

Türkiye's Defense & Aerospace Sector

2026

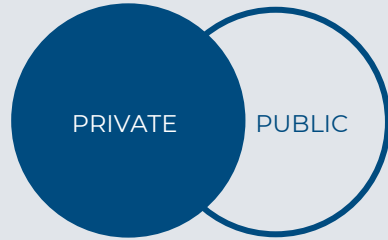


PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT &
FINANCE OFFICE**

nexus
OF THE WORLD

Invest in Türkiye

ASSIST YOU BEFORE, DURING AND AFTER YOUR ENTRY INTO TÜRKİYE



PRIVATE SECTOR APPROACH
WITH PUBLIC SECTOR CAPABILITIES



A GOVERNMENTAL AGENCY
REPORTING TO THE PRESIDENT



ACTING AS A
SOLUTION PARTNER



CUSTOMIZED
CONSULTING



BUSINESS
FACILITATION



TAILOR-MADE
DELEGATION
VISITS



PARTNERSHIP
DEVELOPMENT
ASSISTANCE



COORDINATION WITH
STAKEHOLDERS



SITE SELECTION
SUPPORT



PROJECT LAUNCH



ONGOING SUPPORT

Agenda



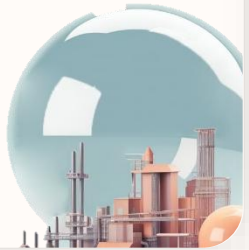
Investment Environment



Defense Industry



Aerospace Industry



Incentive Mechanism



INVESTMENT ENVIRONMENT

DOMESTIC + ACCESSIBLE MARKETS

Customs Union with the EU allows direct access to the EU Market



FTAs with 30 countries



STRATEGIC LOCATION



Hub for multinationals to manufacture, export and manage

Working Hours
Intersect with
16 Time Zones

PROXIMITY TO MAJOR MARKETS
1.3 billion people and \$26T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects you to 340 destinations in 129 countries

MANUFACTURING & EXPORT HUB FOR MULTINATIONALS

MANAGEMENT HUB FOR MULTINATIONALS



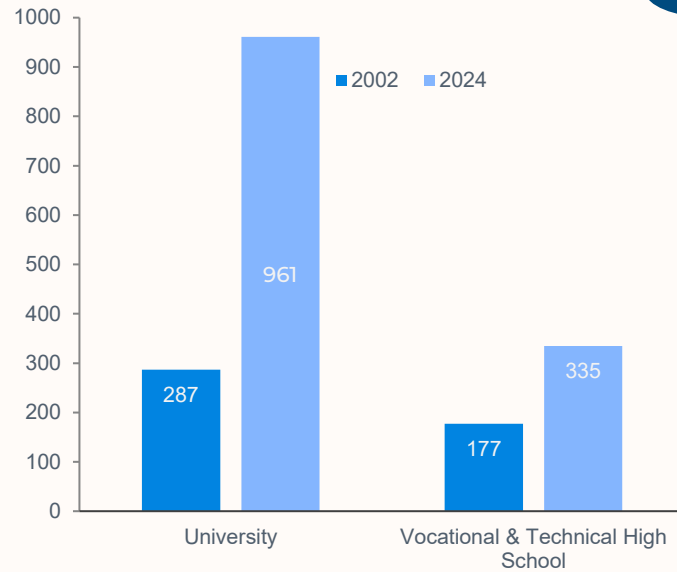
SKILLED AND COMPETITIVE LABOR FORCE



Upgraded education system to enable a skilled labor pool and address business requirements

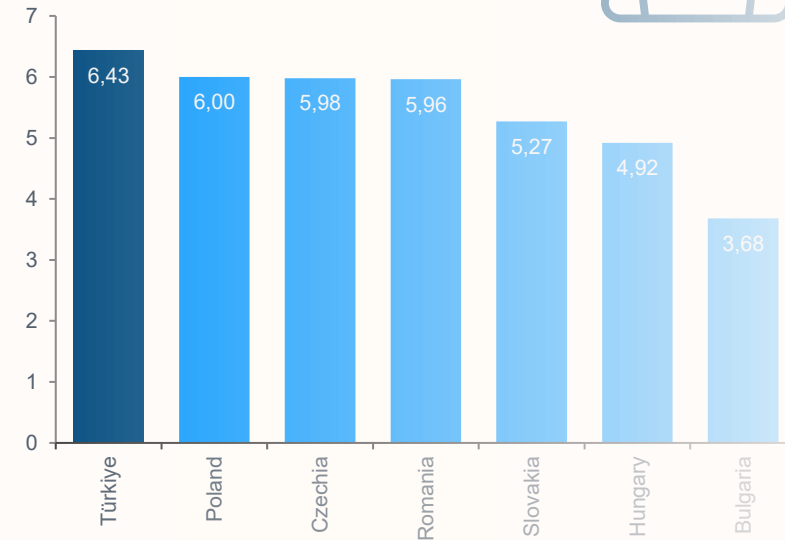
Annual Number of Graduates

(Thousands)



Availability of Skilled Labor Force

(10=Available; 0=Unavailable, 2023)



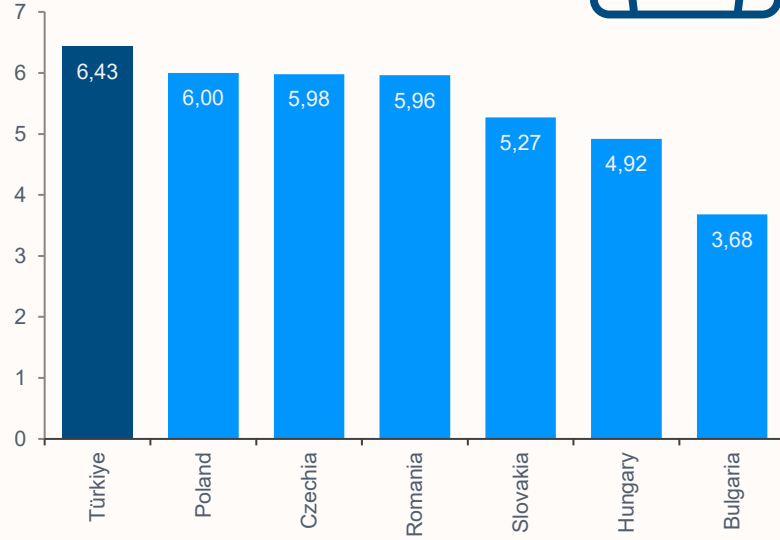
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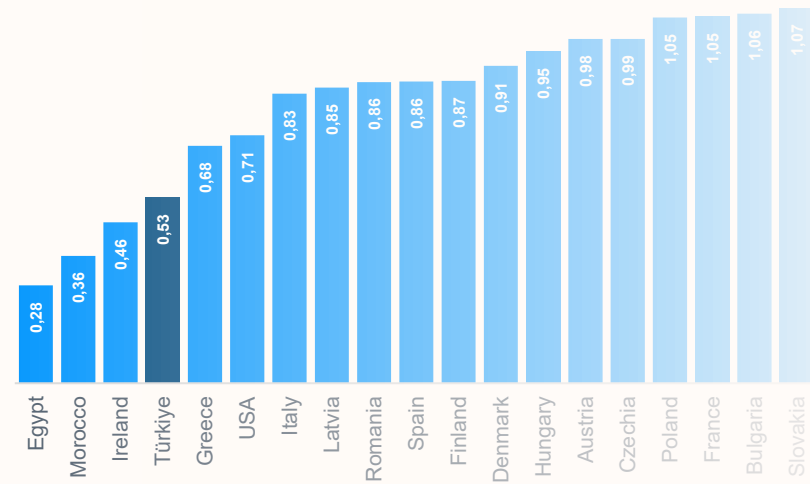
Availability of Skilled Labor Force

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Productivity VS Wages

(Yearly Wage / Productivity, %, 2023)



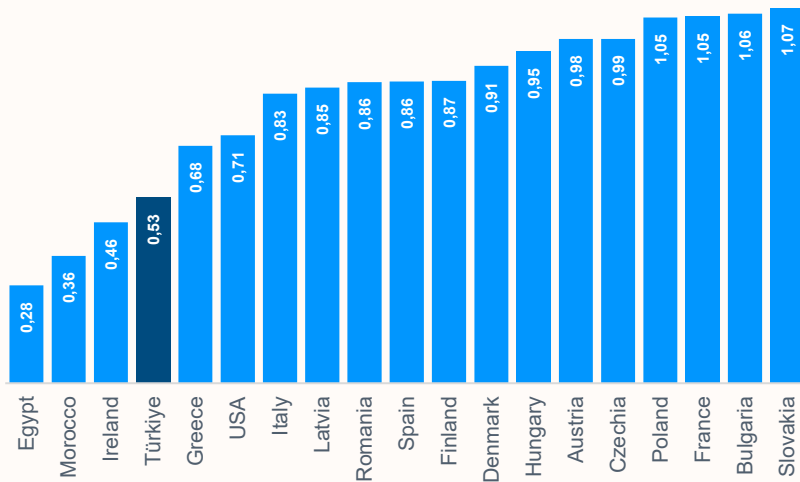
SKILLED AND COMPETITIVE LABOR FORCE



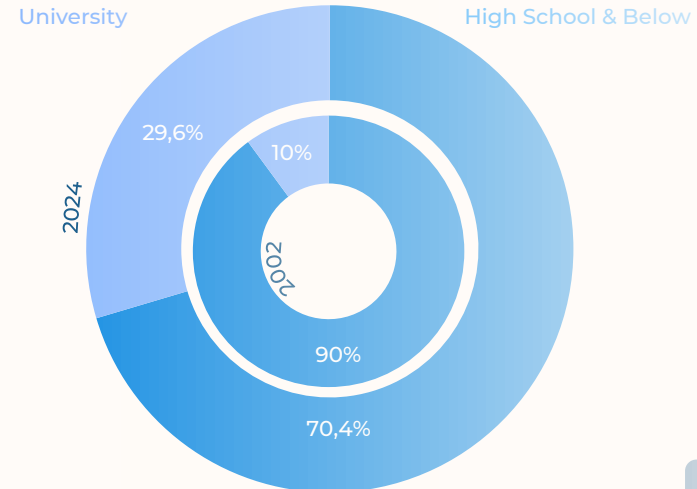
Upgraded education system to enable a skilled labor pool and address business requirements

