



**SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRY POLICY**

AGENDA ITEM XI: CHEMICALS

**Country Session: The Republic of TURKEY
4-5 May 2006**



CONTENT

- **Overview**
- **Policy Documents**
- **Legal Framework**
- **Institutions Involved For Policy Formulation and Implementation**
- **Consultation Mechanism**
- **Public Support Programmes and Projects**
- **What is Foreseen for the Future**



Overview

- All statistics are according to ISIC Rev.3,
(24-Chemicals, 25-Plastics and Rubber)
- Main enterprise size is SME, 99 % of all firms are below 250 employees.
- Unlike integration in petrochemical and fertilizer sub-sectors, there is not enough integration especially in basic and intermediate chemicals production.

Overview

- Chemical sector is becoming more dependent on import since most of the investments are expansion and small investments.
- 57.2 % of chemicals import was realised from EU-15 countries whereas 34.3 % of chemicals export was realised to EU-15 countries as of 2005.

Source: TURKSTAT



Overview

- Chemical industry is mostly localised on the coastal regions. Detergents, soaps, pharmaceuticals, paints, petroleum and petroleum products plants are located in the three biggest cities of the Marmara Region; İstanbul, Kocaeli and Sakarya, and İzmir in the Ege Region whereas fertilizer and petroleum product plants are located in the Mediterranean Region, fertilizer plants in Blacksea Region.
- **The Responsible Care** initiative is being implemented in Turkey since 1993 on voluntary basis and coordinated by the Turkish Chemical Manufacturers Association (TCMA), a member of CEFIC.



- Chemicals production value is around 16 billion € in 2002 which is %11 of total manufacturing industry
- Chemicals export is 4,2 billion € in 2005 which is %7,7 of total manufacturing industry
- Chemicals import is 15,6 billion € in 2005 which is %20 of total manufacturing industry



- Turkey's sales is around 0,7-0,8% of total world chemicals sales
- 90% of production is met by private sector
- Capacity utilisation ratio of the Turkish Chemical Industry was realised at an average 79-80% level in 2004
- The main production fields are petrochemicals, pharmaceuticals, soaps, detergents, paints, fertilizers and plastics.
- 30% of petrochemicals consumption is met by PETKIM a state-owned company under privatisation



