



PRESIDENCY OF  
THE REPUBLIC OF TÜRKİYE  
**INVESTMENT  
OFFICE**

# **TÜRKİYE** **BRIGHT SPOT FOR** **CHEMICAL INVESTMENTS**



## AGENDA

# 1

1

Market Overview

2

Growth Drivers

3

Success Stories

# MARKET OVERVIEW

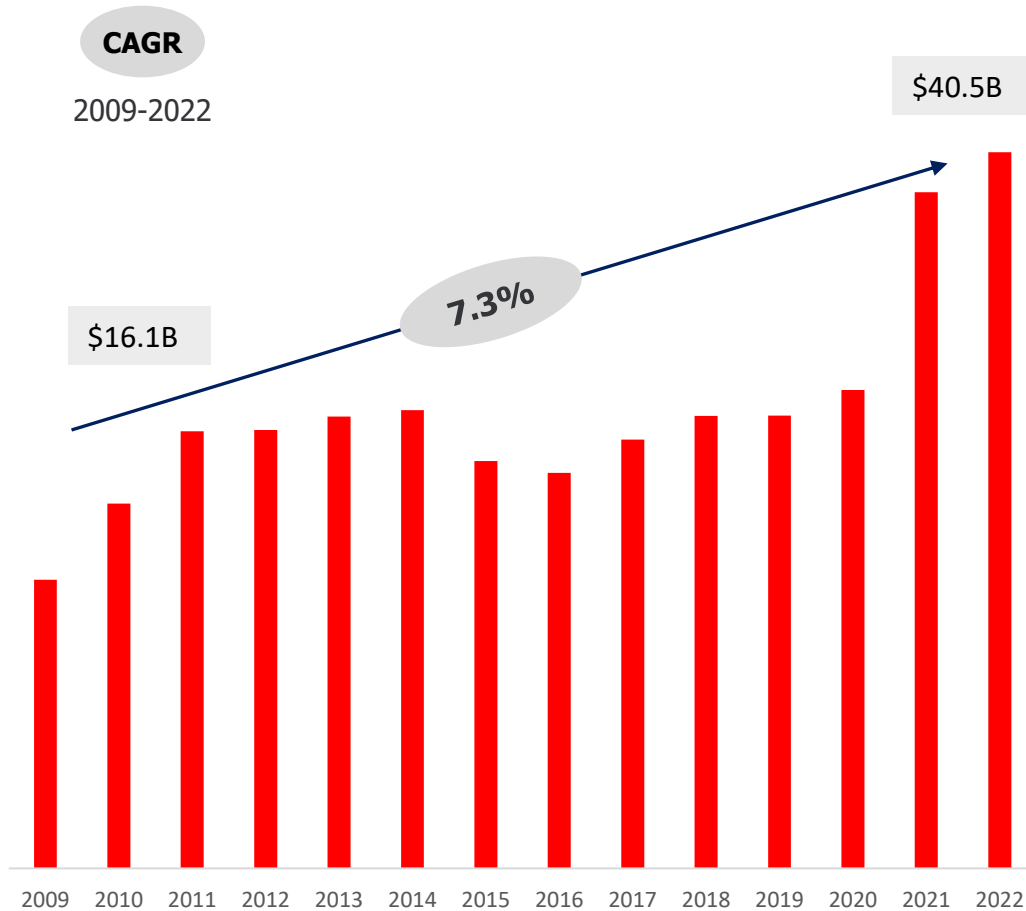


# CHEMICAL SALES

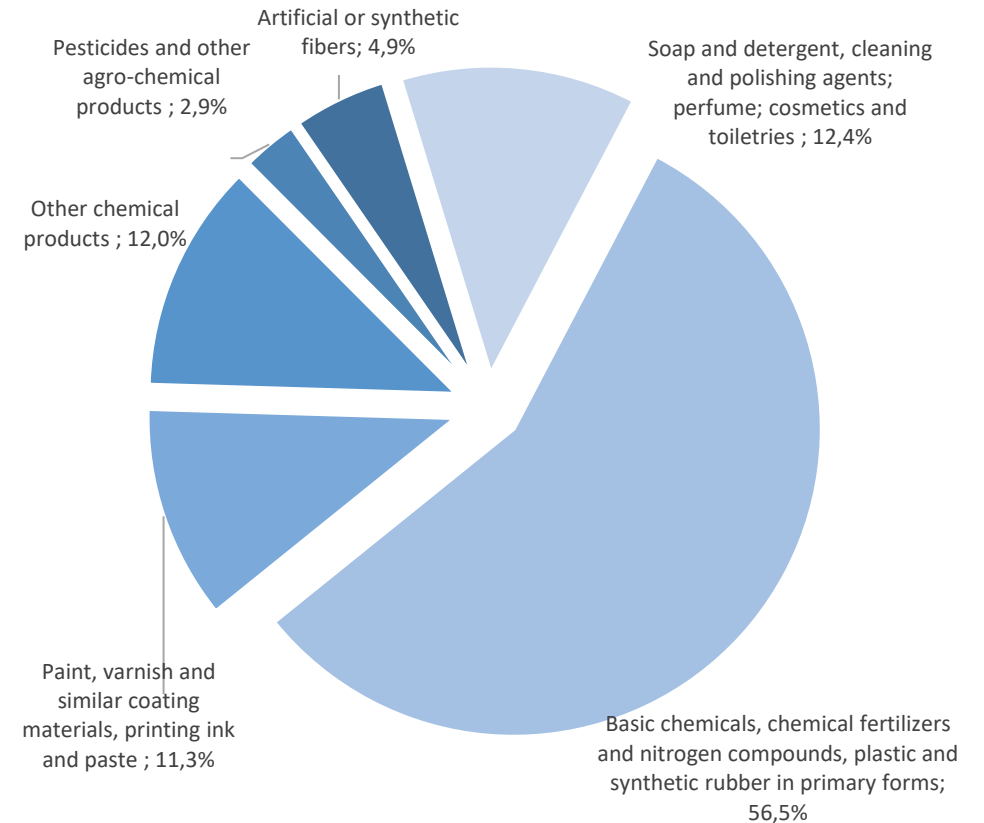
Turkish chemical sales outperformed the global trend over the past decade



## Gross Chemical Sales of Türkiye 2009 to 2022 (in billion USD)



## Breakdown of the Chemical Sales in Türkiye (Cumulative: 2022, %)



# FOREIGN TRADE

While Türkiye is dependent on imports of feedstock, chemicals exports continue to increase rapidly

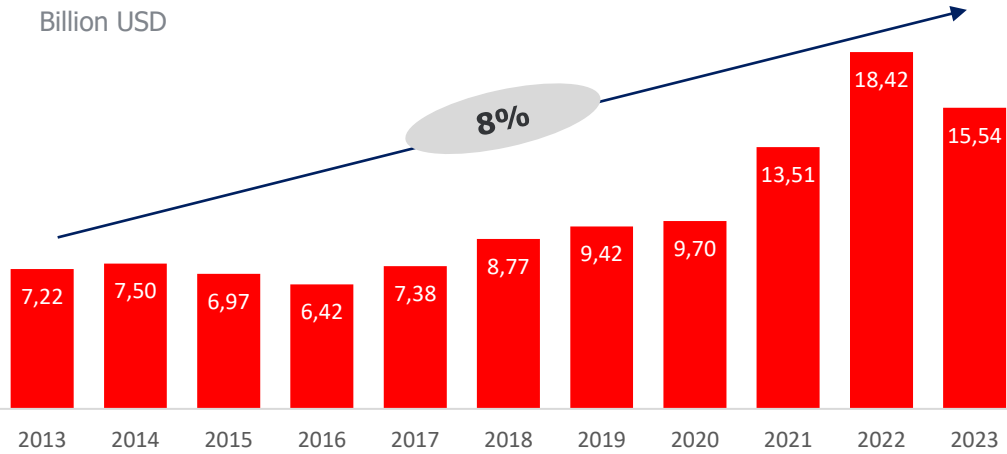


CAGR

2013-2023

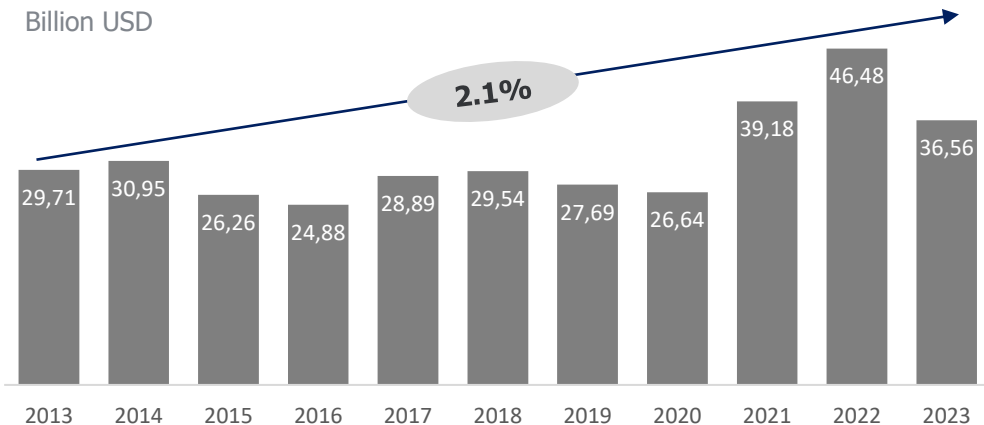
## Exports of Chemicals & Chemical Products

