

# MONTHLY BRIEF

TURKEY-U.S.  
ECONOMIC OUTLOOK



JANUARY  
2017



# Monthly Brief

U.S. POLITICS, ECONOMY AND BUSINESS

## ABOUT DEİK

Foreign Economic Relations Board of Turkey (DEİK) is responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors particularly foreign trade, international investment and services, international construction activities and logistics, exploring inward and outward investment opportunities as well as increasing the export volume of Turkish business and coordinating similar business development activities.

## ABOUT TAİK

The Turkey-U.S. Business Concil (TAİK), operating under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK) was formed in 1985 as the first council, with the aim to enhance trade and investment relations between the U.S. and Turkey.

TAİK operates with a mission to create platform to facilitate development of economic relations between the U.S. and Turkey through its wide spectrum of activities such as conferences, forums, business summits, lobbying visits, networking luncheons and dinners, educational site visits, etc. With its broad range of activities and worldwide network, TAİK represents a role model for other organizations in pursuit of similar goals.

## TABLE OF CONTENTS

### HIGHLIGHTS ON U.S. ECONOMY

#### NEWS

#### TAIK

#### REFERENCES



## HIGHLIGHTS ON U.S. ECONOMY

### \$18.7 TRILLION

**U.S. Real GDP** increased at an annual rate of **3.5%** in the **third quarter of 2016**, according to the 'third' estimate released by the Bureau of Economic Analysis.

### 4.7%

**U.S. unemployment rate** increased for 0.1% points to **4.7% in December**. Job growth occurred in health care and social assistance.

### 0.3%

**U.S. Consumer Price Index** for all urban consumers **increased 0.3% in December** on a seasonally adjusted basis. **Over the last 12 months**, the all items index **rose 2.1%** before seasonal adjustment.

### \$122.3 BILLION

**U.S. exports of goods in November 2016** declined by 0.6% to **\$122.3 billion** compared to previous month.

### \$188.9 BILLION

**U.S. imports of goods in November 2016** increased by 1.4% to **\$188.9 billion** compared to previous month.

### \$629 MILLION

**U.S. exports of goods to Turkey** in November 2016 decreased by 13.9% to **\$629 million** compared to previous month. **Total U.S. exports to Turkey** in the first eleven months of 2016 has reached to **\$8.6 billion**.

### \$746 MILLION

**U.S. imports of goods from Turkey** in November 2016 increased by 1.4% to **\$746 million** compared to previous month. **Total U.S. imports from Turkey** in the first eleven months of 2016 has reached to **\$7.8 billion**.

## 29<sup>TH</sup>

Turkey is U.S.'s 29th largest export market in the first 11 months of 2016. **Leading U.S. exporting industries to Turkey in November 2016** are edible fruits and nuts (\$90 million), machinery (\$86 million), aircrafts and their parts (\$65 million), mineral fuels (\$60 million), and iron and steel (\$59 million) which in total **comprise 57.4% of overall exports to Turkey in November.**

