

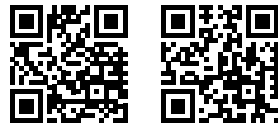


ÇANAKKALE

AGRICULTURAL AND
LIVESTOCK SECTORS
INVESTMENT GUIDE



Invest in Çanakkale



www.investincanakkale.com
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Study in Brief

With its emerging economy, Turkey is becoming one of the most vibrant hubs in the global economy being able to offer many advantages to investors thanks to its geographical position, natural resources and qualified labor force. Based on its emerging economy and the benefits offered to investors, Turkey now ranks among the most popular countries in which to invest among global-scaled enterprises.

Çanakkale is known for its ability to host sustainable eco-friendly investments, and for the many advantages on offer, such as a qualified labor force, land-air-sea transportation, its natural resources and its strategic location close to industrial hubs. The aim of this study is to promote the existing investment atmosphere in Çanakkale so as to increase its share of investments in Turkey, which has been a center of attraction in this regard.

This guide addresses in detail the agricultural and livestock sectors, explaining the advantages to be offered in return for investments in Çanakkale, which are examined under relevant titles. From the natural resource potential that Çanakkale offers to its logistical advantages, and from the regional incentives offered by the Ministry of Economy to the local contributions provided by the South Marmara Development Agency, this guide explains in detail the many benefits to investors in Çanakkale.

In addition to the Agricultural and Livestock Sectors Investment Guide, other provincial investment guidelines are presented, bringing together information for industrial, tourism and energy investors.

The South Marmara Development Agency is able to offer support services to investors thanks to its technical infrastructure and expert staff, in addition to this guide, in order to promote the investment atmosphere in the region. It can also be considered a solution partner in terms of the investments to be made in Çanakkale. We hope that this guide that we have prepared for you considering private sector sensitivities will be helpful to you, distinguished investors, and we encourage you to take advantage of the comprehensive support services provided by the Investment Support Office while work on your investments.

SOUTH MARMARA DEVELOPMENT AGENCY





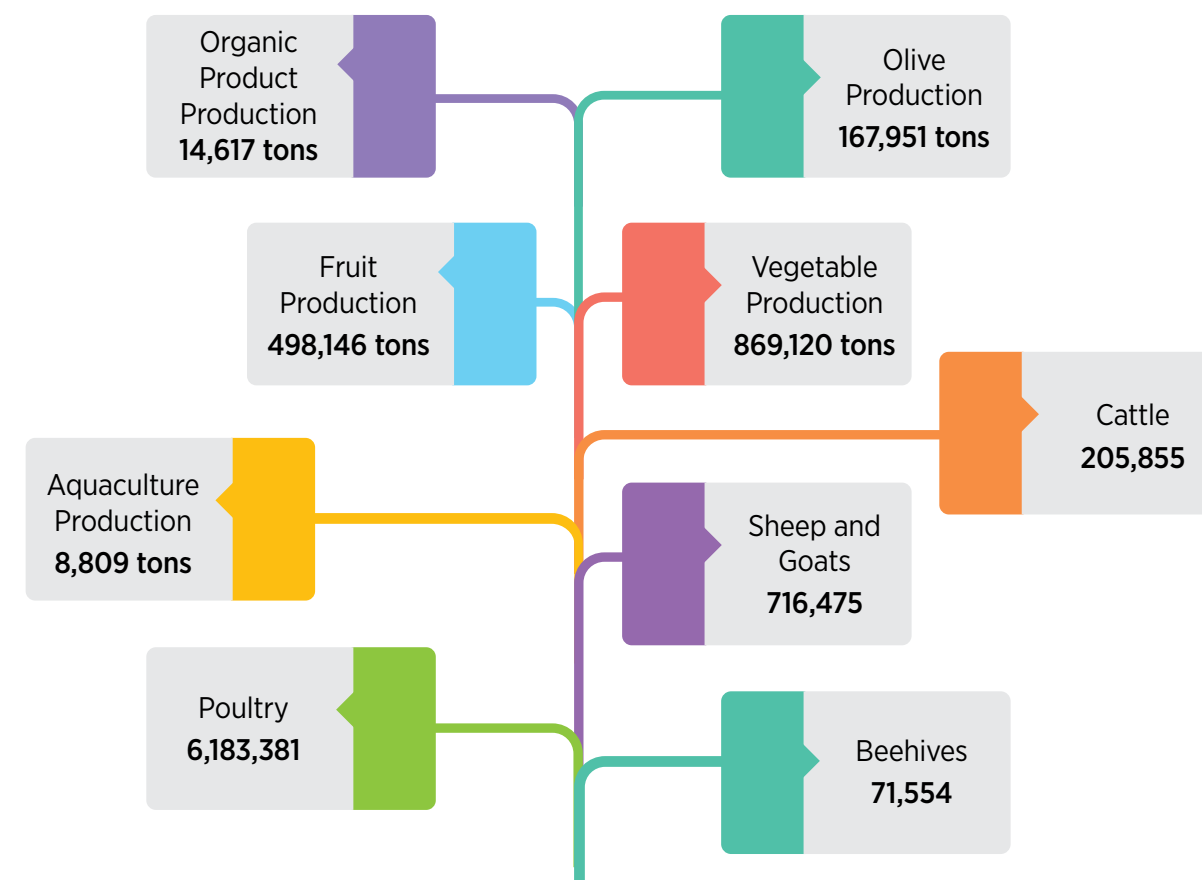
Çanakkale for Agricultural and Agro-Industrial Investments



Çanakkale: The Right Address for Agriculture and Livestock Investors

The agriculture sector is one of the most privileged sectors in Çanakkale in terms of its share in gross domestic product, its effect on employment and its pioneering vegetable production, along with its branded products and the added value it creates.

Many of the agricultural product requirements of agro-industry are grown in Çanakkale's large expanses of fertile soil, while the city provides important opportunities for agro-industrial investments.



2016 Data for Certain Agricultural Products*

* Turkish Statistical Institute (TurkStat), Regional Statistics; Ministry of Food, Agriculture and Livestock (MoFAL)
Çanakkale Provincial Directorate 2016 Briefing

