MEDIUM-TERM PROGRAM (2027-2029)

06 SEPTEMBER 2026

PRESIDENCY OF THE REPUBLIC OF TÜRKİYE
VICE PRESIDENCY

MEDIUM TERM PROGRAM

- Guided by the Development Plan
- Three-Year Policy Framework
- Macroeconomic Targets and Forecasts
- Revenue, Expenditure and Borrowing Outlook
- Appropriation Proposal Ceilings
- Reform Agenda

GLOBAL OUTLOOK

Impact of Changes in 2026 Assumptions on Forecasts

Global Outlook

Forecast Revisions

2026 (% Change)	2026-2028 MTP	2027-2029 MTP
World Output	3.1	3.0
Euro Area Growth	1.2	0.9
MENA Region Growth	3.4	-0.5
Trading Partners' Growth	2.4	1.6
Brent Crude Oil Price (USD)	64.3	89.3
Non-Energy Commodity Prices	-5.7	18.6
Global Inflation	3.6	4.7

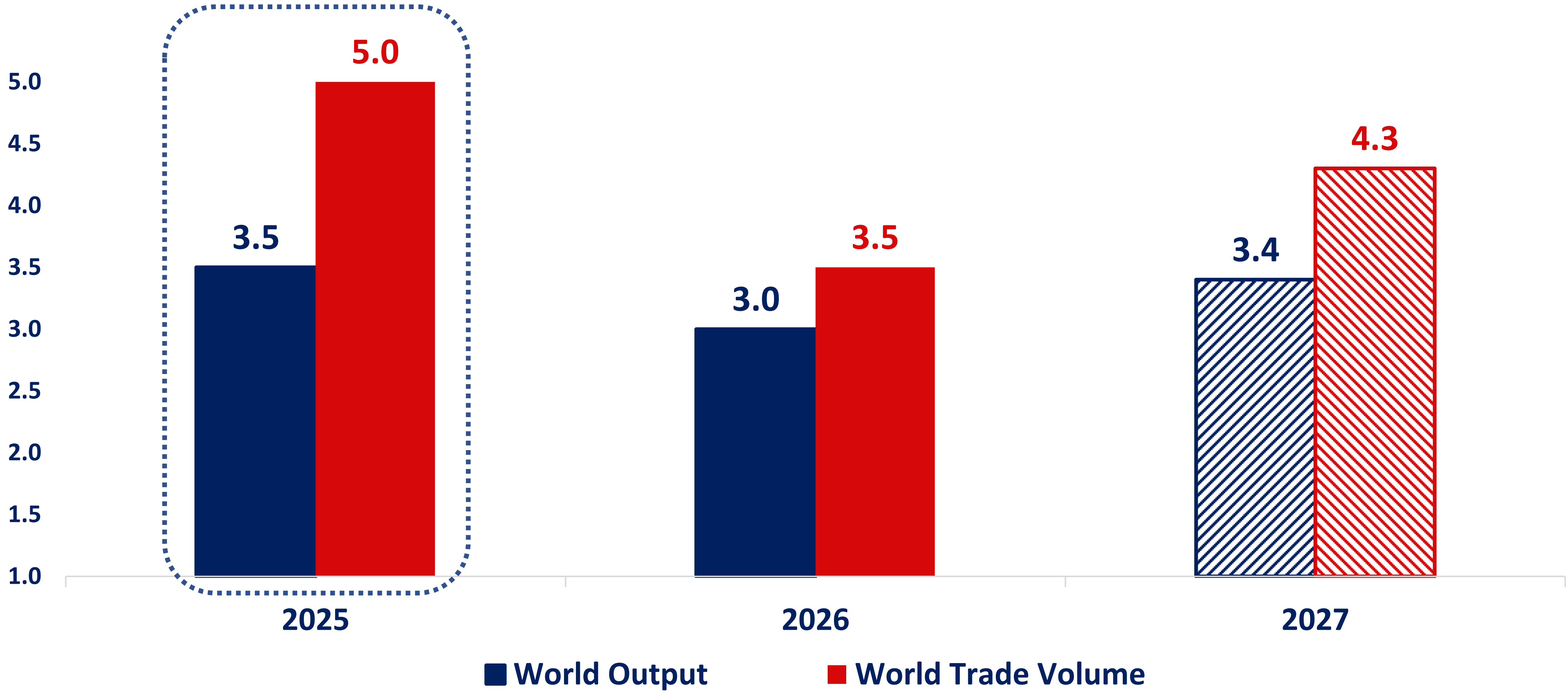
Türkiye

Impact on Macroeconomic Forecasts

2026 (% Change)	2026-2028 MTP	2027-2029 MTP
Growth	3.8	3.3
Industrial Growth	4.0	2.3
CPI (Year-End)	16.0	28.4
Foreign Trade Deficit (USD bn)	-96.0	-105.0
Energy Imports (USD bn)	63.0	71.0
Tourism Revenues (USD bn)	68.0	65.0
Current Account Balance/GDP	-1.3	-2.6

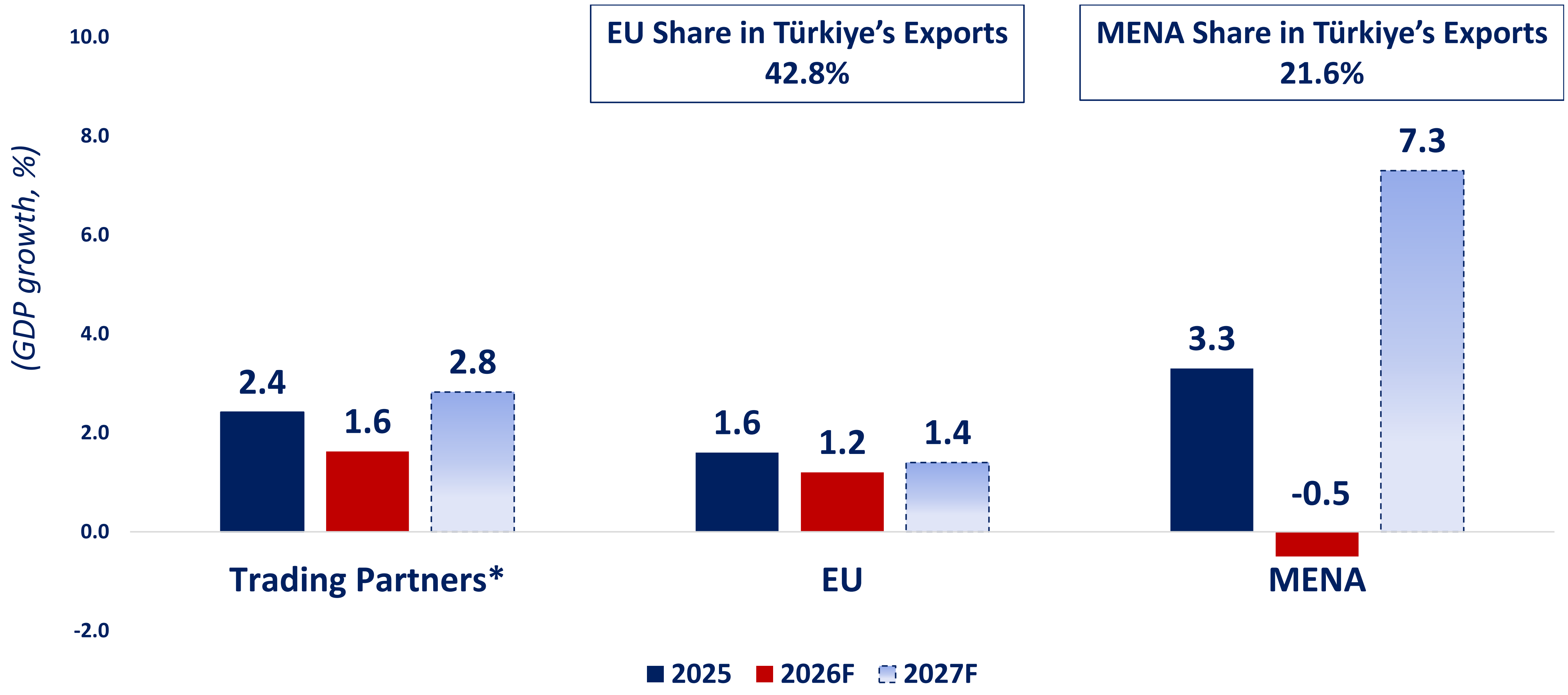
Source: International Monetary Fund, World Economic Outlook, July 2025 – July 2026

Recovery Expected in 2027 Following the War-Related Deterioration in the Outlook



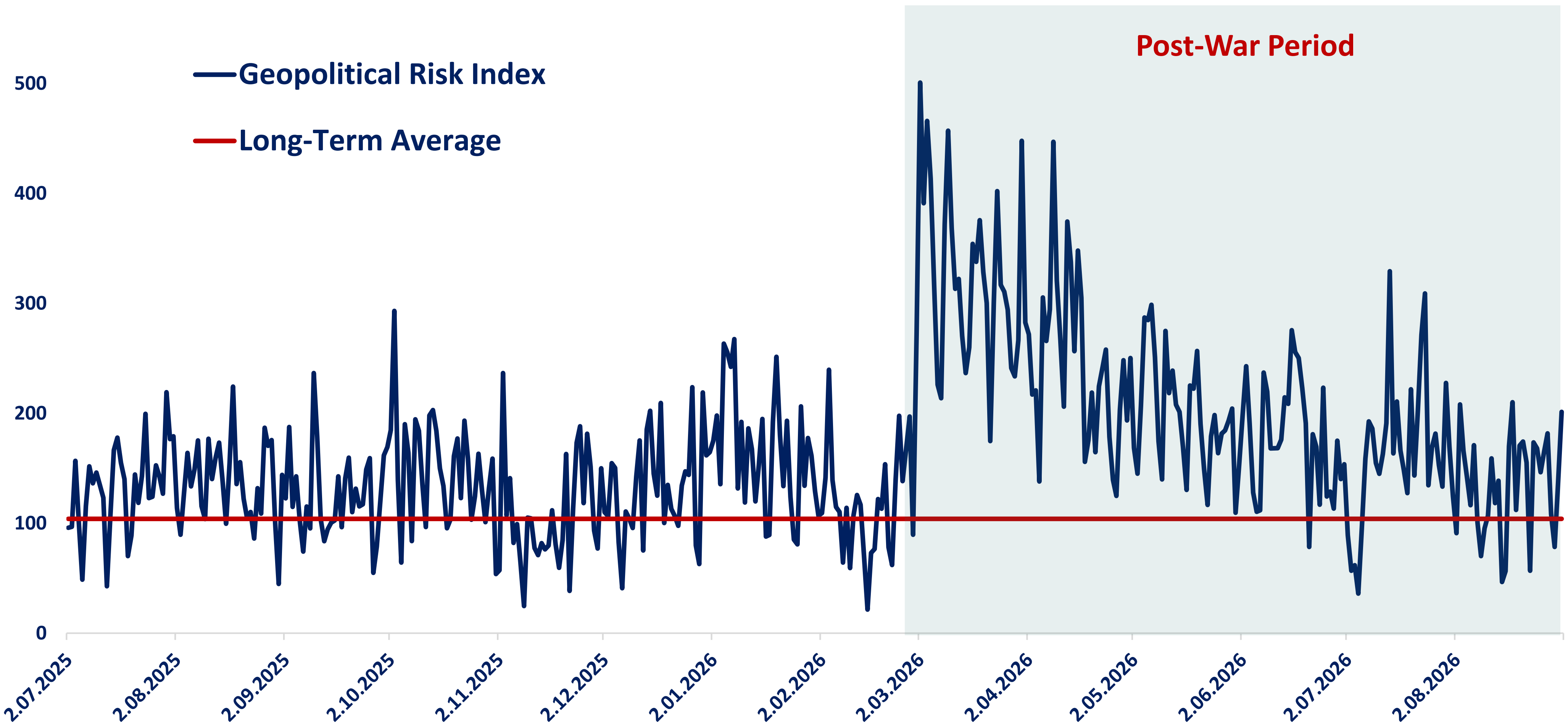
Source: International Monetary Fund, World Economic Outlook, July 2026

