

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

TURKEY

Eurasia

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Istanbul	Commercial and financial capital; Turkey's principal bridge between European and Asian markets	Finance, services, manufacturing, logistics
Ankara	Political capital and hub of Turkey's fast-growing defense-industrial base (Aselsan, TAI/KAAN, Baykar)	Defense and aerospace manufacturing
Izmir / Aegean region	Leading Aegean port and export-manufacturing hub oriented toward EU markets	Manufacturing, port logistics, export industry
Mersin (Mediterranean coast)	Major container port and free zone; adjacent to the Russian-built Akkuyu nuclear power plant under construction	Logistics, energy infrastructure, free-zone manufacturing
Gaziantep / southeastern Anatolia	Manufacturing and trade gateway to Syria, with a large resident Syrian-investor community and exports to Syria up roughly 70% in 2025	Manufacturing, cross-border trade
Antalya	Turkey's leading Mediterranean tourism hub	Tourism, hospitality, real estate
Organized Industrial Zones and Free Zones (nationwide)	Established zones offering tax, customs and infrastructure incentives for qualifying manufacturing	Manufacturing, assembly, export production

INVESTOR ENTRY ROUTES

- Presidency of the Investment Office of Türkiye provides single-window investment facilitation and incentive structuring
- Organized Industrial Zones and Free Zones offering tax and customs incentives for qualifying manufacturing and export ventures
- EU-Türkiye Customs Union (in force since 1995) gives tariff-free access for industrial goods to the EU single market, currently the subject of a Turkish push for modernization to cover services and agriculture
- Build-operate-transfer and public-private partnership structures used for major infrastructure, including the Akkuyu nuclear plant, highways and airports
- Citizenship-by-investment program via real-estate or capital-threshold routes
- NATO-aligned defense-industrial co-production and supply-chain agreements (KAAN fighter engine supply, drone manufacturing)

MARKET-ENTRY OBSERVATION

Turkey is the world's 16th-largest economy (World Bank, 2025), but one defined by persistent macroeconomic instability. Official inflation stood at 31.8% as of July 2026 - far above any other OECD country - against unemployment of 8.3% and real GDP growth of 2.4%; the government's own medium-term economic programme cut its 2026 growth target to 3.3% in September 2026, underscoring downside pressure. The lira has lost more than 92% of its value against the dollar since 2018. Finance Minister Mehmet Simsek's post-

2023 orthodox disinflation program has driven a sustained interest-rate-cutting cycle from a 2023-24 peak, but inflation has proven stubborn, keeping currency and real-rate volatility as the central macro consideration for any investor.

Politically, a judicial crackdown centered on jailed Istanbul mayor Ekrem Imamoglu - chief suspect among more than 400 defendants in a sweeping corruption case, held at the Silivri prison complex since early 2025 - has drawn Human Rights Watch criticism that prosecutors are "weaponising" the justice system against the opposition Republican People's Party (CHP) ahead of elections due by May 2028; a January 2026 court ruling upheld the cancellation of Imamoglu's university degree, a further blow to his presidential eligibility. Separately, the PKK's May 2025 dissolution announcement and symbolic July 2025 weapons handover have not yet been matched by the legal and political reforms Kurdish negotiators say were promised, leaving the peace process - formalized in an August 2026 law creating a disarmament-verification commission - fragile and contested, with PKK fighters reported still active near the Iraqi border.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Persistent high inflation	Official inflation of 31.8% as of July 2026, the highest in the OECD, erodes real returns and complicates pricing and wage planning	Structure contracts with inflation indexation or in hard currency where possible
Lira depreciation and currency risk	The lira has lost more than 92% of its value against the dollar since 2018	Hedge currency exposure or structure earnings and financing in hard currency
Judicial crackdown on the political opposition	Jailed Istanbul mayor Imamoglu's corruption trial and the wider prosecution of CHP figures have drawn international criticism of judicial independence ahead of 2028 elections	Monitor political and rule-of-law developments; diversify counterparty relationships
Fragile PKK peace process	Disarmament has stalled over the sequencing of legal reforms, and PKK fighters remain active near the Iraqi border	Geography-dependent; southeastern Anatolia carries materially higher residual security risk
US CAATSA sanctions and defense-procurement friction	Section 1245 of the FY2020 NDAA still blocks F-35 transfer, and CAATSA sanctions on Turkey's defense procurement agency remain in place since 2020	Monitor congressional and administration signals before structuring US-linked defense supply-chain relationships
Partial EU Customs Union coverage	The 1995-era customs union excludes services, agriculture and public procurement; modernization talks are ongoing but unresolved	Structure around the existing goods-only framework pending any update
Regional security spillover (Syria / Israel)	Turkey and Israel are competing for influence in post-Assad Syria, with Israeli strikes near a Turkish-visited airbase in August 2026	Monitor the Syria-Israel-Turkey triangle for developments affecting cross-border trade and security

INVESTOR RISK NOTE

Turkey's risk profile is driven by persistent inflation and currency volatility, a domestic political environment increasingly shaped by judicial action against the opposition ahead of elections due by 2028, a fragile and contested Kurdish peace process, and continuing friction with the United States over CAATSA defense-procurement sanctions. This is a diversified macro-and-governance risk profile rather than an active-conflict one, but it requires active currency hedging and ongoing political monitoring.