## 33<sup>RD</sup>

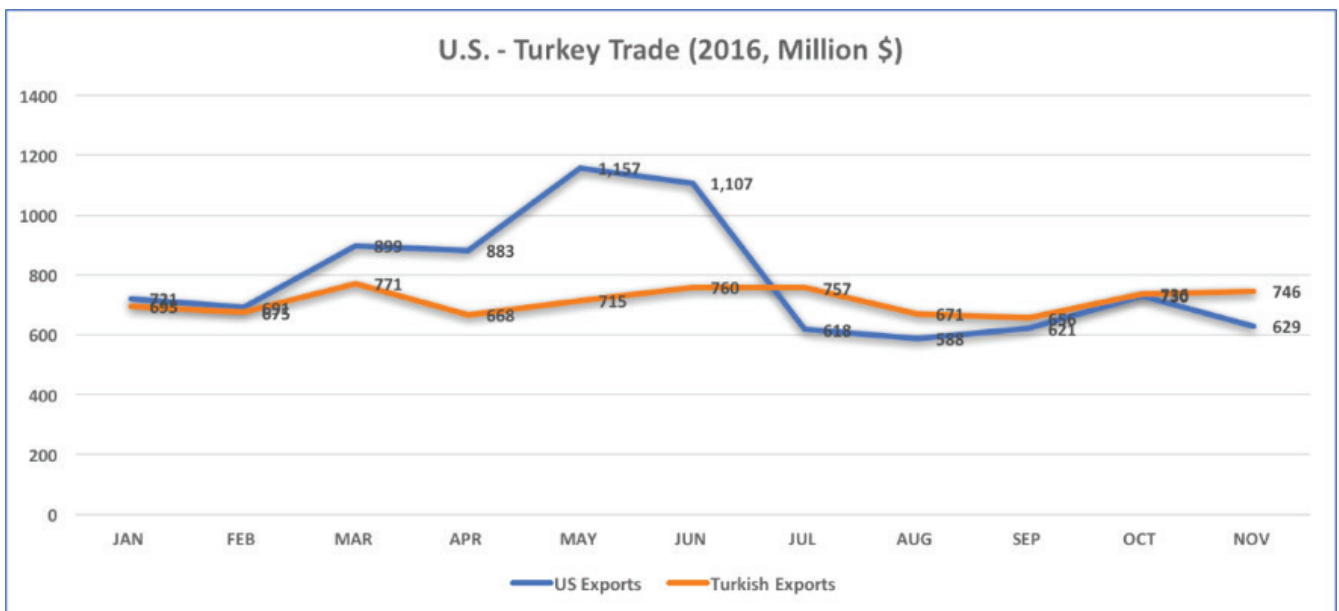
Turkey is U.S.'s 33rd largest sourcing market in the first 11 months of 2016. **Leading Turkish exporting industries to U.S. in November 2016** are automobiles (\$95 million), iron and steel (\$83 million), machinery (\$81 million), natural stones (\$35 million), and carpets (\$33 million) which in total **comprise 44% of overall exports to the U.S. in November.**

## \$5 BILLION

U.S. FDI stock in Turkey in 2015 has been recorded as \$5 billion according to the latest statistics of the Central Bank of Turkey.

## \$1.3 BILLION

Turkish FDI stock in the U.S. in 2015 stands at \$1.3 billion according to the latest statistics of the Central Bank of Turkey.







## PRESIDENT TRUMP'S TRAVEL BAN AND HIS STATEMENT

- On January 27<sup>th</sup>, President Trump signed an executive order banning all citizens of seven predominantly Muslim nations from entering the US for three months. The affected countries are as follows: Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen.
- The act sparked controversy among the US citizens and travelers. To remedy the situation President Trump released the following statement to explain his executive order.

### **President Donald J. Trump Statement Regarding Recent Executive Order Concerning Extreme Vetting**

"America is a proud nation of immigrants and we will continue to show compassion to those fleeing oppression, but we will do so while protecting our own citizens and border. America has always been the land of the free and home of the brave. We will keep it free and keep it safe, as the media knows, but refuses to say. My policy is similar to what President Obama did in 2011 when he banned visas for refugees from Iraq for six months. The seven countries named in the Executive Order are the same countries previously identified by the Obama administration as sources of terror. To be clear, this is not a Muslim ban, as the media is falsely reporting. This is not about religion - this is about terror and keeping our country safe. There are over 40 different countries worldwide that are majority Muslim that are not affected by this order. We will again be issuing visas to all countries once we are sure we have reviewed and implemented the most secure policies over the next 90 days. I have tremendous feeling for the people involved in this horrific humanitarian crisis in Syria. My first priority will always be to protect and serve our country, but as President I will find ways to help all those who are suffering."

## CENTRAL BANK IS INDEPENDENT AND USES ITS INSTRUMENTS TO ENSURE PRICE STABILITY, SAYS PM YILDIRIM

- Yıldırım met with economy editors from various TV channels, newspapers and news agencies at Çankaya Palace in Ankara to evaluate the country's situation on January 24<sup>th</sup>.

*The Turkish Central Bank is doing its job by focusing on monetary policies, financial stability and inflation targeting in line with its independent structure, Prime Minister Binali Yıldırım said.*

- Yıldırım's comments on January 24<sup>th</sup> came after the bank raised its overnight lending rate –the highest of the multiple rates it uses to set policy– by 75 points following the Turkish lira's sharp fall against the U.S. dollar.

*“The Central Bank focuses on monetary policies while we focus on production, investment, export and employment issues. The government and the bank are working in coordination on these issues, Yıldırım said.”*

- Commenting on the increase in interest rates, Yıldırım stressed that the situation was cyclical and resulted from temporary fluctuations and did not reflect the fundamentals of the Turkish economy.

