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Türkiye's Digital  
Transformation Strategy for  
2024-2028 in the Context of  
Foreign Direct Investment

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The Presidency of the Republic of Türkiye Investment Office has developed the Türkiye Foreign Direct Investment Strategy 2024-2028 and prepared an action plan for its implementation. This strategy is built on the key pillars of green transformation, digital transformation, global supply chain, and human resources.

Foreign direct investments (“**FDIs**”) play a critical role in the FDI Strategy 2024-2028 (“**FDI Strategy**”) to support goals of sustainable growth, technological transformation and increased global competitiveness of the Turkish economy. They are an important component in attracting qualified investments that will contribute to the achievement of the country’s long-term economic development goals. Such investments that will enable Türkiye to achieve the economic goals set within the framework of Türkiye’s long-term development vision are considered ‘Qualified FDI’, which include digital investments, due to their importance at the global level.

The acceleration of global digitalization processes triggers the transformation of traditional sectors and facilitates the emergence of new sectors. Foreign investors prefer countries with strong digital infrastructure and a populous, educated work force. Another core investor consideration is the strength of a country’s digitalization and data policies including but not limited to data security. Rapid development in digital platforms, software development, financial technologies and data center technologies, and the spread of technologies such as artificial intelligence, cloud computing and big data analytics, as well as the presence of ‘dynamic technology entrepreneurship’, will also affect FDIs.

## Strategic Actions and Policies

In the past decade, Türkiye has hosted 214 projects supporting its development vision for digital investments. These investments cover areas such as semiconductors, information-communication, electronic components, e-commerce, platform economies, software and game development, broadband and data center infrastructures; and digitalization of traditional sectors via artificial intelligence, cloud computing, Internet of Things and technologies for sectors such as education, health and finance.

Türkiye is aware of the steps it must take to attract FDIs and has already created initiatives for employment opportunities in new sectors which have arisen as part of the digital transformation. It is also shaping new sectors and investment processes through legal reform conducive to foreign investment. The addition of crypto asset service providers to the Turkish capital markets law; the addition of the concept of remote working to Turkish labor law; and the creation of technology development zones and their incentives all being excellent examples.

Türkiye aims to improve the effectiveness of incentive mechanisms currently offered to foreign investors. Long-term investment loans will be prioritized, and the physical, legal and digital infrastructures necessary to strengthen technology entrepreneurship will be developed. Alternative, innovative financing options will be increased; share-based, long-term premiums for technology start-up companies will be marketed; and long-term premium systems will be established for employees in this field. Foreign investment limits for Venture Capital Investment Funds will also be increased and the

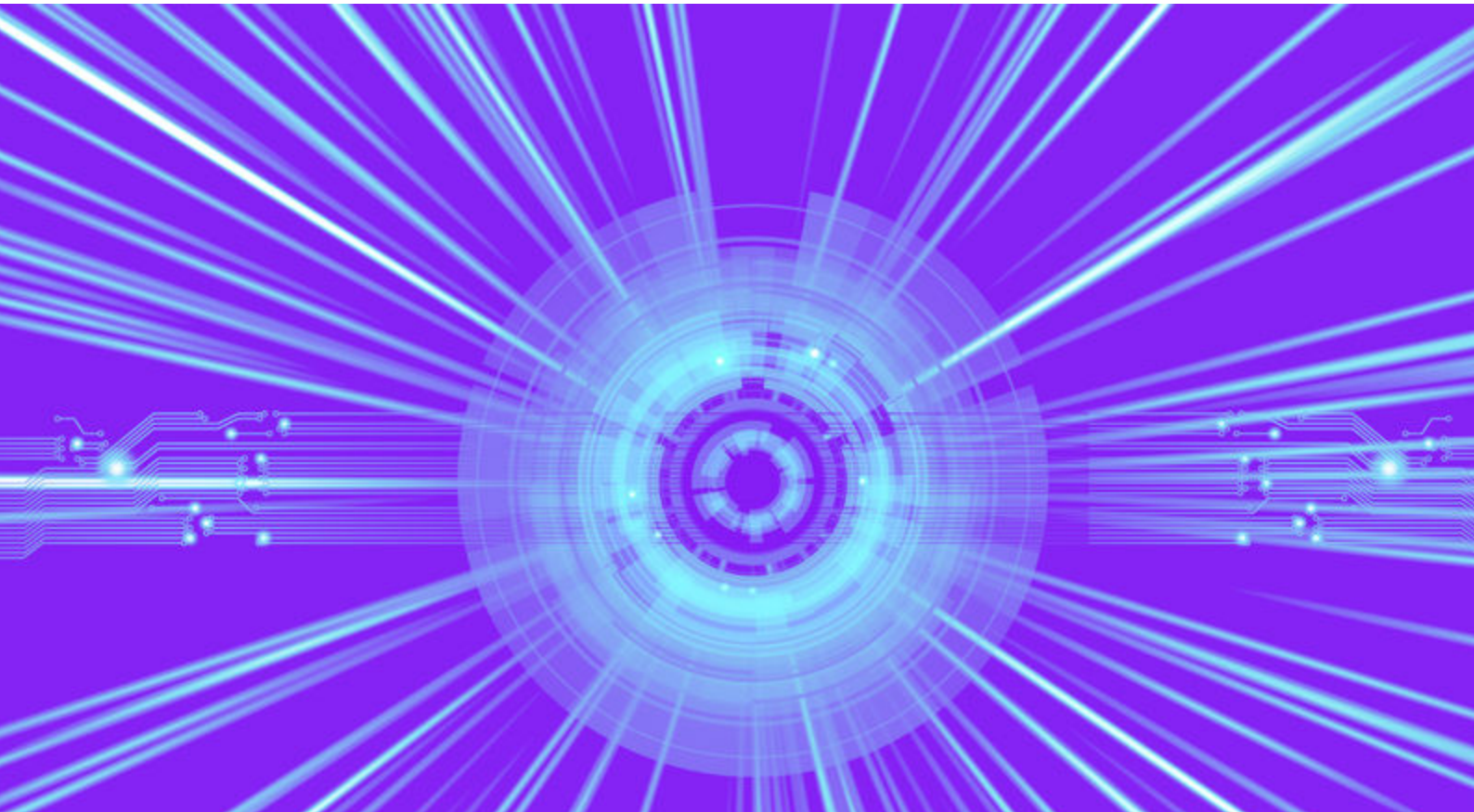
maximum 10% rate specified in Article 23 of the Communiqué on Principles Regarding Venture Capital Investment Funds changed to increase investments in high-growth-potential, unlisted foreign companies.