Billion USD

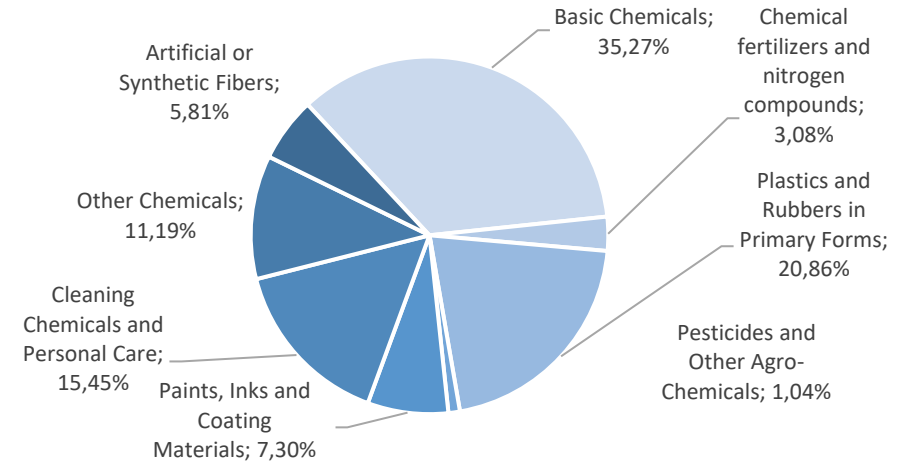


## Imports of Chemicals & Chemical Products

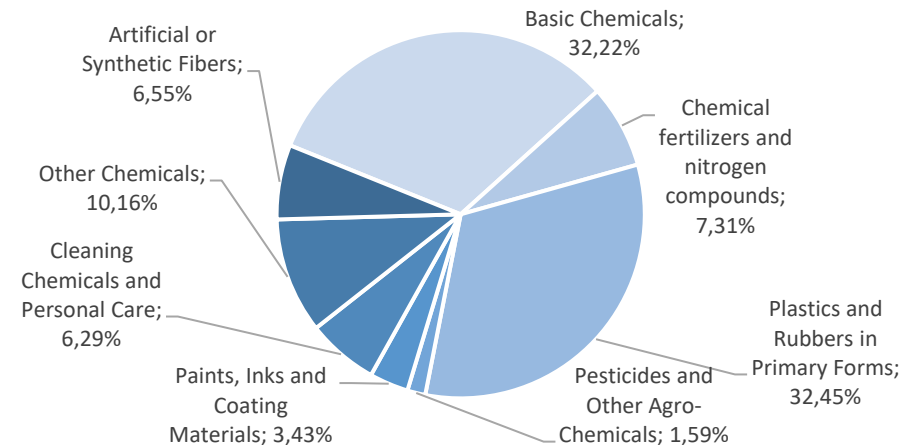
Billion USD



## Breakdown of exports by sub-sector 2023

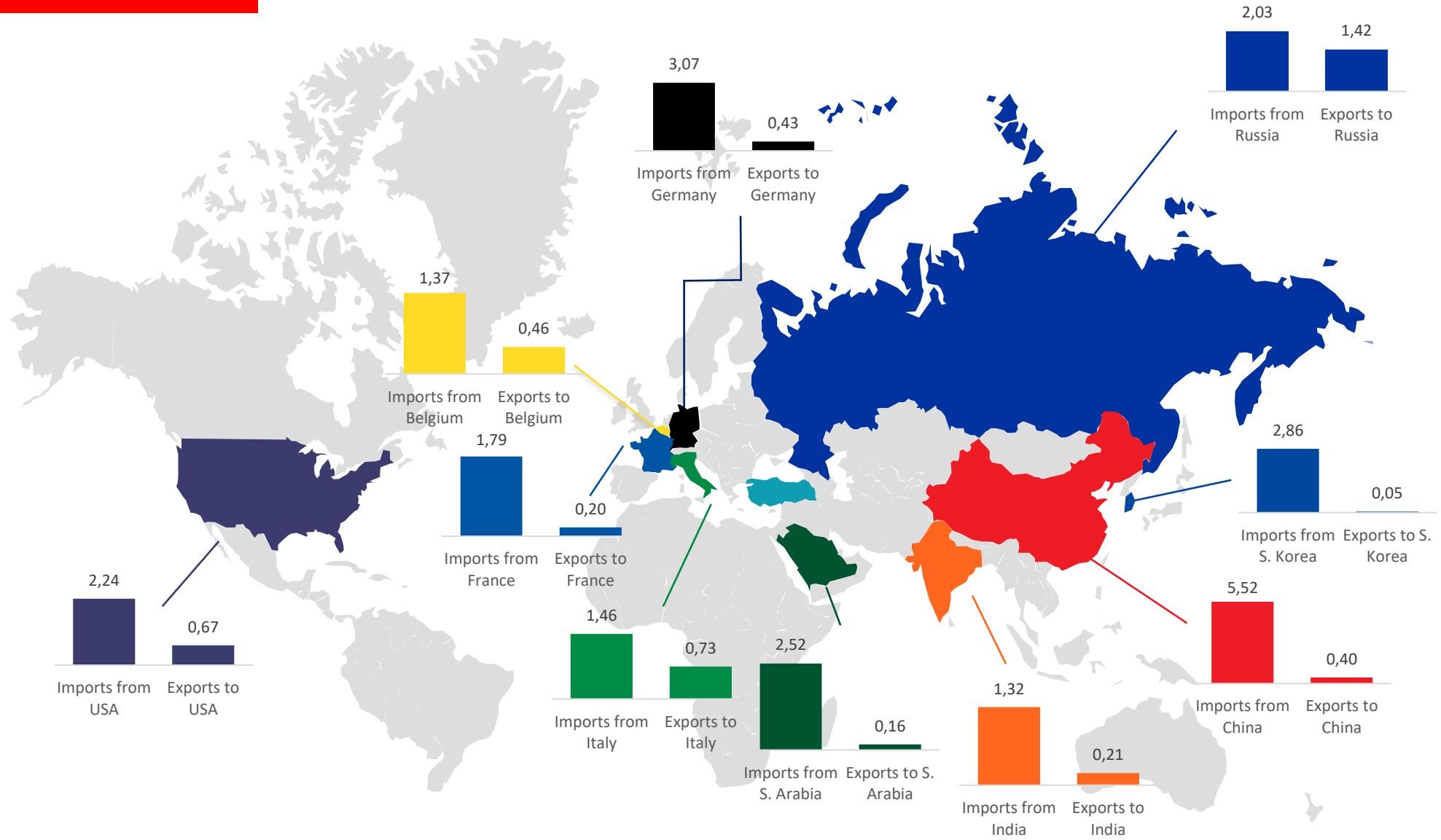


## Breakdown of imports by sub-sector 2023



# FOREIGN TRADE

Europe appears to be the largest import and export partner of Türkiye in chemicals

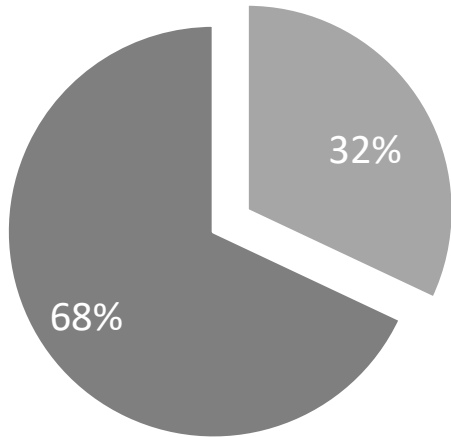


# MAJOR PLAYERS

There are around 5K companies in Turkish chemicals, both local and foreign players are active in the sector



Chemicals Sales  
(2022 Net Sales= 633.2 Billion TRY)



**Top 10 players**



Share in chemical sales %

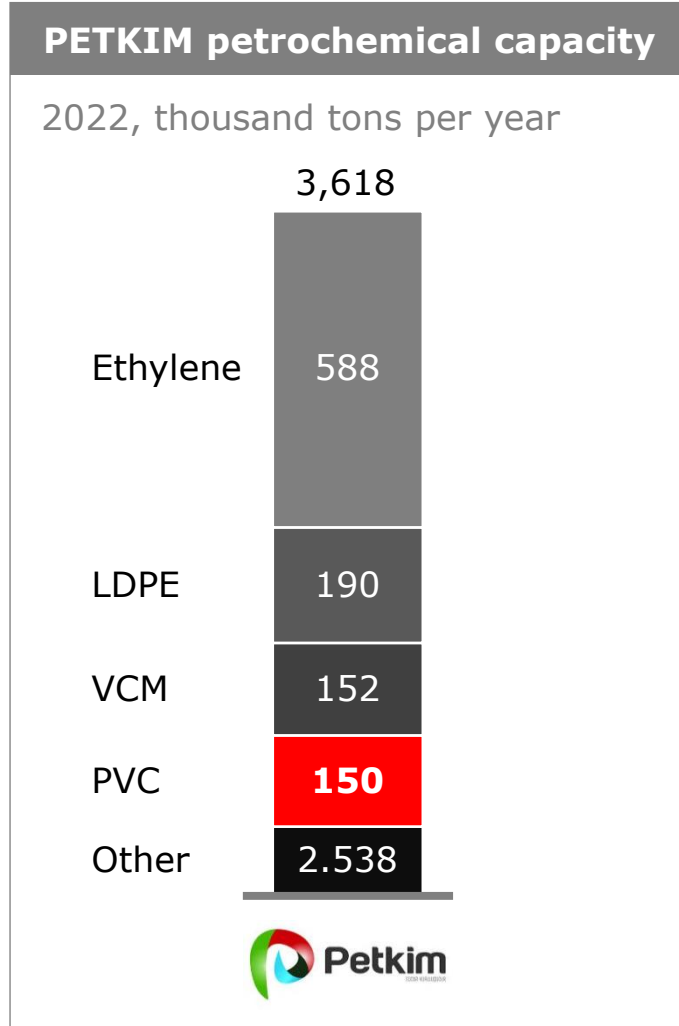
Company type

Location

	7,72%	Petrochemicals	İzmir
	4,93%	Petrochemicals	Adana
	3,64%	Chemicals	Ankara
	3,26%	Chemicals	Kocaeli
	3,21%	Chemicals	İstanbul
	2,98%	Chemicals	İstanbul
	2,91%	Chemicals	Yalova
	1,64%	Petrochemicals	İzmir
	1,06%	Petrochemicals	Tekirdağ
	0,93%	Chemicals	Yalova

# MAJOR PLAYERS

PETKIM, which is the largest petrochemical facility in Türkiye, is increasing its capacity but still constituting only 18% of the local demand



### STAR refinery capacity

2022, thousand tons per year

	Product	Capacity
Petrochemical raw materials	• Naphtha	• 1,600
	• Mixed xylene	• 420
Fuel	• Diesel oil	• 4,800
	• Jet fuel	• 1,600
	• LPG	• 320
Other	• Reformat	• 480
	• Sulphur	• 160
	• Petroleum coke	• 700

SOCAR (State Oil Company of Azerbaijan) acquired Petkim in 2008 and still investing in Turkish Petrochemical Industry via Petkim also built up a new refinery called STAR promoting petrochemicals sector and providing key raw materials

# POTENTIAL LOCATIONS

Türkiye has several potential locations with existing/planned infrastructure and transportation connections

