



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN TÜRKİYE 2023

A REPORT FROM TEAM SWEDEN IN TÜRKİYE

TABLE OF CONTENTS

FOREWORD	3
EXECUTIVE SUMMARY	4
ABOUT THE SURVEY	5
ECONOMIC OUTLOOK.....	6
THE MARKET	10
HOW SWEDISH COMPANIES SUCCEED IN TÜRKİYE.....	15
ACTING SUSTAINABLY	18
CONTACT US	20

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Türkiye

Edin Erkocevic

Merve Bulut

Selim Şentürk

Swedish Chamber of Commerce in Türkiye

Mustafa M. Alaca

Aslı Buğdaycı

Consulate General of Sweden in Türkiye

Peter Ericson

Björn Jönsson

FOREWORD

In 2022, export volume from Sweden to Türkiye increased by **35 per cent** compared to 2021 and amounted to **20.4 billion SEK**, reaching an all-time high in the last 10 years.¹ In the first two months of 2023, Türkiye has emerged as the **14th** largest export destination for Sweden, witnessing a notable increase of **52 per cent** (in SEK) compared to the corresponding period in the previous year.² Although it is quite early to pinpoint the exact drivers of this increase, a combination of different factors have played a role in the trade balance between the two countries, including but limited to increased demand in the Turkish market; export product diversification and currency fluctuation. Overall, the trend once again demonstrates the long-standing economic ties between Türkiye and Sweden and their commitment to contribute to bilateral economic growth and employment.

Despite Türkiye's sustained growth in the past decade, the global economic slowdown following the Covid-19 pandemic and recent macroeconomic policies have hindered its GDP growth. In 2022, the country experienced a growth rate of **5.6 per cent**, a significant decline from the previous year's **11.4 per cent**.³ The country has faced challenges related to macro-financial instability, including high private sector debt, persistent current account deficits, elevated inflation, and a high unemployment rate. Additionally, recent earthquakes in February 2023 caused extensive damage, affecting a considerable portion of the population and the economy, with estimated direct losses of **34.2 billion dollars** and substantial reconstruction needs.⁴ According to the Türkiye Earthquakes Recovery and Reconstruction Assessment (TERRA), the estimated cost for Türkiye's recovery and reconstruction is approximately **103.6 billion dollars**, which represents approximately **nine per cent** of Türkiye's projected GDP for the year 2023.⁵ These seismic events have further exacerbated the already fragile macro-financial situation in Türkiye.

Despite the slowdown in growth numbers and macroeconomic volatility, **77 per cent** of the Swedish companies that participated in the survey stated profitability during 2022. The companies expressed optimism for the upcoming year, where **66 per cent** of the companies expect an increase in their turnover in 2023. However, when it comes to investments, many Swedish companies are acting cautiously given the uncertain macroeconomic climate. The investment expectations for 2023 have decreased slightly compared to the last year, where **39 per cent** of the respondents expects an increase in investments going forward (compared with 52 per cent that reported an increase in investments in the 2022 year's survey). Overall, the results of the survey still indicate that Türkiye, with its 85 million⁶ inhabitants and a strategic geographical location continues to be a promising market for Swedish companies.

This report seeks to provide a comprehensive assessment of the Turkish business climate based on the experiences and observations of Swedish companies that are present here. Our objective is to enhance your understanding of the performance of Swedish companies in Türkiye and offer valuable insights into the opportunities and challenges present in the Turkish market. Furthermore, we hope that this report will serve as a valuable resource in fostering bilateral trade dialogues between Sweden and Türkiye.

We would like to express our utmost appreciation to the participating companies and respondents who have generously contributed with their valuable insights and data, making this report possible. Your contributions have been instrumental in shaping a comprehensive and insightful analysis of the Turkish market.



Peter Ericson
Consul General of
Sweden to Istanbul



Edin Erkocevic
Trade Commissioner of
Sweden to Türkiye



Mustafa M. Alaca
Chairman – Swedish
Chamber of Commerce
in Türkiye

¹ Statistics Sweden, Trade in Goods and Services

² Statistics Sweden, Trade in Goods and Services

³ TurkStat (Turkish Statistical Institute), Quarterly Gross Domestic Product, Quarter IV: October-December, 2022

⁴ World Bank GRADE February 6, 2023 Kahramanmaraş Earthquakes Türkiye Report

⁵ UNDP Recovery and Reconstruction after the 2023 Earthquakes in Türkiye Report

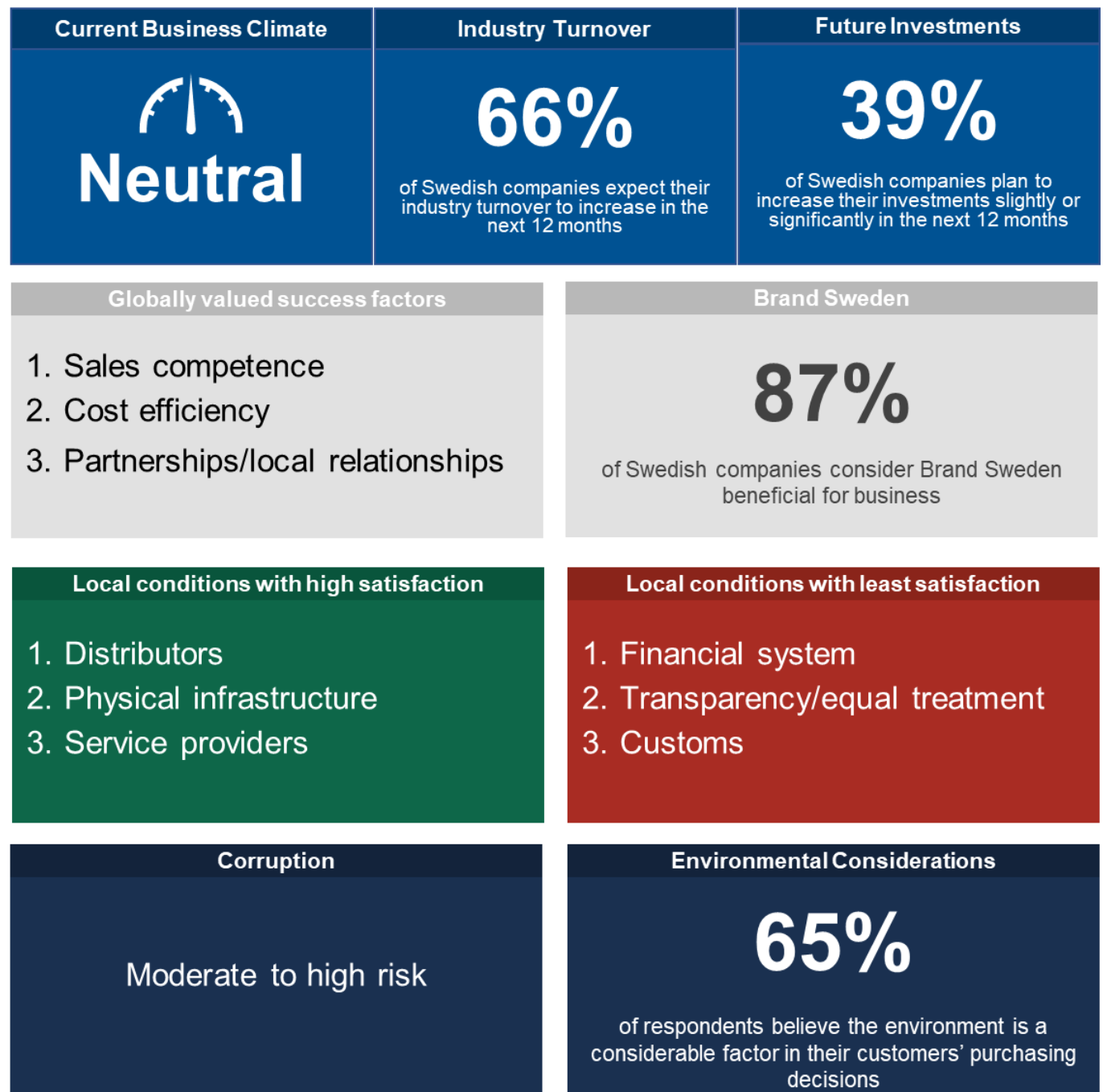
⁶ Turkstat (Turkish Statistical Institute), Address-Based Population Registration System Results