*“He added: “Of course, we do not desire higher interest rates which may interrupt growth, investments, competition and increase costs. The government aims to keep the finance channels open with low costs. Yet the Central Bank is totally independent and has specific policy instruments to achieve its goals. We need to make sure that the government and the bank cooperate to reach the targets for inflation and growth.”*

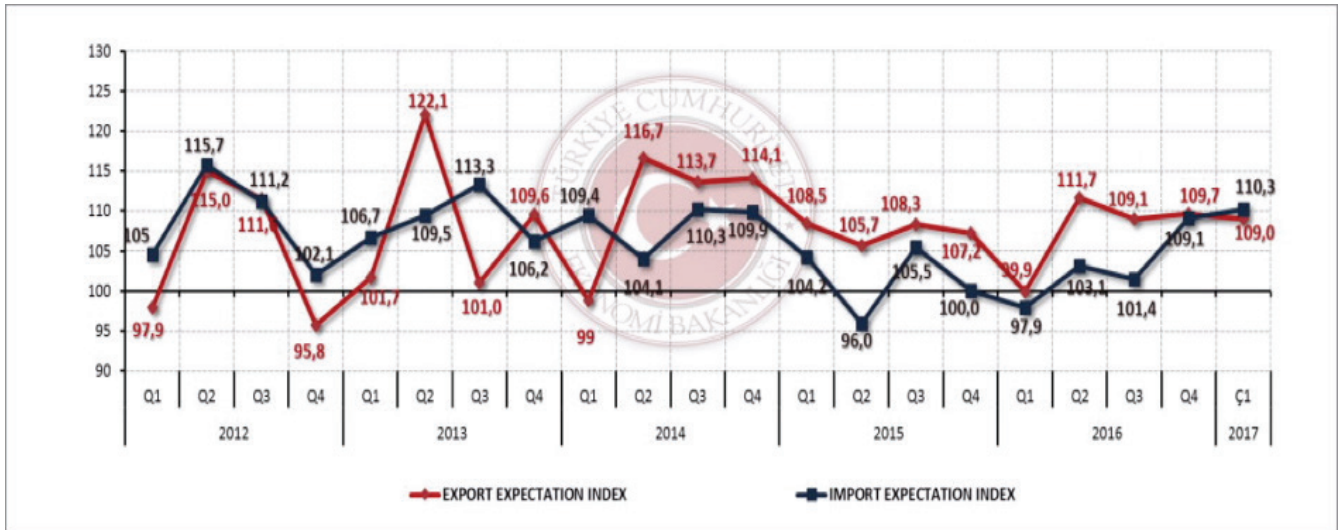
- Yıldırım also said the conflicts in Syria and Iraq, the foiled July 2016 coup attempt and the ongoing struggle with terrorist groups had overshadowed the government’s efforts to stimulate the economy in the last six months.

*“We have taken at least 200 serious actions to solve the problems in the past and are preparing new opportunities for the future. If we explain them adequately, we will actually get very positive results. From now on, we will devote more time to explain these measures, he said.”*

## THE PRIME MINISTER STATED THAT THERE WAS A PERCEPTION PROBLEM FOR TURKEY

- The Turkish lira lost more than 20 percent of its value against the dollar since November of last year.

## FOREIGN TRADE EXPECTATION SURVEY OF 1<sup>st</sup> QUARTER, 2017



- Foreign Trade Expectation Survey (DTBA) reflects assessments of Turkish foreign trade depending on recent and current situations along with future expectations of leading firms. Particularly, it helps to produce indices which can be stated as leading indicators.
- Export Expectation Index decreased by 0.7 points to 109 in the 1<sup>st</sup> quarter of 2017 from 109.7 in the 4<sup>th</sup> quarter of 2016. Diffusion indices of the survey questions composing the Export Expectation Index show that, in the 1<sup>st</sup> quarter of 2017, in comparison to the 4<sup>th</sup> quarter of 2016, exports and export orders of the next 3 months have decreasing effect over the Index, while expectations regarding the export orders belonging to the last 3 months and the level of current export orders have increasing effects over the Index.
- Import Expectation Index increased by 1.2 points to 110.3 in the 1<sup>st</sup> quarter of 2017 from 109.1 in the 4<sup>th</sup> quarter of 2016. In the 1<sup>st</sup> quarter of 2017, in comparison to the 4<sup>th</sup> quarter of 2016, among the survey questions identifying the Import Expectation Index, the level of import for the next 3 months and level of import orders of the last 3 month have decreasing effects over Index, while expectations regarding current import orders and unit import price for the next 3 months has increasing effects over Index.

