



# DOING BUSINESS IN TÜRKIYE

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## Market profile

Türkiye is a transcontinental Eurasian country. Istanbul is the largest city in the country while Ankara is the capital. Türkiye has a unitary structure in terms of administration and the provinces are subordinate to the central government in Ankara.

Türkiye's constitution governs the legal framework of the country. The President of Türkiye is the head of state who is elected for a 5-year term by direct elections. Executive power is exercised by the President, including the power to issue decrees, appoint his own cabinet, draw up the budget, dissolve parliament by calling early elections, and make appointments to the bureaucracy and the courts. There is no office of the Prime Minister and the legislative power is vested in the unicameral parliament. The judiciary is independent from the executive and the legislature, but the constitutional changes in recent years gave larger powers to the President and the ruling party for appointing or dismissing judges and prosecutors.

### FACTS

- Main Export Breakdown: Manufacturing (Metals, Automotive, Textile&Apparel, Chemicals, Food), Agriculture, Fishing & Forestry, Mining
- Capital: Ankara
- Official language: Turkish
- Area: 783 562 sq km
- Population: 85.3 million

## Economy and business structure

- GDP 2023: 1.118 billion USD (+4.5%)
- GDP per capita 2023: 13,110 USD
- Exports of Goods and Services in 2023: 255.8 USD billion (+0.6%)
- Bilateral trade between Finland and Türkiye hit an all-time high in 2023, total exports from Finland to Türkiye reached 1 383 MEUR.
- Number of Finnish companies in Türkiye: Around 50 daughter companies and more than 200 representatives/distributors

The Turkish economy grew substantially in 2023, surpassing expectations. This growth was fuelled by stimulus measures implemented ahead of the May 2023 elections, including wage and pension hikes. But a minimum wage, though relatively high, has failed to alleviate widespread poverty, especially in urban centres like Ankara and Istanbul, exposing flaws in the country's economic system.

After the elections of May 2023, a new economic management team took charge in Türkiye, marking a significant shift towards tighter monetary and fiscal policies. The central bank responded with substantial interest rate hikes, more than quadrupling borrowing costs, and scaling back interventions to defend the currency.

The Turkish authorities are grappling with the challenging responsibility of promoting economic growth in the face of numerous obstacles. High inflation and interest rates are hampering private consumption, and the call for fiscal discipline presents challenges for public spending and investment. Meanwhile, the risk of a sudden reversal of the current turn towards orthodox economic policy is diminishing. Positive messages from the president expressing support for the new economic team and Türkiye's Medium-Term Program indicate a commitment to stability and reform.

These positive messages continued after the local elections in March 2024 where the opposition gained a majority of the votes as well as the main cities of Istanbul, Ankara and Izmir and the fears of a sharp depreciation of the lira after the elections have proven unfounded. Since the election, spot lira has rallied slightly while implied yields have fallen, reflecting a return of investor confidence.

Other significant aspects influencing Türkiye's economic landscape are its intricate relationship with Russia and the turmoil in the Middle East. However, as global political shocks continue to shape economic outcomes, Türkiye tries to keep its important commercial partnerships while adapting to evolving geopolitical challenges.

Looking ahead, Türkiye's growth figures have been announced positively on different projections by international economic institutions (IMF: 3.1% in 2024 and 3.2% in 2025, World Bank: 3.1% in 2024 and 3.9% in 2025, OECD: 2.9% in 2024 and 3.2% in 2025). Türkiye's credit ratings have also been improved with Fitch B+ rating and positive outlook, Moody's B3 rating and positive outlook and S&P B rating and positive outlook.

Türkiye recorded a total of 10.6 billion dollars in FDI inflows in 2023. This comprised 5.6 billion dollars through equity capital flow, 3.6 billion dollars through the sale of real estate to foreign nationals, and 1.9 billion dollars via debt instruments. In 2023, the EU-27 remained the main source of FDI equity inflows to Türkiye with a 53% share. The inflows from Middle Eastern countries rose significantly from 8% to 18%, with the UAE and Qatar playing significant roles in this increase. In terms of countries, the Netherlands, Germany, the UAE, Qatar, and Russia were the primary countries contributing equity capital inflows to Türkiye in 2023.

## Key industries and their trends

### Textile

Textiles and the ready-made clothing industry is the largest sector of the manufacturing industry with a production value of \$78 billion. Türkiye belongs to the top five world export champions in the textile sector. Textiles and ready wear garment manufacturing industries together, ranking third in the total exports of Turkey, recorded an export volume of \$28.8 billion in 2023, decreased 9.2% in ready wear and 7.6% in textile raw materials compared to the previous year. These two sectors have a 13% share in the total exports of the country. Türkiye is the third largest supplier of the EU's ready-to-wear and apparel industry and 2nd biggest supplier in textiles. EU's efforts for Green Transition in the field of sustainability will bring results that will directly affect the export and production structure of the Turkish ready-made clothing and apparel industry.