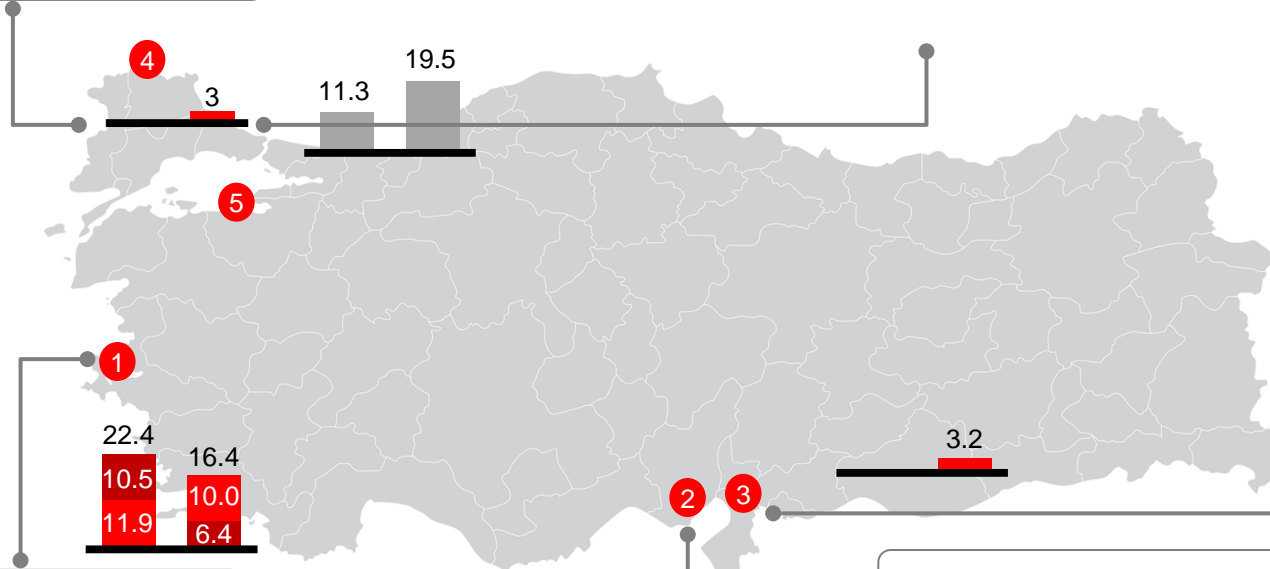
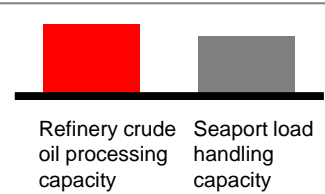


**Tekirdag**

- Close to industrial centers
- Projected to become a logistics hub
- Substantial investments are planned
- Geographically close to European demand centers
- Transportation connections with Akport and Martas ports and Corlu airport

**Izmit**

- Türkiye's largest oil refinery
- Close to most industrial centers in Türkiye with good transport connections
- Geographically close to European demand centers



**Aliaga**

- Petkim facilities provide supply of basic petrochemicals
- Adequate port handling capacity
- Projected to become one of the main port-areas in Türkiye
- Close to Izmir free zone

**Ceyhan**

- A major oil pipeline final destination
- Announced as Petrochemical Industrial Zone
- Close to Adana and Mersin free zones
- Well-connected with Yumurtalik, Mersin and Iskenderun ports and Sakirpasa airport
- Available land in Yumurtalik Free Zone

**Dortyol, Hatay**

- Close to Iskenderun port
- Readily available land for development
- Close to Adana and Mersin free zones



# MEGA INDUSTRIAL ZONE

Ceyhan Mega Petrochemical Industrial Zone  
soon to be launched in the city of Adana



## Key facts

- 1,341 hectares land availability
- Port of Rotterdam & Ronasans Holding partnership in management of the zone
- Ronasans Holding & Sonatrach & GS E&C's 1.3 billion USD PP investment as the first investment will be realized in the zone
- Main products such as HDPE, LDPE, LLDPE, methanol, MDI, ABS, MMA, acetone, phenol, PMMA and PET are among the top products where Investors will be targeted

## OPPORTUNITIES IN SUB-SECTORS

Türkiye offers solid fundamentals to make profitable investments in chemicals



### Home / personal care

- Local demand for home/personal care products is attractive, with 84M people and rapid rise of middle class.
- Major global companies with home/personal care products already have investments in Türkiye such as P&G, Groupe Rocher and Kimberly-Clark, they already have a good understanding of the market.

### Paints / coating materials

- Türkiye receives the highest number of investments in this cluster and has an established production base with many SMEs and large firms which can provide JV opportunities to new entrants.
- Construction, automotive, textiles, durable goods drive demand and all are growing sectors in Türkiye and in the region.

### Fiber / filament

- Türkiye is strong in fibers and filaments due to its historic success in textiles sector. These products are used in textiles, construction and automotive, all major sectors in Turkish economy and demand for them is expected to grow robustly over the next five years.

### Petro-chemicals

- Türkiye is among one of the fastest growing petrochemical markets after China and India being 2nd largest net importer of petrochemicals in the world.
- Türkiye lacks basic chemicals and offers ample opportunities due to growing end use industries.

### Fertilizers

- Türkiye's demand for fertilizers is 10th highest in the world.
- The country has the 10th largest agricultural production value added in the world.

# AGENDA



1 Market Overview

2 Growth Drivers

3 Success Stories

# 2

# GROWTH DRIVERS



# 11<sup>th</sup> largest economy in the World

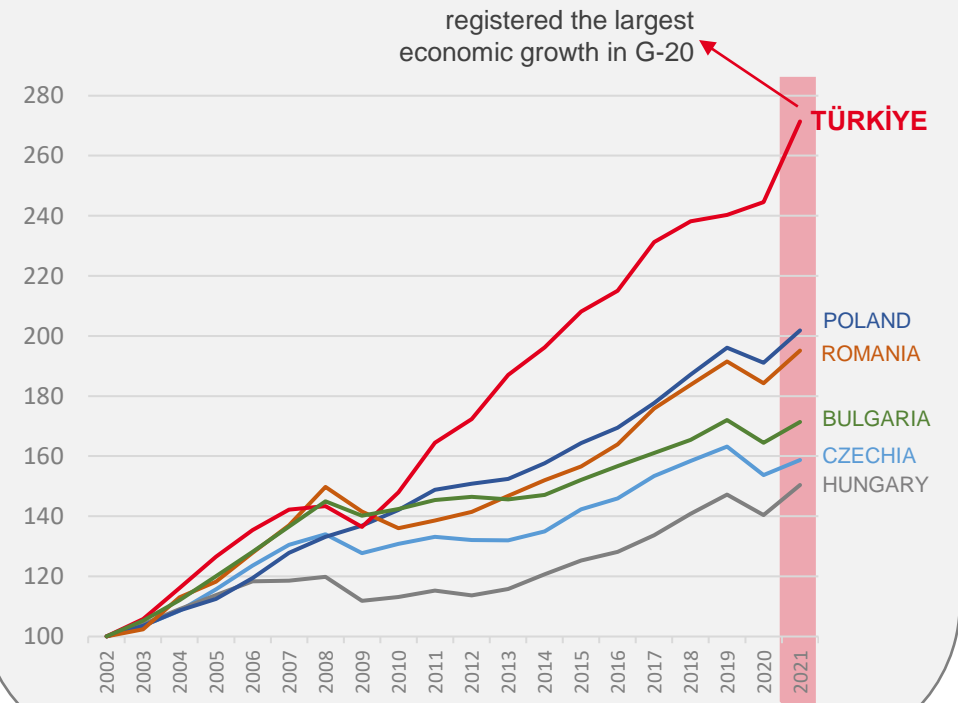
## RANKING OF ECONOMIES BY GDP AT PPP

2003	2019	2022
1. USA	1. CHINA	1. CHINA
2. CHINA	2. USA	2. USA
3. JAPAN	3. INDIA	3. INDIA
4. GERMANY	4. JAPAN	4. JAPAN
5. INDIA	5. GERMANY	5. GERMANY
6. RUSSIA	6. RUSSIA	6. RUSSIA
7. FRANCE	7. INDONESIA	7. INDONESIA
8. UK	8. BRAZIL	8. BRAZIL
9. BRAZIL	9. UK	9. FRANCE
10. ITALY	10. FRANCE	10. UK
11. MEXICO	11. MEXICO	11. TÜRKİYE
12. INDONESIA	12. ITALY	12. ITALY
13. SPAIN	13. TÜRKİYE	13. MEXICO
14. CANADA	14. S.KOREA	14. KOREA
15. S.KOREA	15. SPAIN	15. CANADA
16. S.ARBABIA	16. CANADA	16. SPAIN
17. IRAN	17. S.ARBABIA	17. S.ARBABIA
18. TÜRKİYE	18. IRAN	18. EGYPT

## AVERAGE ANNUAL GDP GROWTH (%) 2002-2021



## REAL GDP GROWTH (INDEX: 2002=100)



# ROBUST ECONOMY

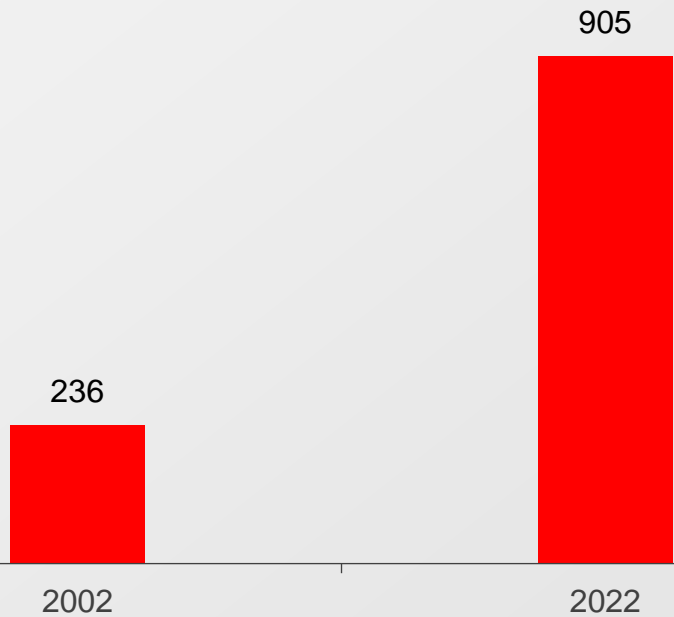
Tripling size of the economy over the past 18 years



Turkish economy has **more than tripled** over the past 19 years and is promising to be on the growing trend

