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REPORT

Survey on Italian companies operating on the Turkish market

Edition II

DECEMBER 2021

Methodology



CLIENT: Centro Studi di Politica Internazionale - CeSPI

CREATOR: ISTITUTO IXÈ SRL

METHODOLOGY: SAMPLE QUANTITATIVE SURVEY

DATA COLLECTION METHOD: LANDLINE (CATI), MOBILE (CAMI) AND WEB (CAWI)

SUBJECT: ITALIAN COMPANIES PRESENT IN TURKEY

INTERVIEWED SAMPLE: SELECTED FROM THE ITALIAN TRADE AGENCY LISTS

SAMPLE SIZE: 95 CASES* (out of 216 companies contacted)

DETECTION PERIOD: NOVEMBER-DECEMBER 2021

* 95 companies started the interview, 44 completed it

Composition of the sample

Business sector	
Clothing and Accessories	6,3
Agri-Food	6,3
Agroindustry and Machinery	4,2
Electrical Equipment	1,1
Automotive, Aeronautics, Navigation, Industrial Vehicles	9,5
Paper and Packaging	2,1
Chemistry	7,4
Construction - Infrastructure - Materials - Engineering	5,3
Household appliances, Lighting, Household goods	3,2
Electronics, Medical	4,2
Energy	5,3

Pharmaceutical	3,2
Jewelry and Costume jewelry	1,1
Rubber and Plastic	2,1
Mechanics and Plants	10,5
Metallurgy and Steel Industry	5,3
Engines, Turbines, Heating app.	4,2
Services - Banking, Financial, Insurance	8,4
Services - ICT, E-Commerce	1,1
Telecommunications	1,1
Transportation	5,3
Tourism	3,2

% Values

Composition of the sample

Macro-area (Head house)	
Northwest	31,9
Northeast	13,6
Center	16,0
South-Islands	38,6

Turnover class	
Up to 500.000 €	2,3
500.001 – 1.000.000 €	2,3
1.000.001 – 2.000.000 €	13,6
2.000.001 – 5.000.000 €	11,4
5.000.001 – 10.000.000 €	6,8
Over 10.000.000 €	31,8
Not responding	31,8

Number of employees	
Up to 5	6,9
6-9	6,8
10-29	6,8
30-49	2,3
50-99	15,9
100-199	9,1
200-299	4,5
300-399	2,3
400 and over	40,9

% Values

A close-up photograph of a hand holding a pen, poised to write on a white notebook. In the background, a document with a logo and some text is visible. The scene is set against a dark background, and the lighting is focused on the hand and the notebook. A semi-transparent grey box is overlaid on the left side of the image, containing the text 'SUMMARY NOTES' and a thin orange horizontal line below it.

SUMMARY NOTES

Summary notes

COMPANIES INTERVIEWED

The 95 companies involved in the survey have diversified relations with Turkey:

- ✓ the majority (67%) produce in Turkey,
- ✓ over half (55%) import from Turkey, and
- ✓ a substantially identical share (54%) export to Turkey.

29% of companies have business relationships of all three types at the same time.

For just under half of the companies (44%) the Turkish market is the prevailing one.

In 46% of cases, these are companies from Northern Italy, with a prevalent component (32%) from the Northwest, but the share of companies from the South is also significant.

The sectors are very diversified, with relatively higher percentages of Mechanics and Plants (11%), and Automotive companies (10%). The presence of services is more limited, although Finance & Insurance has a certain weight (8%).

The size is generally large (50% have a turnover of over 2 million Euros and 57% have over 100 employees).

Summary notes



EVALUATIONS

- ✓ Italian companies arriving in this country are **largely satisfied (79%) with relations with the Turkish market**, considered **solid and safe** for entrepreneurial activity by 86% of the interviewees (stable figure compared to two years ago); the same share (86%) stated that they could recommend other companies to invest in this market.
- ✓ One of the favorable aspects of business in this country is linked to the **geopolitical positioning**, which is **considered positive by 8 out of 10 companies**; only 11% consider it a negative factor, especially those with export relationships.
- ✓ Consistent with this figure, almost all (93%) of companies believe that the Turkish market also represents a **bridgehead for accessing other countries in the area or on the African continent**; in this regard, there is great favor compared to a possible Italian-Turkish partnership to enter a third market.
- ✓ The centrality of Turkey has strengthened following the pandemic, which has placed the country in a strategic position in the new global supply chains: 83% of the companies interviewed are convinced of this, with more emphatic evaluations among those who produce in Turkish territory.

Summary notes

- ✓ The Turkish system is widely appreciated as a whole, although moderate tones (quite adequate) prevail over all aspects rather than enthusiastic ones (completely adequate):
 - the **tax system** is considered **adequate by 80% of companies** ("completely" for 27%),
 - the same goes for the **legal system** with a value of 80% ("completely" for 18%),
 - a slightly lower share (**74%**) but growing compared to what emerged in the previous survey of 2019, considers the **judicial system** adequate ("completely" for 14%).
- ✓ For **half of the companies the image that Italians have of Turkey is better than reality**; 29%, on the other hand, believe that in Italy there are negative prejudices about that country. This figure marks a strong worsening compared to what emerged in 2019, when it was a relative majority of companies that considered the reality to be better than perceived among Italians.
- ✓ Most companies do not consider the climate of concern in terms of **degradation of the rule of law and human rights problematic: for 52% it will not affect the business** at all and a further 20% believe that the impact will not be particularly negative. More than 1 in 5 companies, however, show some concern about this.
- ✓ The wide **openness to the accession of Turkey to the European Union** by the companies that operate there is confirmed. For **67%**, accession to the EU would mainly represent an opportunity and only 1 in 10 are more aware of the risky aspects for their business.

Summary notes

- ✓ The commercial partnership between Italy and Turkey, already very important, will be further strengthened according to the companies: the Turkish government's goal of **increasing the trade exchange from 20 to 30 billion dollars is achievable for 8 out of 10**.
- ✓ **87%** of companies take **advantage of investing in Turkey**, also thanks to the **government campaign to support foreign investments** and for **82%** a factor of great attraction is also represented by **massive interventions in infrastructures** and major works.
- ✓ Contrary to what was observed two years ago, doubts emerge about the effects of **monetary stability and exchange rates at the top of the Central Bank** on economic activities: **only 22% of them think they have a positive effect**.
- ✓ Consistently with this data, called to indicate the critical issues for investments in Turkey, companies very frequently use the term “instability”, referring to the currency, or with political connotations. Still on the economic front, we find several references to inflation and devaluation.
- ✓ **The evolution of the institutional system** towards a presidential system would not be irrelevant for economic activities: most companies (**55%**) **foreshadow a change for the worse, while the centralization of power would be positive for the economic context** according to 18% of the sample.

Summary notes

- ✓ Taken **as a whole, the Turkish economic model is judged to be adequate for attracting investments by half of the companies consulted**: perfectly adequate for 16% and sufficiently adequate for 31%. Compared to what was recorded in 2019, the share of companies that express doubts about the adequacy of the Turkish model or prefer to suspend judgment has significantly increased.
- ✓ A slightly higher share (53%) believe that the Turkish economy is in a **favorable phase for investments**.

