

Overview of Economic Indicators

TL	29.06.2012		31.12.2012		
TL /EUR	2,8886		2,3565		
TL/USD	1,8179		1,7862		
Stock Exchange Index	62.543		78.208		
ECONOMIC GROWTH RATES					
	1.Quarter	2.Quarter	3.Quarter	4.Quarter	Annual
2003	7,4	3,6	5,6	7,2	5,9
2004	13,9	15,7	5,7	6,6	9,9
2005	7,5	4,7	8,0	10,0	7,6
2006	6,3	9,3	4,3	4,6	6,1
2007	6,7	3,9	2,0	3,4	4,5
2008	6,6	1,9	0,5	-6,2	1,1
2009	-14,5	-7,7	-2,9	6,0	-4,7
2010	12,2	10,3	5,5	9,2	9,17
2011	11,6	8,8	8,2	5,2	8,5
2012	3,2	2,9	1,6		

Monthly/Annual Inflation (Consumer Price Index)			
Months	2011	2012	Annual
Jan	0,41	0,56	10,61
Feb	0,73	0,56	10,43
Mar	0,42	0,41	10,43
Apr	0,87	1,52	11,14
May	2,42	-0,21	8,28
Jun	-1,43	-0,90	8,87
Jul	-0,41	-0,23	9,07
Aug	0,73	0,56	8,88
Sep	0,75	1,03	9,19
Oct	3,27	1,96	7,80
Nov	1,73	0,38	6,37
Dec	0,58		



Economy

Private debt level increases 10-fold in the past 10 years

The financial burden on Turkish households had increased tenfold over the last decade. While in 2002 an average household's debts amounted to only 4.3% of its assets, this percentage rose to 40.5% by 2011. The principal factor for this development was that in 2011 the volume of consumer loans taken out was 28 times higher than in 2003. Another reason is the widespread use of credit cards also among lower income groups – over 51 million are currently in circulation. Whereas in the same period of time, financial assets of the Turkish households increased from TL156bn to TL509.2bn, i.e. by around 2.3 times, their financial liabilities multiplied almost 25 times, from TL8bn to TL206.3bn. The share of private debts in the GDP surged from 1.8% to 15.9%, though at the same time the disposable income only increased by 5-fold. While in 2003 Turkish households ran debts of 7.50 Lira for each 100 TL of disposable income, the debt level amounted to 44.70 TL in 2011.

Bangladesh hopes to attract Turkish investors

Bangladesh and Turkey seek to further strengthen their economic relations. On an official visit to Ankara, Sheikh Hasina, the female Prime Minister of the South Asian country, conferred with Premier Erdogan and President Gül about economic development projects, cultural and agricultural cooperation, and collaboration in the field of education. Bangladesh, a country with its population of 142 million, is especially keen on having Turkish entrepreneurs invest in its energy sector. While the bilateral trade volume was a mere US\$47mn in 2002, it grew to US\$658mn by 2009, soared past US\$1bn in the past year, and is set to triple by the year 2015. In November 2010, Erdogan had become Turkey's first prime minister in 21 years to visit Bangladesh. Both countries belong to the group of "Developing 8 Countries" (D-8), an economic development alliance of states with a large Muslim population, established in Istanbul in 1997. The other member states are Egypt, Indonesia, Iran, Malaysia, Nigeria, and Pakistan.



Economy

Rent-a-car sector keeps booming

In 2012, Turkey's car rental industry is set to grow – as in recent years – by at least another 15%. Sector association TOKKDER estimates that the rental car stock of currently some 170,000 units – 150,000 of which in company fleets – will double over the next 5 years. The coming two years will likely see the procurement of 40,000 new vehicles, which translates to an investment of around TL1.6bn. Foreign investors also show great interest in this line of business: Already today they hold shares in half of the 10 biggest companies of the sector, which control a combined 69% of the market. The industry's uncontested leader is Intercity Rent-a-Car, of which 47.3% is owned by Mitsubishi and 52.7% by an international public sector bank consortium involving IFC, FMO and KfW. The company intends to enlarge its fleet from currently 30,000 to 50,000 vehicles by 2013 in order to extend its lead over its competitors.

