

# A FAR-REACHING IMPACT

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THE ECONOMIC & SOCIAL CONTRIBUTIONS OF FRENCH AND FRANCO-TURKISH  
COMPANIES IN TURKEY



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# INTRODUCTION AND SUMMARY: **A MANIFOLD CONTRIBUTION**

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## **A sweeping panorama**

Analyses of the business relations between countries typically focus on the volume of trade and the level of corporate investments. While these are important quantitative indicators, they are far from presenting the whole picture. They fail to grasp the contributions of foreign capital companies and joint ventures in terms of technology, know-how, innovation and exports to third countries. They also ignore the dynamism which these companies bring to the sectors in which they operate, the creation of jobs – directly, indirectly or by induction – and the development of human resources. In addition, these indicators overlook the positive impact which businesses make on the physical environment and, social and human development through their sustainability strategies, environmental, health and safety policies, and corporate social responsibility programmes.

The economic relationship between France and Turkey is marked by intensive and diversified patterns of trade and investment, two components that have fostered each other over the years. In 2020, Turkey was the fourth largest market for French goods outside the European Union (EU), the UK and Switzerland, while France was Turkey's eighth largest supplier and its sixth largest customer. Despite the global health crisis, the bilateral merchandise trade volume amounted to EUR 14.1 billion (versus EUR 14.7 billion in 2019), consisting of EUR 7.8 billion of exports from Turkey to France and EUR 6.3 billion of exports from France to Turkey, excluding services. Trade continues to be led by the transport equipment sector, particularly automobiles and aeronautics, but a gradual diversification is taking place into industrial equipment, textiles, food products and other items. Preliminary figures for 2021 are very encouraging: in the first half of 2021, the bilateral trade in goods reached EUR 8.4 billion – a year-on-year increase of 38.0%: French exports to Turkey rose by 47.4% and French imports from Turkey by 31.3%.

The bilateral trade in services amounted to EUR 3.1 billion in 2019, boosted over the past five years by the increase in French exports to Turkey (EUR 1.6 billion in 2019). Trade is mainly based on transport, travel and "other business services".

With respect to investment, France has long had a strong presence in the Turkish economy, symbolised by strong Franco-Turkish partnerships such as those between TAV and ADP in airport management, TEB and BNP Paribas in banking and Oyak and Renault in the automotive industry. The number of French companies established in Turkey has increased tenfold since 1980, and 35 of the 40 companies included in the Paris Stock Exchange CAC 40 index currently have industrial and/or commercial activities in Turkey.

The objective of this report, commissioned by the Turkey Committee of the French Foreign Trade Advisors and prepared by Hiera Consulting with the support of the Regional Economic Service of the French Embassy in Turkey, is to delve beneath the headline figures and to present a portrait of the wider quantitative and qualitative contribution which companies with French and Turkish capital are making in Turkey. To this end, we approached 328 of the estimated 400 French and Franco-Turkish companies present in Turkey and questioned them about all aspects of the impact they are making. We received responses from 225 companies. The desk research yielded data on a further 16 companies. We then analysed the findings for all 241 companies, in order to develop a sweeping panorama of the benefits generated by French and Franco-Turkish companies in Turkey.

— “ —

This study is one of the few conducted by a first economic partner of Turkey. It analyses in depth one of the facets of the economic relationship between our two countries but demonstrates how this relationship is dense and rich. It confirms French companies and their subsidiaries are committed over the long term in Turkey, for a mutually beneficial partnership.

— ” —

Hervé Magro  
French Ambassador to Turkey

## Key findings

The companies included in the research are active in a wide range of sectors, headed by manufacturing and, wholesale and retail trade. There are many large companies among them: 41% had a turnover in Turkey greater than EUR 25 million in 2019. They are not only in Turkey to sell their products: **43% are engaged in production in Turkey**, either directly or via a production partner and there are at least **77 French or Franco-Turkish production facilities in Turkey**.

The companies under study contributed **TRY 52.6 billion to Turkey's gross value added in 2019**, which corresponds to EUR 8.3 billion using the average exchange rate of the year 2019 (6.36 EUR/TRY), including their direct, indirect and induced contributions. This represents a compound annual growth rate (CAGR) of 6% in real terms between 2014 and 2019. The companies invested or reinvested **more than EUR 5 billion in Turkey between 2014 and 2019**, higher than the official FDI stock of USD 5.4 billion. Moreover, they are committed to Turkey in the long run and are planning to invest at least EUR 750 million in the next three years.

“

French and Turkish teams have a lot of commonalities which have made it possible for us to work together in smooth and efficient industrial partnerships for decades. We have also a lot of complementarities which allow our investments to generate more than EUR 8.3 billion in gross value added annually in Turkey and to export our joint products and services to many countries.

”

Franck Mereyde

President of the Turkey Committee of the CCEF

The French and Franco-Turkish companies in Turkey are foreign currency-earners. **Nearly two-thirds of the companies studied are involved in exporting from Turkey** and, for many of them, exports are their main line of business. Numerous French and Franco-Turkish companies also manage operations in other countries from their offices in Turkey.

Besides their impact on the output of the economy, the companies included in the research are making a large and growing contribution to employment. In this way, they are helping to raise the living standards and wellbeing of individuals and society in Turkey. With **132,000 direct employees**, the French and Franco-Turkish companies included in the research were responsible for **314,500 jobs in 2019**, including indirect and induced employment, representing an increase of 28.4% over 2014.

The same companies are helping to increase the level of technology and know-how in Turkey by investing heavily in research and development, collaborating with research and educational institutions, fostering talent and providing high levels of training to their employees. Workforce training is a priority for almost all companies, large and small.

The French and Franco-Turkish companies in Turkey are making substantial contributions to sustainable development. At the same time, they are championing a business culture that integrates profitability and responsibility and is compatible with economic, social and environmental development. *Inter alia*, they are focusing on reducing their carbon footprints, transferring environmental technology, and preventing accidents among their employees, their business partners and the general public.

The companies included in the research are also vigorously promoting gender equality. Women make up a high proportion of their employees and some examples of gender equality initiatives are listed in this report, that include supporting woman scientists and raising the profile of women in the “male-dominated” automotive industry.

## Structure of the report

Following a note on the methodology used (PART I), the report presents a profile of the French and Franco-Turkish companies in Turkey (PART II). It goes on to assess the contributions which the companies included in the research are making to gross value added, employment, trade and investment, research and development, and innovation (PART III). Finally (PART IV), examples are given of the ways in which French and Franco-Turkish companies are inspiring sustainable development in areas like the environment, gender equality, health and safety, education and employee training. Information on contributions of French and Franco-Turkish companies active in selected sectors representative of the French activity in Turkey is provided in the final section of the report (Appendix).

The guidance section of the report gives details of the key French institutional presence in Turkey, from the French Embassy and its Regional Economic Service to the Turkey Committee of the French Foreign Trade Advisors (CCEF), Business France, the French-Turkish Chamber of Commerce (CCIFT) and the French development agency, AFD. The work of these institutions will continue to support the contributions which French and Turco-French companies are making to the Turkish economy and to human and social development in Turkey.

It is our hope this report will provide its readers with a broader and deeper understanding of the Franco-Turkish business relationship. In the meantime, we would like to express our gratitude to all the companies that participated in the research.



## PART I:

# A BRIEF METHODOLOGY

The report is based primarily on an analysis of data collected from French and Franco-Turkish companies operating in Turkey by Hiera Consulting, in collaboration with the Regional Economic Service of the French Embassy at the request of the Turkey Committee of the CCEF, between 10 May 2021 and 11 June 2021. Data gathered through desk research has also been included in the analysis.

### Reference year – and a word on COVID-19

The main reference year for the survey was 2019, and comparisons are drawn with 2014 in order to be able to highlight trends over a five-year period – a period just long enough to give a good indication of the progress made in the lives of companies.

As a reference year, 2020 would have proved misleading, as almost all sectors and corporate activities were negatively affected, to varying degrees, by the arrival of the Covid-19 pandemic in Turkey and the adoption of mandatory social distancing measures in order to contain it. Figures for 2020, and comparisons between 2020 and 2015, might therefore have underestimated the level and pace of growth of the contributions of French and Franco-Turkish companies to Turkey in areas like gross value added, trade and investment.

At the same time, faced with the sanitary and economic crises, French and Franco-Turkish businesses in Turkey have mobilized extensively, be it on their own initiative or at the request of local authorities, to participate in the country's response. The health sector has naturally been heavily involved in responding to the needs of hospitals and healthcare workers, through laboratories and the supply of sanitary equipment and medical oxygen. Manufacturers of vehicles and textiles have used their production facilities to produce medical or protective equipment. Companies in the food and catering industries have made donations to households and municipalities, and those in the hospitality industry have made their premises available to health staff. Besides, all kinds of companies have taken initiatives to safeguard their staff, their customers and their suppliers. Last but not least, many companies have contributed to national efforts to fight the negative effects of the pandemic by supporting the national solidarity campaign with financial donations.

## The research subjects

The companies included in the research were all companies with at least one employee in Turkey and which were either:

- originally established in France and later established as an entity in Turkey under the Turkish Commercial Code; or
- originally established in Turkey and later acquired by or merged in a company originally established in France; or
- established by a Franco-Turkish partnership — a partnership of entities established separately in France and Turkey — with the French party having the control or co-control of the company.

## The survey

The survey generated data on the companies' profiles and activities, including their lines of business, investments, engagement in international trade, levels of employment, corporate social responsibility activities and environmental, social and governance policies. Some company data was obtained through desk research and some missing employment data for the base year of 2014 was estimated in order to avoid fictitious increases over time.<sup>1</sup>

## Gross value added

Gross value added (GVA) is an economic indicator that measures the contribution made to an economy by one individual producer, industry, sector or region. It is a quantitative assessment of the value of goods and services produced minus the cost of inputs and materials used in the production process. In the national accounts, gross domestic product (GDP) is the main summary indicator of economic activity. GDP can be determined through three different approaches – the output, income and expenditure approaches. In the output approach, GDP is taken to be the sum of the GVA created through the production of goods and services in the individual sectors of the economy, adjusted for subsidies and taxes on products.

In our analysis, we defined the economic impact of the companies as their contribution to Turkey's total GVA – in effect, their contribution to Turkey's GDP. This was calculated by the labour productivity method.<sup>2</sup>

Labour productivity is defined as the volume of GVA produced per unit of labour input. The labour productivity method provides a reasonable estimate of the companies' contribution to GVA and does not require a deeper modelling or depend on information which companies may be unable to disclose for reason of compliance and confidentiality. Indirect and induced impacts (explained in the following section) were estimated based on the direct economic and employment impacts.

<sup>1</sup> Missing employment data is estimated based on total number of employees of each company (for which 2014 data was missing) in 2019 and the overall change in employment in respective industries between 2014 and 2019 as calculated by the Turkish Statistical Institute.

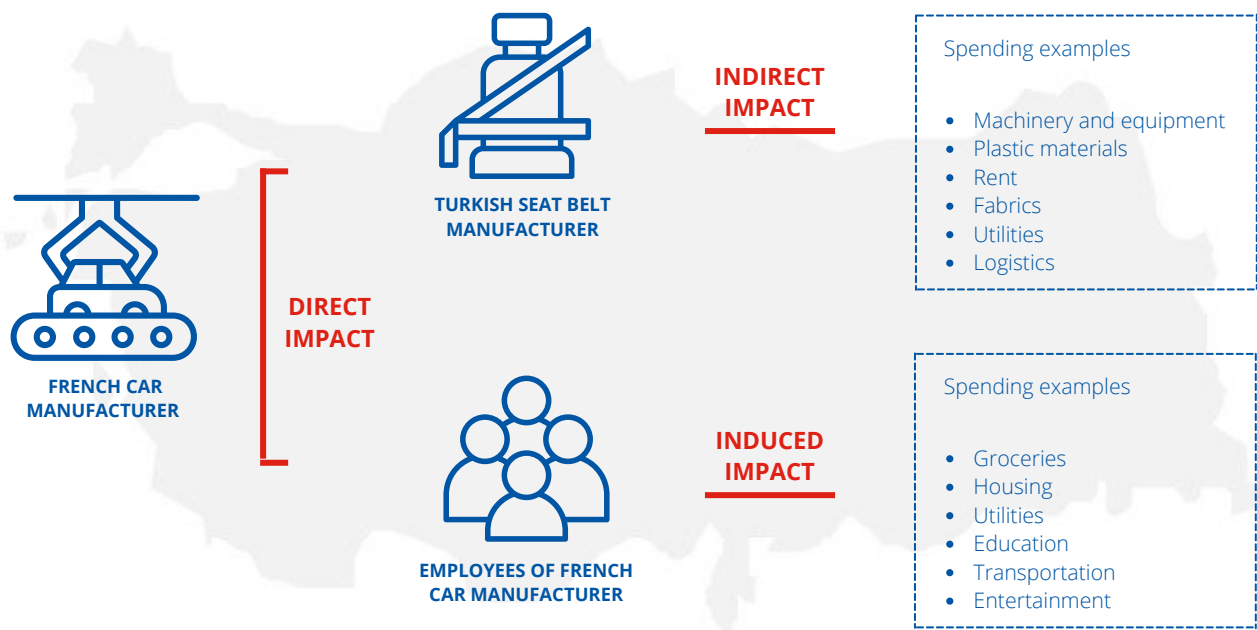
<sup>2</sup> In this method, the total number of full-time equivalent employees in each company is multiplied by the average labour productivity in the sector in question. The average labour productivity by sector was derived from the most recent input-output table, dated 2012, produced by the Turkish Statistical Institute, and was adjusted for subsequent growth of GDP per capita.

