



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

DEFENSE & AEROSPACE INDUSTRY IN TÜRKİYE

2025

L 400

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AGENDA

1 - INVESTMENT ENVIRONMENT

2 – DEFENSE INDUSTRY

3 – AEROSPACE INDUSTRY

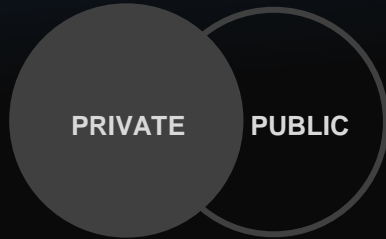
4 – INCENTIVE MECHANISM



INVEST IN TÜRKİYE



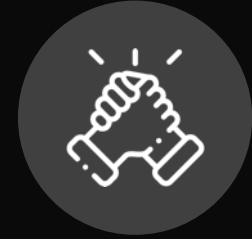
ASSIST YOU BEFORE, DURING AND AFTER YOUR ENTRY INTO TÜRKİYE



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

DOMESTIC + ACCESSIBLE MARKETS



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

NORWAY ISRAEL *SUDAN
LIECHTENSTEIN
SWITZERLAND ICELAND
BOSNIA AND HERZEGOVINA
PALESTINE MACEDONIA
MOROCCO TUNISIA
ALBANIA EGYPT
GEORGIA MONTENEGRO
SERBIA CHILE
MAURITIUS SOUTH KOREA
MALAYSIA *LEBANON MOLDOVA
FAROE ISLANDS
SINGAPORE VENEZUELA
UNITED KINGDOM
*QATAR KOSOVO

FREE ACCESS

1
BILLION
CONSUMERS

449
MILLION
in EU

488
MILLION
in FTA AREA

FTAs with
30 countries

85
MILLION
in TÜRKİYE

STRATEGIC LOCATION



HUB FOR MULTINATIONALS TO MANUFACTURE, EXPORT AND MANAGE

**PROXIMITY
TO MAJOR MARKETS**
1.3 billion people, \$10.3T
import and \$32.1T GDP in
Europe, MENA and CentralAsia
at 4 hour flight-distance

CONNECTIVITY
Turkish Airlines connects
you to 353 destinations in
131 countries

**MANUFACTURING &
EXPORT HUB FOR
MULTINATIONALS**

**AS WELL AS
MANAGEMENT HUB FOR
MULTINATIONALS**

Working Hours
Intersect with
16 Time Zones



66 countries



70 countries



Production base
for MENA



Its largest production
facility worldwide



89 countries



22 countries



63 countries



80 countries



Exporting 85%
of its production



- Exporting 87%
of its production



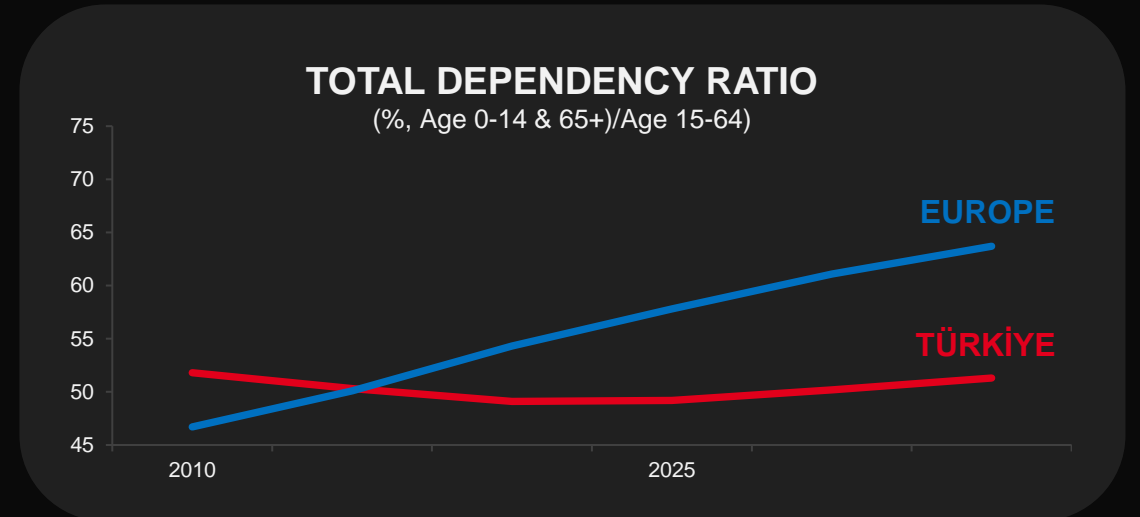
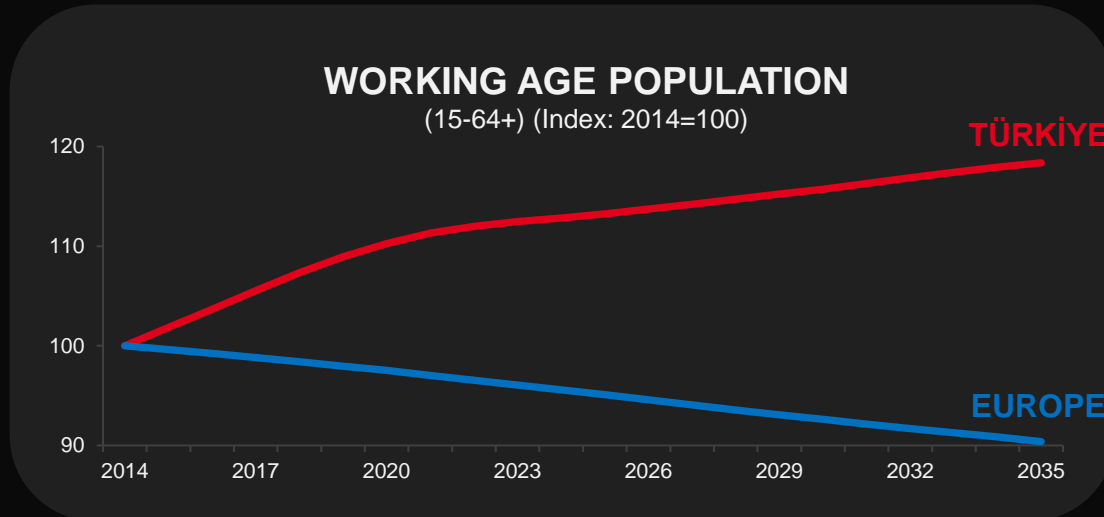
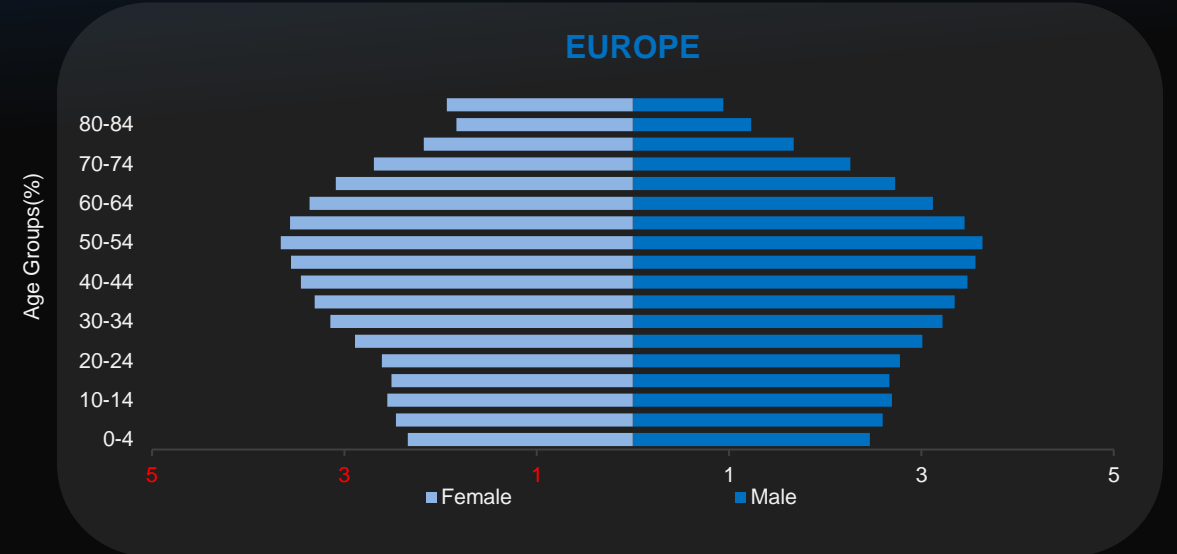
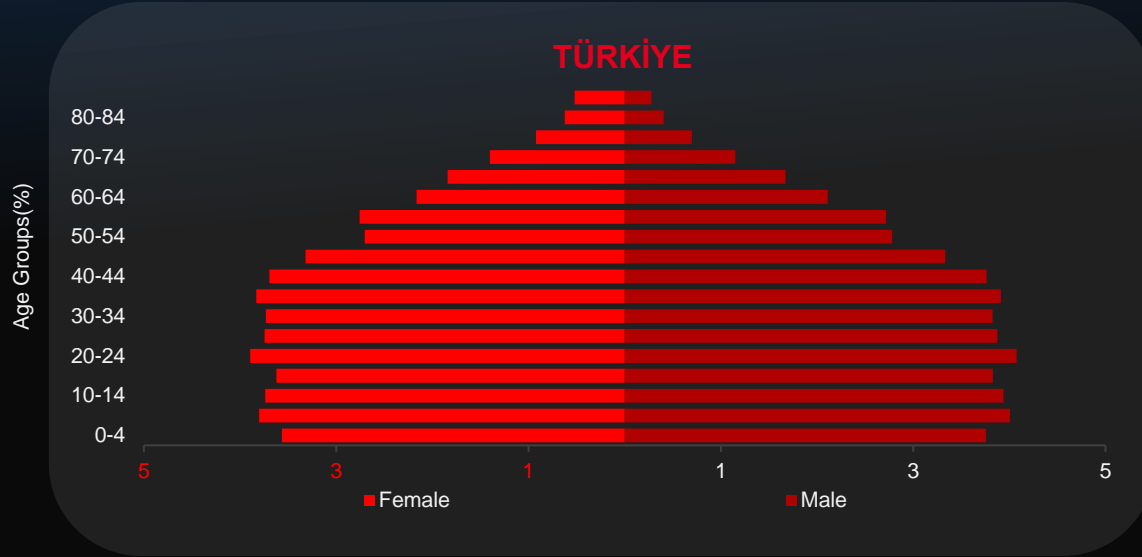
14 countries