Recovery Among Our Trading Partners Following a Challenging Period



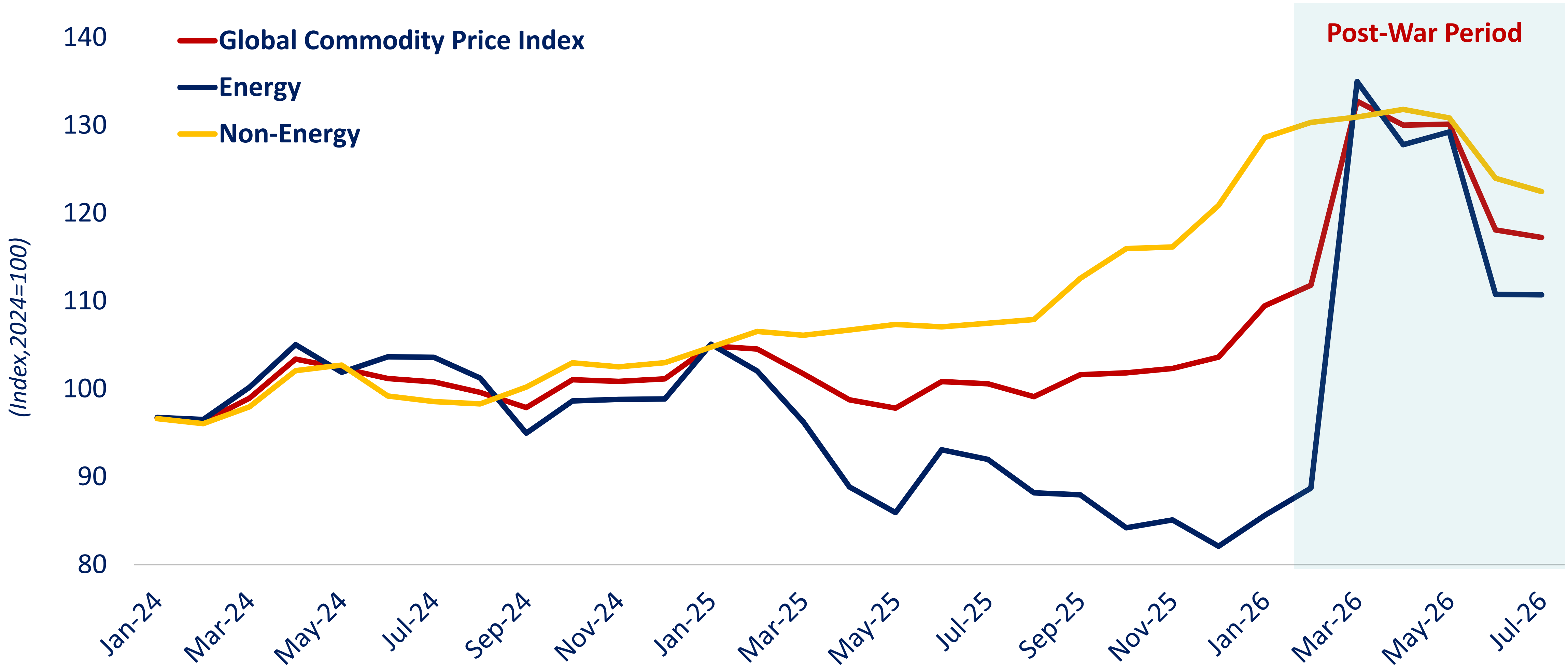
Source: International Monetary Fund, World Economic Outlook, July 2026, TurkStat **F:** Forecast ***:** Covers 95.7% of exports.

Fragile Outlook amid Geopolitical Risks



Source: Bloomberg

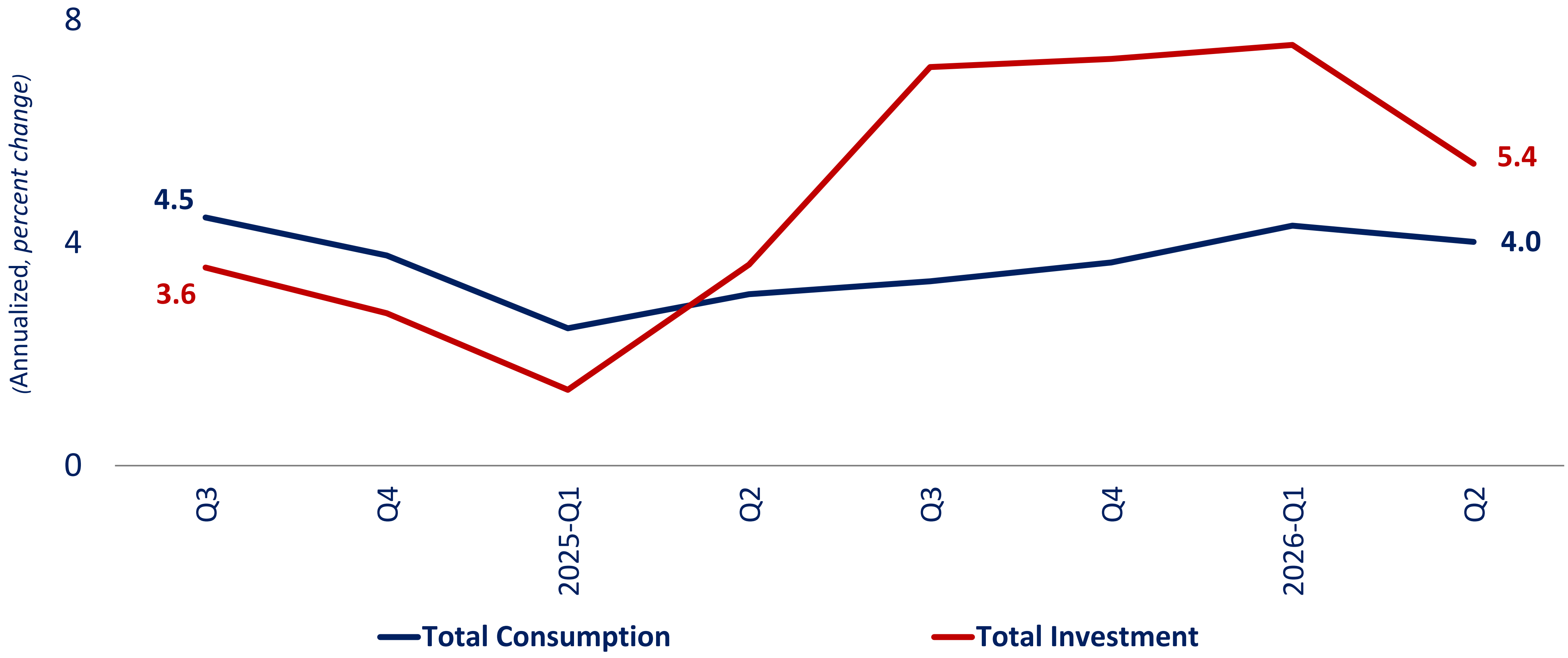
Supply-Driven Upward Pressure on Commodity Prices



