



Turkey's Economy and Turkish Machinery Sector

Ziya ALTUNYALDIZ

**Deputy Undersecretary
Undersecretariat for Foreign Trade**

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- Turkey's Machinery Industry/ Trade



Turkey at a Glance...



Turkey at A Glance

- 16th largest economy in the world and 6th when compared to the EU Countries 2009 (IMF)
- The EU's 2nd largest population and the youngest population
- Turkey became the fastest growing country among the G20 countries and is ranked second after China.

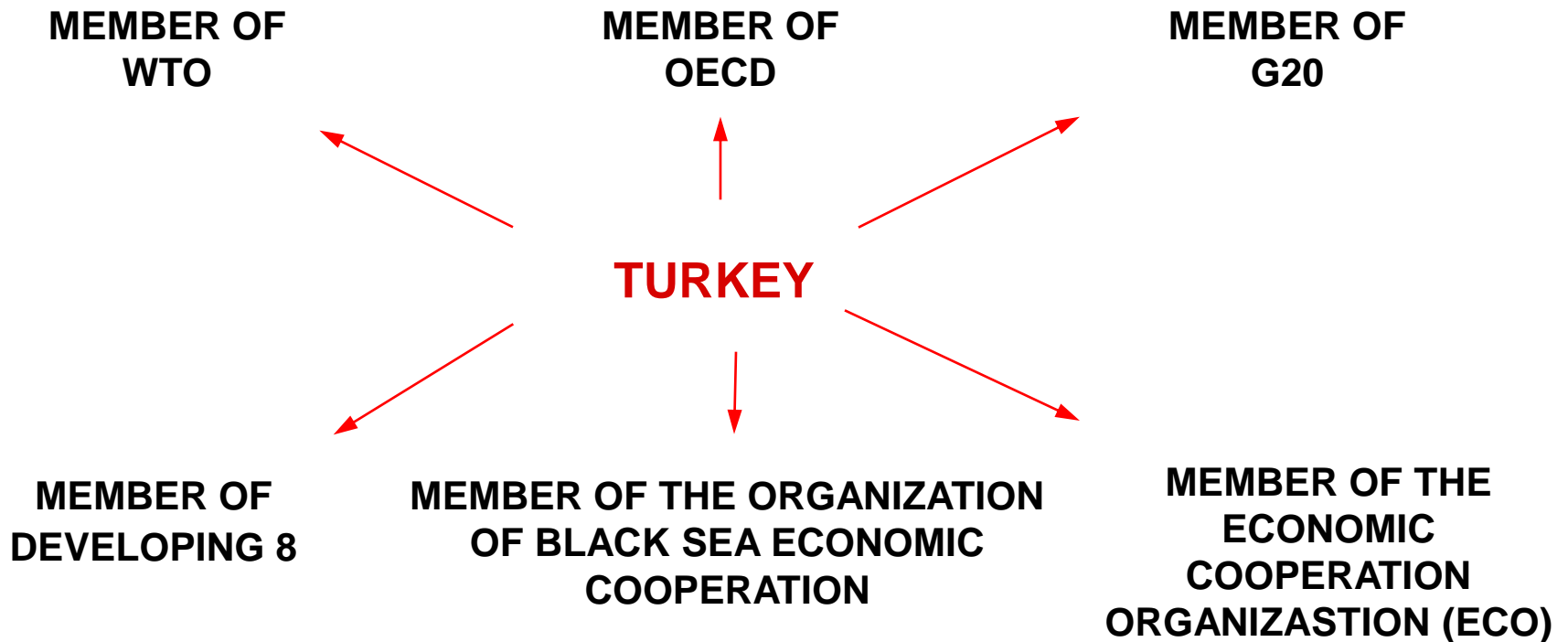
- Turkey's credit rating's upgraded by international credit rating agencies.

- Young and qualified labour force
- Dynamic and mature private sector
- Developed industrial infrastructure
- Unique location at the cross roads of Asia and Europe
- An important energy terminal and corridor





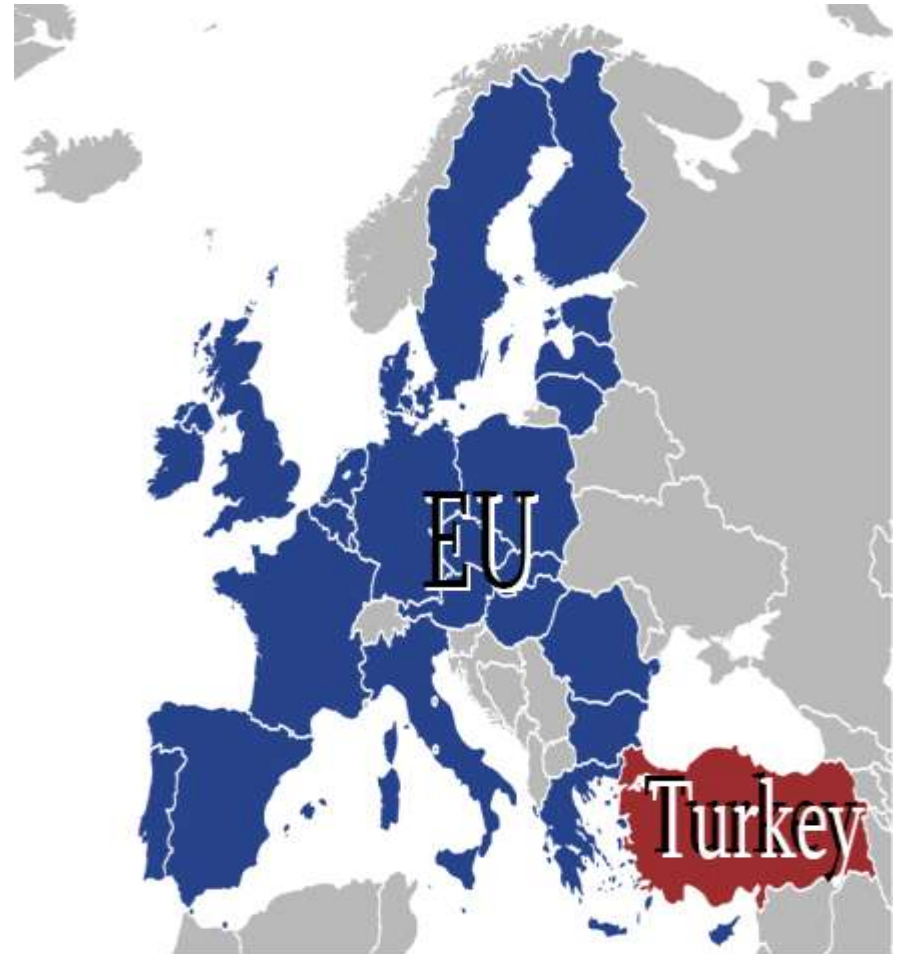
Turkey: Main actor in international economic organizations and pioneer in its regional economic cooperation





Turkey: Customs Union & EU Membership

- Established Customs Union with the EU in 1996.
 - Free Circulation of Industrial Goods
 - Series of Technical and Commercial Legislation Were Adopted
 - New and More Competitive Conditions in the Market
- Long Term Relation With EU Within The Association Agreement Dated 1963
- EU full membership perspective 2002-Candidate Country in Negotiation Process For EU Membership
- EU accession negotiations decision 2005





WHY INVEST IN TURKEY?...