Digitalization of processes, facilitation of bureaucratic procedures and reduction of costs will ensure that procedures envisaged for investment processes are less time-consuming and support the rapid implementation of Qualified FDI projects. Improvement of the regulatory framework will ensure investor confidence, predictability, and stability. Development of alternative dispute resolution methods will resolve conflicts between investors and public institutions quickly, at low cost, and via mutual agreement.

Türkiye analyses international standards, data policies and legal regulations. Steps have been taken to align Personal Data Protection Law No. 6698 (“**PDPL**”) with the European Union

(“**EU**”) General Data Protection Regulation and European regulations. Demonstrating concrete action, an FDI-friendly amendment has been made to the PDPL’s provisions on data transfer abroad after the need for amendments to the PDPL to the Grand National Assembly of Türkiye.

The EU’s NIS2 Directive, current developments in cyber security, and international best practice will all be considered in strengthening Türkiye’s national cyber security strategy which will attract qualified FDI projects. Accordingly, various mechanisms will be established to support the development of domestic data center service providers and increase competition: encouragement of domestic production of 5G base stations; elimination of infrastructure deficiencies by acceleration of installation; and installation of the required infrastructure to improve connections in broadband-poor regions. Development of ecosystems in emerging technologies such as 5G and next



generation communication technologies, Internet of Things, artificial intelligence, big data, quantum, cyber security, block chain, smart transport and augmented reality will also be improved. Establishment of an Open-Source Software Cluster and prioritization of training qualified software, hardware and infrastructure practitioners are also key components.

## Expected Results and Benefits

The envisaged increase in FDIs that digital transformation under Türkiye's FDI Strategy will lead to huge economic, environmental and social benefits.

Economically, digital transformation increases global competitiveness in the new sectors it pioneers and via financing from investments. Countries that do not keep up with digital transformation lose their ability to compete globally and fail to achieve development goals.

Digital investments also contribute greatly to green transformation - in fact they are its most important factor and must be considered in tandem. As digitalization significantly reduces carbon emissions, it creates environmental benefits in both the short and long term.

In the social sphere, digitalization increases employment and contributes to overall prosperity via establishment of new sectors and initiatives.

In conclusion, Türkiye's FDI Strategy 2024-2028 aims to accelerate economic development through FDIs centered on digital transformation. This strategy will attract foreign investors by strengthening digital infrastructure, developing innovative financing mechanisms, and supporting technology entrepreneurship.

Additionally, accelerating digitalization processes and supporting green transformation will deliver environmental and social benefits, increase employment, and improve overall welfare. Digital transformation will play an important role in realizing the country's national development vision by improving global competitiveness. Realization of this economic development vision, as stated in the FDI Strategy, requires an increase in incentives, support of venture capital firms, and a continuance of legislative reform.

**GenTemizer** is a Turkish law firm based in Istanbul, Türkiye. We advise various businesses in relation to their investments, M&A, competition law/antitrust, project financing and construction projects as well as on operational and dispute resolution matters in the context of the Turkish regulatory framework. We have also advised investors in relation to government sponsored privatisation projects.

We are listed in *Legal 500*, *IFLR1000* and *Chambers and Partners* as one of the leading law firms in Türkiye. Each of our partners have also been recognised as one of the leading lawyers in Türkiye. We understand and can meet the demanding requirements and innovative, responsive thinking required for an investment transaction in Türkiye.

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