Source: International Monetary Fund

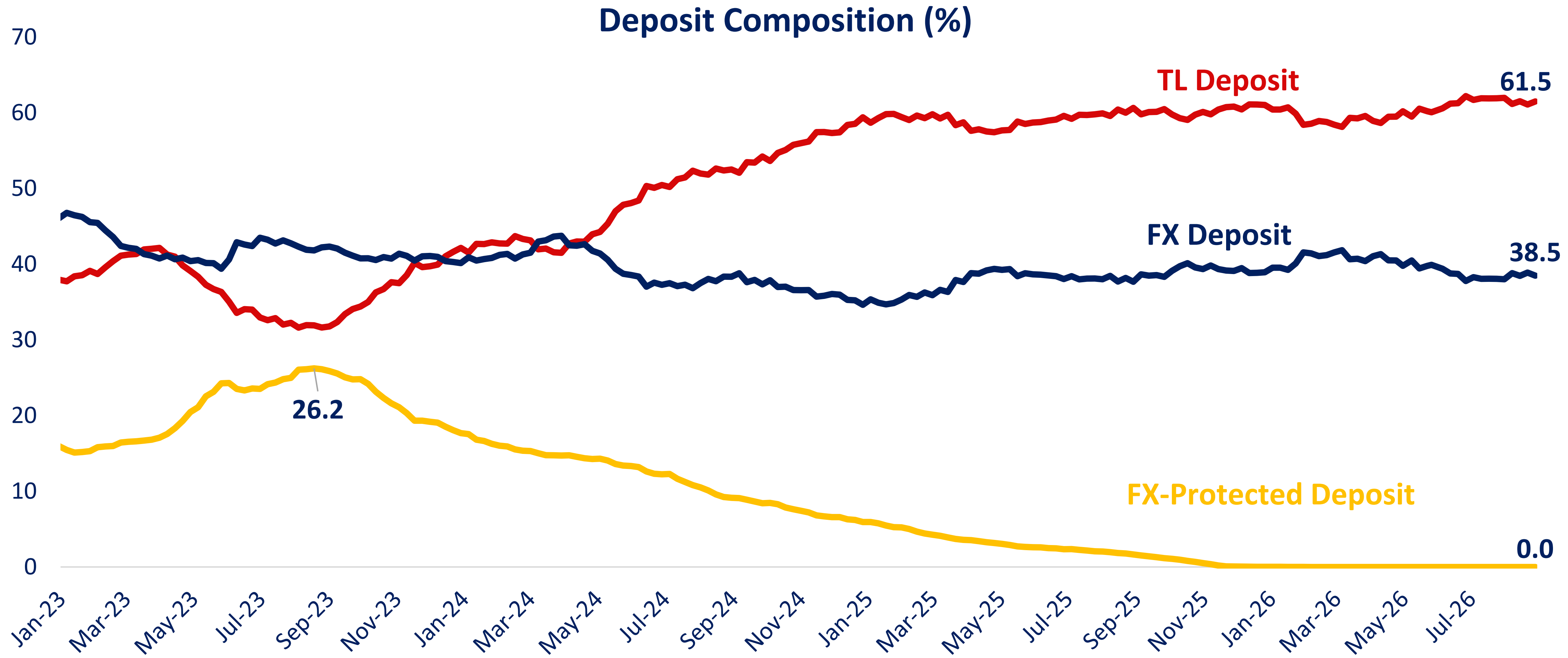
PROGRESS ACHIEVED UNDER THE PROGRAM

Improvement in the Quality of Growth



Source: TurkStat, Presidency of Strategy and Budget Calculations

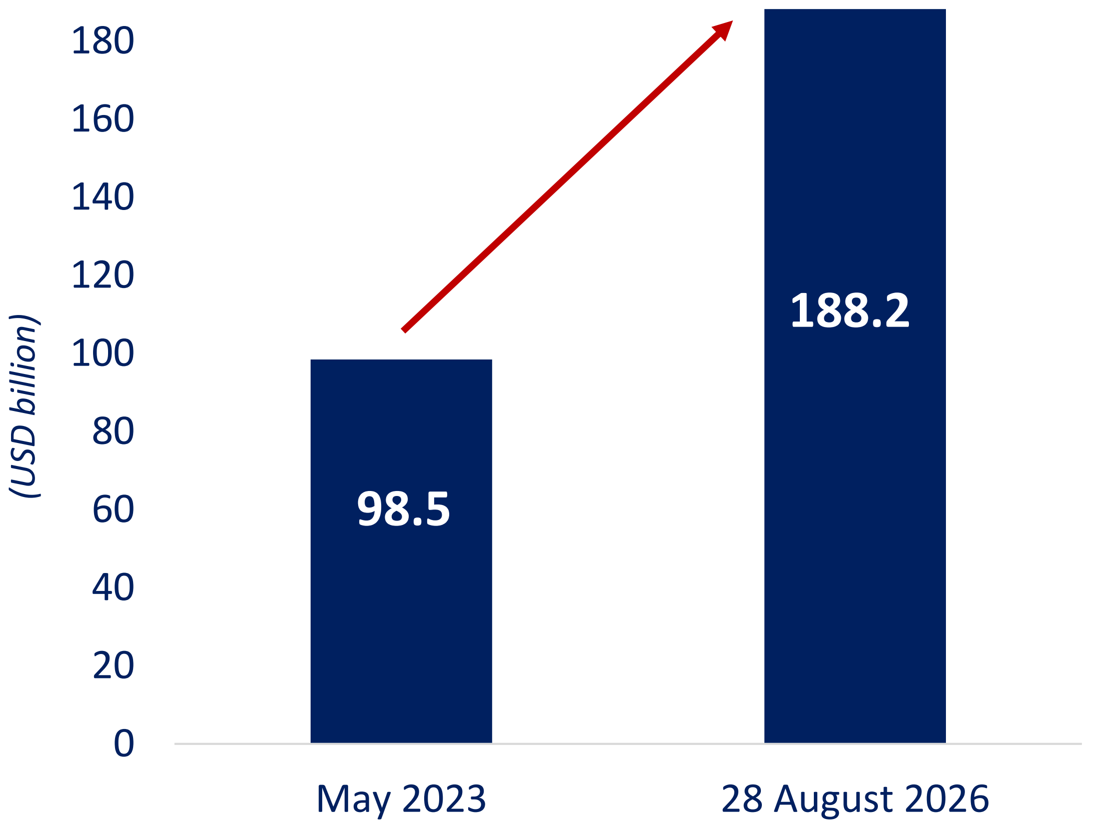
Growing Confidence in Turkish Lira



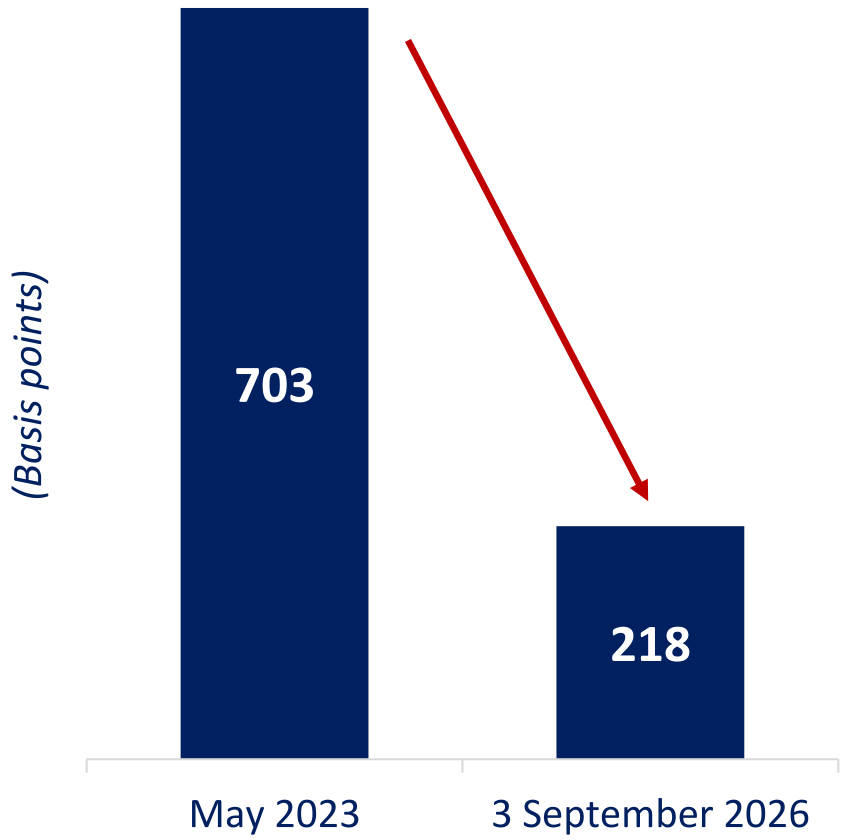
Source: BRSA, **Latest Data:** 28 August