EXECUTIVE SUMMARY



Coverage

64 respondents



ABOUT THE SURVEY

Swedish companies offer their perspective on the Turkish market through the insights provided by the Business Climate Survey

The purpose of the Business Climate Survey Türkiye is to provide an in-depth analysis of the Turkish market conditions beyond the macro-economic data and to identify opportunities and challenges that Swedish companies encounter in their respective markets. The survey was conducted in 22 countries, which enables us to obtain deeper insights, particularly regarding regional differences and changes over previous years.

The Business Climate Survey Türkiye 2023 was sent to Swedish companies in Türkiye that meet the following criteria:

- Companies originally established in Sweden which subsequently established a Turkish entity according to the Turkish Commercial Code as part of their internationalization efforts.
- Companies originally established in Türkiye which have been acquired by a company originally established in Sweden.

Responses to the survey were collected between 8 March and 8 April 2023, with a target audience consisting mostly of business units, country, or sales managers of Swedish companies. 118 recipients were contacted, of which 64 responded, resulting in a response rate of **54.23 per cent**. While not all Swedish companies operating in Türkiye were surveyed, the Business Climate Survey 2023 serves as an accurate barometer of the general experience of these companies doing business in the market. We are confident that this year's report will provide valuable insights to businesses operating in Türkiye as well as businesses interested in operations in Türkiye, helping them to make well-informed decisions and succeed in the market.

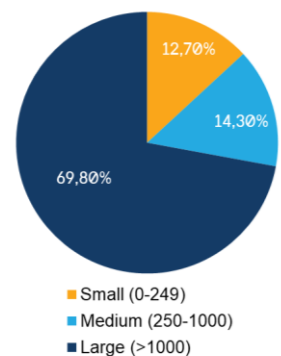
The Business Climate Survey Türkiye 2023 report is structured into four main sections:

- **Economic Outlook:** This section offers macroeconomic data and provides insight into Swedish companies' performance and expectations in the Turkish market.
- **The Market:** This section provides an overview of the market's activities and the perspectives of Swedish companies operating in it.
- **How Swedish Companies Succeed in Türkiye:** This section presents the experiences of successful Swedish companies to guide new market entrants.
- **Acting Sustainability:** This section analyses the Turkish market from a sustainability standpoint.

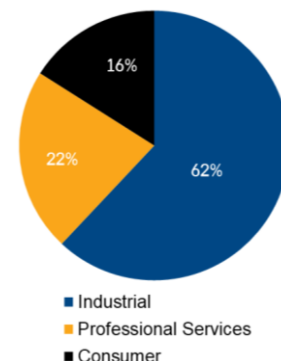
A panoramic overview of the respondent base shows that:

- **70 per cent** of the companies are large-sized (>1000 employee), medium-sized companies (250-1000) make up **14 per cent** and small companies (0-249) account for the remaining **13 per cent**.
- The industrial segment represents the largest group of companies (**62 per cent**), followed by professional services (**22 per cent**) and consumer segment (**16 per cent**).
- Most of the respondent companies are experienced and entered the Turkish market between 2002 to 2016 (**58 per cent**). Mature companies that entered the Turkish market before the year 2001 account for **30 per cent**, while newcomers that entered the market after 2017 represent **13 per cent**.

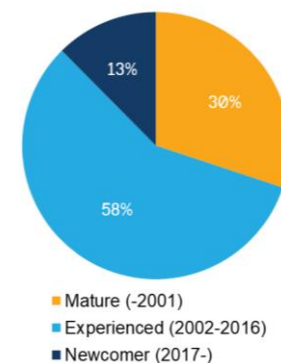
Global Number of Employees



Main Industry



Experience in the Market



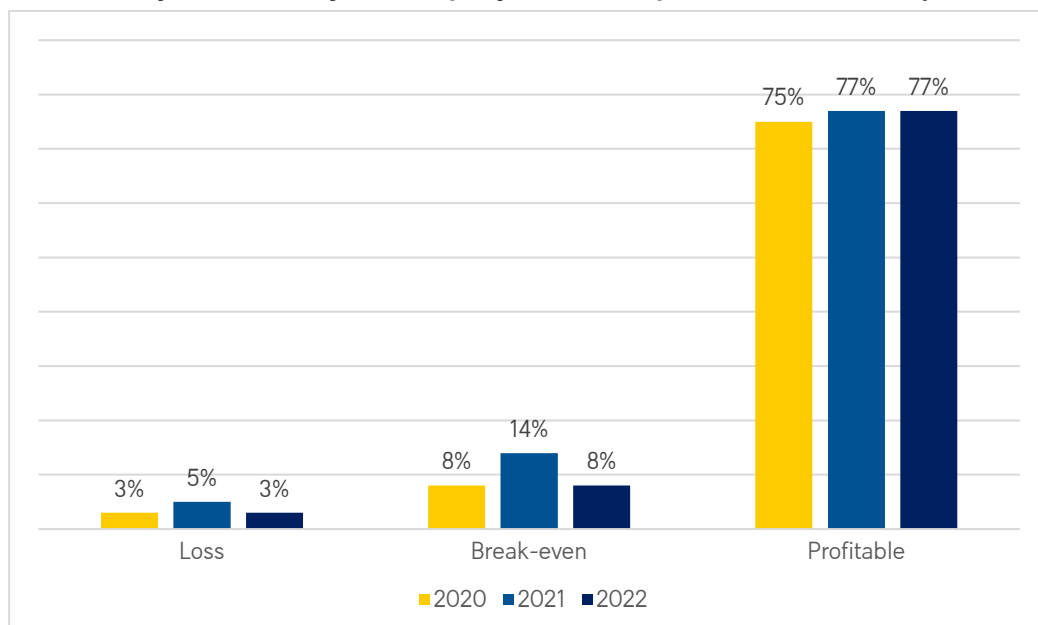
ECONOMIC OUTLOOK

Türkiye maintains its competitive edge as a lucrative market for Swedish companies

Türkiye's advantageous geographical location, large and young population, and strong production network have made it an attractive destination for Swedish companies seeking to expand their operations. Türkiye has a good potential to become a key regional hub for global supply chains, enabled by new investments and production networks. According to the May 2023 Chief Economists Outlook survey published by World Economic Forum, Türkiye is, in fact, among the economies cited as likely to benefit from supply chain changes. The survey also indicates that industries such as semiconductors, green energy, automotive, pharmaceuticals, food, energy, and technology are likely to experience the most significant supply chain changes. This list overlaps with the sectors where chief economists expect the industrial policy to have the most significant impact, reflecting the effects of the pandemic and the food and energy crises triggered by Russia's full-scale invasion of Ukraine.⁷

Although Türkiye has been positively affected by the transformation of global supply chains, the country still suffers from macroeconomic volatility. Türkiye follows an unorthodox policy by keeping its policy rate at single digits, which leads to high inflation combined with a weak currency. According to the survey, most of the Swedish companies in Türkiye have suffered from the unprecedentedly high inflation in 2022. While this economic policy, to some extent, boosts the exports of the country, it also increases the current account deficit to a greater extent. Türkiye's current account deficit has reached an all-time high with **109.5 billion dollars** by the end of 2022. This is an increase of **137 per cent** compared to 2021.⁸ Currency devaluation in the last year, combined with an extreme inflationary environment, made it hard for the companies to manage their financials sustainably.

