

**GAP**

**Entrepreneur Support Centres**

# Table of Contents

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ Trade relations between Turkey & the EU;
- ✘ GAP Project;
- ✘ Business Environment in Turkey;
- ✘ Business Environment in the GAP Region;
- ✘ Business Opportunities
  - Sectoral opportunities
  - Potential Co-operation Areas
- ✘ GAP-GIDEM Offices

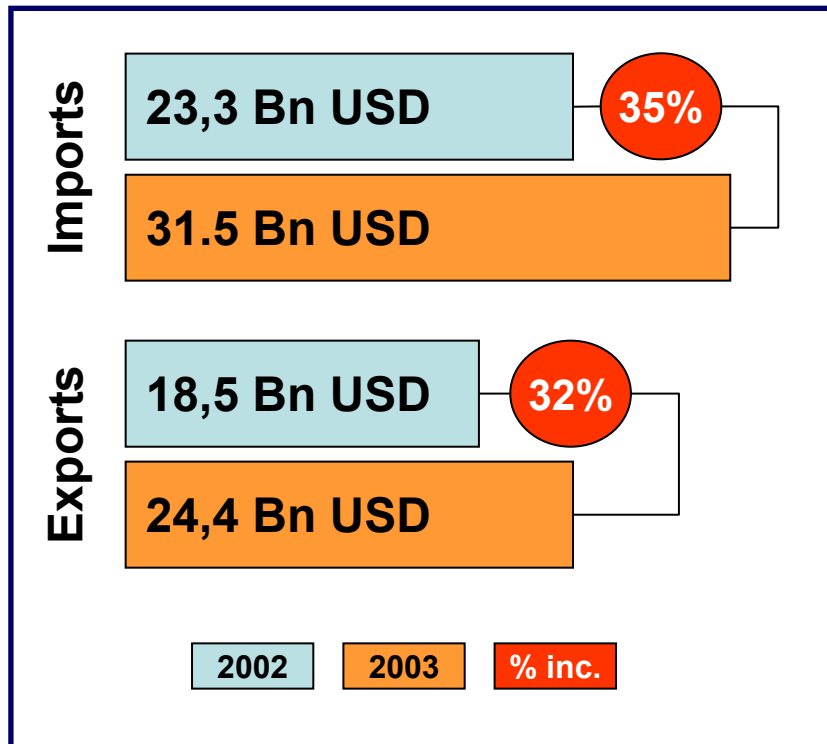
# TRADE between Turkey & the EU

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
6. Services

The EU is the leading trade partner of Turkey

- ✘ Customs Union: Since 1995 ...
- ✘ Circa 50% of Turkey's Exports go to the EU
- ✘ Circa 45% of Turkey's Imports come from the EU



TOP 5	
Exports	Imports
Germany	Germany
England	Italy
Italy	France
France	England
Spain	Spain

# Business Environment in Turkey

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

## ✘ Improving macro economic conditions:

- ✘ Economic growth beats expectations: 7.2% GNP
- ✘ Inflation is coming down: 21.5% WPI, 23.2% CPI
- ✘ TL is stabilizing
- ✘ Mr. Ali Babacan (State Minister) expects to meet Copenhagen Economic Criteria by 2007

## ✘ Faster + Cheaper = Better

- ✘ Setting up a company has never been easier: Procedures for setting up a new company have been considerably simplified by Law no. 4884 (published in the Official Gazette on 17 June 2003 / 25141)

# Business Environment in Turkey

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ **Better Business Environment for Foreign Investors**
  - ✘ No FDI-related screening, approval, share transfer and minimum capital requirements;
  - ✘ Equal treatment for national and international investors
- ✘ **Additional Incentives for investments in underdeveloped regions (Law no: 5084)**
  - ✘ **Less Taxes on labour:**
    - 80% - 100% of taxes on employees income is exempted.
  - ✘ **Cheaper energy:**
    - 20% cheaper than rest of Turkey (5 cents / Kwh)
  - ✘ **Free Land:**
    - If there is on available land in organized industrial zones,
    - Reciprocity rule applies for foreign investors

# The GAP

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

## ✘ The Southeastern Anatolia Project (GAP):

- ✘ The Project is a multi-sector and integrated regional development effort, approached in the context of sustainable development;
- ✘ The \$32 billion project comprises not only the development of water resources but also investments in agriculture, energy, transportation, telecommunications, health care, education, urban, rural infrastructure and private sector development.