**Robust domestic market** and entrepreneurial private sector spurred investments and exports

## Turkish Economy (GDP at current prices, \$Billion)



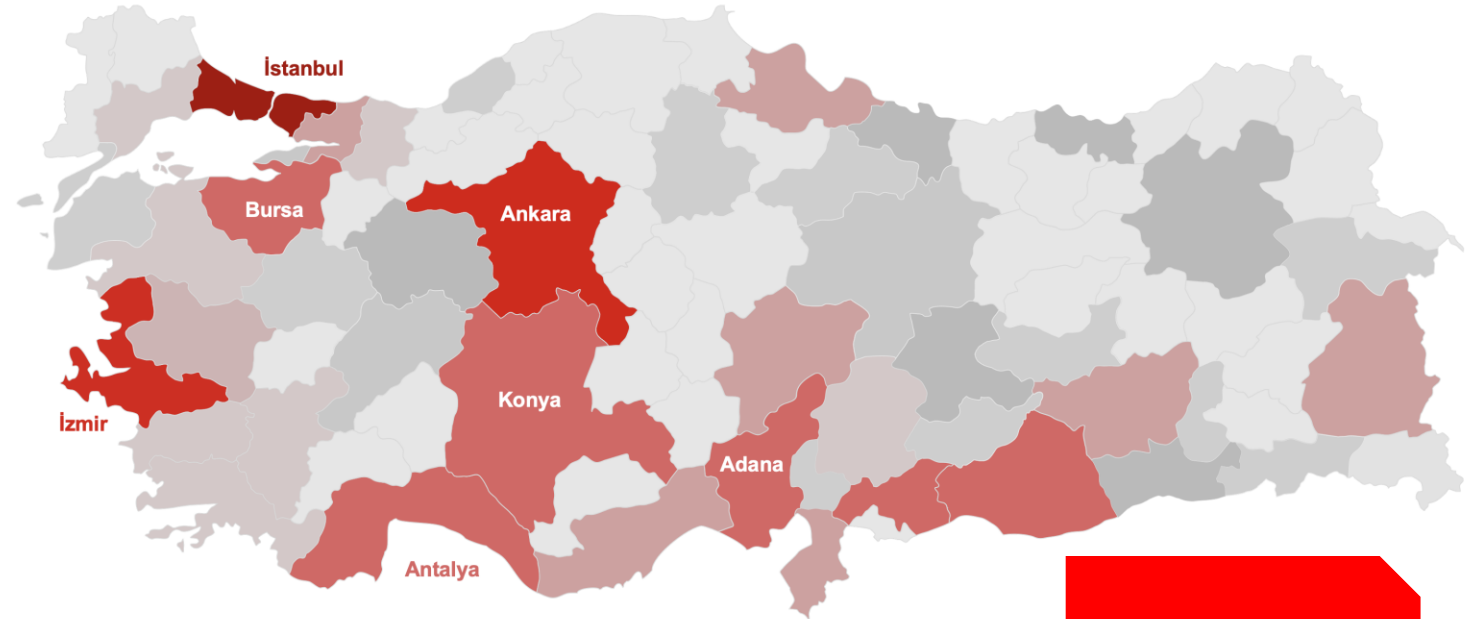
## Contribution to GDP Growth 2002-2022 (%)





# Total Population in 2022 **85.2 Million**

<b>İstanbul</b>	<b>15.9 Million</b>	<b>Denizli</b>	<b>1.1 Million</b>
<b>Ankara</b>	<b>5.8 Million</b>	<b>Muğla</b>	<b>1 Million</b>
<b>İzmir</b>	<b>4.5 Million</b>	<b>Eskişehir</b>	<b>0.9 Million</b>
<b>Bursa</b>	<b>3.2 Million</b>	<b>Mardin</b>	<b>0.9 Million</b>
<b>Antalya</b>	<b>2.7 Million</b>	<b>Trabzon</b>	<b>0.8 Million</b>
<b>Konya</b>	<b>2.3 Million</b>	<b>Malatya</b>	<b>0.8 Million</b>
<b>Adana</b>	<b>2.3 Million</b>	<b>Ordu</b>	<b>0.8 Million</b>
<b>Şanlıurfa</b>	<b>2.2 Million</b>	<b>Erzurum</b>	<b>0.7 Million</b>
<b>Gaziantep</b>	<b>2.2 Million</b>	<b>Afyonkarahisar</b>	<b>0.7 Million</b>
<b>Kocaeli</b>	<b>2.1 Million</b>	<b>Sivas</b>	<b>0.6 Million</b>
<b>Mersin</b>	<b>1.9 Million</b>	<b>Adıyaman</b>	<b>0.6 Million</b>
<b>Diyarbakır</b>	<b>1.8 Million</b>	<b>Batman</b>	<b>0.6 Million</b>
<b>Hatay</b>	<b>1.7 Million</b>	<b>Tokat</b>	<b>0.6 Million</b>
<b>Manisa</b>	<b>1.5 Million</b>	<b>Zonguldak</b>	<b>0.6 Million</b>
<b>Kayseri</b>	<b>1.4 Million</b>	<b>Elazığ</b>	<b>0.6 Million</b>
<b>Samsun</b>	<b>1.4 Million</b>	<b>Kütahya</b>	<b>0.6 Million</b>
<b>Balıkesir</b>	<b>1.3 Million</b>	<b>Çanakkale</b>	<b>0.6 Million</b>
<b>Kahramanmaraş</b>	<b>1.2 Million</b>	<b>Osmaniye</b>	<b>0.6 Million</b>
<b>Van</b>	<b>1.1 Million</b>	<b>Şırnak</b>	<b>0.5 Million</b>
<b>Aydın</b>	<b>1.1 Million</b>	<b>Çorum</b>	<b>0.5 Million</b>
<b>Tekirdağ</b>	<b>1.1 Million</b>	<b>Ağrı</b>	<b>0.5 Million</b>
<b>Sakarya</b>	<b>1.1 Million</b>		



24 urban centers  
with populations  
over 1 million

# DOMESTIC + ACCESSIBLE MARKETS

## DOMESTIC MARKET + EU MARKET + FREE TRADE AREA



Customs Union with the EU  
allows direct access to the EU Market

- NORWAY ISRAEL \*SUDAN
- LIECHTENSTEIN
- SWITZERLAND ICELAND
- BOSNIA AND HERZEGOVINA
- PALESTINE MACEDONIA
- MOROCCO TUNISIA
- ALBANIA EGYPT
- GEORGIA MONTENEGRO
- SERBIA CHILE
- MAURITIUS SOUTH KOREA
- MALAYSIA \*LEBANON MOLDOVA
- FAROE ISLANDS
- SINGAPORE VENEZUELA
- UNITED KINGDOM
- \*QATAR KOSOVO



+



Free Trade Agreements with 29 countries

+

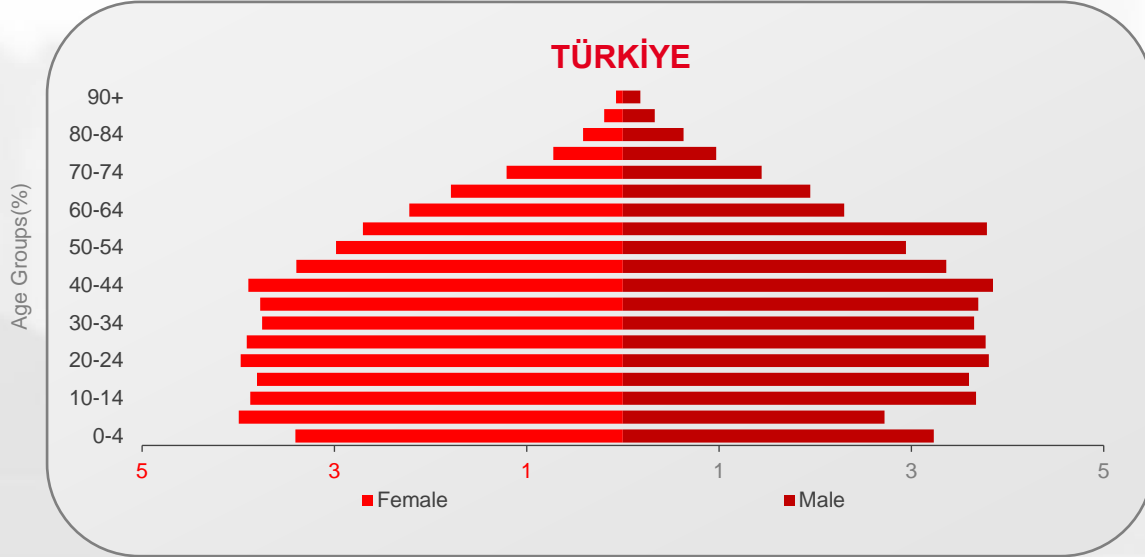


# FAVORABLE DEMOGRAPHICS

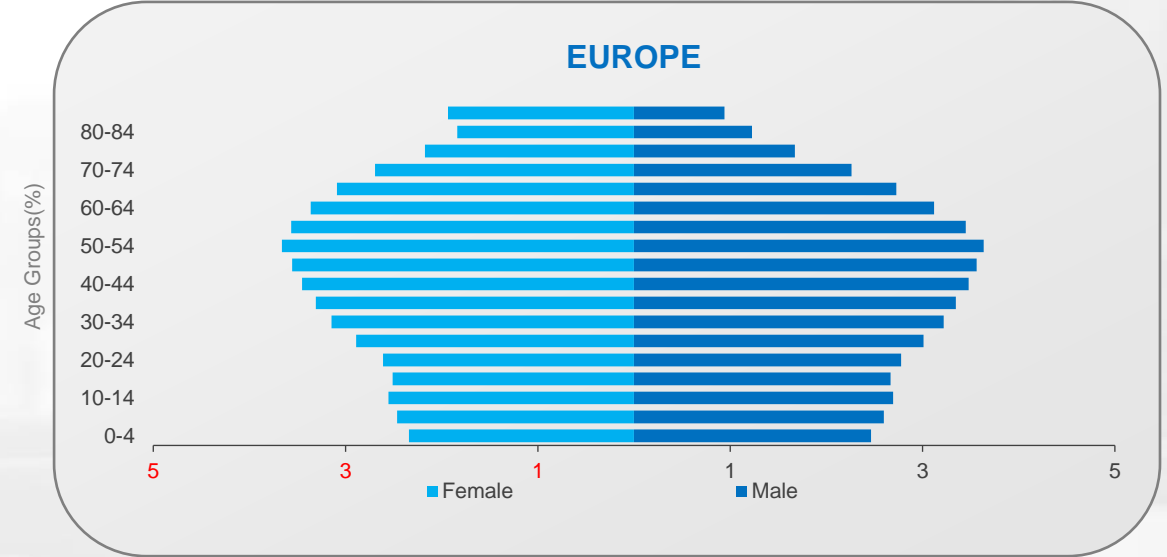
Half of population under the age of 35, creating a dynamic labor force