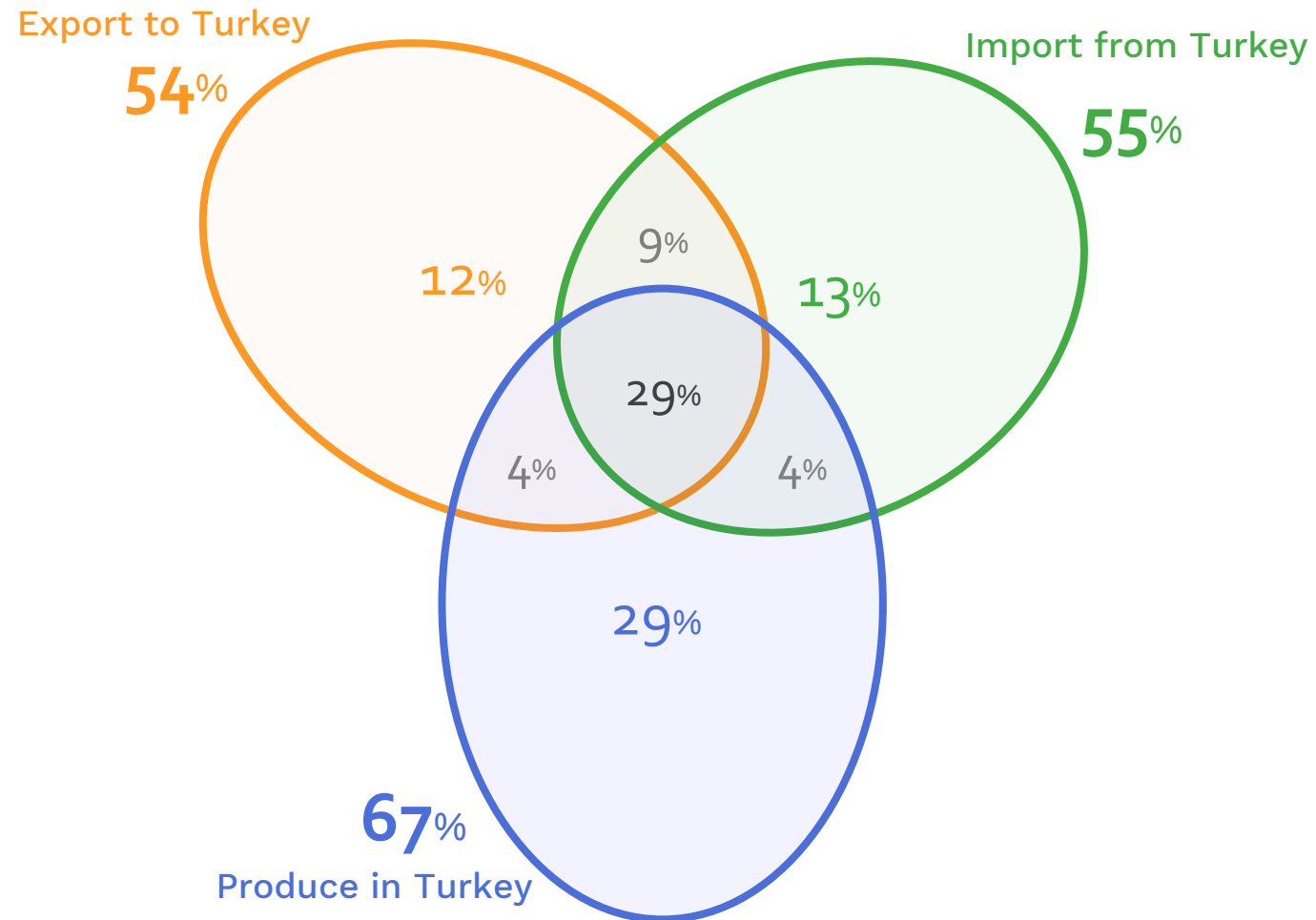
ANALYSIS OF THE RESULTS



Types of relations

What trade relations does your company have with Turkey?

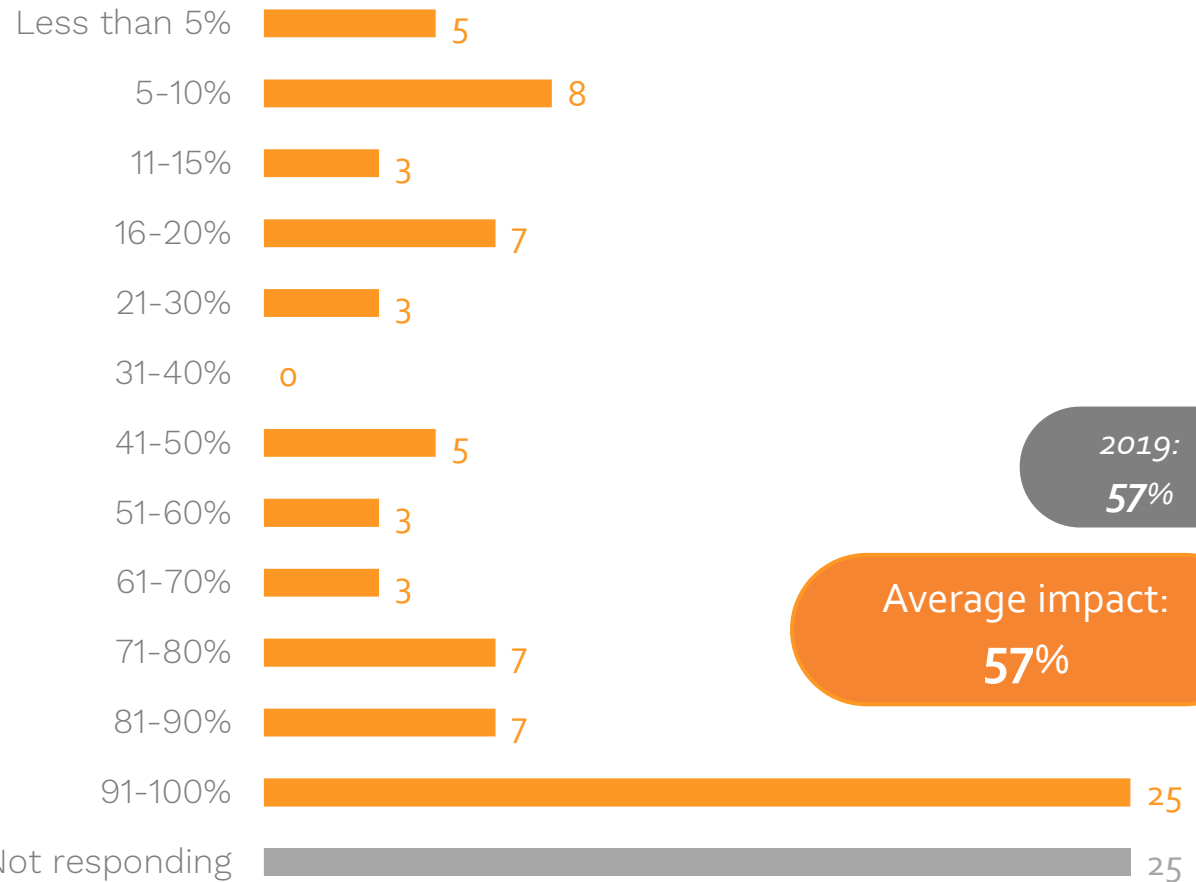
Multiple answers possible



% Values

Impact of activities in Turkey

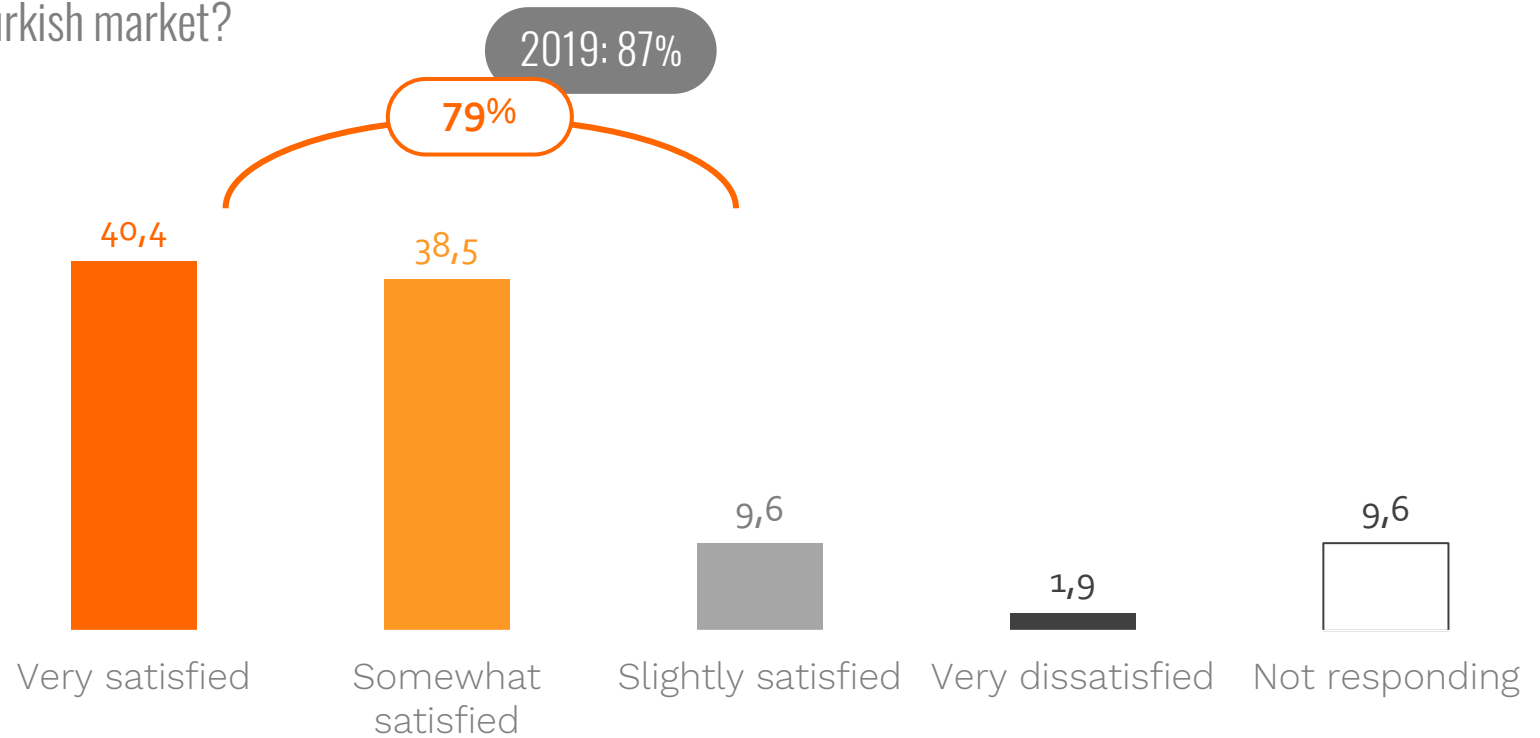
What percentage of the total turnover do your company's activities in Turkey represent?