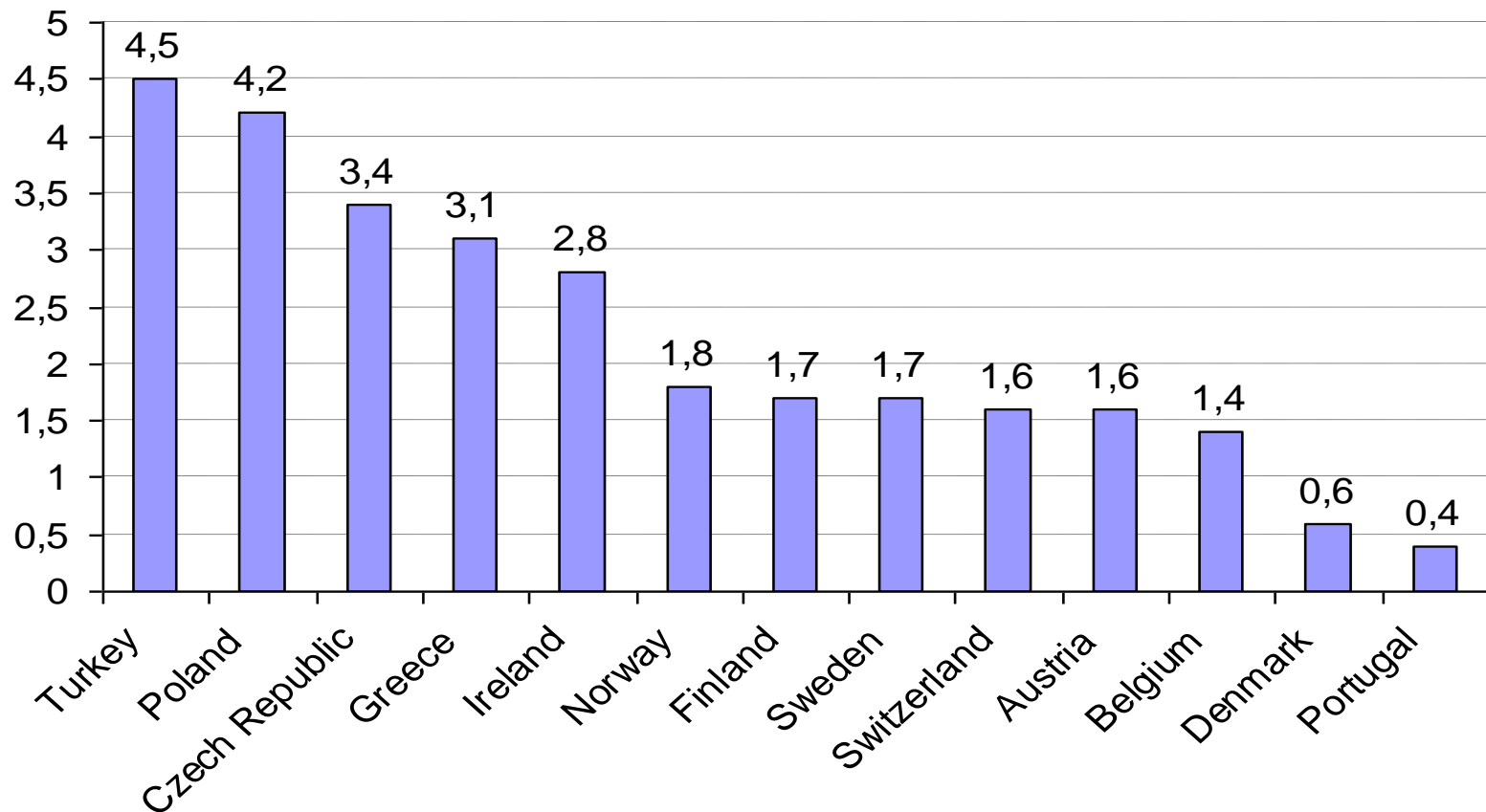
TOP REASONS TO INVEST IN TURKEY

- Dynamic, Stable & Attractive Economy
- Stability and High Performance in the Economy
- Rapidly Growing GDP
- Young, dynamic, educated and multi-cultural population
- Access to multiple markets
- Turkey as an energy corridor and terminal
- Bilateral Investments Treaties with 81 Countries
- Double Taxation Prevention Treaties with 70 countries
- Customs Union with EU
- Free Trade Agreements with 16 countries
- Turkey has the 5th most liberal trade policies in the world (World Trade Indicators 2008)
- Structural Reforms (Public, Financial, Social Security, Tax Reforms)
- Accelerated Privatization



Turkey: Rapidly Growing GDP

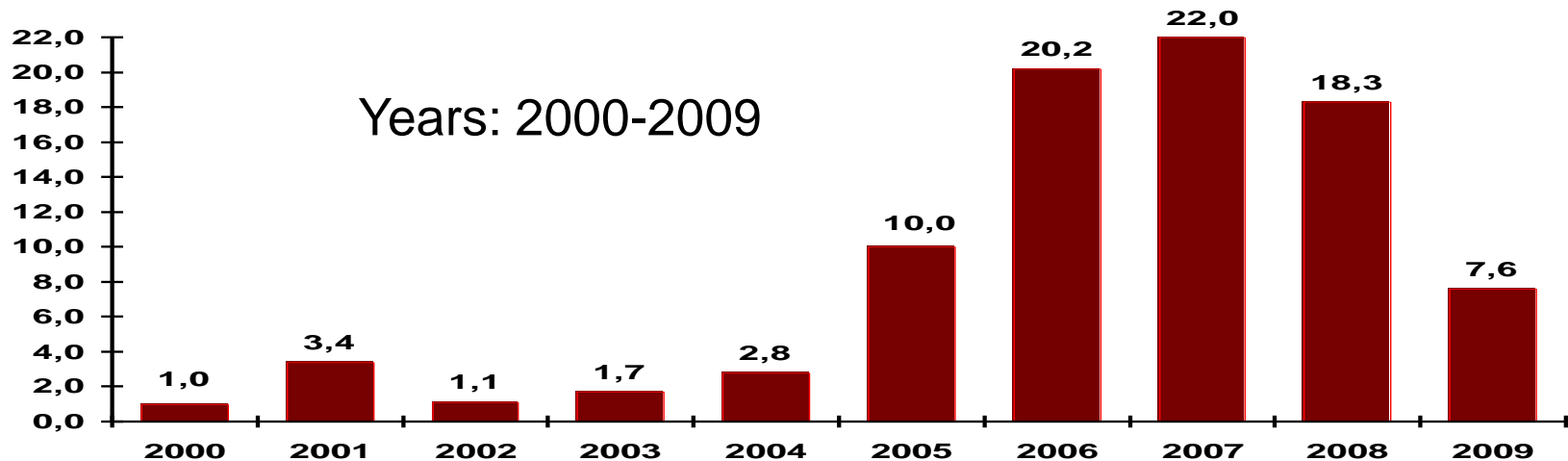
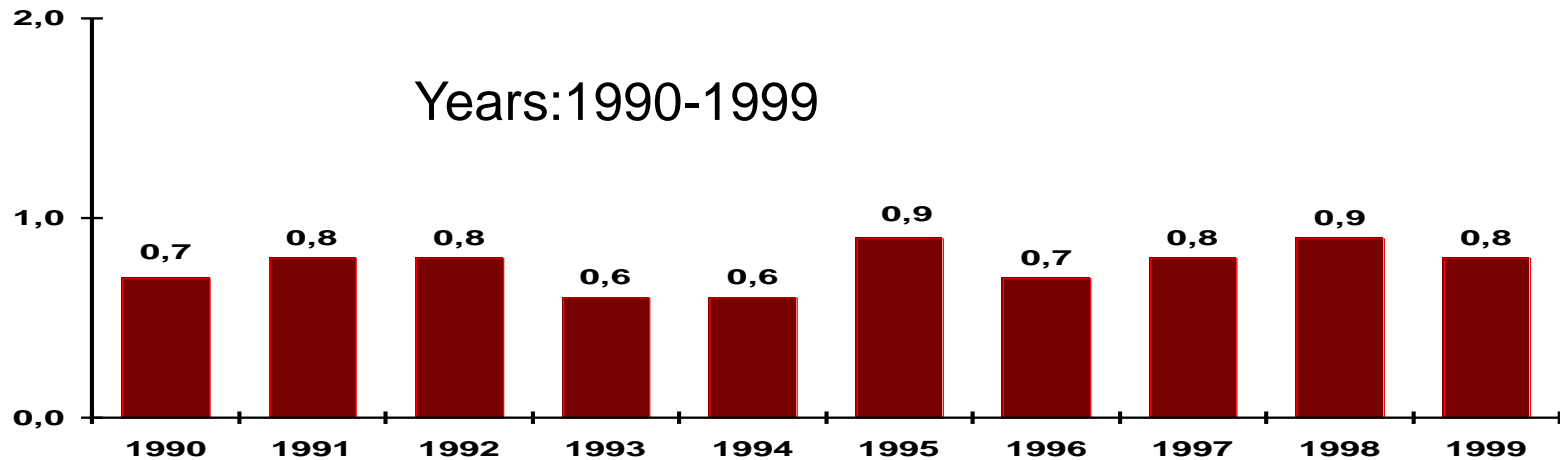
Annul Average Reel GDP
Growth, 2002-2009