Strong Rise in Reserves, Rapid Decline in the Risk Premium

Gross International Reserves

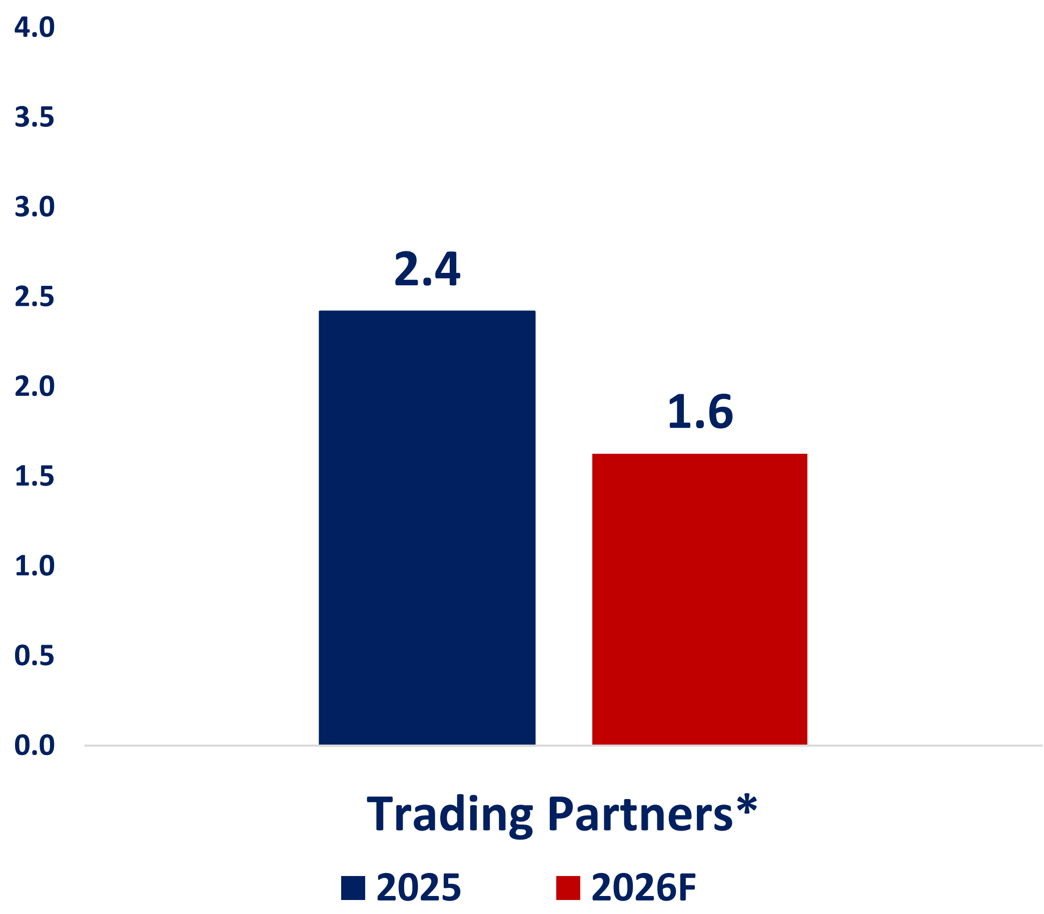


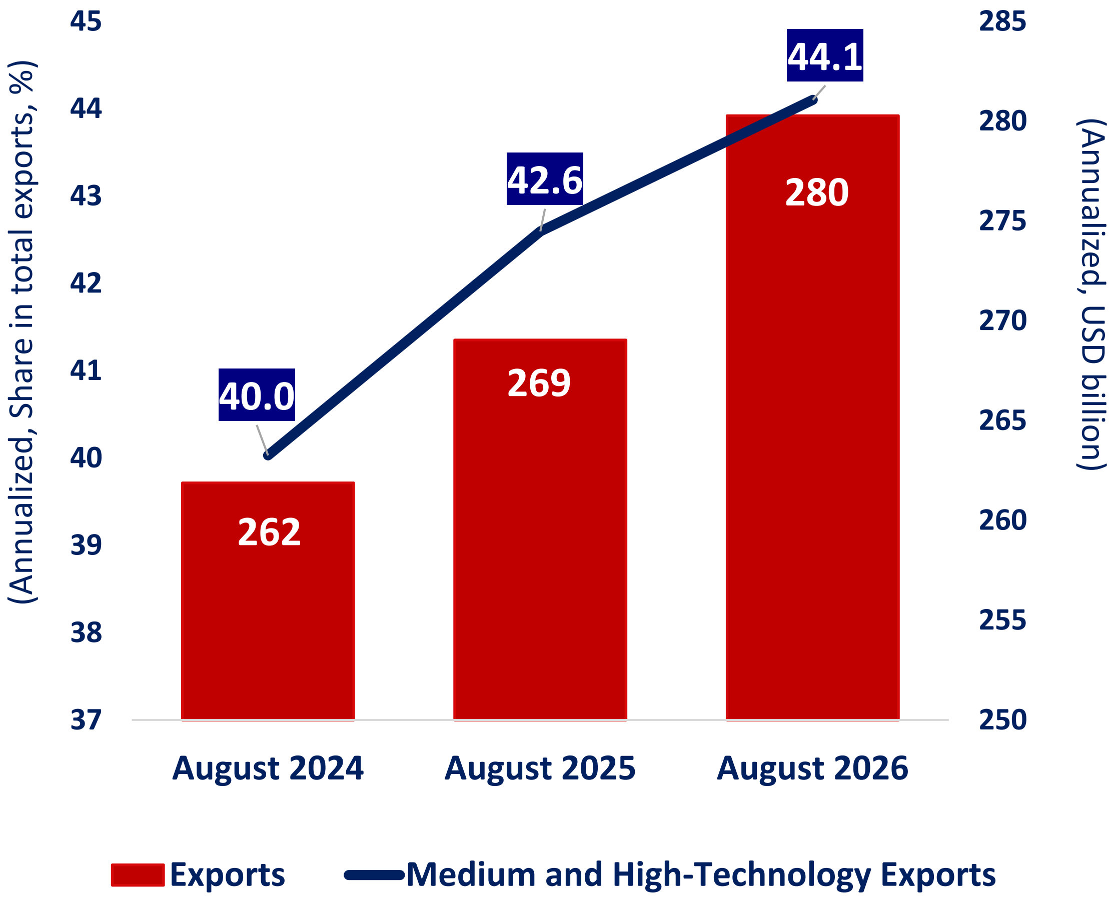
CDS



Source: CBRT, Bloomberg

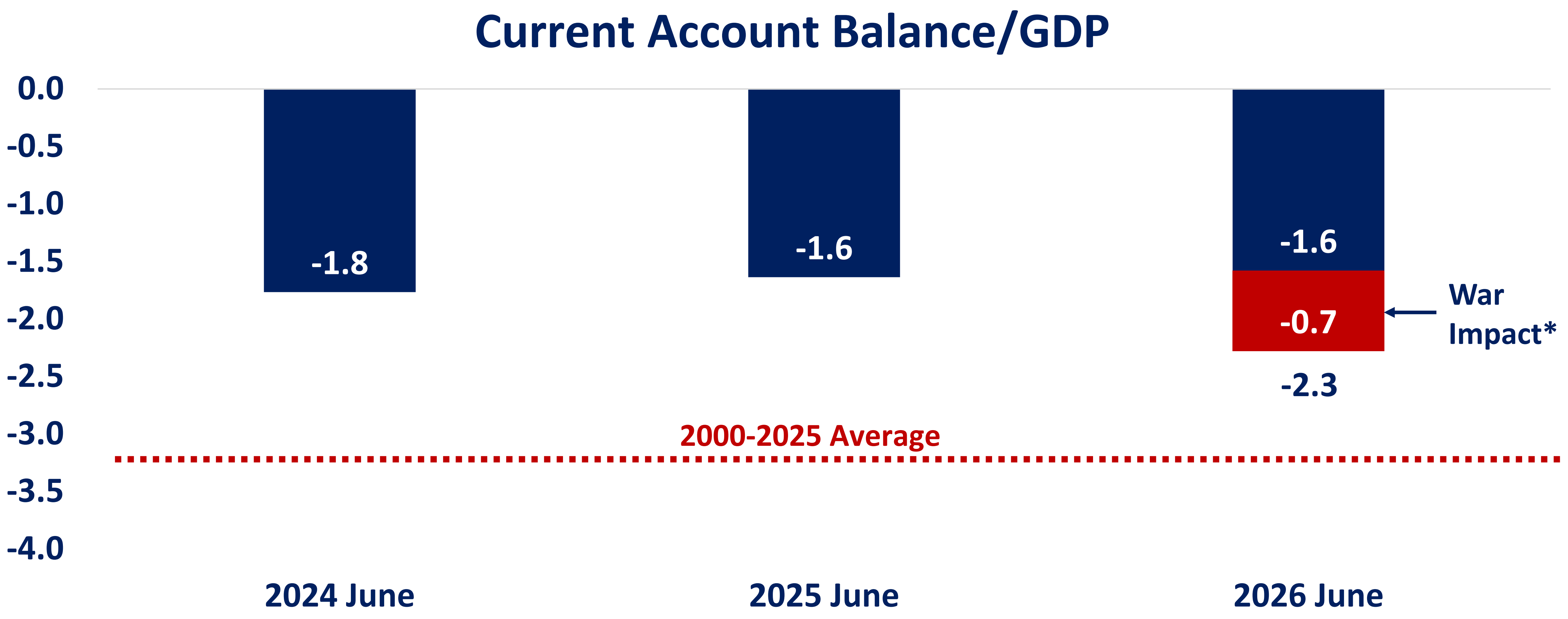
Stable Export Performance Despite the Weak Outlook in Our Trading Partners





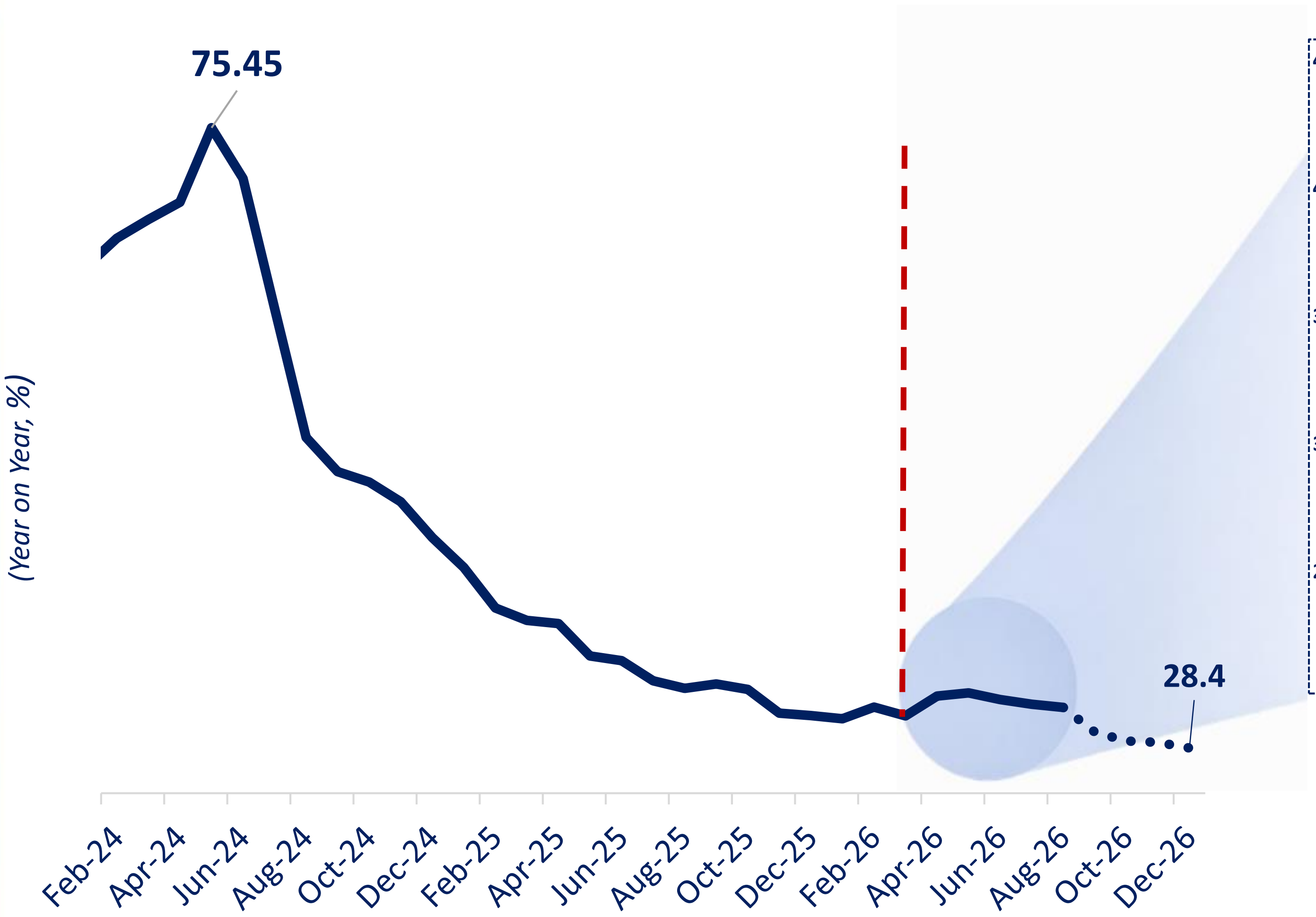
Source: IMF, World Economic Outlook, July 2026, TurkStat, Ministry of Trade (August data are provisional Ministry of Trade figures) ***:** Covers 95.7% of exports **F:** Forecast.

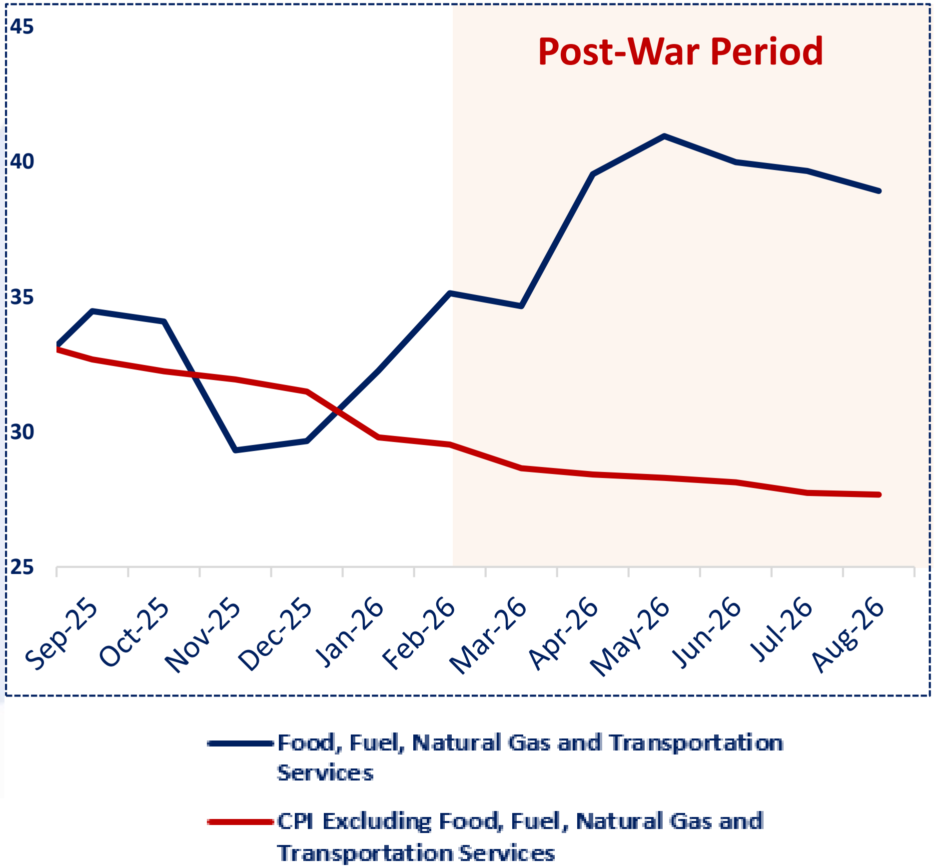
Temporary Increase in the Current Account Deficit Driven by Import Prices