**TÜRKİYE**

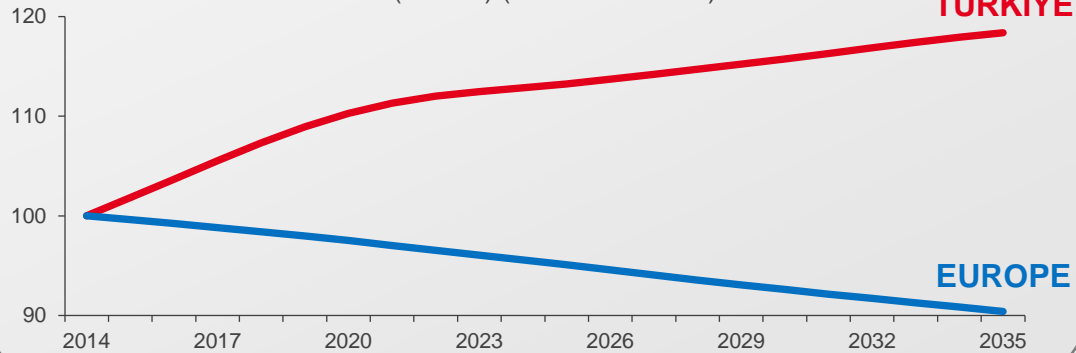


**EUROPE**



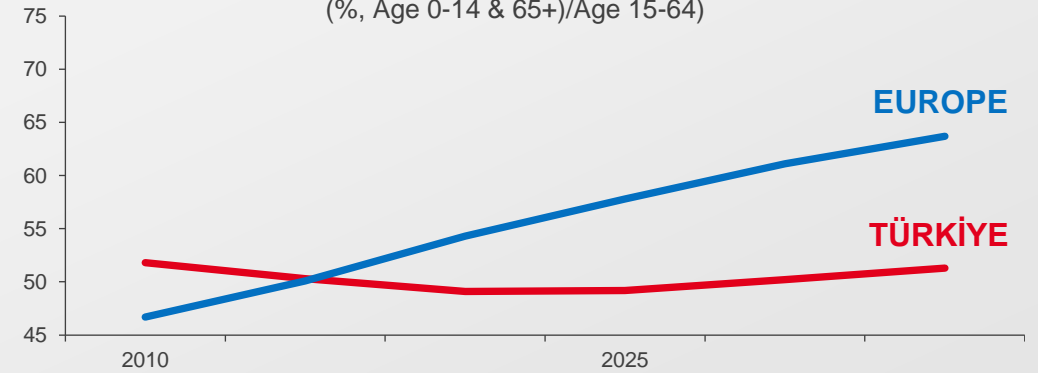
**WORKING AGE POPULATION**

(15-64+) (Index: 2014=100)



**TOTAL DEPENDENCY RATIO**

(%, Age 0-14 & 65+)/Age 15-64)



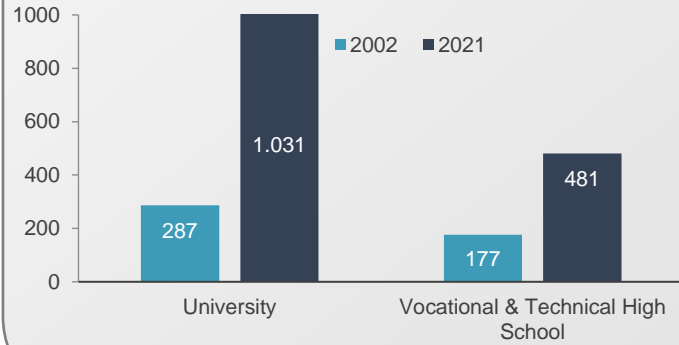


# SKILLED AND COMPETITIVE LABOR FORCE

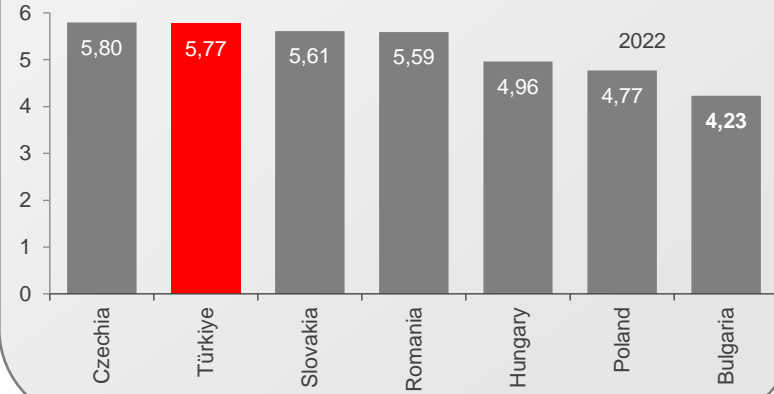
Upgraded education system to enable a skilled labor pool and address business requirements



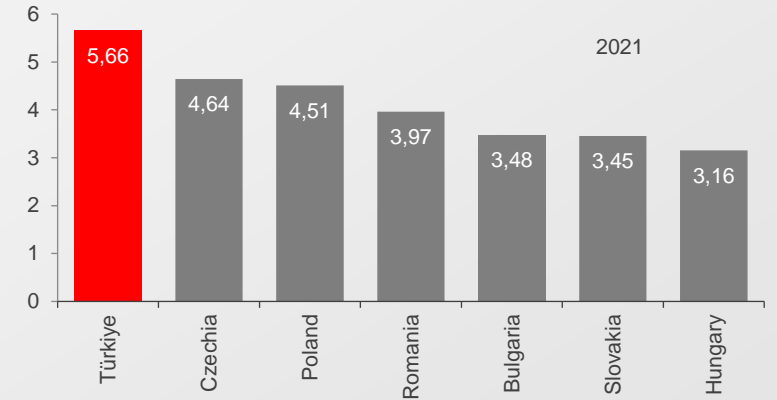
**ANNUAL NUMBER OF GRADUATES**  
(thousands)



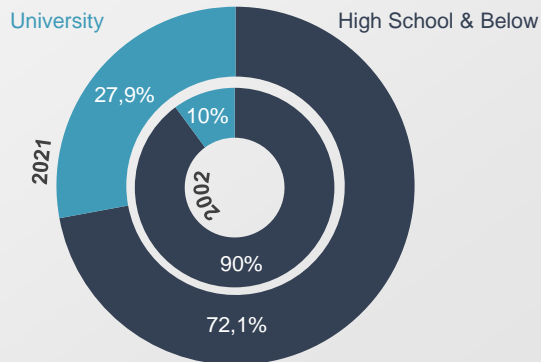
**AVAILABILITY OF QUALIFIED ENGINEERS**  
(10=Available; 0=Unavailable)



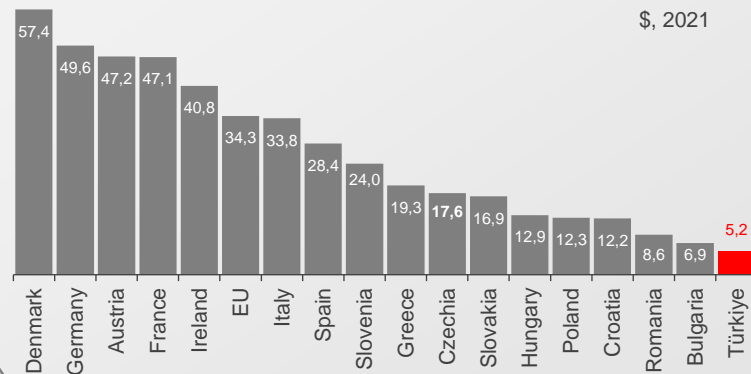
**AVAILABILITY OF COMPETENT SENIOR MANAGERS**  
(10=Available; 0=Unavailable)



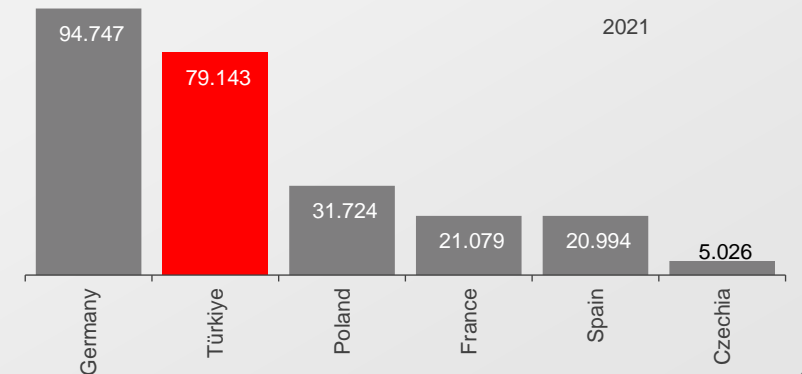
**LABOR FORCE BY EDUCATION LEVEL**



**LABOR COST PER HOUR IN MANUFACTURING**  
\$, 2021



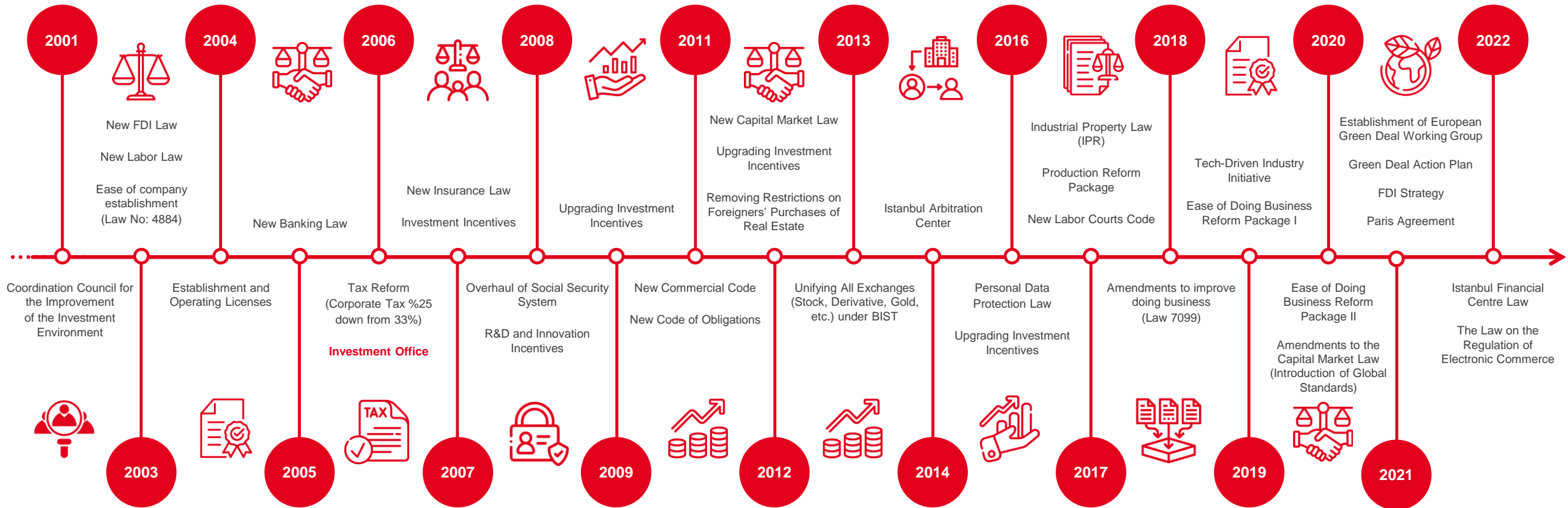
**ANNUAL NUMBER OF ENGINEERING GRADUATES**  
2021



# REFORMS



Thanks to stability established over the last two decades, Türkiye remains committed to implementing **major reforms** nearly every 18-24 months across various areas.