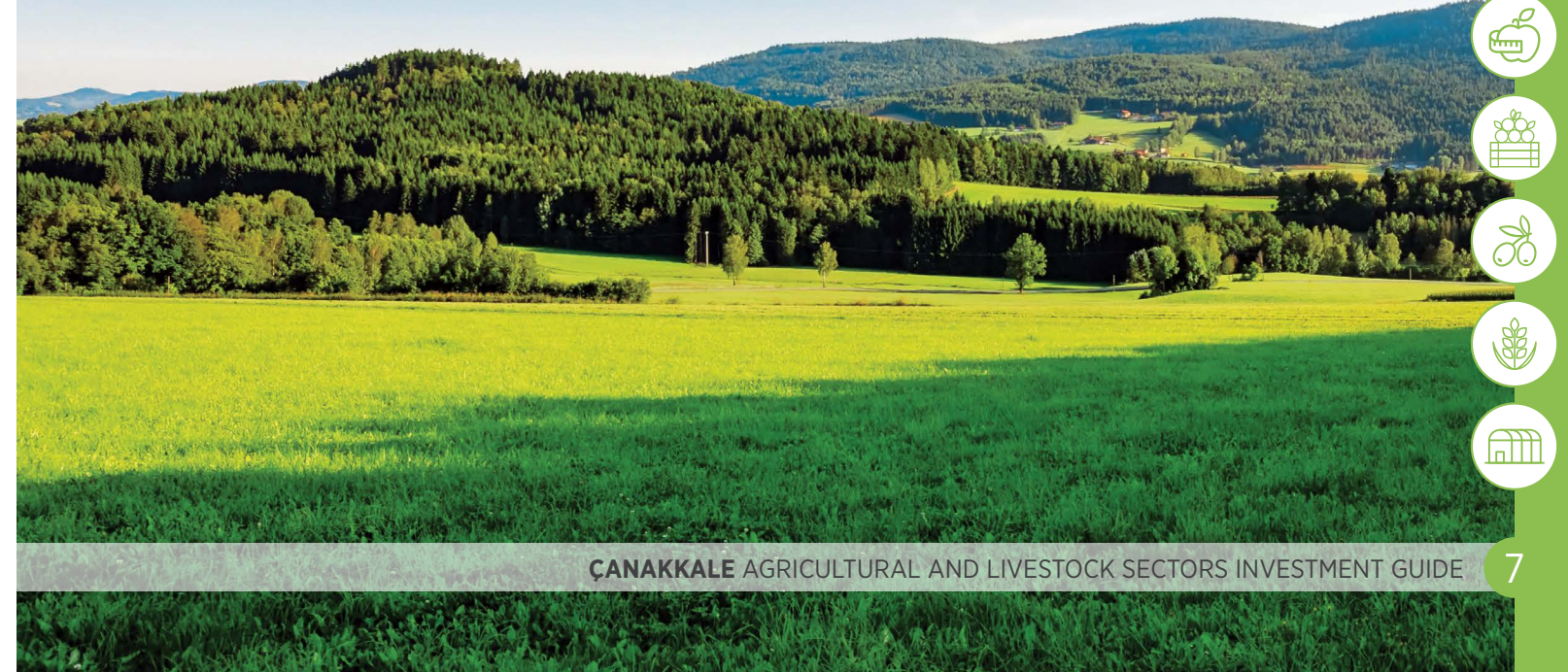
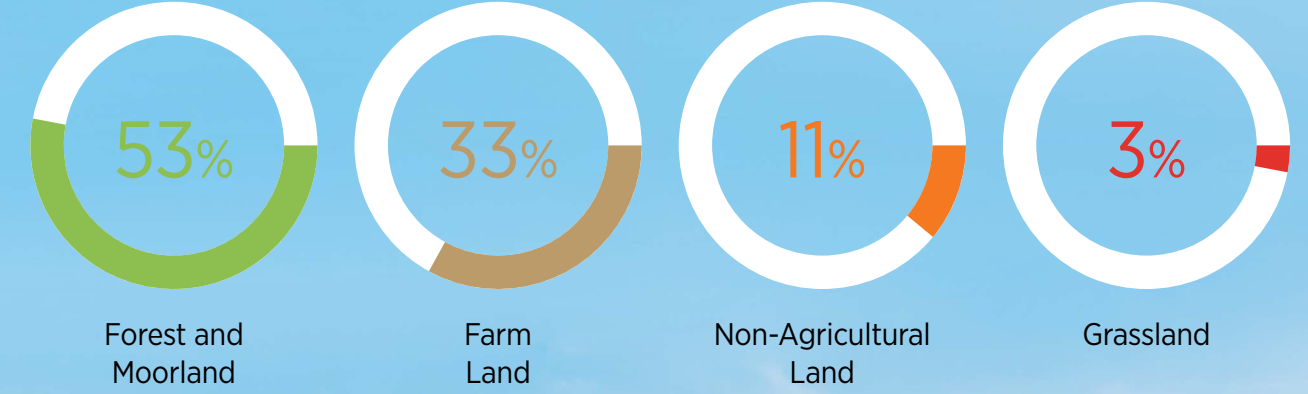


Agricultural Product Diversity



Land Characteristics

Çanakkale's 993,318 hectare area is made up of 525,580 hectares of forest and moorland, 331,633 hectares of farm land, 104,440 hectares of non-agricultural land and 31,665 hectares of grassland.





Pioneer in Agricultural Production

Çanakkale has a favorable climate and soil structure for the growing of a wide variety of fruits and vegetables.

Agricultural area consist of 256,254 hectares of field, 32,214 hectares of olive groves, 20,268 hectares of vegetable production land, 18,155 hectares of fruit production area and 4,743 hectares of vineyards.



Large Irrigable Agricultural Areas

Irrigation is provided by 8 dams and 47 reservoirs, ensuring the sustainability of agricultural production in the province.

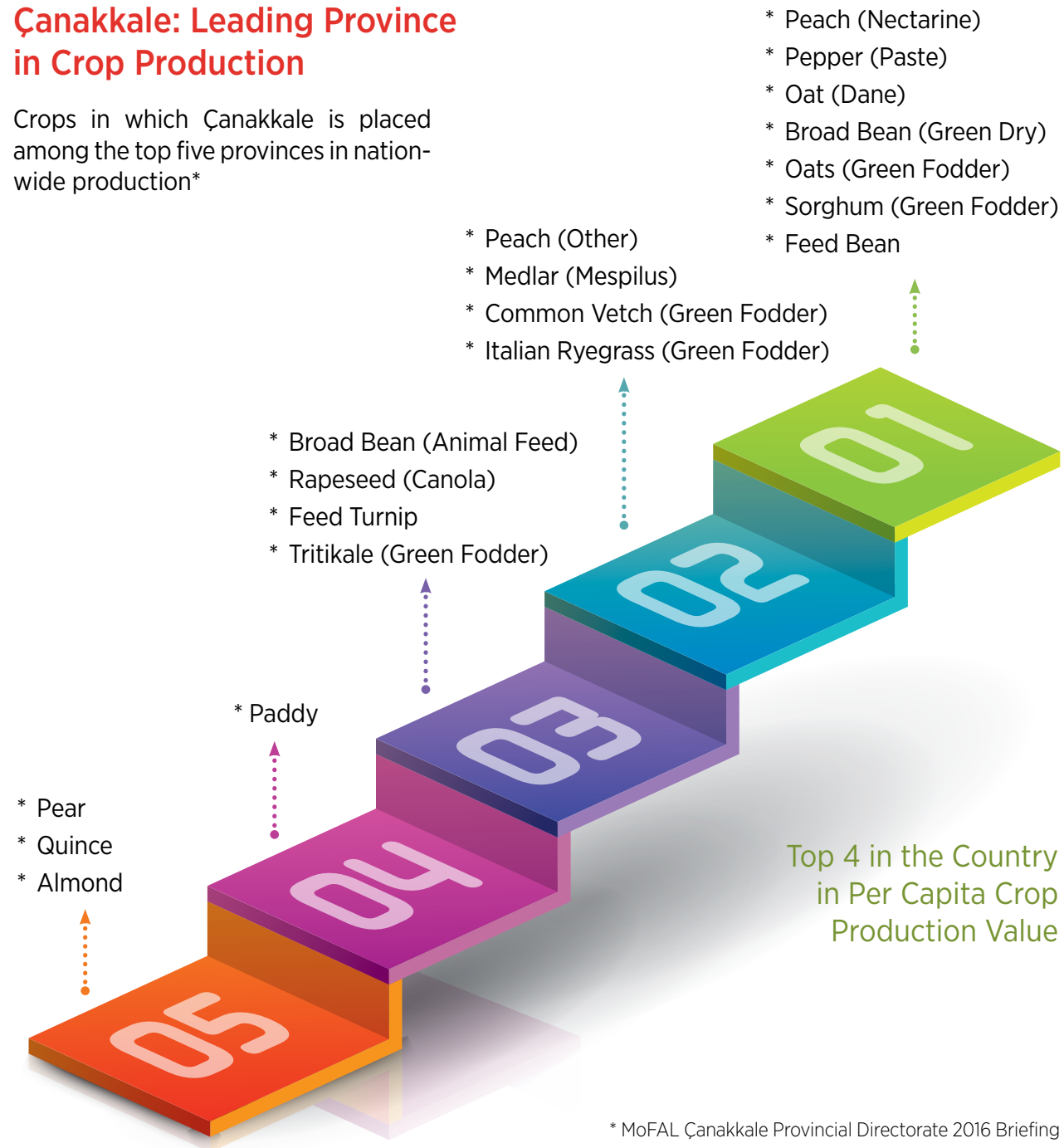
Some 23% of the total agricultural lands in Çanakkale are irrigated agriculture, compared to 19.5% across Turkey. Some 69% of the irrigable areas in the province are irrigated, compared to 65% across Turkey.

Pressurized irrigation systems are widely used in Çanakkale in agricultural production, especially in vegetable and fruit production.



Çanakkale: Leading Province in Crop Production

Crops in which Çanakkale is placed among the top five provinces in nation-wide production*



Wide Variety of Fruit and Vegetable Production

Çanakkale is a province in which a broad range of fruits and vegetables are grown thanks to its ecological characteristics.