## Impact

The impact of the French and Franco-Turkish companies on the Turkish economy was analysed on three levels: direct, indirect and induced. Going beyond the initial direct economic input of the companies under study enabled us to illustrate their overarching contribution to the Turkish economy, which is far greater than their direct impact.

*Direct impact* consists of the expenditures which the French and Franco-Turkish companies in Turkey make and the employment which they create within their own operations. *Indirect impact* includes the additional economic activity and employment generated by the business-to-business purchases made along the supply chains of the companies in question. *Induced impact* takes into account the value that stems from the household spending of the employees of the French and Franco-Turkish businesses in Turkey.

FIGURE 1: THREE TYPES OF IMPACT



A French car manufacturing company established in Turkey buys seat belt systems from Turkish seat belt manufacturing company and pays wages to its employees. These are examples of the company's **direct impact** on the economy.

Turkish seat belt company employs people and spends its revenue on various industries in order to fulfill French car manufacturers demand. These are examples of French car manufacturer's **indirect impact** on the economy.

French car manufacturer's employees spend their salaries on various items (i.e. household spending) in Turkey. These spendings constitute the **induced impact** of the French car manufacturer on the economy.

In order to estimate the indirect and induced impacts of the companies analysed on gross value added and employment, we used the input-output analysis framework, a widely used economic modelling technique that takes into account direct and indirect interdependencies among the different sectors of an economy. We made use of the input-output table compiled by the Turkish Statistical Institute for the economy of Turkey to estimate the indirect and induced contributions of French and Franco-Turkish companies in the Turkish economy. In this way, we were able to reach a more comprehensive understanding of the extent of their combined impact.

## **Scope of the statistics**

The statistics derived from survey data and desk research that are given for French and Franco-Turkish companies in this report are the actual numbers obtained during the research. As there are more than 400 French and Franco-Turkish companies in Turkey, those surveyed constitute only a portion of the total. However, we have made no attempt to extrapolate our findings to the entirety of these companies.

For this reason, the true contributions of French and Franco-Turkish companies in Turkey, whether in terms of GVA, employment, investment or any other parameter, are undoubtedly higher than those cited in the report. Nevertheless, given the large respondent base, our data provide a useful indication of patterns and trends over time to complement our qualitative findings.

## PART II:

# FRENCH AND FRANCO-TURKISH COMPANIES IN TURKEY

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Business relations between France and Turkey have their roots in the alliance between Süleyman the Magnificent and François I in the mid-sixteenth century. Fuelled by this heritage, diplomatic ties intensified in the following centuries, and were reflected in the economic sphere, notably with the association of the Imperial Ottoman Bank, created in 1863, with the Bank of Paris and the Netherlands and English investors. L'Union Des Assurances de Paris, a French insurance company later acquired by Axa Insurance, started its operations in the country in 1892. From the early 20th century onwards, a number of major French groups established operations in Turkey. French automotive suppliers, led by Renault, which started operating with its Turkish partner Oyak in 1969, began to invest during this period. However, it was the opening up of the Turkish economy in the 1980s and the entry into force of the customs union between the EU and Turkey in 1996 that encouraged many more large French companies to invest in Turkey. During this period, French and Franco-Turkish companies made significant investments in the energy, retail, agri-food, cosmetics and health sectors. While industrial groups continued to predominate, insurance and restaurant voucher groups were also established, together with French luxury goods companies. This laid the foundation for a strong and diversified portfolio of companies in Turkey.

The global financial crisis of 2008 and subsequent economic downturn prompted a temporary decline in the number of new companies and partnerships established with French interest in Turkey. This was followed by a fresh wave of new establishments, partnerships and mergers, as well as renewed investment by the French and Franco-Turkish companies already in Turkey. Despite the challenges that have arisen since 2015, a steady stream of French companies – especially small and medium-sized enterprises, and those in the technology sector – has continued to enter the field.

While French and Franco-Turkish companies have gone on investing, especially in the industrial export sector and infrastructure, very few companies have stepped down. Since 2011, the growth of acquisitions, mergers and joint ventures has surpassed the number of companies newly established with French capital. The ongoing strong French business interest in Turkey is well illustrated by the 40 major acquisitions or partnership deals involving a French entity completed between 2011 and 2021.



## A strong and growing profile

Among the companies covered by the present research, 66% are joint stock companies and 25% limited liability companies. The remainder are established as branch or liaison offices in Turkey. Our survey results show that 41% of the French and Franco-Turkish companies in Turkey are affiliated to a large enterprise, defined as one with an annual turnover exceeding EUR 1.5 billion and/or more than 5,000 employees. This confirms the continued commitment of large French groups in Turkey.

With respect to turnover generated in Turkey, 41% of the French and Franco-Turkish companies included in the research had an annual turnover of more than EUR 25 million in 2019, as opposed to 34% in 2014. More specifically, 17% of the companies had a turnover equal to or greater than EUR 300 million in 2019, as opposed to 14% in 2014. This points to substantial growth in company earnings over the five-year period. In fact, 43% of the companies recorded a significant increase in their turnover between 2014 and 2019 — i.e., they moved into an upper revenue bracket.

## A diverse presence

French and Franco-Turkish companies are engaged in a great diversity of activities from direct production in agriculture and manufacturing to supporting production through transportation and storage or professional services. At the same time, there are concentrations of firms in sectors such as motor vehicles manufacturing, the manufacture of chemical, rubber and plastic products, pharmaceuticals, food and beverages and tourism and transportation. Several French and Franco-Turkish companies are leaders in these fields in Turkey. For instance, all sectors combined, Oyak Renault is the third largest company in Turkey in terms of turnover and the third largest exporter, with 80% of its output sold abroad. We have focused on these sectors in the Appendix.

# 41%

of the French and Franco-Turkish companies in Turkey are affiliated to a large French enterprise.

# 17%

of the companies included in the research generated a turnover equal to or more than €300 million in 2019 in Turkey.

# 43%

of the companies surveyed recorded a significant turnover increase between 2014 and 2019 in Turkey.

A formal breakdown of the sectoral distribution of the French and Franco-Turkish companies included in the research by broad categories shows that 34% are active in manufacturing, 15% in wholesale and retail trade services, and 10% in professional, scientific and technical services.<sup>3</sup> More than half operate in high value-added sectors – namely, manufacturing; professional, scientific and technical services, and financial services.

## A preference for production

In all, 43% of the French and Franco-Turkish companies included in the research are engaged in production in Turkey, using their own production facilities (33%) or having partners in Turkey that are producing on their behalf (10%). This means that there are at least 77 French and Franco-Turkish production facilities. This is a sign of a strong and permanent commitment to producing in Turkey, and demonstrates that French and Franco-Turkish companies are in Turkey to produce and not merely to sell.

There are more than  
**77**  
production facilities owned by French and  
Franco-Turkish companies in Turkey.

Three quarters of the companies sell products and/or services to other businesses (i.e., they are B2B companies), while 18% market directly to consumers. Only 7% primarily sell goods and services to the public sector.

<sup>3</sup>To categorise the companies included in the research, we used the statistical classification of products by activity (CPA). The full list of CPA categories can be accessed via the website of Eurostat, the statistical office of the European Union (<https://ec.europa.eu/eurostat/web/cpa/cpa-2008>).

# PART III: ENRICHING THE ECONOMY

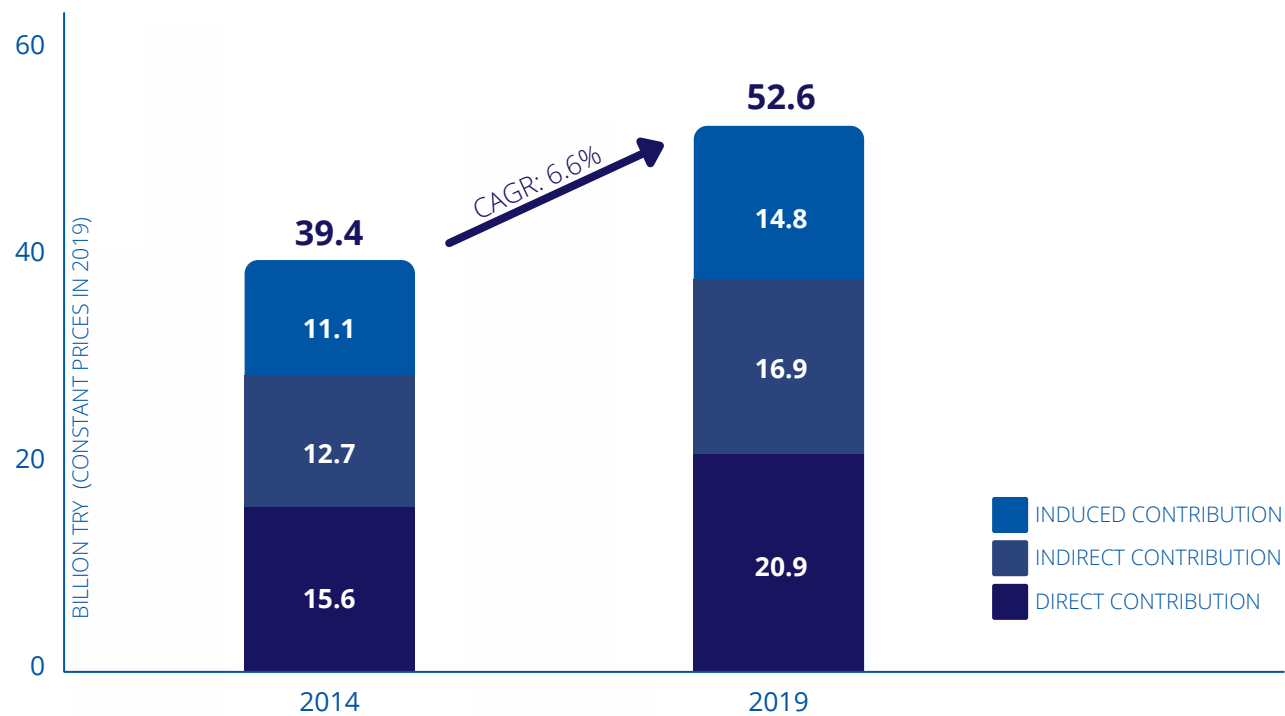
Having profiled the French and Franco-Turkish companies in Turkey in the preceding section, it is now time to describe and assess their contributions to the Turkish economy in terms of gross value added (as explained in PART I), employment, investment, exports, regional operations, research and development, and innovation.

## GROSS VALUE ADDED

The 241 French and Franco-Turkish companies included in the research directly contributed TRY 15.6 billion to total gross value added in Turkey in 2014 and **TRY 20.9 billion in 2019**, which corresponds to **EUR 3.3 billion** using the average exchange rate of the year 2019 (6.36 EUR/TRY). These figures are given in constant 2019 prices and therefore do not include the impact of inflation. In other words, the direct contribution increased by over a third in real terms in the space of five years.

When indirect and induced contributions are included, we calculate that the total contribution to GVA reached TRY 39.4 billion in 2014 and **TRY 52.6 billion in 2019 (EUR 8.3 billion)** – again, in constant prices.

FIGURE 2: FRENCH AND FRANCO-TURKISH COMPANIES' CONTRIBUTION TO GVA IN TURKEY



Thus the companies' total contribution to GVA grew by a compound annual growth rate (CAGR) of 6.0% in real terms between 2014 and 2019.