### Agrofood

Türkiye is the 2nd in Europe and 14th in the world in terms of agricultural economy with its \$45.4 Billion agricultural production volume. Türkiye is 3rd largest agricultural producing country in the world by quantity for leading commodities (2021) Turkey's agricultural exports, accounted for 13.5 % of total exports last year, increased by 15.3% in 2022 compared to the previous year and reached \$34.2 billion, sector achieving the highest export of all time. Agricultural output in Türkiye has increased significantly in recent years: The sector accounts for 6.6 % of Türkiye's economy and employs about 18% of the labor force. However, it

faces important productivity challenges as growth in agricultural output has been driven primarily by input intensification and far less by improvements in resource-use efficiency and technological adoption. The World Bank approved a \$341.27 million loan to Türkiye to support a more sustainable and competitive agricultural sector and promote the use of climate-smart technologies and practices in several provinces in the country under The Türkiye Climate Smart and Competitive Agricultural Growth Project (TUCSAP)

## Automotive

Since early 1960s, Türkiye's automotive industry sector transformed from assembly-based partnership to a full-fledged industry with design capability and massive production capacity. 30 of the top 50 global suppliers have production facilities in Türkiye. Türkiye became 13th largest automotive manufacturer in the world and 4th largest in Europe by the end of 2023. There are also around 1,100 component suppliers supporting the production of OEMs.

## Machinery

Machinery manufacturing continues to be one of the key growth drivers of the Turkish economy. Global machinery companies have been present in Türkiye, using Türkiye as a hub to access regional markets. Turkish machinery industry has been growing over the past decade with approx. 5% CAGR. Accounting for a 10% share of the total exports, machinery products are shipped to more than 200 countries. 60% of total machinery product exports are shipped to the USA and EU countries.

## Energy

Demand for energy and natural resources has been increasing in Türkiye posting the fastest growth in the OECD, with an annual growth rate of 5.5% since 2002. Türkiye is a net energy importer country. Import dependence has been the main driving force behind the formulation and implementation of new policies and investment models to commission local and renewable energy resources. After the ratification of the Paris Treaty in 2021 by Türkiye, in 2023, Türkiye has also set the target of reaching net zero carbon emissions by 2053.

## International Contracting

Turkish contractors have played very important roles in global construction industry. In the period of 1972-2022 they have successfully undertaken 11.605 projects in 133 countries, with a total value of 472 billion USD. In 2023, Turkey maintained its second place in the "World's Top 250 International Contractors List" with 40 companies. Turkish contractors are looking for suppliers of high technology and innovative solutions as well as sustainable products for projects in Middle East, Africa, Eastern Europe and South East Asia for different project types.

## ICT (Market & Startup Ecosystem )

ICT market in Türkiye exceeded USD 27 billion. Telecommunications, e-commerce, gaming, banking and finance, data analytics and AI, cloud & data center operations, digital transformation of the Turkish industry, and ICT application in the automotive, healthcare, and hospitality sectors all offer plenty of chances.

Türkiye's startup ecosystem is one of the most vibrant ones in MENA region and according to Startup Genome 2023 report, Istanbul is ranked 1st in the list of strong starters due to high activity in seed and Series A deals and among top 20 of the world's best emerging ecosystems. In the last two years, the country has created 4 unicorns and 2 decacorns. 2 of those are from gaming industry where the country is ranked 5th in Europe after the UK, France, Switzerland and Sweden in terms of the gaming deal size, and 1st in terms of the gaming deal count. The other unicorns are active in delivery, e-commerce, and marketing analytics. Most funded verticals are SAAS, AI, gaming, retailtech, fintech and ecommerce. Overall, the ecosystem is supported by more than 80 active organizations including accelerators, technoparks, and investors.

If you are an innovative, competitive Turkish startup with interest to scale globally and make your HQ in Finland, then you could consider startup permit. Before applying for the actual Startup Permit, you need to apply for an eligibility statement from Business Finland. Later on, if the applicants decide to establish a startup company in Finland, they can apply for other Business Finland`s services as well, such as advice and funding. For more details please check [Finnish Startup Permit \(businessfinland.com\)](https://businessfinland.com).

## Important things to consider when doing business in Türkiye

- Business culture in Türkiye is very similar to the rest of the countries around the Mediterranean. It is important to build a relationship with customers.
- When greeting, always greet the oldest person first; Turks have a great respect for the elderly.
- Do not use deadlines or high-pressure tactics during business negotiations with your Turkish colleagues. Be patient during negotiations as decision making can be slow.
- It could be beneficial to talk about football to break the ice. Mentioning positive views on Türkiye is something you should do as it goes down extremely well with the Turkish people.
- Türkiye is a secular country, but there are still about 99% Muslims. It is important to keep track of festivals and holidays but other than that religion has no big impact on the sales process.
- Turks do not require as much personal space as many other cultures and it may be construed as unfriendly if you back away when Turkish colleagues stand close during a conversation.
- Don't offer gifts that are too lavish or personal and be sure to check that your Turkish counterparts drink before offering alcohol.
- Maintain eye contact with your Turkish counterparts whilst speaking, as Turks take this as a sign of sincerity.
- Türkiye has had a turbulent political history and you should try and avoid discussing sensitive issues involving Türkiye, especially Kurdish issues, Cyprus and EU membership.

## Market data sources and other useful links

- [Invest in Türkiye](#)
- [Türkiye - Finland Business Council - DEİK | Dış Ekonomik İlişkiler ... \(deik.org.tr\)](https://deik.org.tr)
- [The World Bank in Türkiye: Development news, research, data | World Bank](#)
- [The EBRD in Türkiye](#)
- [Ministry of Treasury and Finance](#)
- [Turkish Statistical Institute](#)
- [Central Bank of Türkiye](#)
- [Ministry of Trade of Türkiye](#)
- [Directorate General of Migration Management](#)
- [Türkiye Tourism Portal](#)
- [Study in Türkiye](#)
- [Türkiye Trade Registry Gazette](#)
- [Istanbul Chamber of Commerce Information Bank](#)