Productivity VS Wages

(Yearly Wage / Productivity, %, 2023)



Labor Force By Education Level

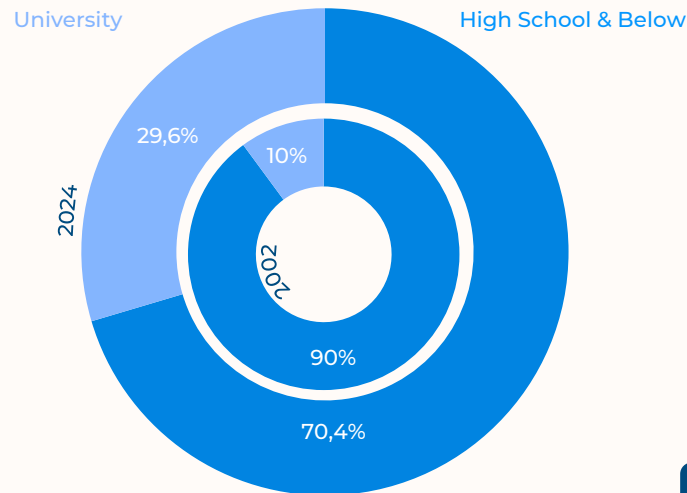


SKILLED AND COMPETITIVE LABOR FORCE



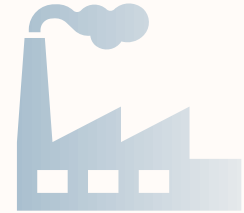
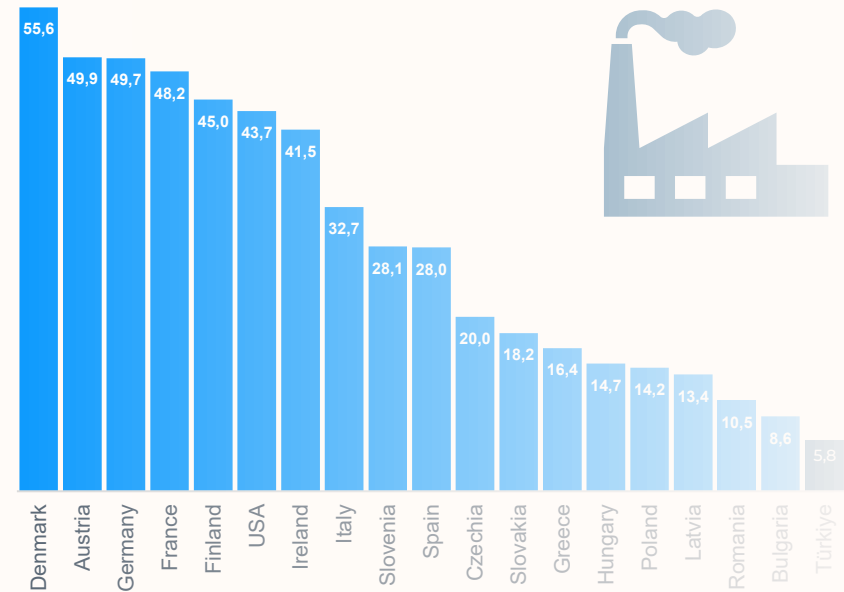
Upgraded education system to enable a skilled labor pool and address business requirements

Labor Force By Education Level



Labor Cost Per Hour In Manufacturing

(Hourly wage, 2023)



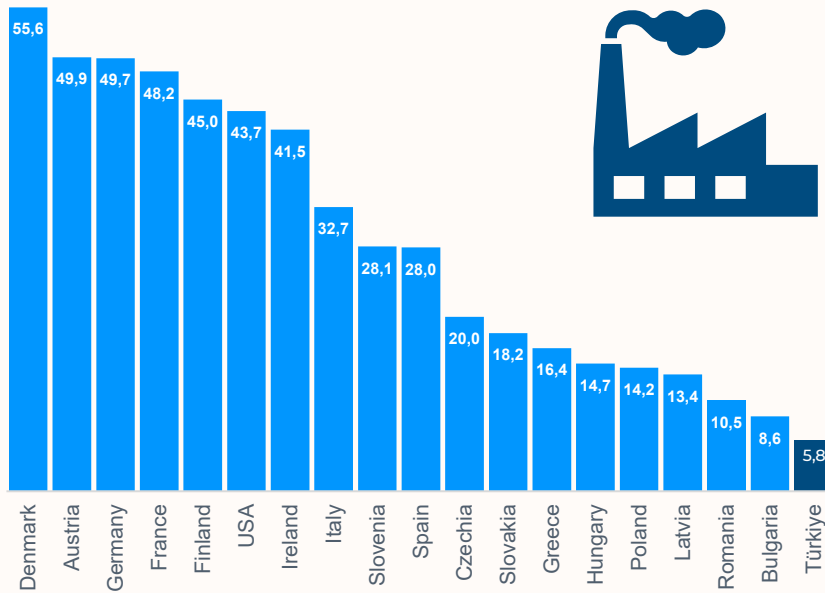
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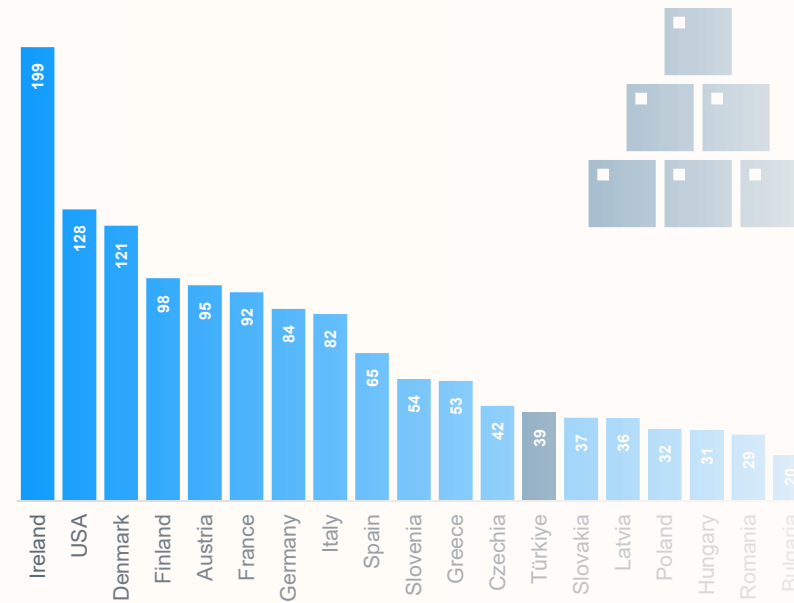
Labor Cost Per Hour In Manufacturing

(Hourly wage, 2023)



Labor Productivity

(Yearly, Thousands)



Source: Ministry of National Education, Council of Higher Education, Turkstat, IMD World Competitiveness Yearbook Executive Opinion Survey based on an index from 0 to 10, Eurostat, ILO
 * Most countries' data is as of 2023. For those whose data has not been published yet by ILO, 2022 data have been used. Türkiye's data is for 2023.

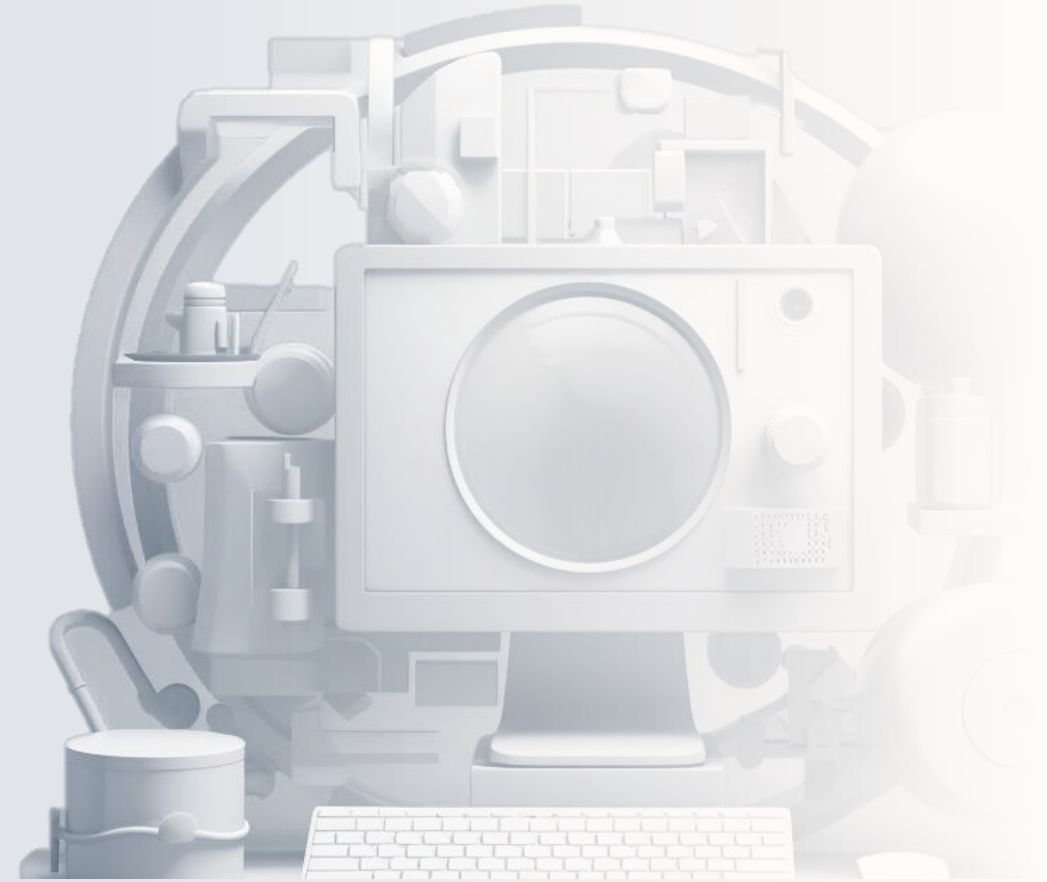
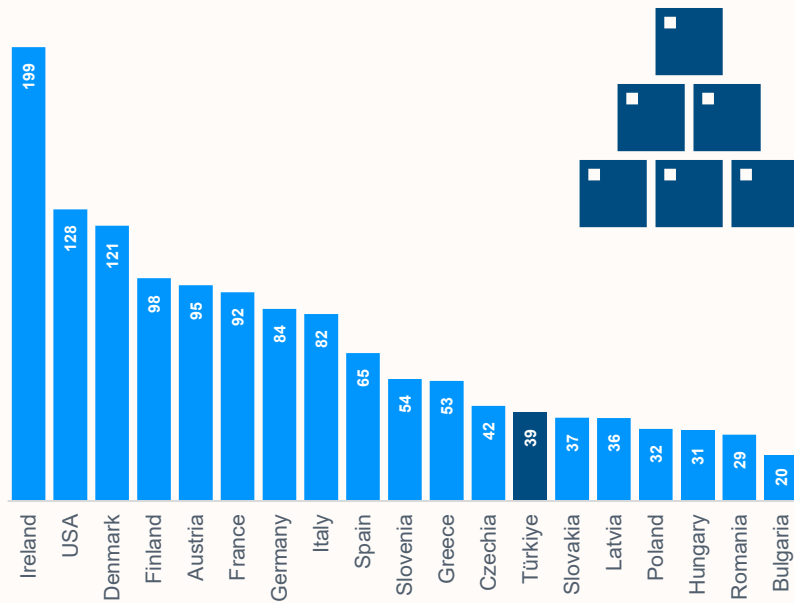
SKILLED AND COMPETITIVE LABOR FORCE