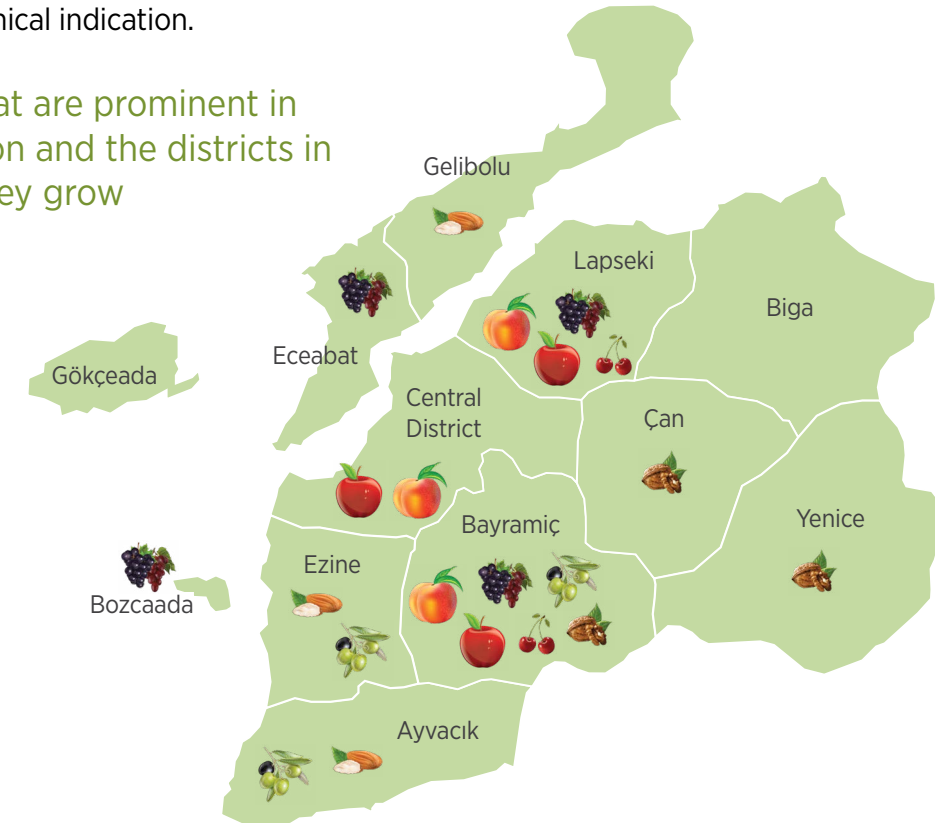
The share of agricultural areas set aside for fruit and vegetable production in the total agricultural areas in Çanakkale is above the Turkey average.

According to the data of 2016, 498,146 tons of fruit were produced in Çanakkale on an area of 551,119 decares.

The fruit with the highest level of production is the olive (oil, table), with 167,951 tons, followed by peach (nectarine, other) with 120,553 tons, and apple with 102,936 tons. Other fruits produced intensively in the province are grape, cherry, pear, plum and almond.

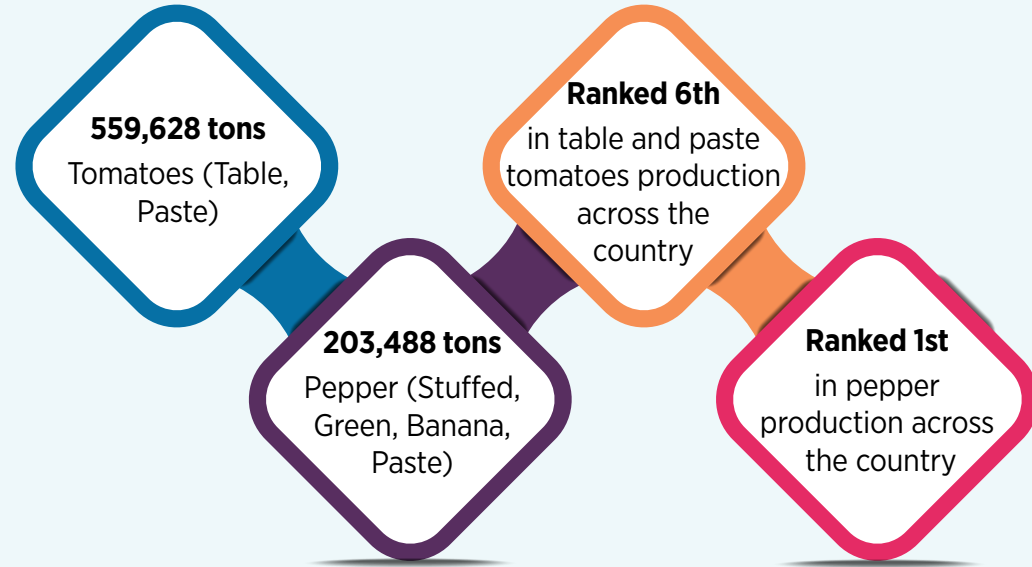
Quality designations for aroma, taste and flavor of the Bayramiç White Nectarine and Bayramiç Apple, which have an important place in Çanakkale's fruit production, have been registered with a geographical indication.

Fruits that are prominent in cultivation and the districts in which they grow



Wide Variety of Fruit and Vegetable Production

According to 2016 data, 869,120 tons of vegetables were produced in Çanakkale on an area of 202,676 decares. Tomatoes (table and paste) and peppers (paste, green, banana, stuffed) have the highest production amounts in vegetable production, with 559,628 tons and 203,488 tons respectively. Other vegetables that are produced intensively are beans, cabbage, eggplant, cucumber and lettuce.



Çanakkale is the Way to a Healthy Diet

14,617 tons of Organic Crop Production on an area of 41,260 Decares*

Çanakkale offers favorable conditions for organic farming, which is becoming more popular every day, and is on its way to becoming Turkey's base for organic farming in the near future.

Various products such as olives, alfalfa, corn (silage), grape (table), oat, almond, corn, walnut and pepper are produced using organic farming methods.**

The leading districts in the field of organic crop production in Çanakkale are Gökçeada, Ayvacık, Ezine, Eceabat, Central District and Bozcaada.

Organic Livestock Production

In addition to organic farming activities, Çanakkale is also known for its organic livestock farming. Gökçeada is known for its organic cattle, sheep and goat farming, as well as its organic beekeeping activities; while Ayvacık is noted for its organic cattle farming; and Ezine for its organic beekeeping.





Good Agricultural Practices

Çanakkale is ranked among the top 10 cities in Turkey in terms of good agricultural practices in production.

Within the scope of these agricultural practices, more than 20 crops such as olives, peaches, apples, tomatoes, nectarines, grapes and cherries are grown.

Ezine, Central District, Eceabat, Ayvacık, Bayramiç and Lapseki are the leading districts in good agricultural practices.



Çanakkale
is ranked among the
top 10 cities



Good
Agricultural
Practices*

Main Products:
olive, peach, apple, tomato,
nectarine, grape, cherry

Overall
Over 20 products

Leading Districts
are Ezine, Central District,
Eceabat, Ayvacık,
Bayramiç and Lapseki,

* MoFAL Çanakkale Provincial Directorate 2016 Briefing

Çanakkale: the Address of Organic Olive Farming

Çanakkale produces predominantly olive oil, 94% of which are produced for olive oil, and 6% as table olives. According to 2016 data, Çanakkale is ranked 6th in oil olive production and 12th in table olive production.