Source: Eurostat



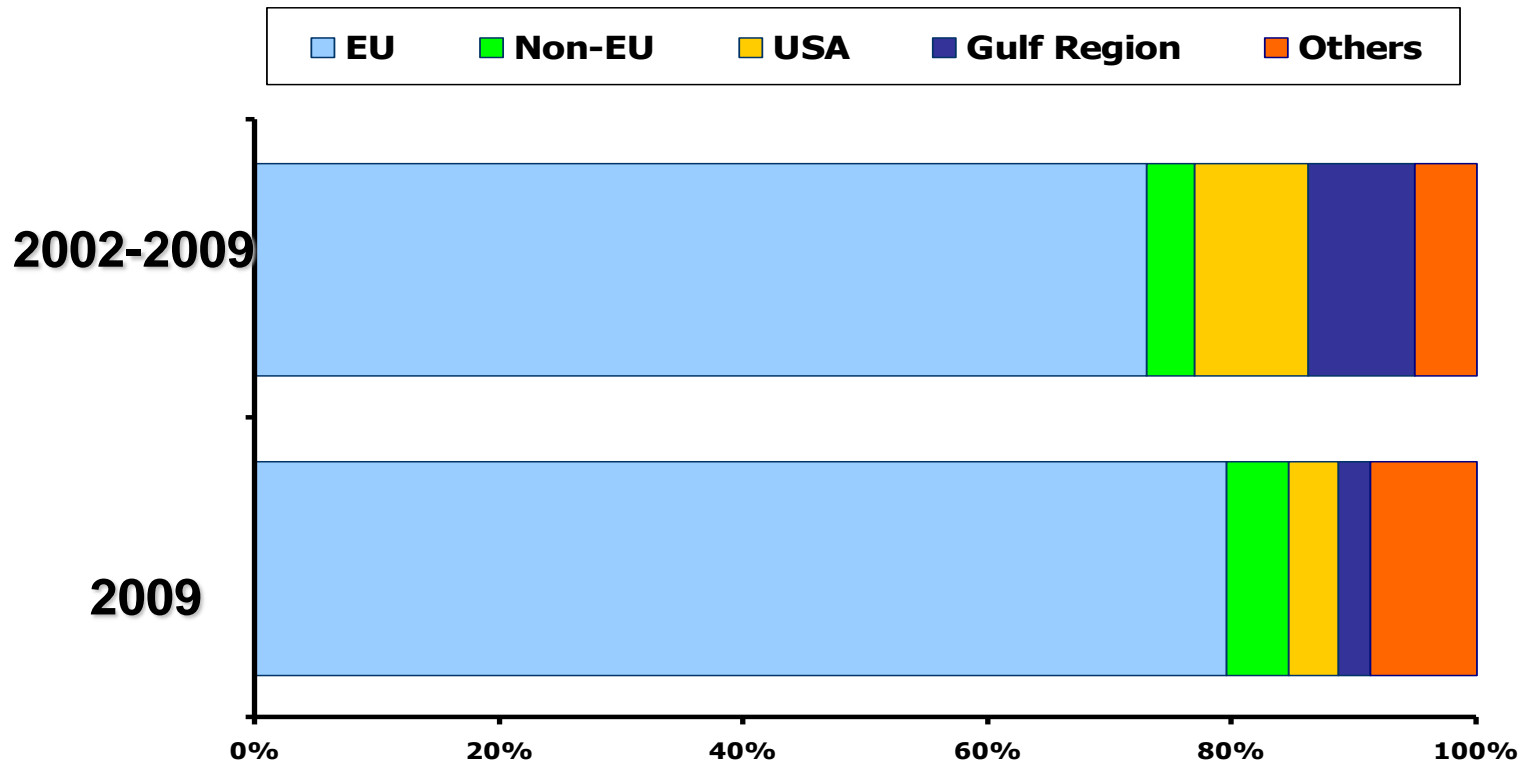
FDI Figures-Inflows - USD Billion



Source: CBRT



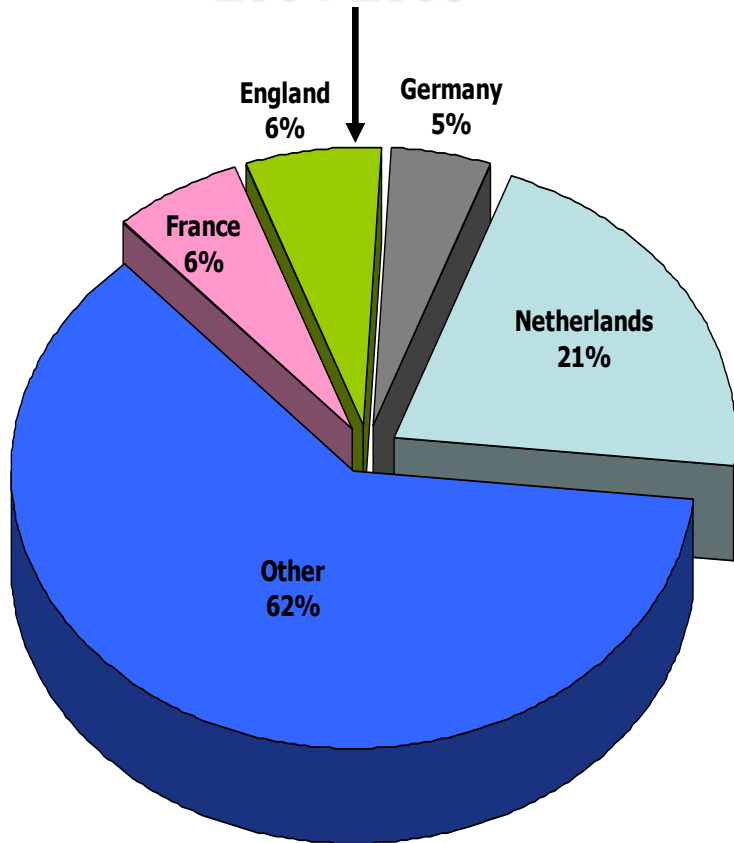
Shares of Country Groups in Inflows



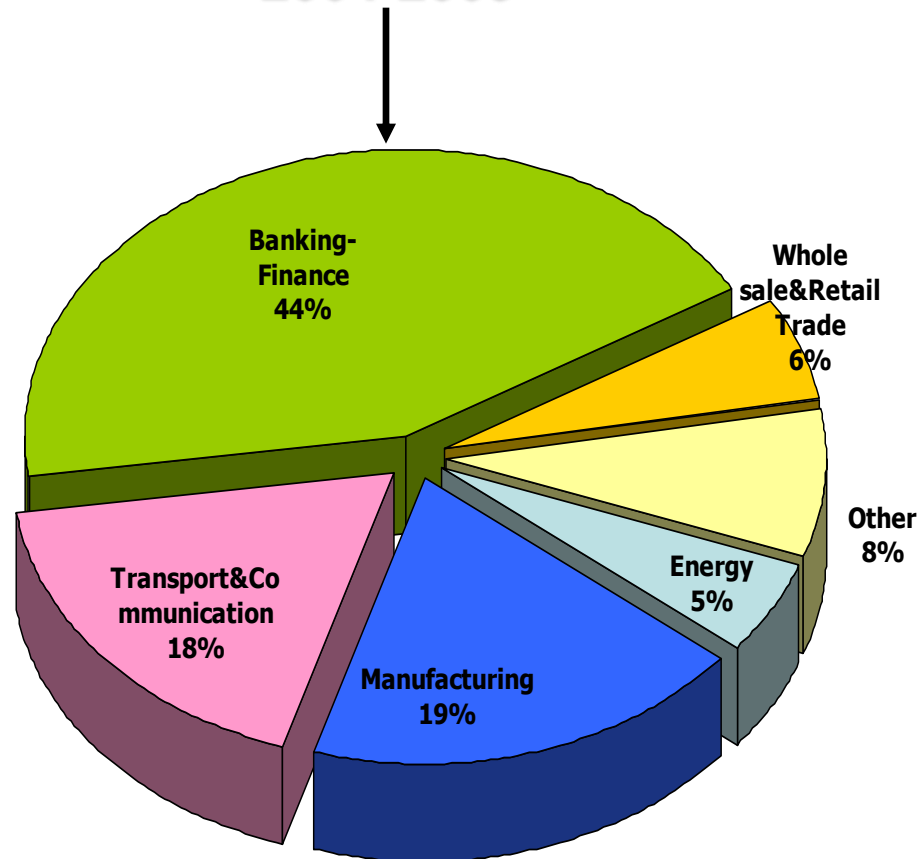