How would you describe your company's financial performance in Türkiye in 2022?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

⁷ World Economic Forum, Chief Economist Outlook May 2023

⁸ Turkstat (Turkish Statistical Institute), Foreign Trade Statistics, December 2022

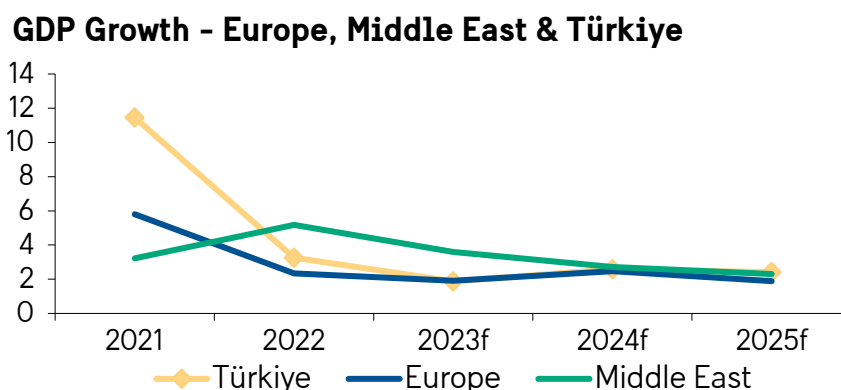
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

Despite market volatility, Swedish companies operating in Türkiye have demonstrated their resilience and had a profitable year in 2022. This success can be attributed to their ability to capitalise on Türkiye's unique positioning and invest in factories, research and development facilities, acquire local companies, contribute to the Turkish export market, and create employment opportunities. Notably, a significant majority of these companies (**77 per cent**) closed the year with a profit. While all the consumer sector companies reported a profitable year, **67 per cent** of the industrial sector companies reported their performance as profitable. This underscores the potential of Türkiye's diverse manufacturing footprint, which includes automotive, machinery, and industrial equipment, and presents compelling opportunities for Swedish companies seeking to expand their operations in the region.

Despite the economic slowdown, Swedish companies are optimistic about the future

Although Türkiye sustained decent growth in the last decade, post-Covid global economic slowdown and recent macroeconomic policies have slowed down the growth of GDP. Türkiye experienced a growth rate of **5.6 per cent** in 2022, which marked a decline from the previous year's **11.4 per cent**. This moderation in growth in the last year can be attributed to a slowdown in exports, investment, and manufacturing activity.⁹ The macro-financial instability experienced since August 2018 has worsened due to multiple factors. These include the persistent rise in the current account deficit, which reached a high of **55.4 billion dollars**¹⁰ in February 2023 – the highest level since August 2012. Additionally, the yearly inflation surged to **85.5 per cent**¹¹ in October 2022, marking the highest level since the 2001 crisis. Furthermore, the weakening of the currency resulted in the USD/TRY exchange rate reaching **20** Turkish lira per dollar by the end of May 2023.¹² These combined circumstances have contributed to the prevailing macro-financial instability. In addition, the earthquakes that struck parts of Türkiye on 6 February have caused significant physical damage in 11 provinces, affecting **16.4 per cent** of Türkiye's population and **9.4 per cent** of its economy. The direct losses resulting from the earthquakes are estimated to amount to **34.2 billion dollars**, with the reconstruction needs likely to be twice that amount. The earthquakes have intensified an already fragile macro-financial situation.¹³

Projected GDP Growth in Türkiye



NOTE: Constant prices.

SOURCE: Oxford Economics, GDP, real, annual growth. Last update: 24 April 2023

⁹ World Bank, Türkiye Overview

¹⁰ TCMB (Central Bank of the Republic of Türkiye), Balance of Payments Statistics, March 2023

¹¹ TurkStat (Turkish Statistical Institute), Consumer Price Index, October 2022

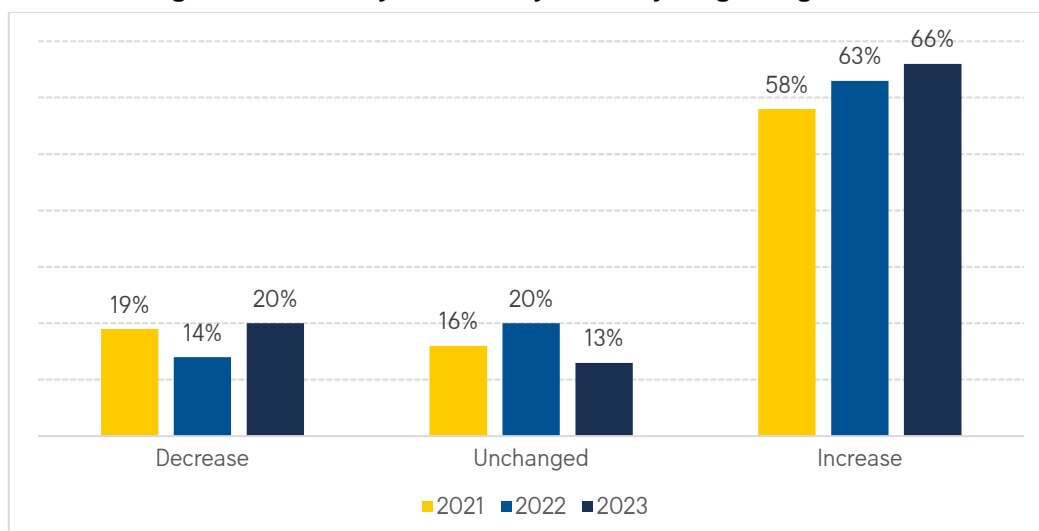
¹² TCMB (Central Bank of the Republic of Türkiye), Indicative Exchange Rates, 30 May 2023

¹³ World Bank, Türkiye Overview

In the current macroeconomic policy mix, the outlook is clouded with uncertainty. The economic performance post-election would ideally rely on policy decisions to phase out the distorted financial markets through a gradual removal of the heterodox regulatory web, and the implementation of macroeconomic policies to restore buffers and bolster investor confidence. Possible inflationary pressures may emerge due to fiscal expansion and the adverse effects of natural disasters, such as agricultural and logistics disruptions caused by earthquakes. Moreover, external risks persist due to the high current account deficit and low net forex reserves, along with a slower-than-anticipated recovery in the EU and tightening global liquidity.¹⁴

Despite all these adverse conditions, Swedish enterprises are exhibiting a rather optimistic outlook towards the forthcoming year, driven mainly by the export and manufacturing-based economy model. According to the survey, **66 per cent** of the respondents have expressed confidence in witnessing an upswing in their industry turnover for the upcoming 12 months. This marks a slight increase from the corresponding figure of **63 per cent** recorded in the Business Climate Survey of 2022. The study also highlights that medium and large-sized businesses are particularly buoyant about their prospects, with **43 per cent** and **50 per cent** of them, respectively, anticipating an increase in their industry turnover as compared to the previous year.

