argued that positioning so as to improve inflation will be helpful to minimise the effects of this global volatility on Turkey.

December 18, 2015

Turkish Lira under heavy pressure from US dollar

The Turkish Lira (TRY) has been under heavy pressure in December, depreciating around 5% against the US dollar, the sharpest devaluation since 2009. The exchange rate of USD over TRY has reached its all-time-high, exceeding the level of 2.39 on December 16th. The USD/TRY rate had closed the previous year with an average of 1.90. The lira's last struggle against USD had been in 2009, the year of the global crisis.

December 31, 2014

▶▶ Politics

Turkey's G20 presidency officially starts, to focus on 3i

As of December 1st, 2014, Turkey has officially taken over the presidency of the Group of 20 (G-20), a group constituted by 20 major economies. Turkey took over the presidency from Australia and will hand it on to China at the end of 2015. Turkey's focus during its presidency can be described by these three words: inclusiveness, implementation, and investment (3i), as Deputy Prime Minister Ali Babacan stated at a press conference in Ankara, the Turkish capital. He added that the 2015 G20 leaders' summit, to be held in November in the southern resort city of Antalya, will address topics including "strong, sustainable and balanced economic growth", climate change, global development, and the fight against corruption. The presidency is seen by Ankara as an opportunity for Turkey to showcase its status as an economic and political power.

December 2, 2014

Putin visits Erdogan to boost Turkish-Russian economic ties

Russian President Vladimir Putin visited his Turkish counterpart Recep Tayyip Erdogan in Ankara to boost the economic ties between Turkey and Russia. In the meeting, the two leaders reviewed the full spectrum of bilateral relations as well as key international and regional issues, but the main focus was on cooperation in the energy sector and trade. Putin revealed a 6% discount on the price of Russian natural gas that is to be sold to Turkey from January 1, 2015. Also, a road map was drawn in order to increase the trade volume between the two countries to USD 100 billion. It was the first time the presidents met face to face since Erdogan became president. A Russian delegation also travelled along with Putin, including 10 ministers.

December 2, 2014

Police crackdown on media: 37 detained

Turkish police have carried out an operation in 13 provinces against the so-called "parallel structure", detaining 37 persons, 5 of which were arrested. Among the detained are Ekrem Dumanli, editor-in-chief of Zaman newspaper, Ekrem Karaca, president of the Samanyolu Press group, journalists, producers, scriptwriters, directors, police officers, and two former police chiefs.

December 15, 2014

Iraqi PM Al-Abadi visits Ankara

Iraq's Prime Minister Haider Al-Abadi has visited his Turkish counterpart Ahmet Davutoglu in Ankara. This was his first visit to the country after taking office in September. Following their attendance at the higher-level strategic council meeting, the PMs held a joint press meeting where they stressed the importance of security and stability for both countries. As terrorism was the top issue of the meeting, the leaders also reviewed the economic relations between the Turkey and Iraq, emphasizing that the biggest opportunity for cooperation lies in energy.
December 26, 2014

▶▶ Other topics

Turkey to become a natural gas hub with new pipeline from Russia

Following President Putin's cancellation of the South Stream pipeline project which would have carried Russian gas to Europe through Bulgaria, he revealed plans for the construction of a new submerged pipeline that is to pump 63 billion cubic metres of gas per year to Turkey. With this new pipeline, Turkey will have a huge opportunity to become a hub in natural gas. The Russian natural gas supplied to Europe will pass through Turkey. Furthermore, Turkey is in negotiations with Gazprom, Russian natural gas monopoly, for a discount rate higher than the 6% that President Putin promised during his visit to Turkey.
December 3, 2014

Construction of Turkey's first microchip factory begins

The ground-breaking ceremony for Turkey's first commercial microchip factory was held in CyberPark, the techno park on the campus of Bilkent University in Ankara. At the facility, the company AB-MikroNano, a joint venture of ASELSAN and Bilkent University, will manufacture micro-/nanotechnology-based electronic integrated circuits for the defence, space, communications and energy sectors. Once the factory starts production of these high-tech microchips, Turkey will be one of 4 countries that have the ability to supply strategic technological products, ending its dependence on imports of such technologies.
December 3, 2014

Turkey becoming distant from EU hinders foreign investments

The perception that Turkey is becoming distant from the EU is an obstacle for foreign investments, said Haluk Dincer, Chairman of the Turkish Industrialists' and Businessmen's Association

(TUSIAD). In a speech during the Boston Consulting Group Conference, Dincer underlined that 2015 will be a rough year in terms of economic growth, and that the countries which have completed structural reforms will be taking the lead.

December 3, 2014

Turkish refinery opens USD 3 billion fuel oil conversion facility

Koc Holding's Turkish Petroleum Refineries Corporation, TUPRAS, has opened a new fuel-oil recycling facility in Izmit with an investment of USD 3 billion, the highest investment in a single industrial project in the history of Turkey. The facility, known as the Residuum Upgrade Project (RUP), will reduce the country's budget deficit by USD 1 billion and create 500 jobs, the company stated. The facility has an annual capacity to process 4.2 million tonnes of low value-added products and produce 2.9 million tonnes of diesel fuel, 3.5 million tonnes of other products with high added value such as LPG and benzene, and 700,000 tonnes of petroleum coke.

December 16, 2014

FDI amounts to USD 9.8 billion in 10 months

The foreign direct investment (FDI) in the period January-October 2014 amounted to USD 9.8 billion, with an increase of 4.7% over the same period of the previous year. The manufacturing sector attracted the majority of investments, with USD 2.3 billion, followed by the financial services sector which attracted USD 1.3 billion. The number of foreign-owned or -partnered companies operating in Turkey exceeded 41,000 by the end of October. More than 50% of these companies are located in Istanbul.

December 26, 2014

Minimum wage for 2015 H1 set as net TRY 949

The relevant commission has finally announced a 6% increase for H1 and an additional 6% increase in H2 for minimum wages in Turkey. After long talks of the commission, which consists of representatives from workers' unions, employers' federations, and the government, the new minimum wage for H1 2015 has been set to TRY 949 (approx. USD 410) per month for workers over the age of 16, and will increase to TRY 1,000 (approx. USD 432) in H2 2015. The cost of the minimum wage to the employer will be TRY 1,412.35 (approx. USD 611) in H1 and TRY 1,496.95 (approx. USD 648) in H2.

December 31, 2014

Other Headlines

- Turkish President Recep Tayyip Erdogan will begin chairing meetings of the cabinet in 2015. December 11, 2014
- Turkey has signed an agreement with Djibouti, the main entrance to East Africa, to establish a Special Economic Zone. December 11, 2014
- Turkey has declared one day of national mourning for the victims of a Taliban attack in Pakistan. December 16, 2014
- The Turkish Standards Institute is establishing a huge laboratory base in Temelli, Ankara, with an investment of TRY 120 million (approx. USD 52 million). There are only a few similar laboratory bases in Europe, and it will be one of its kind in the Middle East and Balkans when it is completed. December 23, 2014

About us

FOREIGN MARKET CONSULTING Ltd. Sti. is a German-Turkish consulting company located in Istanbul. Our wide range of services give 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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