Source: Undersecretariat of Treasury



Top Countries 2004-2009



Top Five Sectors 2004-2009



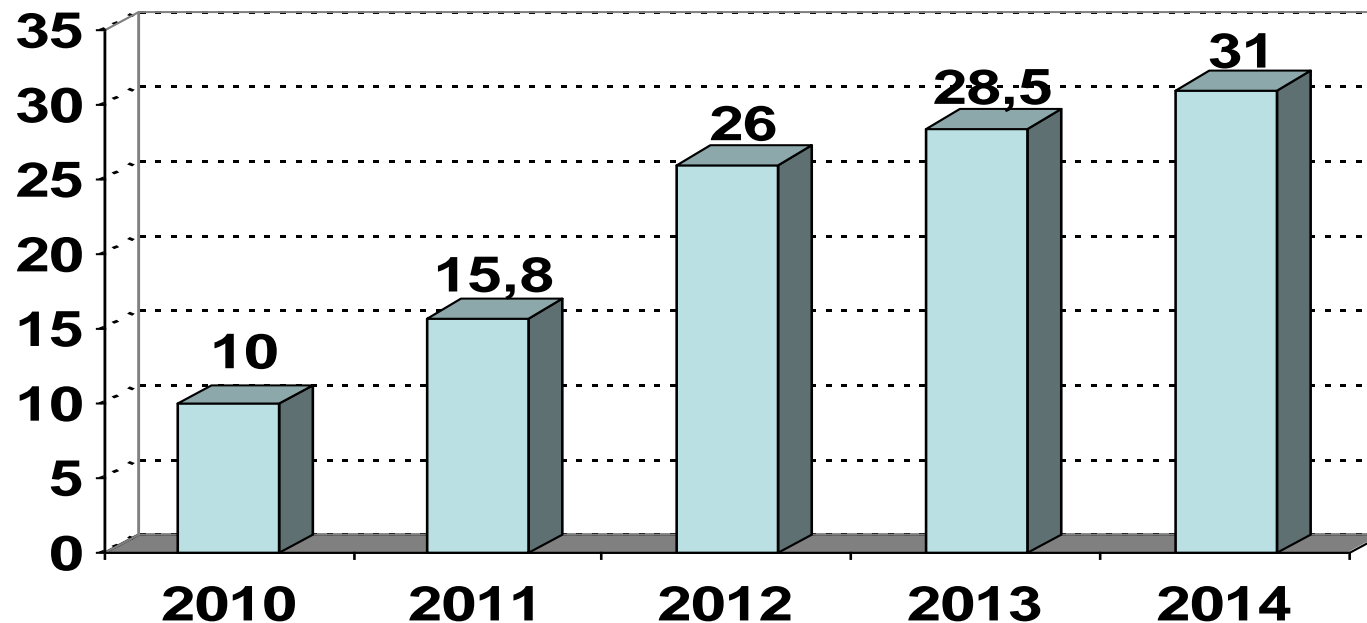
Ordering's based on value

Source: CBRT



WHY INVEST IN TURKEY?

