



THE FINAL DECLARATION OF THE 10TH MEETING OF THE INVESTMENT ADVISORY COUNCIL FOR TÜRKİYE

As members of the Investment Advisory Council (IAC) of Türkiye, we are honored to gather and assess the government's efforts to strengthen the investment environment, boost competitiveness, and ensure sustainable and inclusive growth. We appreciate Türkiye's strong recent performance and its commitment to macroeconomic stability. We thank President Recep Tayyip Erdoğan for integrating the views of the international business community in the policymaking process.

Türkiye continues to strengthen its position in global value chains, increasing its share in global trade flows every year. International investors, who have chosen Türkiye as a regional production and export hub, play a crucial role in this performance. Over the past 20 years, Türkiye has proven to be more resilient to global financial and economic shocks. As a result of significant investments in transportation, energy, the financial sector, education, health, and digitalization, Türkiye has become a country with stronger infrastructure in all areas.

Modernizing the legal framework, advancing infrastructure, and promoting green and digital transformation are key to further improving Türkiye's investment environment and to level the playing field. We welcome the vision outlined in the new Foreign Direct Investment Strategy and support its goals to increase Türkiye's share in global investments.

As Council members, we believe economic policies should focus on transforming the production structure to boost competitiveness and productivity. National policy documents like the 12th Development Plan and the Medium-Term Program align with this vision. Additionally, the HIT-30 Program, aimed at increasing high-tech investments, is crucial for positioning Türkiye as a leader in technology production.

Recognizing the importance of foreign direct investments, we recommend that the government prioritize the key issues below for ensuring further progress.

Macroeconomic Stability and Investment Environment: Türkiye has taken strong steps to maintain macroeconomic stability and has developed policy measures to ensure sustainable public finance and external balance. However, considering global economic uncertainties and geopolitical risks, reforms are needed to further strengthen Türkiye's macroeconomic stability. In this regard:



- Maintaining fiscal discipline is crucial for reducing public borrowing costs and preserving macroeconomic stability. Continued efforts are necessary to achieve price stability.
- Accelerating structural reforms and adopting innovative policies would further enhance Türkiye's competitiveness.
- Modernizing the legal framework and improving the efficiency of the judicial system would strengthen the business environment in Türkiye. Specialization in the judiciary and the expansion of alternative dispute resolution methods should be prioritized in this area.
- Creating a financially more liberal and free-market environment would encourage greater competition and innovation among financial institutions.

Investment Incentives and High Value-Added Economic Activities: In order for the Turkish economy to achieve its targeted growth rates, priority should be given to high value-added economic activities that enhance productivity. In this context:

- Updating the investment incentive system to address the needs of the twin transformation (green and digital transformation) and attract knowledge-intensive, high value-added investments could further strengthen Türkiye's role in global value chains. Completing the necessary work to make it more effective in supporting strategic investments would be of great importance.
- Increasing cooperation between universities and the business world, supporting R&D investments, and establishing effective mechanisms for protecting intellectual property rights would be highly advisable.
- Expanding access to long-term finance for SMEs and enhancing their competitiveness through innovation is essential for their growth and internationalization.
- Creating and maintaining a conducive environment to further increase access to better employment and livelihood opportunities would be beneficial for all, especially women, and youth.

Green and Digital Transformation: Comprehensive reforms in the areas of green and digital transformation are necessary for Türkiye to achieve sustainable growth and enhance global competitiveness. In this regard:



- Türkiye is strongly encouraged to continue taking steps to increase energy efficiency, promote the use of renewable energy sources, and create a low-carbon economy.
- Continuous enhancements of targeted investment activities can help exporters align with upcoming decarbonization measures, including the EU Carbon Border Adjustment Mechanism.
- Promoting green investments in the energy sector focusing on the whole value chain including the critical minerals, accelerating the transition to clean production techniques in industry and supporting sustainable agricultural practices, would be beneficial steps.
- To foster the development of digital economy, it is highly recommended to strengthen Türkiye's digital infrastructure, including 5G and fiber deployment, to further accelerate artificial intelligence and to enhance cybersecurity measures.
- A skilled and diverse workforce to address the human capital requirements of the twin transformation and drive innovation should be established.
- Focusing educational and labor market policies on green and digital skills, supporting twin transformation and digital literacy among businesses, and accelerating digitalization in public services could be key initiatives.

Infrastructure Investments and Logistics: The developments in Türkiye's physical infrastructure have contributed to productivity growth across the economy. In this regard:

- Accelerating infrastructure investments through various methods involving both public and private sectors, with international financing sources considered, would be important to meet the increasing needs of sectors like energy, transportation, and telecommunications.
- New financial models could be created to support the expansion of digital infrastructure into the regions across Türkiye where commercial growth is challenging.
- Developing intermodal transportation solutions and ensuring the integration of land, air, sea, and rail connections could optimize the utilization of industrial zones and ports.
- The government aims to add 60 GW renewable energy over the next 12 years. To enable this, a longer-term offtake agreement with flexibility and proper risk allocation between the government and developer needs to be put in place.



- Social infrastructure including care infrastructure should be prioritized considering the aging population in the country and efforts for meeting the housing needs in the earthquake affected regions should continue.
- Through greater disaster management and crisis preparedness, risk adaptation of Türkiye's regional infrastructure could be strengthened.
- Narrowing regional disparities is essential to ensure an equal access to economic opportunities for Türkiye's different regions.

Healthcare System and Education: Türkiye's healthcare system and educational infrastructure are of great importance for improving the quality of life and providing a talented workforce to the economy. In this regard:

- Continuing efforts to improve the healthcare system would help ensure equal access to quality healthcare services, extend life expectancy, and increase efficiency.
- Improving Türkiye's vocational education system in collaboration with the private sector, with an emphasis on continuous lifelong education, could strengthen human capital and make Türkiye a stronger global brand.
- Enhancing foreign language skills as well as coding and digital skills across the entire educational system, including among employees, would be a worthwhile initiative.
- Targeted reforms and effective use of technology could significantly improve equitable access to quality education, particularly in the provinces affected by the earthquake.
- Setting new standards in digital transformation and pursuing international cooperation in the education system would further contribute to Türkiye's growth.

In conclusion, as Council members, we fully support the ongoing reform process in Türkiye and the steps being taken to achieve macroeconomic stability and to improve the investment climate. We believe that the Investment Advisory Council is an important platform for enhancing Türkiye's appeal to international investors. The cooperation provided by the Council and the government's reform efforts will be effective in strengthening Türkiye's competitiveness for investors. We look forward to closely following this process and exploring more opportunities for cooperation at the next Investment Advisory Council meeting.