## TURKEY READY TO SHARE ITS KNOW-HOW WITH AFRICA: ERDOĞAN

- Turkey is ready to share its experience and know-how with Africa in many sectors, said President Recep Tayyip Erdoğan during his Africa trip.

“  
We are ready to share our experience in these areas with our African brothers, Erdoğan said at a news conference with his Mozambican counterpart Filipe Nyusi. “I think we should do this on a win-win basis.”  
”

- Mozambique is the second stop on a tour that has also taken Erdoğan to Tanzania and will see him arrive in Madagascar on the following days, as he seeks to deepen economic links to the continent.
- He added: “As of November 2016, the trade volume between our countries is \$103 million... We believe that this trade volume between Mozambique and Turkey will first reach \$250 million and then \$500 million.”

*“With the cultural wealth and great economic potential it possesses, Mozambique has managed to become one of the continent’s most stable countries.*

*Erdoğan said the Turkish Cooperation Coordination Agency (TIKA) plans to open an office in Maputo. Six agreements.*

*”*

- Turkey and Mozambique signed agreements covering six areas in a signing ceremony that took place at the capital Maputo.
- Turkey’s Minister of Foreign Affairs, Mevlüt Çavuşoğlu, signed two memorandums of understanding –a mutual visa exemption agreement and a political consultation mechanism for diplomatic services and special passport holders– between the two countries.
- A trade and economic cooperation agreement and another on the protection of mutual investments were signed by Turkey’s Minister of Economy, Nihat Zeybekçi.
- Culture and tourism memoranda of understanding were also agreed upon.
- Erdoğan and Nyusi attended a Turkey-Mozambique business forum where the Turkish leader addressed around 700 business figures and highlighted Turkey’s economic potential as the sixth biggest economy in Europe and the fastest-growing economy in the Organization for Economic Cooperation and Development.

*“Our investment in the continent has reached \$6 billion, Erdoğan added, referring to Africa. Turkish investors have provided the most local job opportunities in Africa.*

*As Turkey, we are aware of the economic potential of Mozambique. We closely follow the economic development of the country. We are ready to provide the best support to our friends.*

*”*

- Underlining Turkey’s recent economic development, Erdoğan said his country had huge experience in infrastructure and superstructure that could be shared with Mozambique.
- Nyusi called on Turkish entrepreneurs to investment more in his country.



*Mainly, we want our country to develop more in the energy, infrastructure, agriculture and tourism sectors, he said, adding that the government had prepared a five-year development plan and built new airports and rail lines to attract and help foreign investment.*

- Nyusi vowed to support to Turkish businesses in joint investment in Mozambique.

## **TURKEY RAISES KEY RATE TO TIGHTEN LIQUIDITY AS LIRA SLUMPS**

- Turkey's central bank raised its overnight lending interest rate on January 24<sup>th</sup>, and said it would tighten further if necessary, building on recent extraordinary measures to bolster the lira and contain its impact on inflation.
- The Monetary Policy Committee raised the overnight lending rate by 75 basis points to 9.25 percent, in line with the median estimate in a Bloomberg survey. The one-week repo and overnight borrowing rates were kept unchanged at 8 percent and 7.25 percent, compared with predicted increases of 50 basis points and 25 basis points respectively.
- With the lira trading at record lows against the dollar, the central bank has rolled out a series of unorthodox measures in recent weeks, including using swaps to smooth volatility. Since January 16<sup>th</sup>, it has also forced commercial lenders to borrow via the so-called late-liquidity window, which is more expensive than all of the bank's key rates. That rate was also raised to 11 percent from 10 percent on Tuesday, the bank said.

*This might give some near-term support to the lira although, I suspect further tightening may be needed to really turn the currency around, Paul Fage, a strategist at TD Securities in London, said by e-mail.*

- The lira weakened as much as 1.9 percent after the announcement before trimming losses to 0.5 percent, or 3.7740 per dollar. It is fallen almost 7 percent this year, following last year's 17 percent plunge.

## Currency Woes

- Even as the lira declined, the central bank faced demands from President Recep Tayyip Erdoğan's officials for lower rates to spur growth in the wake of July's coup attempt. However, those calls have softened in recent weeks, with the economy still hurting from terrorist attacks, inflation above target and weakening global demand for riskier assets since Donald Trump's U.S. election victory putting further pressure on the currency.