30 countries

FAVORABLE DEMOGRAPHICS

HALF OF POPULATION UNDER AGE OF 34 CREATING
A DYNAMIC LABOR FORCE AND FISCAL DISCIPLINE

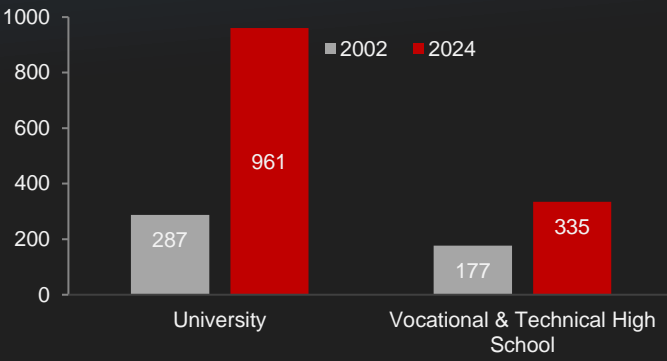


SKILLED AND COMPETITIVE LABOR FORCE

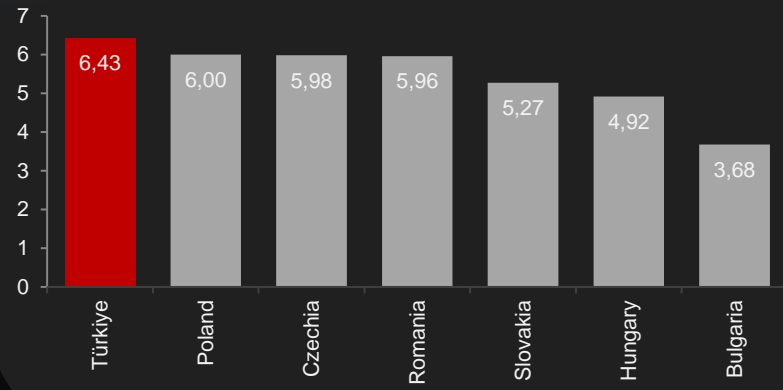
UPGRADED EDUCATION SYSTEM TO ENABLE
A SKILLED LABOR POOL AND ADDRESS
BUSINESS REQUIREMENTS



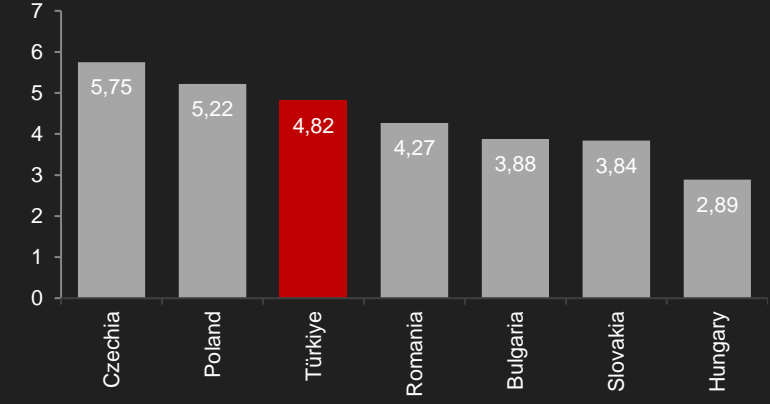
ANNUAL NUMBER OF GRADUATES
(Thousands)



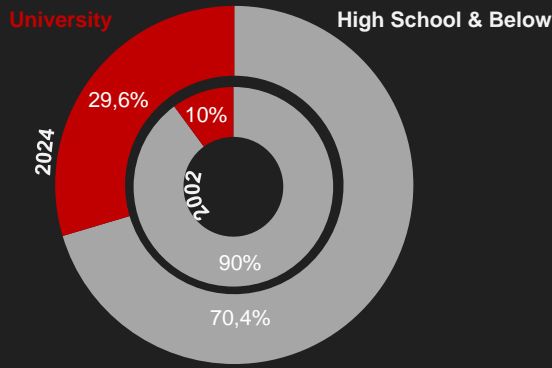
AVAILABILITY OF SKILLED LABOR FORCE
(10=Available; 0=Unavailable, 2024)



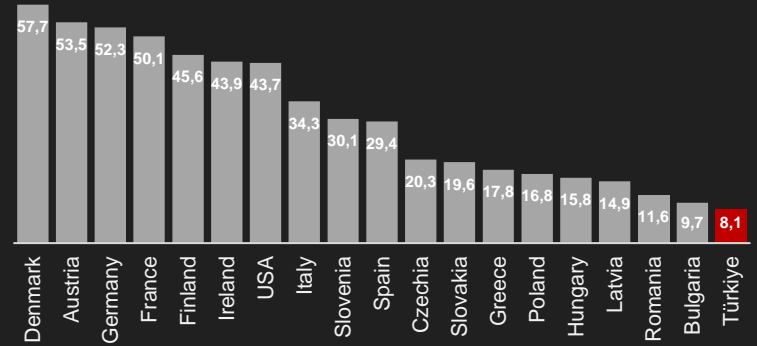
AVAILABILITY OF SENIOR MANAGERS
(10=Available; 0=Unavailable, 2024)



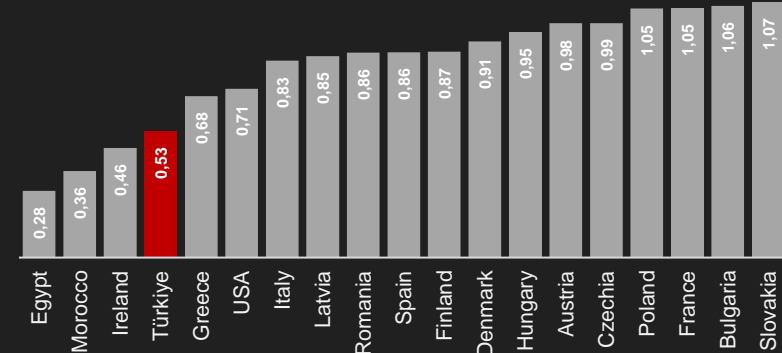
LABOR FORCE BY EDUCATION LEVEL



LABOR COST PER HOUR IN MANUFACTURING
(Hourly wage, ISIC 4:C, 2024)



PRODUCTIVITY VS WAGES
(Yearly Wage / Productivity, %, 2023)



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

AGENDA



1 - INVESTMENT ENVIRONMENT

2 - DEFENSE INDUSTRY

3 - AEROSPACE INDUSTRY

4 - 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



TECHNOLOGIES UNDER DEVELOPMENT

CAPABILITIES OF THE DEFENSE INDUSTRY
ARE CONTINUOUSLY BROADENING



Land	Marine	Aerial	Space	Cyber
Unmanned Ground Vehicles	Advanced Warships	High-Speed UAV	National Communication Satellites	National Search Engine
Weapon Systems / Guided Munitions	Unmanned Naval Vehicles	New Heavy and Light Attack Helicopters	National Regional Air Defense Systems	Cyber Macro Ecosystem
Indigenous and National Platforms	National Submarine	Long-Range Cruise Missiles	National Satellite Launch Systems	Cyber Army
Robot Soldiers	National Aircraft Carrier	National New Generation Fighter Jet	National Liquid and Solid-Fuel Rockets	Cyber Academy
Internal Combustion Propulsion Systems	National Torpedoes	Gas Turbine Propulsion Systems	National Hybrid-Fuel Rockets	
Hybrid Propulsion Systems		Unmanned Combat Aircraft		

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.



BASDEC - Bursa

+80
Members

Promoting competitive economic production and ensuring shared benefits for stakeholders.



ACA - İzmir

+50
Members

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



Eskişehir Aerospace Cluster - Eskişehir

+25
Members

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



Aegean Defense, Aerospace & Space Cluster - İzmir

+15
Members

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.



SİLAH OIZ - Kırıkkale

+5
Members

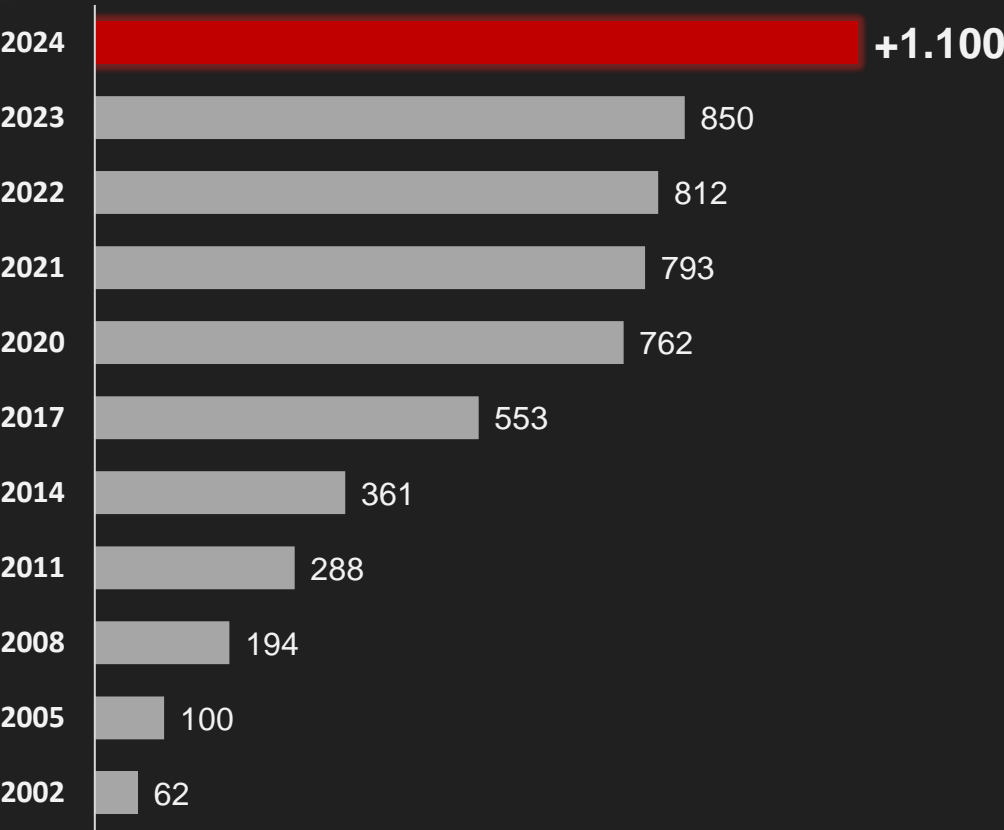
Promoting competitive economic production and ensuring shared benefits for stakeholders.