Prospect For FDI to Turkey



Source: Economic Intelligence Unit



FDIs In Turkish Machinery Sector

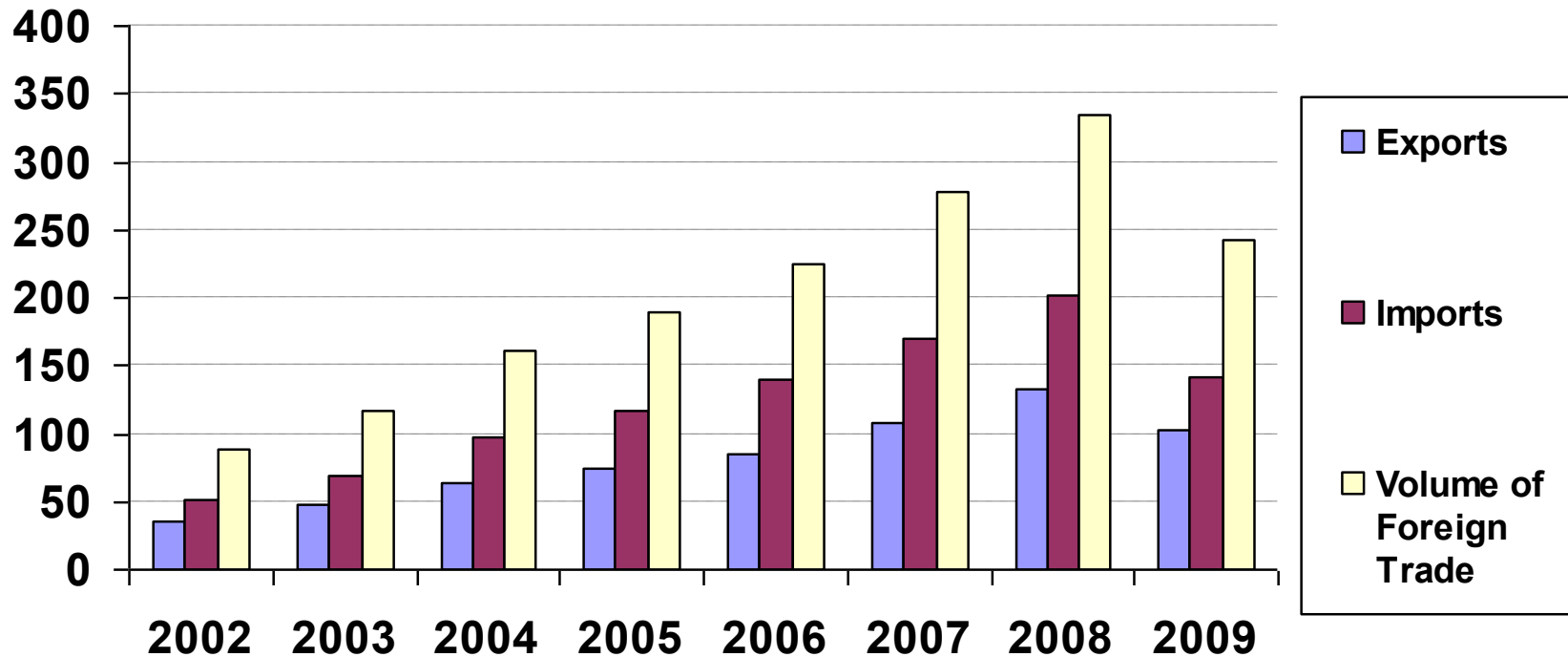
- In Turkey as of 2009 year-end, there exist 342 companies with foreign capital that operate in machinery and equipment sector. 24 of these companies were established in 2009.
- Total amount of FDI inflows to this sector between 2002 and 2009 were USD 597 million.
- Compared with the previous years, the last two years' investment values have increased considerably.
- While foreign direct investments to the machinery and equipment sector were USD 150 million between 2002 and 2007, this value increased to USD 226 million in 2008 and to USD 221 million in 2009.



Turkey's Foreign Trade...