The results also show that:

- The average contribution of each company in 2019 amounted to TRY 218 million.
- Companies categorised by the Regional Economic Service of the French Embassy as being active in the "transport and tourism" and "agriculture and food" sectors made the largest contributions (TRY 13.5 billion and TRY 8.2 billion respectively). Analysis of the contributions to GVA of French and Franco-Turkish companies active in selected sectors shows that the highest CAGR was achieved in agriculture and food, where annual growth of 9.0% was recorded (Please refer to the Appendix section of this report for more information).
- Companies engaged in production, whether directly in their own production facility or via partners, accounted for 52% of the total GVA contribution in 2019, compared to 50% in 2014.

## EMPLOYMENT AND GENDER EQUALITY

The French and Franco-Turkish companies' contribution to the Turkish economy is further illustrated by their levels of employment. Every job created leads to an increase in the employment rate and an improvement in the general level of welfare in the country. The companies included in the research directly employed 103,430 people at the end of 2014 and **132,541 at the end of 2019**. This corresponds to 28.1% growth from 2014 to 2019, or a CAGR of 5.1% over the same period.

More than  
**132,541**  
individuals were directly employed by  
French and Franco Turkish companies in  
2019 in Turkey.

Of all those employed directly by the companies as of the end of 2019, 31% were working in transportation support services, 12% in business support services, 10% in retail trade services,

9% in motor vehicle manufacturing, 8% in financial and insurance services and 7% in food and beverages manufacturing.

The employment figures of the companies under study also reveal a commitment to diversity and gender equality, which has a positive impact on both economic and social development. In 39% of the companies, female employees accounted for at least 40% of the workforce. In 12% of the companies, they accounted for more than 60%.

#### GENDER EQUALITY

#### L'ORÉAL TURKEY

##### **Strengthening women in Science**

For Women in Science is a longstanding programme that has been going on for 23 years globally and 19 years locally in Turkey. It supports women's contributions to science, draws attention to gender equality in science and helps create role models.

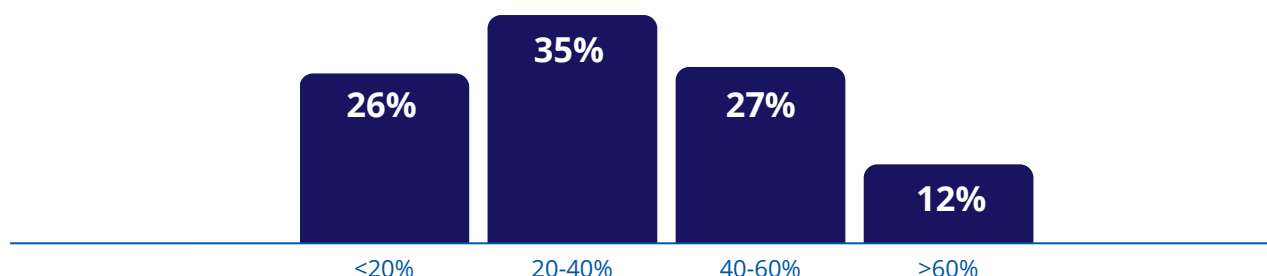
Each year, the For Women in Science programme supports over 250 talented young women scientists worldwide. Thanks to the support offered by the programme, eminent woman researchers from five continents are able to pursue their scientific careers and make discoveries that help change the world. The number of woman scientists who have received this support has reached 3,400 globally.

In Turkey, the programme is conducted by L'Oréal Turkey in collaboration with the Turkish National Commission for UNESCO. Each year, four woman scientists selected by UNESCO's independent jury are granted TRY 120,000 for their research projects. The selection criteria include contribution to science, feasibility, sustainability and scientific innovation. The For Women in Science programme has extended support to 114 young woman scientists in Turkey over the past 19 years.

L'Oréal is making steady progress towards its vision of promoting gender equality in science. It is striving for a future in which young girls are encouraged to do scientific research, women are empowered, and scientific research is evaluated based on its quality and potential impact, regardless of gender.

L'Oréal Turkey ranks fifth among the world's top supporters of the For Women in Science programme, empowering talented young Turkish woman scientists and helping Turkey acquire new "international rising talents" for the past four years in a row.



**FIGURE 3: FEMALE WORKFORCE AS A PERCENTAGE OF TOTAL WORKFORCE**

## GENDER EQUALITY

## OYAK RENAULT

**Ensuring gender equality in the workplace**

Oyak Renault is a joint venture of Renault and Oyak and has been operating in Turkey for over 52 years. It produces cars, engines and gearboxes.

Oyak Renault believes that gender diversity fosters performance, innovation and motivation. It launched its Women@Renault programme to support gender equality and women's equal participation in all fields of business and social life in 2011. Based on concrete actions, it aims to improve the representation of women at every level and in every area of business within the company. Some examples of concrete achievements include:

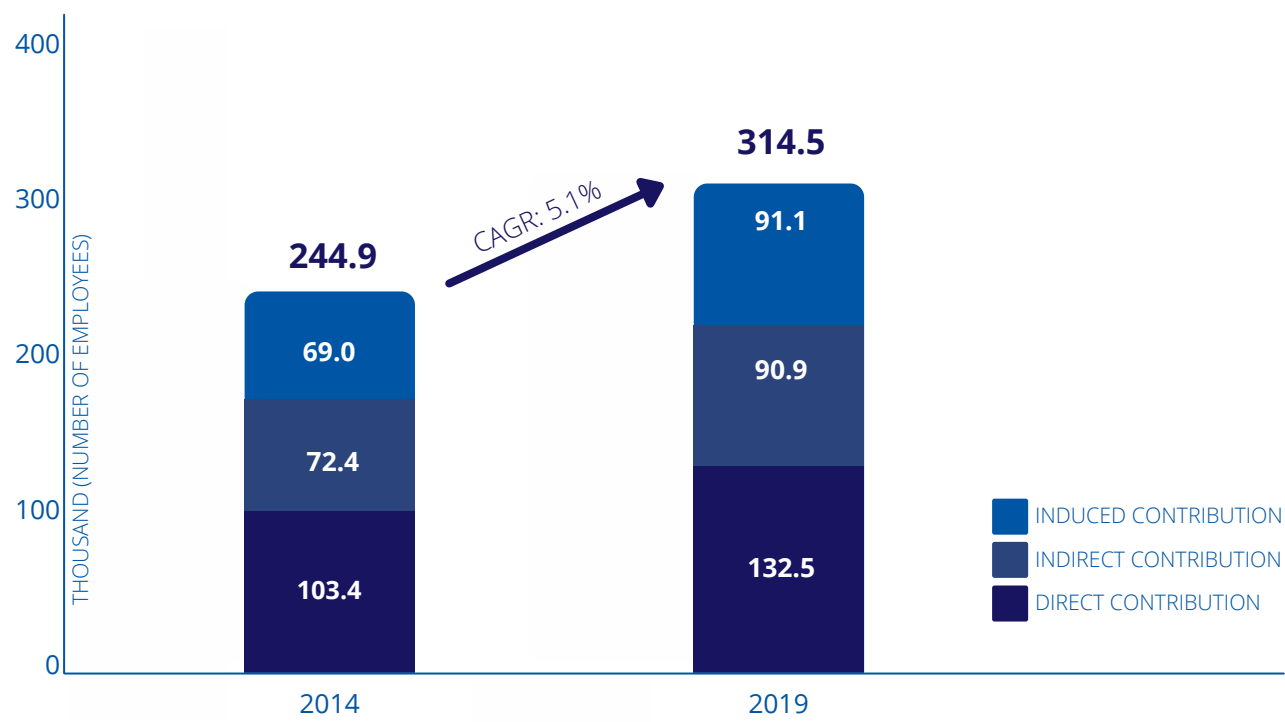
- enabling women to take high-level positions in the company (100 women have been interviewed for managerial positions);
- developing the 'Gender Equality in Business and Inclusive Language Guide', developed specially for this cause, and putting it into practice at all levels of the company;
- encouraging woman managers to be ambassadors for the company, and reaching out to Turkish universities to bring more woman leaders into the automotive industry;
- launching a digital and photograph exhibition that obtained 20,000 views to showcase the added value and knowledge of women in a variety of skills, and
- encouraging woman employees to participate in marathons and to form part of the technical teams for car rallies organised in Bursa.

The objective is to increase the number of women in the automotive industry, previously a preserve of men. Oyak Renault wants to take advantage of the competence, intelligence, and leadership of women.

## Wider contribution to employment

The impact of the French and Franco-Turkish companies included in the research on employment goes beyond their own staffing levels. Including indirect and induced employment, the total contribution of these companies to employment in Turkey amounted to 314,500, with a CAGR of 5.1% between 2014 and 2019.

**FIGURE 4: FRENCH AND FRANCO-TURKISH COMPANIES' CONTRIBUTION TO EMPLOYMENT IN TURKEY**



Our research also shows that:

- Companies in the transport and tourism sector and the agriculture and food sector made the greatest total contributions to employment in 2019, just as they made the greatest contributions to GVA.
- Companies engaged in production activities were responsible for 54% of the total direct, indirect and induced contribution to employment.
- The agriculture and food sector achieved a CAGR of 8.2% in its overall contribution to employment (Please refer to the Appendix section of this report for more information on selected sectors' contributions in Turkey).

## INVESTMENT

The French and Franco-Turkish companies have also been supporting Turkey's economic development through their continuing investments in the country. Companies included in our research invested more than EUR 5 billion in Turkey between 2014 and 2019. Of this amount, 80% was invested in three sectors: transportation and storage (32%); manufacturing (31%), and financial and insurance services (17%).

MORE THAN  
€5 BN  
INVESTMENT IN TURKEY  
BETWEEN 2014 AND 2019

Even though the companies in the research are only a proportion of the total number of French and Franco-Turkish companies in Turkey, the level of investments that they reported in the survey exceeds the official figure for foreign direct investment (FDI) into Turkey from France during the same years. This is most likely because the figure includes reinvestments of earnings by French and Turkish shareholders and indirect investments, and not only direct inflows of capital from France.

The investment trend is set to continue: at least half of participating companies are planning to invest in Turkey over the next three years. More specifically, 19% of the companies surveyed are expecting to invest at least EUR 10 million by 2024 – this includes 6% of the participants who plan to invest more than EUR 50 million. This corresponds to more than EUR 750 million in planned investment by French and Franco-Turkish companies.

## EXPORTS

The majority of French and Franco-Turkish firms are producing goods and services not only for Turkey but for export markets as well. Of all the companies included in the research, 64% are exporting from Turkey.

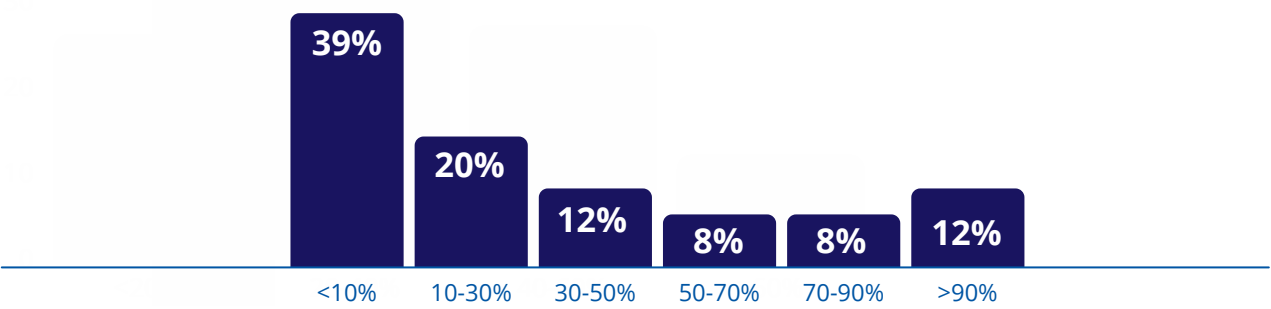
64%

OF THE COMPANIES SURVEYED  
EXPORT FROM TURKEY.

Not surprisingly, manufacturing companies made up 40% of the exporters, followed by companies in the transportation and storage services sector (37%), and the wholesale and retail trade sector (12%).

Of all the companies included in our research, as many as 28% derived more than 50% of their total revenue in 2019 from exports from Turkey and 12% more than 90%.

FIGURE 5: EXPORTS AS PERCENTAGE OF TURNOVER IN 2019



## CORPORATE HUBS

Besides exporting from Turkey, many French and Franco-Turkish businesses have also adopted Turkey as a base for managing their business operations in other countries. In this way, they support and benefit from Turkish competence in foreign trade and international business administration as well as the good connectivity of Turkey with the region.