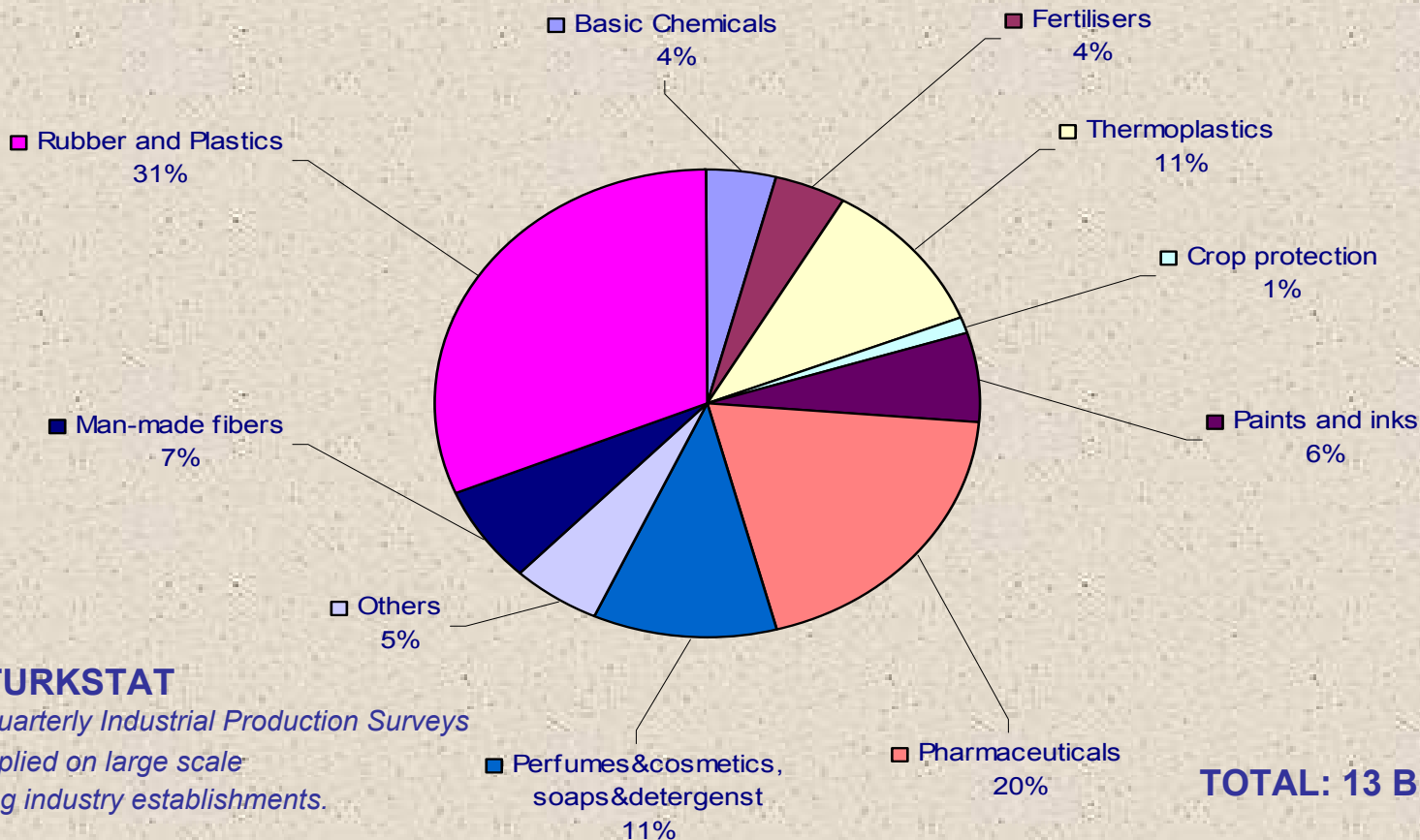
Growth rates (%) of the chemical industry :

	2002	2003	2004	2005
Chemicals	15,2	8,8	16,1	5,6
Plastics and rubber	12,4	15,6	12,7	19,8

Source: TURKSTAT



PRODUCTION VALUE (€, 2004)



