ENCOURAGING FOREIGN DIRECT INVESTMENT IN AGRICULTURE SECTOR
OUTLINE

1. Foreign direct investment trends in world
2. Foreign direct investments in Turkey
3. Foreign direct investment trends in agriculture sector
4. Agricultural outlook of Turkey
5. Investment opportunities in Turkey
6. Agricultural supports & incentives in Turkey
7. Foreign trade of COMCEC countries
8. Suggestions
FOREIGN DIRECT INVESTMENT TRENDS IN WORLD
When global FDI inflows 630 Billion $ in 2002 it has reached to 1.35 Trillion $ in 2012

Compared to 2011, global FDI inflows fell with an 18 percentage.
✓ Increasing financial resources
✓ Increasing international competition capability
✓ Increasing profitability
✓ Transferring technology and know-how
✓ Qualified and low cost employment options
✓ Easing; accessing raw material and breaking into new markets
✓ Contributing sustainability of economic growth
FOREIGN DIRECT INVESTMENTS IN TURKEY
FOREIGN DIRECT INVESTMENT INFLOWS IN TURKEY

(2002-2012) (Billion $)

- When global FDI inflows 1,1 Billion $ in 2002; it has reached to 12,4 Billion $ in 2012.
- Compared to 2011, global FDI inflows fell with a 23% percentage.
- FDI inflows in agriculture, food, beverage and tobacco sectors were 2,2 Billion $ in 2012.
Turkey in 2012:

- **12.4 Billion $ FDI inflow** among host countries;
  - **24. in world**
  - **14. among developing countries.**

- **4.1 Billion $ FDI outflow** among home countries;
  - **36. in world**
FOREIGN DIRECT INVESTMENT INFLOWS IN TURKEY

West Asia- FDI inflow, top 5 economies, 2011-2012 (Billion$)

<table>
<thead>
<tr>
<th>Country</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>16.00</td>
<td>16.30</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>12.40</td>
<td>12.20</td>
</tr>
<tr>
<td>UAE</td>
<td>7.70</td>
<td>9.60</td>
</tr>
<tr>
<td>Lebanon</td>
<td>3.50</td>
<td>3.80</td>
</tr>
<tr>
<td>Iraq</td>
<td>2.10</td>
<td>2.50</td>
</tr>
</tbody>
</table>

Source: UNCTAD

World divided into 5 investment regions and in **2012 Turkey**; among west asia countries for the first time since 2006 became region’s **largest recipient** country by leaving behind Saudi Arabia.
FOREIGN DIRECT INVESTMENT TRENDS IN AGRICULTURE SECTOR
FOREIGN DIRECT INVESTMENT TRENDS IN AGRICULTURE SECTOR

- Reducing Poverty
- Agricultural Investment
- Financial Development
- Food Security
• Targeting main food production and feed production

• Resource questing rather than market questing

• Primal investment formats are land acquisition or long term renting

• Main home countries for FDI; Gulf countries, East Asia, South & North America, China, Europe, etc.

• Main host countries for FDI; African, Asian and Latin American countries

• Investment have been actualized mostly by private sector but there are governmental investments also exist

• In the host countries the investors are usually partners with the public institutions

• The investors prefers Large scale investments by partnerships
FOREIGN DIRECT INVESTMENT TRENDS IN AGRICULTURE SECTOR

Population increase

Income increase & the rise of standards of living

Agricultural Production has to be increased to ensure food security at least 60% up to 2050

*OECD
FOREIGN DIRECT INVESTMENT TRENDS IN AGRICULTURE SECTOR

Food Security

Increasing Productivity

Sustainable Production

Modern Production Technics
The countries which:

- Have **transparent and accessible** governance,

- Are carrying out agricultural activities within the framework of **sustainability and social responsibility**,

- Have appropriate legal systems to endorse **land acquisition** and prevention of **property rights**

- Have **joint venture** possibilities with **local producers** directed to minimise investment risks.