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in Türkiye regarding turnover?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

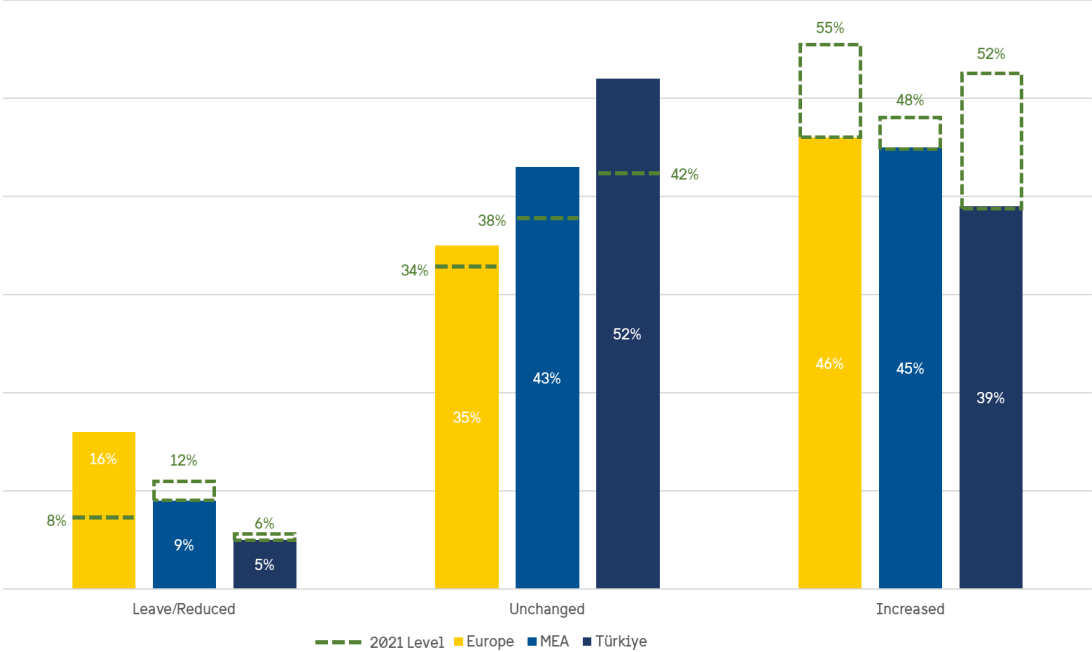
Swedish companies are acting cautiously when it comes to new investments

Given the current macroeconomic climate, investment expectations for 2023 have decreased slightly from the previous year's Business Climate Survey. **39 per cent** of the respondents expect an increase in investment in 2023, while more than half of the respondents (52 per cent) anticipated an increase in their investments in the market last year. When compared to Europe and MEA (Middle East and Africa) markets, Swedish companies in Türkiye display a relatively more neutral stance towards increasing their investments. Following a contraction due to the Covid-19 pandemic in 2020, both global and local FDI trends experienced a sharp upswing in 2021. While there was a 2.4 per cent decrease (13bn dollars inflow) in FDIs coming into Türkiye in 2022 compared to the previous year, this drop can be attributed to the base effect of the exceptional increase in 2021.

¹⁴ World Bank, Türkiye Economic Outlook

Excluding the period of rapid post-pandemic recovery in 2021, 2022 still ranks among the years with the highest volume of international investment inflows in the past five years.¹⁵

What are your company’s investment plans for the coming 12 months in Türkiye, compared to the past 12 months? Investments will be...



NOTE: The number of respondents for this question was 64. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

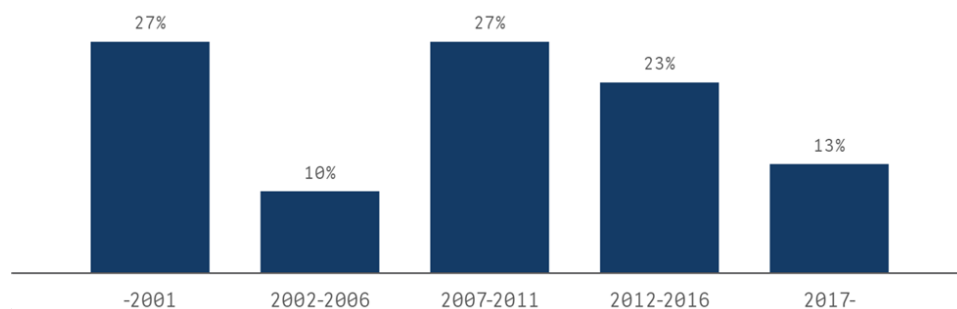
¹⁵ International Investors Association (YASED), 2022 Annual Report

THE MARKET

Swedish companies have a significant footprint in the manufacturing and distribution sector in Türkiye

Türkiye, with its strategic location and logistic advantages, provides access to around 40 per cent of global trade. Its relatively low labour costs, flexible production capabilities, and increased investment in advanced manufacturing technologies and the service industry make it an appealing market for Swedish companies seeking to diversify their supply chains and expand production capacity. With a solid and active Team Sweden presence – consisting of the Embassy of Sweden in Ankara, the Consulate General of Sweden in Istanbul, Business Sweden in Istanbul, and the Swedish Chamber of Commerce in Istanbul – Swedish companies can take advantage of the welcoming business climate and ongoing support available in Türkiye.

In what year did your company establish operations in Türkiye?



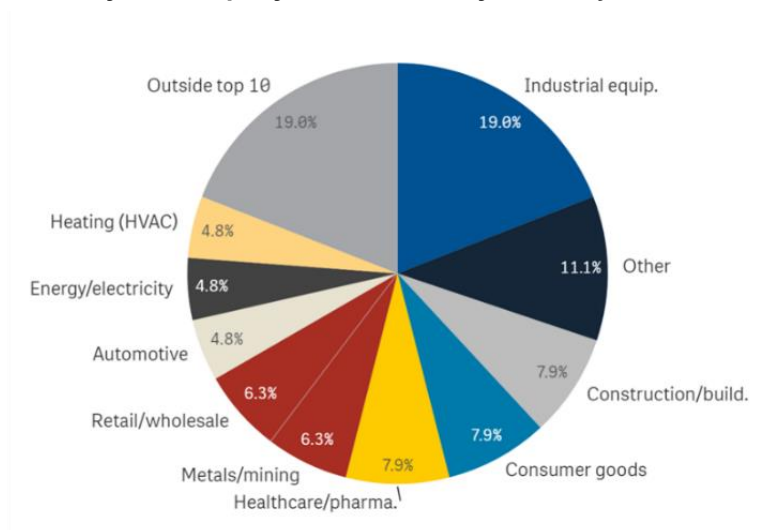
NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

According to our survey, Swedish companies operating in Türkiye have a strong foothold in the market, with established partner networks and operations. The majority of these companies have been present in Türkiye for a considerable period of time, with 27 per cent of respondent companies having a presence in Türkiye for over 20 years, and 64 per cent entered the market between 2001-2011. In addition to these well-established companies, 13 per cent of respondents entered the market after 2017, indicating the continued growth of Swedish business in Türkiye.