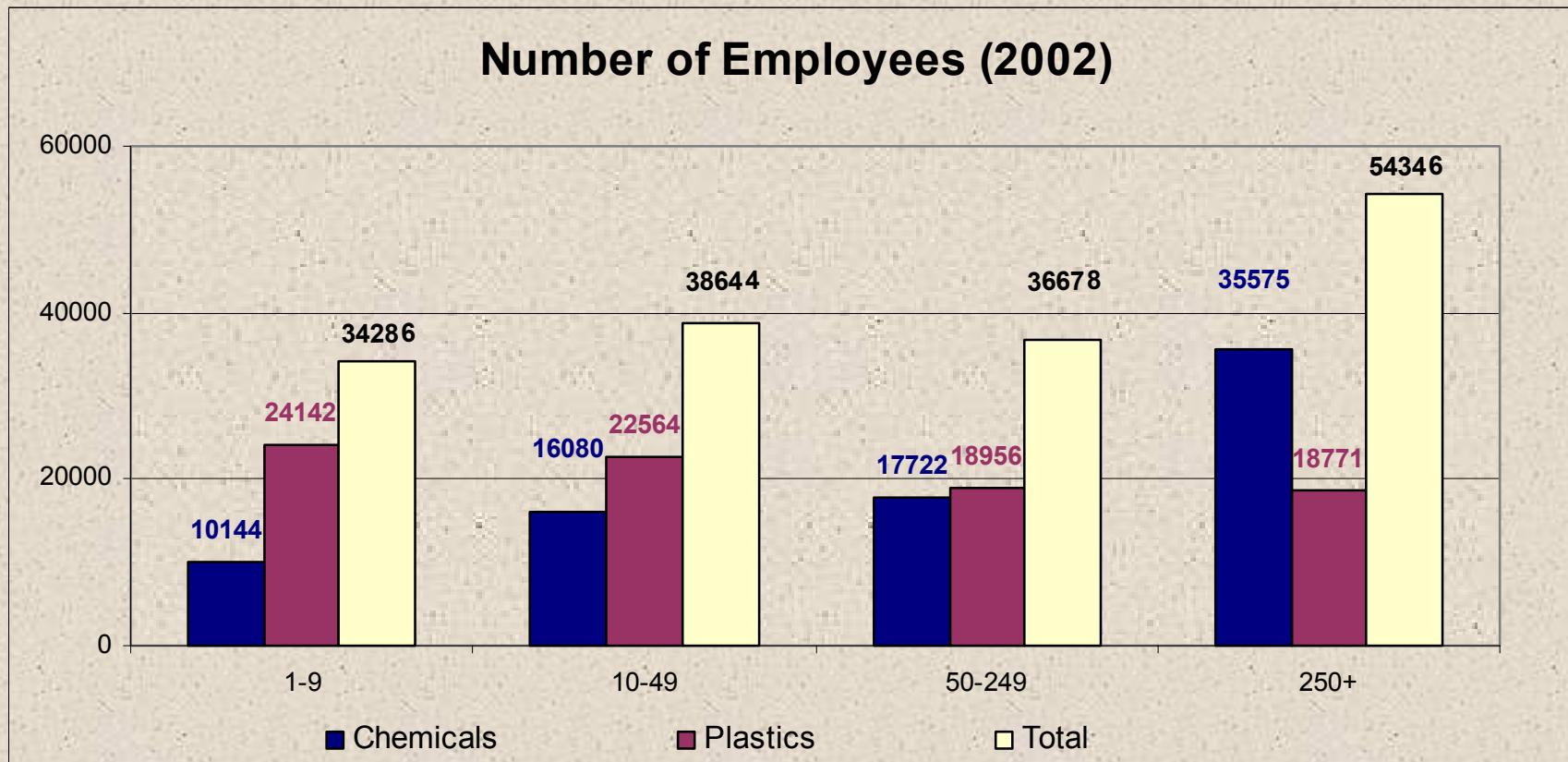
Source: TURKSTAT

*Based on Quarterly Industrial Production Surveys which are applied on large scale manufacturing industry establishments.