- Have **logistic, transportation and infrastructure** capabilities.
Differences between taxe rates for foreign investors and local investors,

Existing political instability,

Not having free trade zones,

Even the existence of adequate raw material and production, deficiencies in processing facilities and low technology
AGRICULTURAL OUTLOOK OF TURKEY
OVERVIEW OF TURKISH AGRICULTURE

AGRICULTURE IN TURKISH ECONOMY

AGRICULTURAL GDP
(Billion $)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>23.7</td>
<td>61.7</td>
<td>61.8</td>
<td>62.0</td>
</tr>
</tbody>
</table>

FOOD TRADE VOLUME
(Billion $)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.7</td>
<td>7.4</td>
<td>10.7</td>
<td>10.4</td>
</tr>
</tbody>
</table>


gdp (2012) %7.9
Employment(2012) %24.6

AGRICULTURAL GROWTH;
Agricultural GDP (2002-2012) %164
Income per capita (2002-2012) %240
Export (2002-2012) %300
Agricultural Trade (2002-2012) %309

AGRICULTURE SECTOR;
✓ is growing for 9 out of last 10 years
✓ has broken the record of half century by growing continuous for 6 years.

The «BUFFER» and the «LOCOMOTIVE» sector of Turkish Economy
**OVERVIEW OF TURKISH AGRICULTURE**

**GROWTH IN PRODUCTION**

**ARABLE CROPS**

<table>
<thead>
<tr>
<th>PRODUCT GROUPS</th>
<th>2002 (TON)</th>
<th>2012 (TON)</th>
<th>GROWTH (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereal</td>
<td>30.830.650</td>
<td>33.377.430</td>
<td>8,2</td>
</tr>
<tr>
<td>Oilseed Crops</td>
<td>1.057.705</td>
<td>3.138.361</td>
<td>197</td>
</tr>
<tr>
<td>Total Fruit*</td>
<td>13.273.350</td>
<td>17.810.942</td>
<td>34,2</td>
</tr>
<tr>
<td>Citrus</td>
<td>2.493.000</td>
<td>3.475.024</td>
<td>102</td>
</tr>
<tr>
<td>Total Vegetable</td>
<td>25.823.567</td>
<td>27.820.207</td>
<td>7,7</td>
</tr>
</tbody>
</table>

*Spices crops are not included

**ANIMAL PRODUCTS**

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>2002 (TON)</th>
<th>2012 (TON)</th>
<th>GROWTH (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>8.408.568</td>
<td>17.000.000</td>
<td>102</td>
</tr>
<tr>
<td>Red Meat</td>
<td>420.595</td>
<td>916.000</td>
<td>118</td>
</tr>
<tr>
<td>Aquacultural Resources</td>
<td>61.165</td>
<td>212.410</td>
<td>247</td>
</tr>
</tbody>
</table>
Taking Turkey as a center and a circling of a 4-hour-flight distance on a world map covers; 1/3 of the world’s GDP and 1/5 of the world population...
### OVERVIEW OF TURKISH AGRICULTURE

**TURKISH AGRICULTURE; GLOBAL ACTOR**

**TURKEY is the:**

- **16. Largest Economy**
- **7. Largest Agricultural Economy as GDP**

<table>
<thead>
<tr>
<th>IN AGRICULTURAL PRODUCTION</th>
<th>IN AGRICULTURAL EXPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hazelnut, Apricot, Cherry, Fig, Poppy seed and Quince</strong></td>
<td><strong>Hazelnut, Dried Apricot and Dried Grape, Fig and Dried Fig, and Cherry</strong></td>
</tr>
<tr>
<td><strong>THE FIRST</strong></td>
<td><strong>THE FIRST</strong></td>
</tr>
<tr>
<td>In top 5 more than 30 products</td>
<td>In top 5 more than 21 products</td>
</tr>
</tbody>
</table>
AGRICULTURAL INVESTORS GUIDANCE CENTER

Make the investment opportunities in the field of agriculture known to a wider audience

- Established in 2007 and renovated in 2011.
- Advisory services on;
  - Effective use of resources
  - Production, etc.
  - Supports and incentives, via reports, booklets, guides...

