



▶▶ Newsletter Turkey April 2018

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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▶▶ Economy

Overview of Monthly Data

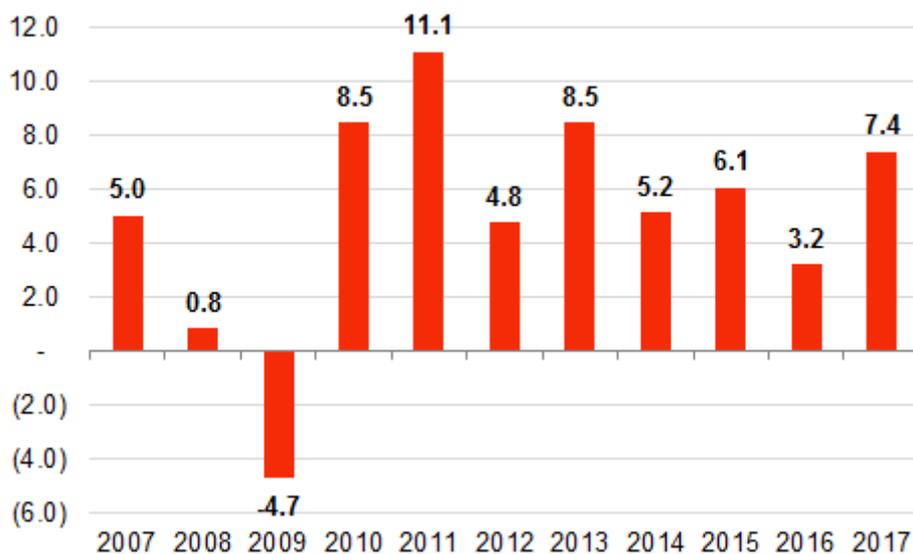
Exchange Rates	28/02/2018	30/03/2018	Change in %
TRY per Euro	4.6523	4.8761	4.81%
TRY per USD	3.8065	3.9560	3.93%

Stock Exchange Index	28/02/2018	30/03/2018	Change in %
BIST 100	118,950.76	114,930.22	-3.38%

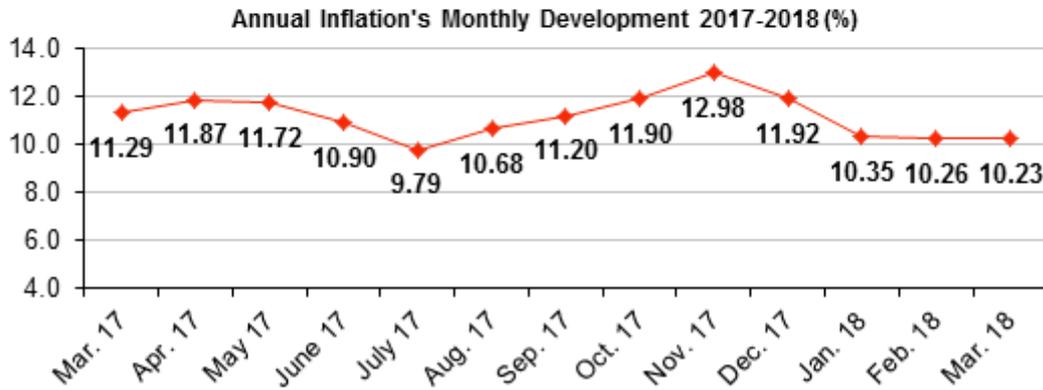
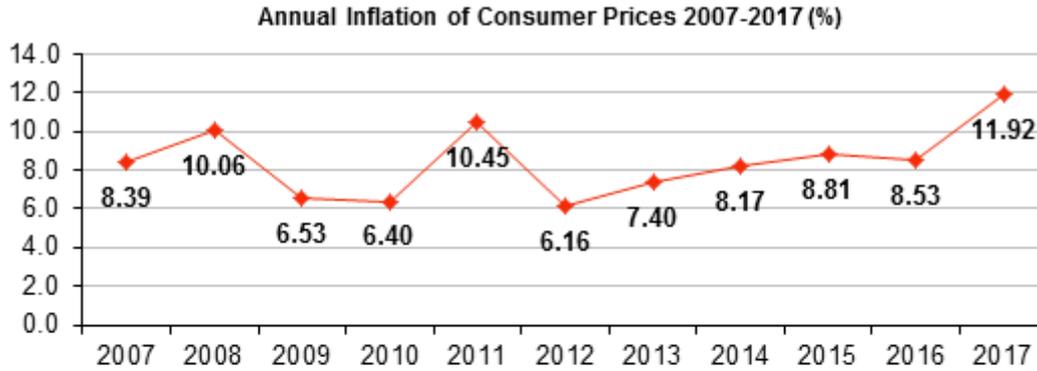
Inflation in %	Monthly inflation	Annual inflation
Domestic producer prices	1.54	14.28
Consumer prices	0.99	10.23