**Protection of  
International Investors  
by FDI Law**

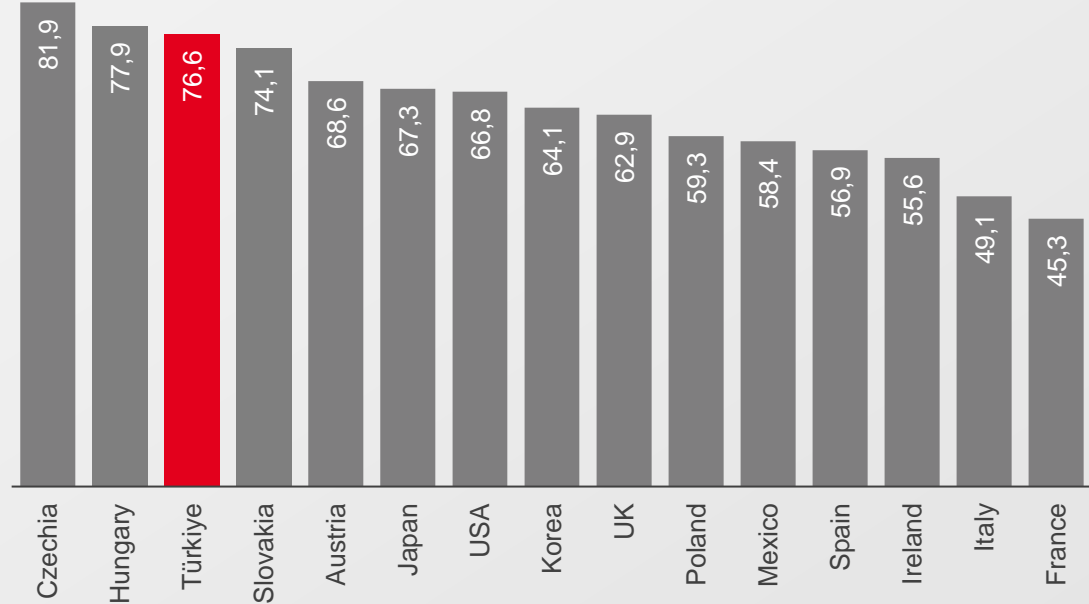


**Bilateral Investment  
Protection Treaties with  
86 countries including US**



**Treaties to avoid Double  
Taxation with 87  
countries including US**

**INTERNATIONAL TAX COMPETITIVENESS\*\*, 2022**  
(Index=100 as most competitive)

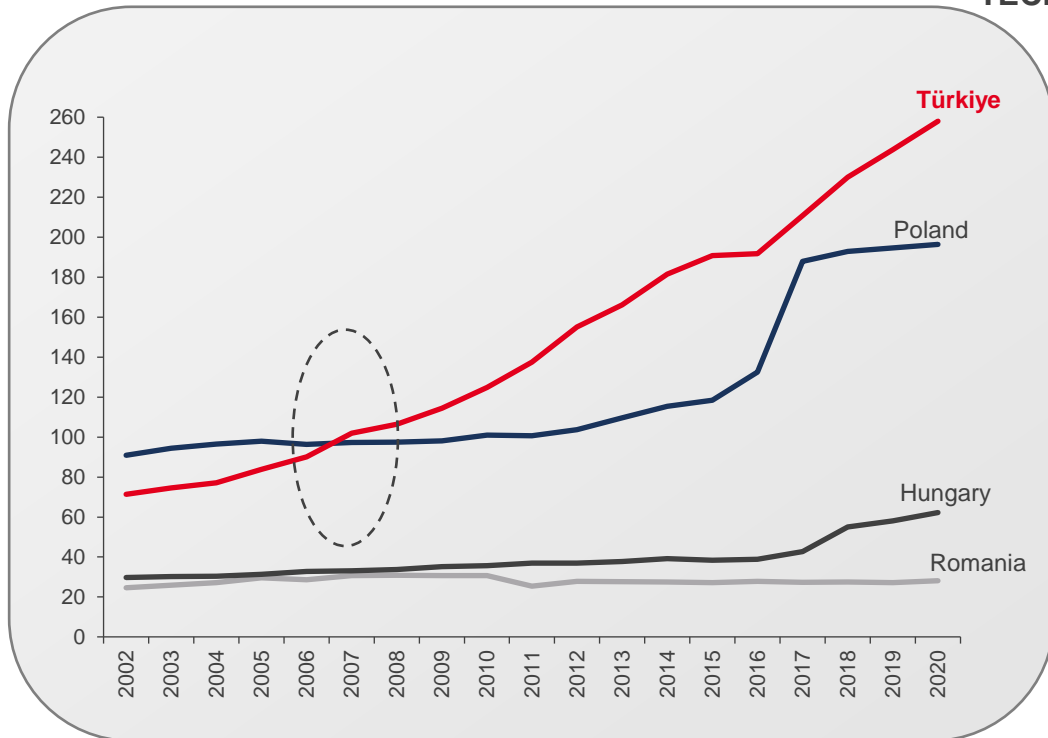


# BENIGN R&D ECOSYSTEM

R&D INCENTIVES ARE FURTHER SUPPORTED BY A FAVORABLE ECOSYSTEM



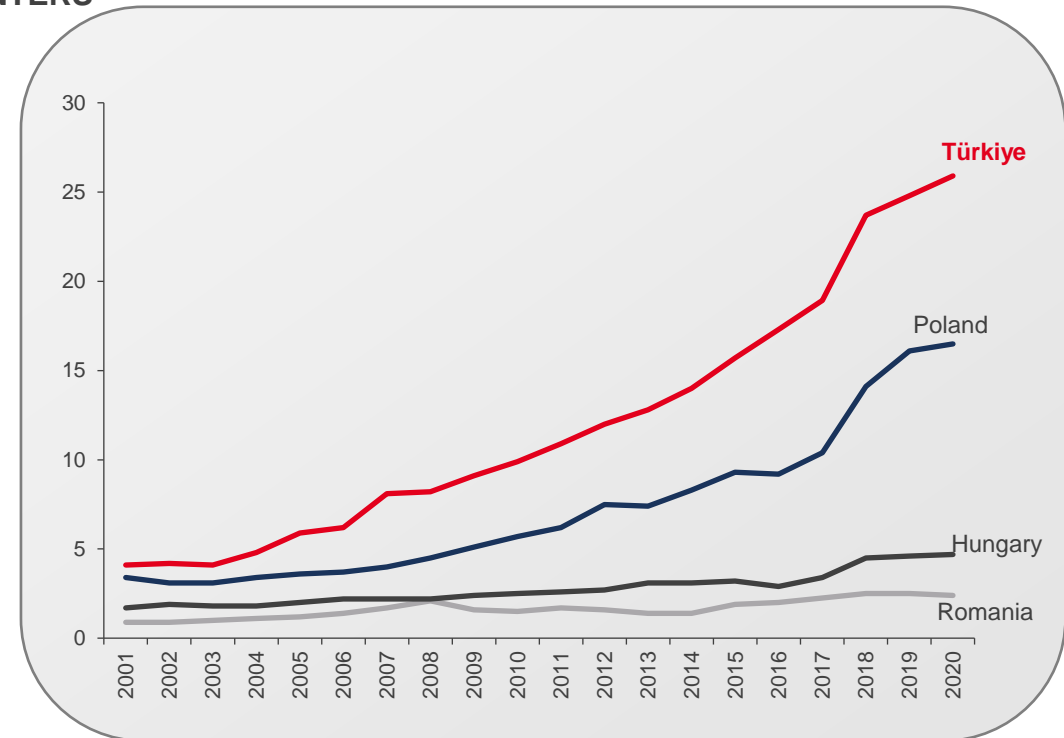
NUMBER OF RESEARCHERS  
(thousands)



MORE THAN 550 INTERNATIONAL COMPANIES OPERATING IN  
TECHNOPARK AND R&D CENTERS

**550+**  
INTERNATIONAL COMPANIES

INCREASING R&D SPENDING  
(\$ Billion, PPP)

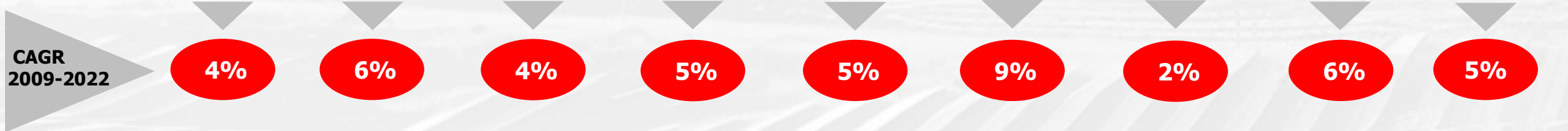


# GROWING END-USE INDUSTRIES

Sustainability of growth in customer industries driving our chemicals industry as well



Customer Industries									
	Textile	Metals and Metal Products	Food & Beverages	Automotive	Electrical Equipment	Agriculture	Construction	Plastics & Rubber	Furniture



**10<sup>th</sup>** largest agricultural production in the world and demand for fertilizer is 10<sup>th</sup> highest in the world



