



International Direct Investment in Turkey: Moving Towards Best Practices

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A Safe Haven for Investment

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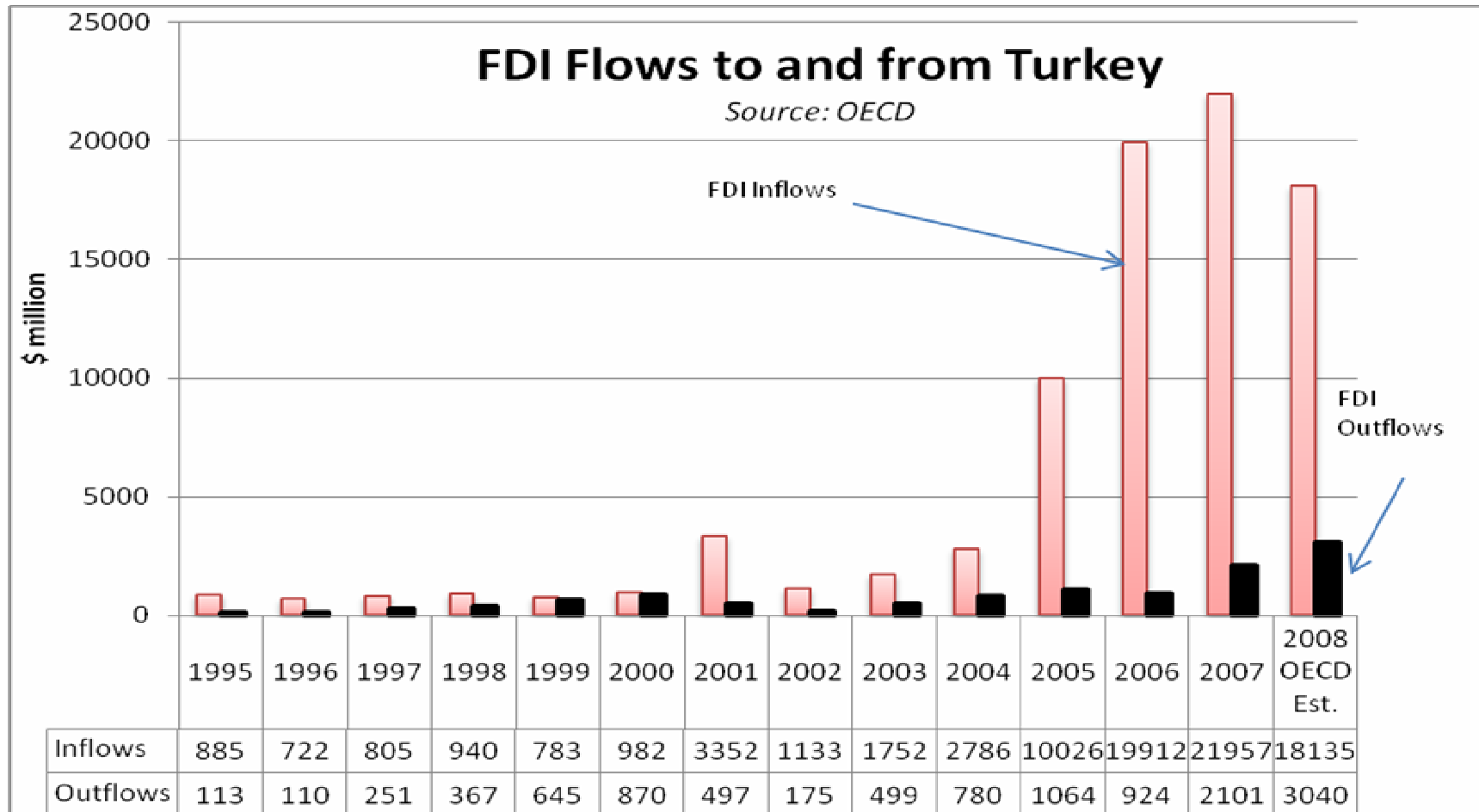
The presentation reflects
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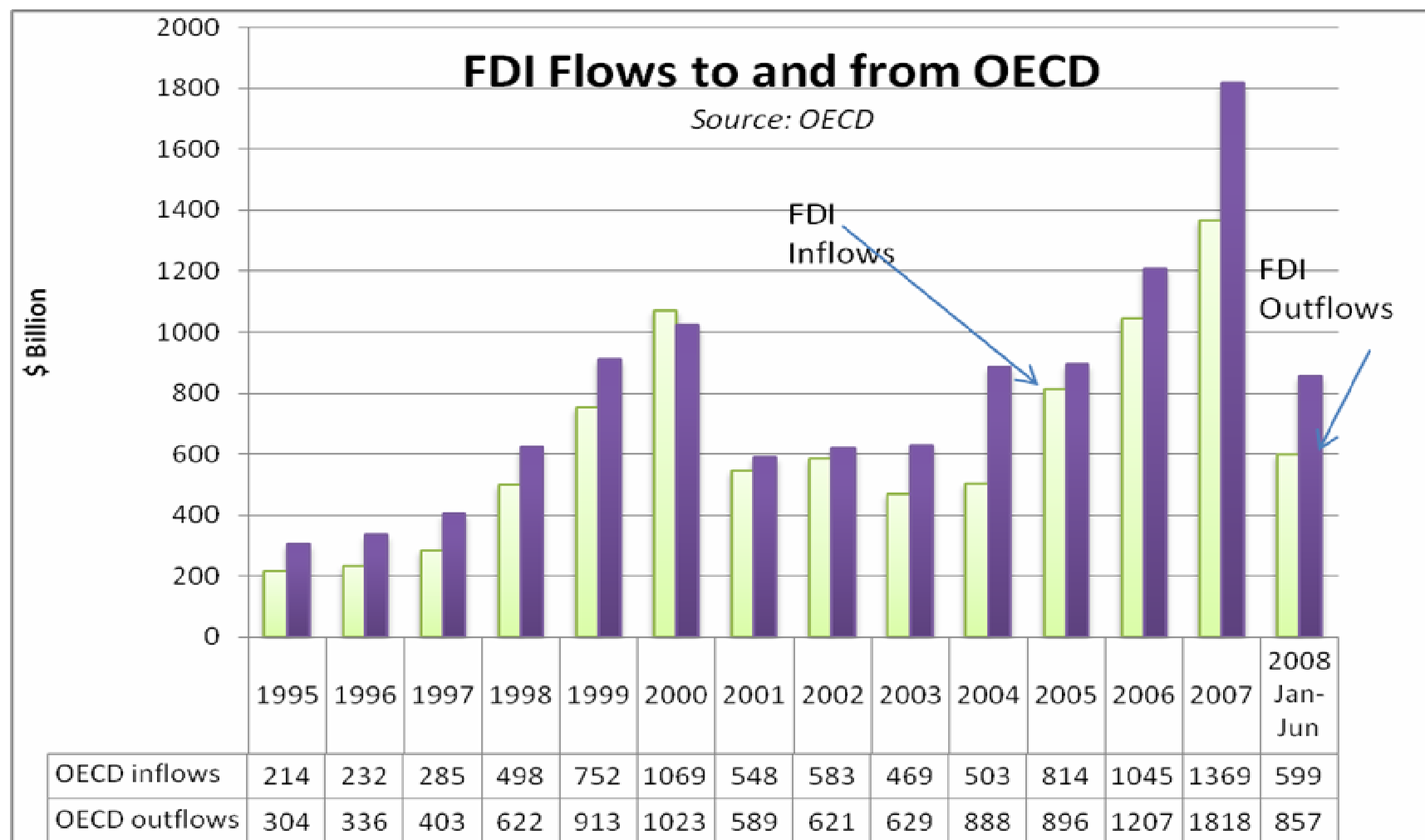
Overview