# More on the GAP

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
6. Services

Covers 9 provinces in southeast Anatolia:



\*Slightly smaller than Czech Republic but still larger than BeNeLux countries combined - 75.193 km<sup>2</sup>

		2004 Targets
Population (Y2000)	6.6 Million	6.6 Million
GDP per capita (Y2001)	1 177 USD	3 000 USD
Exports (Y2002)	420 Mio USD	1 Billion USD
Imports (Y2002)	602 Mio USD	800 Mio USD

# More on the GAP

## Contents

1. Trade btw. TR & EU

2. Business Env. in TR

3. The GAP Project

4. Doing Business in GAP

5. Business Opportunities

a. Agri-business

b. Textile & Clothing

c. Construction Mat.

d. Energy

e. Others

e. Cooperation Areas

6. Services

- ✘ The project - one of the largest of its kind in the world - includes
  - ✘ Irrigation of;
    - **1.7 million hectares of land** (20% of irrigable lands in Turkey)
  - ✘ Construction of;
    - **22 dams** (Atatürk Dam - sixth largest volume in the world);
    - **19 hydropower plants**;
    - Şanlıurfa irrigation tunnel system, **the largest of its kind**;
    - extensive irrigation networks and canal systems.
  - ✘ Generation of;
    - **27 billion kilowatt-hours of hydroelectric power** with an installed capacity of 7,500 MWs.
- ✘ Total amount of investments within the framework of GAP has reached approximately to US\$ 16,6 billion which corresponds to 52% of the total cost of the project.

# Business Infrastructure

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

## ✘ Transportation

- ✘ 6-lane highway is being built through the Region connecting Turkey to Syria and Iraq.
- ✘ There are STOL airports throughout the Region. A new international airport will be completed in Şanlıurfa in 2010 with the largest cargo handling capacity of Turkey.
- ✘ One of the largest harbours of Turkey, Mersin, is about 2 hours driving distance from the Region (western parts).

# Business Infrastructure

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ Tax free business in
  - ✘ Gaziantep and Mardin free trade zones;
- ✘ 12 organized industrial estates;
  - ✘ 9 in operation,
  - ✘ 3 under construction.
- ✘ 33 small industrial estates;
  - ✘ 22 in operation,
  - ✘ 11 under construction.

# Business Opportunities

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
6. Services

- a. Agri-business
- b. Textile & Clothing
- c. Construction Mat.
- d. Energy
- e. Others
- e. Cooperation Areas

✘ GAP is *literally* the gateway to Middle East:

✘ Iraq

✘ Iran

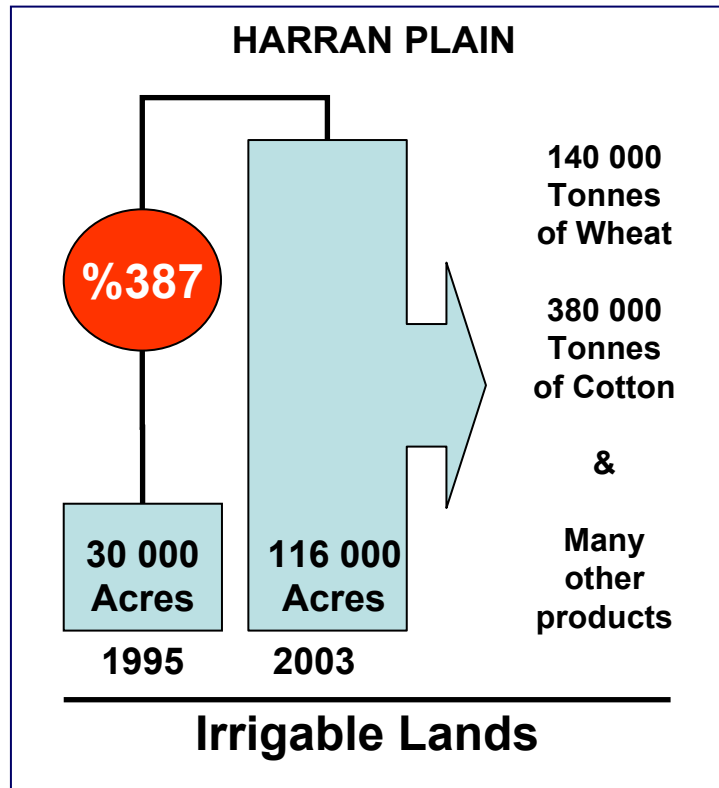
✘ Syria

# Business Opportunities ▶ Agri-business

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ Significant amount of quality production;
- ✘ In sufficient processing plants & technology;