29%

OF THE COMPANIES SURVEYED  
HAVE A HUB OFFICE IN TURKEY.

Of the companies included in the research, 29% have a “hub” office in Turkey which is responsible for business activities in other countries. Most of them use this hub to manage operations in countries in the Middle East and Commonwealth of Independent States, followed by Eastern European and North African countries.



## R&D AND INNOVATION

France ranks fourteenth in the world in terms of public investment in research and development (R&D).<sup>4</sup> Public investment in R&D amounted to 2.2% of France's GDP in 2019.

In Turkey, French institutions work in close cooperation with the Scientific and Technological Research Council of Turkey (TUBITAK) to develop joint economic and scientific projects in various sectors including health, manufacturing, automobiles and agriculture. For example, cooperation between TUBITAK and the French National Centre for Scientific Research (CNRS), which began in 1992, has so far led to the implementation of 66 projects.

### French Tech

France has one of the most dynamic start-up environments in the world, with 20,800 start-ups, 2,870 investors, 113 accelerators and 3,500 venture capital funds. Although 2020 was a challenging year, French start-ups raised a record EUR 5.4 billion – 7% more than in 2019. For the first time, France ranked second in Europe in terms of fundraising, just behind the United Kingdom and ahead of Germany. The number of French unicorns doubled from five in 2018 to ten in September 2020 and went on to reaching 16 in June 2021.

All this flourishing ecosystem forms the content of “French Tech”, an open brand initiated by the French government in 2013 with the ambition of unifying all actors working in or for French technological and innovative companies. If French Tech's main priority is to foster the growth of a vibrant digital start-up community, it also promotes diversity and sustainability through its choice of investments and partners.

French Tech communities exist in more than 100 cities, including 63 outside France. The cities where French Tech communities are founded are selected for their openness, integrity, professionalism, independence and willingness to fuel a local start-up ecosystem. In 2021, Istanbul has joined this network, along with Algiers, Atlanta, Beirut, Chicago, Munich and Australia. The French Tech community in Istanbul will not only support the growth of French start-ups already established in the city but aims also to create synergies through a strong, vibrant and complementary community of entrepreneurs. It will also be a point of contact and springboard for French start-ups wishing to expand their activities in Istanbul. In addition, it will help promote France to Turkish start-ups wishing to expand their activities in France.

<sup>4</sup>World Bank. Research and Development Expenditure (% of GDP). Available at: <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>

Similarly, 40 joint projects were launched between 2014 and 2019 as part of the cooperation between TUBITAK and France's Public Investment Bank (Bpifrance) under the EUREKA Programme. Meanwhile, the French Ministry of Europe and Foreign Affairs sets specific priority research areas with TUBITAK within the framework of the Bosphorus 2021 Programme. These research areas include scientific and chemical innovation, digital technologies and artificial intelligence.

The culture of commitment to R&D is not exclusive to the French public sector and has also been adopted enthusiastically by the private French and Franco-Turkish companies in Turkey, whose innovations have generated considerable added value for the Turkish economy.

Among the French and Franco-Turkish companies included in the research, 19% invested more than 5% of their total revenue in R&D activities between 2014 and 2019. At 3% of the companies, the level of investment in R&D even exceeded 25% of their revenue.

## INNOVATION

## SANOFI TURKEY

### Fostering the innovation ecosystem

Sanofi Turkey is one of the largest pharmaceutical companies in the country, with 64 years of experience in public health and 1,700 employees. It offers a broad range of products including innovative therapeutic solutions, biotechnological pharmaceuticals, vaccines and consumer healthcare products, thereby adding value to the economy and supporting Turkey's development.

In 2019, Sanofi Turkey launched a start-up engagement programme named PharmUp to foster the innovation ecosystem in the Turkish pharmaceutical industry. PharmUp aims to support start-ups with innovative and sustainable solutions that can create added value in the healthcare sector, and to identify areas for collaboration with Turkish start-ups in the digital healthcare ecosystem. PharmUp reaches out to start-ups in the fields of smart health devices and diagnostic solutions, medical education and communication tools, healthy living solutions, telemedicine, data analytics and digital transformation. Technology-focused start-ups that have passed beyond the idea stage, developed prototypes, entered the market or are ready to go out to the market all fall within the scope of PharmUp.

The selected start-ups attend online educational workshops in areas such as finance, strategic planning, law and marketing. They are then provided with mentorship support during a three-month accelerator programme. On the final day (Demo Day), start-ups that have matured their products and graduated from the programme are given the opportunity to introduce their projects to the leading names of the healthcare industry and to Sanofi business units.

In 2019, 70 start-ups applied to PharmUp. Of these, 20 were shortlisted and five were selected for the three-month accelerator programme. Two of the projects were successful on Demo Day. In 2021, 64 start-ups applied to the accelerator programme and six were selected. The programme was still underway at the time of writing.

## PART IV:

# PROMOTING SUSTAINABLE DEVELOPMENT

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Recent decades have witnessed a strong trend towards greater corporate social responsibility (CSR), the adoption of corporate sustainability strategies and the integration of environmental, social and governance (ESG) criteria into the decision-making processes of companies and financial institutions. Many academic studies have demonstrated a positive correlation between solid ESG practices and economic and/or operational performance.

In the belief that responsibility and profitability are not incompatible, France has been at the vanguard of advancing ESG causes on all fronts, including the corporate world.

### Ideas in action

Ever since 2001, listed companies in France have been obliged to indicate in their management reports how they take the environmental and social consequences of their activities into account. In some respects, French law continues to exceed the requirements set by the more recent EU Non-Financial Reporting Directive.<sup>5</sup> French and Franco-Turkish companies have absorbed this culture and reflected it in their operations in Turkey.

Our study showed that the French and Franco-Turkish companies active in Turkey have been addressing a wide range of issues through their ESG strategies, ranging from environmental impact to rural development and poverty reduction. More than half (57%) have been addressing gender equality as part of their ESG agenda. In addition, 60% of the companies included in the research reported that they were running CSR activities and projects in Turkey.

The snapshots on the following pages illustrate how French and Franco-Turkish companies in Turkey are fulfilling their responsibilities through robust ESG practices and CSR activities, while at the same time having a positive impact on economic and social development. The snapshots only provide a glimpse of the contributions of a limited number of French and Franco-Turkish companies in Turkey. Many more French and Franco-Turkish companies are actively contributing to the country's development through commitment to strong and sustainable ESG principles and engagement in CSR activities in Turkey.

<sup>5</sup>Thompson Reuters Regulatory Intelligence. Country Update – France: ESG Reporting. Available at: [https://www.gide.com/sites/default/files/2021\\_06\\_17\\_france\\_esg\\_guide.pdf](https://www.gide.com/sites/default/files/2021_06_17_france_esg_guide.pdf)

## ENVIRONMENT

At the end of 2019, the European Commission proposed a new growth strategy through an audacious action plan named “Green Deal for Europe”. This plan seeks to boost the efficient use of resources by moving to a clean, circular economy, to restore biodiversity and to cut pollution. It outlines the investments needed and the financing tools available, and explains how to achieve a just and inclusive transition.

As decided by the European Council at the end of 2020, the EU aims to be climate neutral in 2050. The European Commission has proposed a European Climate Law to turn this political commitment into a legal obligation, and a European Climate Pact to engage citizens and all parts of society, including the enterprise sector, in climate action. Reaching this target will require action by all sectors of the economy, including investing in environmentally-friendly technologies, supporting industry to innovate, and rolling out cleaner, cheaper and healthier forms of transport. The European Commission is to mobilise at least EUR 1 trillion of sustainable investments over the next decade.

### ENVIRONMENT

### AIR LIQUIDE TURKEY

#### Working towards carbon neutrality

With close to 200 employees, Air Liquide Turkey delivers liquid or compressed gases to 1,000 customers in Turkey. It has also invested with dedicated on-site production for some customers.

In March 2021, the Air Liquide Group announced its ambition to achieve carbon neutrality in 2050. It will start to reduce its global CO<sub>2</sub> emissions in 2025 and achieve a 33% reduction in 2035 (scope 1 and scope 2). In Turkey, Air Liquide is currently investing in solar panels in its Polatli plant and is in discussion with potential partners and energy suppliers to minimise the carbon footprint of its air separation units. Air Liquide is also deploying its oxy-combustion technologies in metal recycling, glass manufacturing and other industries in Turkey in order to reduce energy consumption by up to 25%.

In Europe, Air Liquide is involved in decarbonising its own hydrogen facilities producing hydrogen from natural gas by capturing and liquifying CO<sub>2</sub> and transporting it on appropriate ships until it can be sunk under the sea. At the same time, the group intends to introduce a carbon capture and storage service for its customers. After commissioning the largest electrolyser in the world (20 MW), fed with renewable energy in Canada, Air Liquide also decided earlier this year to invest in a 200 MW electrolyser supplied by low carbon electricity in Normandy in France, with an expected start date in 2024. The green hydrogen produced will supply the Air Liquide hydrogen pipeline in Normandy for the petrochemical industry and may also serve the hydrogen mobility market thanks to the proximity of Paris.

France is fully engaged in this initiative. In 2015, it hosted the United Nations Climate Change Conference, which led to the Paris Climate Change Agreement. It was the first country to mandate investors to report on ESG integration and greenhouse gas emissions. In 2020, France adopted a new set of binding targets that required investors to declare how green their assets were and set greenhouse emissions goals every five years.

Our study showed that at least 37% of the French and Franco Turkish companies in Turkey have been undertaking projects in the sustainable development area. Some examples of environmental initiatives undertaken by the French and Franco-Turkish companies are to be found in this section.

## ENVIRONMENT

## TAV AIRPORTS

### Advancing carbon neutrality in airport operations

A member of Groupe ADP, TAV Airports operates at 15 airports in eight countries. As part of its Corporate Social Responsibility policy, the company strives to minimise the effects of its operations on the environment. Through the “Airports for Trust” charter established by Groupe ADP, TAV has made a commitment to achieving carbon neutrality in all airports under its full control by 2030.

As of July 2021, three of the airports in TAV’s portfolio – Izmir, Ankara and Antalya – have already achieved carbon-neutral status within the context of the Airport Council International (ACI) Airport Carbon Accreditation (ACA) programme. ACA is the only institutionally-endorsed, global carbon management certification programme for airports and relies on independent assessments.

The pledge to achieve carbon-neutrality is gaining momentum worldwide. Today, 349 airports in 76 countries representing 46.2% of global air traffic are accredited with the ACA program. Of these, 66 airports have attained carbon-neutral status.

TAV remains among the pioneering airport operators in the quest to curb emissions. Izmir was only the second airport to join the ACA program in 2009 and was the first to receive the prestigious ACI Europe Eco-Innovation Award. TAV is also committed to the ACI Europe Net Zero initiative.



## EDUCATION AND TRAINING

Education, training and professional inclusion have been at the forefront of France's diplomatic agenda as well as its business outlook at home and abroad. While France allocates about 15% of its official development assistance to this area, its business community backs up these official efforts with an active commitment to employee training, diversity and gender equality at work. In line with this general trend, our research showed that employee training has been a high priority for French and Franco-Turkish companies active in Turkey: a huge 94% of the companies under study indicated that they have been active in this area. Some examples of effective training and education initiatives are to be found below.

### EMPLOYEE TRAINING

### CEVA LOGISTICS

#### **Championing employee training**

CEVA Turkey is one of the leading logistics companies in Turkey, providing end-to-end solutions, implementation and operational capabilities in freight forwarding, contract logistics, transportation management and distribution management.

The company offers learning and development opportunities to all of its employees, based on the principle of equal opportunities. Each year, CEVA employees have the opportunity to attend soft skills training activities which they select themselves from the CEVA annual training catalogue. The Learning and Development Department redesigns the training activities every year to meet the changing requirements of a dynamic business. All the training sessions in the catalogue, which includes more than 60 different internal training options, are delivered by CEVA's own internal trainers. After the training sessions, surveys are conducted with the employees to measure the efficiency of the training. With the help of these surveys, the CEVA Academy is improving continuously.

In addition, CEVA has organised leadership development programmes in cooperation with various universities. In collaboration with Yeditepe University, for instance, CEVA organised a one-year managerial development programme which aimed to improve the managerial competencies of its employees at chief and executive levels. Another leadership development programme was developed in collaboration with Koç University. In 2020, 90% of CEVA's employees received both soft skills training and vocational training.

## EMPLOYEE TRAINING

## SUEZ ÇANAKKALE

**Furthering knowledge transfer**

SUEZ Çanakkale is a subsidiary of SUEZ in Turkey. It is responsible for municipal waste collection and treatment recycling in the Çanakkale area.