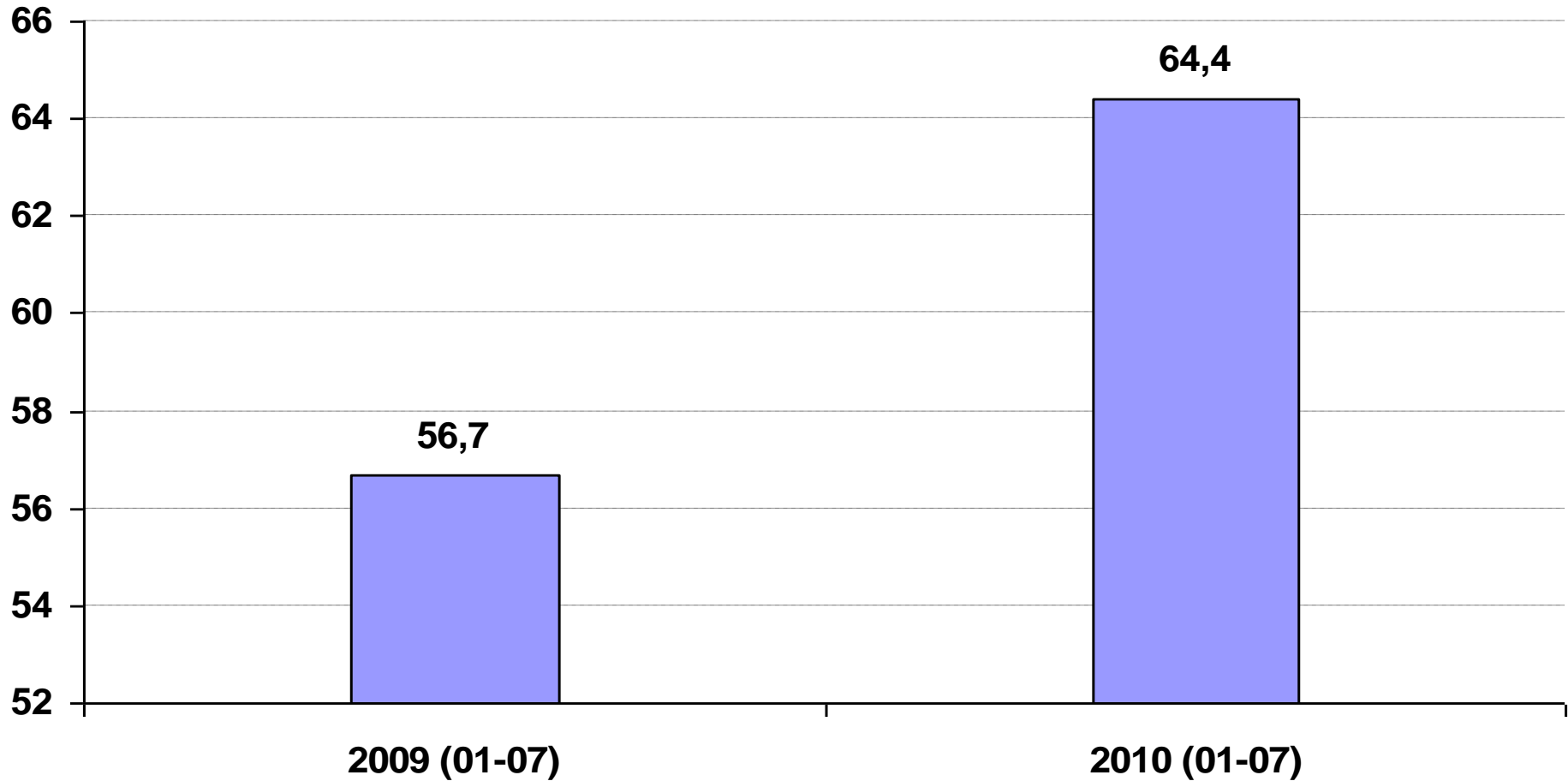


Turkish General Exports's grown rapidly





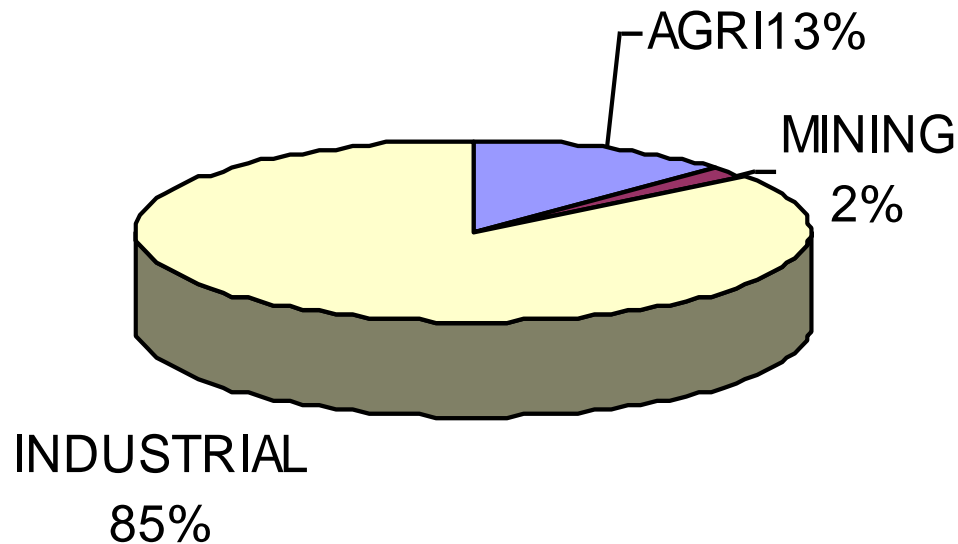
Turkish General Exports 2009-2010 (January-July)



Billion USD \$

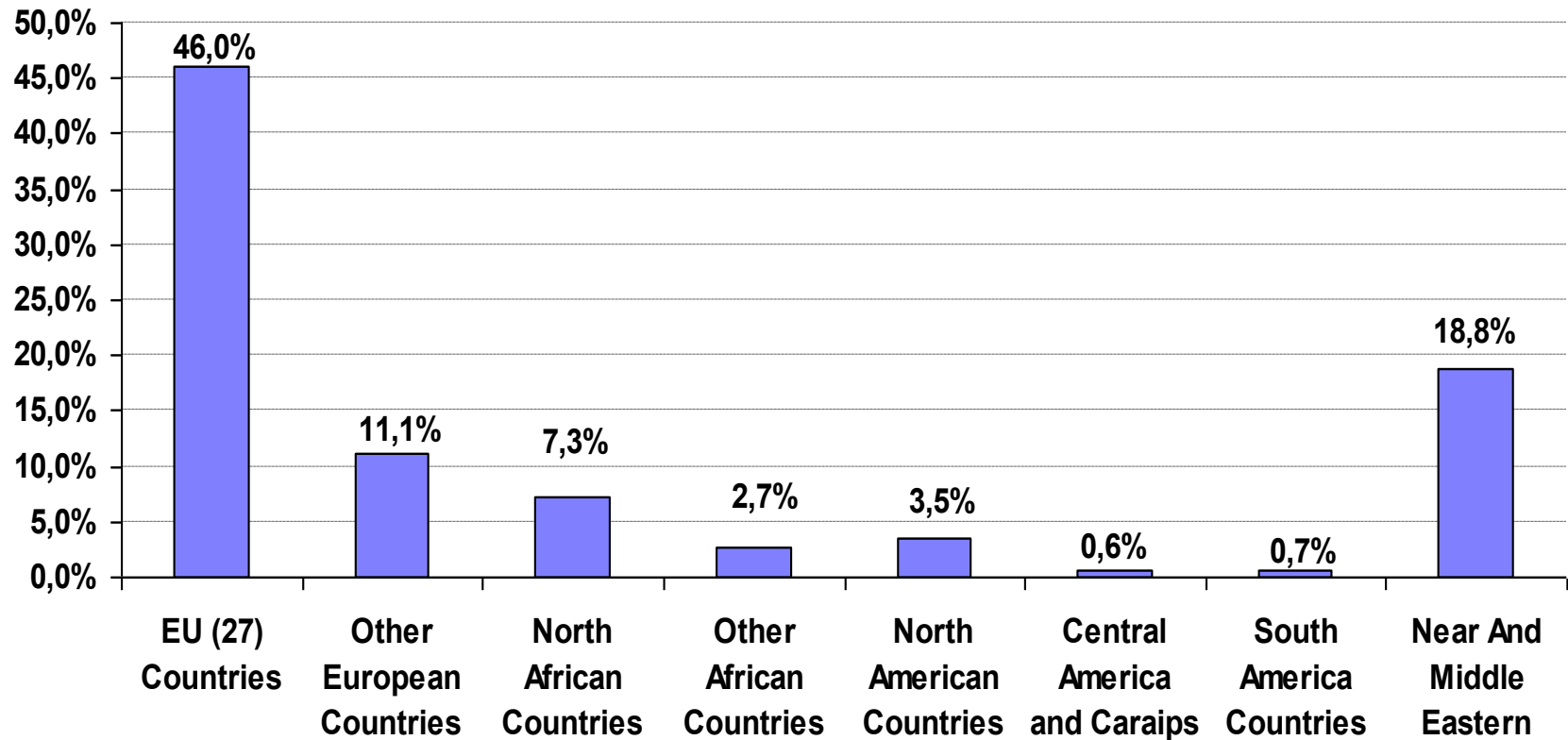


Turkey: Sectoral Breakdown of 2009 Exports (%)