DEFENSE INDUSTRY PORTFOLIO

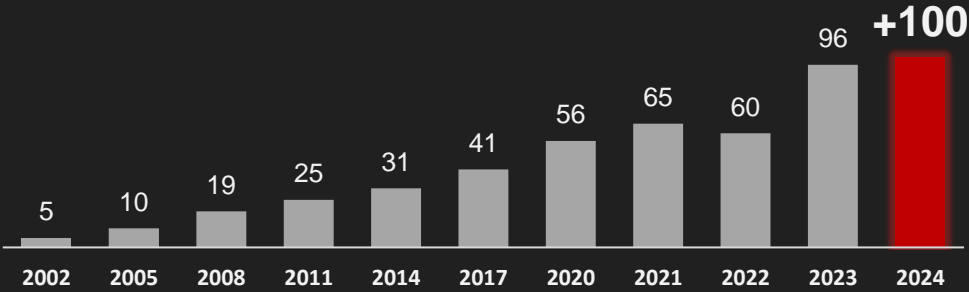
TÜRKİYE'S DECISIVE POLICIES HAVE YIELDED
SIGNIFICANT RESULTS IN THE DEFENSE INDUSTRY



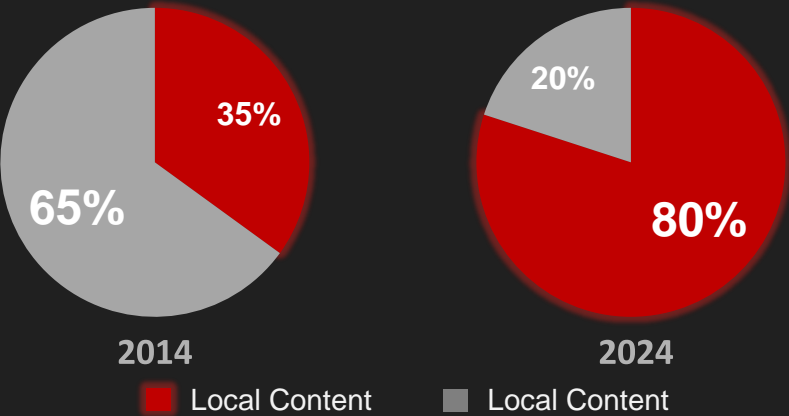
NUMBER OF DEFENSE PROJECTS
(Project Count)



TOTAL VALUE OF CONTRACTS
(\$ Billion)



LOCALIZATION RATE
(Defense Industry, %)

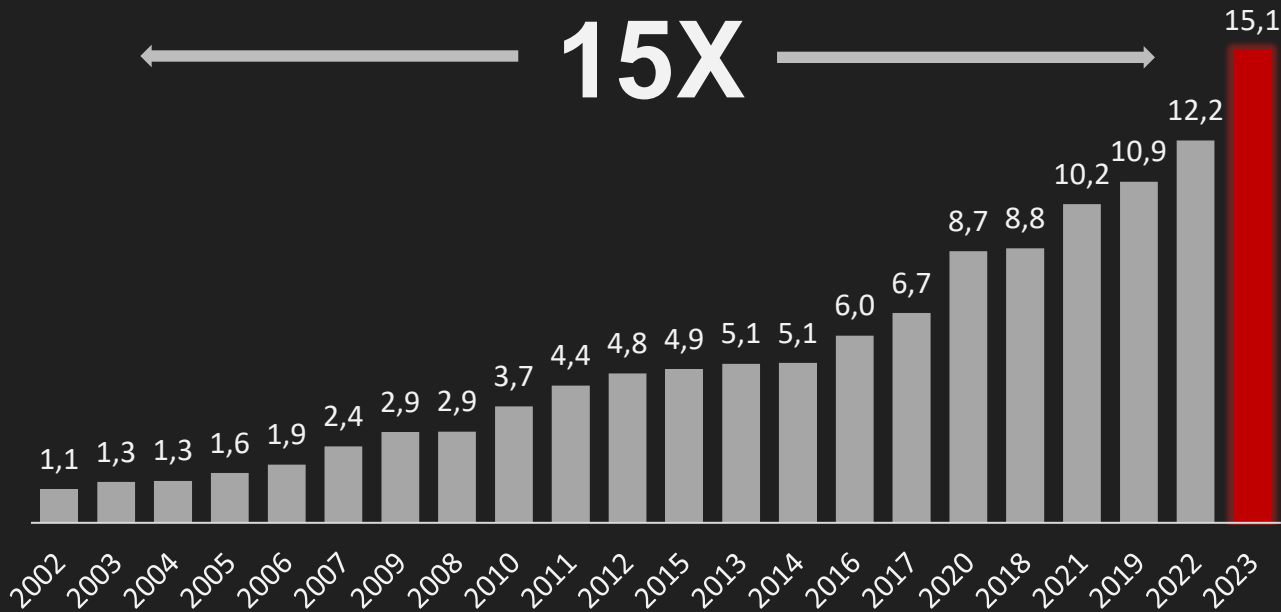




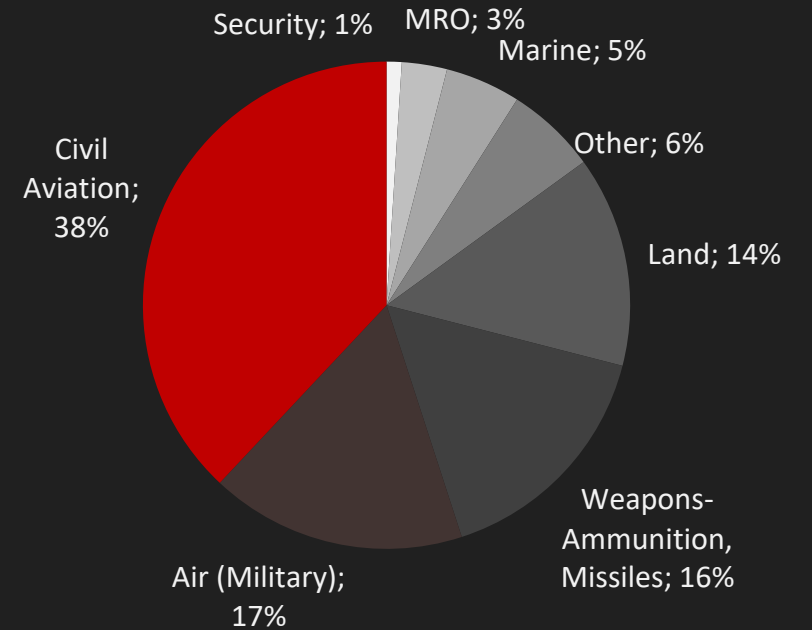
TURNOVERS OF DEFENSE AND AEROSPACE

*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)