- Overview
- Turkey as destination and source of FDI
- Key elements of the Investment Climate
- Enhancing competitiveness
- A Business Development Strategy for Turkey?

FDI Flows to and from Turkey

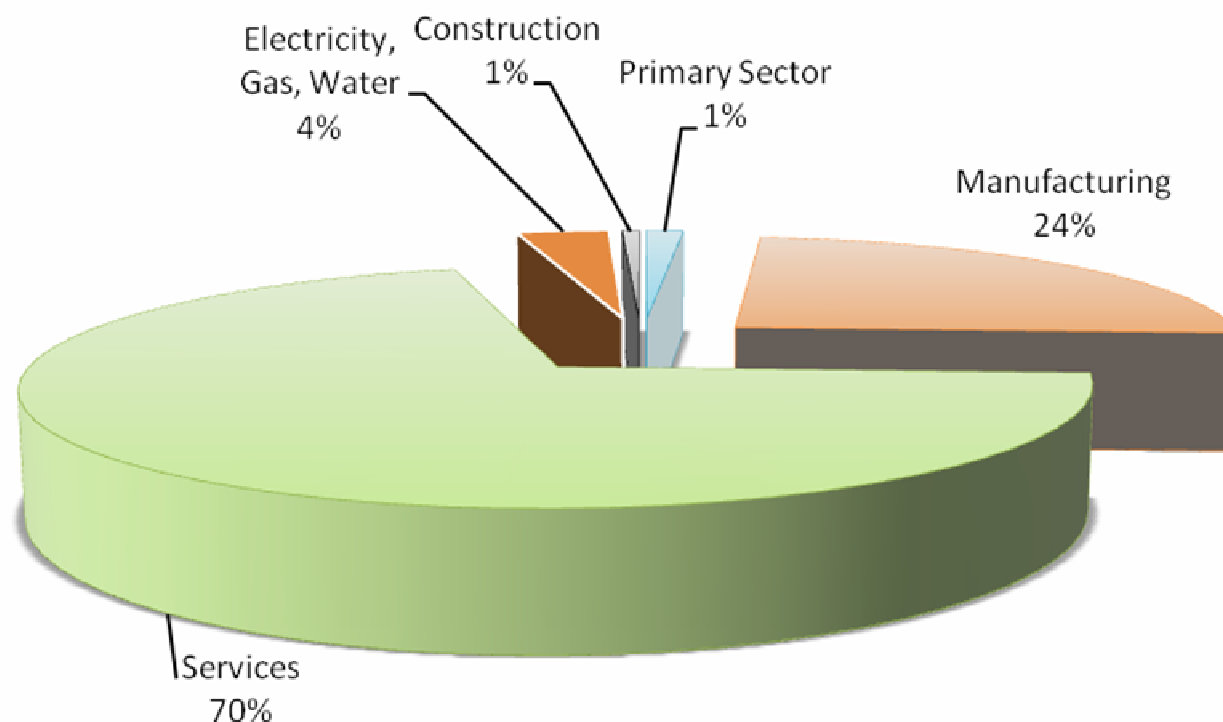


A comparison: FDI flows to and from OECD



Composition of Inward FDI stocks of Turkey, end 2007

Composition of Inward FDI stocks of Turkey, end-2007



Source: OECD



Composition of Inward FDI stocks of Turkey, end 2007

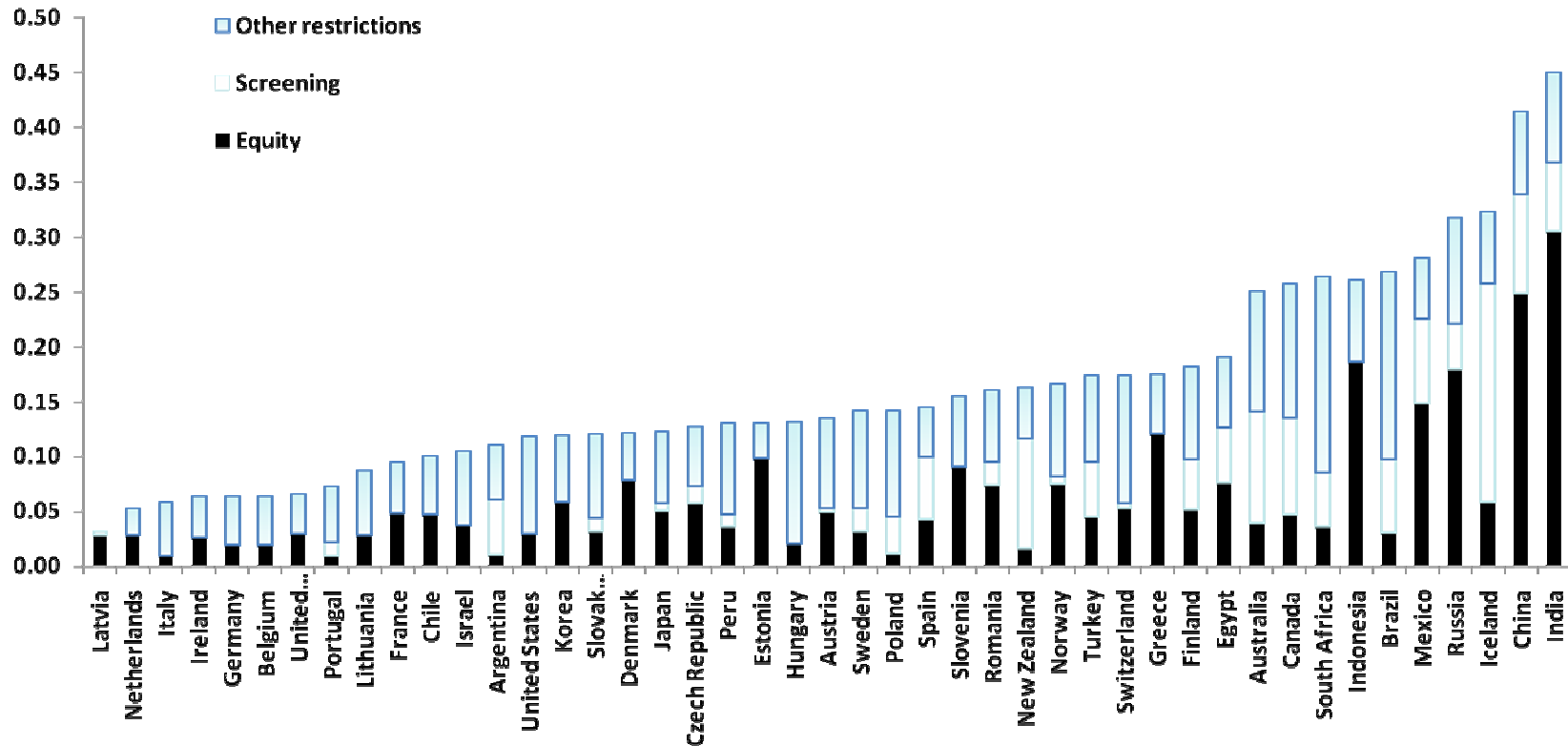
Inward FDI stock of Turkey

USD billion

	end-2000	end-2007
Primary Sector	0.3	2.2
Manufacturing	9.8	38.3
Services	7.4	110.2
<i>Of which:</i>		
<i>Transports, Telecommunication, storage</i>	1.6	42.8
<i>Financial intermediation</i>	2.5	40.1
Electricity, Gas, Water	1.7	5.4
Construction	0.0	1.0
Total inward FDI stock	19.2	157.1
<i>% of GDP</i>	9.6	23.9

Source: OECD

FDI / Regulatory restrictiveness Index 2006



**Increasing order from 0 (totally open) to 1 (totally closed)
Turkey ranks 31 after Norway and before Switzerland**



The Policy Framework for Investment: A checklist of Good Practices

- multilaterally agreed (by Task Force of 60 countries)
- Endorsed by OECD council (2006)
- a comprehensive set of policies
- participatory and evolutionary
- a tool for evaluation and policy reform



The Policy Framework for Investment: Key Elements for Turkey

- FDI Policies (open investment climate and targeted efforts in the field of promotion)
- Regulatory Reform and competition advocacy
- Corporate Governance and Fighting Corruption
- Labour and human resources
- Financial Sector Development



Enhancing competitive advantages

- Taking stock of business opportunities through a Sector Prioritisation Framework
- Strengthen sector specific sources of competitiveness by:
 - removal of obstacles to trade and investment
 - partnerships for innovation
 - human capital development



The Way forward: A Business Climate Development Strategy for Turkey?

- Combining general policy and sector competitiveness approaches
- Identifying key issues for improvement
- Setting priorities
- Time bound targets for action
- Mobilising resources and advice for implementation
- Confidence building and communication