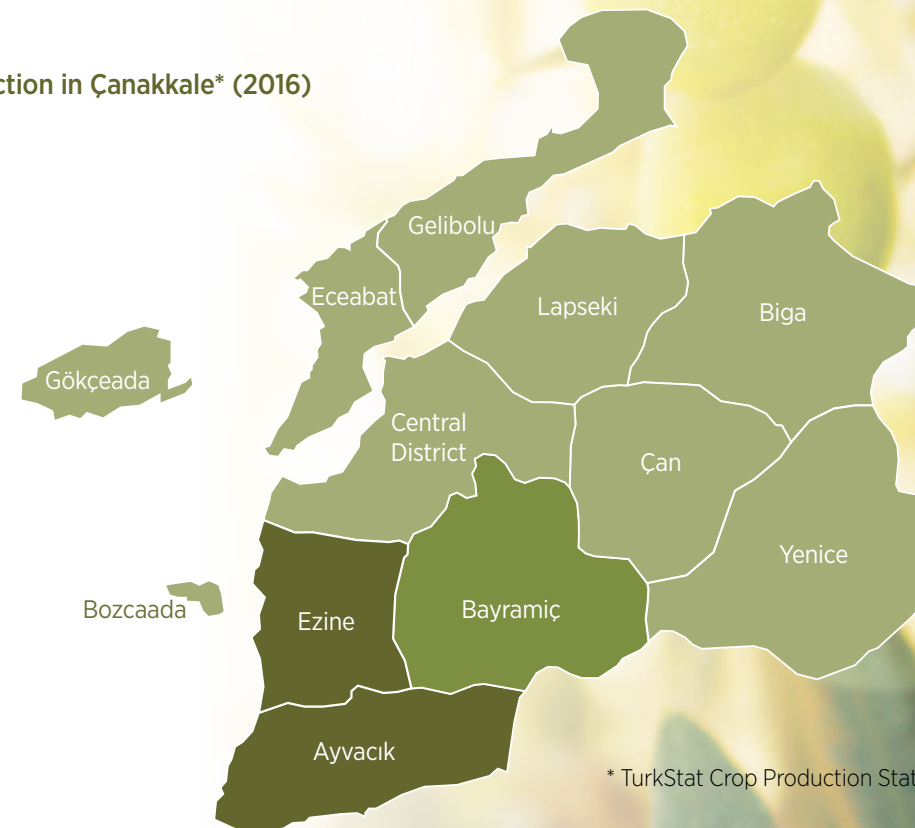
Çanakkale is among the provinces with the highest average yield per tree across the country in both the oil and table olive varieties.

The Ayvacık, Ezine and Bayramiç districts stand out in olive production.

Organic olive farming is carried out in most of the areas in which organic farming activities are popular in Çanakkale, and the province offers great potential in terms of organic olive and organic olive oil production.

Olive Production in Çanakkale* (2016)

- 30-40%
- 20-30%
- 10-20%
- 0-10%



* TurkStat Crop Production Statistics





Ranked First in Oat, Sorghum and Fodder Pea Production

Regarding feedstuff production, which is a significant cost in terms of livestock sector in Çanakkale, fodder crops such as oats (green fodder), sorghum (green fodder), fodder peas, common vetch (green fodder), Italian ryegrass (green fodder), fodder turnip and triticale (green fodder) are grown.

1,768,078 tons of fodder crops were produced in Çanakkale in 2016.

In fodder crop production
in 2016, Çanakkale ranked:

1st

1st in the production of oat (green fodder), sorghum (green fodder) and fodder peas across the country.

2nd

2nd in the production of common vetch (green fodder) and Italian grass (green fodder) across the country.

3rd

3rd in the production of fodder turnip and triticale (green fodder) across the country.

Greenhouse Cultivation

Crops such as cucumber, lettuce, tomato, pepper, green beans, eggplant and strawberry are produced in Çanakkale in greenhouses.

Ayvacık, Biga, Gelibolu and Lapseki are the leading districts in greenhouse cultivation activities.

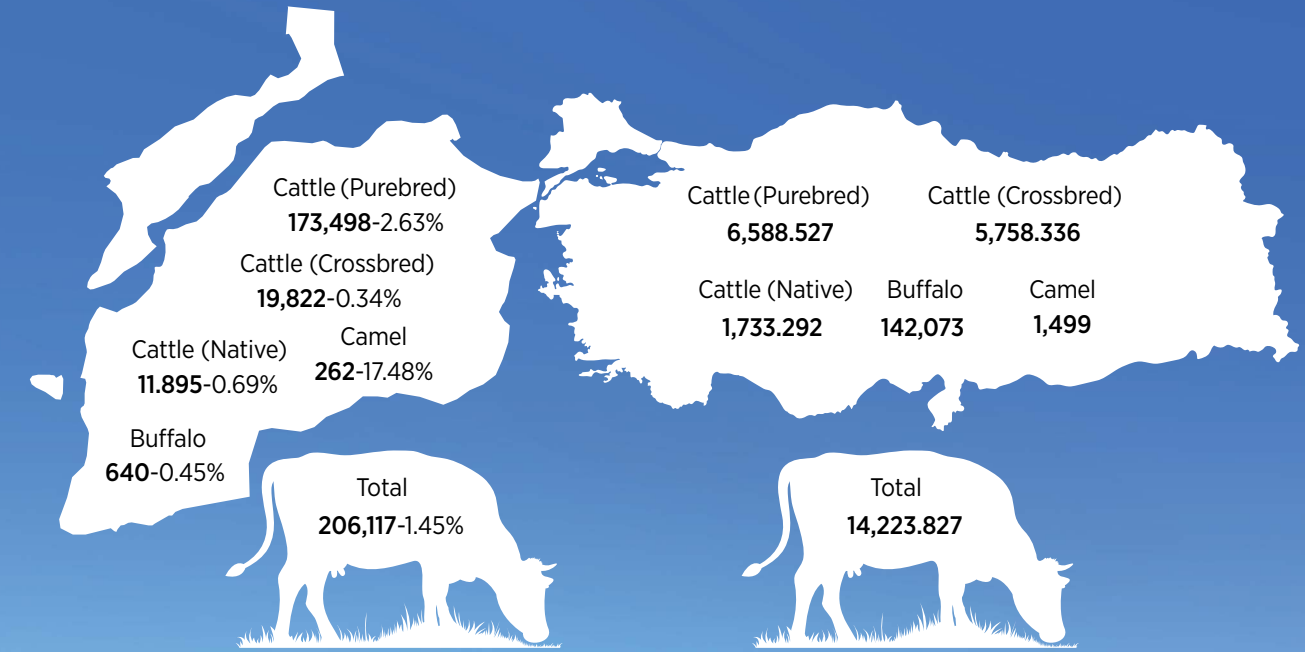
The geothermal resources of the province offer opportunities for cost savings in energy in terms of greenhouse investments.



Cattle Farming in Çanakkale

According to 2016 data, Çanakkale has 1.45% of the total number of cattle in Turkey, numbering 205.855*.

Biga, Yenice and Çan are the leading districts for cattle breeding.



* MoFAL Çanakkale Provincial Directorate 2016 Briefing



Sheep and Goat Farming in Çanakkale

According to 2016 data, Çanakkale has 1.73% of the total number of sheep and goats in Turkey, numbering 716.475*.

Most of the goats in the province are Turkish Saanen goats, which have a high milk yield, and Çanakkale is one of the most important centers of goat breeding in Turkey, based on its large number of Turkish Saanen goats.

The leading districts in sheep and goat breeding are Ayvacık, Gökçeada, Ezine and Bayramiç.



* MoFAL Çanakkale Provincial Directorate 2016 Briefing

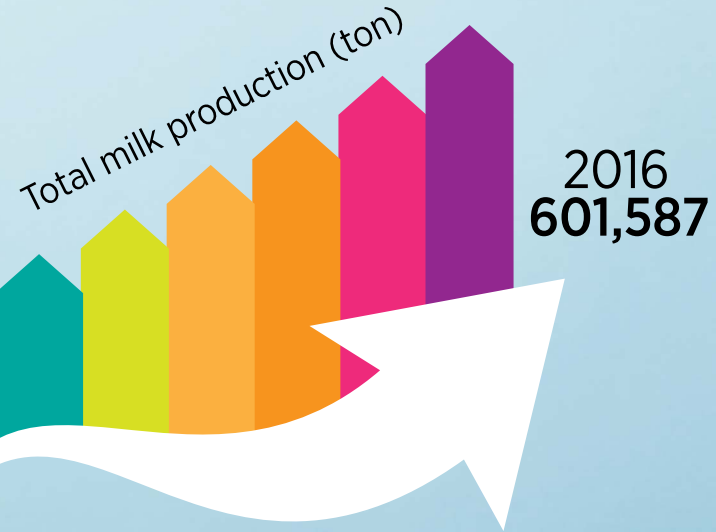
Branded Dairy Products

According to 2016 data, Çanakkale has a 2.88% share of cattle milk production and 3.91% share of sheep and goat milk production in Turkey.