% Values

Satisfaction with the activities in Turkey

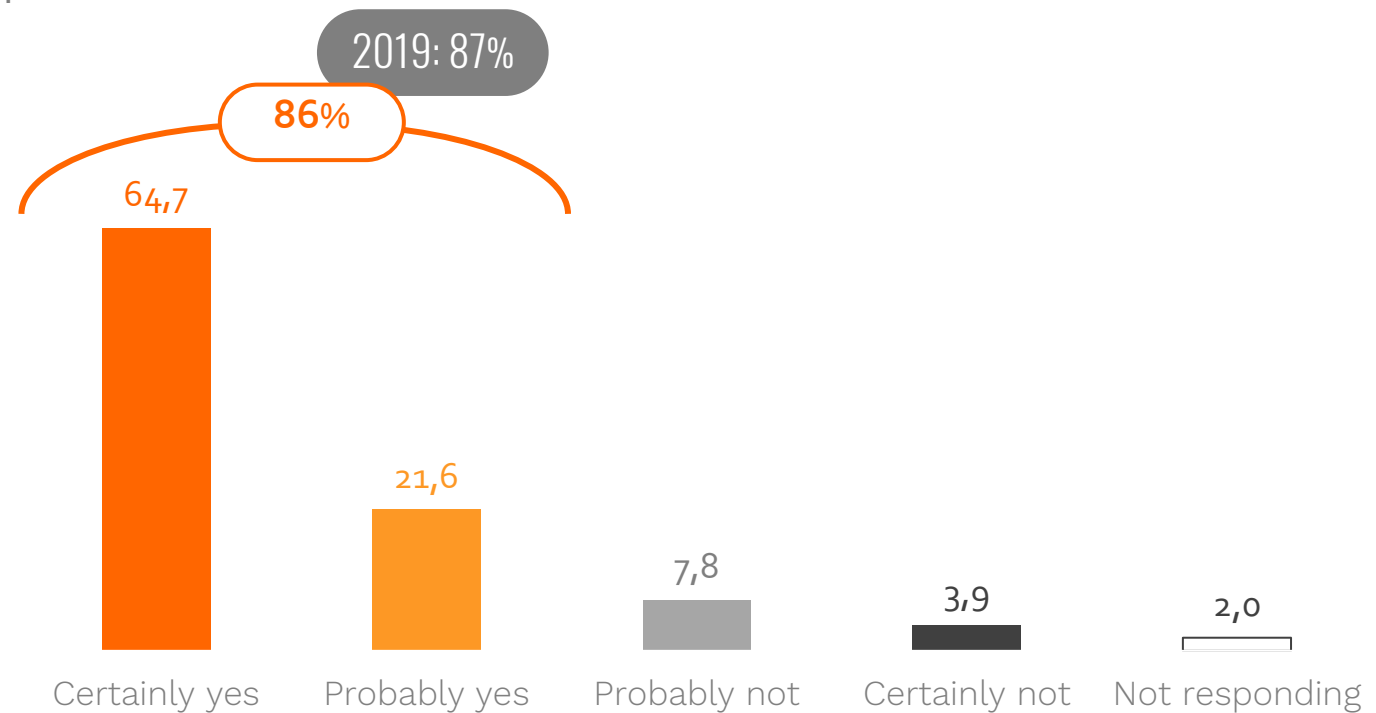
Let's talk about the Turkish market. How satisfied are you with your company's relations with the Turkish market?



% Values

Promotion of the Turkish market

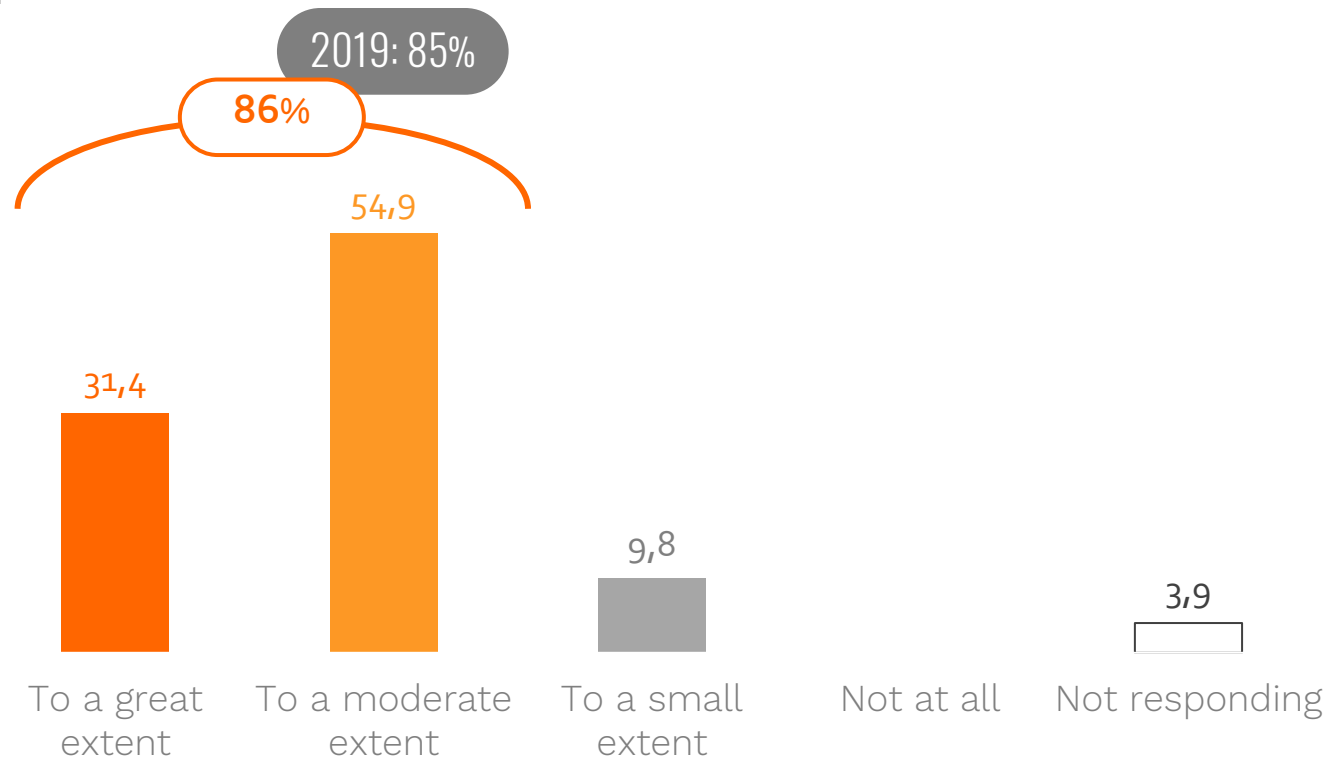
Would you advise other Italian companies to invest in the Turkish market?