Upgraded education system to enable a skilled labor pool and address business requirements

Labor Productivity

(Yearly, Thousands)



Agenda



**Investment
Environment**



**Defense
Industry**



**Aerospace
Industry**



**Incentive
Mechanism**



TURKISH DEFENSE INDUSTRY



Turkish defense industry has important advantages with a globally-competitive edge



DEVELOPMENT OF THE DEFENSE INDUSTRY



Turkish defense industry has been undergoing a profound transformation from solely procurement to design and manufacture





DEFENSE AND AEROSPACE CLUSTERS

There are 10 clusters and more than 3,500 firms involved in defense and aerospace industry


SAHA ISTANBUL - İstanbul

 +1200
Members

The largest cluster among the EACP*. Provides business development among platforms and sub-tier suppliers.



OSSA - Ankara

 +250
Members

OSSA OSTIM focuses on increasing collaboration among member companies and suppliers.



HAB OIZ - Ankara

Located in Ankara Kazan, supports industrial zones and provides a platform for companies to collaborate and develop joint projects in the aviation and energy sectors.



TSSK - Ankara

 +100
Members

Established within METU Technopolis. Involves industry, and research institutions, working collaboratively on R&D projects.





DEFENSE AND AEROSPACE CLUSTERS

There are 10 clusters and more than 3,500 firms involved in defense and aerospace industry

HAB OIZ - Ankara

Located in Ankara Kazan, supports industrial zones and provides a platform for companies to collaborate and develop joint projects in the aviation and energy sectors.



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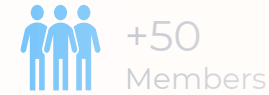
BASDEC - Bursa



Promoting competitive economic production and ensuring shared benefits for stakeholders.



ACA - Izmir



Aims to foster cooperation among institutional, academic, and individual members in engineering, design, and R&D.

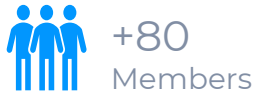




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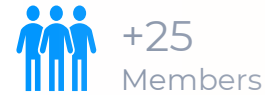
ACA - İzmir



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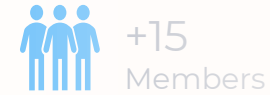
Eskişehir Aerospace Cluster - Eskişehir



The Eskişehir aerospace cluster aims to create collaborative environments among its members and stakeholders and produce joint projects.



Aegean Defense, Aerospace & Space Cluster - İzmir



Works to strengthen the regional defense industry and meet the needs of defense manufacturers.



DEFENSE AND AEROSPACE CLUSTERS



There are 10 clusters and more than 3,500 firms involved in defense and aerospace industry

Eskişehir Aerospace Cluster - Eskişehir



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Aegean Defense, Aerospace & Space Cluster - İzmir



Works to strengthen the regional defense industry and meet the needs of defense manufacturers.



Integrated Security, Health & Technology Cluster - Konya

Works to strengthen the regional defense industry and meet the needs of defense manufacturers.



DEFENSE AND AEROSPACE CLUSTERS



There are 10 clusters and more than 3,500 firms involved in defense and aerospace industry

Integrated Security, Health & Technology Cluster - Konya

Works to strengthen the regional defense industry and meet the needs of defense manufacturers.



SİLAH OIZ - Kırıkkale



Promoting competitive economic production and ensuring shared benefits for stakeholders.

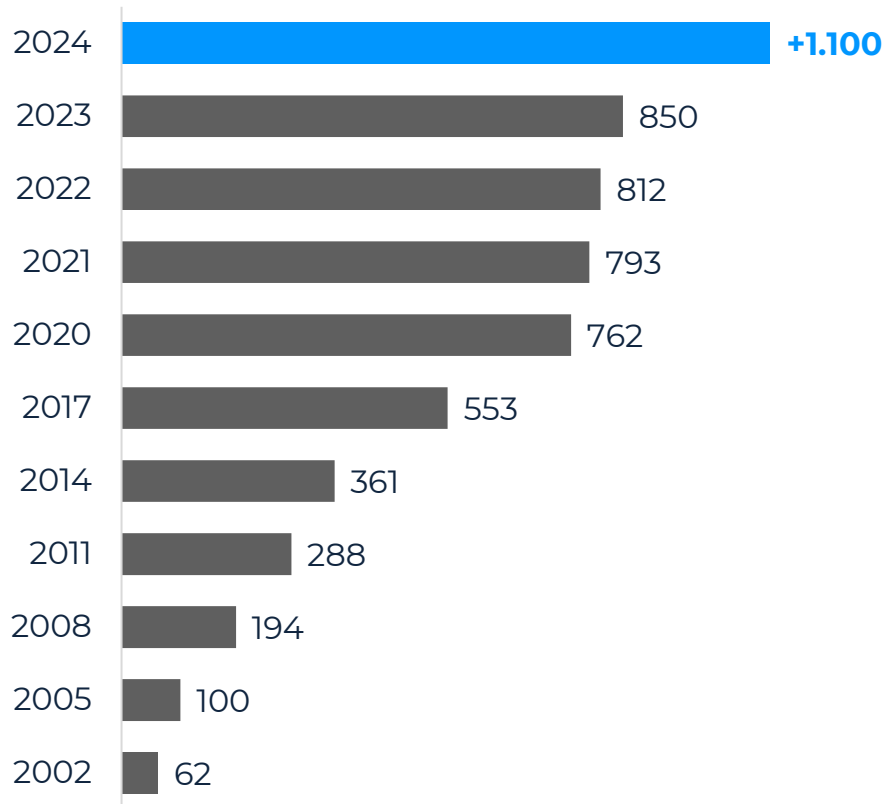




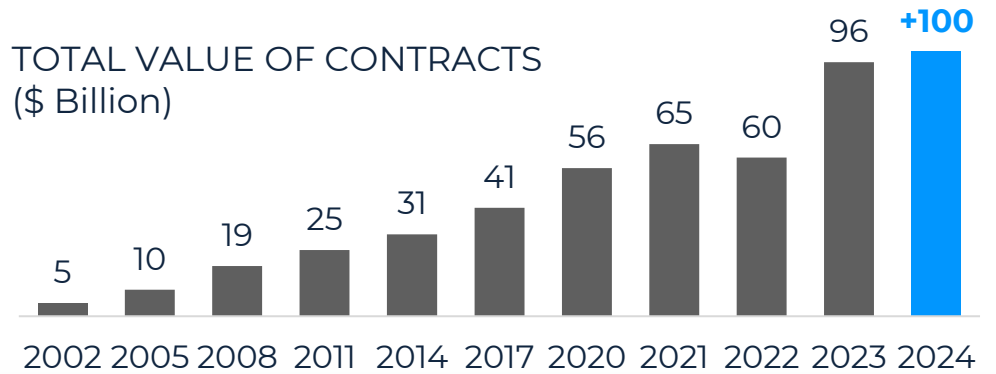
DEFENSE INDUSTRY PORTFOLIO

Türkiye's decisive policies have yielded significant results in the defense industry

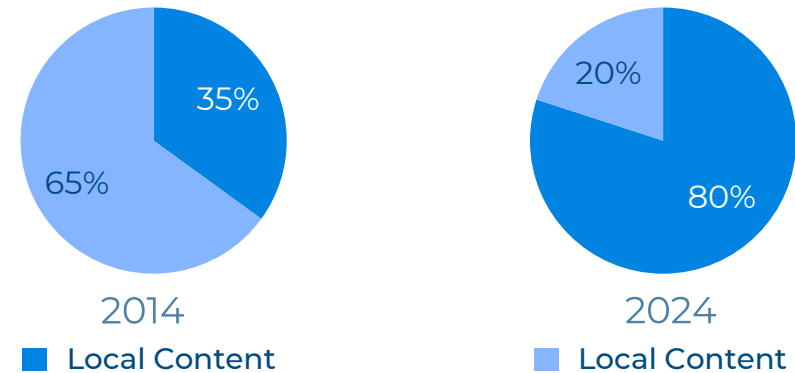
NUMBER OF DEFENSE PROJECTS (Project Count)



TOTAL VALUE OF CONTRACTS (\$ Billion)



LOCALIZATION RATE (Defense Industry, %)