*The Committee decided to strengthen the monetary tightening in order to contain the deterioration in the inflation outlook, the bank said. "If needed, further monetary tightening will be delivered". Consumer prices rose an annual 8.5 percent in 2016, compared with the bank's 5 percent target*

- The bank's decision also in effect halts its plan to simplify policy by reducing the gap between the overnight lending and borrowing rates and using the one-week repo rate as the main funding tool.
- The gap, which narrowed to one percentage point in September, the narrowest since the bank began using a three-gauge policy in 2010, is now two percentage points. No funding has been issued using the one-week repo rate since the middle of January.

## Unorthodox

- The current "unorthodox" policy gives the bank the tools to protect the lira, according to Odeabank Economist Şakir Turan, who forecasts no change to any of the gauges.

*With the current rates, the lira may not depreciate as fast as before when it next comes under pressure, he said.*

- Others disagreed. Tatha Ghose, senior economist at Commerzbank AG in London, said the weaker dollar since Trump's inauguration had more of an impact in stabilizing the lira and that Turkey's effective rates will need to reach 11 percent this year to tackle inflation. "It now depends on what the dollar will do and when pressure will return to the lira," he said by e-mail.

## \$5.2B FOREIGN INVESTMENT PLANNED FOR REGIONAL PROJECTS, PM YILDIRIM SAYS

- Ankara has received initial applications from around 1,200 investors for regional projects worth almost 19.6 billion TL (\$5.22 billion), Turkish Prime Minister Binali Yıldırım announced.

*“As of January 11, pre-requests from 1,200 applications for our Attraction Centers Program in 23 different provinces have reached 19.6 billion liras, the prime minister said during a news conference in Ankara.”*

- Prime Minister Yıldırım said that such projects were expected to create an estimated 112,400 jobs in the country's eastern provinces. The government announced last June that it would introduce “has-sle-free” investment zones for companies in Eastern Turkey, where some of the country's most underde-veloped regions are located.

*“The equity makes up 30 percent and the credit, which is interest free, makes up the 70 percent. You [investors] will put 30 percent and the state will provide 70 percent of the investment. We won't provide ev-erything. Everybody will have a stake, Yıldırım said.”*

- The interest-free loans will be provided by Development Bank of Turkey, while the project will be managed by the Ministry of Development. Under the program, the government will take care of the vital infrastructure, including land and construction of buildings, and the government will provide the paper-work for investors who take ownership of their investments when the project is completed.

*“This support should not be taken as if we are distributing social aid. This is going to be a win-win situation, the prime minister underlined. “By supporting manufacturing, we are opening up Eastern Turkey to investment. We will give special incentives, like a 30 percent break on electricity bills, to investors who want to shift part of their investment to Eastern and/or Southeastern Turkey.”*

- The Turkish government aims to ensure high growth over the coming years, after its economy contracted 1.8 percent year-on-year in the third quarter of 2016, the first such contraction since 2009.

*There is money for people who really want to invest. We will work with those who are willing to put up a stake and produce, put a value on it, and provide food and jobs to people, the prime minister added.*

- The government also wishes the development program to help empower young women to be entrepreneurs throughout 23 cities in Turkey.
- According to Turkish officials, the program will help stem migration from Eastern Turkey to bigger, more developed provinces like Istanbul and Ankara. The government has also strengthened the financial structures of Turkey's development bank, in order to support more regional investment.
- The prime minister added that the government aims to build jobs for people living in the eastern parts of Turkey and increase the welfare level, while fighting terrorism in the region as well.
- In the first year of the project, a package worth 10 billion liras is expected to be disbursed. The project, which is also open to foreign investors, will be implemented in the cities of Adıyaman, Ağrı, Ardahan, Batman, Bayburt, Bingöl, Bitlis, Diyarbakır, Elazığ, Erzincan, Erzurum, Gümüşhane, Hakkari, Iğdır, Kars, Malatya, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, Tunceli and Van.