TOTAL: 13 Billion €



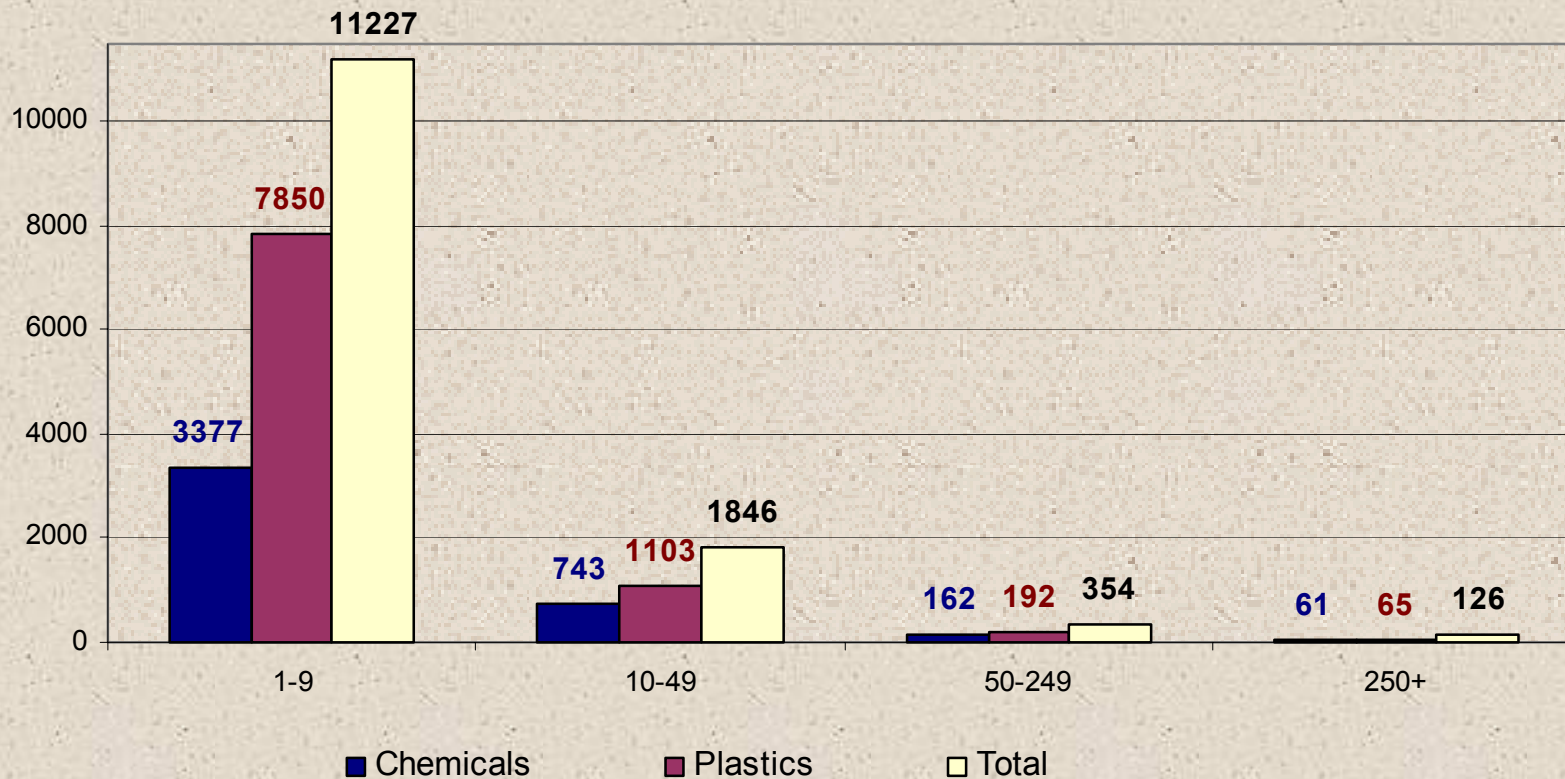
Number of Employees (2002)



Source: TURKSTAT



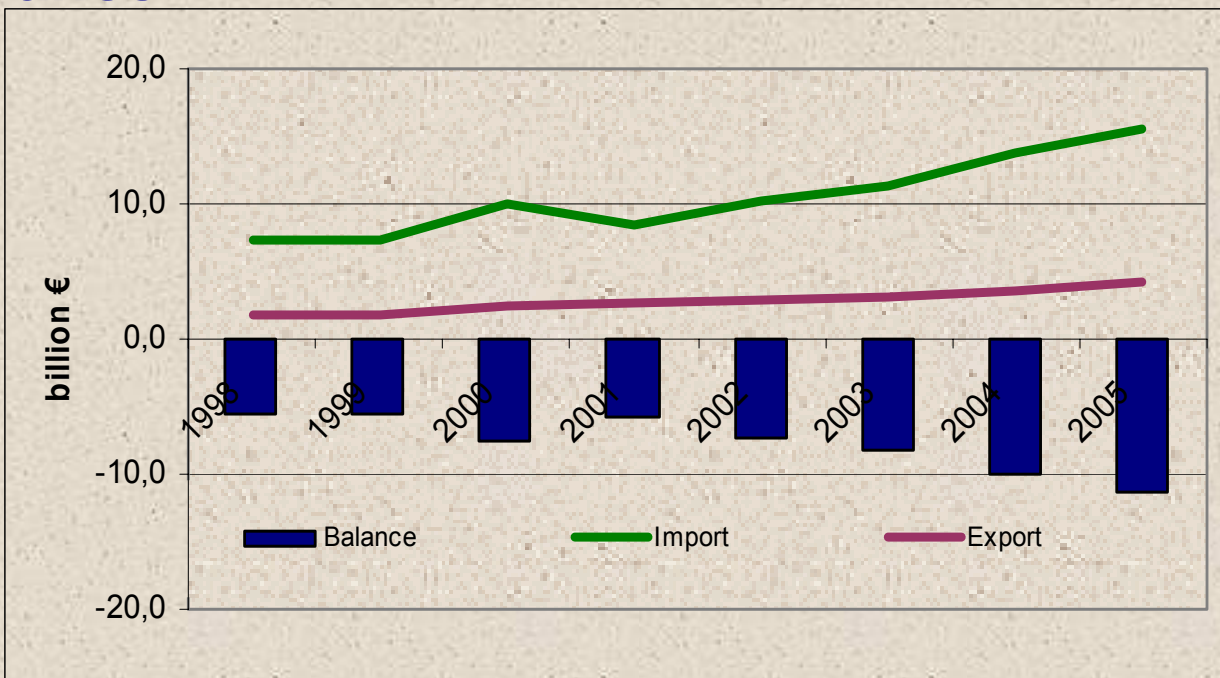
Number of Firms (2002)