The company will implement a dual collection system (which will render possible the collection of recyclable and mixed waste). The dual collection system will serve as a model for Turkey. More than 50% of municipal waste will be recycled by sorting, cardboard and plastic recycling and alternative fuel production from waste to be used in cement factories. Electricity will be generated from biogas produced in the landfill from organic waste.

In the framework of this project, the operational engineers who will take charge of collection and waste treatment in Çanakkale are being trained in France. In 2019, five key staff visited similar landfill sites and plants in France and attended dedicated training sessions delivered by SUEZ corporate experts. The main goal of these training sessions is to share best practices in environmental processes and transfer know-how to the Turkish teams.

Other local employees are being trained using the e-learning system of the SUEZ Academy. Topics include leadership in health and safety, wellbeing at work, and customer focus. The system allows full access for all employees, enabling them to improve their knowledge of the environment from day to day and to raise their qualifications continuously in line with international standards.

Aside from the efforts of individual companies, there is also a francophone educational network in Turkey comprising 17 institutions with more than 17,000 students of different ages. All these institutions are contributing to the development of Turkey's human resources in various ways. They include:

- the Pierre Loti high school in Istanbul and the Charles de Gaulle high school in Ankara, which teach a French curriculum to a total of 2,342 students and are approved by the Ministry of National Education and Youth (MENJ);
- thirteen historic public and private high schools teaching a Turkish curriculum and offering bilingual French education to 9,475 students in the three major cities, all of which have obtained the "Label FrancÉducation" issued by the French Ministry of Europe and Foreign Affairs, as well as two approved private nursery schools, and
- three universities (Galatasaray, Marmara and Yeditepe) that provide a totally or partially French-speaking education to more than 5,300 students. Another 23 universities have at least one French department.

## Young talents

It is also worth mentioning that French companies are deeply involved not only in training employees but also in the attraction of talent. They organise numerous young talent attraction programmes targeting prestigious university students in Turkey. For instance, as a result of this strategy, Oyak Renault is now listed among the top companies people most want to work for.

### Chairs of Excellence

The Turkey Committee of the CCEF has developed a fruitful and mutually beneficial relationship with the francophone Galatasaray University over the years. This has contributed to the development of close contacts between the university and the corporate world – not least the French and Franco-Turkish companies in Turkey, which benefit from the opportunity to recruit from among the well-trained francophone graduates of the university.

The launch of the Chairs of Excellence programme in Turkey at the end of 2019 took the cooperation between Galatasaray University and the private sector through the CCEF to another level. The Chairs of Excellence is a collaboration between partner companies and the university, co-financed by the Turkey Committee of the CCEF (or directly by some of its members that are French and Franco-Turkish companies in Turkey) and the French Embassy through its Cooperation and Cultural Action Service.

The main objective of the programme is to promote scientific excellence within the university by enabling it to host French professors and researchers for periods of several months at a time in such a way as to reinforce the research training of postgraduate and doctorate students at the university. At the same time, the programme encourages companies and students to work together. On artificial intelligence or digital projects, for example, companies provide use cases and data to feed the applied research work at the university, and the university provides deliverables for companies in a win-win arrangement.

So far, two chairs in the area of artificial intelligence have been established, involving three companies which are members of the Turkey Committee of the CCEF.

## HEALTH AND SAFETY

French and Franco-Turkish companies are highly conscious of health and safety, have developed high standards in this field and disseminate best practices via their headquarters. The level of health and safety standards they adopt often goes beyond the legal requirements. Some of their actions are related to their direct employees, while others focus on their indirect employees or customers.

### HEALTH AND SAFETY

### TOTAL TURKEY PAZARLAMA

#### Increasing safety awareness

As one of the leading actors in responsible energy, TotalEnergies has put corporate social responsibility and contributing to human wellbeing at the centre of its projects and operations. Safety is a core value of TotalEnergies. Yet various surveys have shown that the rates of occupational accidents and occupational diseases are quite high in independent automotive service stations and garages due to the harsh working conditions.

In response, Total Turkey Pazarlama has launched the "Total Safety at Service" corporate social responsibility project. This project aims to increase the safety awareness of masters and apprentices working in independent medium or small-sized automotive service stations by making them aware of the risks in their working environment through voluntary on-site health, safety and environmental training.

The training covers six major risk factors and is provided by Total Turkey Pazarlama employees on a voluntary basis. Every Total Turkey Pazarlama employee is a part of the project and visits the automotive service points to provide training at least once. Work safety gloves and glasses are distributed to the trainees at the end of each activity for use as personal protective equipment.

In the first year of the project, 24 automotive service points were visited and 63 mechanics and apprentices were trained. A quantitative evaluation of the surveys conducted before and after each training session showed that HSE awareness increased by more than 15% in the workplaces where the training was delivered. The company will continue to contribute to increased HSE awareness by reaching more mechanics and apprentices every year.

## HEALTH AND SAFETY

## GROUPAMA SİGORTA

**Improving road safety**

Present in Turkey since 2006, Groupama is active in non-life and life insurance. It has a strong interest in motor damage insurance, and positions itself as a preventive motor insurer.

The market is characterised by a high frequency of serious road accidents, and road safety precautions are still limited. In response, the insurer launched its Driving Academy at the end of 2020 to raise awareness of the dangers in concrete and personalised manner. Groupama is the first insurer in Turkey to provide its customers with a free, full-day training course in responsible driving. The training is delivered in partnership with the Intercity driving improvement centre in Istanbul Park. The educational objective is to teach policy-holders not to expose themselves to accident situations. The training is provided in complete safety, using the trainees' own vehicles and with exercise boards simulating extreme driving conditions.

One of the main targets is young drivers who, having acquired their driving license in a few lessons, are not aware of the real dangers of the road. The Groupama Driving Academy also aims to improve the skills of truck drivers, for whom specific programmes are offered.

## HEALTH AND SAFETY

## BOSTİK KİMYA

**Eliminating accidents at work**

Bostik Kimya produces adhesives with the Çekomastik and Bostik brands and is part of Arkema, a worldwide leader in specialty materials. Bostik Kimya naturally embraces the priority which the Arkema Group attaches to human and environmental risk management.

In this context, the company endorses Responsible Care®, a voluntary initiative for transparency and continuous improvement of performance in the area of health, safety and the environment.

To promote a safety culture, Bostik Kimya implements the Safety in Action programme instituted by the group. In this key initiative, a set of rules known as "the essentials" has been developed. These must be followed without compromise by all employees and contractors.

With respect to process safety, Bostik Kimya applies and continually improves risk prevention and management practices, including contingency and emergency response plans to control possible accidents.

To improve security, Bostik Kimya continuously carries out training for the protection of people and facilities.

As a result of these efforts, safety at work performance continues to improve at the Group level with a total recordable incident rate (TRIR) of just 0.8 per million hours worked. Bostik Kimya has a TRIR of zero and has experienced no accidents over the past ten years. This means that 2,651 working days have passed without a single lost time accident or non-lost time accident. This represents a tremendous achievement.

## HUMAN AND SOCIAL DEVELOPMENT

Both French institutions and French and Franco-Turkish companies are closely engaged in human and social development, another important topic for France.

On an institutional level, the AFD Group is the main French public institution in charge of technical and financial development cooperation. It finances public entities for large projects with major socioeconomic and environmental impacts and high climate co-benefits.

Since it started its operations in Turkey in 2004, the AFD Group has financed over 100 projects for a cumulative amount of more than EUR 3 billion, made up mostly of concessional loans and small grants for technical cooperation. Main priorities and recent projects include urban infrastructure (public transport, water, sanitation and solid waste), the promotion of renewable energy and energy efficiency including green buildings, the sustainable development of natural resources, including adaptation to climate change and the preservation of biodiversity, social issues including gender equality at work, and support to the provinces most affected by the influx of Syrian refugees in the framework of the EU facility for refugees in Turkey.

In addition to this public action, French and Franco-Turkish companies implement various programmes in order to support social and human development in Turkey. Two examples are given below.

### HUMAN AND SOCIAL DEVELOPMENT

### SAINT GOBAIN WEBER

#### **Empowering disadvantaged women**

The Saint Gobain Weber social responsibility team has been running a corporate social responsibility project with the İzmir Women Association, an NGO. Supported by the Saint Gobain Foundation, the project revolves around the opening of a cookie production facility for disadvantaged women who are economically dependent and have no regular work or income because they are looking after their children.

The facility serves as a centre for providing women with training so that they can obtain certificates and subsequently find employment via the Turkish Labour Office. In this way, the women can achieve higher standards of living and economic independence.

The project has been supported by Izmir Municipality, which provided the location and building for the facility and promised to purchase the cookies that the training centre produces. In this way, a real win-win situation was created with the cooperation of all parties. A nursery was opened on the upper floor of the facility building in order to serve both the children of the trainers and other economically disadvantaged children who cannot afford a pre-school education, including children without parents. The nursery too was supported by Saint Gobain. The project was inaugurated in March 2020.

## HUMAN AND SOCIAL DEVELOPMENT

DANONE

**Supporting cognitive development for babies**

The Bebelac Growing-up Milks Family believes that cognitive development is every baby's right. Bebelac has therefore allocated part of its sales revenue to support the cognitive development of babies in need and joined forces with İhtiyaç Haritası (Needs Map), a reputable NGO, to launch the "Bebelac Sibling Share Manifesto".

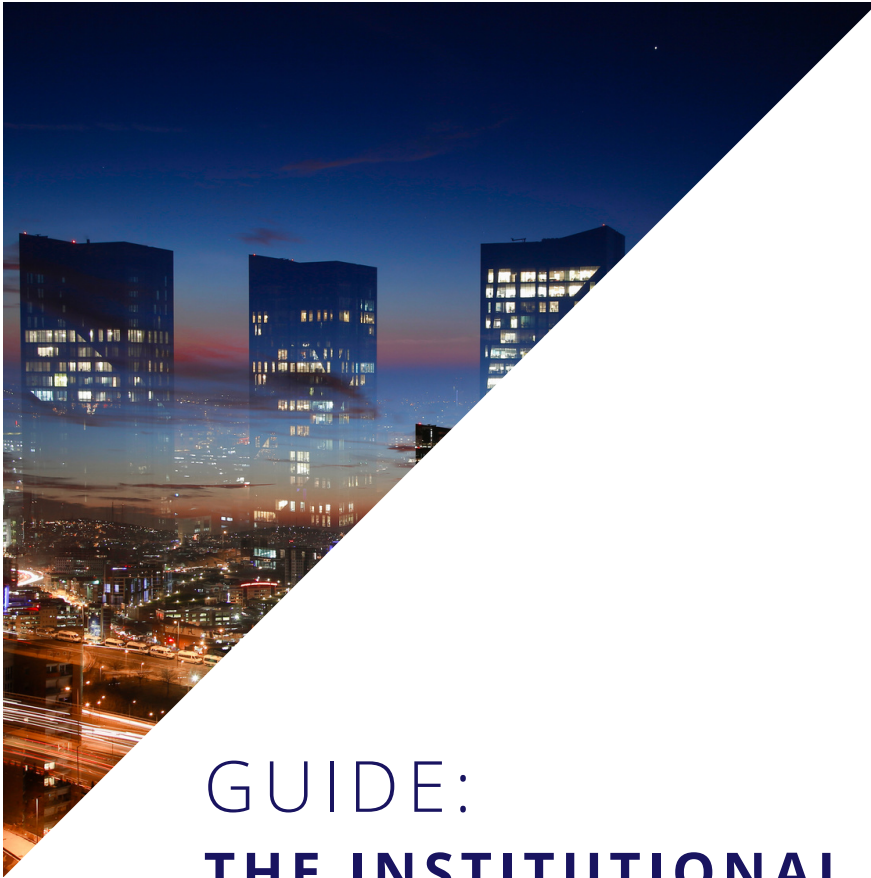
According to the Turkey Nutritional Guide, published by Turkey's Ministry of Health in 2015, many babies have important deficiencies in their estimated average daily intake of nutrients, particularly iron, calcium, zinc minerals, and vitamins A, B12, C and D.

As a start, the aim is to reach out to as many babies who cannot get enough vitamins and minerals for cognitive development\*. Bebelac's ambition is to touch 10,000 families in need and support their babies' needs for growing-up milk for a month with ten tonnes of Bebelac 4 Growing-up Milk\*\* for babies aged 1 year and above.

Needs Map identifies families in need and supports the delivery of the Bebelac Growing-up Milks via nutrition banks or local municipalities in each of the 20 cities.