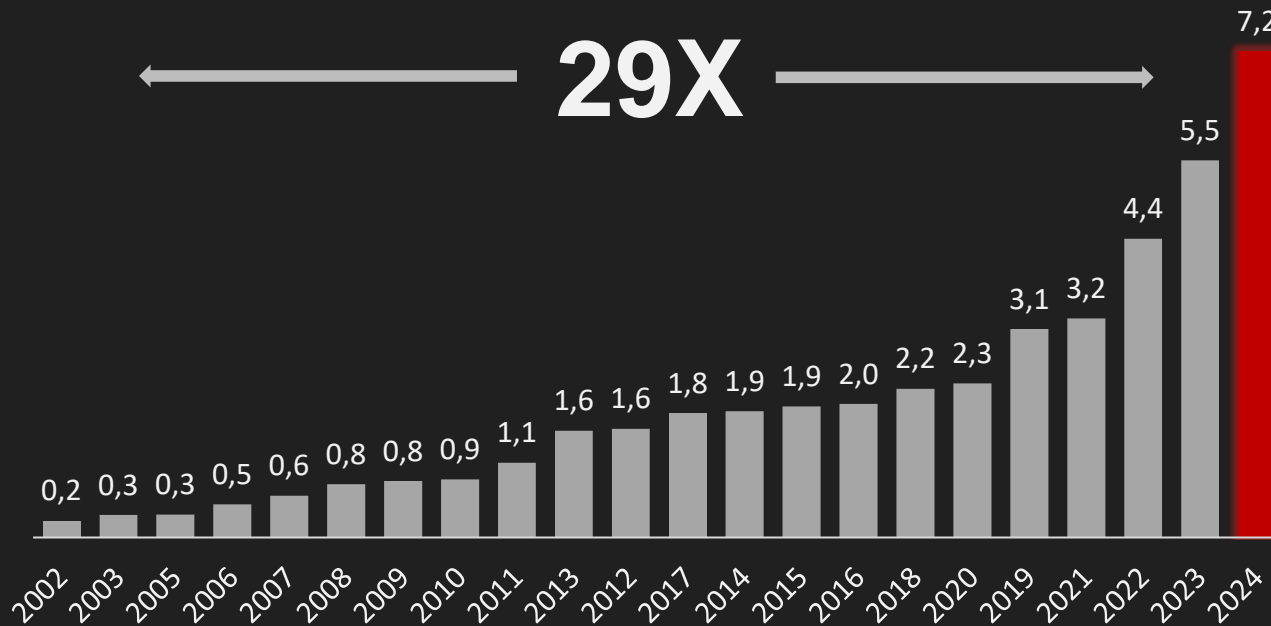


EXPORTS IN DEFENSE AND AEROSPACE

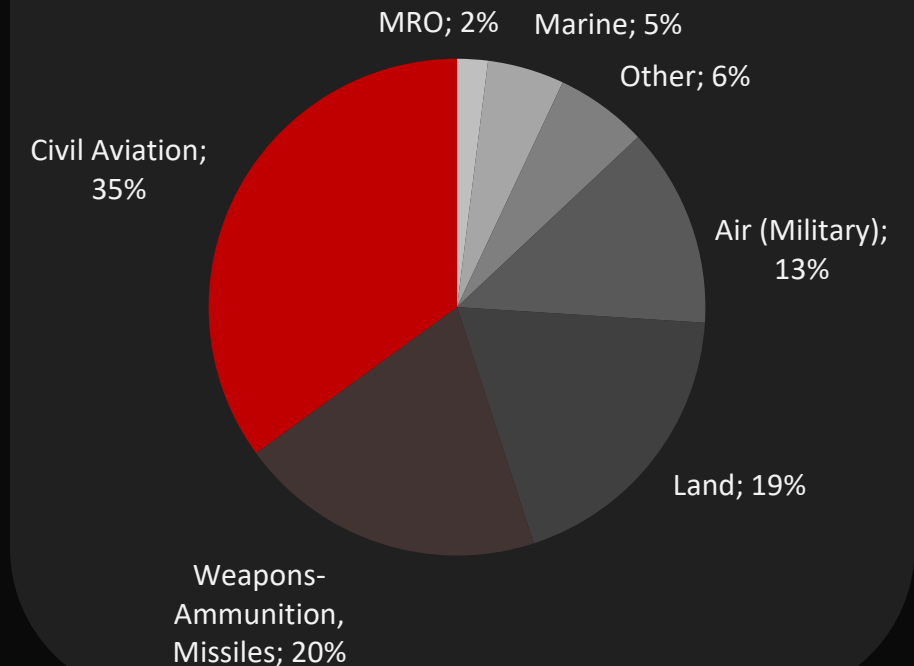
In 2002, the defense and aerospace export volume was only 248 million USD.

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)



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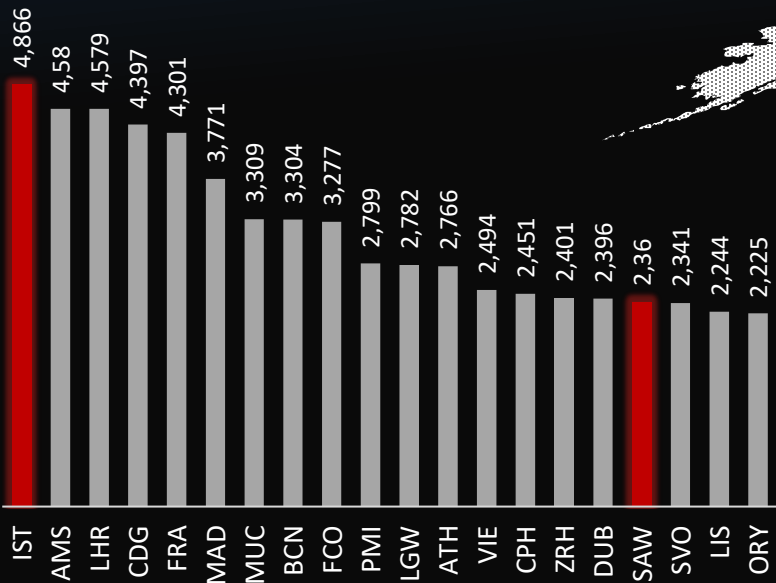
4 - INCENTIVE MECHANISM



AVIATION CONNECTIVITY

Direct Connectivity

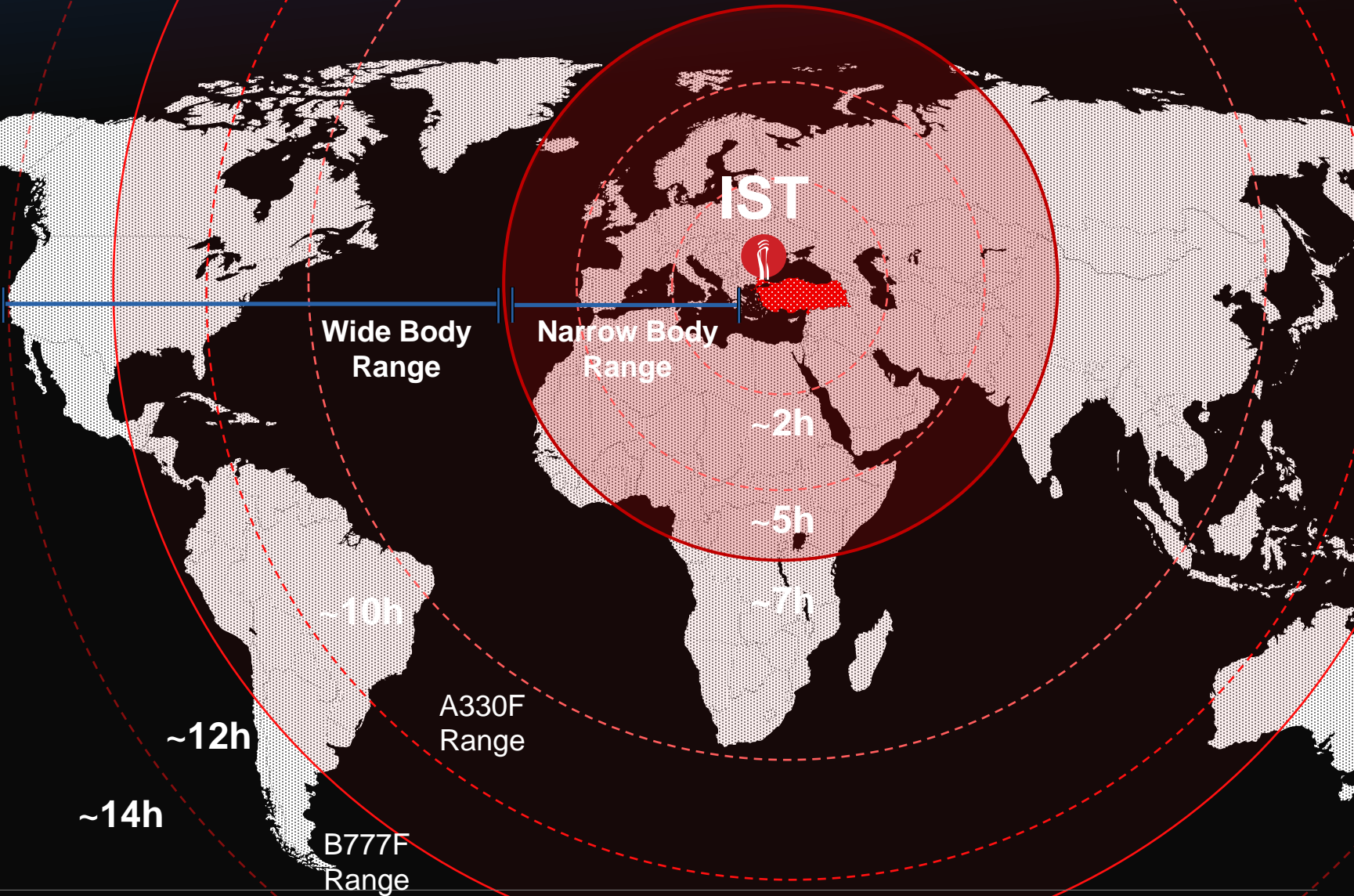
(ACI Airport Connectivity Index, 2024)