The presence of Swedish companies across various industries in Türkiye can be attributed to the opportunities available in these sectors. In the Business Climate Survey 2023, 20 different sectors were defined as possible response options for the main industry question, and the results showed that Swedish companies are active in 15 of these sectors. The industrial equipment sector, with a **19 per cent** share, has the highest Swedish presence, followed by construction/building, consumer goods and healthcare/pharma sectors.

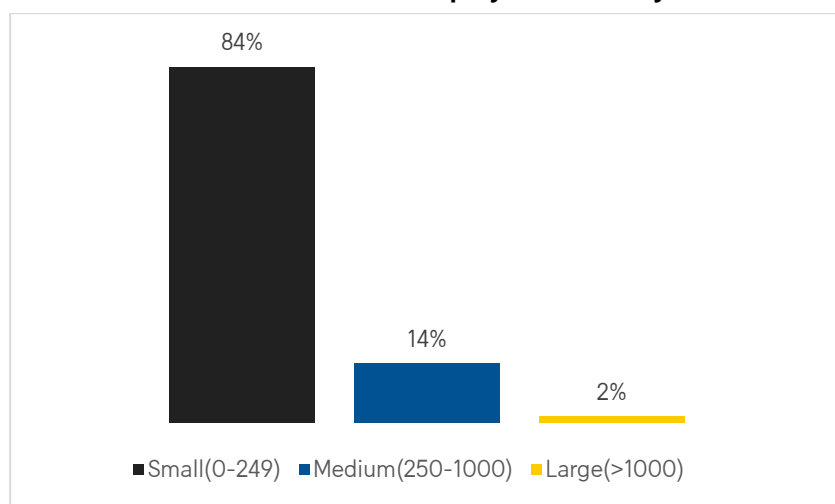
What is your company's main industry in Türkiye?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

Swedish firms' local number of employees in Türkiye in 2023



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

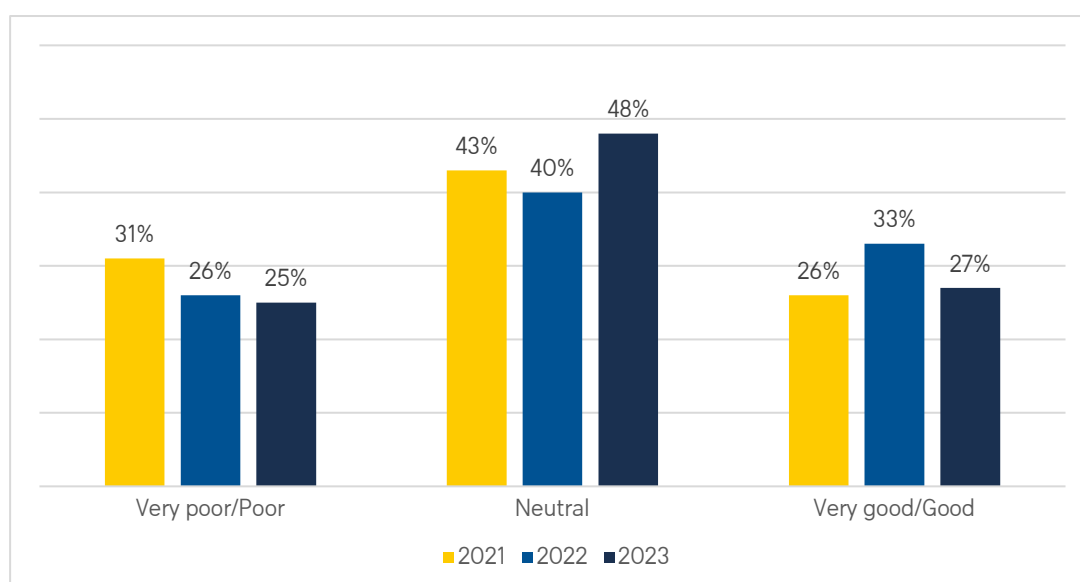
SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

Similar to last year's surveys, the majority of companies (84 per cent) employ between 0-249 local employees; 14 per cent reported employing 250-1000 people locally in Türkiye, while two per cent employ more than 1000 people. With their supply chain operations, Swedish companies contribute to much more indirect and induced employments in Türkiye (based on Swedish Value in Turkey report done by Team Sweden in Türkiye in 2019, Swedish companies are estimated to contribute to 61.900 direct, indirect and induced employments in Türkiye).

Swedish companies in Türkiye are increasingly adopting a neutral stance towards the business climate

Most Swedish companies perceive the Turkish business climate as neutral. However, compared to 2022, very good/good responses decreased by six per cent, now standing at 27 per cent, with neutral responses increasing by eight per cent to 48 per cent. Respondents of the business climate survey have identified macroeconomic volatility as the most significant problem affecting their businesses. Particularly, the high inflation rate, coupled with volatile exchange rates, has led most companies to adjust their salaries off-cycle (in Turkish Lira ranging from 2 – 4 times a year), and those companies also reported having difficulty in keeping the workforce motivated, thus retaining talent. Going forward, in 2023, salary adjustment and employee retention will continue to be the main issue the Swedish companies are likely to deal with.

How do you perceive the current business climate in Türkiye?

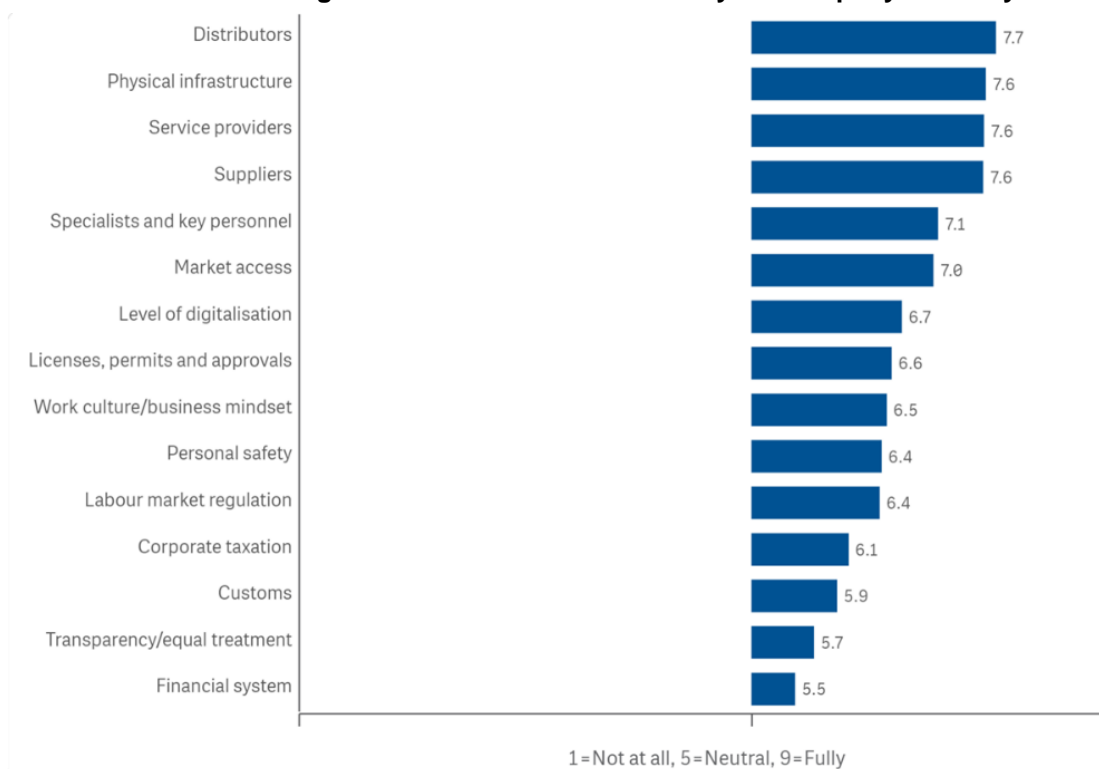


NOTE: The number of respondents for this question was 60. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