\*Breast milk is the best for babies. In case of lack of breast milk, a doctor should be consulted. Iron contributes to the normal cognitive development of children. A balanced and varied diet is essential for a healthy life.

\*\*World Health Organization, Complementary Nutrition & Prof. Dr. Köksal, Doç. Dr. Özel, 2012, Ankara, Baby Nutrition.



# GUIDE: THE INSTITUTIONAL FRENCH PRESENCE IN TURKEY





## FRENCH EMBASSY IN TURKEY

The French Embassy in Ankara is the diplomatic representation of the French Republic to the Republic of Turkey. The Embassy, through its various services, contributes to maintaining and developing bilateral Franco-Turkish relations. Within the Embassy, the political chancellery specifically focuses on the foreign and domestic policies of the Republic of Turkey, and conveys and defends French positions to the Turkish authorities. The political chancellery also deals with the official visits of French personalities to Turkey.

The Embassy promotes France in Turkey economically, culturally and scientifically through the Regional Economic Service and the Cooperation and Cultural Action Service.

Through its consular services, the Embassy supports French people living in Turkey, particularly in their administrative procedures, except in the *circonscription* (district) of Istanbul, which is under the authority of the Consulate General of France in Istanbul.

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# REGIONAL ECONOMIC SERVICE OF ANKARA

*and its Istanbul Branch*

The Regional Economic Service of the French Embassy in Turkey is part of the international network of the Treasury Directorate of the French Ministry of Economy, Finance and Recovery. Its main missions are:

- Producing macroeconomic and public policy analysis: The Service provides country risk analysis and analyses of the macroeconomic situation as well as sectoral analyses.
- Promoting French positions to local authorities and stakeholders on major global economic issues and in the framework of financial and trade negotiations, whether bilateral or multilateral. The Regional Economic Service also offers advice regarding projects eligible for French, European or multilateral public finance programmes.
- Promoting France: Together with Business France, the Regional Economic Service helps to promote France's attractiveness by informing foreign actors about opportunities for investment or setting up a business in France.
- Providing support to French companies: The Service monitors tenders and major projects of interest to French companies. It leads institutional cooperation in order to promote French interests and intervenes in market access problems faced by French companies.

The Regional Economic Service covers Turkey, Azerbaijan, Georgia and Turkmenistan. It also hosts experts from other administrations, such as the Ministry of Agriculture and the Ministry of Ecological and Solidarity Transition. Based in Ankara, it has a branch in Istanbul.

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**MINISTÈRE  
DE L'ÉCONOMIE,  
DES FINANCES  
ET DE LA RELANCE**

*Liberté  
Égalité  
Fraternité*

Direction générale  
du Trésor

## CCEF

*French Foreign Trade Advisors*

The Conseillers du Commerce Extérieur de la France (French Foreign Trade Advisors, or CCEF) voluntarily share their experience to work for the development of trade with France. There are 4,500 CCEF, entrepreneurs and international experts, and they have been promoting France's development for more than 120 years. Present in every region of France and in more than 150 countries, the CCEF are active in 30 economic sectors in Turkey.

The CCEF carry out concrete actions on a daily basis in partnership with public and private players who have a role in promoting and supporting the internationalisation of French companies. Appointed by the Prime Minister, the CCEF are vested with four missions by the public authorities:

- They support businesses in their international development either through the long-term monitoring of structured projects or by providing operational advice or facilitating relationships. They also contribute to the modernisation of the support mechanism for foreign trade.
- They raise young people's international awareness by passing on their experiences at higher education institutions or by sharing know-how in the context of specific actions.
- They inform decisions by public authorities through their regular participation in strategic council meetings of the government and the regions and through their interaction with embassies, with which they share their analyses, opinions and recommendations on international trade and specific market issues.
- They promote France's assets and facilitate investment decisions through their contacts with business leaders and the economic authorities in the countries where they operate.

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# BUSINESS FRANCE

## *Turkey Office*

Business France is the national agency supporting the international development of the French economy. It is responsible for fostering export growth by French businesses as well as promoting and facilitating international investment in France. It promotes France's companies, business image and nationwide attractiveness as an investment location, and also runs the VIE international internship programme.

Business France has a total of 1,420 personnel located in France and in its 75 offices throughout the world. Its office in Turkey is located in Istanbul.

The key roles of Business France's office in Turkey are as follows:

- To foster export growth by small and medium-sized companies: The office prepares businesses and helps them to find commercial partners in target markets, paving the way for them to sign trading agreements and generate sustainable export growth.
- To inform and support foreign investors in France: The office assists foreign investors in decision making and supports them in all stages of their projects. To this end, it calls not only on Business France's own investment advisors but also on its network of regional partners.
- To monitor and promote France's companies, its business image and its attractiveness as an investment location. It contributes to the development and implementation of strategies to promote France and its regions, businesses and talent, and disseminates information about these to the international business community by means of all the most influential channels.

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## CCIFT

*French-Turkish Chamber of Commerce*

The French-Turkish Chamber of Commerce (CCIFT) is a fully independent, self-financed entity established in 1885 under Turkish law. The CCIFT has been one of the main French institutional players in the development of bilateral economic relations between France and Turkey. Historically, it is the second oldest bilateral chamber in Turkey. It is also one of the five oldest French chambers abroad and a founding member of CCI France International, the international network of French chambers of commerce.

Through its expansive network, the CCIFT brings French and local companies together and acts as the spokesperson for the French-Turkish business communities in Turkey. The CCIFT facilitates business by connecting entrepreneurs and executives, exchanging information and providing supporting business services through its own Business Centre. It also enhances business diplomacy in conjunction with major Turkey-based French companies that contribute to bilateral trade.

By June 2021, the total number of members had reached 400. One-third of these are French companies based in Turkey. These represent nearly two-thirds of the total French foreign direct investment in Turkey. The Chamber offers a wide range of business development services to French companies, including smart office solutions, virtual offices, professional management services and assistance in finding local suppliers in Turkey.

The French-Turkish Chamber of Commerce also encourages mutual investments. It promotes the Turkish market among French companies and their organisations in France (such as chambers of industry and professional federations). Its operational flexibility enables it to provide tailor-made services to businesses and hence to leverage and stimulate economic activity and trade.

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## AFD

*French Development Agency*

The AFD Group is the main French public institution in charge of technical and financial development cooperation. It provides financial support to public entities, including public banks, municipalities and line ministries, for the implementation of large projects with major socioeconomic and environmental impacts and high climate co-benefits. AFD's subsidiary Proparco is more specifically in charge of the financing of the private sector, including banks, corporations and stand-alone projects.

The work of the AFD contributes to low-carbon growth and convergence towards the best international standards, particularly European standards, in a variety of fields. The Group has been operating in Turkey since 2004 and has offices in both Istanbul and Ankara.

The range of the AFD's activities includes: sustainable urban development through infrastructure financing (transport, solid waste, water, sanitation); bank credit lines for businesses and individuals (renewable energy and energy efficiency, gender equality in the workplace, greenhousing); public policy loans for forest preservation and development; agribusiness projects; public-private partnership hospital investments (via Proparco), and support to the provinces most affected by the influx of Syrian refugees in the framework of the EU facility for refugees in Turkey.

The AFD also mobilizes a limited volume of grants to strengthen technical cooperation between Turkey and France. In addition, it contributes to the implementation of funds from the European Union Refugee Facility in Turkey in the areas of urban and health infrastructure. The Istanbul office hosts the headquarters of the Regional Directorate for the Balkans, Turkey, the Caucasus and Central Asia.

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## APPENDIX: **CONTRIBUTIONS IN SELECTED SECTORS**



## AUTOMOTIVE

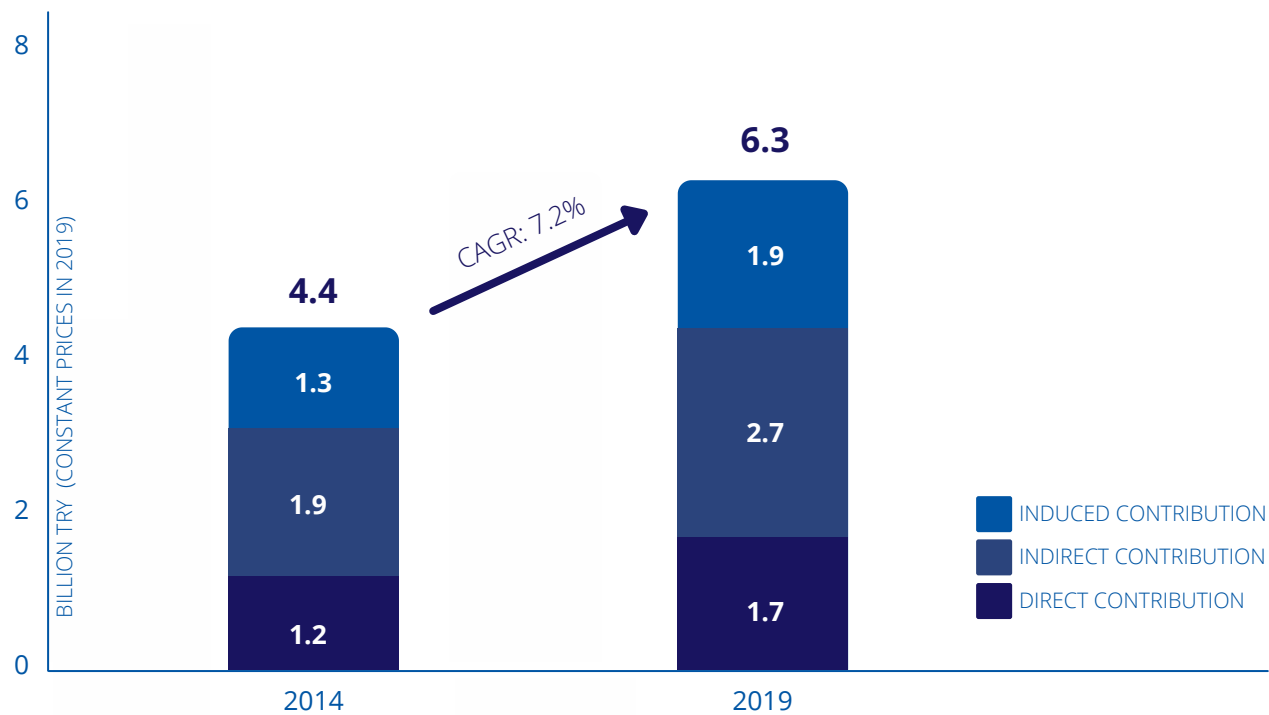
Twenty-seven French or Franco-Turkish companies operating in the automotive sector responded to the survey, including the manufacturer Oyak Renault which started operating in the country in 1969, leading to the arrival of several equipment suppliers (1/3 of the total) in Turkey, subsequently reinforced in the 2000s (the remaining 2/3).

Oyak Renault dominates Turkey’s passenger vehicle production (36%) as well as its exports (35.5%). All sectors combined, it is the third largest company in Turkey in terms of turnover and the third largest exporter (80% of its production). In 2020, the company ranked first in passenger vehicle sales.

Predominantly composed of large companies (45%), almost the entire sector (93%) operates on a B2B model. With nearly 15,000 direct employees (+30% in 5 years), the French and Franco-Turkish automotive sector in Turkey generated at least EUR 2 billion in turnover in 2019, versus at least EUR 1.75 billion in 2014, an increase of 19% in five years.