**2<sup>nd</sup>** largest plastics producer after Germany in Europe.



**15<sup>th</sup>** largest automotive manufacturer in the World



**5<sup>th</sup>** largest paint producer in Europe



**Largest** TV & white goods producer in Europe

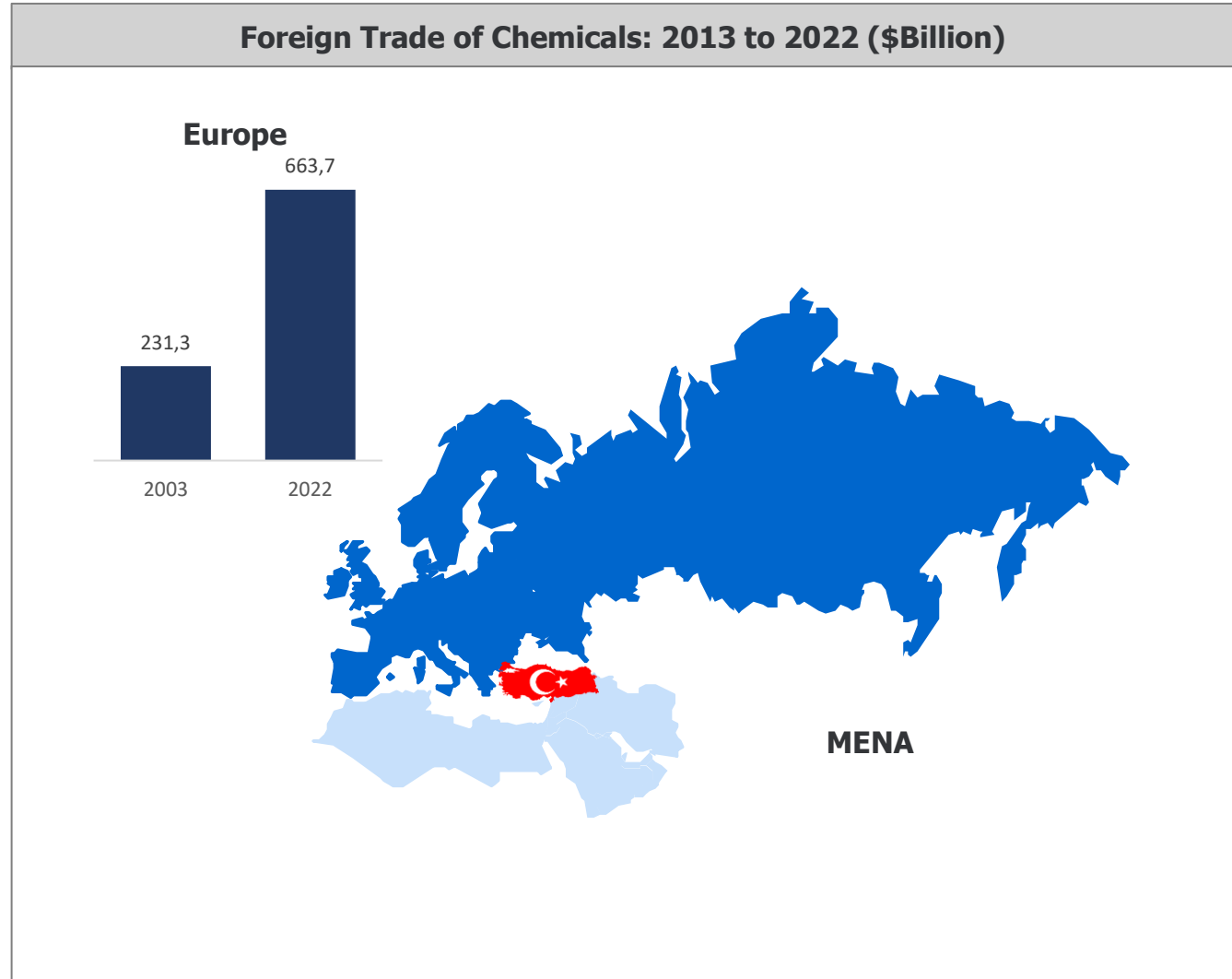
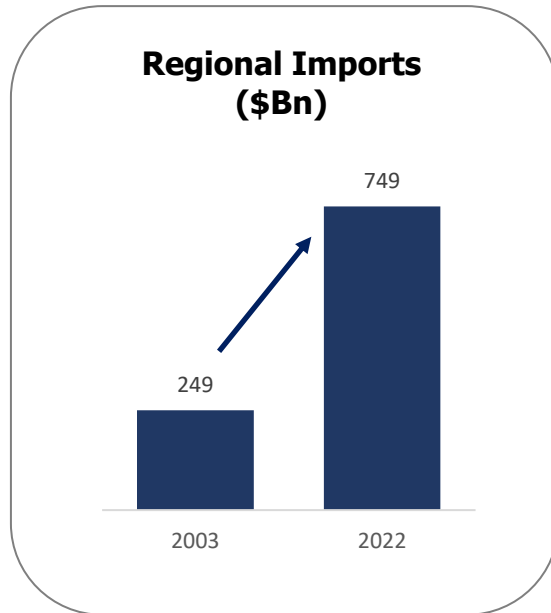
# STRATEGIC LOCATION

Türkiye is well connected with the region through Custom Union with EU and FTAs with 25 countries and EFTA. Allowing chemical manufacturers in Türkiye to access these markets without any custom restrictions



Türkiye may well be used as an export base to grow...

Over the past two decades regional imports of chemicals increased by \$500bn, reaching \$749bn in 2022, up from \$249bn in 2003; **200% of growth**



# LOGISTIC CAPABILITIES

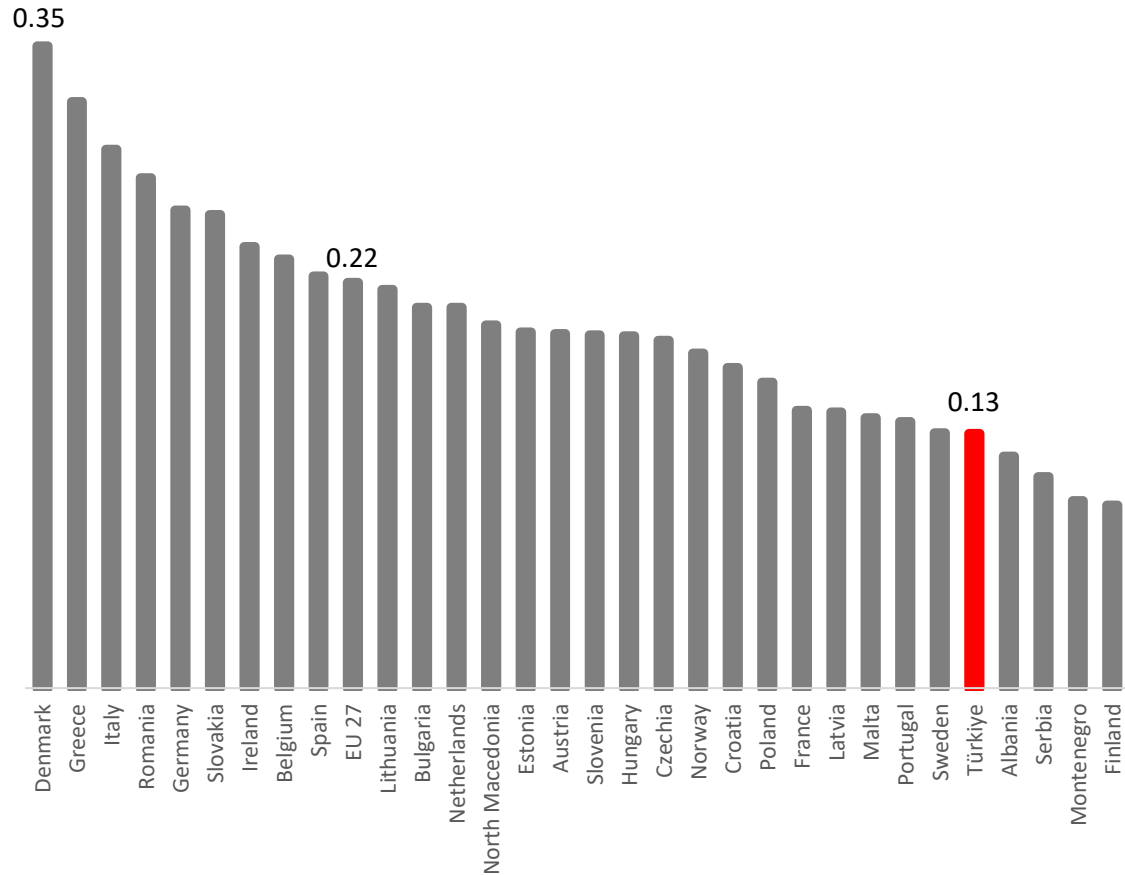


# ENERGY PRICES

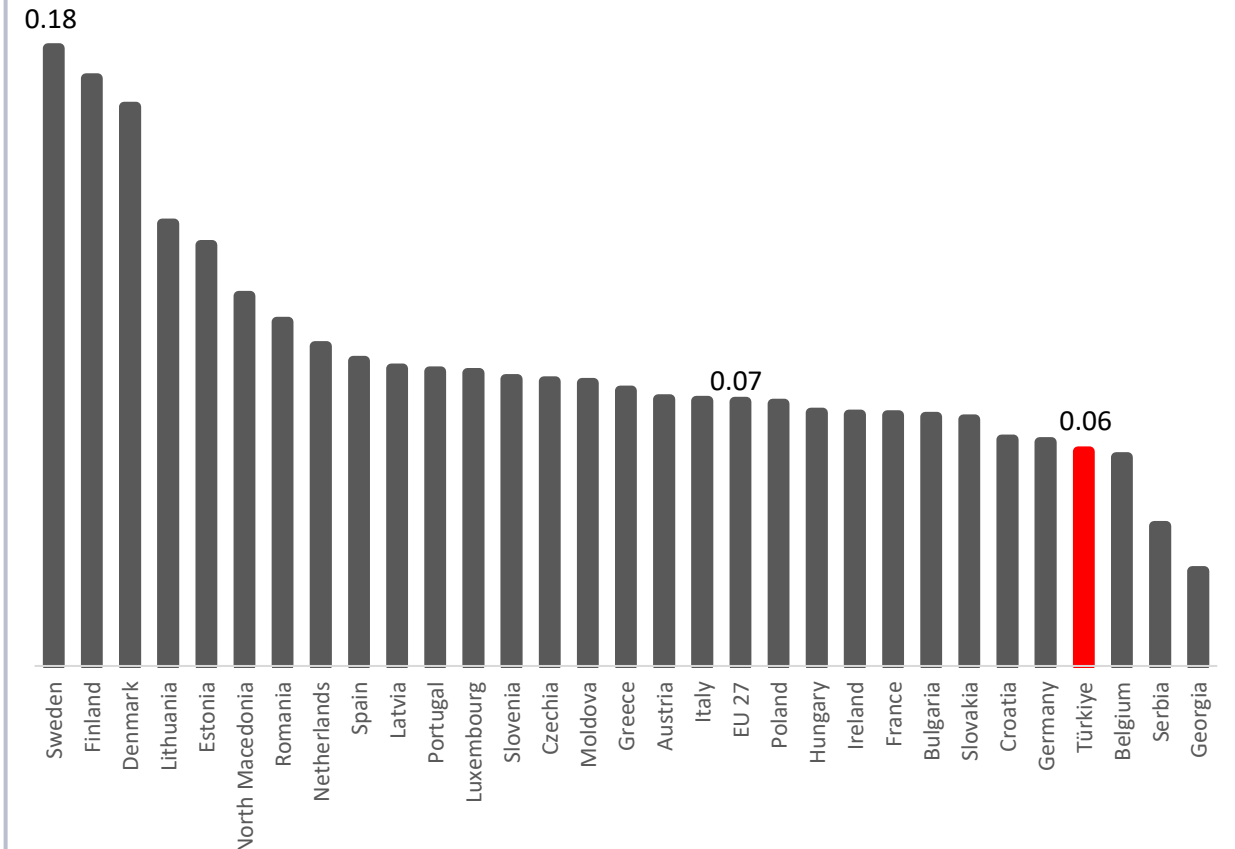
Electricity and natural gas prices in Türkiye have been cost competitive in comparison with the EU



