

Press Release on Advance Loans against Investment Commitment

5 June 2020, No: 2020-32

[In the press release](#) published on 31 March 2020, it was announced that Turkish lira rediscount credits for export and FX earning services up to TRY 60 billion would be extended to contain adverse effects of the global uncertainty caused by the coronavirus (COVID-19) pandemic on the Turkish economy. Until now, the credit need for working capital has been met effectively by the banking system. Therefore, it is decided to reallocate the TRY 20 billion of the limit of Turkish lira rediscount credit facility as advance loans against investment commitment for more effective utilization in order to support investments in selected sectors that are critical to our country. The remaining TRY 40 billion limit of Turkish lira rediscount credits will continue to be extended through Turk Eximbank with an allocation of TRY 20 billion, as well as through state-owned banks and other banks, with allocations of TRY 10 billion each.

In line with the price stability and financial stability objectives of the Central Bank of the Republic of Turkey (CBRT), advance loans against investment commitment aim to (i) support highly efficient investments that will reduce imports and boost exports, (ii) lower external dependency as well as reducing the current account deficit problem and (iii) support sustainable growth.

Advance loans against investment commitment will be extended through development and investment banks to firms that hold Investment Incentive Certificates and that will make investment in selected sectors. At first, loans will be extended through the Development and Investment Bank of Turkey; and other development and investment banks may be involved in the facility later. Loans will be extended at a fixed rate with a maximum maturity of 10 years. The loan interest rate for banks will be 150 basis points lower than the CBRT policy rate, which is the one-week repo rate, as is the case in Turkish lira rediscount credits. The maximum amount of loans available to individual firms, excluding exceptional and featured investment projects, will be limited to TRY 400 million, which will enable a larger number of firms to benefit from this facility.

Contact

For further information, you may send an e-mail to basin@tcmb.gov.tr.