Source: TurkStat, CBRT ve Presidency of Strategy and Budget Calculations ***:** Impact of war was calculated based on the previous year’s import price forecasts

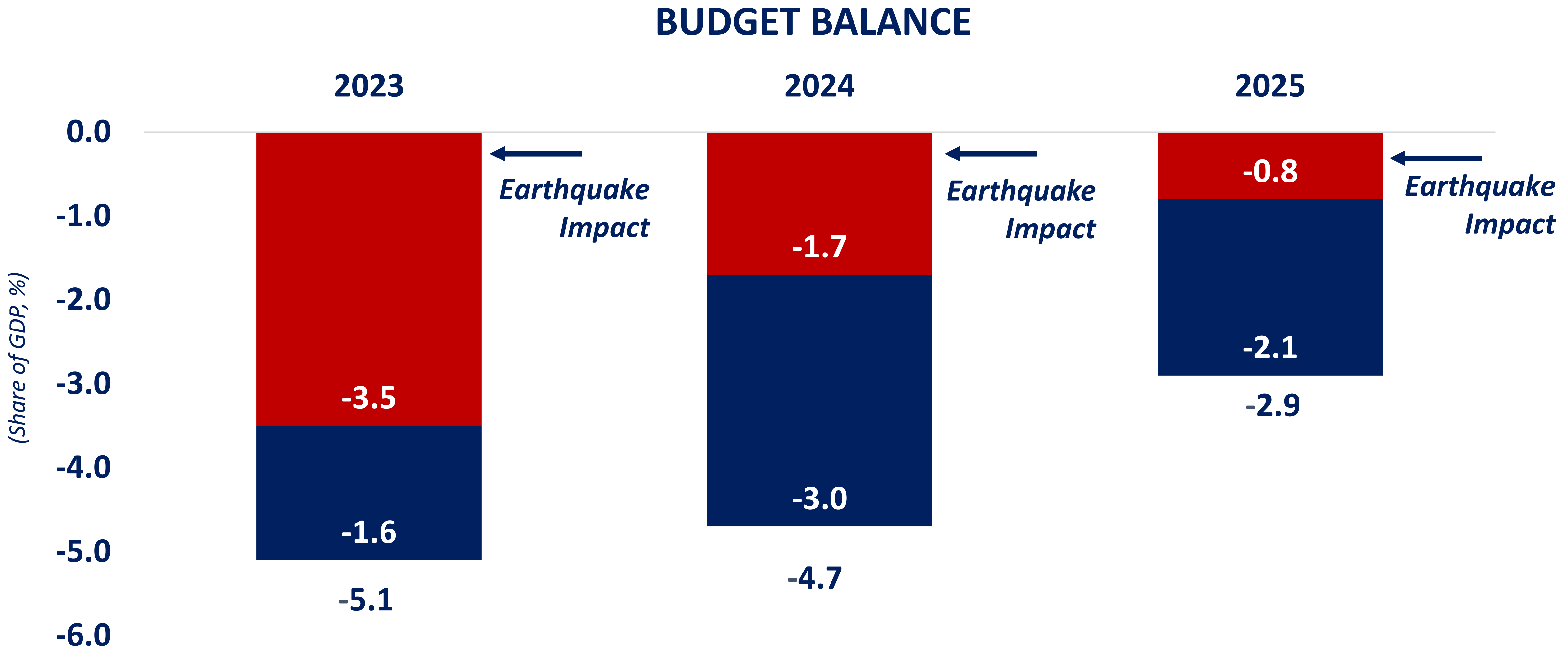
Temporary War-Related Plateau in Headline Inflation





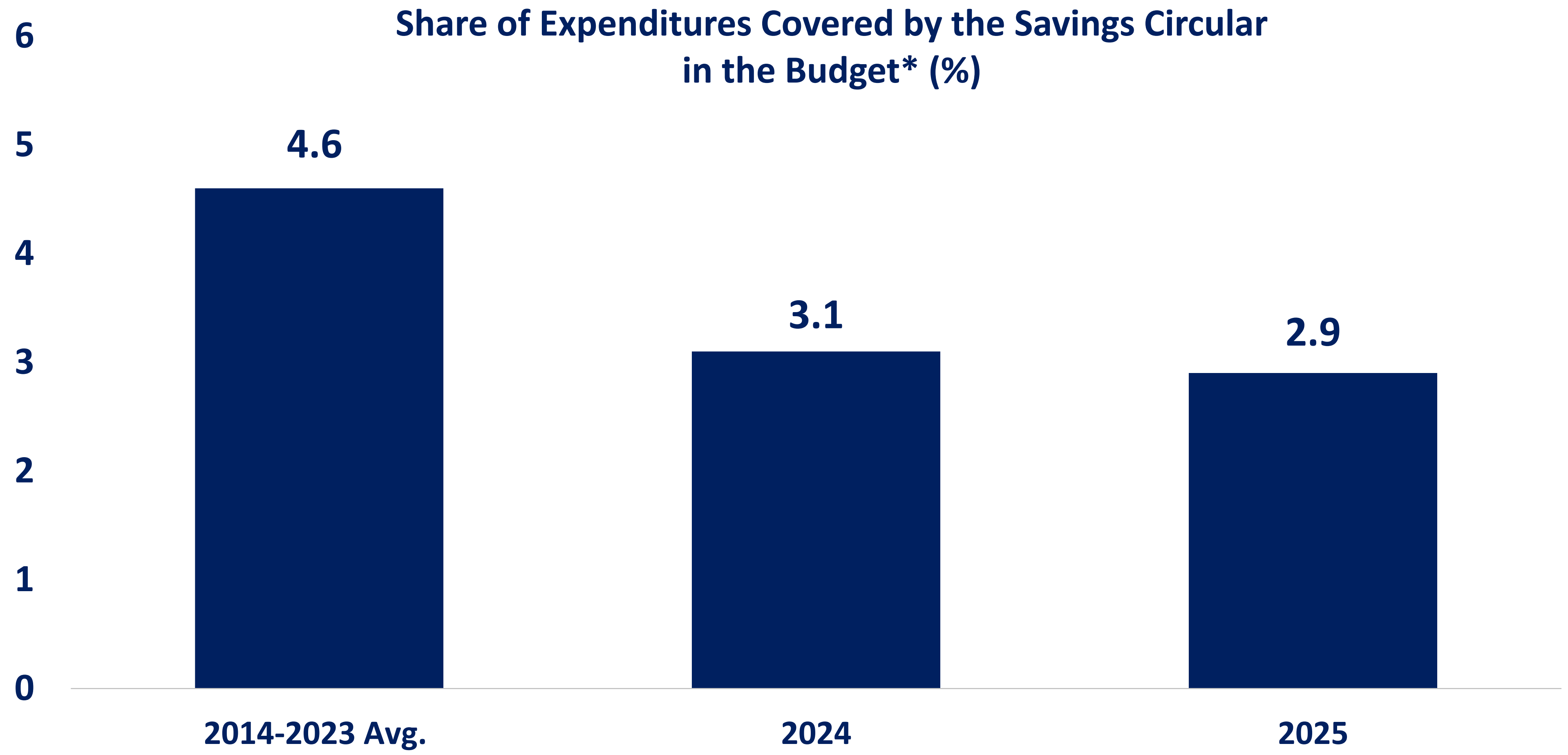
Note: TurkStat, Presidency of Strategy and Budget Calculations, Food, fuel, natural gas and transportation services are treated as items directly affected by the war (Share in CPI basket: 34.52%)

Declining Budget Deficit through the Measures Taken



Source: Presidency of Strategy and Budget, Ministry of Treasury and Finance

Strong Expenditure Discipline through the Implementation of the Savings Circular



Source: Ministry of Treasury and Finance ***:** Share in budget expenditures excluding interest and earthquake-related expenditures.

AS A RESULT OF THE CONSISTENT IMPLEMENTATION OF POLICIES…

As of Year-End 2026

GDP Exceeding USD 1.8 Trillion FOR THE FIRST TIME

GDP per Capita Exceeding USD 20,000 FOR THE FIRST TIME

TÜRKİYE Surpassing the High-Income Threshold

CURRENT ACHIEVEMENTS AND 3-YEAR ROADMAP

2023-2nd Half - September 2026

Reducing Macro-Financial Risks

- ✓ Rebalancing in growth composition, increase in total factor productivity
- ✓ Significant decline in the underlying trend of inflation through strong coordination in monetary and fiscal policy
- ✓ Fiscal discipline despite earthquake expenditures
- ✓ Strong increase in foreign currency reserves, improvement in risk premium
- ✓ Termination of the FX-Protected Deposit (KKM) scheme, which is a contingent liability, and enhancement of financial resilience
- ✓ Reduction of balance of payments risks, sustainable current account deficit

Post-September 2026

Price Stability and Productivity-Oriented Sustainable Growth

- ✓ Price stability
- ✓ Maintaining fiscal discipline
- ✓ Strengthening productive capacity
- ✓ Increasing economic security and resilience against supply shocks
- ✓ Reducing the idle labor force
- ✓ Increasing productivity and competitiveness through reforms

STRONG HUB TÜRKİYE

01 INCENTIVES FOR PRODUCTION AND EXPORTS

- **12.5% Corporate Income Tax in Manufacturing** (Agriculture and Industry)
- **100% Tax Exemption on Service Exports**
- **ZERO Corporate Income Tax on Transit Trade** (IFC)