### Electricity prices, Euro/kWh, 2022



### Natural Gas prices, Euro/kWh, 2022





# LUCRATIVE INCENTIVES

Chemical investments in manufacturing and R&D can benefit from various lucrative incentives



Main Incentive Tools	Incentive Schemes						Main Incentive Tools
	General Incentives	Regional Incentives	Incentives for Priority Investments	Incentives for Strategic Investments	Incentives for Project-Based Incentives	R&D Incentives	
Corporate Tax Reduction		✓	✓	✓	✓	✓	<p><b>Tax Deduction:</b> Reduced tax rates (100%) for investor's income until the total deduction reaches to a certain percentage of capex. (30-80 % of capex, in the case of project-based incentives up to 200% of capex). For R&amp;D investments, all R&amp;D expenditures are deducted from tax base.</p> <p><b>VAT Exemption:</b> Investment machinery and equipment imported and/or locally provided within the scope of the incentive certificate will be VAT exempt.</p> <p><b>Customs Duty Exemption:</b> Investment machinery and equipment imported within the scope of the incentive certificate will be customs duty exempt.</p> <p><b>Interest Rate Support:</b> For investment loans, a certain portion of the interest share will be covered by government. (3-7 % points for TL-denominated, 1-3% points for forex-denominated loans) (1M-1.8M TL).</p> <p><b>Land Allocation:</b> Government land will be allocated for the investments, if no land is available in OIZs.</p> <p><b>Income Tax Withholding exemption</b> will provide exemption from income tax withholding. (only for Region 6).</p>
VAT/Custom Duty Exemption	✓	✓	✓	✓	✓	✓	
Social Security Premium Support		✓	✓	✓	✓	✓	
Income Tax Withholding Support*	✓	✓	✓	✓	✓	✓	
Interest Support**		✓	✓	✓	✓		
Land Allocation		✓	✓	✓	✓		
VAT Refund				✓	✓		
Partnership (Equity Investment by Gov.)					✓		
Guarantee of Purchase by Gov.					✓		
Energy Cost Support					✓		

# AGENDA



1 Market Overview

2 Growth Drivers

3 Success Stories

# 3

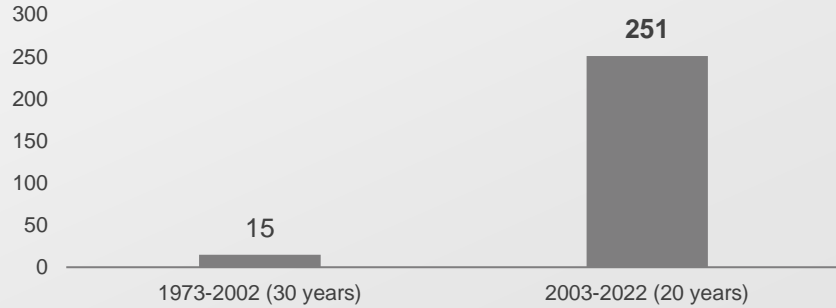
# SUCCESS STORIES

# FOREIGN DIRECT INVESTMENT (FDI)

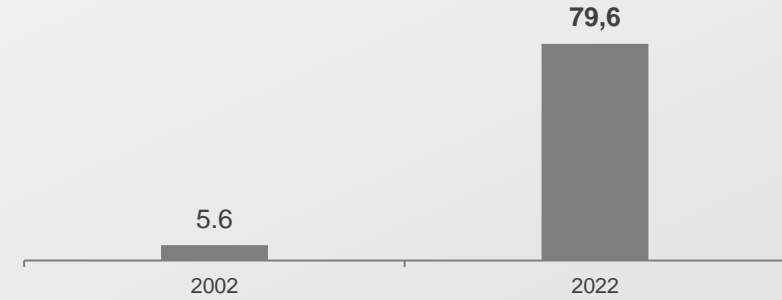
## EXCEPTIONAL INCREASE IN FOREIGN INVESTMENT BOOSTED BY THE VALUE TÜRKİYE OFFERS



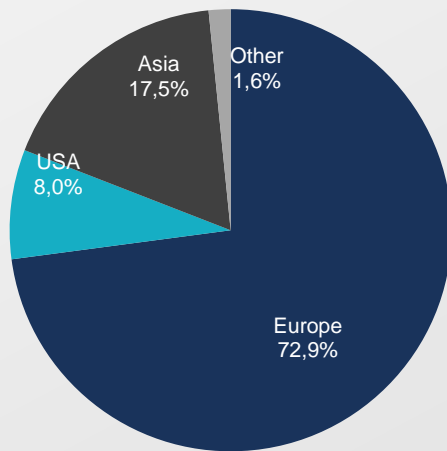
### FDI INFLOWS (\$ BILLION)



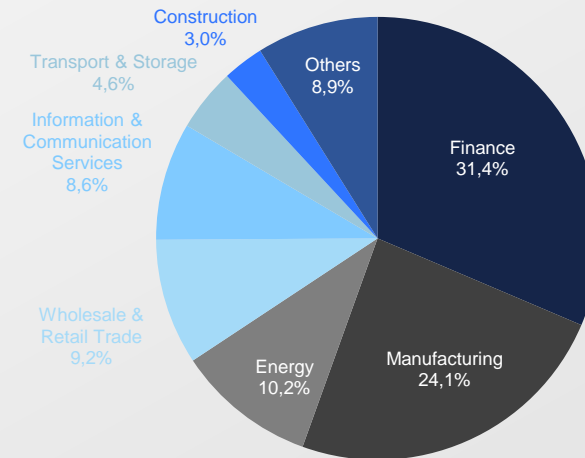
### NUMBER OF INTERNATIONAL COMPANIES IN TÜRKİYE ('000)



### GEOGRAPHIC BREAKDOWN OF INVESTMENTS (2003-2022)



### MOST ATTRACTIVE SECTORS (CUMULATIVE 2003-2022)



# SUCCESS STORIES

Foreign Direct Investments in Turkish Chemicals Industry have been active through Greenfield and M&A activities



## Foreign Direct Investments in Turkish Chemical Industry 2007-2022

Number of Greenfield Projects

M&A Activities

# 350+

chemical companies with foreign capital

# 133

# 91



# SUCCESS STORIES

Chemical industry giants have been manufacturing in Türkiye for decades



## SUCCESS STORIES

### Chemical industry giants have been manufacturing in Türkiye for decades



- Operational in Türkiye for 137 years
- 6 manufacturing facilities and 7 offices in Türkiye for chemicals, performance products, functional materials & solutions, agricultural solutions
- Sales of EUR 742 million in Türkiye in 2015
- Managing 81 countries from Türkiye
- 750 employees



- Operational in Türkiye for around 60 years
- 200 employees
- Headquarter & innovation center in Istanbul, seed conditioning & processing plant facility in Adana, sunflower R&D center in Lüleburgaz



- Been in Türkiye for 30 years
- **Manufacturing** products of safety, industrial/filter, personal care, automotive and healthcare in Türkiye
- Opened up a super-sized manufacturing plant that is called '**Super Hub**' and Innovation Center in 2015 with an investment worth 0.5 billion USD
- Uses Türkiye as a **management** hub for India, Middle East and Africa
- **Exporting** 60% of its production



- Operational in Türkiye for around 55 years
- 3 factories and 8 regional sales offices
- Over EUR 50 million of investment in past 5 years
- Around 1,500 employees

## SUCCESS STORIES

### Chemical industry giants have been manufacturing in Türkiye for decades



- Operational in Türkiye for 30 years
- Award winner exporter with over 20% of production in Türkiye exported to more than 10 countries
- USD 700 million of investment in manufacturing facilities
- 900 employees
- Uses Türkiye as a regional hub for Türkiye and the Caucasus
- 60% of products sold in Türkiye produced locally



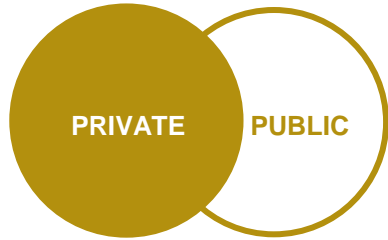
- Operational in Türkiye for over 45 years
- 4 factories in Türkiye for STYROFOAM™ Brand Insulation, paint, polyurethane & plastic additives
- JV with Akso (DowAkso) for carbon fiber production in Yalova & JV with Polisan (DCM) for production of various types of emulsion for coatings market in Gebze
- Uses Türkiye as a regional export hub mainly for Eastern Europe & Middle East



- Operational in Türkiye for around 55 years
- More than 500 employees in 6 locations in Türkiye – Istanbul, Bursa, Balıkesir, Kocaeli, Adana, Ankara
- 3 production facilities: starch & sweeteners in Bursa, fats & oils in Balıkesir, oleo-chemicals in Kocaeli
- Uses Türkiye as a management hub for 19 countries in MENA



- Operational in Türkiye for over 100 years
- 8 manufacturing facilities
- Over 5,000 employees
- New factory for personal and homecare categories in Türkiye creates an investment ecosystem of EUR 350 million along with suppliers
- 29 brands and presence in 9 out of 10 households with its products
- Uses Türkiye as a key regional hub for Exports to 21 countries



**PRIVATE SECTOR APPROACH  
WITH PUBLIC SECTOR CAPABILITIES**



**A GOVERNMENTAL AGENCY  
REPORTING TO THE PRESIDENT**



**ACTING AS A  
SOLUTION PARTNER**



**CUSTOMIZED  
CONSULTING**



**BUSINESS  
FACILITATION**



**TAILOR-MADE  
DELEGATION  
VISITS**



**PARTNERSHIP  
DEVELOPMENT  
ASSISTANCE**



**COORDINATION WITH  
STAKEHOLDERS**



**SITE SELECTION  
SUPPORT**



**PROJECT LAUNCH**



**ONGOING SUPPORT**





PRESIDENCY OF  
THE REPUBLIC OF TÜRKİYE  
**INVESTMENT  
OFFICE**



[invest.gov.tr](https://invest.gov.tr)