Banking sector grows 5-fold in past decade

Total assets of Turkey's banks have risen five-fold since December 2002. In the last 12 months alone, they increased by 10.8% to now over 1.2 trillion Turkish Lira. While bank deposits quadrupled in the last 10 years, the volume of granted loans even increased 12-fold. Loans now account for 98.6% of deposits, while 10 years ago it was only 39.6%. Although since then the number of banks has dropped from 54 to 44, almost 50% more people (more than 183,000, up from then 123,000) are employed in banking now. The banks continue to make hefty profits – 13.4bn TL net profit in the first 7 months of the year spell an increase of 12.1% over the same period of 2011.



Economy

Slight rise in unemployment

While in June unemployment in Turkey had dropped to 8.0%, the lowest level since 2001, it rose again by 0.4% in the month after. In July 97,000 more people were looking for work, bringing the total of registered job seekers to 2,323,000. In addition to this, around 1.9 million more people were unemployed without being officially registered. In the non-agricultural sector the official unemployment rate stood at 10.7%, and the share of informally employed dropped to 24.7% from 28.3% in the same month of the previous year. On the other hand, in agriculture there was only a minimal decrease in the percentage of the working population lacking social security, from 84.4% to 84.2%; the aggregate rate amounted to 40.2%.

Turkey to improve current account by expanding its export markets

In August Turkey's current account deficit was well below expectations, dropping to US\$1.18bn, the lowest level in 34 months – by contrast, the deficit had amounted to US\$4.03bn a year ago. According to an IMF report, this is mainly owed to a much slower growth of the GDP. However, the current account deficit remains the Achilles' heel of Turkey's economy. The Turkish government is trying to come to grips with the problem by expanding its export markets. So although the EU, which remains Turkey's prime trade partner accounting for 40 per cent of transaction volume, is deep in crisis, Turkey succeeded in boosting its export figures. Even now it has become clear that the record mark of US\$135bn from 2011 is going to fall by the end of year. Turkish enterprises are currently expanding especially into the markets of the Near and Middle East, such as Iraq and Iran, but also to Russia and Africa. "By increasing our exports, we will be able to stimulate domestic demand while preventing the trade gap from increasing", stated the head of Turkey's Central Bank, Erdem Basci, in an interview with the *Financial Times*.

WHAT'S NEW

Groundbreaking Ceremony of 3M



3M, the U.S.-based producer of a wide range of products from personal care goods to telecommunication systems, has chosen European Free Zone as the location for a \$500-million investment production base. The company has held a groundbreaking ceremony on December 4th, 2012 on their land in the European Free Zone. Minister of Economy, H.E. Mr. Zafer Çağlayan honoured the ground-

breaking ceremony and the other speakers were Mr. H.C. Shin, the Vice Chairman responsible from Global investments and Mr. Andrei Holban, General Manager of 3M Turkey.

The company wants to establish the facility within European Free Zone and start production activities before the end of 2013.

When the facilities are finished, the aim is to reach \$500 Million revenue, more than 1.000 employees. The facility is to be called a «Super hub» of 3M, which happens to be located in a few places globally and serves to the neighbouring countries and markets. ASB is positioned as a strategic production hub for 3M targeting the Middle Eastern, North African, Russian and European markets.



WHAT'S NEW

KOSGEB Seminars



The first leg of this year's KOSGEB Seminars was held in seminar hall of KOSGEB İkitelli Central Office in the İkitelli Organized Industrial Site on 6th of September 2012 and the second leg was held in KOSGEB Dudullu Central Office in İMES Organized Industrial Site. During the "The Most Comprehensive Incentive Model of Turkey: Free Zone Applications and Advantages" themed seminar; ASB authorities spoke about the issues such as free zone practices, what the new free zone act brought, the location of ASB and the advantages provided for the investors, the new free zone concept that will be announced by the Ministry of Economy soon - expectations and upcoming news.