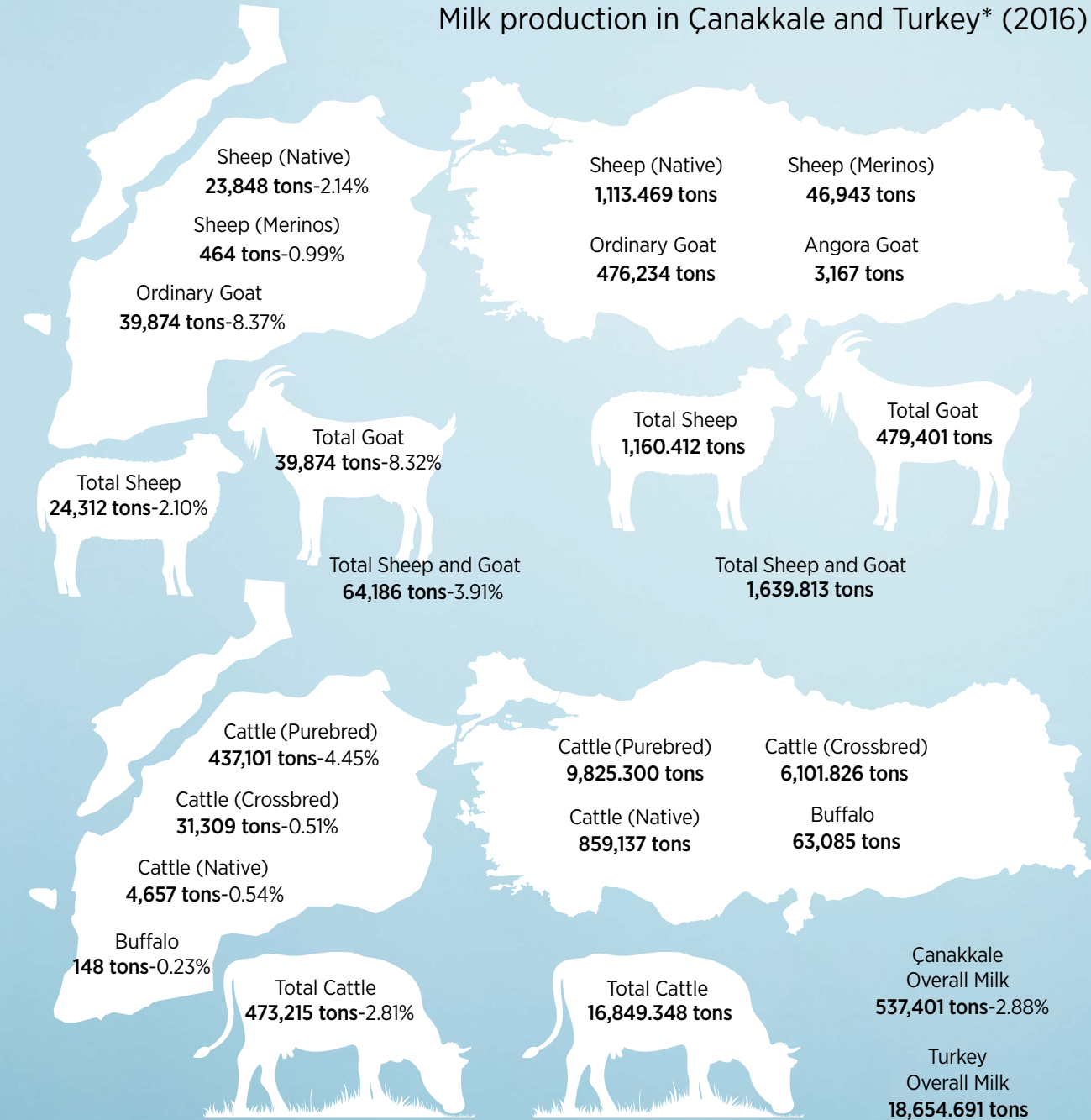
According to 2016 data, Çanakkale is ranked among top 10 cities in goat milk production in Turkey with 39,874 tons.

Ezine Cheese, a product identified with Çanakkale, is produced by mixing in particular proportions milk obtained from sheep, goats and cows fed with the natural vegetation and water resources of the Ezine, Bayramiç and Ayvacık districts, which are located in the northern and western parts of Mount Ida. These characteristics of Ezine Cheese give it a place on the list of Çanakkale's products with a geographical indication.

Biga, Yenice, Çan, Ezine and Bayramiç are the leading districts in milk and dairy production.



Milk production in Çanakkale and Turkey* (2016)



* MoFAL Çanakkale Provincial Directorate 2016 Briefing

Quality Meat Products

Çanakkale produced 7,575 tons of meat in 2016.

Most of the meat in Çanakkale is produced in the district of Biga, and most of the meat produced is sent to the metropolitan provinces.

Gökçeada, Ezine and Ayvacık are the leading districts in organic animal production.

Poultry Farming in Çanakkale

Broiler poultry farming is very popular in Çanakkale, and the province accounts for 2.68% of total broiler production across Turkey.

Biga is the leading district in broiler farming, while Biga, Çan, Gelibolu, Lapseki and Yenice are the most predominant in egg production.



Address of Good Honey

Çanakkale has rich flora suitable for beekeeping activities. Alongside the predominantly produced blossom honey, pine honey is also produced in the province.

There are indigenous bee species around Mount Ida and Gökçeada, where there is important flora for apiculture.

According to 2016 data, there are 71,554 beehives in Çanakkale, producing 1,155 tons of honey.

The Biga, Center, Çan and Yenice districts are the leaders in beekeeping activities.

Organic beekeeping activities are carried out in the Gökçeada and Ezine districts.



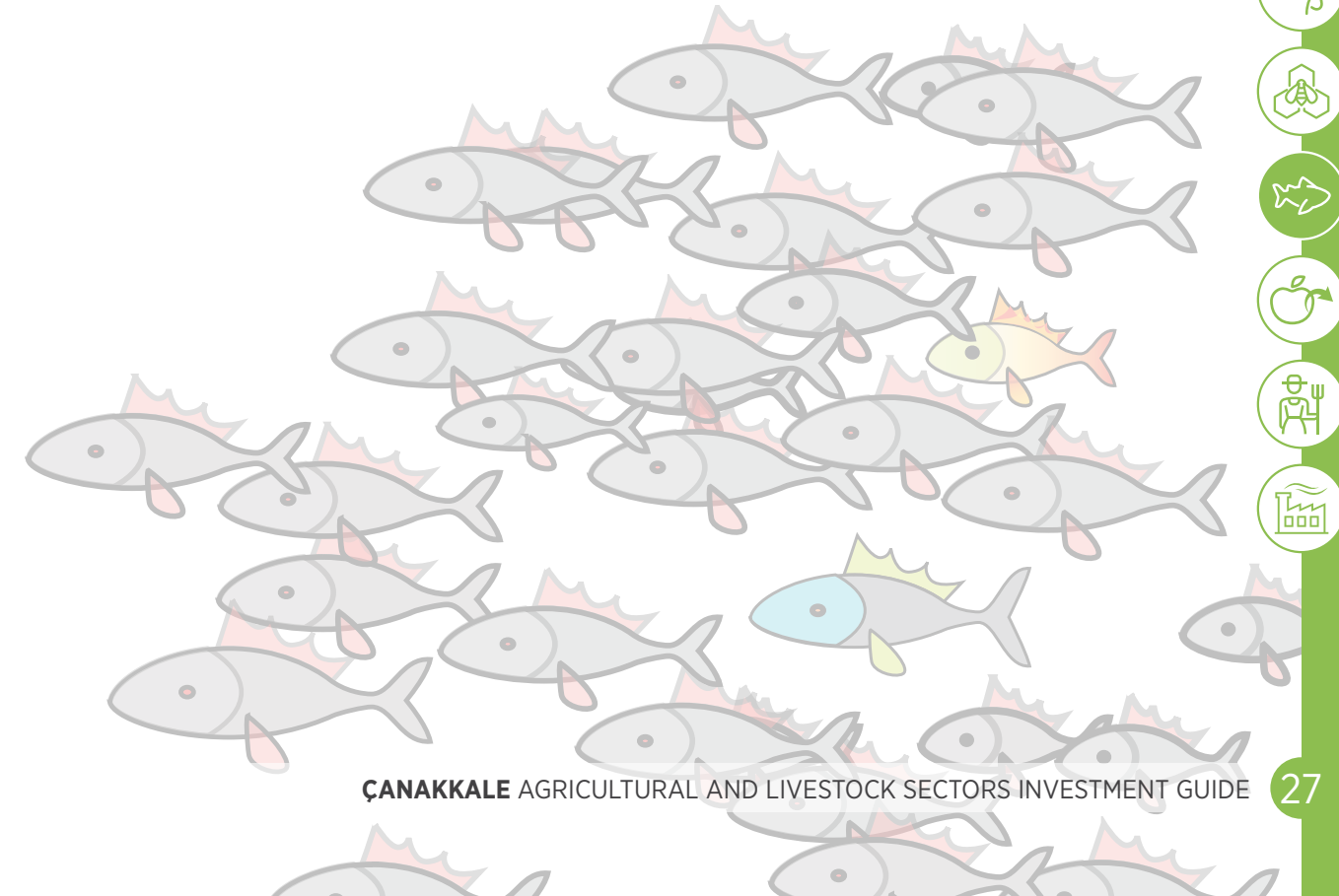
Aquaculture Production to High Standards

With coasts on the Marmara and Aegean Seas, as well as the Çanakkale Strait, Çanakkale has a high aquaculture potential.