In line with the previous year's survey, Swedish companies were requested to evaluate pre-determined conditions in the market based on their satisfaction. Satisfaction with market conditions has slightly improved this year, and the ranking of the conditions has undergone some changes. Distributors have climbed to the top of the list, followed by physical structure, service providers, and suppliers. However, the financial system, transparency/equal treatment, and customs are reported as least-rated conditions, indicating that Türkiye needs to take measures to enhance itself in these areas.

How well do the following conditions meet the needs of your company in Türkiye?

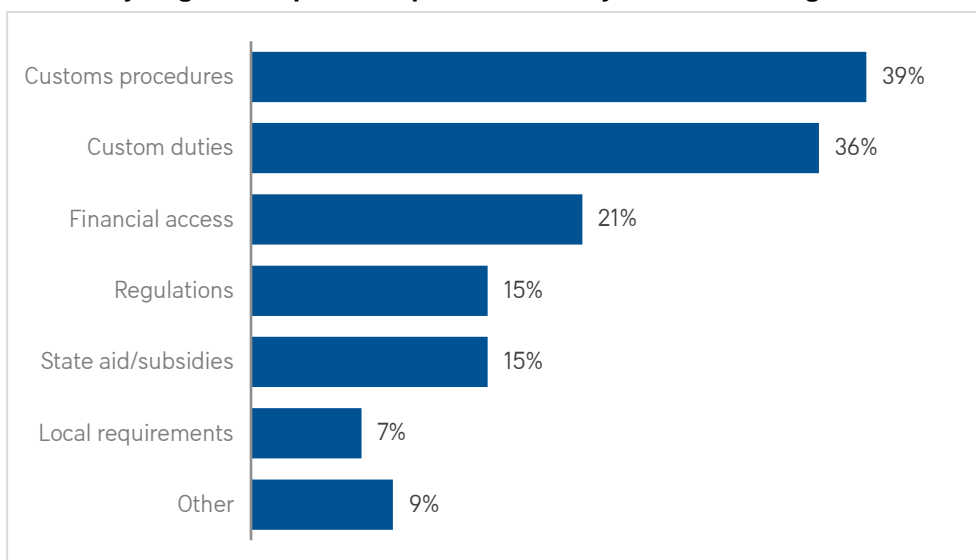


NOTE: The number of respondents for this question was 64.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

Customs procedures continue to be the biggest challenge in operations three years in a row

Has your company in the past year encountered trade barriers in Türkiye with a noticeably negative impact on operations in any of the following areas?



NOTE: The number of respondents for this question was 64.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

The procedures and duties associated with customs continue to pose challenges for businesses operating in Türkiye. The complex regulatory environment, which includes various customs tax applications and non-standardised clearance procedures, often leads to inefficiencies and delays in the customs process. Moreover, strict documentation requirements and standards add to the burden of conducting business through Turkish customs.

Going forward, new large-scale EU-wide policy initiatives could impact Türkiye's competitiveness in the near future. The Turkish Ministry of Trade announced the "Green Reconciliation Action Plan" on July 2021 to comply with EU policies. Still, the application risks could lead to border adjustment taxes affecting Türkiye's exports, as well as a wide range of other environmental policies that could impact the cost of production and the eligibility of Turkish goods to enter the EU market. Moreover, the proposed Digital Single Market Strategy is significantly changing the regulatory environment for the digital economy in the EU, bringing significant policy uncertainty for non-EU firms operating in the EU market – including Turkish firms.¹⁶

¹⁶ The World Bank, Turkey Economic Monitor April 2021

HOW SWEDISH COMPANIES SUCCEED IN TÜRKİYE

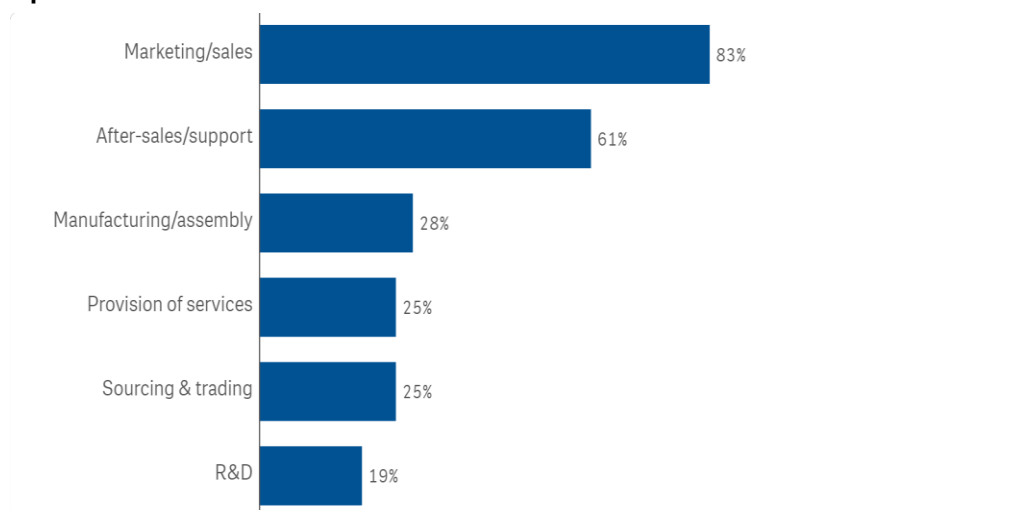
Export-based manufacturing is one of the most important drivers of the Turkish market

The last couple of years once again proved that players with strong financing, diversified supply chains and improved digital technologies, together with qualified and competitive solutions, are in a better position to remain resilient against fast-changing macroeconomic climate and thus reinforce their market positions. In parallel, in 2022, Swedish companies continued to maintain their competitive edge and strong positions in the Turkish market with efficient, high quality and competitive solutions, as well as by leveraging the “Swedish” identity and brand – promoting Swedish solutions favourably against other competitors. On top of that, the depreciation of the Turkish Lira provided a favourable environment for Swedish companies with export-based revenue.