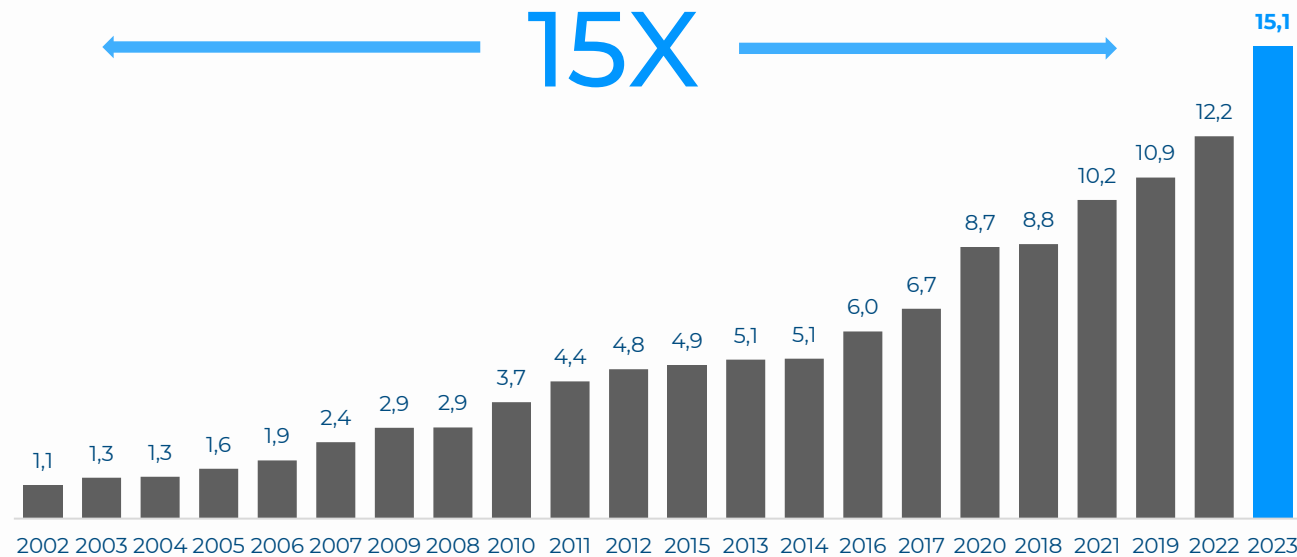




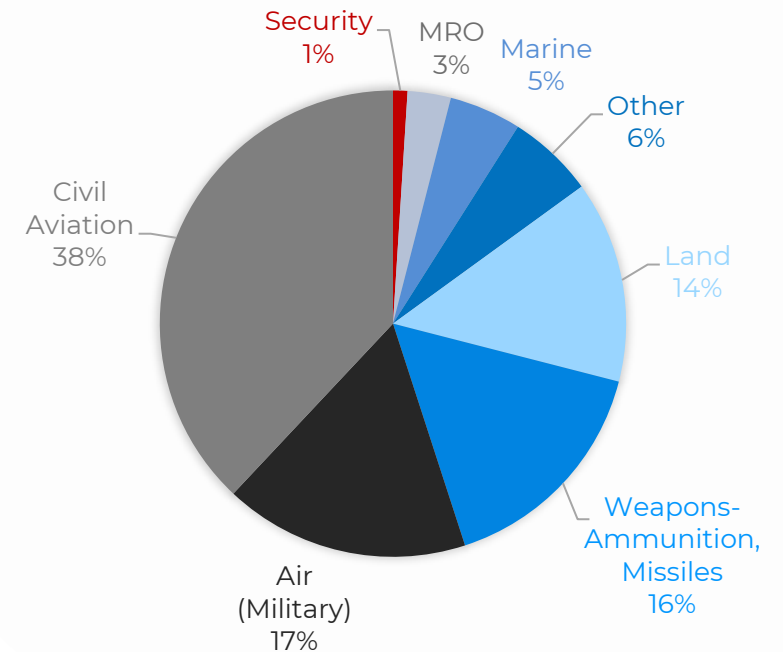
TURNOVERS OF DEFENSE AND AEROSPACE

In 2002, the defense and aerospace industry turnover was 1 billion USD; as of 2024, it has increased more than 15-fold, exceeding 15 billion USD.

DEFENSE AND AEROSPACE TURNOVER (\$ Billion)



REVENUES BY SEGMENT (PERCENTAGE, 2023)

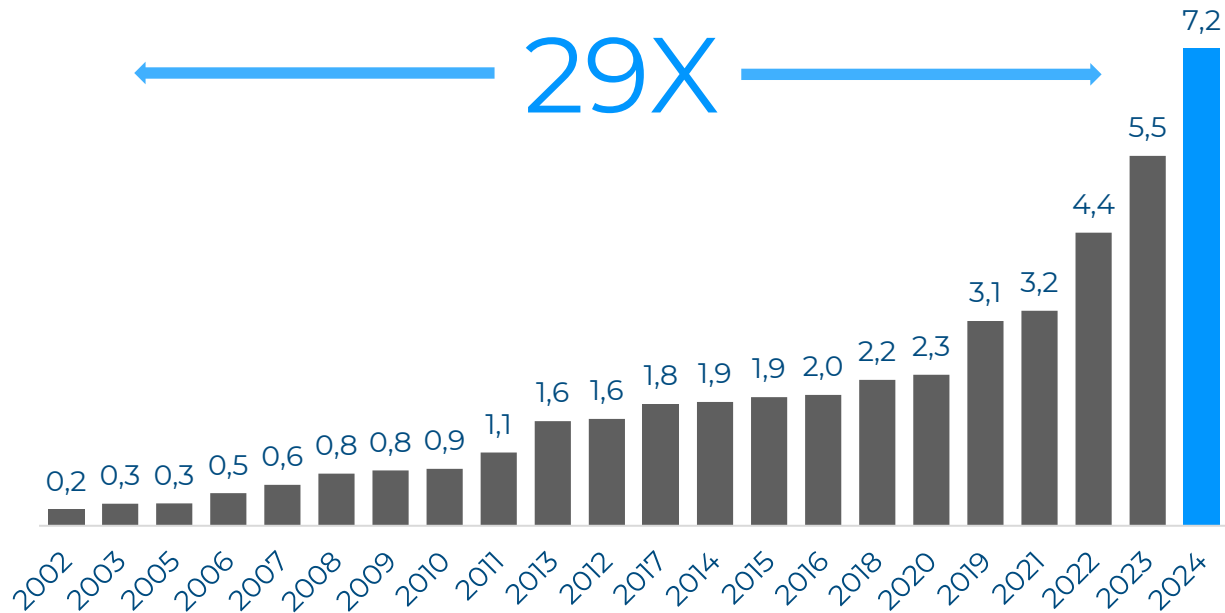




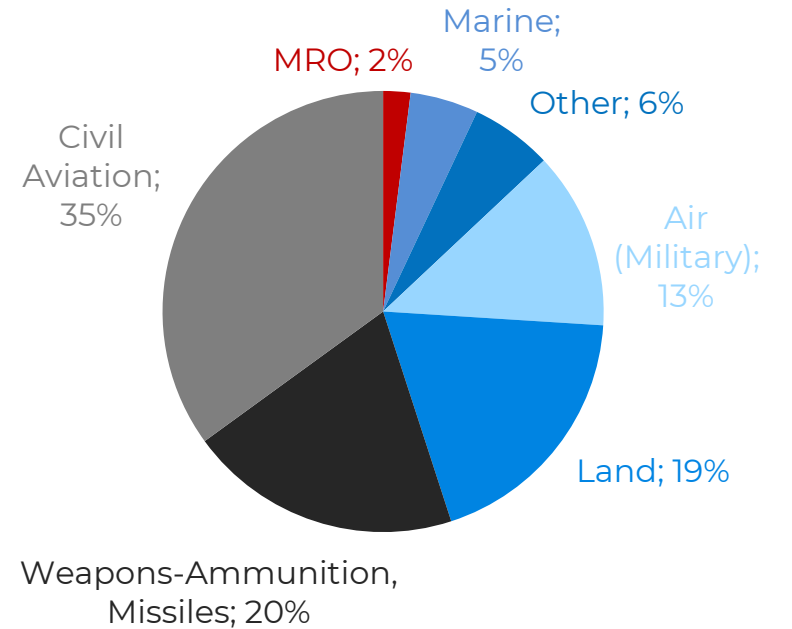
EXPORTS IN DEFENSE AND AEROSPACE

In 2002, the defense and aerospace export volume was only 248 million USD. By 2024, it had grown more than 29 times to reach 7.2 billion USD.

DEFENSE AND AEROSPACE EXPORTS
(\$ Billion)



EXPORTS BY SEGMENT
(Percentage, 2023)



