

Turkey

Turkey introduces a new scheme to boost investment in underdeveloped areas



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Turkey has introduced several incentive packages to attract foreign investors over the last decade. As a successor of earlier incentives, the Turkish government has recently released a new centre of attraction programme to accelerate the amount of domestic and foreign investments made in the relatively less developed areas of the country.

The programme focuses on new investments for the manufacturing industry, call centres and data centres and intends to revive unfinished or partially completed investments that were left because of inadequate working capital or other reasons.

What the package includes

The package includes super incentives, which cover turnkey factory construction support, interest-free investment credits, and working capital credit with reduced interest.

Accordingly, incentives available under the programme are as follows:

- Capital support to obtain investment land;
- Turnkey factory building construction support;
- Interest-free investment loan support;
- Interest-reduced business loan support;
- Call and data centre support;
- Support for removing manufacturing facilities;
- Ownership transfer with limited rights of land, factory building and public immovables to the investors;
- Consulting service support; and
- Participation in companies and leading the company establishments by the Development Bank of Turkey in the cities where the programme is applicable.

Eligibility conditions

To benefit from the programme, a fixed investment of TRY 2 million TRY (\$543,000) with at least 30 employees is required for the manufacturing industry. For call centres, only 200 employees are required, and for 5,000 square meters of white area to be occupied by the data centres.

However, call centre and data centre investments do not need to meet minimum investment amount of TRY 500,000

in the regions where they are located.

In addition, the programme allows the investors to use the unused public buildings for their call centre and data centre investment and energy support will be available for such investments.

Those who would like to remove their manufacturing units to the cities within the scope of programme will be also supported by cash. To receive the cash from the programme, the business owner should employ at least 200 people and be conducting business activities for the past two years.

Expected outcome of the programme

Turkish government officials expect the total investment through the programme, which comes mostly from the manufacturing industry, will be about TRY 20 billion. The officials also expect 112,000 jobs to be created because of the incentives available.

In this regard, it is also expected that each year 30 factories will be built in the cities where the programme is applicable. In terms of call centres, it is envisaged that 20,000 people will be employed as an outcome of the programme.

These numbers indicate that the Turkish government has strong support to improve the investment climate in Turkey. Also, it is observed that a good number of investors have already applied for the incentives provided by the programme. We believe that the Turkish government will increasingly continue to support the business community with new incentive packages in the coming years.

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