% Values

Solidity of the Turkish market

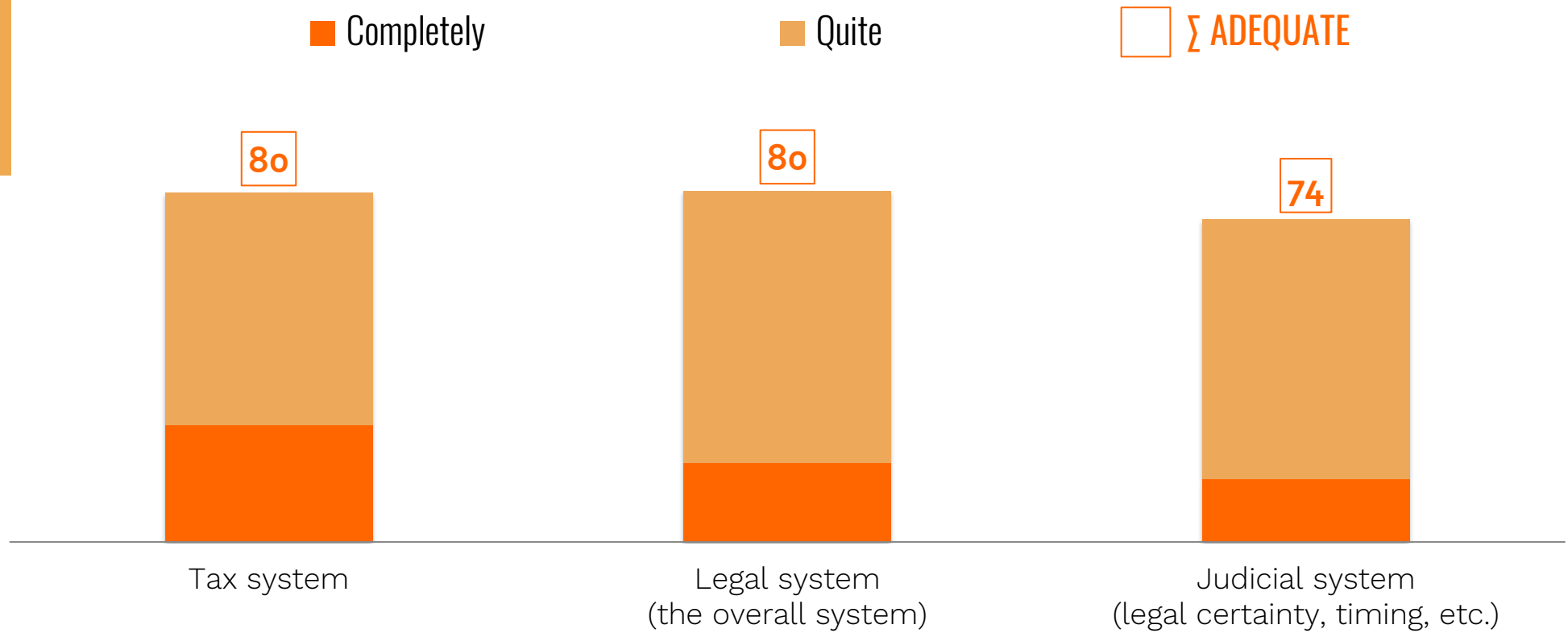
Do you believe that the Turkish market is solid and safe for doing business?



% Values

Adequacy of the Turkish system

How do you judge the adequacy of the Turkish system for attracting investments and doing business, in terms of:



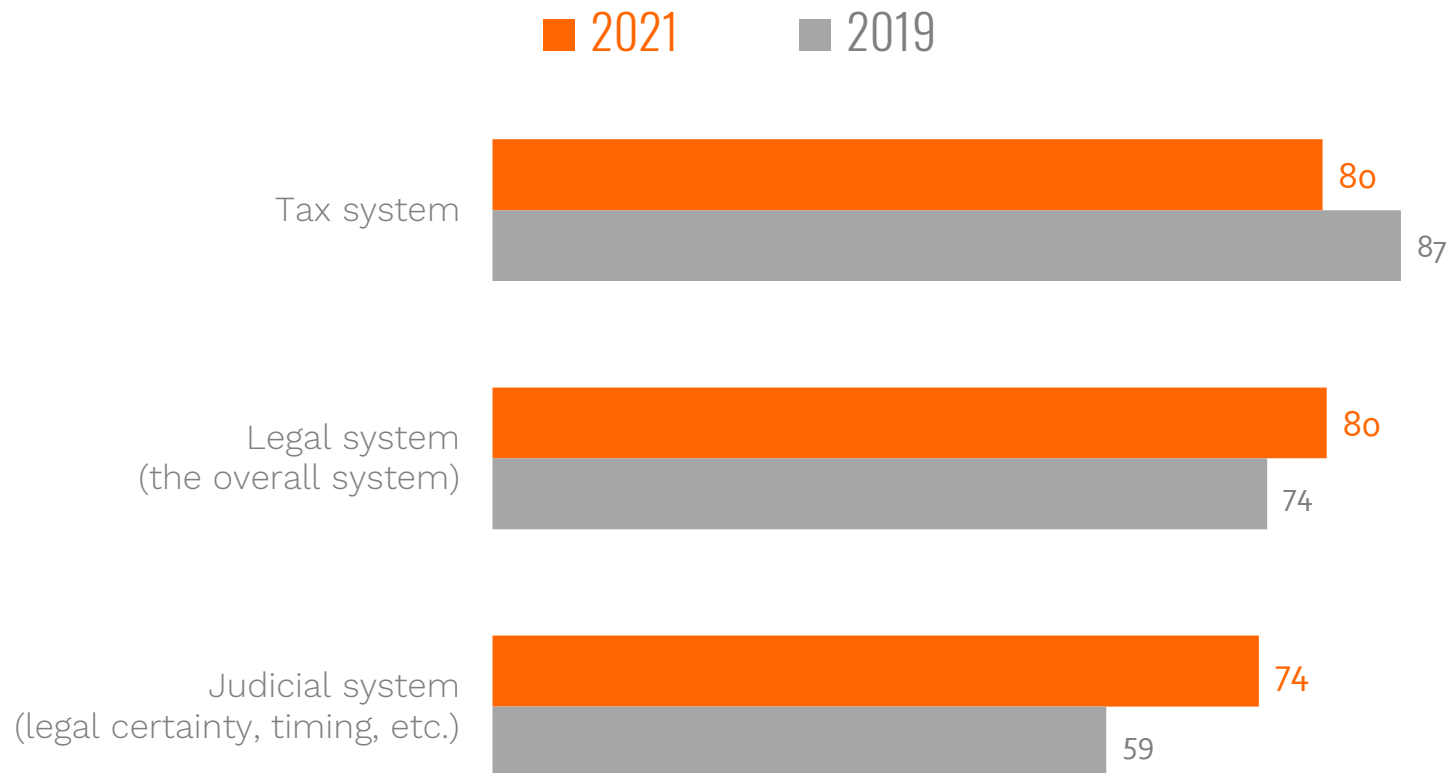
% Values

Adequacy of the Turkish system

Time comparison

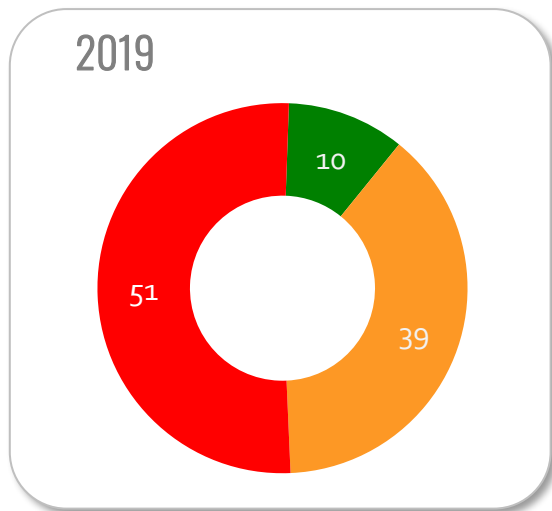
How do you judge the adequacy of the Turkish system for attracting investments and doing business, in terms of:

Completely+ Quite adequate %



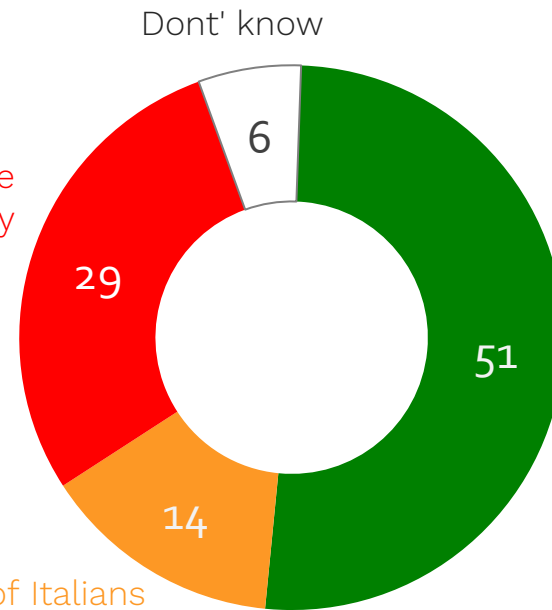
The image of Turkey in Italy

In your opinion, is the image that Italians have of Turkey on average better or worse than the reality you have experienced?