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

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

THE AVIATION CENTER OF GRAVITY OF THE WORLD



AVIATION CONNECTIVITY

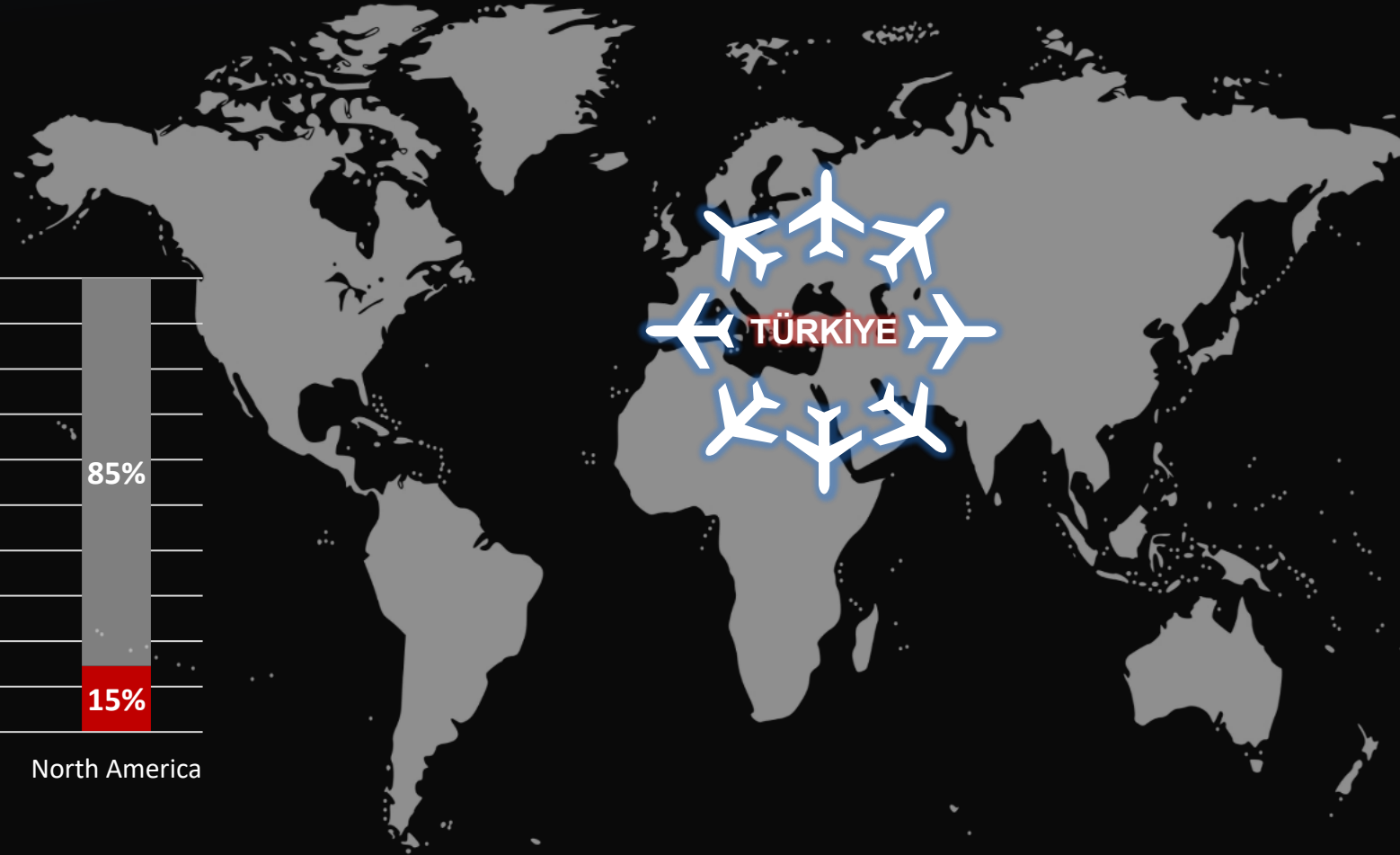
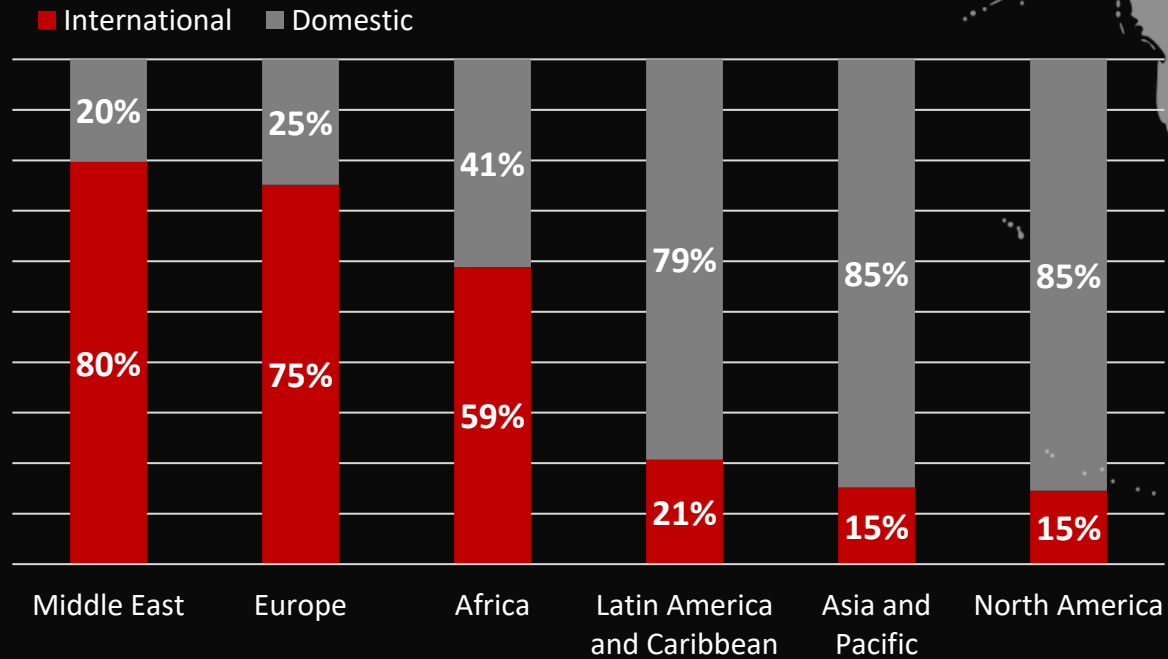
TÜRKİYE IS THE AVIATION
CENTER OF GRAVITY OF THE WORLD



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

AIRTRANSPORTATION IS PROVIDED
THROUGH 58 AIRPORTS IN 54 CITIES



*High airport accessibility
throughout whole country*

2003

26

Domestic Airports

2024

58

Domestic Airports

2024

17

Domestic Hubs

2 Airports are under construction
Target is 60 by 2026



- Domestic Airports
- Domestic Hubs (1M+ Passengers)
- Under construction (AYGM)

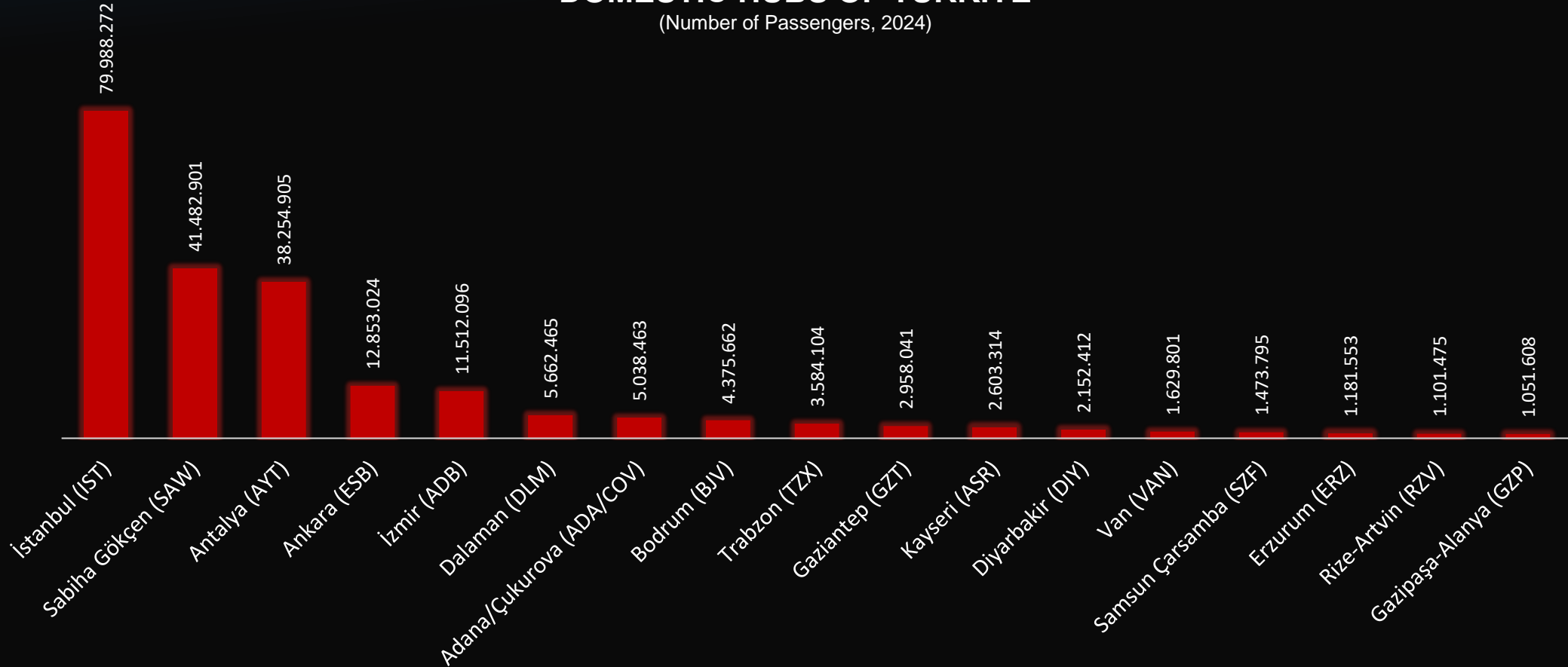
AIRPORTS

THERE ARE 17 AIRPORTS THAT HOSTED MORE THAN 1 MILLION OF PASSENGERS



DOMESTIC HUBS OF TÜRKİYE

(Number of Passengers, 2024)