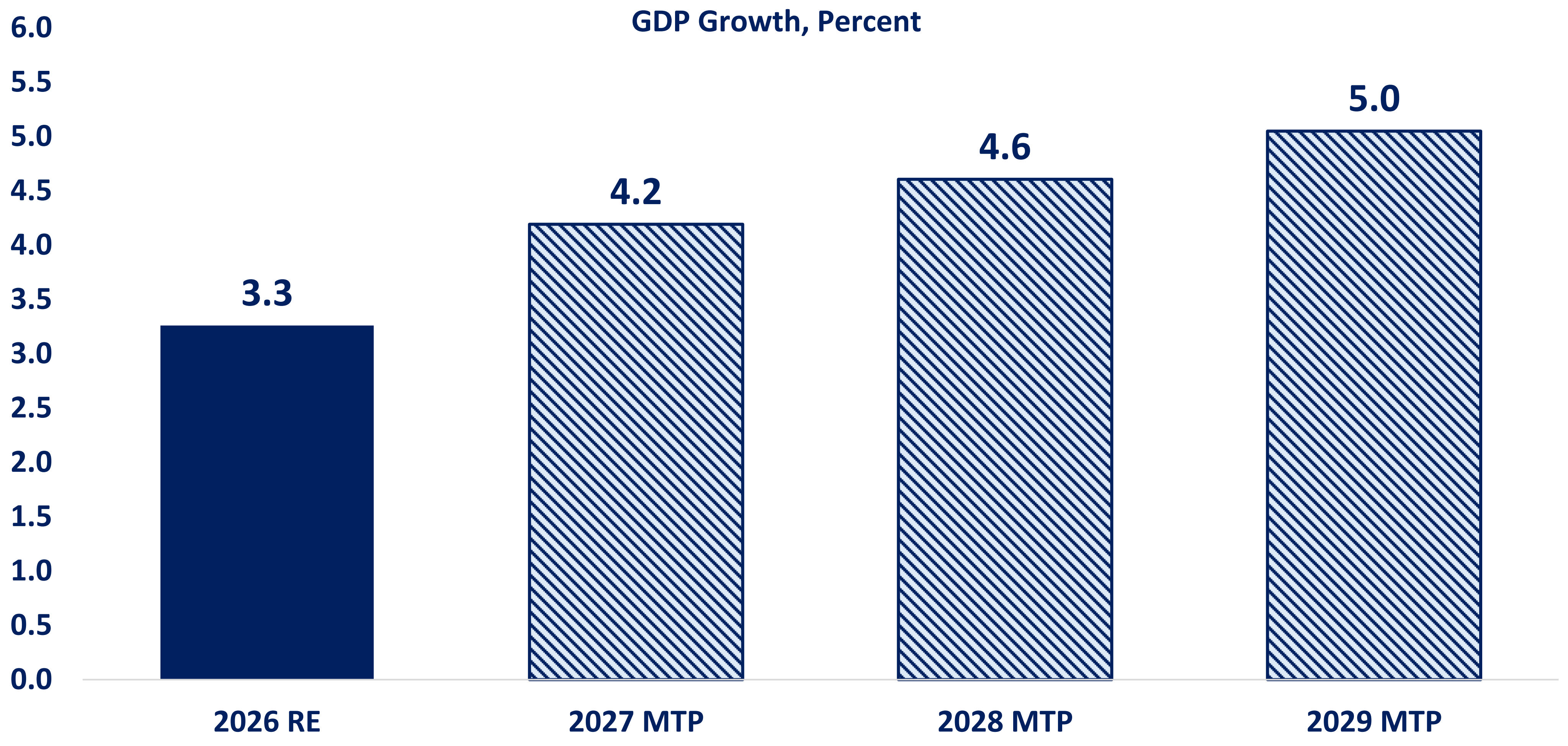
02 INCENTIVES FOR GLOBAL INVESTMENT AND TALENT

- For Multinational Companies: **Qualified Service Center Incentive**
- **20-Year Special Tax Regime**
- **A New Hub for Start-Ups**