% Values

Italians have a worse image than reality

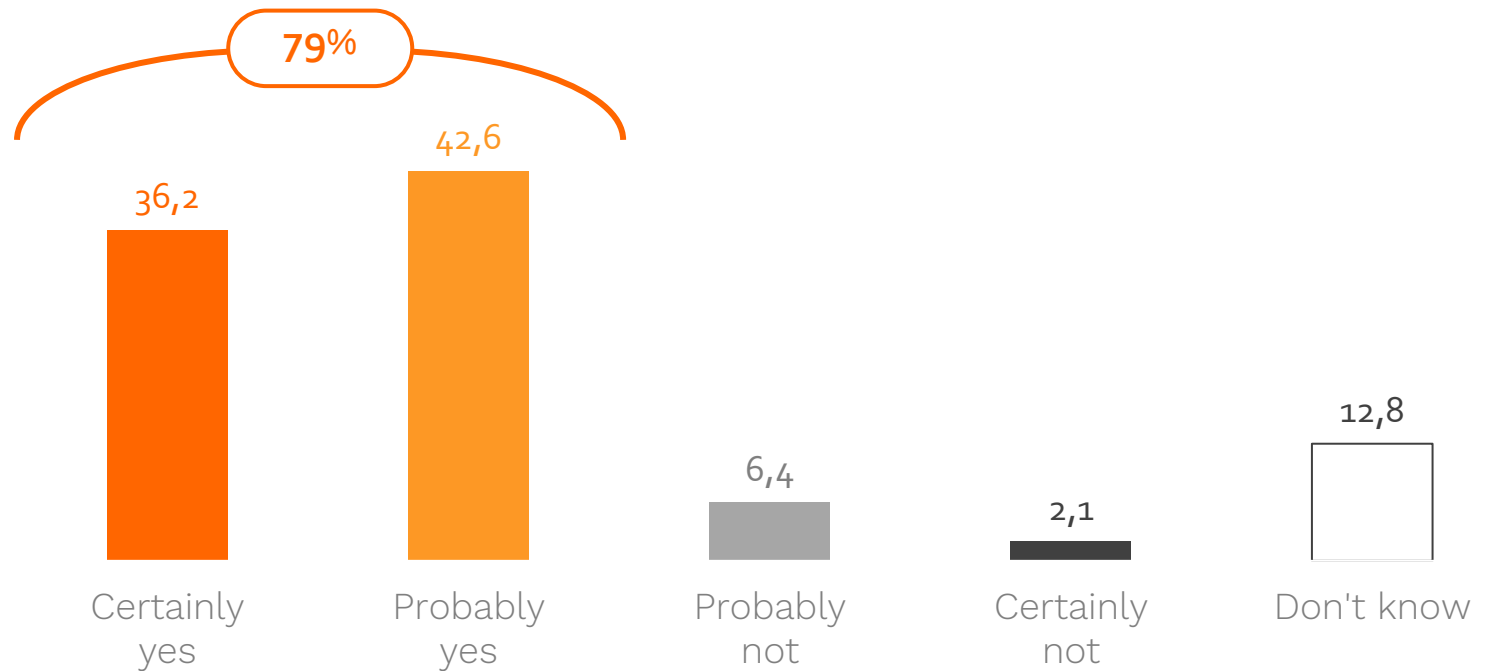


Italians have a better image than reality

the image of Italians coincides with reality

The commercial partnership

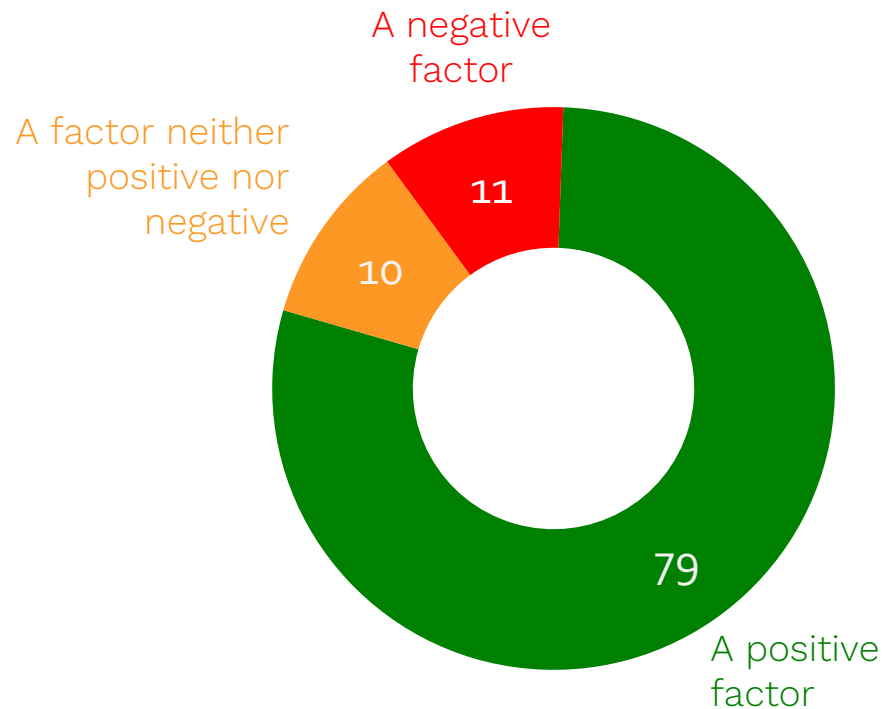
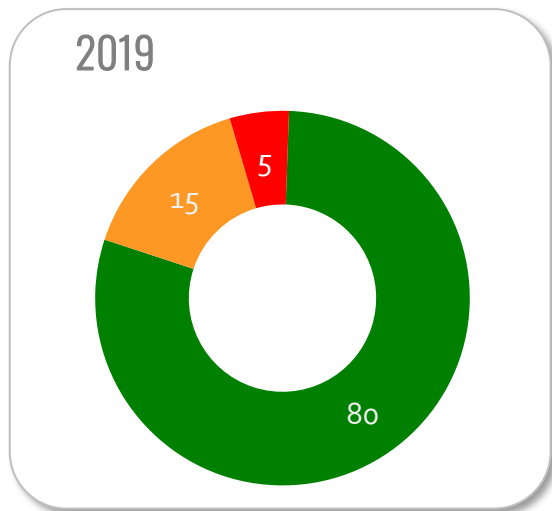
Italy is Turkey's second trading partner in the European Union and among the top 5 internationally. Do you think that the goal announced by the Turkish government to raise trade with Italy from 20 to 30 billion dollars is achievable?



% Values

Geopolitical positioning and business

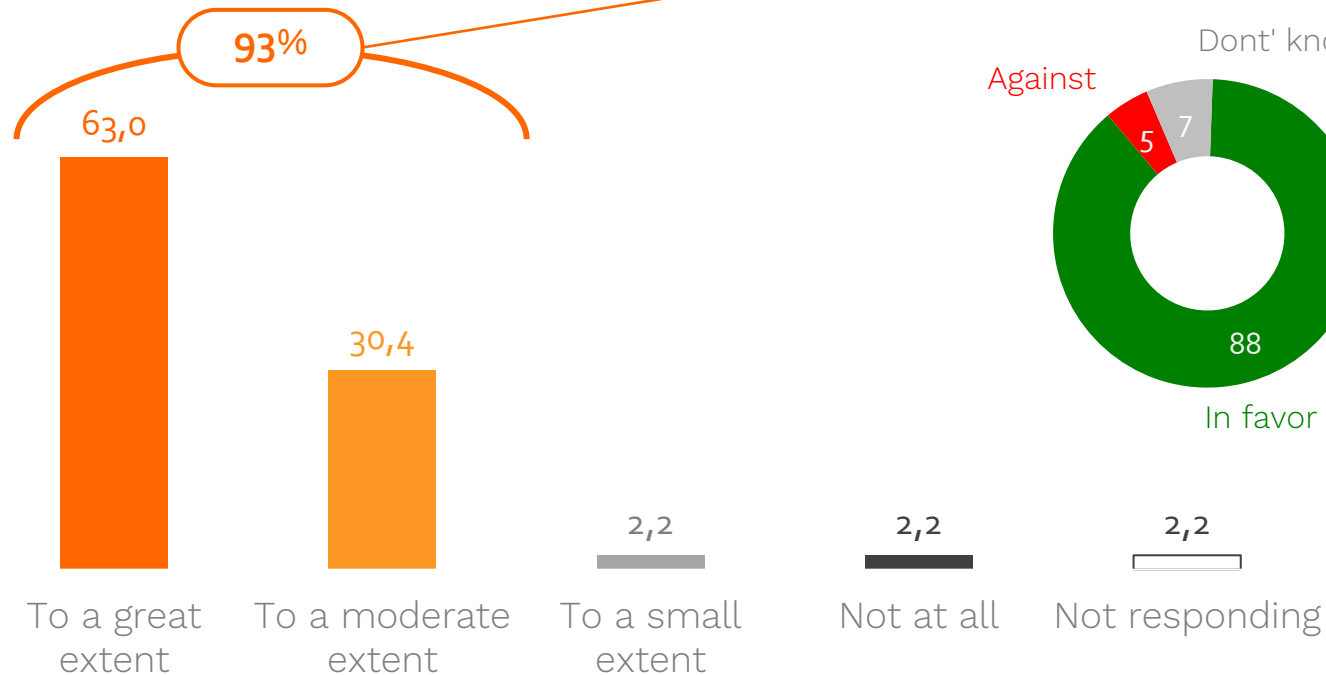
In your opinion, is the geopolitical positioning of Turkey a positive or negative factor for doing business in that country?



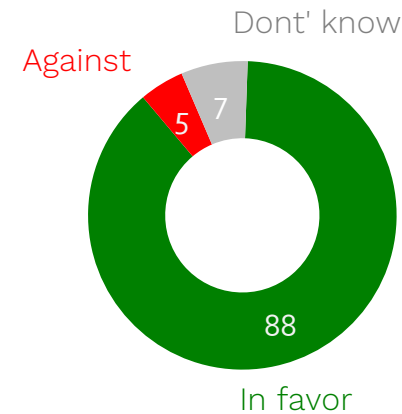
% Values

Turkey as a gateway to other markets

Do you think that working in the Turkish context can facilitate access to other countries in the area or on the African continent?