MARKET ACCESS

The EU-Türkiye Customs Union gives tariff-free access for industrial goods to the EU single market, though it excludes agriculture, services and public procurement; Turkey is pushing for modernization to close these gaps. NATO and OECD membership integrate Turkey into Western economic and security frameworks, while Turkey also maintains deep trade ties with Gulf states, Central Asia via the Organization of Turkic States, and - increasingly - Syria, where exports rose roughly 70% in 2025. The domestic market is large, at roughly 85 million people.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
President Recep Tayyip Erdogan	Centralized executive authority held since 2003; sets overall economic and political direction	Not a realistic direct engagement channel; policy signals originate at this level
Finance Minister Mehmet Simsek	Architect of the post-2023 orthodox disinflation program; his continued tenure is a key market-confidence signal	Monitor policy statements for signals on the disinflation program's direction
Central Bank of the Republic of Turkey (CBRT)	Manages the interest-rate-cutting cycle amid stubborn inflation	Relevant to currency and financing-cost planning
Presidency of the Investment Office of Türkiye	Central investment-facilitation body and single window for incentive approval	Primary entry point for structuring any new investment
Ministry of Trade	Leads EU Customs Union modernization negotiations and broader trade policy	Relevant to any engagement tied to EU market access
Aselsan / Turkish Aerospace Industries (TAI) / Baykar	State-linked defense-industrial champions behind the KAAAN fighter and Bayraktar drone programs	Entry point for defense-industrial co-production, subject to CAATSA-related due diligence
Republican People's Party (CHP) and the broader opposition	Subject to a sustained judicial crackdown that is reshaping politics ahead of 2028 elections	Relevant to political-risk monitoring rather than direct commercial engagement

CURRENT INTERNATIONAL BUSINESS CHANNELS

Engagement channels include the Presidency of the Investment Office, bilateral chambers of commerce (particularly with Gulf and EU states), Organized Industrial Zone management bodies, and increasingly Syria-facing trade associations in Gaziantep given the post-Assad opening in bilateral trade.

INVESTOR PROFILE BEST SUITED

Suited to investors comfortable operating in a high-inflation, currency-volatile environment who can hedge or structure hard-currency returns, and who want exposure to a large (roughly 85 million), young, EU-adjacent market with strong manufacturing, defense-industrial and tourism sectors. Less suited to investors requiring currency or political stability, or those with compliance exposure to US CAATSA sanctions on Turkish defense procurement.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Engage the Investment Office

Approach the Presidency of the Investment Office of Türkiye for project screening and incentive structuring.

STEP 2: Structure currency and inflation hedges

Use hard-currency or inflation-indexed contract structures to manage lira depreciation and inflation exposure.

STEP 3: Review defense-sector sanctions exposure

Assess CAATSA-related compliance risk before structuring any US-linked defense-industrial supply-chain relationship.

STEP 4: Monitor political and judicial developments

Track the opposition crackdown and the Kurdish peace process for shifts in the operating environment ahead of 2028 elections.

STEP 5: Evaluate EU-linked manufacturing opportunities

Assess Customs Union-anchored export manufacturing ahead of any modernization of the EU-Türkiye framework.

WAVERLEY'S ROLE

- Investment facilitation and introductions to the Presidency of the Investment Office and sector-relevant ministries
- Currency and inflation risk-structuring advisory
- Political and judicial-risk monitoring ahead of elections due by 2028
- Defense-industrial and EU Customs Union market-access advisory

INVESTOR CALL TO ACTION

Investors should structure currency and inflation hedges before committing lira-denominated capital, given Turkey's 31.8% inflation rate and sustained lira depreciation.

Investors engaging Turkey's defense-industrial sector should commission a CAATSA sanctions-exposure review before structuring any US-linked supply-chain relationship.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities are concentrated in EU Customs Union-linked manufacturing and export, defense-industrial co-production (KAAN fighter engine supply, drone manufacturing), Akkuyu-adjacent energy infrastructure, tourism and hospitality in Antalya and the Aegean, and Syria-facing trade via Gaziantep.

POSITIONING

Waverley views Turkey as a large, strategically positioned economy whose structural strengths - the world's 16th-largest economy, NATO and OECD membership, EU Customs Union access, and a fast-growing defense-industrial sector - sit alongside persistent macroeconomic instability and an increasingly contested domestic political environment.

For investors able to hedge currency and inflation risk and navigate a more consolidated political environment, Turkey offers genuine scale and strategic positioning between Europe, the Middle East and Central Asia; for investors requiring macro or political stability, or with compliance exposure to US sanctions on Turkish defense procurement, the risk profile warrants caution.

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