Going forward, given both local and global market dynamics, Swedish companies can benefit from Türkiye via:

- **Sourcing:** Türkiye, with its proximity to Europe and customs union agreement, offers high-quality manufacturing with competitive prices for Swedish companies
- **Manufacturing:** With its unique geographical position, government incentives, relatively low labour cost and qualified talent, Türkiye can be evaluated as a manufacturing location and hub, including R&D activities.
- **Becoming technology suppliers to Turkish exporters:** Swedish companies, with their efficient, high quality and competitive solutions, can provide technology to the sectors that have high export volume.

Operations Of Swedish Firms in The Market



NOTE: The number of respondents for this question was 64. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

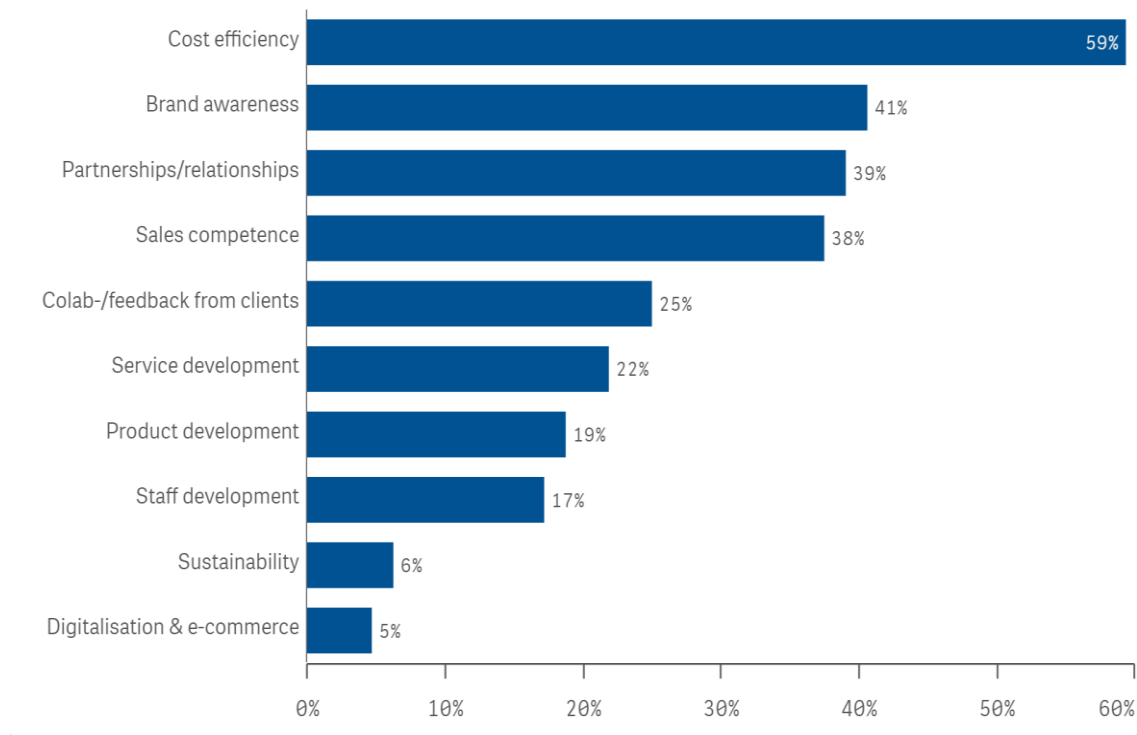
The survey results indicate that the majority of Swedish companies operating in the Turkish market are primarily focused on marketing and sales activities, accounting for 83 per cent of their operations. A significant number of respondents, 61 per cent, have also established after-sales and support operations, while 28 per cent have manufacturing/assembly operations in Türkiye. This

highlights the strategic use of local resources to enhance competitiveness and actively supply the market. Only 25 per cent of Swedish companies are involved in provision of services, sourcing & trading operations in Türkiye, with just 19 per cent conducting R&D operations in the country. It is possible that in the following years, an increase in R&D operations of Swedish firms in Türkiye may occur, provided that the appropriate business environment is sustained.

Cost efficiency is key to sustaining competitiveness in Türkiye

To gain deeper insights into the achievements of Swedish companies in the Turkish market, the survey participants were requested to evaluate the significance of various factors that influence their competitiveness. According to the survey, cost efficiency remains the primary factor in maintaining competitiveness for Swedish companies operating in the Turkish market. Following closely are brand awareness, partnerships/relationships, and sales competence. While brand awareness and sales competence were highly ranked in previous surveys, partnerships have risen significantly to claim the third spot, having jumped four places from last year's results.

To date, which of the following areas have been important in maintaining competitiveness in Türkiye?



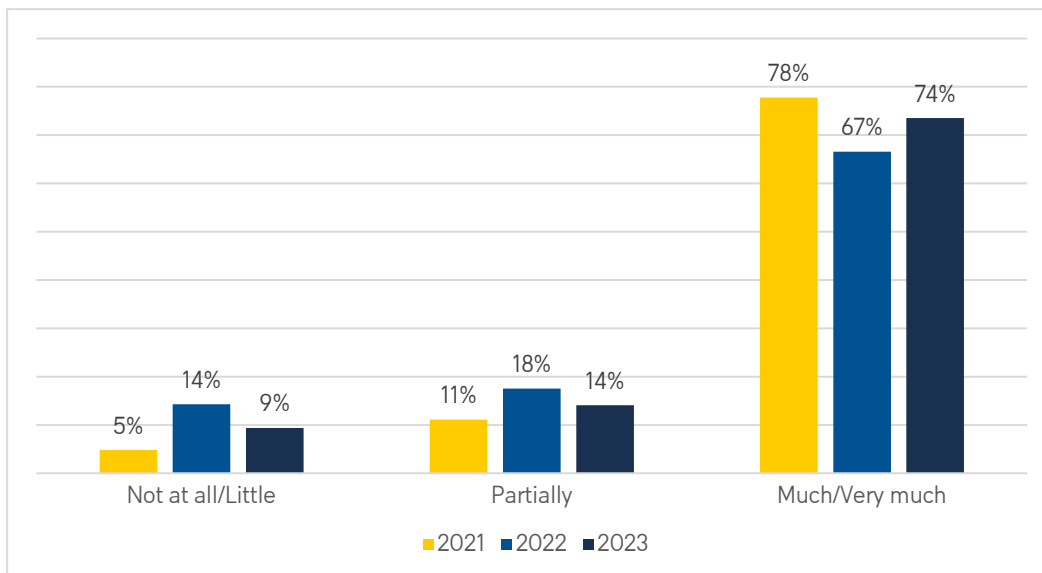
NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

Swedish solutions are widely recognised in the Turkish market for their superior quality and durability

Sweden and Türkiye have a longstanding political and trade relationship dating back to the 17th and 18th centuries. This history of friendship has been integral in establishing the "Swedish brand" as a success in Türkiye. The reputation of Swedish solutions for their high quality and durability is well-known in the Turkish market. Despite some disruptions in the relations between the two countries, particularly in Q1 2023, the "Swedish brand" continues to enjoy high recognition and remains resilient in the Turkish market. Furthermore, Team Sweden in Türkiye consistently promotes the "Swedish brand" image and solutions, building upon the historical ties between the two countries. An overwhelming majority of **87 per cent** of respondents acknowledged that the "Swedish brand" has had a positive impact on their business. Of these, **56 per cent** stated a partial or significant contribution, while **31 per cent** expressed a high or very high degree of positive impact.