The Çanakkale Strait allows a large variety of species to survive for aquaculture, and is located on the migration routes of many species.

Aquacultural products that are exported from Çanakkale include fresh-chilled and frozen fish, processed seafood (canned), processed bivalve mollusks, marinati shrimp and sand mussels.

Eight of the 96 country-wide EU-certified fishery processing and inspection facilities are located in Çanakkale, and these facilities export to EU member countries.



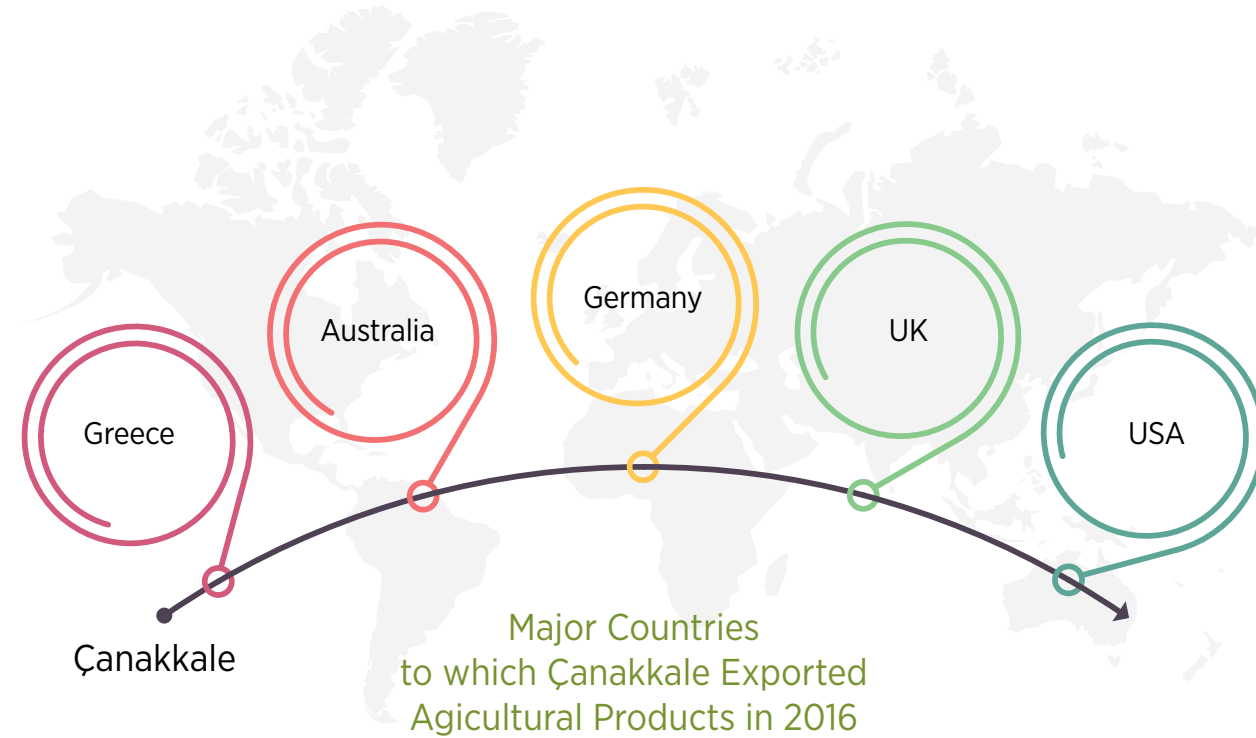


The Ever-Growing Agricultural Export Market

Çanakkale's agricultural product export value is over USD 33 million, with canned products, frozen fruits/vegetables, seafood and fresh fruits/vegetables having the largest share in agricultural exports from the province.

The most important raw material in terms of exported canned products and frozen fruits and vegetables is the capia pepper.

The products canned for export are produced in facilities in the districts of Biga and Yenice; while frozen fruits and vegetables are produced in facilities in the districts of Biga, Lapseki, Yenice and Gelibolu.



High Employment in the Agricultural Sector

Çanakkale is a leading province in Turkey in agricultural production, and is one of the provinces in which a significant proportion of the working population is employed in the agricultural sector.

According to 2016 data, the share of agriculture in the total workforce was 20% across Turkey, and 35% in Çanakkale.



Ezine Food Specialized Organized Industrial Zone

The Ezine Food Specialized Organized Industrial Zone covers an area of around 136 hectares, and brings together food sector producers working mainly in the milk and dairy products, olive and olive oil sectors. The OIZ has gained a legal personality and now offers an advantageous investment environment to potential investors.