Source: TURKSTAT



Trade Balance

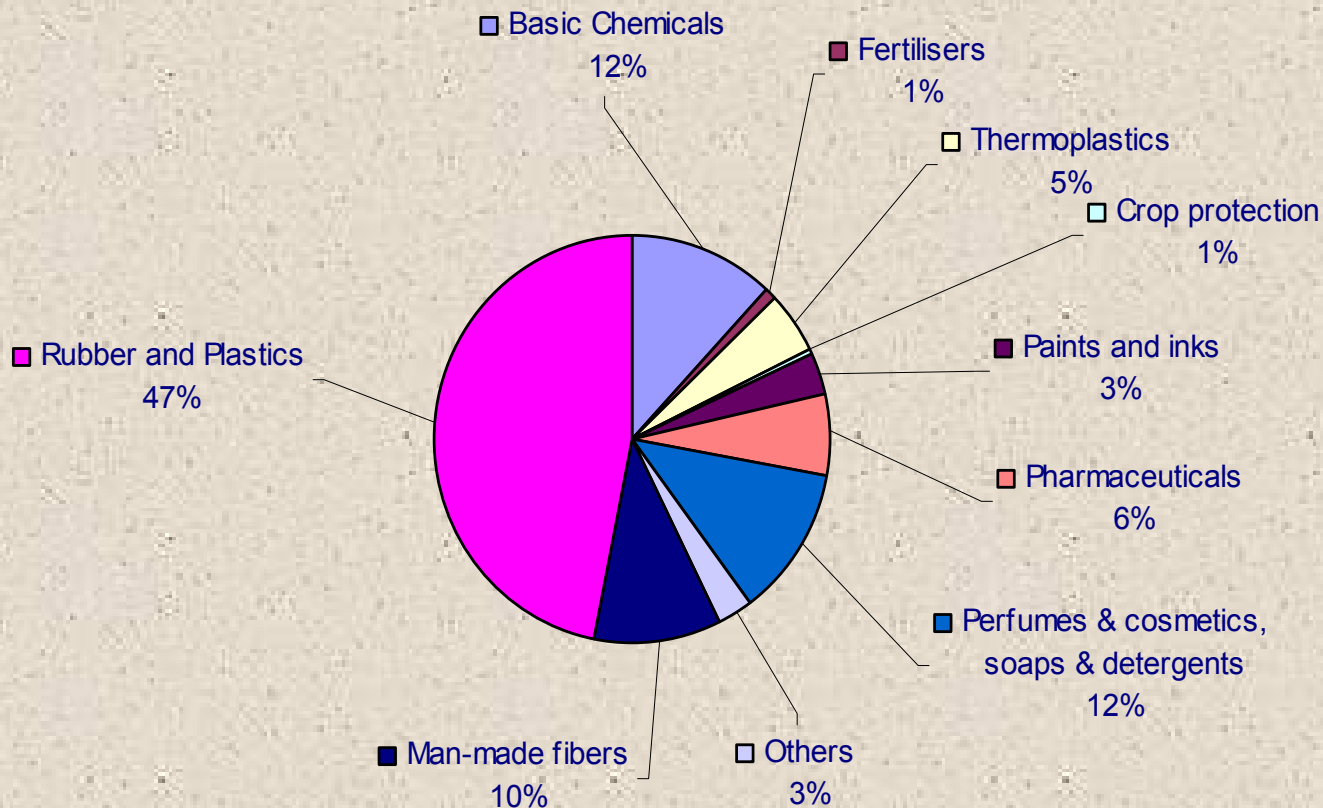


Billion €	1998	1999	2000	2001	2002	2003	2004	2005
Export	1,8	1,8	2,3	2,7	2,8	3,0	3,6	4,2
Import	7,3	7,3	9,9	8,5	10,3	11,2	13,7	15,6