## **TURKEY: ROAD, BRIDGE TOLLS REAP \$320.4M IN 2016**

- Istanbul's July 15 Martyrs' Bridge and Fatih Sultan Mehmet Bridge yield over \$77.3M, while highway tolls earn \$243.1M
- Turkey earned 1.2 billion Turkish liras (\$320.43 million) in tolls from two bridges on the Istanbul Strait as well as toll roads in 2016, according to data released by the Turkish Highways Directorate.
- The July 15 Martyrs' Bridge and the Fatih Sultan Mehmet Bridge, both spanning the Bosphorus and connecting Europe and Asia, together yielded around 290.5 million liras (\$77.3 million), while toll highways throughout Turkey earned almost 914 million liras (\$243.1 million) last year, according to the data.
- The figures indicate that over 417 million vehicles paid tolls to use the facilities in the same period. Drivers in Turkey used to pay 4.75 liras (\$1.56) for the bridge tolls, with higher fees for vehicles with more than two axles. However, the bridge tolls increased to 7 liras (\$1.86) as of January 1<sup>st</sup>.
- Last December, 31 million vehicles used Turkey's toll bridges and toll roads, paying a total of nearly 90.6 million liras (\$24.1 million).
- In 2015, 412.4 million vehicles used Turkey's toll bridges and roads, paying a total of 880.2 million liras (\$290.4 million). The bridge toll at that time was 4.25 liras (\$1.04) per passage.

## **TURKEY: CONSUMER CONFIDENCE INDEX INCREASES IN JANUARY**

- The index was up 5.6 percent to 66.9 compared to last month, the Turkish Statistical Institute said in a report.
- The economic confidence index in Turkey was higher month-on-month in January according to official data released recently.
- The financial situation expectations of households index also increased by 2.9 percent to reach 87.9 compared to December.
- The probability of saving was significantly higher, advancing 34 percent from 16.7 in December to 22.4 in January, suggesting that more people feel optimistic about being able to save money in the coming months.

- The unemployment expectations index, a gauge of sentiment about the health of the labor market, also saw a decrease of 5.4 percent from the previous month to 68.9 points.
- January's general economic situation expectations index also surged 3 percent from the previous month to 88.6 points.
- The Economic Confidence Index is seen as a significant reading of the economic course as it is a composite index that aggregates sub-indices of consumer confidence, real sector services, retail trade and construction confidence indices, reflecting an overall sentiment of health of the economy.

## ERDOGAN BLAMES WEST FOR ECONOMIC FLUCTUATIONS

- President Recep Tayyip Erdoğan blamed western allies and international credit rating agencies for the fall of the Turkish currency, which recently plunged to record lows against the U.S. dollar.
- In address he gave to village heads at the presidential complex in Ankara, Erdoğan, referring to international markets, said: "Our economy is being targeted by floating exchange rates. They try everything to slow economy by troubling suppliers and consumers. They take every chance to scare investors and block investments."

*A lot of international institutions, notably the European Union, make unfair accusations, he added, referring to recent unflattering reports on Turkey's situation*

- Erdogan went on to say that Turkey would not let anyone threaten it through terror, gangs of traitors or the economy.

## TURKISH PRESIDENTIAL SYSTEM TO AID INFRASTRUCTURE PLANS

- Minister of Transport, Maritime Affairs and Communications Ahmet Arslan says presidential system will help in implementation of infrastructure projects.
- A strong presidential system will speed up the decision making process needed for Turkey's major infrastructure projects, according to Minister of Transport, Maritime Affairs and Communications.

*Speaking at Anadolu Agency's Editors' Desk in Ankara, Ahmet Arslan said: "We want to make quicker decisions related to transportation projects. We want to implement these projects as soon as possible after a decision is made and get rid of such bureaucracy."*



- Arslan said the Ministry of Transport, Maritime Affairs and Communications was building a ring around the Marmara Sea to ease traffic flow in Turkey's economic heart.
- Arslan said the construction of the 2,023-meter Çanakkale Bridge between Lapseki and Gelibolu in Turkey's Northwestern Çanakkale province will start by March 18th this year and would open in 2023.

*Some 24 companies were trying to get a piece of the project. "Almost half of these companies are foreign, from China, South Korea, Japan and Italy. There are very large companies that have been doing business in the country and abroad. Whoever gives the shortest time will win the construction bid," Arslan said*

- He said Turkey will continue its major infrastructure projects despite global economic slowdown.
- The ministry was also working on five different routes for Kanal Istanbul, which is an artificial sea route to be built in parallel to the Bosphorus so as to connect the Black Sea to the Sea of Marmara.
- According to the ministry, the canal will provide relief to the shipping traffic, particularly those involving oil tankers passing through the Bosphorus. It has a designed capacity of 160 vessels per day and is scheduled for completion by 2023 at a cost of \$15 billion.