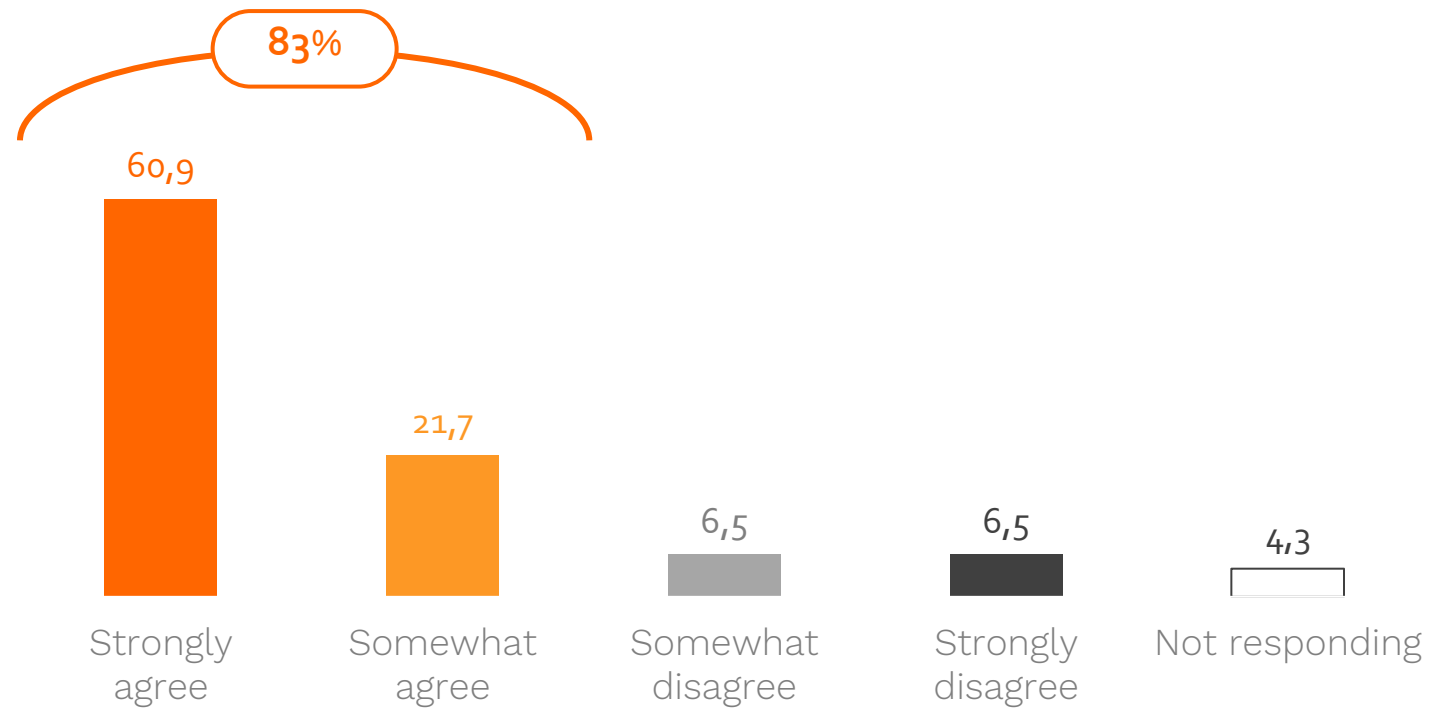
And would you be in favor of an Italian-Turkish partnership to enter a third market?



% Values

The centrality in supply chains

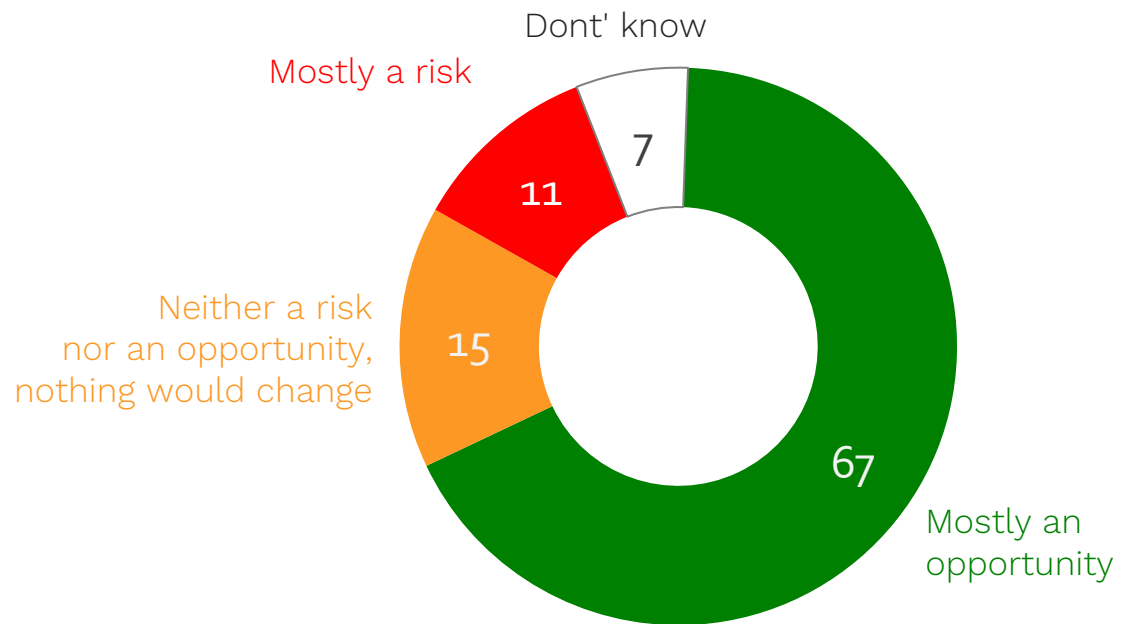
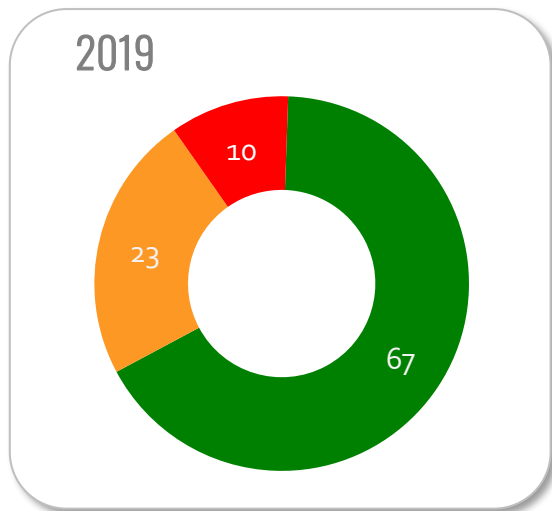
The pandemic crisis appears to have placed Turkey in a strategic position in the new global supply chains. Do you agree or disagree with this statement?



% Values

Accession of Turkey to the EU

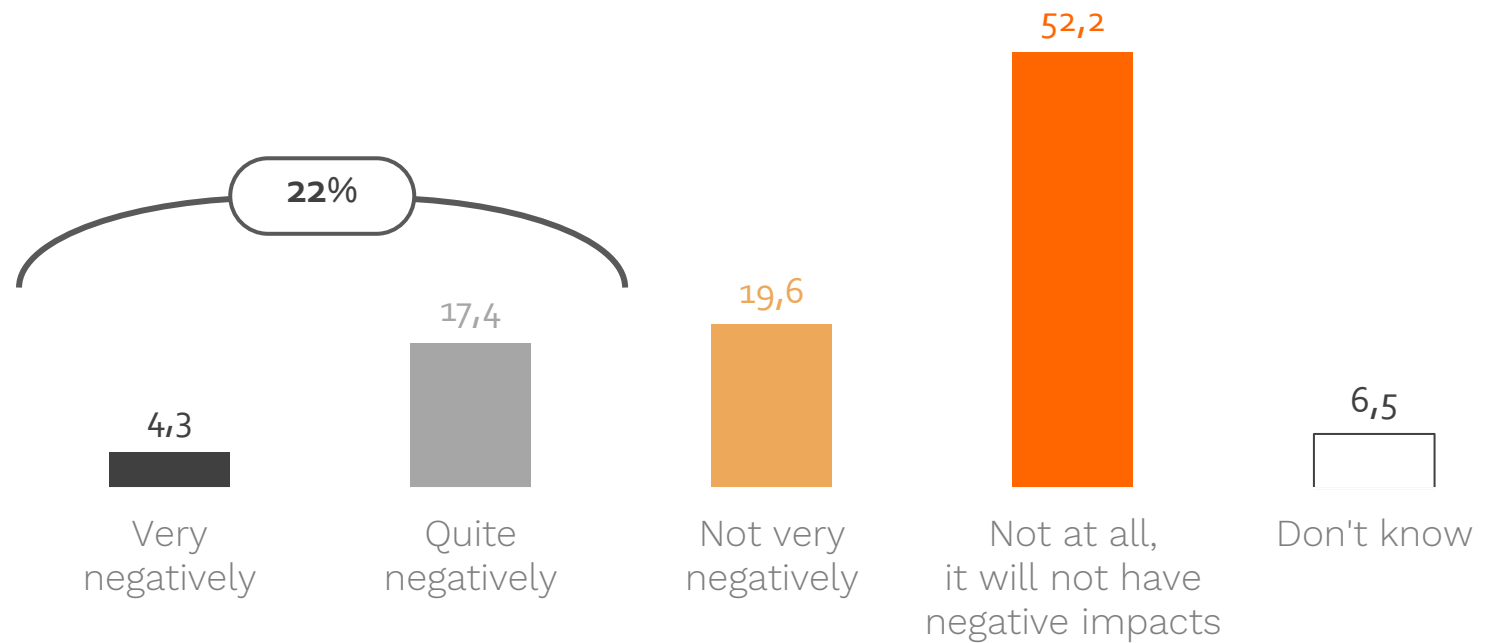
Would the accession of Turkey to the European Union for your business mainly represent an opportunity or a risk?