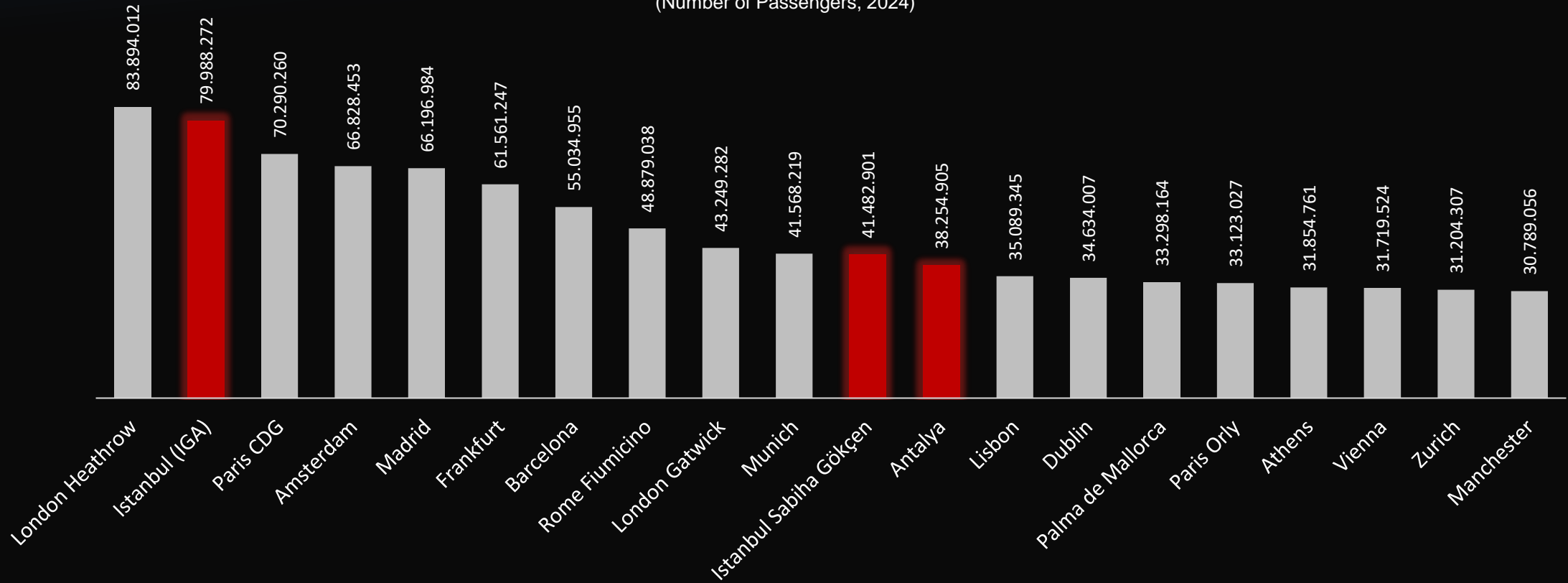
AIRPORTS

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**



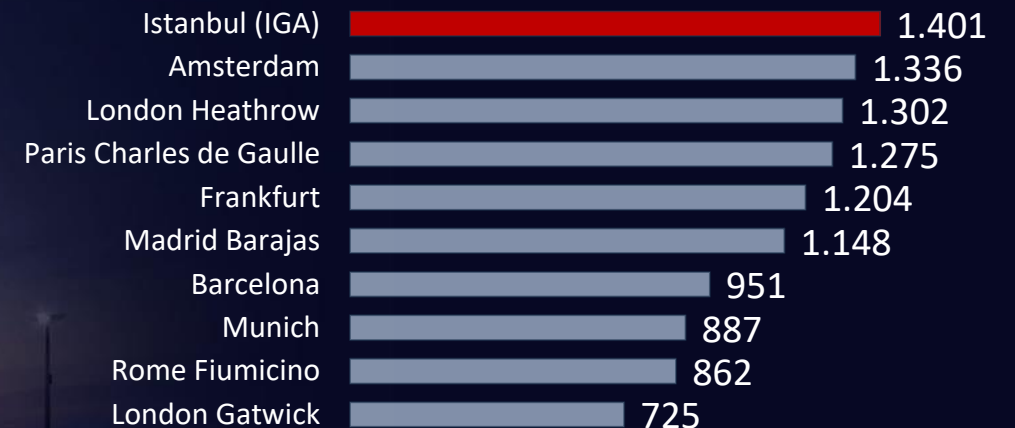
**200 million
Passenger Capacity**



**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

3rd Airline in Europe

300 International Destinations

85.2 Million Passengers

353 Total Destinations

\$22.7 Billion revenue in 2024

DEVELOPMENT SNAPSHOT

CONVINIENT LOCATION AND INFRASTRUCTURE
MAKES TÜRKİYE 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 RESILLIENCE OVER THE PANDEMIC PERIOD

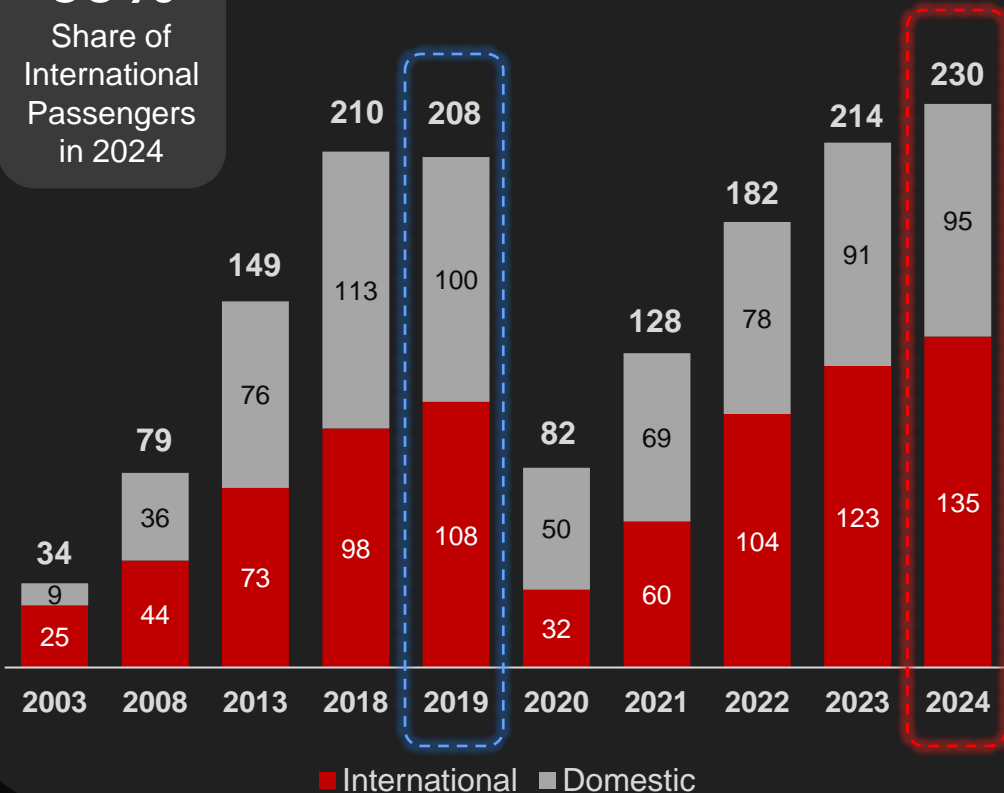


With a strong rebound, Türkiye became one of the first countries to recover from the pandemic

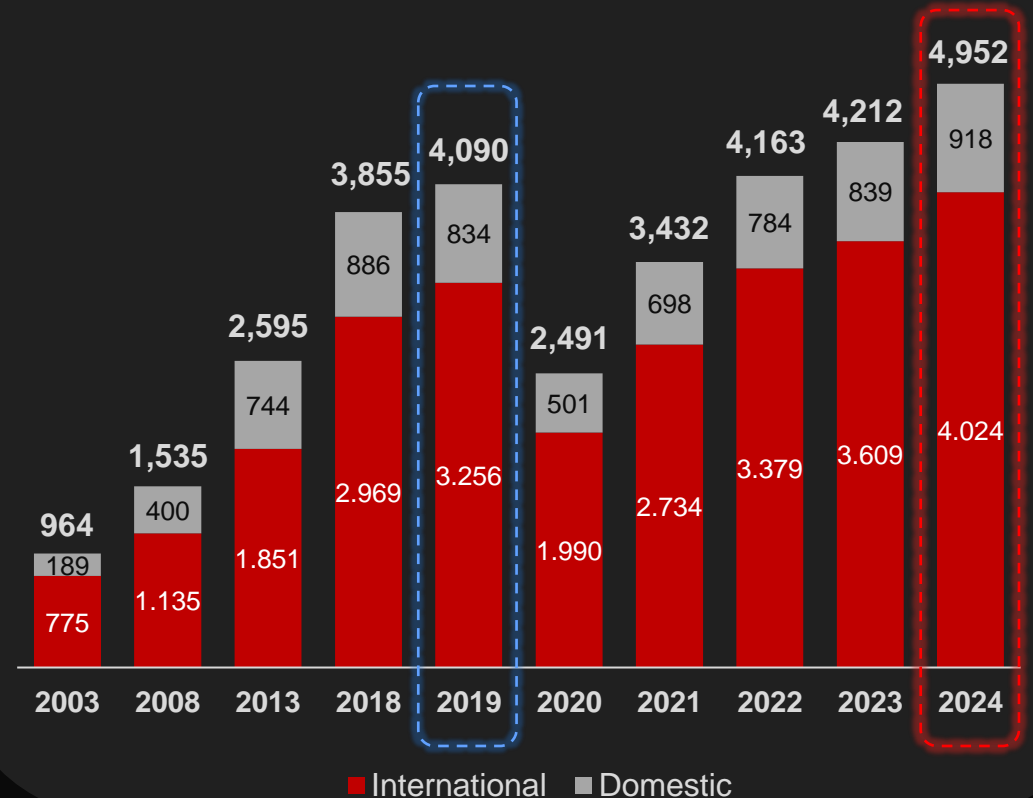
59%

Share of
International
Passengers
in 2024

Number of Passengers
(Million People)



Carried Load
(Thousand Tons)