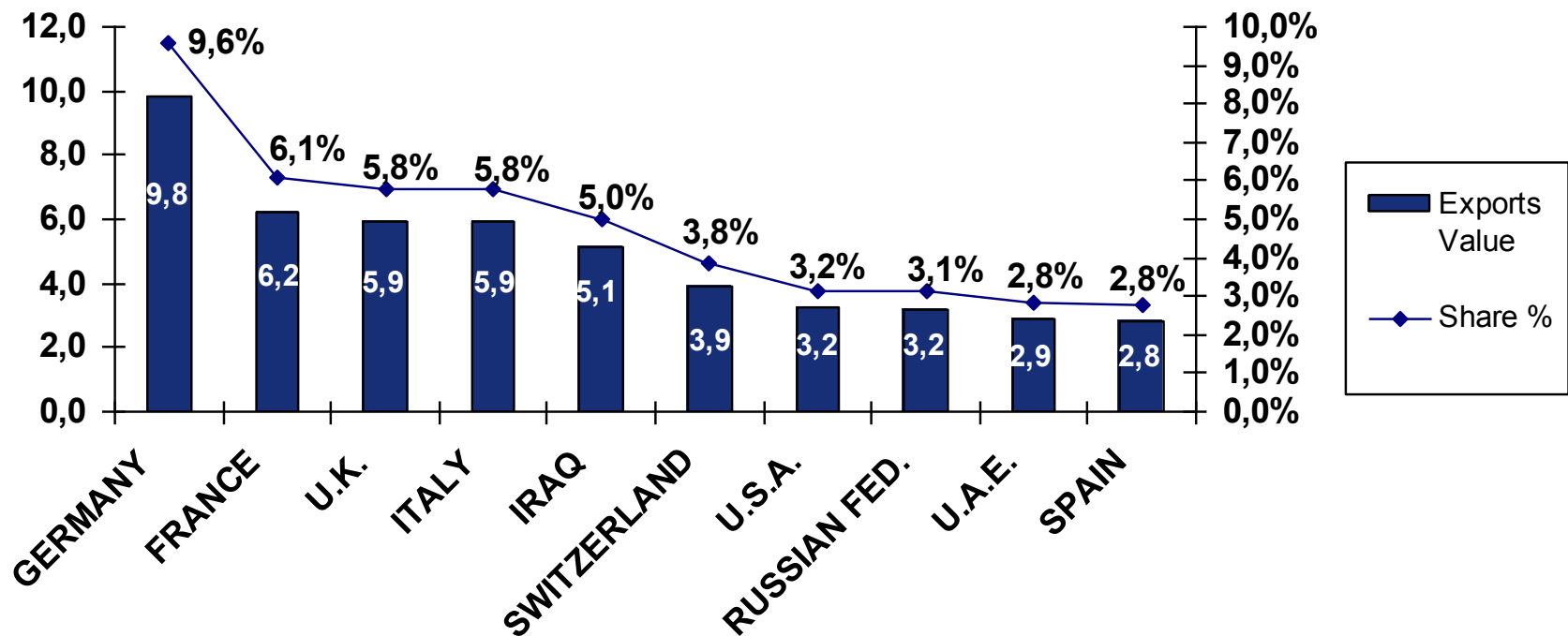
Turkey: Country Based Breakdown of 2009 Exports (%)





Turkey: Leading Exports Markets in 2009

- Germany has been the main exports partner of Turkey
- In 2009, total exports to Germany was recorded as US \$ 9,8 Billion





Turkey's Machinery Industry/ Trade...



- Machinery industry is crucial to the **industrialization** of all countries in the world...
- Machinery industry is driving force for productivity for all major industries
- Industrial growth of countries and the progress of machinery sector always interdependent to each other.



Turkish Machinery Industry

- The initiation of the Turkish machinery industry dates back to the 1950's.
- Development of the machinery industry accelerated especially in late 1960s.
- Today, share of the machinery manufacturing industry production is 4.7 % within overall manufacturing industry.
- It shows % 20 annual growth since 1990s.
- Total machinery production is approximately 20 billion Euro.
- With this value Turkey ranked at 6 among the EU Countries.
 1. Germany
 2. Italy
 3. England
 4. France
 5. Spain
- Within the next 5 years the average annual increase in machinery production is expected to be at the level of 12-15%.

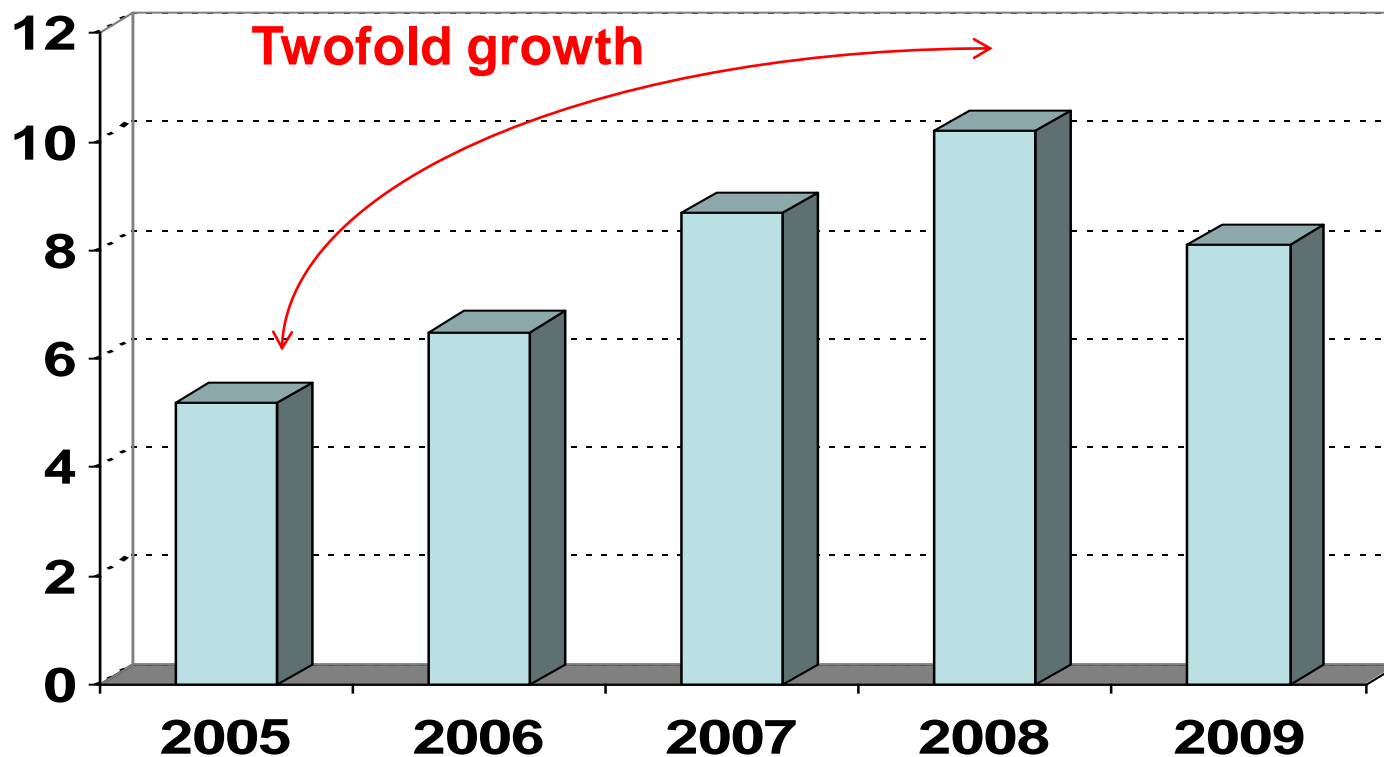


Turkish Machinery Industry

- More than 23.000 companies
- Over 200 thousand employment
- Excellent engineering capacity
- A relatively inexpensive and young high skilled labor force
- Significant number of medium and large-scale companies have “knowhow” license agreements with well-known international companies.
- Turkish companies welcome foreign investors through joint ventures with the transfer of technology, making use of skilled labor to be competitive in the world markets.
- Strong component production having ability to support the main industry
- Qualified production-conformity with the international sectoral qualifications/standards
- Developed infrastructure