Streamlining Investment Processes: One-Stop Office

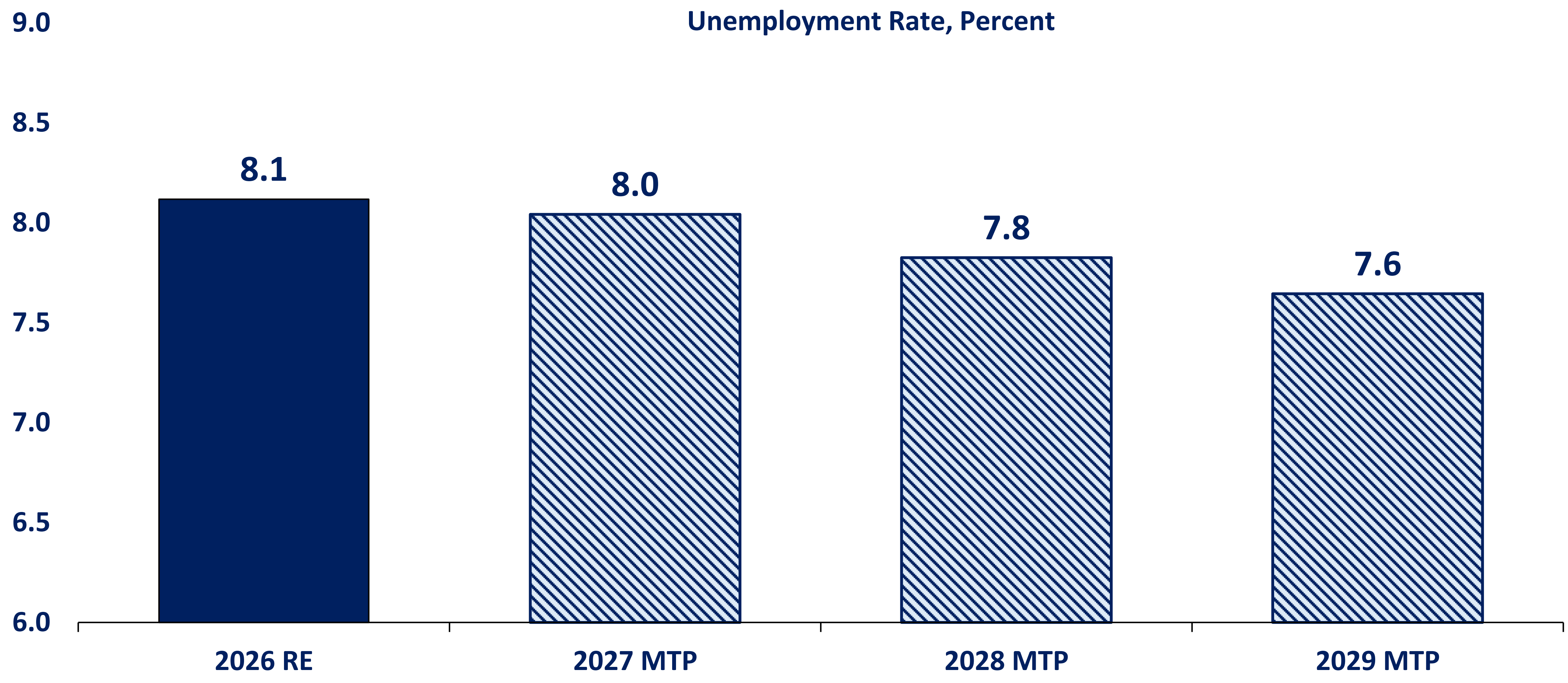
MEDIUM-TERM PROGRAM TARGETS

Sustainable High Growth



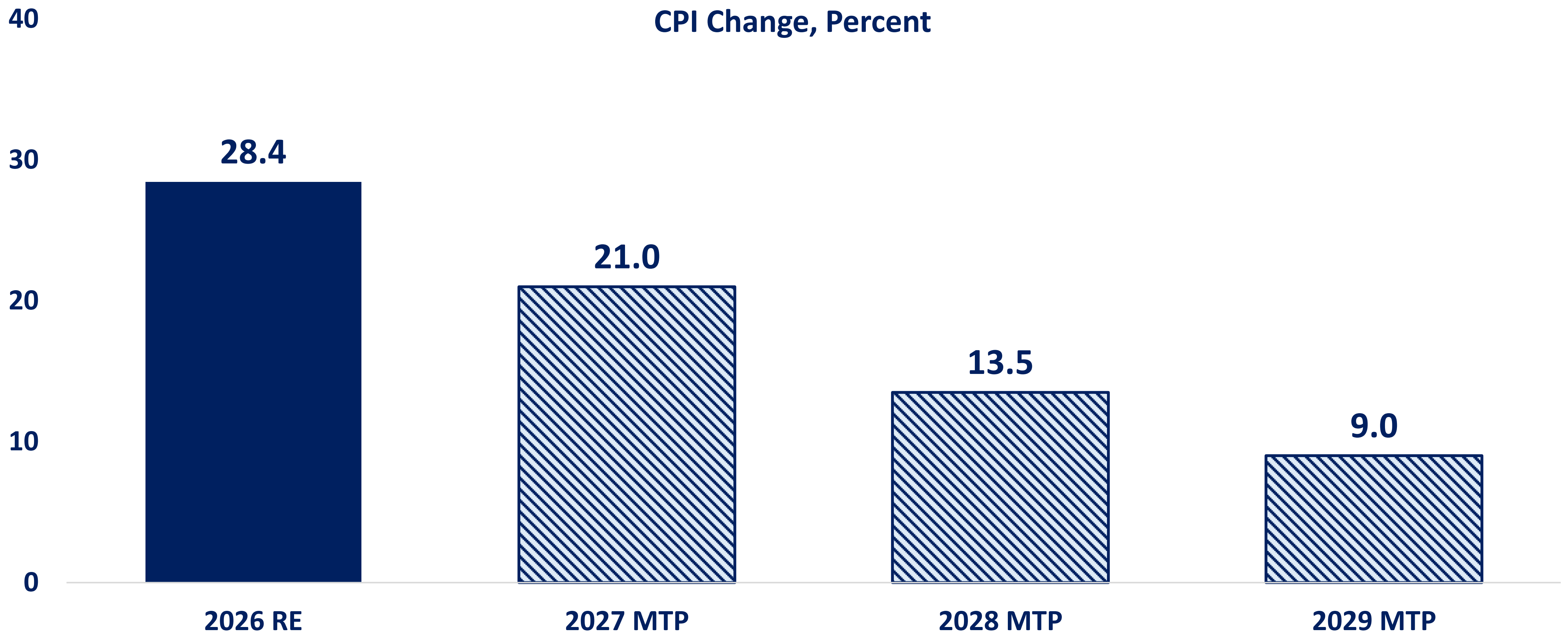
RE: Realization Estimate

Declining Unemployment with 2.1 Million Additional Jobs



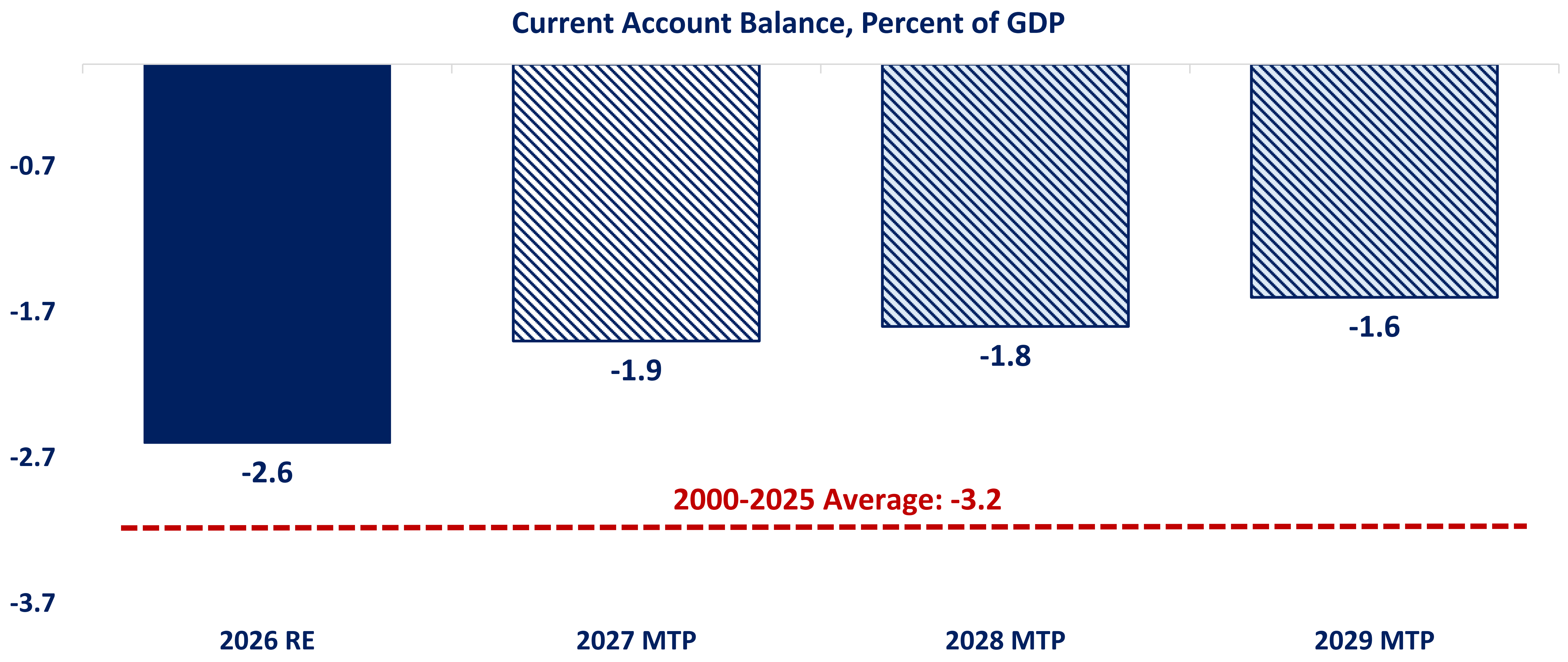
RE: Realization Estimate

Strong Commitment to Achieve Price Stability



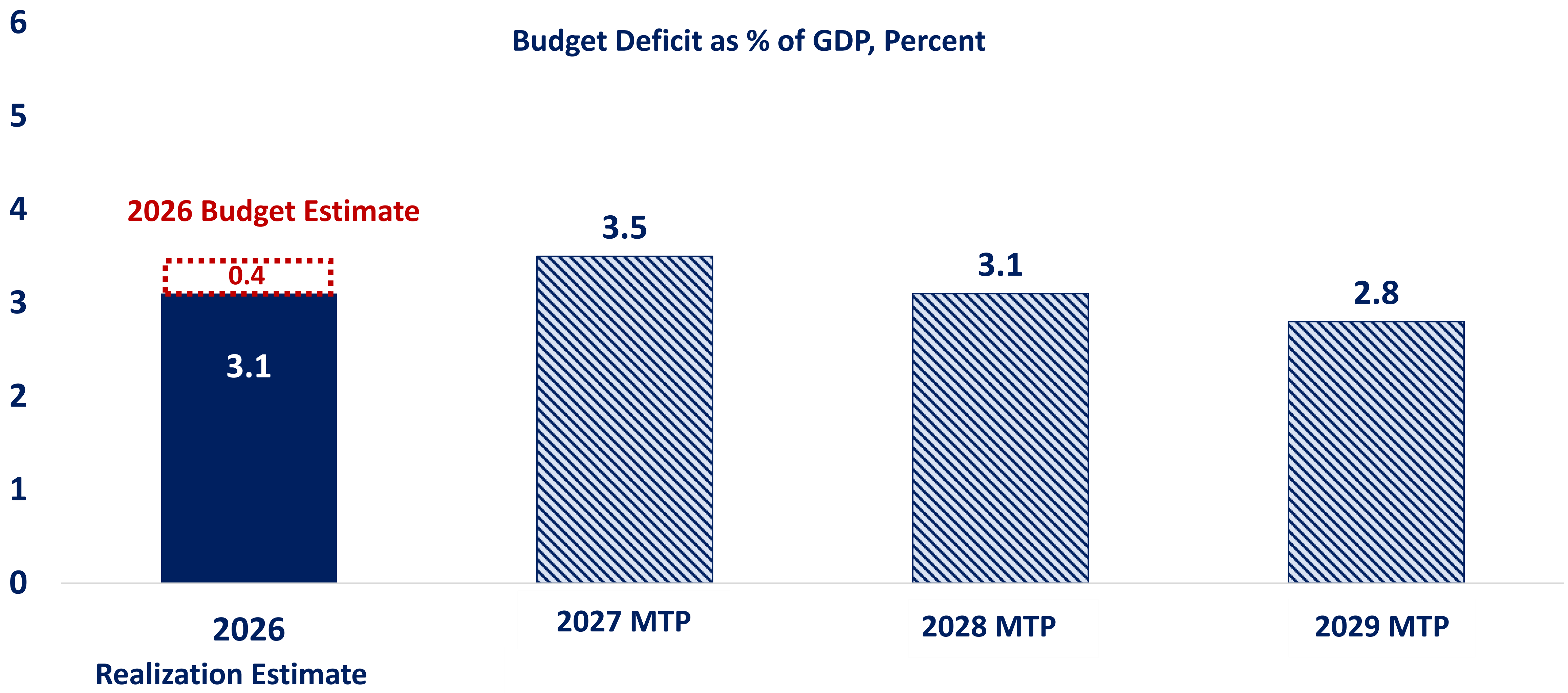
RE: Realization Estimate

Sustainable Current Account Deficit Despite a Temporary Energy-Driven Increase

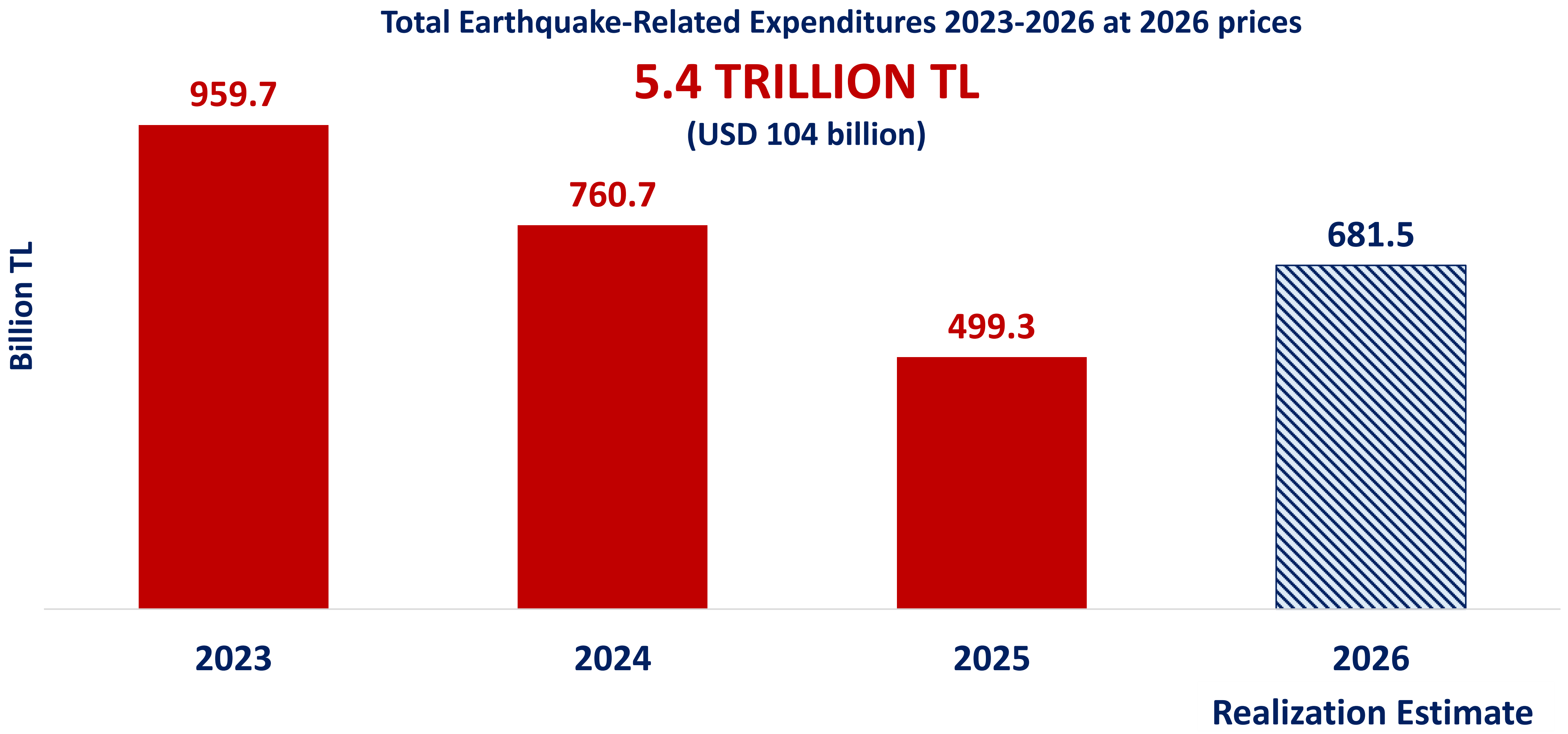


RE: Realization Estimate

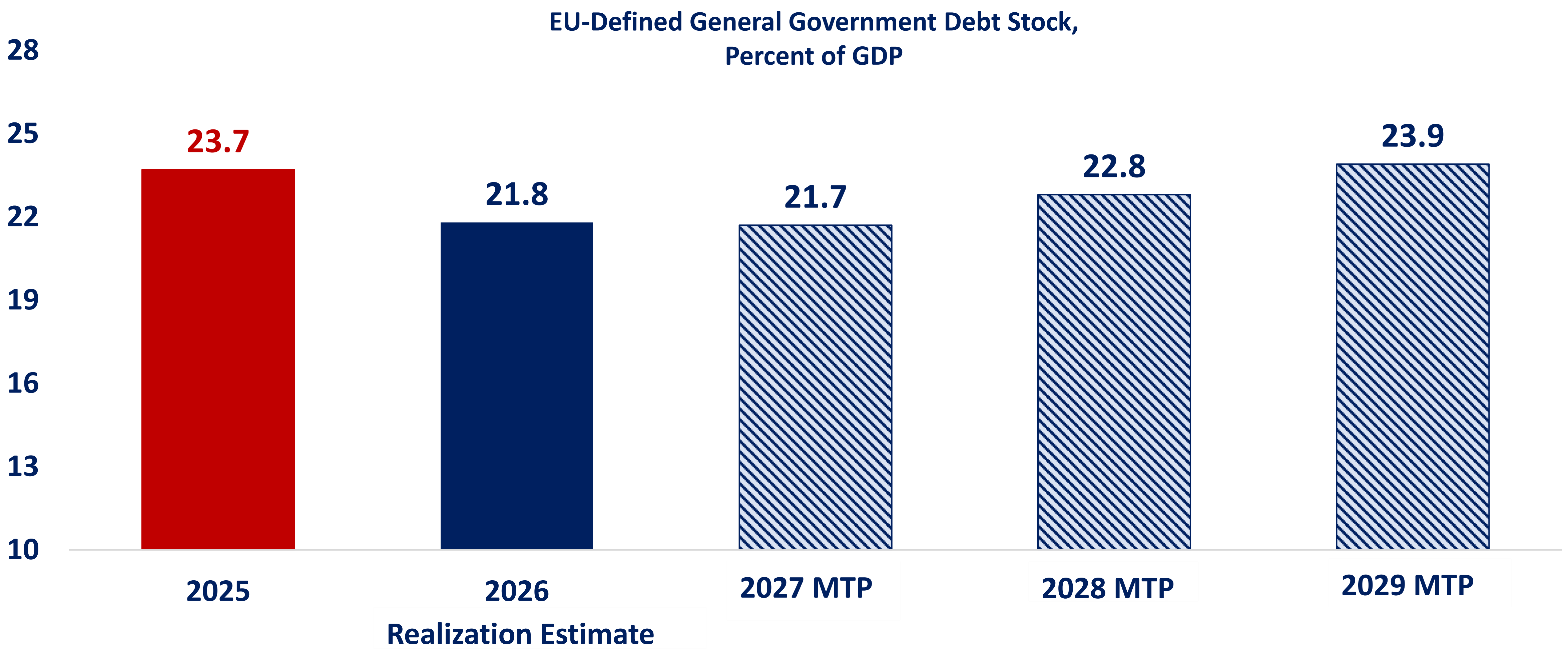
Rapid Fiscal Consolidation in the Post-Disaster Period