Agenda



**Investment
Environment**



**Defense
Industry**



**Aerospace
Industry**



**Incentive
Mechanism**



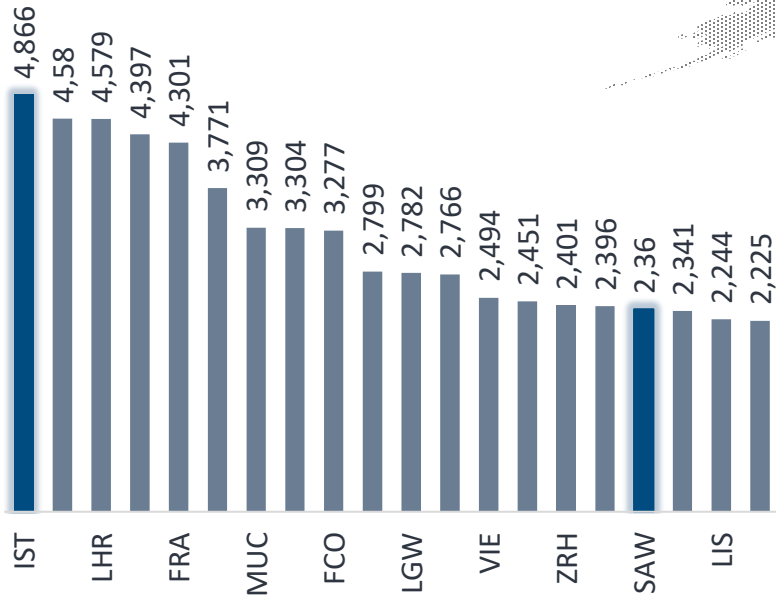
AVIATION CONNECTIVITY

THE AVIATION CENTER OF GRAVITY OF THE WORLD



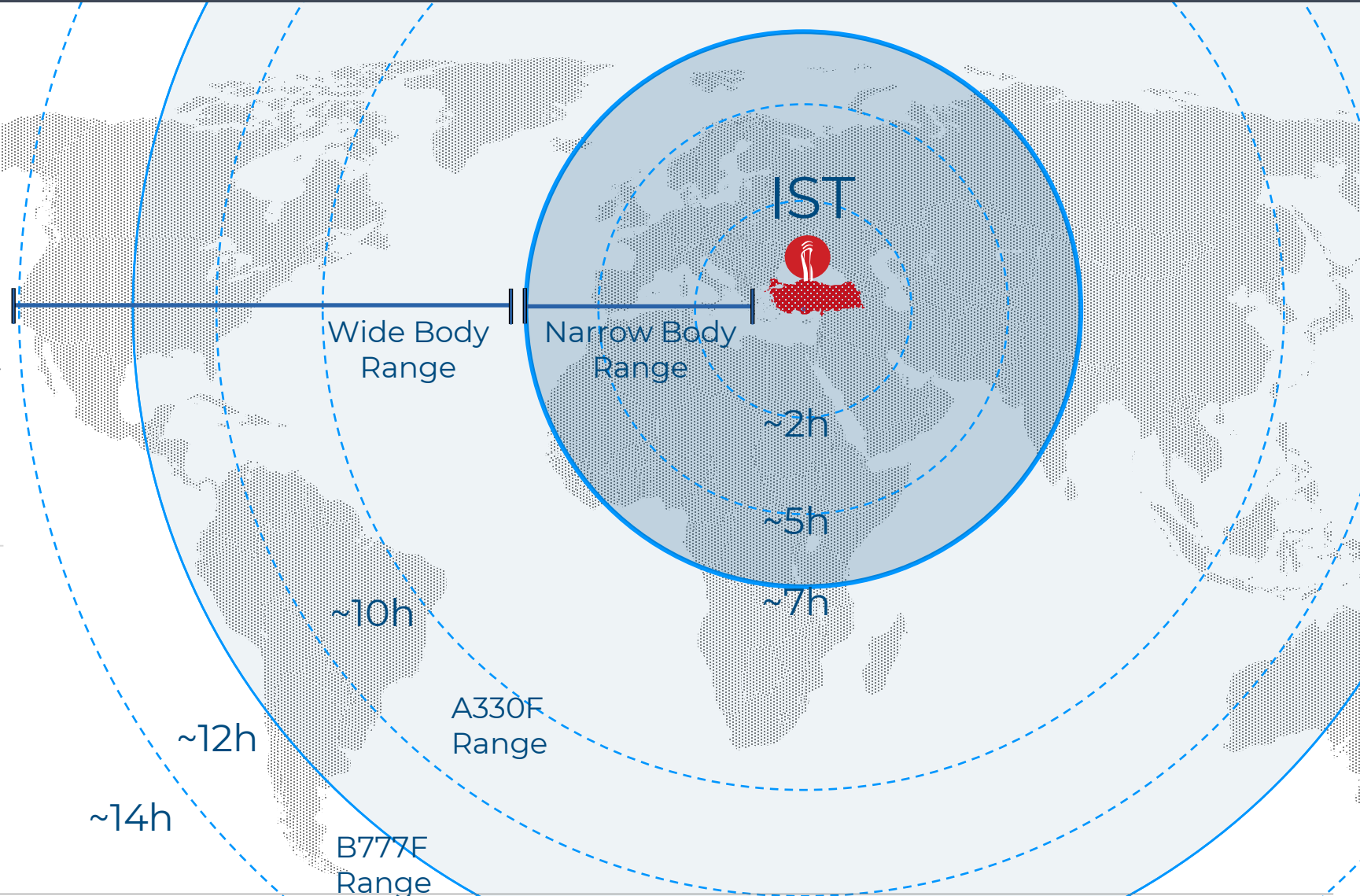
Direct Connectivity

(ACI Airport Connectivity Index, 2024)



- In 7-hours flight distance:
- 40% of World's aviation traffic
 - Over 60 capitals

- In 4-hours flight distance:
- \$30 Trillion economy





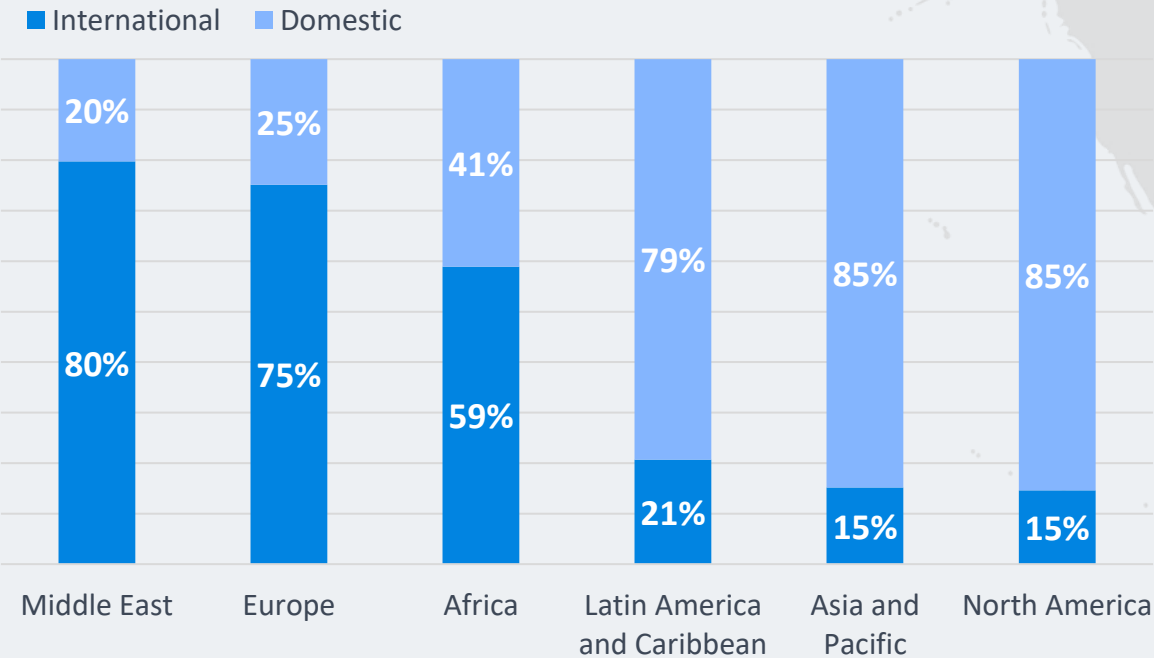
AVIATION CONNECTIVITY

Türkiye is the aviation center of gravity of the world

Türkiye is in the heart of the three regions kept their international mobility quite high

INTERNATIONAL-DOMESTIC PASSENGER TRAFFIC BY REGION

(% Share of International and Domestic)



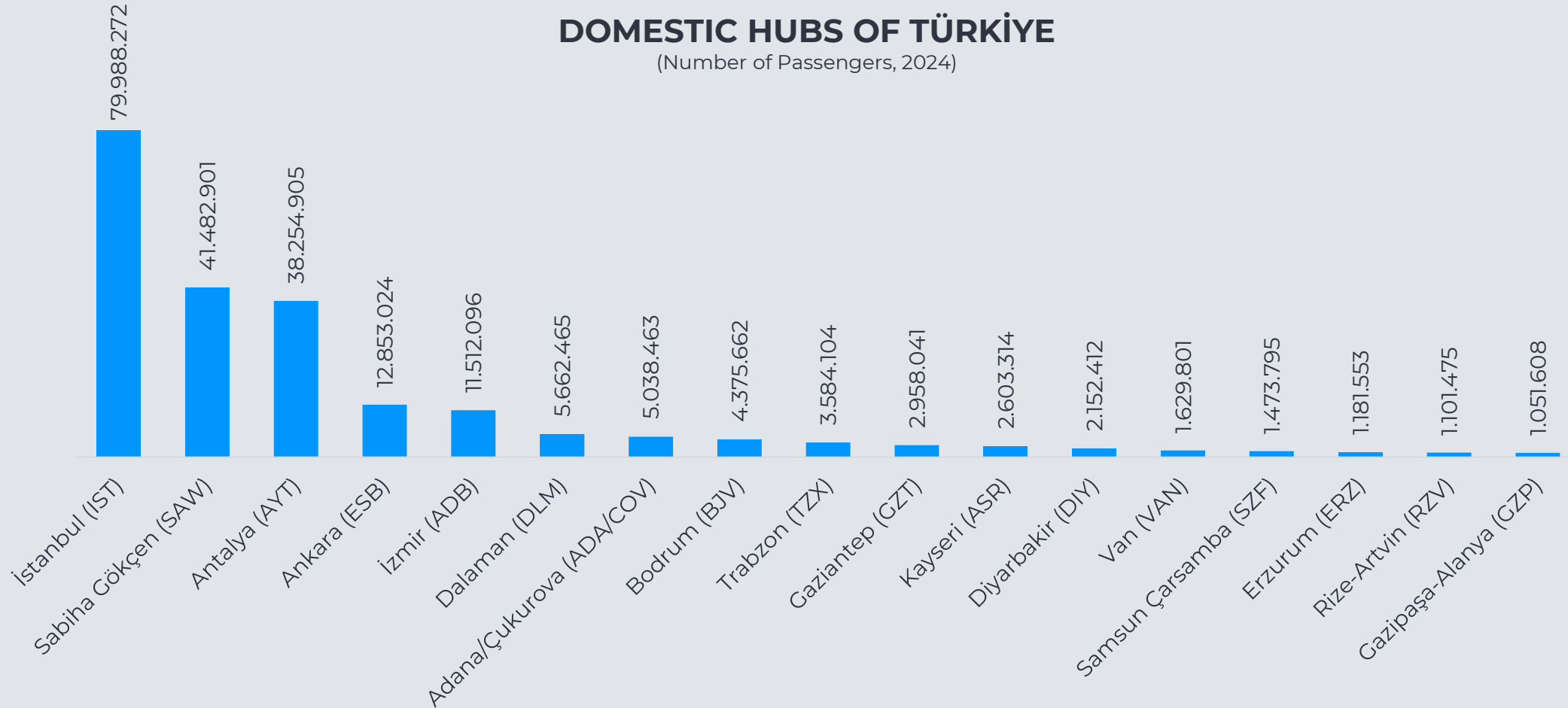
AIRPORTS

There are 17 airports that hosted more than 1 million of passengers



DOMESTIC HUBS OF TÜRKİYE

(Number of Passengers, 2024)