% Values

Turkey and human rights

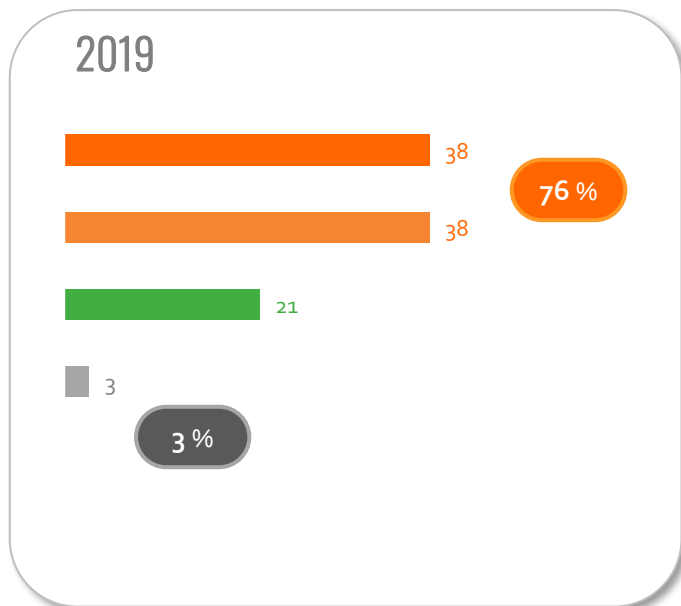
At the moment, international concerns weigh on Turkey in terms of the degradation of the rule of law and human rights. Do you think that this situation could have a negative impact on the development of your business in this country?



% Values

The campaign for foreign investments

A massive government campaign was carried out in Turkey to attract foreign investment. You personally believe that investing in Turkey is:



% Values

Very advantageous



54

87%

Not very advantageous



33

Neither advantageous nor disadvantageous



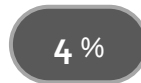
4

Not very disadvantageous



4

Very disadvantageous



3 %

Don't know



4

Critical issues for investments in Turkey

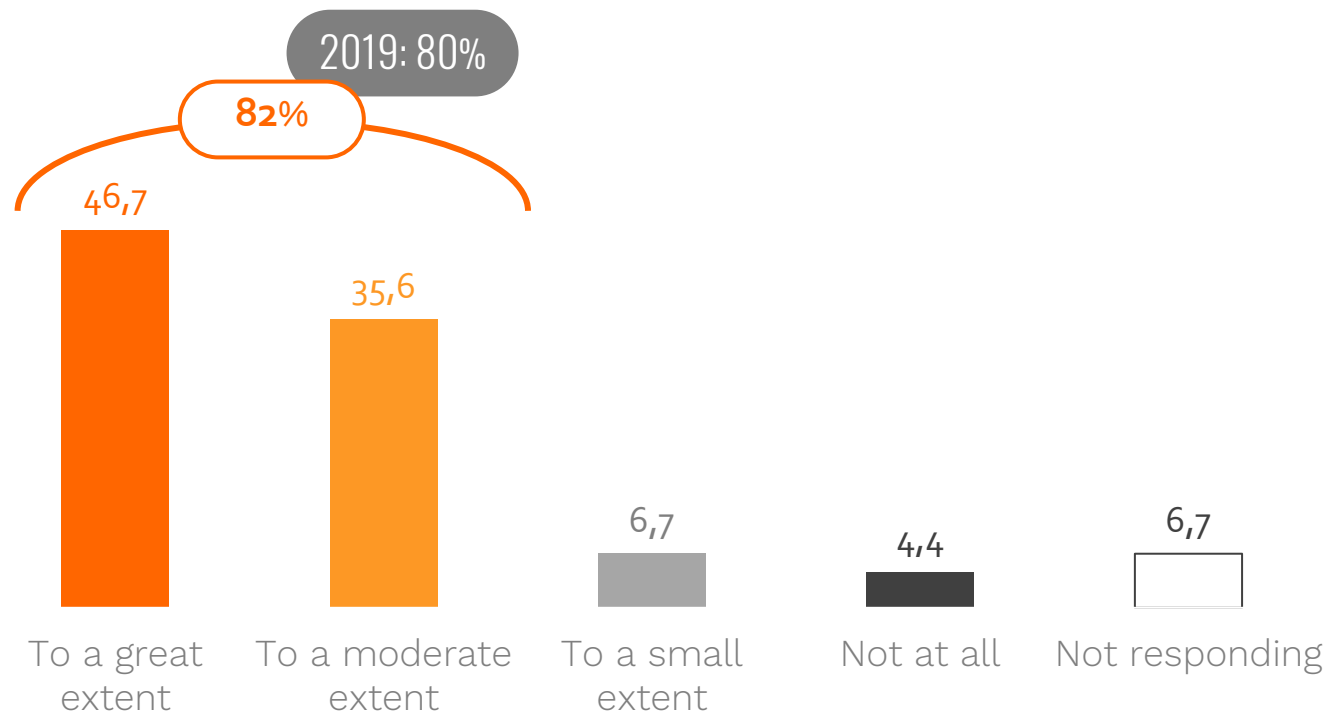
In your opinion, what are the main critical issues for investments in Turkey?

WORD CLOUD*



Infrastructural interventions

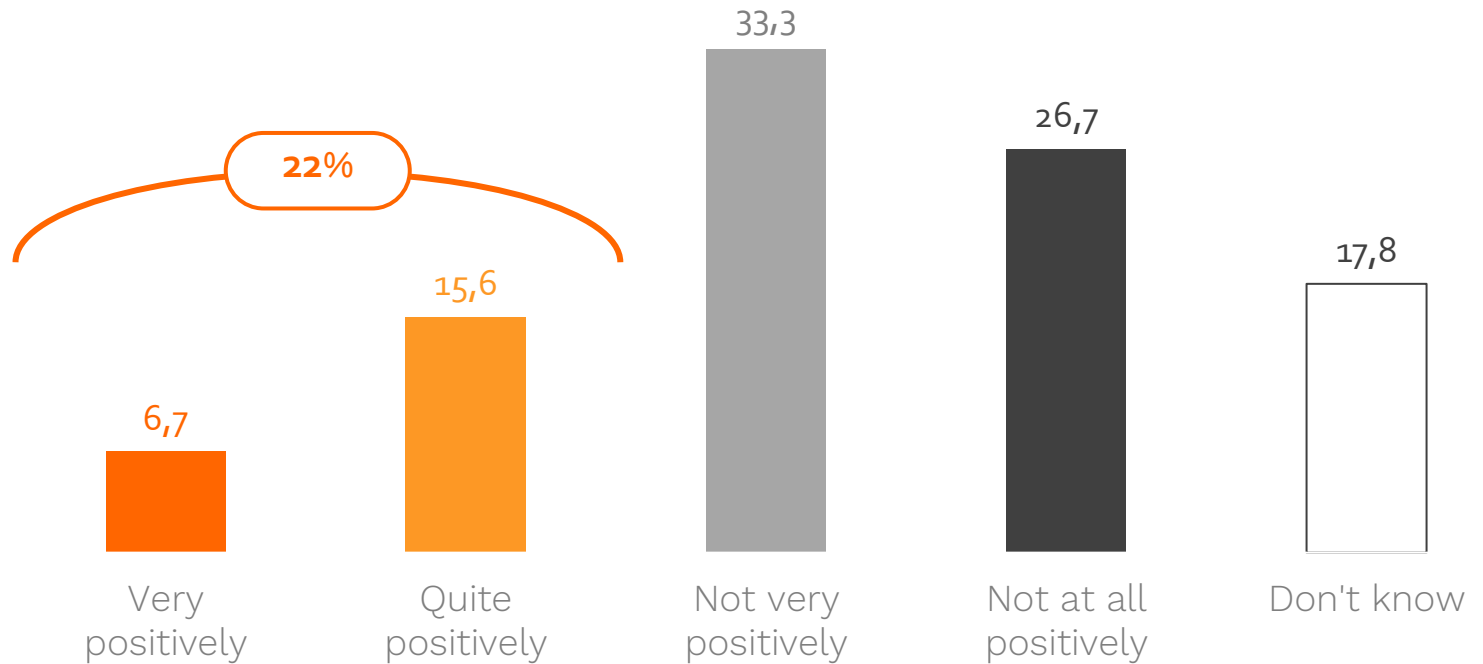
Turkey is investing heavily in infrastructure and major works. Do you believe that these infrastructural interventions can facilitate the realization of business and investments in Turkey?