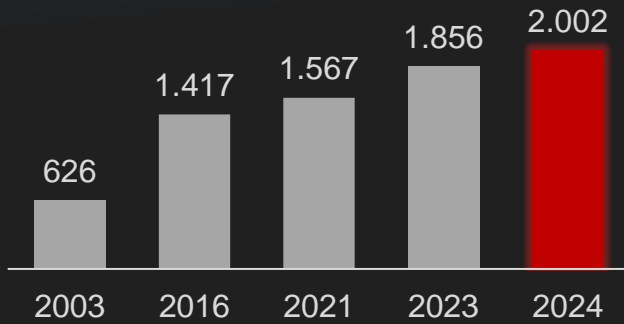


CIVIL AVIATION GROWTH

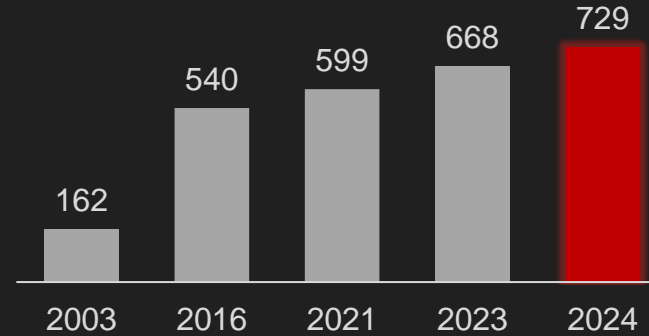
AS A RESULT OF INCREASING DEMAND,
CIVIL AVIATION SECTOR HAS BEEN GROWING



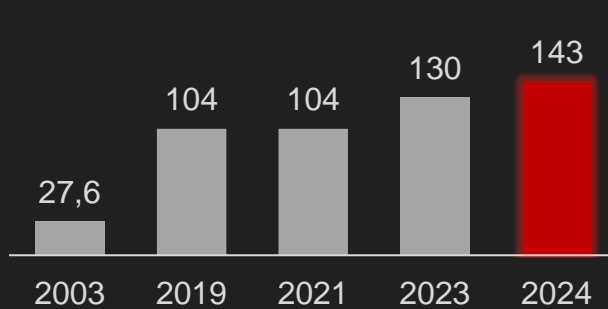
Aircrafts
(Number of Airplanes)



Commercial Fleet
(Number of Airplanes)



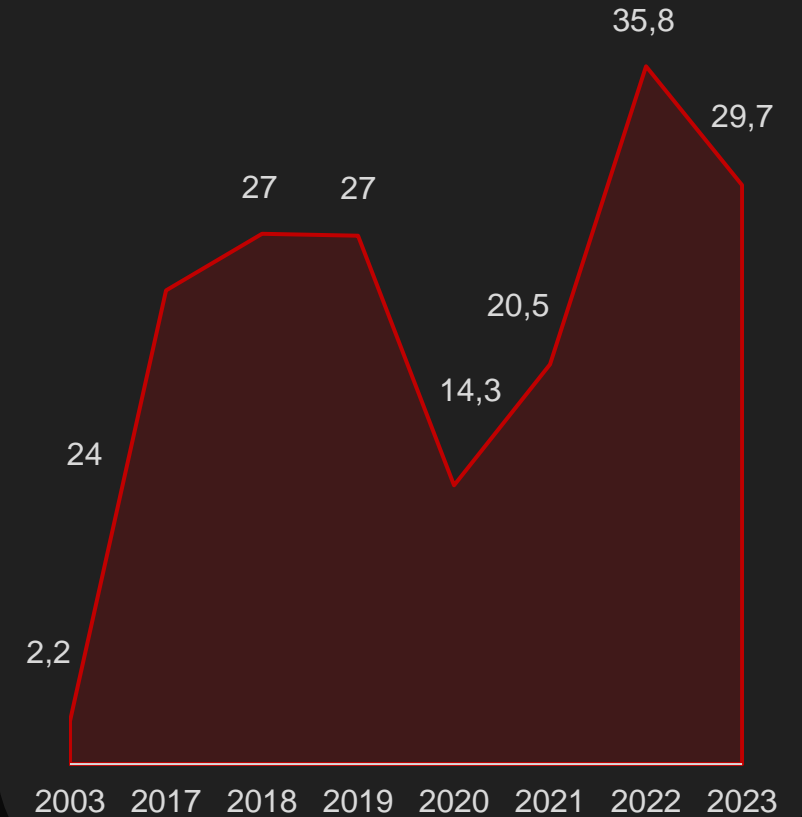
Airline Seat Capacity
(Thousands)



Cargo Capacity
(Tons)



Civil Aviation Revenues
(\$ Billions)



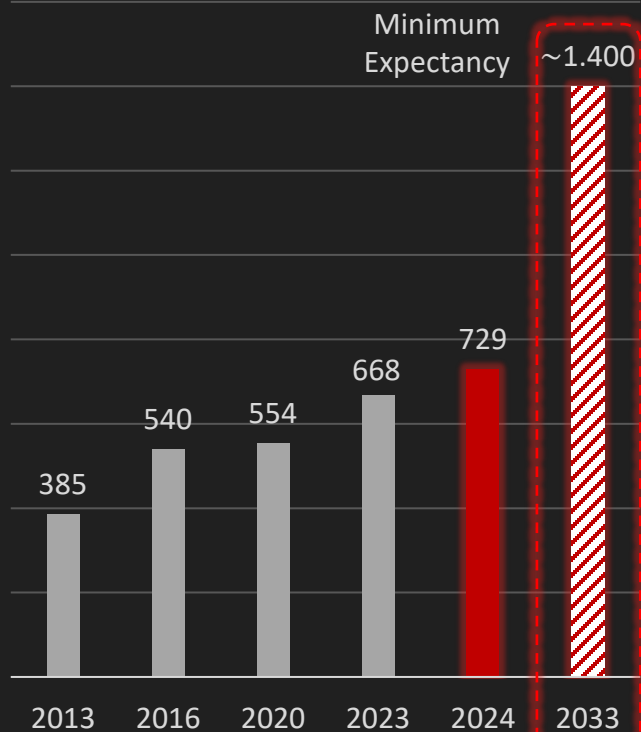
AIRLINE FLEET

TURKISH COMMERCIAL FLEET SIZE IS EXPECTED TO GROW TREMENDOUSLY



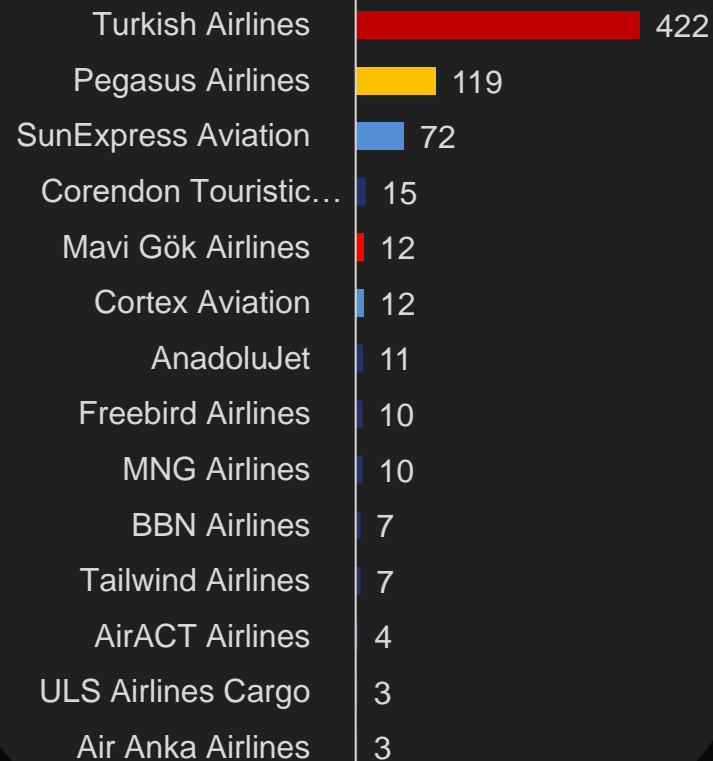
Fleet size is expected to nearly double with a minimum of 645 new airplanes

Commercial Fleet Size
(Number of Airplanes)

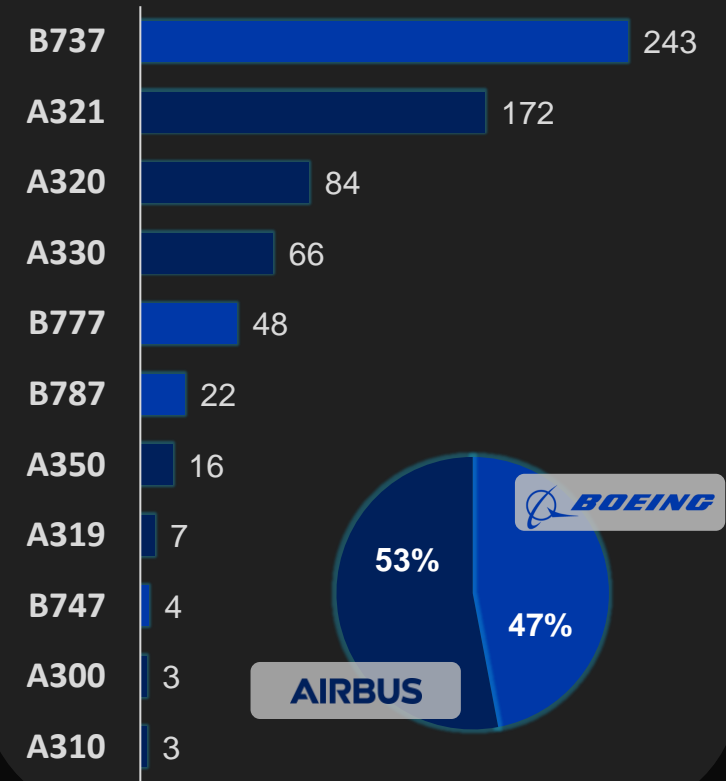


* Forecast for minimum - Investment Office Analysis

Commercial Fleet by Company*
(Number of Airplanes)



Commercial Fleet by Type
(Number of Airplanes)