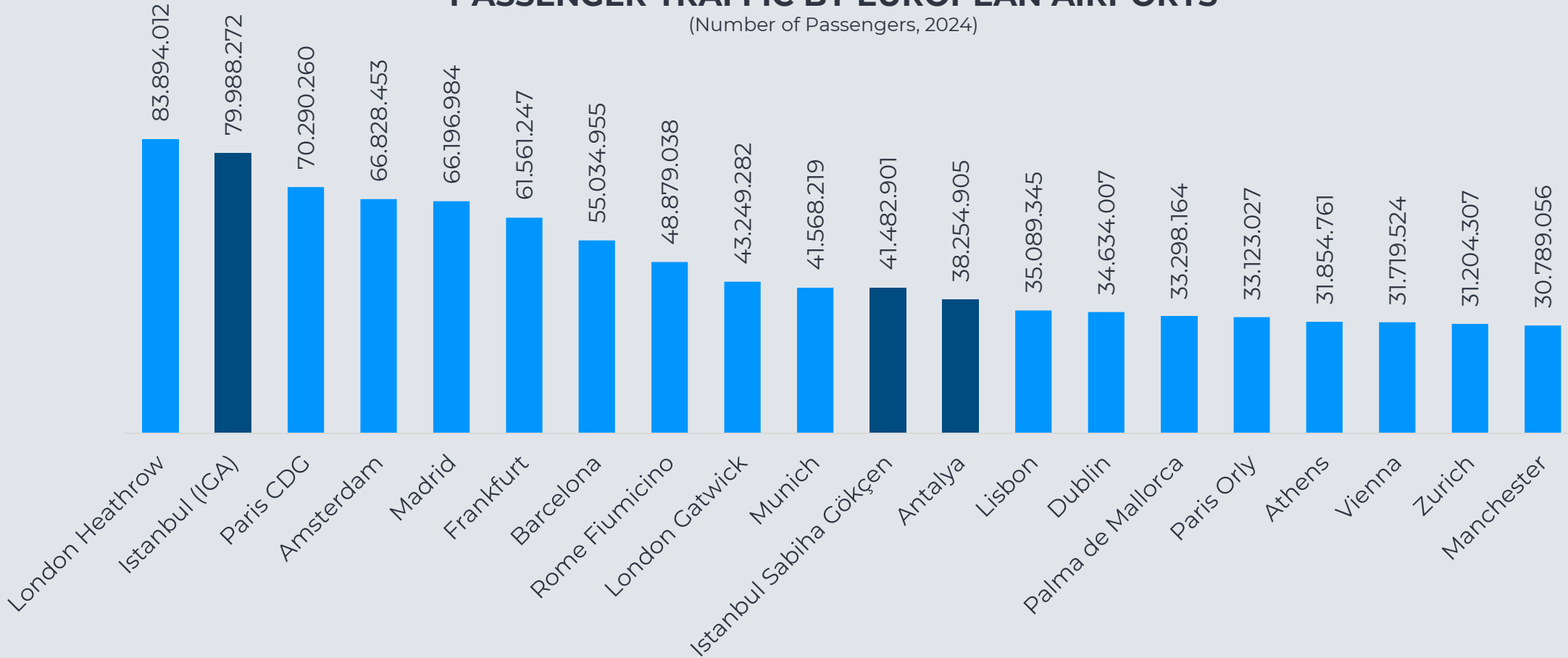
AIRPORTS

There are 3 airports among the 20 most crowded airports of Europe



PASSENGER TRAFFIC BY EUROPEAN AIRPORTS

(Number of Passengers, 2024)





ISTANBUL GRAND AIRPORT

ISTANBUL AIRPORT IS THE INTERNATIONAL MEGA-HUB FOR CONNECTIVITY



+350
Destinations



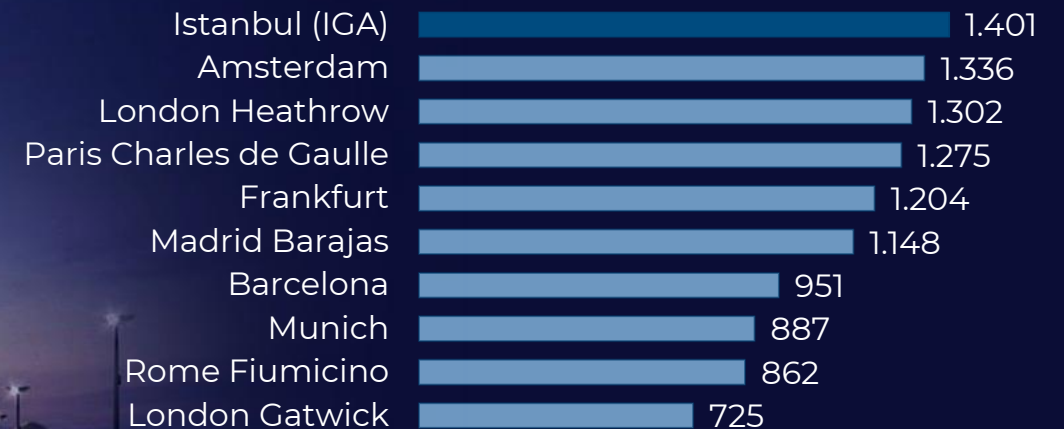
200 million
Passenger Capacity



500 Airplane
Parking Capacity

Busiest Airport in Europe

Average number of daily flights (2024)