www.taryat.gov.tr

taryat@tarim.gov.tr
Turkish agriculture sector and investment opportunities have presented to many countries in 2013:

- Saudi Arabia (2013)
- United Arab Emirates (2013, Abu Dhabi)
- Malaysia (2013)
- Denmark (2013)
- Hungary (2013)
- Vietnam (2013)
- Somalia (2013)
- Spain, France ve Poland (2013) Embassies
INVESTMENT OPPORTUNITIES IN TURKEY
INVESTMENT OPPORTUNITIES and SUPPORTS

FRUITS & VEGETABLES

With ecological conditions, contractual production method, easy marketing to the food processing sector and export facilities opportunity is in the fruit & vegetable sector

Turkey;
45 Million tons production
2 Billion $ export

In the world Turkey;
4th in vegetable production
8th in fruit production

Total F&V import of the EU is 50 Billion $

Total F&V import of middle east is 5 Billion $

Turkey is in the middle for 64 Billion $ of F&V market and 7,2 Billion $ of dried, frozen and processed F&V market

Russia is 7 Billion $

Total F&V import of the Africa is 1,8 Billion $
INVESTMENT OPPORTUNITIES and SUPPORTS

GREENHOUSE SECTOR

With 620 Thousand decare area
Turkey; is the 4th place in the World and 2nd in the Europe

Adequate infrastructure with industrial zones

- Production value app. 5 Billion$  
- Considerably export oriented investment area

Greenhouse farming dispersion:
- 95% vegetable  
- 4% fruit  
- 1% ornamental plants

With geothermal resources Turkey;
- 1st in the Europe  
- 7th in the World

- 3 thousand da area is being heated and,
- Potentially 30 thousand da area could be heated by geothermal resources on greenhouse farming
INVESTMENT OPPORTUNITIES and SUPPORTS

ORGANIC FARMING

In TURKEY;
524 thousand ha area, 204 kinds of product, 1.750 thousand tons production

- Adequate area and technical infrastructure
- Legislation Consistent with EU
- Proximity to EU market
- Production supports

World Organic Food Market Value

- In 2013 85 Billion $
- In 2008 52 Billion $

Organic food market is being expected to have a capacity of;
43 Billion $ in USA and 38 Billion $ in EU in 2013.
INVESTMENT OPPORTUNITIES and SUPPORTS

LIVESTOCK FARMING

Stud heifer production

- Annually; 40,000 head stud heifer is imported

Stud ovine production

- 14.6 Million ha pasture
- Unused capacity of 33 Million ovine
- Market for 4.2 Billion $ market

Meat, milk and diary production

- 2012; 8 million ton of 17.4 million ton raw milk has been processed
  By 2017 11.3 Million tons raw milk is planning to be processed

- 800 Thousand tons beef is being produced,
  1.5 Million tons beef has been planning to be produced by 2017.
INVESTMENT OPPORTUNITIES and SUPPORTS
AQUACULTURE PRODUCTION

Turkey has realised 645 Thousand tons fisheries production in 2012.

150 Million tons production
World fisheries

70 Billion $ export + processed fisheries export = 94 Billion $

Turkey is the 3rd fastest growing country in the World on aquaculture production.

The aquaculture products export has risen to 414 Million $ in 2012, and 80% of our export is with the EU Countries.
Provided that registered to National Tax System

- RURAL DEVELOPMENT SUPPORT PROGRAMME
- LOW-INTEREST CREDITS
- AGRICULTURAL SUPPORTS
- EU GRANT SUPPORTS
- THE NEW INCENTIVE SYSTEM (Ministry of Economy)
INCENTIVES & SUPPORTS

RURAL DEVELOPMENT SUPPORT PROGRAMME

Initiated in 2006 for the investments on,

- Processing, packing and storing the agricultural products
- Purchasing machinery and equipments
- Pressurized irrigation systems

WITH 50% GRANT INVESTMENTS HAVE BEEN ACCELERATED

WITH THIS SUPPORTS

- 4,024 agricultural establishment constructed
- 786,4 Million TL grant was given,
- 42,279 Thousand staff were employed