To what extent would you estimate that the "Swedish brand" contributes to your business in Türkiye?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

ACTING SUSTAINABLY

Public awareness is increasing at a rapid pace, which is further accelerated by the implementation of the Green Reconciliation Action Plan

The significance of sustainability is witnessing a steady rise among the Turkish public, particularly with the increasing awareness of the younger generation. Notably, social media campaigns place greater emphasis on environmental concerns. Most of the companies in the market started to establish sustainability departments, release sustainability reports, and actively promote their actions on social media and through advertising. Conversely, companies and institutions that do not directly serve consumers tend to overlook sustainability as a priority. While global companies voluntarily adopt corporate sustainability measures, the absence of robust regulatory frameworks results in sustainability being undervalued. Almost half of the companies in BIST100 (Borsa Istanbul stock exchange) publish sustainability reports.¹⁷ Recently, Hepsiburada, a leading Turkish e-commerce platform, published its 2022 sustainability report certified by Global Reporting Initiative, which is a first in the e-commerce sector in Türkiye.¹⁸

Türkiye's Green Reconciliation Action Plan, announced by the Minister of Trade, serves as a strategic roadmap to align with the EU Green Deal and reinforce Türkiye's integration into global supply chains while enhancing its competitiveness. This comprehensive plan sets forth a series of targets, goals, and actions aimed at facilitating the country's transition to a sustainable and resource-efficient economy. By prioritising sustainability initiatives across various industries, Türkiye aims to not only mitigate environmental challenges but also capitalise on opportunities for sustainable growth and development. The Green Reconciliation Action Plan underscores the government's commitment to fostering sustainability, driving innovation, and ensuring a greener future for Türkiye.¹⁹

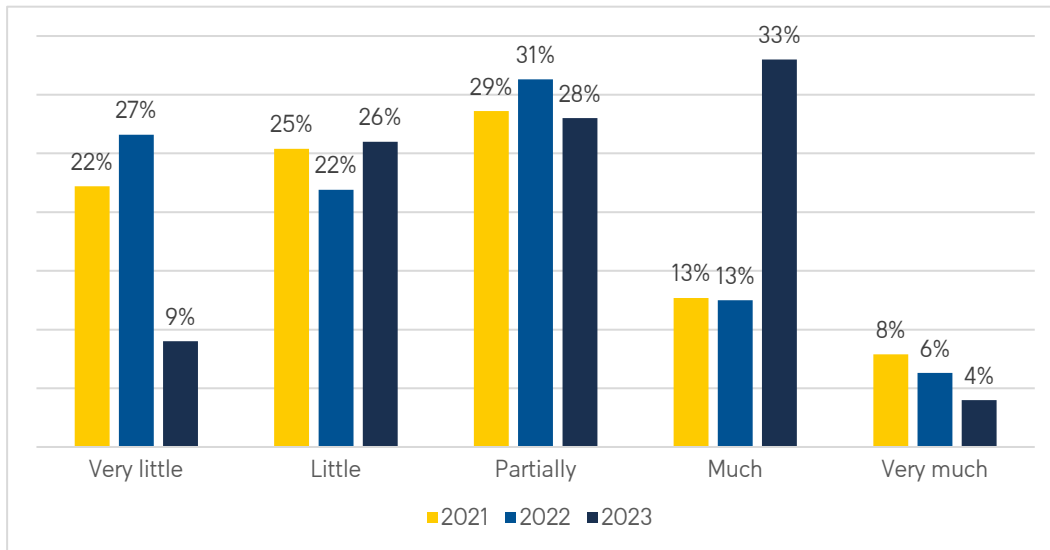
According to the survey results, **65 per cent** of the respondents reported that environmental considerations are a factor in their customers' purchasing decisions in Türkiye to varying degrees – a substantial jump from last year's response of 50 per cent. Among the companies, **37 per cent** stated that environmental factors are highly significant to their customers – almost double compared to 2022 (19 per cent), while **35 per cent** indicated that it has a low impact. Swedish companies leverage sustainability as a competitive advantage in the market and are perceived as environmentally friendly in most of the industries in Türkiye.

¹⁷ Analysis of the Sustainability Reports of the Companies in the BIST 100 Index in Terms of Sectors, Harun Ögünç

¹⁸ Hepsiburada Sustainability Report 2022

¹⁹ Türkiye Ministry of Trade, Green Reconciliation Action Plan

To what extent do customers in Türkiye consider environmental aspects of a product or service in their purchasing decision?

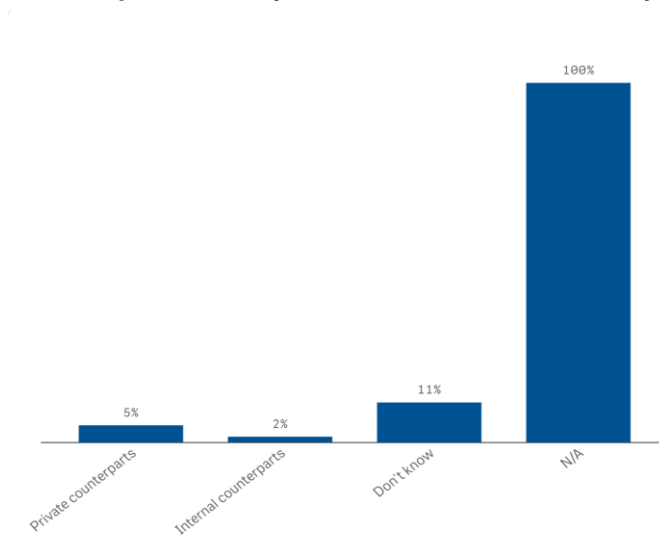


NOTE: The number of respondents for this question was 64. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

Corruption remains a challenge in Türkiye

According to the Corruption Perceptions Index, corruption remains a significant challenge in Türkiye. Compared to last year, the country score has dropped by 2 points to 36 (out of 100), ranking 101st among 180 countries, which is the lowest ranking ever recorded. The overwhelming majority of Swedish companies were unsure or did not have an opinion when asked about their exposure to corruption, such as bribery or fraud. None of the companies has reported encountering any human rights violation or labour rights abuse within their supply chain or with their partners, collaborators, and customers.

Has your company in Türkiye been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with any of the following areas?



NOTE: The number of respondents for this question was 64.
 SOURCE: Business Climate Survey for Swedish Companies in Türkiye 2023.

CONTACT US

BUSINESS SWEDEN

E-mail: ask.turkey@business-sweden.se

Phone: +90 212 317 90 55

Address: Business Sweden - The Swedish Trade & Invest Council
Vişnezade, Süleyman Seba Cad. No: 7 34357 Beşiktaş, İstanbul, Türkiye

SWEDISH CHAMBER OF COMMERCE

E-mail: info@sccturkey.com

Phone: +90 212 999 59 47

Address: HAN Spaces Piyalepaşa, İstiklal Mah. Piyalepaşa Bulvarı B-C
Blok 22/1, Beyoğlu/ İstanbul

CONSULATE GENERAL OF SWEDEN

E-mail: generalkonsulat.istanbul@gov.se

Phone: +90 212 334 06 00

Address: Şahkulu, İstiklal Caddesi No: 247 34433 Beyoğlu/İstanbul,
Türkiye



Sweden
Sverige



Consulate General of Sweden
Istanbul



İsveç
Ticaret Merkezi
Derneği
Swedish
Chamber of
Commerce