Growth Rates

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
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	3.6	7.2	5.8	7.5	6.1
2016	4.8	4.9	-0.8	4.2	3.2
2017	5.4	5.4	11.3	7.3	7.4



Inflation



Inflation continues to be double-digit

In March 2018, consumer prices in Turkey increased by 0.99% in comparison to the previous month, and by 10.23% over the same month of the previous year (YOY). The highest monthly increase was registered in food and non-alcoholic beverages (2.03%), followed by health (1.90%). No monthly decrease took place in the main product groups in March. The highest annual increase was in furnishing and household equipment (15.41%). The domestic producer price index (D-PPI) increased by 14.28% YOY, and 1.54% monthly.

April 3, 2018

7.4% economic growth in 2017

In the fourth quarter of 2017, Turkey's GDP grew in line with expectations, by 7.3% compared with the same period of the previous year. Accordingly, the annual growth in 2017 was announced as 7.4%. This has been the strongest growth performance of the Turkish economy since 2013. The increase in domestic consumption and investments supported by incentive measures were the main reasons of the high growth, along with the low base-year effect of 2016 where Turkey experienced a comparatively low growth. Accordingly, the GDP at current prices reached TRY 3,104.9 bn in 2017, whereas it decreased by 1.4% to USD 851.1 bn in dollar terms due to the depreciation of the Turkish Lira. Therefore, the GDP per capita fell to USD 10,597. The services sector grew by 10.7%, industry by 9.2%, construction by 8.9%, and agriculture by 4.7%.

March 29, 2018

10.8% unemployed in January

In January 2018, 3.4 million people in Turkey aged 15 and older were officially out of work, 576,000 less than in the same month of 2017. The unemployment rate was 10.8% with a 2.2-point decrease YOY. The youth unemployment rate in the 15-24 age bracket decreased to 19.9%. The labour force participation rate rose to 52.1% in total, and to 33.2% for females. Of those with employment in this period, 55.4% were employed in the services sector, 19.9% in industry, 17.7% in agriculture, and 7.0% in construction.

April 16, 2018

Foreign trade deficit soars 54.2% in February

In February 2018, Turkey's exports increased by 9.0%, while imports increased by 19.7%, YOY. With exports increasing to USD 13.2 bn and imports increasing to USD 18.9 bn, the trade deficit soared 54.2%, up to USD 5.8 bn. The high rise in the deficit was due to increased oil prices and gold imports. In February, the main partner for exports continued to be Germany (USD 1.4 bn), trailed by Italy (USD 864 mn), the UK (USD 840 mn), and the USA (USD 666 mn). China was the country where the most imports to Turkey came from (USD 1.9 bn), ahead of Russia (USD 1.8 bn), and followed by Germany (USD 1.7 bn) and France (USD 875 mn).