- 181,064 machinery and equipments were bought
- 718,5 Million TL grant was given

The goal until 2015;

3,000 new establishments and 30 Thousand new employment
Low-interest credits (25%-100% discount) provided to the producers and investors via Ziraat Bank and Agricultural Credit Cooperatives

Agricultural Credit Interest Ratios

- 2002 %59
- 2012 between 0% and 7,5%

Credit Periods

- For the modernization, enlargement or completion of enterprises up to 1,5 years
- For new investments up to 7 years

Credit use amount has raised 42 times in last 10 years
Agricultural Support System have been reorganized on the basis of quality, health, productivity and rural development.

- The agricultural support payments were raised nearly **four times** compared to the payments in 2002.
- Totally over **50,7 Billion TL** support payments were paid to farmers in **2003-2012** period.
- In 2013 by November 7,6 Billion TL support payment were paid to farmers.
On the scope of Rural Development (IPARD) 868 Milyon Euro grant is going to be provided for the period of 2007-2016

Supported Sectors

- Meat and meat products
- Milk and milk products
- Fruit/vegetable
- Aquaculture production
- Rural Development Projects

- In 20 provinces implementation has been initiated.
- With the start of second phase in other 22 provinces, the programme is being implemented in 42 provinces currently.
INCENTIVES & SUPPORTS

INVESTMENT OPPORTUNITIES

The Agricultural Investment Subjects Within The Scope of The New Incentive System

- Integrated Livestock investments
- Food and beverage stuff investments
- Aquaculture
- Cold storage
- Licensed storage
- Greenhouse investments.
With The New Incentive System TURKEY encourages the INVESTMENTS

- VAT Exemption*
- Custom Duty Exemption *
- Tax Reduction (Rate of Contribution to Investment) (15% to 55%)
- Social Security Premium Support (Employer’s Share) (2-12 years)
- Land Allocation
- Interest Payment Support***
- Income Tax Withholding Support ** (10 years)
- Social Security Premium Support (Employee’s Share)** (10 years)

* Within both General Investment Incentive Scheme and Regional Investment Incentive Scheme
**Provided that the investment is made in the Region 6. and
***Provided that the investment is made in the Regions 3, 4, 5 or 6 within the frame of the Regional Investment Incentive Scheme
## Analyses of Foreign Trade of COMCEC Countries

### Million $-2012

<table>
<thead>
<tr>
<th></th>
<th>Export</th>
<th>Import</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>2.230.000</td>
<td>1.665.000</td>
<td>565.000</td>
</tr>
<tr>
<td>Food and Agricultural Products</td>
<td>123.000</td>
<td>194.500</td>
<td>-71.500</td>
</tr>
</tbody>
</table>

### Million $-2012

<table>
<thead>
<tr>
<th></th>
<th>Export</th>
<th>Import</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain</td>
<td>4.700</td>
<td>45.700</td>
<td>-41.000</td>
</tr>
<tr>
<td>Sugar and Products</td>
<td>2.900</td>
<td>15.000</td>
<td>-12.900</td>
</tr>
<tr>
<td>Milk and Diary Products</td>
<td>3.700</td>
<td>12.400</td>
<td>-8.700</td>
</tr>
<tr>
<td>Meat (Red- White)</td>
<td>933</td>
<td>11.000</td>
<td>-10.067</td>
</tr>
</tbody>
</table>

While total foreign trade value of COMCEC countries are 3.8 Trillion $ the trade value of intra COMCEC counties is only 265 Billion $.

Top 5 exporter countries to COMCEC:
- Brazil
- India
- USA
- Argentina
- Russia

Source: ITC (International Trade Center)
SUGGESTIONS
SUGGESTIONS

✓ To take precautions in order to increase foreign trade among COMCEC countries.

✓ Determining an investment partnership strategy for the purpose of supplying food and agricultural products, which constitute foreign trade deficit, from COMCEC countries,

✓ Identifying strategies directed to usage of joint resources (land, raw material, labor, technology and equipment)

✓ Sharing experiences
THANK YOU