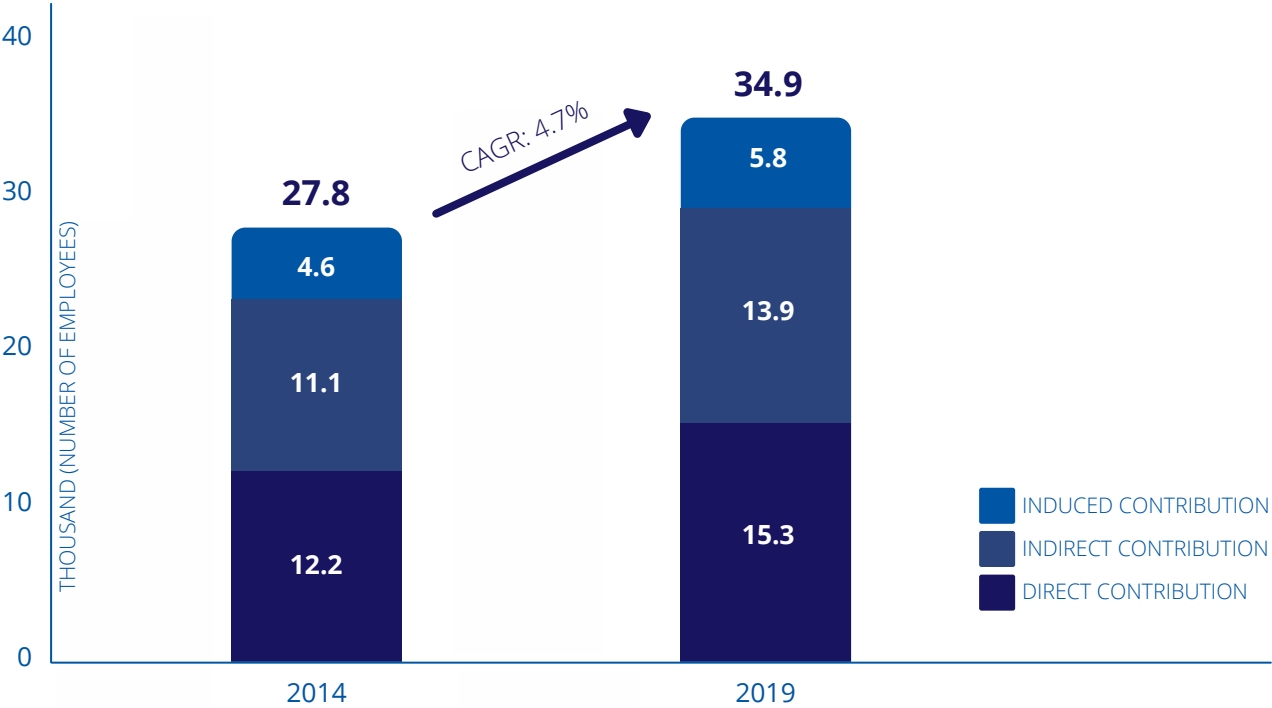
Taking into account direct, indirect and induced impacts, the automotive sector had a total contribution of TRY 6.3 billion in gross value added and 34,900 jobs in Turkey in 2019.

**FIGURE 6: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE AUTOMOTIVE INDUSTRY TO GVA IN TURKEY**





**FIGURE 7: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE AUTOMOTIVE INDUSTRY TO EMPLOYMENT IN TURKEY**



The sector is as well rooted in the country's industrial production as in its exports. In fact, two-thirds of companies have at least one production facility in Turkey and 45% of French and Franco-Turkish companies in this field declare that they export (directly) more than 30% of their turnover. Moreover, a large proportion of the remaining companies supply to manufacturers who produce locally and mainly for export.

Having made nearly EUR 787 million worth of investments and reinvestments between 2014 and 2019, the French and Franco-Turkish automotive sector plans to invest at least EUR 235 million over the next three years.

## HEALTH AND COSMETICS

Out of 21 French or Franco-Turkish companies in the health and cosmetic industry that responded to the survey, more than two-thirds settled or became affiliated to a French company in Turkey after 2000 (the most recent in 2018).

With 275 different types of products in 16 main treatment areas, Sanofi Turkey is Turkey's oldest (1957) and leading pharmaceutical company. With its 445 million box production capacity, Sanofi

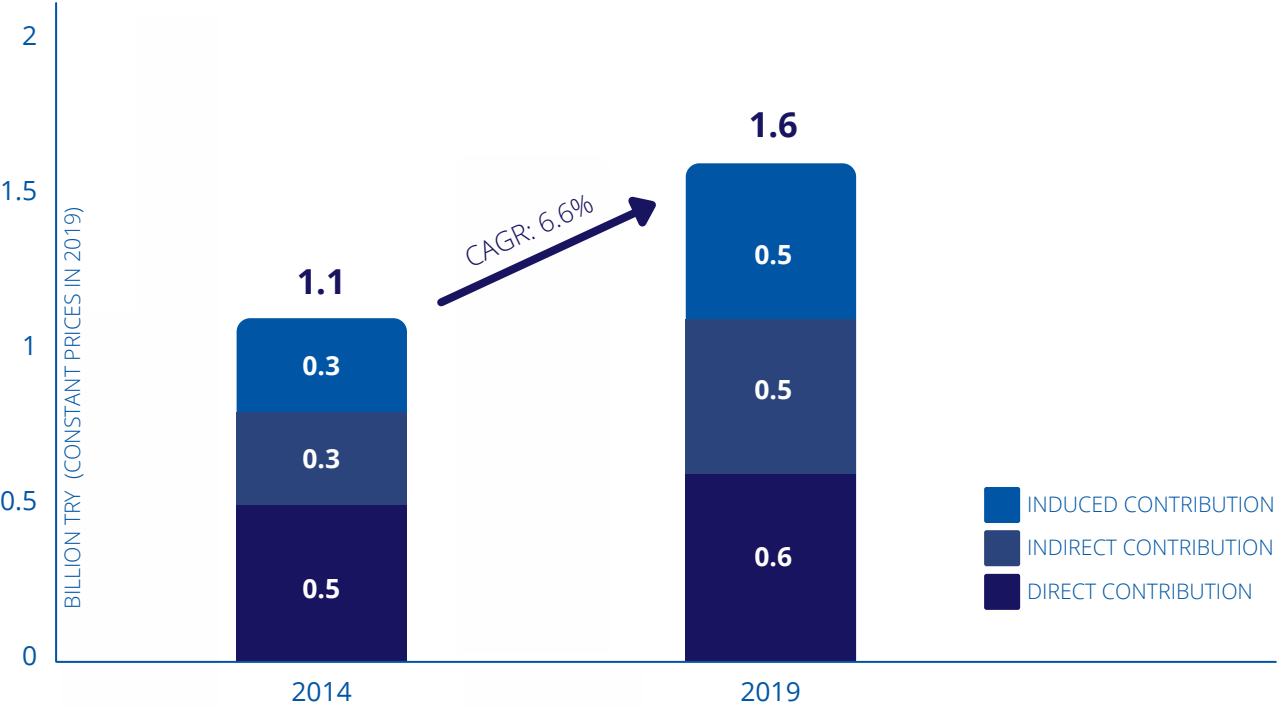
owns Turkey's largest pharmaceutical production facility. This facility is one of the top three Sanofi production facilities in the world. Sanofi Pasteur has sustainably supplied flu vaccine to Turkey over the years, even amid the COVID-19 pandemic, and was the only supplier for many years.

Operating mainly on a B2B (57%) business model, the French or Franco-Turkish companies in the sector employed nearly 6,000 people directly in 2019 (+22% in 5 years) and 62% of the companies in the sector reported having more than 40% women in their workforce.

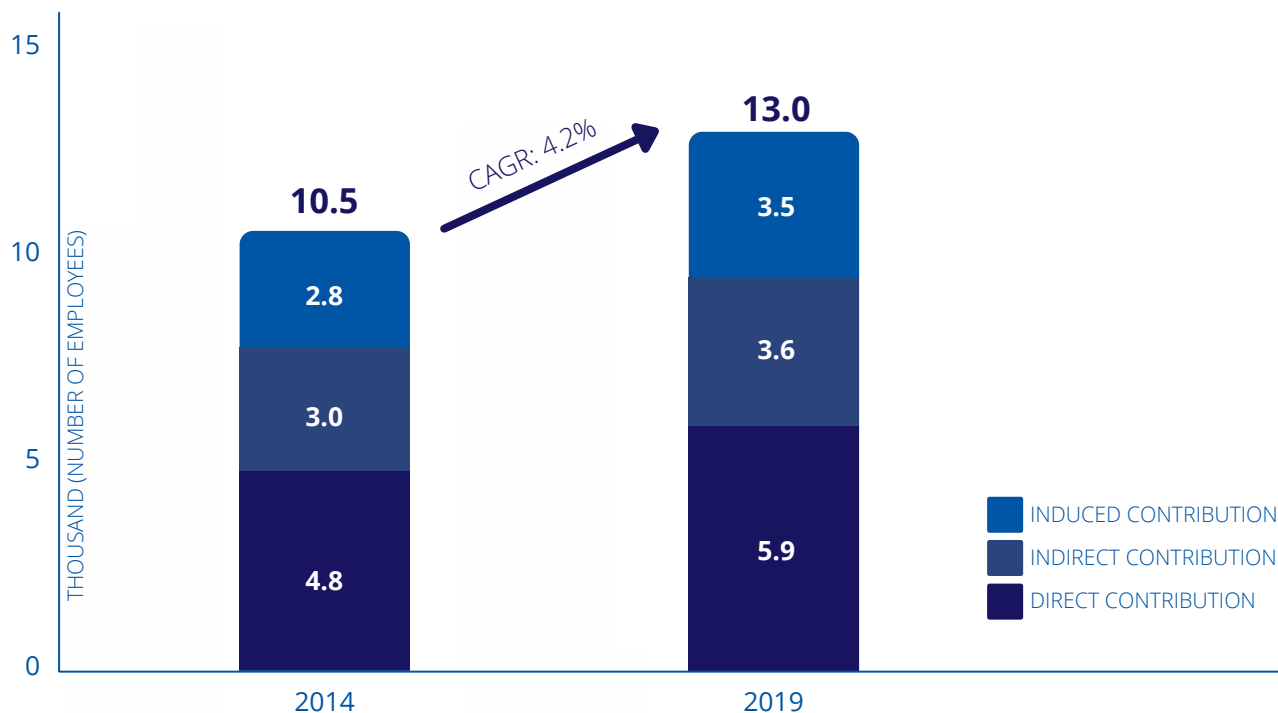
With a little more than half of the companies having a facility in Turkey, the French and Franco-Turkish companies in the sector generated at least EUR 922 million of turnover in 2019, compared to at least EUR 650 million in 2014, an increase of 42% in five years. Half of the companies (52%) declare that they make part of their revenues from exports, including 36% which derive more than 10% of their turnover in this way.

In total, taking into account the direct, indirect and induced impacts, the French and Franco-Turkish health and cosmetics sector brought an added value of TRY 1.6 billion and 13,000 jobs to the Turkish economy in 2019.

**FIGURE 8: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE HEALTH AND COSMETICS INDUSTRY TO GVA IN TURKEY**



**FIGURE 9: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE HEALTH AND COSMETICS INDUSTRY TO EMPLOYMENT IN TURKEY**



Between 2014 and 2019, companies in the sector have made at least EUR 170 million worth of investments or reinvestments and plan to invest nearly EUR 80 million over the next three years.

## AGRI-FOOD

Twenty-six French or Franco-Turkish agri-food companies in Turkey, including eight large companies, responded to the survey, 80% of which became affiliated to a French entity after 2000.

The total number of people directly employed by French and Franco-Turkish companies in the sector almost doubled (+78.5%) between 2014 and 2019, amounting to nearly 20,000 in 2019. The turnover generated by the companies surveyed in the sector surpassed EUR 1.35 billion (versus EUR 947 million in 2014), which represents an increase of 43% over 2014.

Considering its direct, indirect and induced impacts, the sector made a contribution of TRY 8.2 billion in gross value added and 45,400 jobs to the Turkish economy in 2019.

While half of the companies have a production facility in Turkey, more than one-third (38%) declare that they make part of their revenues from exports.