Total Flight Locations



TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

131 Countries

300 International Destinations

353 Total Destinations

3rd Airline in Europe

85.2 Million Passengers

\$22.7 Billion revenue in 2024

DEVELOPMENT SNAPSHOT

Convenient location and infrastructure makes Türkiye an outstanding aviation hub



2003

- 50 COUNTRIES
- 60 INTERNATIONAL DESTINATIONS
- 2 DOMESTIC HUBS
- 26 DOMESTIC DESTINATIONS



2024

- 132 COUNTRIES
- 349 INTERNATIONAL DESTINATIONS
- 17 DOMESTIC HUBS
- 58 DOMESTIC DESTINATIONS



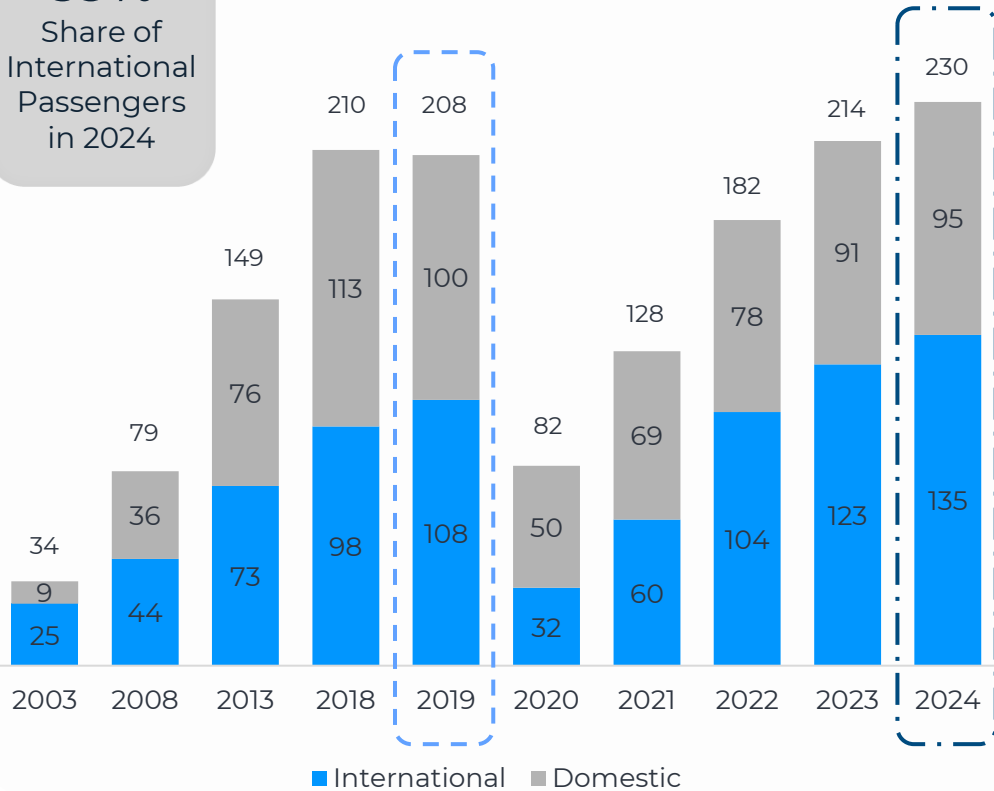
CIVIL AVIATION GROWTH

Turkish civil aviation has proven its resilience over the pandemic period

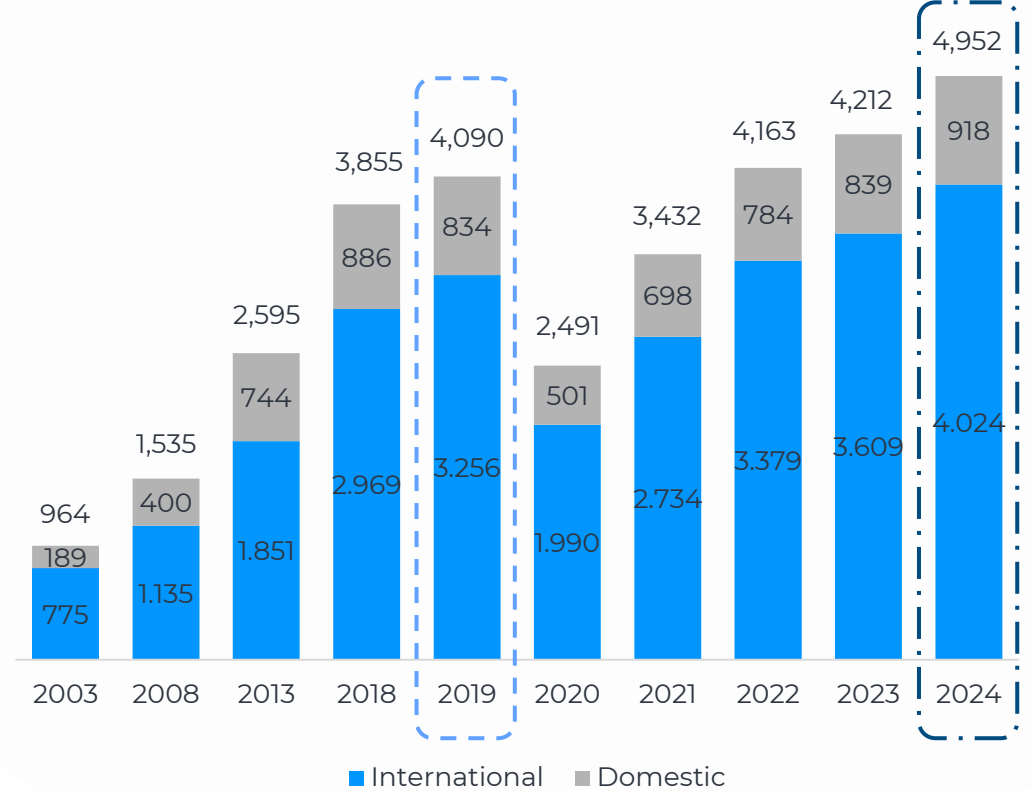
With a strong rebound, Türkiye became one of the first countries to recover from the pandemic

59%
Share of
International
Passengers
in 2024

**Number of Passengers
(Million People)**



**Carried Load
(Thousand Tons)**



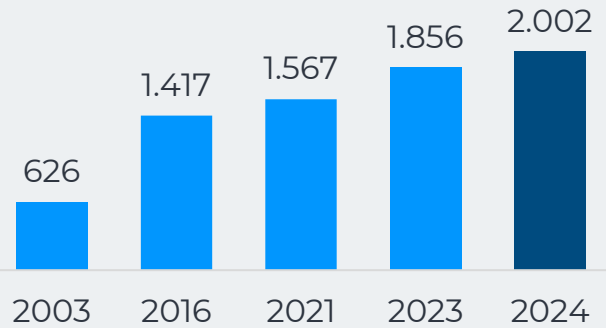
Source: General Directorate of Civil Aviation (SHGM)
* Fleet sizes are updated for the last year, from airline company webpages



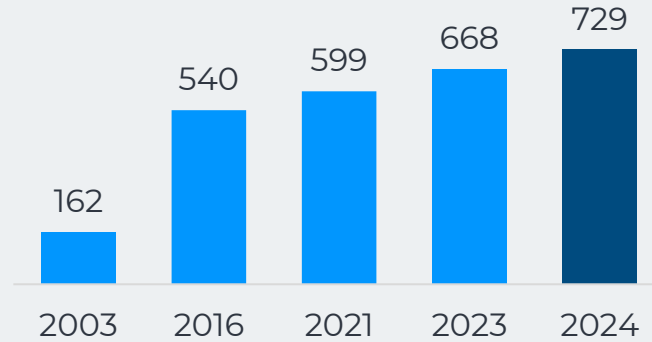
CIVIL AVIATION GROWTH

As a result of increasing demand, civil aviation sector has been growing

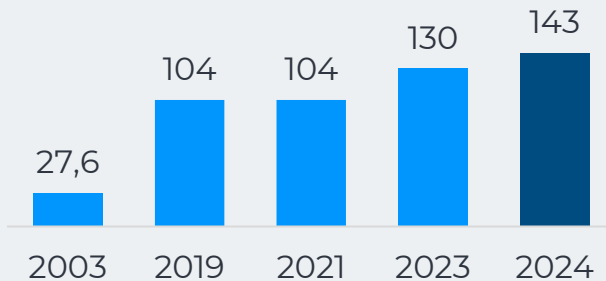
**Aircrafts
(Number of Airplanes)**



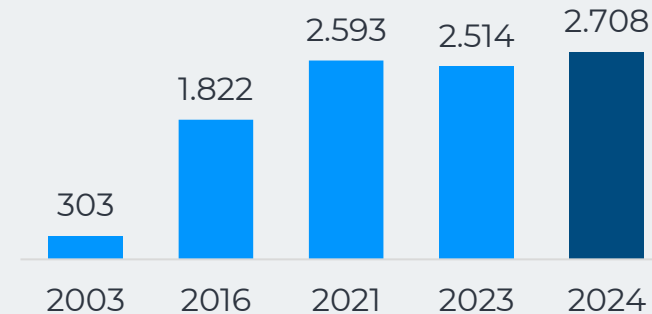
**Commercial Fleet
(Number of Airplanes)**



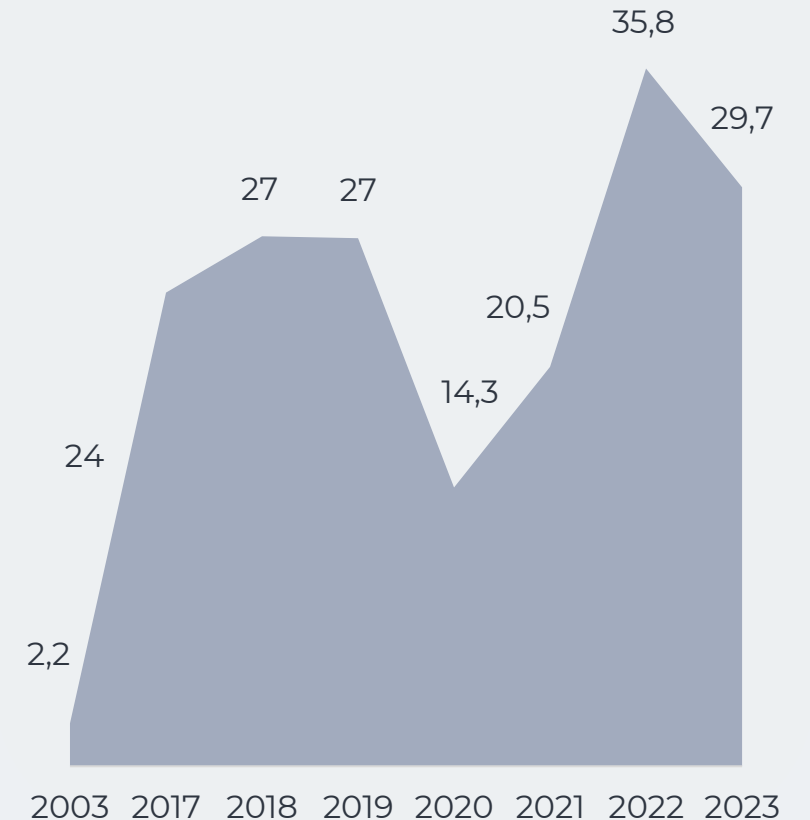
**Airline Seat Capacity
(Thousands)**



**Cargo Capacity
(Tons)**



**Civil Aviation Revenues
(\$ Billions)**



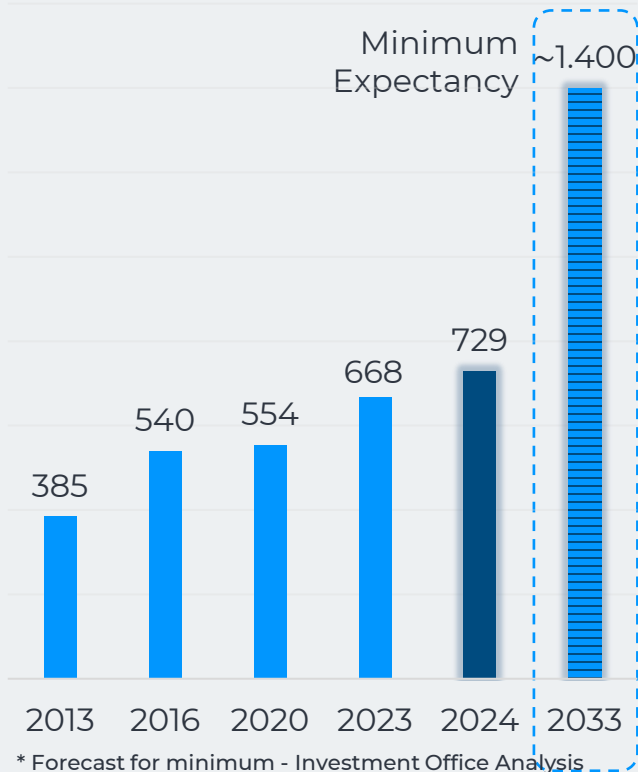
AIRLINE FLEET



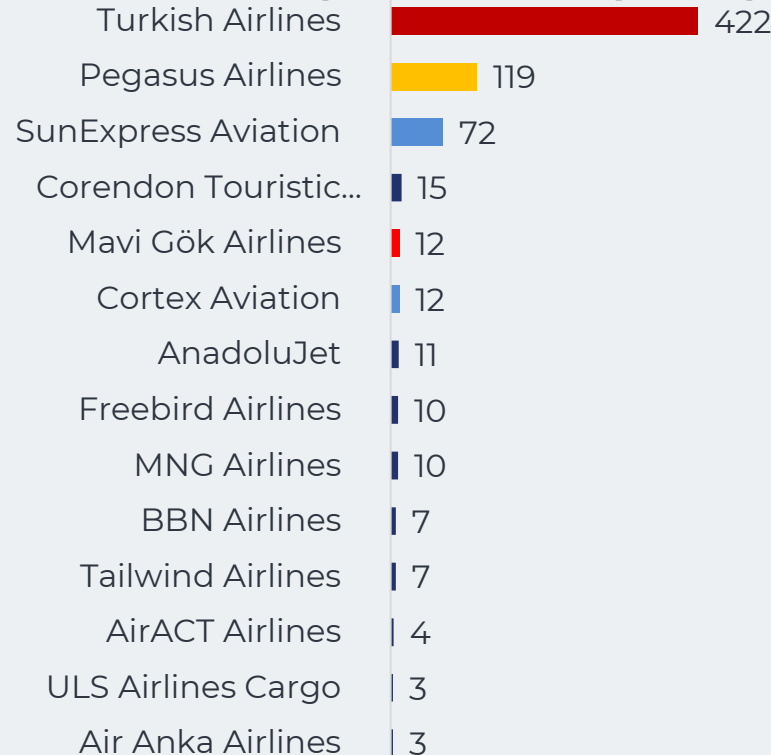
Turkish commercial fleet size is expected to grow tremendously