March 30, 2018

▶▶ Politics

Turkey-EU summit held in Varna

The Turkey-EU summit hosted by Bulgaria was attended by Prime Minister Boyko Borissov, Turkish President Recep Tayyip Erdoğan, Donald Tusk, President of the European Council, and Jean-Claude Juncker, President of the European Commission. In the closing press conference, Mr Erdoğan stated that he expects the difficult period in the relations with the EU to be over and that Turkey counts on the EU's support in the fight against terrorism. On the other hand, Mr Tusk reiterated the European Union's willingness to keep up the dialogue and work together to overcome current difficulties, while voicing concerns about Turkey's single-handed military operation in the region of Afrin, Syria.

March 27, 2018

▶▶ Other Topics

An agreement has been reached for a co-operation between Algeria's national energy company Sonatrach and Turkish private companies Rönesans and Bayegan to build a petrochemicals plant for USD 1 bn in Yumurtalık Free Zone, Adana province. As President Erdoğan stated, the plant, with a planned production capacity of 450,000 tons polypropylene per year, is to reduce Turkey's dependence on petrochemicals imports by 25%. March 2, 2018

Alex Dimitrief, President & CEO, Global Growth Organization of General Electric, has stated that Turkey remains one of the priority countries among GE's investment destinations, even after Moody's has cut Turkey's rating. Dimitrief pointed out that Turkey's surging middle class is boosting the economy, the young population provides a huge potential, and the public sector endeavours to create a quality environment in the healthcare, transportation and energy sectors. He added that his company is currently following investment opportunities in the healthcare industry, and that they have been working on the digital transformation of the plant in Gebze (Province of Kocaeli), which could be a model for GE plants all over the world. GE has been present in Turkey for 70 years in various industries such as energy, healthcare, aviation, and renewable energies.

March 14, 2018

A legislative package including new incentives designed to boost production, investment and employment has been approved by the Turkish parliament.

Accordingly, employers will be able to benefit from several premium supports if they hire unemployed people registered with the Turkish Employment Agency (İŞ-KUR) between January 1, 2018 and December 31, 2020. Besides that, until Dec. 31, 2019, a VAT exemption for the purchase of new machinery and equipment to be employed in R&D activities as well as in the manufacturing industry, without the obligation of an investment incentive certificate, has been introduced. March 23, 2018

The media companies of Doğan Group, Turkey's leading media group, have been sold to Demirören Group for USD 916 mn. Consequently, several companies, including Hürriyet newspaper and CNN Türk TV, have been transferred to the new owner Demirören, which had already acquired Milliyet and Vatan newspapers from Doğan Group in 2011. March 23, 2018

The first tracks of the high-speed railway between the cities Ankara and Sivas have been laid in an official ceremony. The 405-km line is planned to be in operation in 2019. During the ceremony, Ahmet Arslan, Turkish Minister of Transport, Maritime Affairs and Communications, stated that the travel time between Ankara and Sivas shall be cut to 2 hours, from currently 12 hours, and down to 5.5 hours between Istanbul and Sivas. It was also announced that, according to schedule, the railway line between Ankara and Izmir is to be completed by 2020. March 26, 2018

Socar, Azerbaijan's state-owned national oil and gas company, has disclosed the investment volume of the new petrochemicals complex to be built in Aliağa (province of Izmir) as USD 2 bn. Zaur Gahramanov, CEO of Socar Turkey, stated that the infrastructure and engineering works for this investment still continue, and the plant is scheduled for commission in 2023. Socar already owns Petkim, Turkey's leading petrochemicals company, also located in Aliağa, and is currently investing USD 6.3 bn in the Star refinery, next to Petkim, which is set to start production in September 2018. March 28, 2018

Food multinational Mondelez has announced the move of its chewing gum production line from St. Genest, France, to Gebze, Turkey, in 2018. According to İhsan Karagöz, General Manager of Mondelez Turkey, this shift is to increase their annual production by 1,200 tons, and provide them with the opportunity to produce for all of Europe, thus becoming an export hub in the region. Mondelez's chewing gum and

confectionery plant with the largest capacity is located in Turkey, and the company plans to make TRY 42 mn investments in 2018. March 29, 2018

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▶▶ Contact

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