Balance	-5,6	-5,5	-7,6	-5,8	-7,4	-8,2	-10,1	-11,4

Source: TURKSTAT



EXPORT Value (€, 2005)

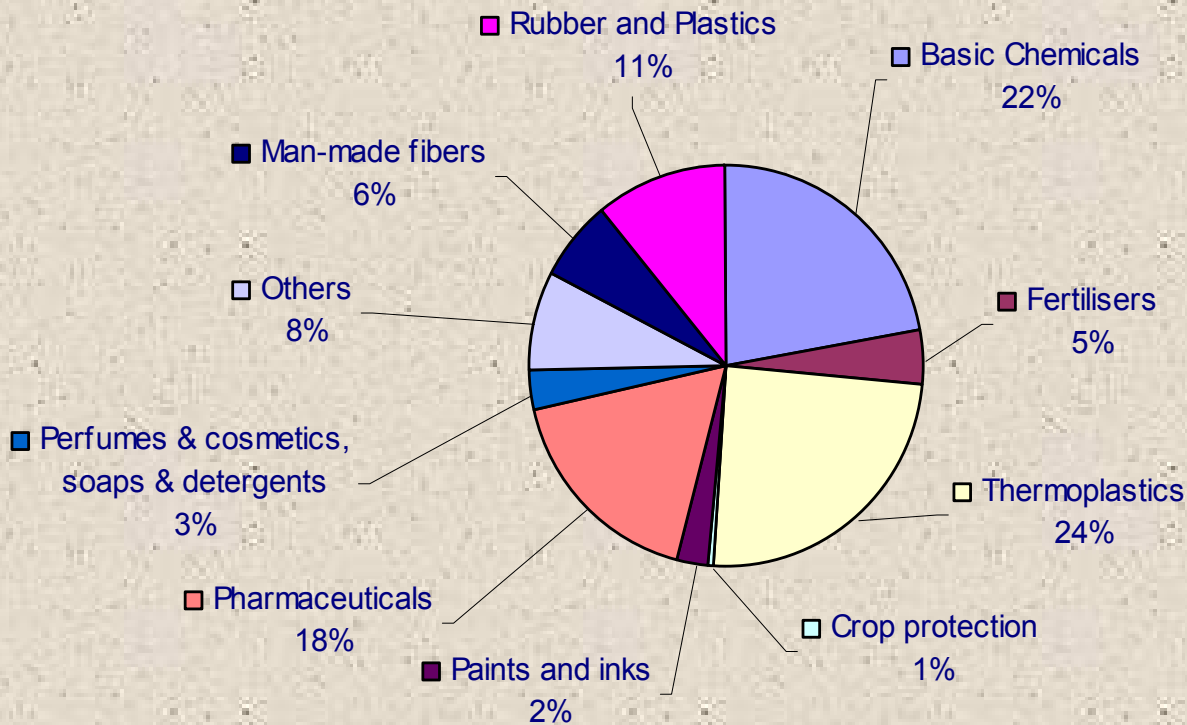


TOTAL: 4,2 Billion €

Source: TURKSTAT



IMPORT Value (€, 2005)