Cameroon Delegation Visit to ASB



On September 28th, 2012 with the organization of Ministry of Economy General Directorate of Free Zones, Overseas Investments and Services, a formal delegation consisting of General Director of Customs Mrs. Libom Li Likeng Linette, General Director of Economy from Ministry of Economy and Planning Mr. Bondoma Yokono Dieudonne and Special Consultant to Minister Mr. Jean Nzie Nzie visited ASB. The delegation was accompanied by Mr. Metin Değer and Ayşe Gençoğlu from General Directorate of Free Zones. The delegation was informed through a presentation and briefing by ASB authorities and detailed questions were asked throughout presentations. After the honorary lunch, the delegation made a site visit and visited 3 factories operating within ASB. They also visited customs control checkpoint and were informed about customs operations for the customs clearance operations.

WHAT'S NEW

Chinese and Japanese Delegation Visits to ASB



One of the biggest groups in metal sector in China made a visit to ASB on November 19th together with ISPAT executives. The delegation was welcomed by ASB officials, afterwards they were informed about free zone incentives and applications and ASB through a detailed presentation and the guests were informed about other details during Q & A session. The delegation made a site visit and focused on especially remaining available parcel options for their future investment project.

Another delegation, one of the forthcoming companies of Japan, too made a visit to ASB on November 19th together with ISPAT executives. The delegation was welcomed by ASB officials, afterwards they were informed about free zone incentives and applications and ASB through a detailed presentation and the guests were informed about other details during Q & A session. The delegation made a site visit and focused on current and ongoing investments, also studied possible investment options.

ASB Prepares to Obtain New ISO Certificate

ASB, the only Free Zone in Turkey holding 4 international quality assurance certificates, is preparing to obtain TS EN ISO 50001, Energy Management Certificate. The system aims to manage energy policy of the company, less energy cost due to a systematic approach to energy consumption, protection of environment, effective utilization of the resources, minimization of the carbon emission and integration primarily with Environment Management System and including all other ISO Systems.

WHAT'S NEW

ASB in Global Connect 2012



ASB attended in Global Connect 2012 EXPO in Stuttgart, one of the prominent industrial cities in Germany between 14-15th of November 2012. During the expo in which investment zones from all around the world came to attract investments to themselves such as China, Russia, India, Poland, Uruguay, Latvia participated with their investment agencies. ASB peaked interest of the German and other EU countries' companies who want to enter the Turkish market and manufacturing companies who would like to benefit from the tax and logistical advantages. This year, ISPAT attended first time in Global Connect both with their booth in the main hall as well as with the presentation by İlker Aycı, president of ISPAT, during Investment Environment in Turkey themed session.

Expansion in Customs Directorate and Free Zone Directorate of ASB

ASB, one of the fastest growing free zones in Turkey, increasingly attracts investors and number of production facilities in the zone. Due to increasing traffic of goods and import-export operations, the General Directorate of Customs decided to increase the number of employees and officers serving in the Customs Directorate of ASB. After assigning 5 new officers, the number of employees exceeded 40.

With the same reasons, The General Directorate of Free Zones, Overseas Investments and Services also decided to assign a new deputy manager to the Free Zone Directorate.

WHAT'S NEW

Investments increasingly continue in the European Free Zone



The annual trade volume of ASB went beyond \$2,36 Bil. by the end of 2012 and investments continue to be made in the European Free Zone . The companies that decided to invest in EFZ in the 2. half of 2012:

- Polyplex Resins
- 3M
- UGS
- Alümina Endüstri A.Ş.
- Hibrit Bina Sistemleri
- Turkperoksit
- Denge Kimya
- World Azer
- Gemini
- Pikasan