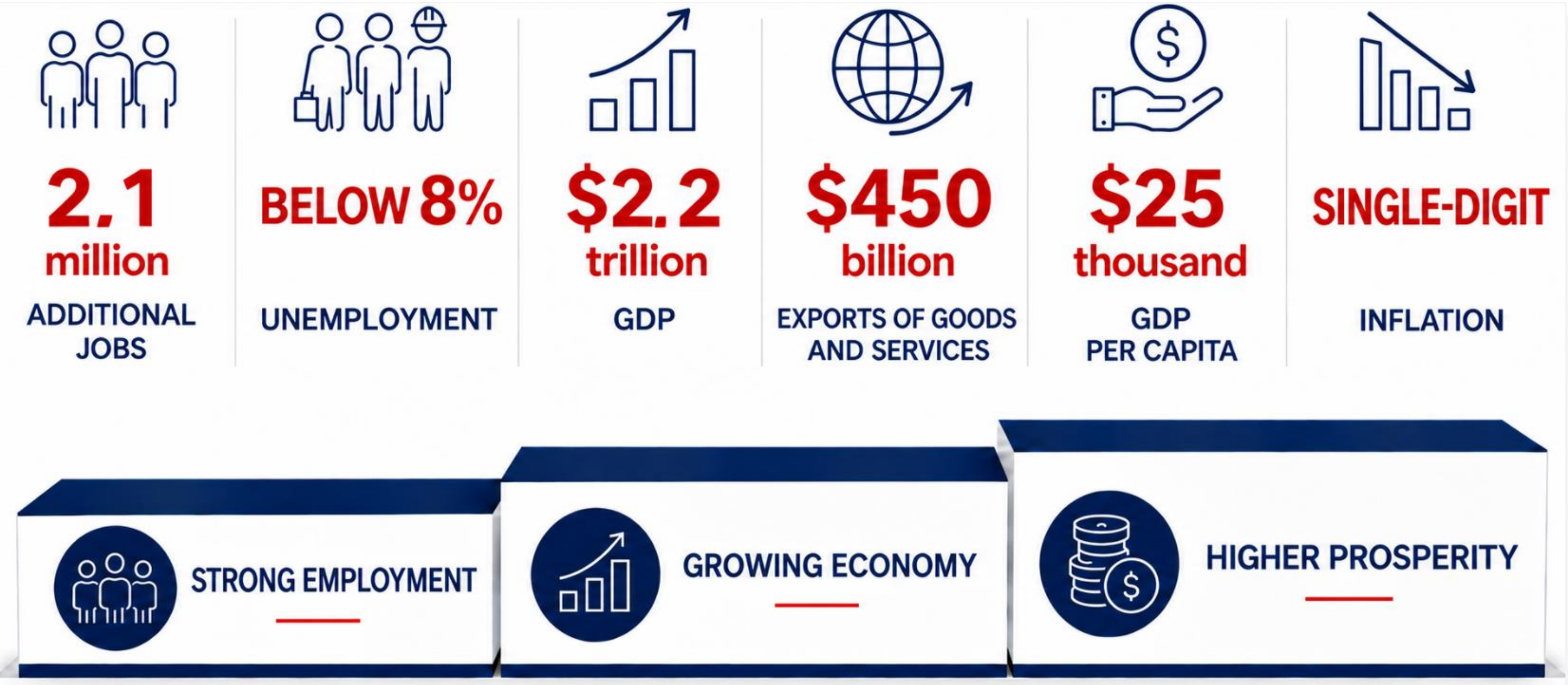
Türkiye Recovering Through Reconstruction



Debt Stock at Historic Lows Relative to GDP

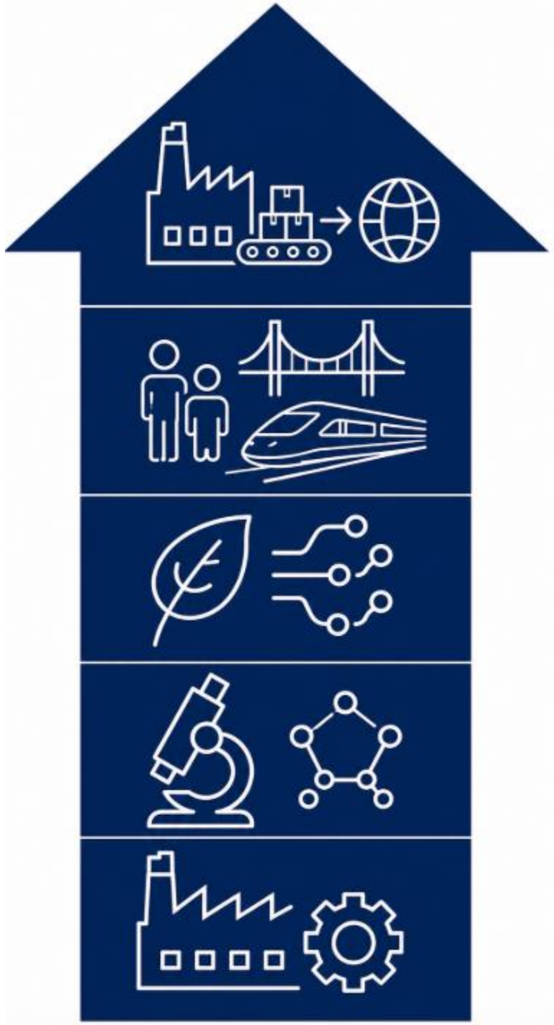


BY THE END OF THE PROGRAM PERIOD...



PRIORITY REFORM AREAS POLICIES AND MEASURES

SUSTAINABLE GROWTH



- Strengthening the Manufacturing Industry’s Production and Export Capacity
- Strengthening Human Capital and Physical Infrastructure
- Accelerating Green and Digital Transformation
- Strengthening the R&D and Innovation Ecosystem
- Supporting High Value-Added Transformation in Industry

HOLISTIC POLICY APPROACH TO THE MANUFACTURING INDUSTRY

01 ACCESS TO FINANCING

- Businesses' access to finance will be facilitated
- Productivity- and technology-intensive investments will be supported

02 REDUCING INPUT COSTS

- Energy, raw material, labor, machinery and logistics costs will be reduced
- Efficient use of resources will be encouraged

03 HIGH-SKILLED EMPLOYMENT

- Training of a skilled workforce and alignment with industry needs will be strengthened

04 MARKET ACCESS AND COMPETITIVENESS

- Expansion into new markets and export capacity will be increased
- Trade policy instruments will be used actively and effectively

05 COMBATING UNFAIR COMPETITION

- Resolute efforts against unfair competition practices originating domestically and abroad will continue

06 PUBLIC-PRIVATE SECTOR COOPERATION

- Public procurement and long-term supply mechanisms in strategic sectors will be strengthened
- Domestic production and supply predictability will be ensured in priority areas such as rail systems, the defense industry and health industries

DATA-DRIVEN MONITORING › MONITORING CRITICAL THRESHOLDS › RAPID AND TARGETED INTERVENTION

EMPLOYMENT

Improving Skills Alignment of the Workforce

Ensuring Adaptation to New-Generation Working Arrangements &Sectoral Transformations

Supporting the Employment of Groups Facing Difficulties in Labour Force Participation

Reducing Labour Underutilization

PRICE STABILITY AND FINANCIAL STABILITY

PRICE STABILITY

- Anchoring Inflation Expectations
- Setting Administered and Regulated Prices in Line with Inflation Targets
- Supporting Price Stability through Supply-Side Measures in Food, Social Housing and Renewable Energy
- Supporting Monetary Policy with Macroprudential Instruments

FINANCIAL STABILITY

- Increasing Domestic Savings
- Strengthening the Institutional Structure of the Financial Sector
- Expanding the Use of Financial Technologies
- Enhancing the Efficiency of Capital Markets

COMPETITIVENESS IN FOREIGN TRADE

Enhancing Export Competitiveness and Value Added through Industrial Transformation

Strengthening Market Access and Enhancing Trade Diplomacy

Strengthening Trade Infrastructure and Access to Financing

Strengthening Trade Connectivity and Reducing Supply Risks

BUSINESS AND INVESTMENT ENVIRONMENT

- Streamlining Administrative Procedures and Enhancing Regulatory Quality and Predictability
- Attracting High-Quality Foreign Direct Investment
- Enhancing the Global and Regional Attractiveness of the Istanbul Financial Center (IFC)

Strong Hub Türkiye

One-Stop Office

Periodic Consultations with the Private Sector

ECONOMIC SECURITY AND RESILIENCE

Strengthening Security of Supply in Energy, Water and Natural Resources

Enhancing Food Supply Security and Agricultural Resilience

Developing Domestic Capabilities for Critical Technologies in the Defense Industry, Healthcare Sector, and Other Strategic Sectors

Strengthening Family and Demographic Structure and Enhancing Social and Physical Resilience

PUBLIC FINANCE

Enhancing Efficiency in Public Savings and Expenditure

Enhancing Fairness and Efficiency in Taxation

Strengthening the Fight Against Informality and Improving Audit Effectiveness

State-Owned Enterprise Governance Reform

Ensuring the Financial Sustainability of the Social Security System

ADDITIONAL BUDGET RESOURCES FOR STRATEGIC PRIORITIES

FOOD SUPPLY SECURITY

42% Irrigation Investments

71% Drinking Water Investments

103% Organized Agricultural Zone Investments

MINERAL EXPLORATION

139% Mineral Exploration Investments

INDUSTRIAL INFRASTRUCTURE (OIZs, SISs)

54%

DEFENSE EXPENDITURES

229%

HEALTH

43%

SOCIAL HOUSING

150%

RAILWAYS (MoTI)

49%

THANK YOU