Source: TURKSTAT

TOTAL: 15,6 Billion €



POLICY DOCUMENTS

- Development Plans and Annual Programmes
- Indicated as one of the important sectors to be developed in 8th Five Year Development Plan



Legal Framework

- Regulation Regarding Control Over Harmful Chemicals and Products Thereof- RHC
(Official Gazette 11.07.1993, no: 21634)
- Communiqué on the Preparation of the Safety Data Sheets (2002)
- Regulation on prevention of health and safety regarding use of chemicals at work place
(Official Gazette 26.12.2003, no: 25328)
- Communiqué for standardisation in foreign trade
- Regulation on the Certification, Placing on The Market and Supervision of Explosives For Civil Use(93/15/EC)
(Official Gazette 15.10.2002, no: 24907)



Legal Framework

- Cosmetics Law No. 5324 and Cosmetics Regulation
(Official Gazette 07.06.2005, no:2684)
- Regulation on the Special Attributes of Products and Materials Related to General Public Health(1982)
- Pesticides
 - ✓ Plant Protection and Quarantine Law No 6968 (1957)
 - ✓ Regulation on the method and principles of registration of pesticides and similar products used in plant protection
(Official Gazette 2.9.2004, no: 25571)
 - ✓ Regulation on the pesticides retailers
(Official Gazette 8.5.1999, no: 23336)
- Regulation on Authorisation of Veterinary Medicinal Products.
(Official Gazette 23. 09. 2002, no: 24915)



INSTITUTIONS INVOLVED

State Planning Organisation	Policy Issues
Ministry of Environment and Forestry	Environmental Issues, Industrial Chemicals
Ministry of Labour and Social Security	Workers Health and Safety Issues
Undersecretariat for Foreign Trade	Foreign Trade Issues
Ministry of Transport	Transportation of Dangerous Goods
Ministry of Agriculture and Rural Affairs	Legislation on Pesticides and Veterinary Products
Ministry of Industry and Trade, Ministry of Interior	Legislation on Civil Explosives
Ministry of Health	Legislation on Pharmaceuticals, Cosmetics, Soaps and Detergents, Biocidal Products



CONSULTATION MECHANISM

- Ad-Hoc Committee for the chemical industry,
- Chemical Sector Platform,
- Chemical Safety Commission.



PUBLIC SUPPORT PROGRAMMES AND PROJECTS

Institution	Basic Programmes
Undersecretariat of Treasury	Support for investments, Regional development, SMEs
Undersecretariat for Foreign Trade	Support for training, R&D and SMEs
TURK EXIMBANK	Export credits and insurance
KOSGEB	Support for SMEs
Ministry of Finance, Turkish Revenue Administration	Tax exemption and exceptions, public land sales, regional aid
Ministry of Industry and Trade	Regional aid, R&D support (Organised Industrial Zones, Technology Development Zones)
TUBITAK	Support for R&D



- **Harmonisation and Implementation of the Directive on Biocidal Products** (*Twinning Project TR/2004/IB/EN/03*)
 - ✓ **Establishment of an inventory of Turkish biocidal products**
 - ✓ **Transposition of the EU biocides Acquis into Turkish law**



“Technical Assistance to Strengthen the Institutional Structure and Capacity in the field of Chemicals of Turkey (TeACH)”

- To adopt the following directives
 - ✓ Classification, packaging and labelling of dangerous substances (67/548/EEC),
 - ✓ Classification, packaging and labelling of dangerous preparations (1999/45/EEC),
 - ✓ The establishment of the specific information system (91/155/EEC),
 - ✓ The risk assessment of the notified substances (93/67/EEC)
- To assist in establishing an efficient chemicals management system



WHAT IS FORESEEN FOR THE FUTURE

National Environmental Strategy for EU Approximation
(under preparation)



THANK YOU FOR YOUR ATTENTION