% Values

Monetary stability

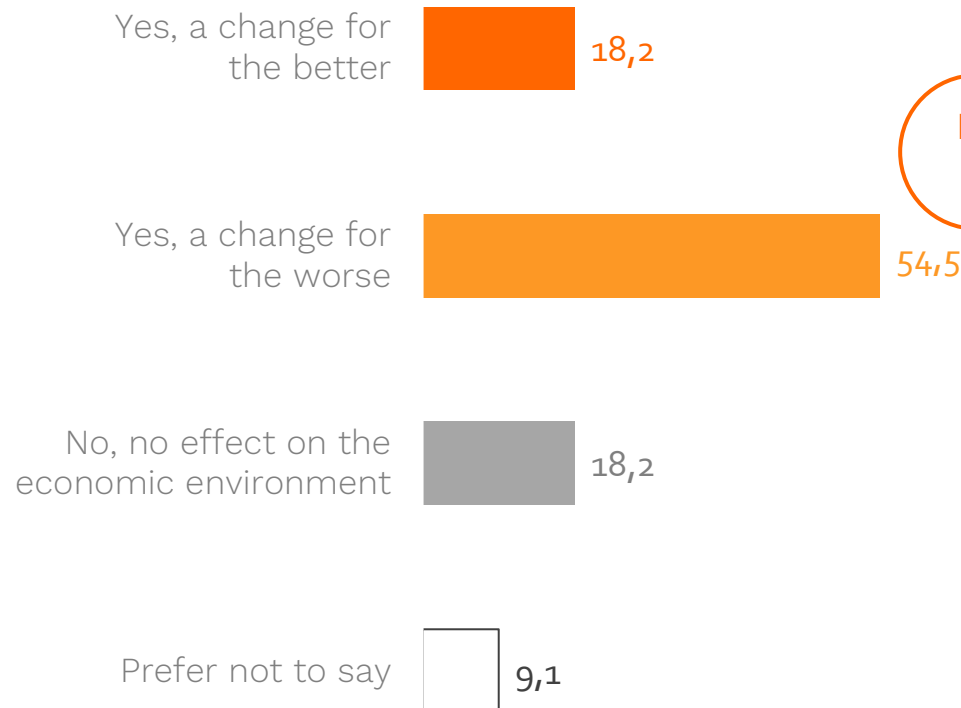
How much do you think monetary instability and the recent changes at the top of the Turkish central bank affect those who want to do business in that country?



% Values

The evolution of the institutional system

Do you think the evolution of the institutional system and the centralization of power in a presidential system could have repercussions on the economic context?

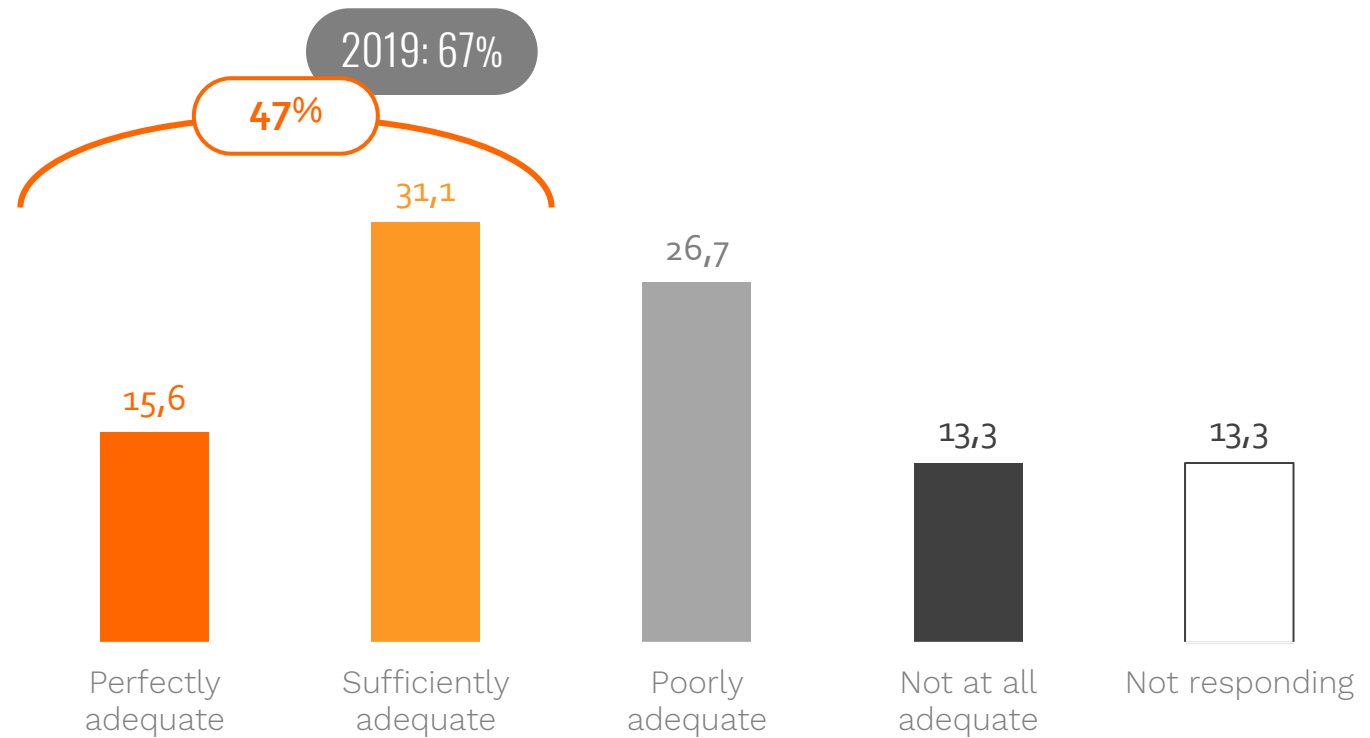


Repercussions
73 %

% Values

Attractiveness for investments - The Model

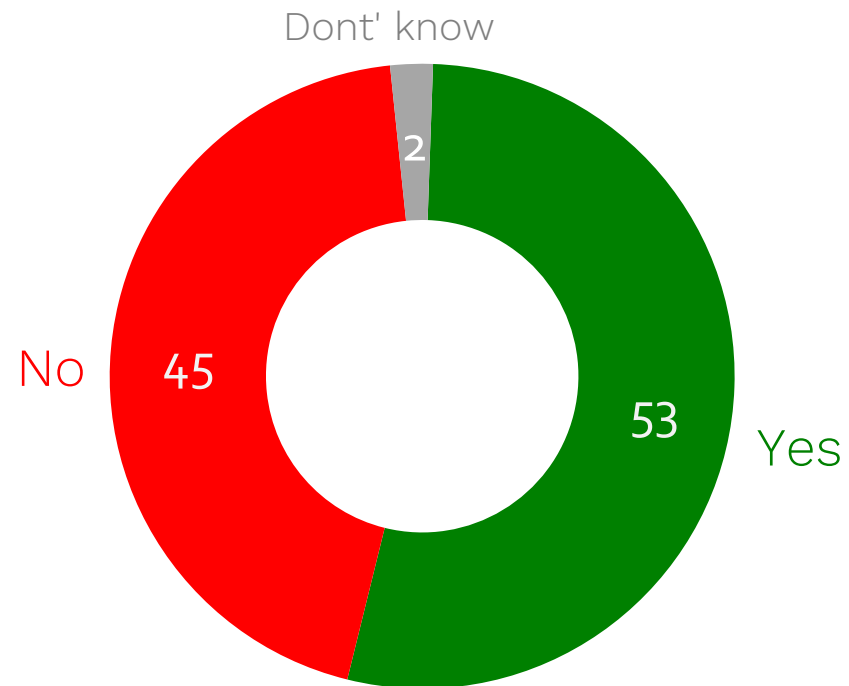
All in all, do you think the current Turkish economic model is adequate to attract investment?



% Values

Attractiveness for investments - The economic situation

And at this particular time, do you think the Turkish economy is in a good phase to attract investment?



% Values



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Thank you for your attention