FIGURE 10: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE AGRI-FOOD INDUSTRY TO GVA IN TURKEY

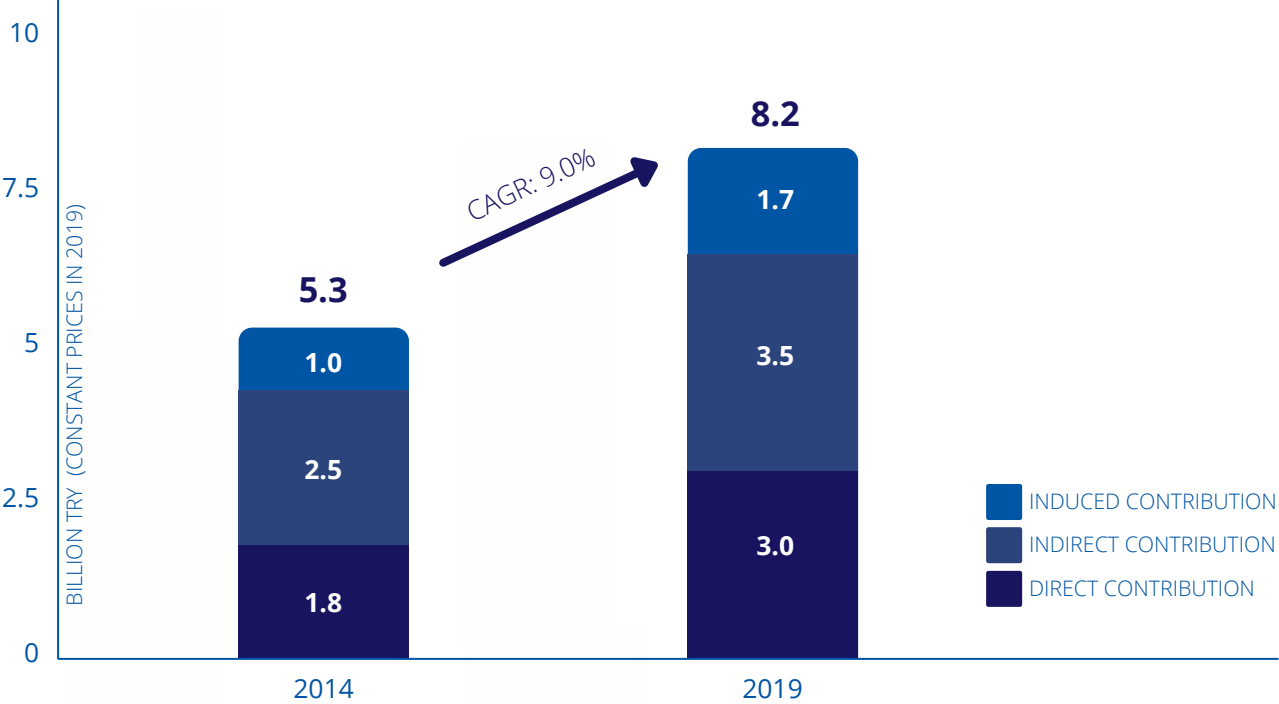
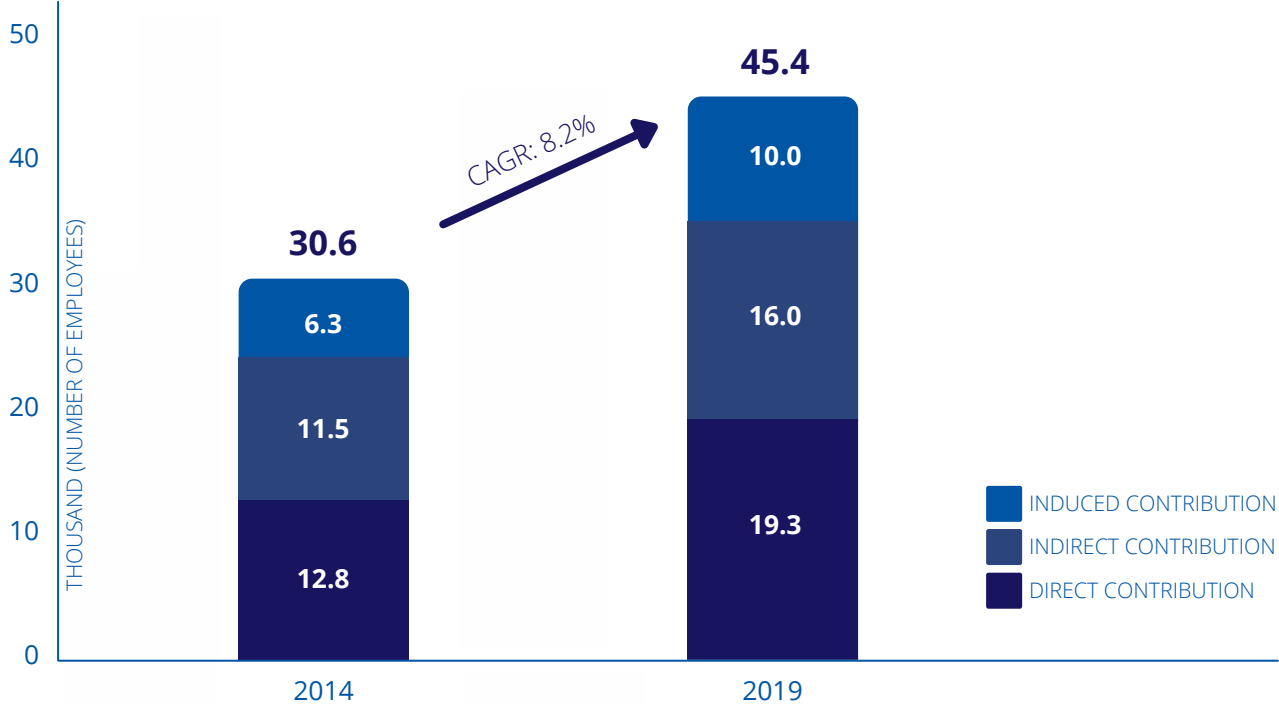


FIGURE 11: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE AGRI-FOOD INDUSTRY TO EMPLOYMENT IN TURKEY



The French and Franco-Turkish agri-food sector remains a growing and innovative sector in the Turkish economy. Indeed, all companies declared having dedicated at least a share of their turnover to R&D between 2014 and 2019, with 30% of them spending more than 5% of their turnover. Moreover, while the sector has made at least EUR 436 million worth of investments or reinvestments between these five years, it is planning to invest at least EUR 169 million over the next three years in Turkey.

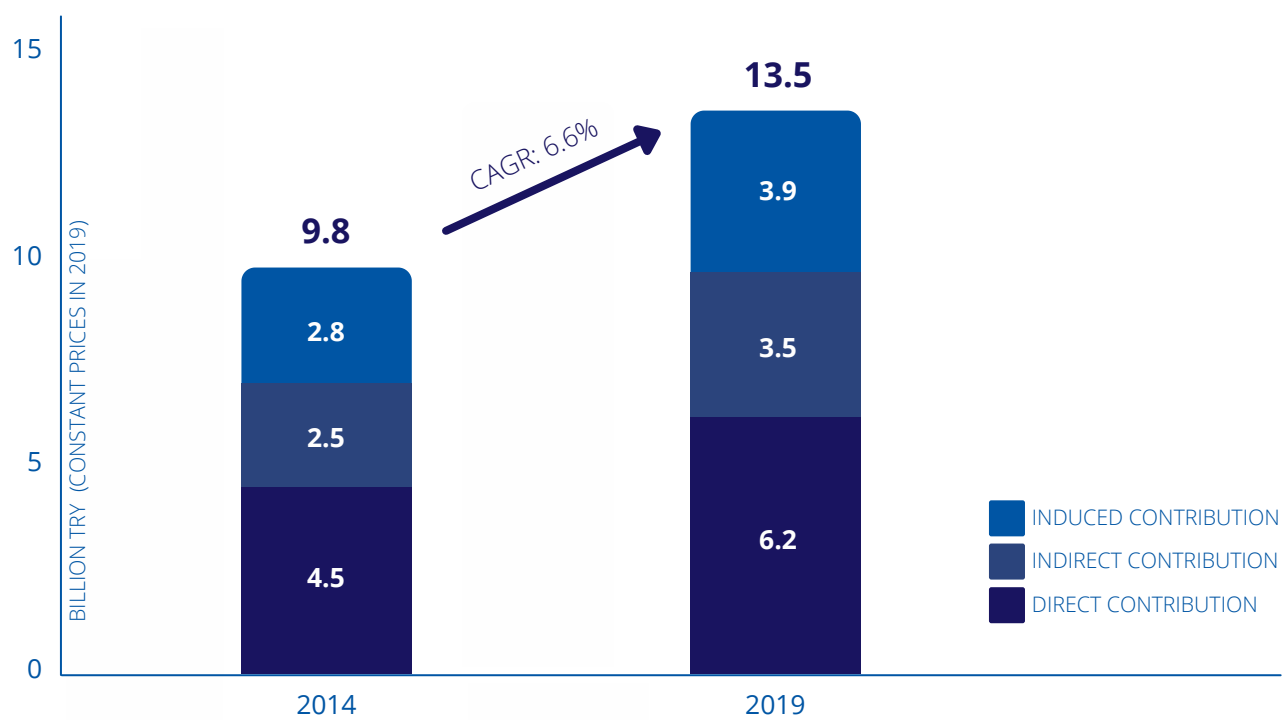
## TOURISM AND TRANSPORTATION

According to the survey, the sector is composed of at least 26 companies in Turkey. More than 80% of the companies were established or became affiliated to a French entity after 2000, the majority after 2010.

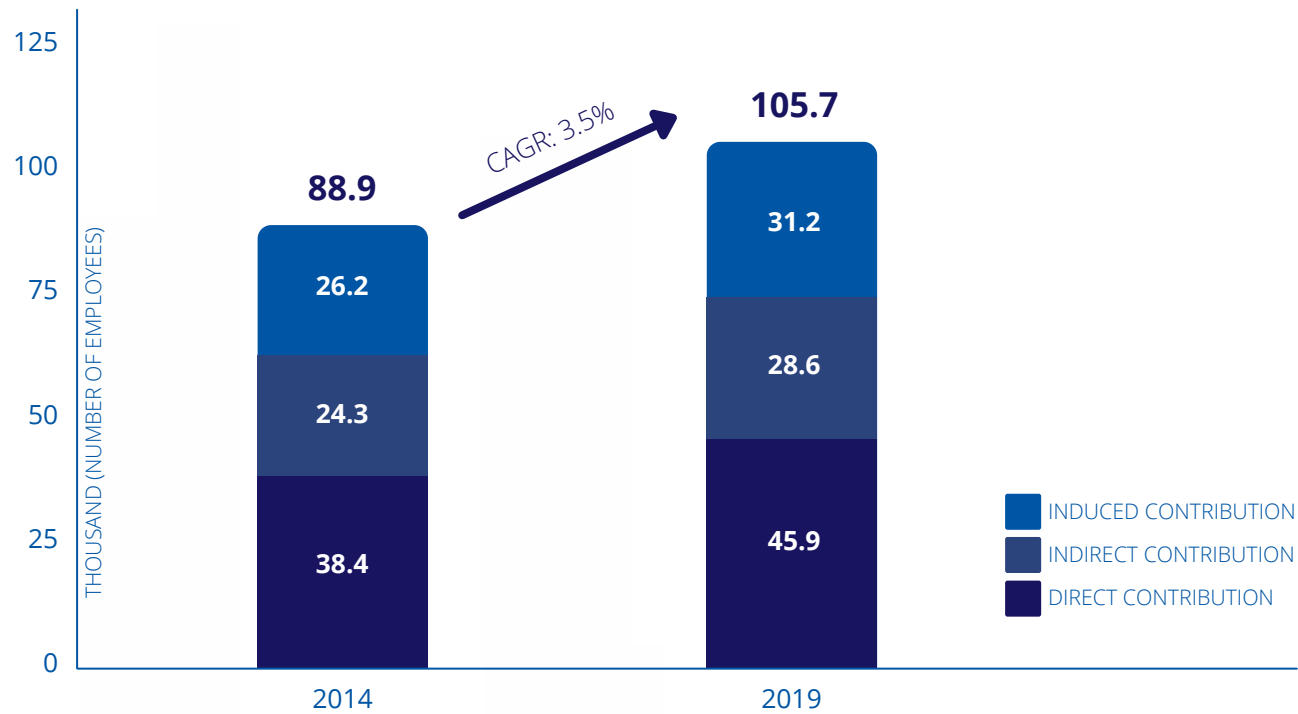
A key sector of the Turkish economy, it is composed mainly (more than 70%) of large companies and directly employed a total of nearly 50,000 people in 2019. In 2019, French and Franco-Turkish tourism and transportation companies generated at least EUR 2.5 billion in turnover in Turkey compared to EUR 1.75 billion in 2014, an increase of 15% in five years.

In total, taking into account direct, indirect and induced impacts, the sector made a contribution of TRY 13.5 billion in gross value added and 105,700 jobs in Turkey in 2019.

**FIGURE 12: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE TOURISM AND TRANSPORTATION INDUSTRY TO GVA IN TURKEY**



**FIGURE 13: CONTRIBUTION OF THE FRENCH AND FRANCO-TURKISH COMPANIES IN THE TOURISM AND TRANSPORTATION INDUSTRY TO EMPLOYMENT IN TURKEY**



Of the tourism and transportation companies included in the research, 42% report that their office in Turkey is responsible for activities in other countries, especially in the MENA region and the Caucasus. Nearly 40% of companies report generating more than 50% of their revenues from exports in 2019.

Composed exclusively of companies allocating a share of their turnover to R&D investments, the sector has made more than EUR 1.7 billion of investments and reinvestments in Turkey between 2014 and 2019 and plans to invest at least EUR 164.5 million in Turkey over the next three years.





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