Fleet size is expected to nearly double with a minimum of 645 new airplanes

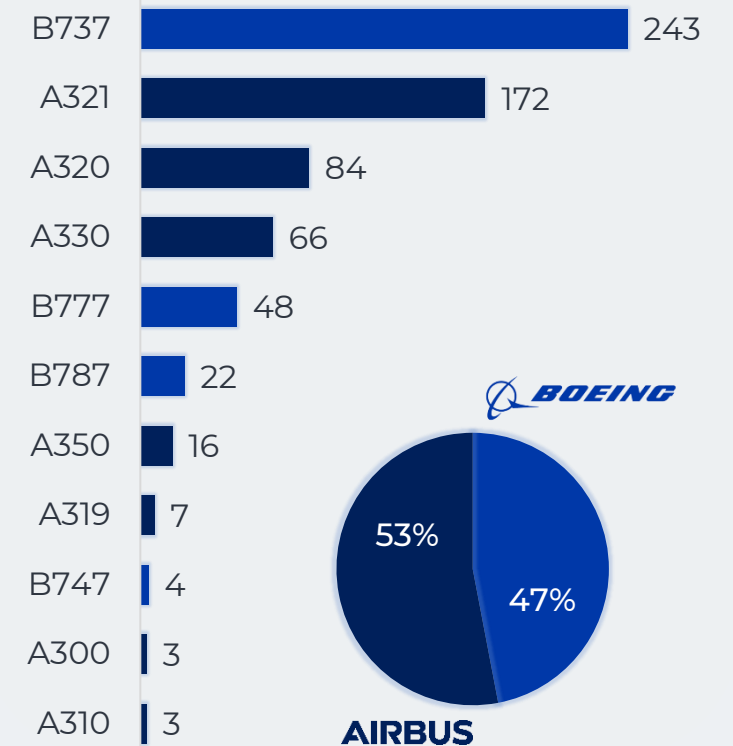
Commercial Fleet Size
(Number of Airplanes)



Commercial Fleet by Company*
(Number of Airplanes)



Commercial Fleet by Type
(Number of Airplanes)



AEROSPACE INDUSTRY

There are 153 registered companies that manufacture in aerospace industry



Global aerospace industry leaders which have chosen Türkiye for technology development and manufacturing



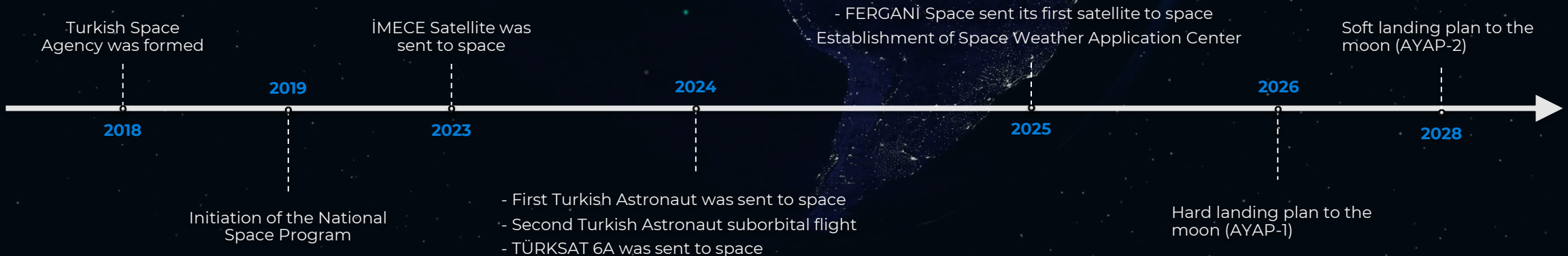


SPACE INDUSTRY

In accordance with the 12th Development Plan of Türkiye, investments in space industry is backed with the government

“ In line with the vision of becoming one of the leading countries in the field of space by 2053, international cooperation will be increased, young generations will be encouraged to work in the field of space, space research will be expanded, and infrastructure and technological competencies will be developed for satellite technologies, observation systems and exploration programs. These initiatives aim to enable Türkiye achieve a competitive position in producing and commercializing space technologies ”

“ Türkiye’s capability to produce technology in the space sector will be increased, particularly through the Moon Research Project and local and national satellite development projects. ”



THE NATIONAL SPACE PROGRAM



TURKISH SPACE
AGENCY



is responsible for

Lunar Research Program

Regional Positioning and Timing System

Access to Space and Space Port

Technological Research on Space Weather

Ground – Based Observation

Turkish Astronaut and Science Missions



SPACE PLATFORM DEVELOPERS



In pursuit of becoming a global leader in space, Türkiye's national companies are driving forward with ambitious projects and cutting-edge innovation

Satellite Manufacturers



Launcher & Rocket Manufacturers





aselsan



TURKISH
AEROSPACE



TÜRKSAT 6A

15-year of mission has begun as of 8 July 2024

at the farthest point we have reached in space
(+35 thousand km)

Türkiye has become **one of the 11 countries**
operating its own communication satellite

The highest-value technological product
our country has produced with **80% of local content**

 TÜRKSAT

Agenda



**Investment
Environment**



**Defense
Industry**



**Aerospace
Industry**



**Incentive
Mechanism**





PROJECT BASED INCENTIVE PROGRAM

Project-based tailored incentives depending on the strategic value of the investment reaching up to 100% of the investment amount



Energy Support

Energy support is a mechanism implemented to reduce the energy costs of energy-intensive investment projects. Under this support, companies investing in such projects may have up to 50% of their energy bills paid by the government for a certain period and within specified limits.



Employment Support

- Social Security Premiums: Social security premiums covered by the Ministry for certain periods.
- Qualified Personnel Subsidies: Salaries of R&D personnel covered by the Ministry within certain limits.



PROJECT BASED INCENTIVE PROGRAM

Project-based tailored incentives depending on the strategic value of the investment reaching up to 100% of the investment amount



Employment Supports

- Social Security Premium Support
Social security premium payments can be covered by the Ministry within certain rates and periods.
- Qualified Personnel Support
Salaries of R&D personnel can be covered by the Ministry within certain rates and periods.



Grant Supports

Projects that meet the criteria can benefit from grant supports. The Ministry can manage the processes more easily and efficiently for the benefit of grant supports.



PROJECT BASED INCENTIVE PROGRAM

Project-based tailored incentives depending on the strategic value of the investment reaching up to 100% of the investment amount



Grant Supports

Projects that meet the criteria set by the Ministry can manage their investment processes more easily and efficiently by taking benefit of grant supports.



Tax Incentives

- Corporate Tax Incentive
- Corporate Tax Deduction for new investments and increasing capacities and competitiveness of businesses.
- VAT & Customs Duty Exemption: VAT and Customs duty exemption provided for investments and equipment obtained in Turkey and/or abroad



PROJECT BASED INCENTIVE PROGRAM

Project-based tailored incentives depending on the strategic value of the investment reaching up to 100% of the investment amount



Tax Incentives

- Corporate Tax Incentive
Corporate Tax Deduction is encouraging new investments and improving the capacities and competitiveness of existing businesses.
- VAT & Customs Duty Exemption
VAT and Customs duty exemption can be provided for investment goods, machinery, and equipment obtained domestically and/or abroad



Interest/Profit Rate Support

To facilitate financing for investment, interest/profit rate support is implemented for certain periods and limited amount of financing.



PROJECT BASED INCENTIVE PROGRAM

Project-based tailored incentives depending on the strategic value of the investment reaching up to 100% of the investment amount



Interest/Profit Rate Support

To facilitate financing for investors, interest or profit rate support is implemented within certain periods and limits related to credit or financing.



Other Incentives

- Regulatory Support
- Exemptions from Permits, Allocations and Registrations
- Negotiation topic with the Ministry of Industry and Technology
- Purchasing Guarantee
- Purchasing Guarantee from the Ministry of Industry and Technology



PROJECT BASED INCENTIVE PROGRAM

Project-based tailored incentives depending on the strategic value of the investment reaching up to 100% of the investment amount



Other Incentives

- Regulatory Support
Exemptions from Permissions, Licenses, Allocations and Registrations may be of negotiation topic with the Ministry.
- Purchasing Guarantee
Purchasing Guarantee may be provided by the Ministry of Industry and Technology.

INCENTIVE MECHANISM

HIT-30 PROGRAM

New incentive program offered by the ministry of industry and technology reaching up to 100% of the investment amount



HIT-Chip Call

Total Support Budget >>> **\$5 Billion**

Investment Qualifications



Investments in various capacities based on usage areas



Investments in chip value chain (ingot, wafer, testing, packaging)



65 nm technology and above

Supports to be Provided

- Capital contribution up to 30%
- Grant support up to 10%
- Tax support up to 80%
- Allocation of investment land
- Financing supports
- Employment supports
- Tax exemptions

HIT-R&D Call

Total Support Budget >>> **\$1 Billion**

Investment Qualifications



From companies among the top 1000 in R&D



With a minimum of 250 R&D personnel



In priority technology areas



The projects that bring know how to Türkiye

Supports to be Provided

- Grant support up to 50% of staff costs
- Grant support to R&D partnerships
- Corporate tax exemptions
- Tax exemptions

nexus
OF THE WORLD



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE

**INVESTMENT &
FINANCE OFFICE**