## TURKEY'S MEGA PROJECTS

- In 2015, Turkey raised the bar with the financial closure of seven projects totaling a record \$44.7 billion, according to data released by the World Bank Group.
- Ankara has been working to build Istanbul's third airport, which is under construction in the Arnavutköy district of Istanbul, on the city's European side.
- The new airport will reach 90 million people annually when the first phase gets completed. After the second phase, the capacity will increase to 200 million people per year, according to the Ministry of Transport, Maritime Affairs and Communications.

## VENTURE CAPITAL INVESTORS EYE FURTHER GROWTH IN TURKEY

- Investments by corporate venture capital players jumped 12-fold from \$2.2M in 2012 to \$25.4M last year
- Turkey is unquestionably an attractive market for venture capital investors thanks to its prime location, its young, educated workforce, and the depth of Turkish entrepreneurship, according to seasoned market-watchers and an analysis of the economy's prospects.

*Venture capital investments in Turkey are still immature and yet have been attractive with the increased interest of international angel investor networks and the activity of domestic investors, Demet Özdemir, Ernst & Young Turkey corporate finance company partner and growth markets leader in the area of EMEA said.*

- Although venture capital investments in the country are lagging compared to developed economies, said Özdemir, Turkey is a very promising market for investments with a medium to long-term perspective.
- Özdemir also pointed to the technology and healthcare sectors as being more attractive for venture capital funds in Turkey.
- In recent years, with a rising number of tech centers and incubation centers established especially at universities, Turkey has developed an entrepreneurship ecosystem for enabling the country's competitive position, she added.
- The country has many startup companies with innovative ideas but often no financial institution they can turn to for the funds needed to get their businesses up and running.
- Private investors can also take part in financing new startup companies to help them prove themselves and the profitability of their business ideas.
- According to Startups.Watch, Turkey's first digital enterprise and investment analysis platform, the number of venture capital investments in Turkey made by CVCs (corporate venture capital, corporations making systematic investments into startup companies), VCs (venture capital, firms focused on financing startups and small businesses with long-term growth potential), and individuals in technology-based ventures rose sharply from only 11 in 2010 to 85 last year.

## TOURISM WILL IMPROVE IN 2017': MINISTER OF CULTURE AND TOURISM

- Tourism is expected to improve in 2017, Minister of Culture and Tourism Nabi Avcı said, noting that tourism indicators, especially in the Russian market, were rising after Turkey's tourism industry experienced a crisis in 2016.

“  
*We have received good indicators about tourism. First of all, the Russian market is getting better in spite of everything. It is getting better because Russian people are aware of what kind of attacks we are and they are facing,” Avcı said on January 18 in a meeting with journalists. Apart from that, the European market is expected to pick up; we also have indicators about that, he said*  
 ”

- Noting that 2016 was a difficult year for Turkey in terms of tourism because of deadly terrorist attacks and political turmoil, Avcı said Turkey would launch a new promotional strategy.
- Stating that Turkey's promotion strategy had been limited to Russia, Germany and Britain, Avcı said Turkey was planning to diversify its tourism market.

“  
*For the diversification of the market, we are planning to enrich our market from China to North America and South America apart from just Russia, Germany and Britain, he said.*  
 ”

*There were vacancies on the council of our general directorate of promotion; we are filling those vacancies. We will open new consul-tancies. Apart from that, we will attend more than 150 international tourism exhibitions, Avcı said.*

*Turkey is not just a sea, sand and sun country, Turkey also has a very rich culinary culture, which is well-suited to gastronomic tourism, he added.*

## First Visit to Israel as Part of Normalization Efforts

- Avcı's first destination as part of promotional efforts will be Israel for the International Mediterranean Tourism Market on February 7 and 8.
- The visit holds special significance since it will be the first ministerial-level visit to the country after Turkey-Israel relations came to a breaking point when Israeli marines stormed a ship aiming to break a naval blockade on the Hamas-run Gaza Strip in May 2010, killing 10 Turkish activists on board. After the start of normalizing the relations, the countries exchanged ambassadors last month.