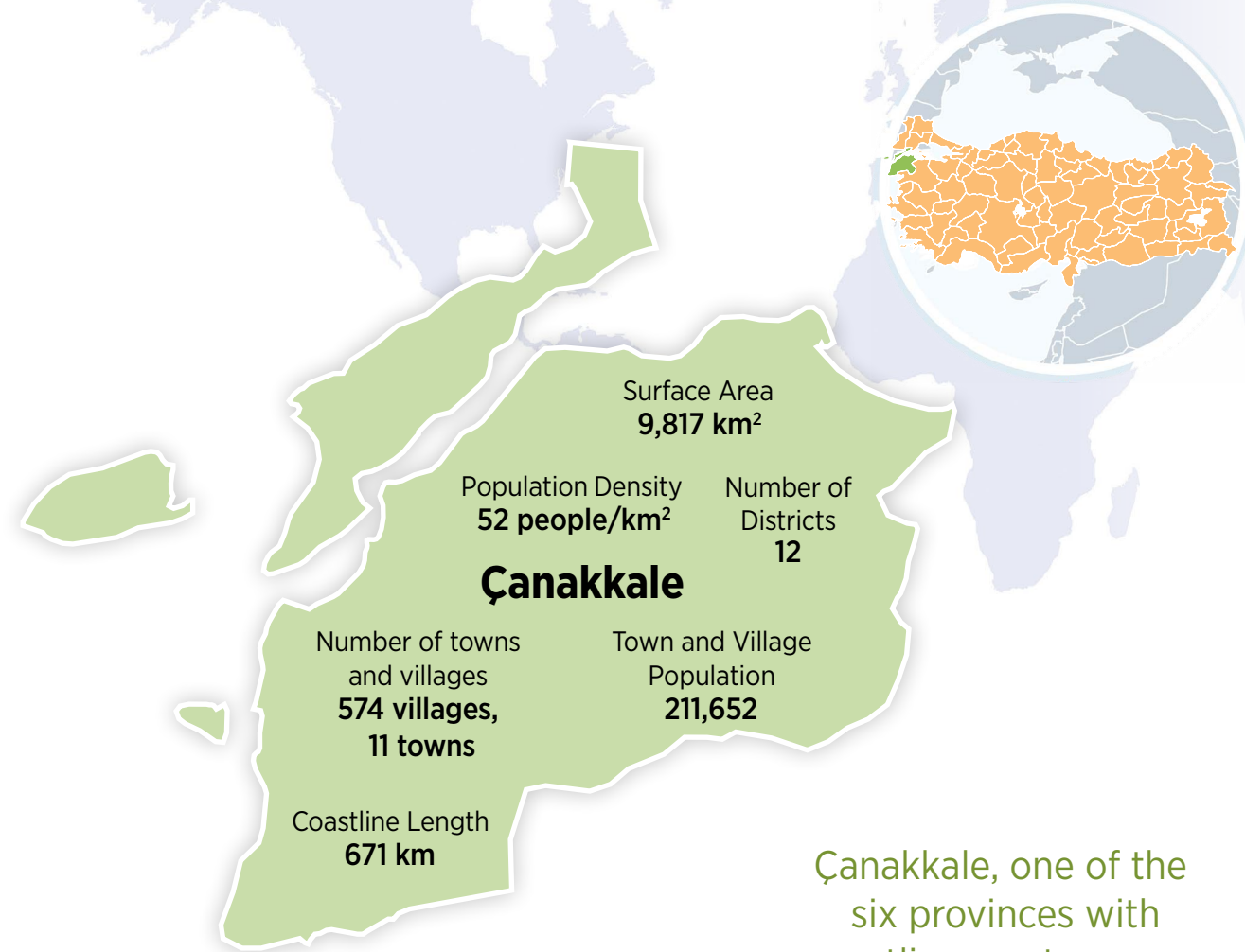
ÇANAKKALE AT A GLANCE



Geo Location

Çanakkale is located in the southern part of the Marmara Region, and is in close proximity to such metropolitan provinces as İstanbul, Bursa and İzmir. It has an important geographical position, spanning both sides of the Çanakkale Strait - a strategic link between Asia and Europe - with transit routes connecting the two continents.

Çanakkale abuts both the Aegean and Marmara Seas, and is among the six provinces in Turkey with coastlines bordering two seas.



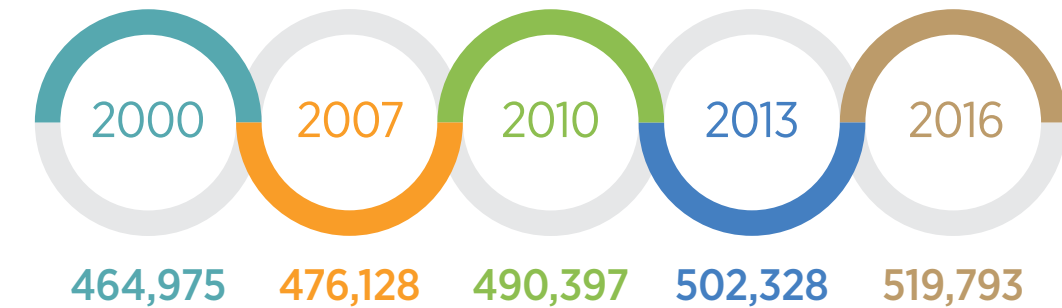
Population Dynamics

According to 2016 data, Çanakkale has a population of 519,793, constituting 0.65 percent of Turkey's population.

Estimated
Population in 2040
836,290 people

Labor Force
Participation Rate (2016)
48.6%

Employment Rate (2016)
45.3%



Education in Çanakkale

Thanks to its educational infrastructure, Çanakkale has the necessary workforce and qualified human resources required by many sectors.



Çanakkale
Onsekiz Mart
University

With a student population exceeding
50,000, a **University City Çanakkale**

14 faculties 8 colleges 13 vocational schools

4 institutes 32 research and application centers

More than 350 educational
institutions operate in Çanakkale.

Schooling Rates

Elementary School
Schooling Rate
90%

Junior High School
Schooling Rate
95%

High School
Schooling Rate
88%

A New Innovation Hub: Çanakkale



ÇOMÜ TECHNOPARK expands new horizons
in R&D and innovation in Çanakkale



ÇOMÜ Technopark, as a center for research, development and innovation, value added products are introduced, and academic, economic and social structures are integrated, offers a variety of opportunities for investors.

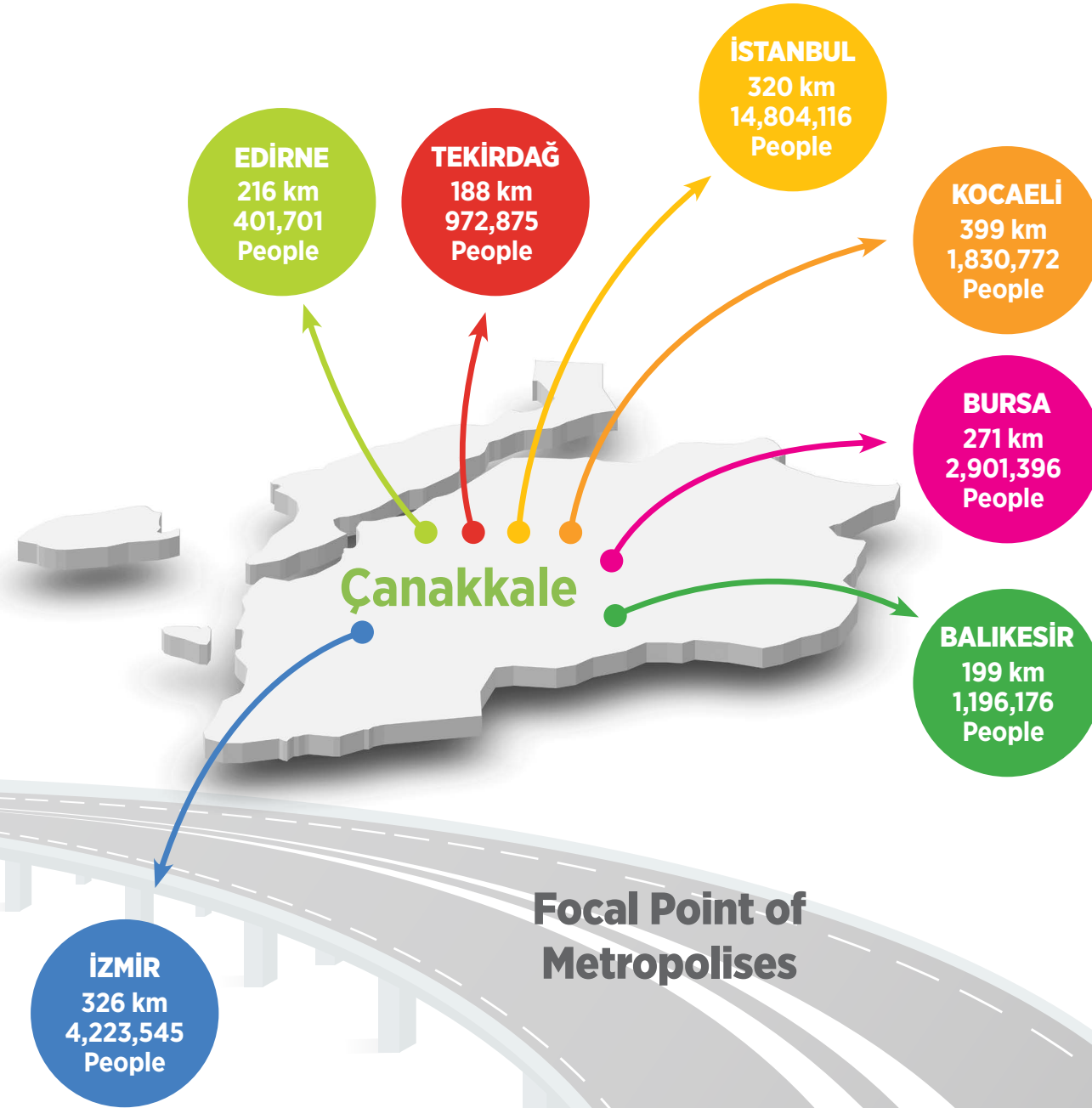
Health in Çanakkale

There are 9 state hospitals, 1 university hospital, 2 private hospitals, 1 health center and 1 oral and dental hygiene center in Çanakkale.



* Information accessed September 2017

Distances by Provinces



Access Roads to Surrounding Provinces

» Çanakkale - İstanbul Transportation

Çanakkale is accessible from İstanbul by air and land routes. The distance between Çanakkale and İstanbul is 320 km and flight duration is approximately 50 minutes.

After the completion of Kınalı-Tekirdağ-Çanakkale-Balıkesir Highway Project, which will provide a road link between Asia and Europe, the journey time between Çanakkale and İstanbul will be even shorter.

» Çanakkale - İzmir Transportation

The highway distance between Çanakkale and İzmir is 326 km. Thanks to the Kınalı-Tekirdağ-Çanakkale-Balıkesir and Gebze-Orhangazi-İzmir Highway Projects, it is expected that transportation will be shortened in terms of both distance and time.