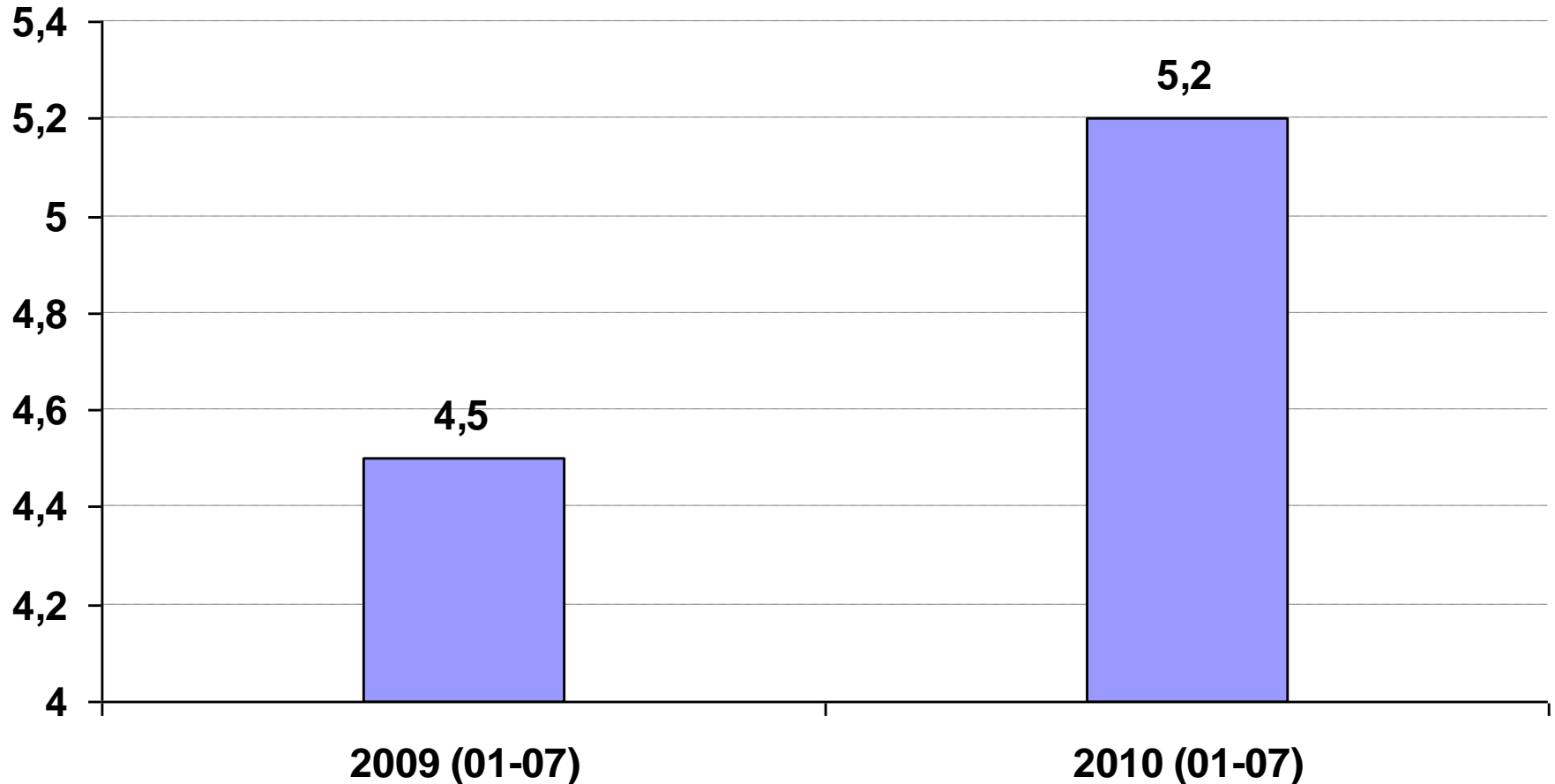
Turkey's Machinery Exports Value (HS 84)



For **recent 4 years (2005-2008)**, the average increase rate of machinery export is approximately **30%**. With this rate Turkish machinery export growth rate is above of general export. (Source: Turkstat)



Turkish Machinery Exports 2009-2010 (January-July)



Billion USD \$- HS 84



Turkey's Machinery Exports Increase

	Exporters Billion \$	2007	2008	Change %
	World	1.791	1.946	9
1	Poland	17	21	24
2	China	229	269	18
3	Turkey	9	10	17
4	Czech Republic	25	29	17
5	Denmark	14	16	15
6	Finland	12	14	15
7	Belgium	34	38	12
8	Switzerland	26	29	11
9	Singapore	52	57	10
10	Brazil	11	13	9

- Turkey ranked 25 in the total world machinery exports.

- However, comparing the countries according to the ratio of increase between 2007-2008, Turkey ranked 3.

Source: Trademap

HS 84



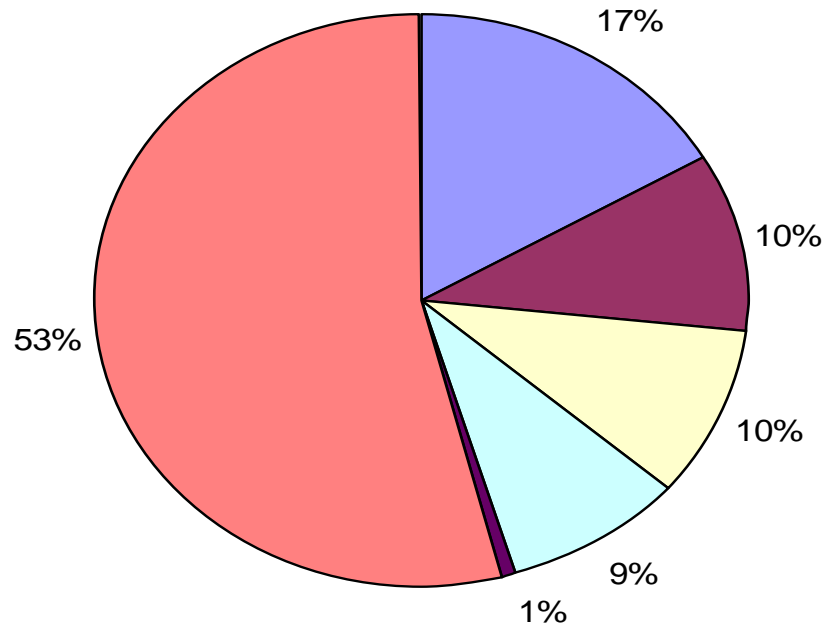
Turkey's Machinery Exports (Key Features)

- Exports wide range of product
- Good at intra-industry trade
- Turkish machinery manufacturers/exporters follow internationally accepted standards and norms.
- Obey to the obligation to affix the “CE Mark” and EU Directives and other technical regulations



The major markets of the Turkish machinery industry are EU countries, the USA AND Iraq (2009)

Export to more than 200 countries



■ GERMANY ■ USA ■ IRAN ■ ENGLAND ■ IRAQ ■ OTHERS

Source: Turkstat



Concluding Remarks...

- It isn't possible to be industrialized without the mature machinery sector.
- Turkey gives great importance to the machinery sector, as a driving force for industrialization.
- Turkey has the capacity to export to Germany who is a leading exporter and producer in this sector all over the world.
- Turkey; also facilitates her neighbors to develop their industrial capacity. For example Iraq.
- Capability to export to Germany and the Iraq at the same time shows us Turkey's ability to export wide range of products.



It is believed that this organization will...

- stimulate an atmosphere of greater cooperation between companies from all over the world
- give rise to chance of sharing the experience of Turkey in the fields of machinery industries with other countries



THANK YOU...