*We will make the visit for the tourism exhibition, but this visit will not be limited to tourism. Turkey had relations with Israel in the past within the scope of cultural relations, universities and scientific studies; the visit will also focus on these areas, Avcı said.*

*There were projects that we conducted with Israel before that were either left unattended or which continued at a low level. Accelerating these activities and increasing cultural relations will be the main topic, Avcı added.*

## TURKEY'S NEW CITIZENSHIP RULES ATTRACT FOREIGN INVESTORS

- Turkey's new citizenship rules are expected to encourage real estate sales amid stagnating property sales to foreigners, which fell by 20.3 percent to 18,189 properties in 2016.
- Under the new regulations, enacted on January 12<sup>th</sup>, Ankara will grant citizenship to foreigners who buy real estate in Turkey worth at least \$1 million under the condition that the property is not sold for at least three years.
- The regulation also extends to foreigners who have at least \$3 million deposited in Turkish banks under the condition that it is not withdrawn for three years. A similar measure applies to foreign investors who hold government bonds worth at least \$3 million under the condition that they have not been diversified for three years.
- Julian Walker, a director at Spot Blue International Property, said the move was a welcoming and positive one that would attract buyers back to Turkey after a slowdown in foreign sales in the second half of last year, caused mainly by the July 15 coup attempt and security concerns that followed it. He said foreign buyers who would benefit from the new law would begin their property searches in Istanbul soon.

*"The threshold of \$1 million will suit wealthy Arab investors in particular. Last year, Iraqis, Saudis, Kuwaitis, and Russians bought the highest number of properties in Turkey. With this new law, we envisage this trend continuing, with interest from Syrians also growing, he added.*

*As a further sign of confidence, Turkey is on the Place in the Sun magazine's list of 'Best Places to Buy in 2017'.*

- Turkey offers houses for cheaper prices, higher quality, and bigger sizes as well as a financially more comfortable lifestyle and affordable shopping compared with other countries, according to Ali Taylan, the head of Turkey's All Real Estate Federation.
- Taylan said that real estate gained more value than any other financial instrument in Turkey.

*"Housing prices in the capital Ankara rose by 20-25 percent over the last 20 years. Homeowners in Turkey earned more money than they could have earned on forex, the stock exchange, and so on. So this is a smart investment instrument, he said.*

*"The amount, \$1 million, is well calculated. Because you would have to pay \$4 - 5 million in the U.S. for a house costing \$1 million in Turkey, he said, while adding that terror attacks in Turkey cannot be an obstacle because similar attacks happened in many other countries such as France and Germany.*



## Dear Readers,

TAIK and ATC are proud to bring you the [Post Conference Report for the 35<sup>th</sup> Annual Conference on U.S.-Turkey Relations](#). As the nation prepares itself for the inauguration of our 45<sup>th</sup> President, we know how critical these next four years will be for the U.S.-Turkey relationship. We are dedicated to working together to ensure the strong linkages that tie us together remain intact and continue to grow.

The election of Donald Trump as the President of the United States means new dynamism and opportunities for America's allies and for Washington alike. The first 100 days of the new Administration will be critical and the release of this publication has been timed to underscore the importance of and continued dialogue that is necessary to preserve and advancing the strong business, diplomatic, and cultural relationship between our countries.

The [Post Conference Report](#) documents the proceedings of our 35<sup>th</sup> Annual Conference, providing summaries of major ideas, recommendations for action, long range vision frameworks, and exemplary stories and analysis. We hope you enjoy it, and walk away with a stronger understanding of the dynamic U.S.-Turkey relationship.

[Please click here for the videos from the conference.](#)

We look forward to building on this at this year's conference, the **36<sup>th</sup> Annual Conference on U.S.-Turkey Relations**, May 21-23, 2017 at the **Trump International Hotel, Washington D.C.**



# REFERENCES

**AA**

Daily Sabah

**CNN**

Hürriyet

**Voice of America**

USA Today

**BBC**

Huffington Post

**NBC**

Washington Post

**The Independent**

Bloomberg

**CNN Politics**

Reuters

**The Guardian**

Ministry of Economy



## REGIONAL COORDINATOR

**Merih KEPEZ ÖRNEK**

mkepez@deik.org.tr

## BUSINESS COUNCIL ASSISTANT COORDINATORS

**Murat Can MENTEŞ**

mmentes@deik.org.tr

**Melike HOCAOĞLU**

mhocaoglu@deik.org.tr

**Selin ERGENE**

sergene@deik.org.tr

**RIVER PLAZA** Büyükdere Cad. Bahar Sok. No: 13/10 34394 Levent / İSTANBUL / TURKEY

**T: +90 212 339 50 00**

**F: +90 212 270 35 92**

**E-mail** : americas@deik.org.tr | taik@deik.org.tr

**Web** : www.deik.org.tr | www.taik.org.tr

**Twitter** : @deikiletisim | @taikofficial