» Çanakkale - Bursa Transportation

The highway distance between Çanakkale and Bursa is 271 km.

» Çanakkale - Balıkesir Transportation

Transportation to Balıkesir, neighbouring Çanakkale, shares long borders and stretches to 199 km.

Air Transport

» Çanakkale Airport

Çanakkale Airport entered into service in 1995 and serves both domestic and international passengers in its new terminal building, which entered into service in 2017.

- 12,500 m² terminal building
- 2 aprons with a total capacity of 5 aircraft
- 14 counters
- Over 5,000 domestic and international flights
- More than 180,000 domestic and international passengers per year
- Accessible Airport
- Green Airport Certificate

» Gökçeada Airport

Çanakkale Gökçeada Airport, which entered into service in 2010, is a civil aviation airport that serves domestic traffic.

- 1,200 m² terminal building
- 1 apron with a capacity of 3 aircraft
- 4 counters

Maritime Transportation

Çanakkale has daily ferry routes. Ferry connection from Çanakkale centrum to both Kilitbahir and Eceabat is available. There are also ferry routes between Gelibolu and Lapseki, as well as between Lapseki and Çardak. Access to the islands of Gökçeada and Bozcaada is available via ferries which run at certain times of the day.

Loading and unloading services are available at Çanakkale Kepez Port and Karabiga Municipality Port.

» Port of Kepez

- The port has two piers and a dock with a total berth length of 428 meters.
- All kinds of bulk cargo and general cargo handling services are provided.

» Karabiga Municipality Port

- There are daily ferry lines between the Karabiga Municipality Port and Tekirdağ for freight transport. The port also offers loading and unloading services.

There are three private ports in Çanakkale: İÇDAŞ 1, İÇDAŞ 2 and Akçansa.

» İÇDAŞ Ports

- İÇDAŞ 1 Port, with an overall berth length of 1,655 meters, features two piers and a dock. It has a capacity of 12 to 20 vessels depending on their size.
- The port of İÇDAŞ 2 has a berth length of 624 meters and a single pier.
- Port services include general cargo handling, container handling, liquid cargo handling, storage services, pilotage services and waste collection services.

» Port of Akçansa

- The dock is 620 m in length, and is able to handle all types of bulk and general cargo.

INCENTIVES

Agriculture and Rural Development Support Institution (TKDK)

The Agriculture and Rural Development Support Institution provides supports to investors in particular fields in order to ensure the sustainable development of Turkey, to serve for the priority targets and to enable enterprises in the sector to meet EU standards. Financial contributions are provided from the co-financed funds of the European Union and the Republic of Turkey. Such investment supports are non-refundable.

Supported Topics

- Milk, red meat, poultry meat and egg producing enterprises
- Milk, red meat, poultry processing and marketing enterprises
- Vegetable producing and vegetable product, fruit and vegetable processing and marketing enterprises
- Bee product production, processing and marketing enterprises
- Aquaculture and fishery producing and processing enterprises
- Enterprises engaged in the production of ornamental plants, and medicinal and aromatic plants

Ministry of Economy

The Ministry of Economy provides support for investments in order to reduce regional development disparities, and aims to increase high added value investments through such incentives. It has a further goal to improve production and employment figures, and to expand research and development activities that contribute to international competitiveness.

2nd Region incentives can be applied for investments in the agricultural and agro-industrial sectors in Çanakkale.

For investments made in Bozcaada and Gökçeada, 6th region incentives are applied.

REGIONAL INCENTIVE IMPLEMENTATIONS

» Customs Duty Exemption

No customs duties are paid for imported machinery and equipment to be provided for the investment that is made by using the incentive.

» Social Security Premium Support (Employer's Share)

The Ministry shall pay the employer's national contributions that are due for additional employment falling within the scope of the incentive. The amount to be paid shall be a proportion of the minimum wage.

» Land Allocation

For investments made using an incentive certificate, land allocations are carried out free of charge in order to speed up the investment process in certain cases.

» VAT Exemption

VAT is not paid on machinery and equipment purchased as part of the investment to be made by using the incentive.

» Tax Reduction

Income and corporate tax are paid at discounted rates for a period of time, considering rates applicable for the invested regions within the scope of the incentive.

» Interest Rate Support

Interest rate support is provided on investment loans with a maturity of at least one year as part of the incentives to encourage regional investments.

Ministry of Food, Agriculture and Livestock

» Livestock Support

The Ministry of Food, Agriculture & Livestock provides support on a per animal basis every year in order to expand husbandry activities.

Support topics include dairy-type and mixed breeds and their crossbreeds, as well as meat-type breeds and their crossbreeds, brood cattle, brood buffalo, brood sheep-goat, calf, and feedstuff production support.

» Diesel, Fertilizer and Soil Analysis Support

In order to increase the efficiency of modern agricultural activities and agriculture, diesel, fertilizer and soil analysis support are provided to farmers on a per decare basis every year.

Support areas include landscaping and ornamental plants, special meadow, pasture and forestry products, cereals, fodder crops, legumes, tuber crops, vegetables and fruits, oilseed crops and industrial crops.

» Organic Farming and Good Farming Support

Support is provided to producers to increase their activities in organic farming and good farming practices.

Support areas include fruits, vegetables, field crops, brood cattle, buffalo, calf, brood ewes, goats, bee hive, greenhouse, ornamental plants, medicinal aromatic plant cultivation, while support is provided on a per animal and decare basis.

» Certified Seed, Sapling Usage and Production Support

The Ministry of Food, Agriculture and Livestock provides support to producers in order to increase the quality of agricultural products.

In addition to these kinds of support, they also provide support for milk analysis, raw milk, milk powder, compensation for animal diseases, disease-free enterprise, certified enterprise, bee hive and aquaculture.



Ziraat Bank Loans

Ziraat Bank provides loan support for agricultural and livestock investments in various areas to aid in agricultural development.

» Crop Production Loan Topics

Greenhouse farming, good farming practices, organic farming, modern pressurized irrigation, agricultural machinery, harvesting and marketing, land purchase, perennial fodder production, certified seed, seedling and sapling production

» Aquaculture Loan Topics

Fishery, aquaculture

» Livestock Loan Topics

Brood dairy cattle farming, cattle, sheep and goat dairy farming, brood heifer and brood cattle breeding, cattle and sheep and goat raising, brood poultry farming, beekeeping, purebred horse breeding

South Marmara Development Agency

South Marmara Development Agency provides grants to SMEs, registered in Balıkesir and Çanakkale, to help them improve their competitiveness.

In a Project Call for Proposals, a SME can submit project proposals in accordance with the subjects and conditions set for the program as part of a specific support program. For the support programs that can be applied during certain periods of the year, SME support has been given to develop the industry based on agriculture and to improve the innovation and export capacities of enterprises until now. The subject and sectors to be supported may change every year for each specific program.

The submitted projects are then ranked according to the points received, and become eligible for grants depending on the program budget. Successful projects are given a grant of 50 percent. A portion of the grants is paid to firms in advance to help overcome initial financing problems.

Further information on the active grant programs that you can apply for and current information on all grant programs is available at www.gmka.gov.tr/destekler.

South Marmara Development Agency is on your side with its Çanakkale Investment Support Office

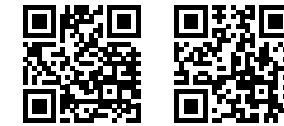
The South Marmara Development Agency Çanakkale Investment Support Office's mission is to improve the provincial investment climate, to attract investment by promoting the investment environment through different channels and approaches, and to support investors throughout their investment process.

Çanakkale Investment Support Office operations include:

- Providing information to investors on a variety of issues,
- Preparing analyses, reports and inventory studies related to the business and investment climate of the province, and sharing the results with investors,
- Supporting investors in finding suitable land for investment,
- Supporting the follow-up of investment permits and licenses,
- Organizing promotional events related to the investment environment,
- Developing and implementing strategies to improve the business and investment climate in the province, and developing collaborations between institutions and investors.



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ÇANAKKALE

AGRICULTURAL AND LIVESTOCK SECTORS INVESTMENT GUIDE



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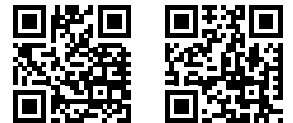
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