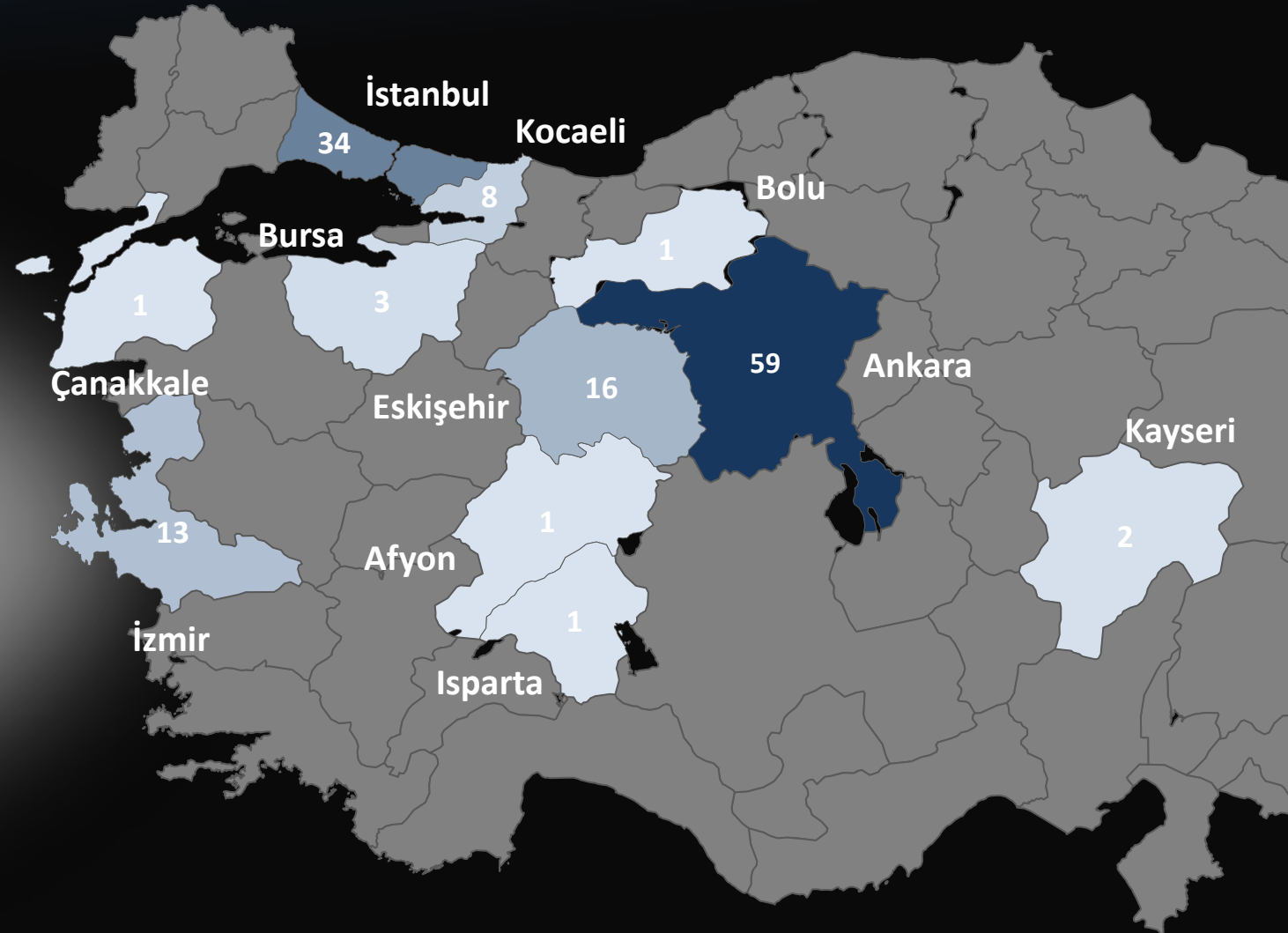


AEROSPACE INDUSTRY

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



“

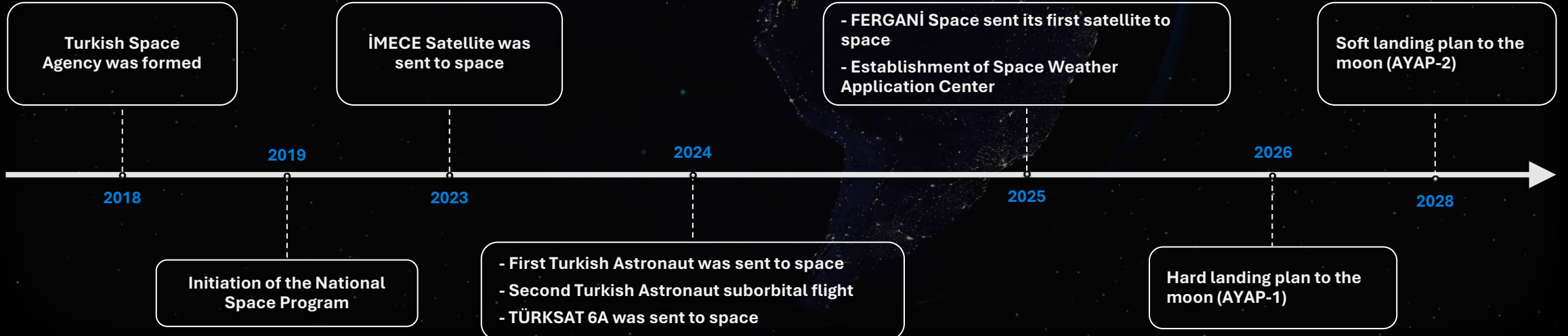
In line with the vision of becoming one of the leading countries in the field of space by 2053, international cooperation will be increased, young generations will be encouraged to work in the field of space, space research will be expanded, and infrastructure and technological competencies will be developed 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

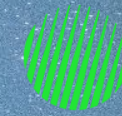


In pursuit of becoming a global leader in space, Türkiye's national companies are driving forward with ambitious projects and cutting-edge innovation

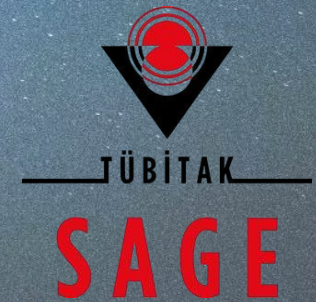
Satellite Manufacturers



Launcher & Rocket Manufacturers



ROKETSAN



NATIONAL SATELLITE PROGRAM



aselsan



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**



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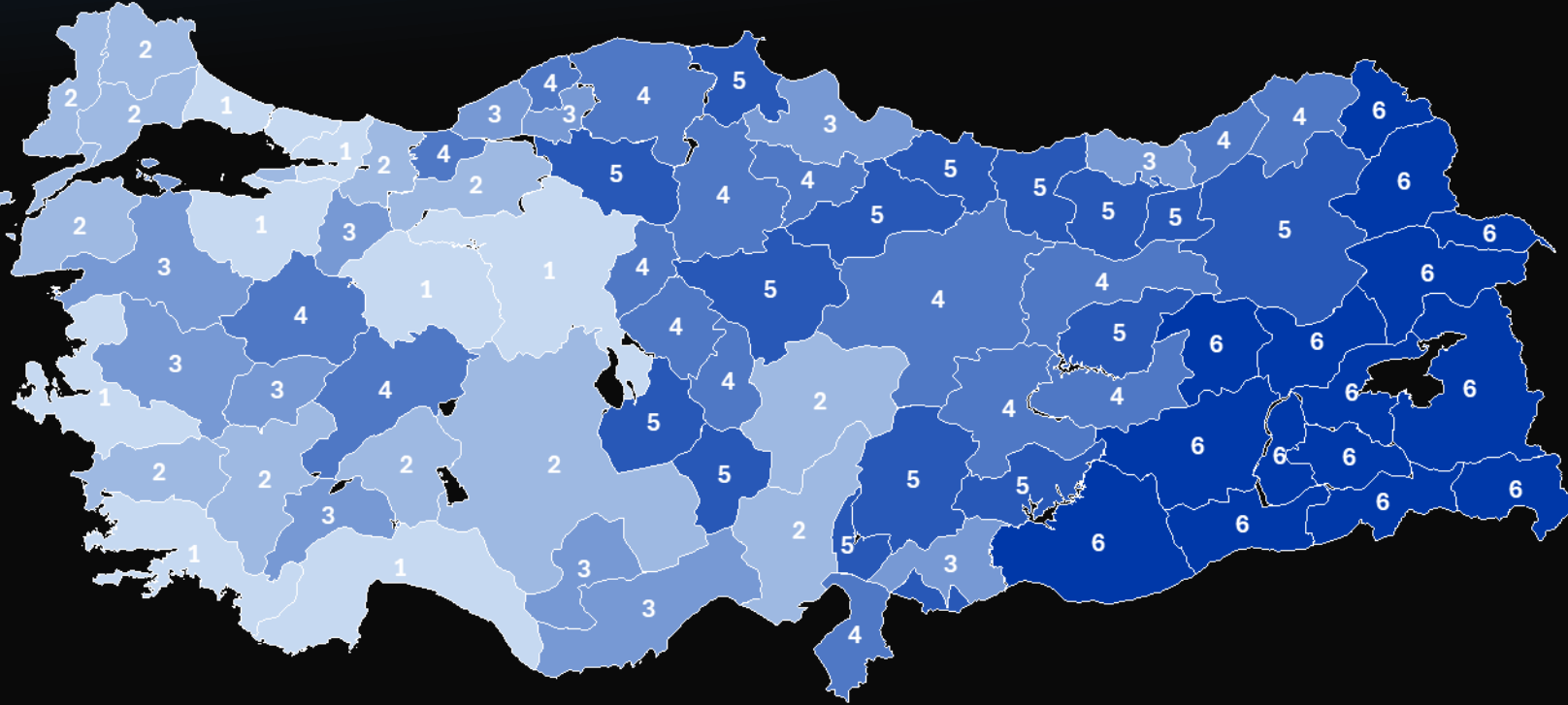


INCENTIVES IN TÜRKİYE

LUCRATIVE INCENTIVES ARE PROVIDED BY THE GOVERNMENT
FOR DEFENSE AND AEROSPACE INDUSTRY COMPANIES



Regional Incentive Mechanism



Increasing incentives

Region 1

Region 6

Support Types

- VAT exemption
- Customs duty exemption
- Tax deduction
- Social security premium support
- Interest/profit share support
- Land allocation

Defense and Aerospace industry
investments receive

Region 5

incentives
regardless of location

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



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.

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
- Employment supports
- Financing 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



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

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