## ✘ INVESTMENT

- ✘ Frozen, dried & packed fresh fruits & vegetables
- ✘ Organic fruits and vegetables
- ✘ Tomato paste & other canned vegetables
- ✘ Vegetable oil

## ✘ TRADE

- ✘ Herbs and Spices,
- ✘ Final packaging for final destination,

# Business Opportunities ▶ Textile & Colthing

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ **Turkey is one of the leading exporters in the world,**
- ✘ **Quality of raw material is high, businessmen are accustomed to do business with developed markets, skilled labor force exist**
- ✘ **Investment**
  - ✘ **Specialised Yarn Production and Weaving**
  - ✘ **Organic Textile**
- ✘ **Trade**
  - ✘ **Outsourcing (fast made-to-order business)**
  - ✘ **Local arts and crafts**

# Business Opportunities ▶ Construction Materials

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ A country is being reconstructed as we are talking;
- ✘ Iraq needs a lot but offers a little as far as the security is concerned,
- ✘ Transportation of construction materials are expensive, variability in demand further increases the operational costs,
- ✘ GAP Region itself presents a lucrative market, as well
- ✘ Investment:
  - ✘ Steel rods, profiles (drawing)
  - ✘ Wire and nails
  - ✘ Paint
  - ✘ Housing panels
  - ✘ Door/window frames
  - ✘ Concrete based irrigation canals
  - ✘ Marble

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

## ✘ Energy

✘ Power plants

✘ Transmission

Why?

- 1 New government policy permits the building and operation of power plants by private enterprises.
- 2 Parallel to the industrial development the energy needs are expected to increase rapidly.
- 3 Small co-generation systems are viable for local needs.
- 4 Existing transmission lines will be renewed

# Business Opportunities ▶ Others

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

## ✘ Chemicals and Plastics

✘ Plastic irrigation pipes and tools

✘ Plastics injection molding

## ✘ Durables

✘ House and office furniture

## ✘ Services

✘ Tourism

✘ Medical diagnosis and treatment centres

# Co-operation Areas

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
6. Services

e. Cooperation Areas

## ✘ EU Horizontal Funds

### ✘ 6 FP

- GAP Region is one of the prioritised regions,
- Potential projects in the field of Biotechnology,

### ✘ Multi-annual Programme for SMEs

- GAP Region is one of the prioritised regions,
- Potential SME development projects.

## ✘ Potential Sectoral Cooperation Areas

### ✘ Marble sector: Italian companies

# GAP-GIDEMs

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

- ✘ GAP-GIDEM is a EU funded SME development project, which is implemented by UNDP in coordination with GAP RDA;
- ✘ GAP-GIDEMs provide business development services
  - ✘ SMEs in the Region
  - ✘ Foreign investors and businessmen;

# GAP RDA & GAP-GIDEMs

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

✘ GAP RDA provides investors and businessmen with high value-added services through the GIDEM Offices established in 4 provincial capitals of the GAP Region.

✘ What GAP-GIDEMs can do for you?

- Facilitation: Site selection and all related info;
- Contacts: Arrange meetings with business chambers, associations and businessmen;
- Market research:
- Information: Provide information on regulatory processes;

✘ Free of Charge

# Contacts

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
  - e. Cooperation Areas
6. Services

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# Contacts

## Contents

1. Trade btw. TR & EU
2. Business Env. in TR
3. The GAP Project
4. Doing Business in GAP
5. Business Opportunities
  - a. Agri-business
  - b. Textile & Clothing
  - c. Construction Mat.
  - d. Energy
  - e. Others
6. Services

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# Thanks