



**SCREENING CHAPTER 20  
ENTERPRISE AND INDUSTRIAL POLICY**

**AGENDA ITEM XV: DEFENCE INDUSTRIES**

**Country Session: The Republic of TURKEY  
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## Overview

As a result of large-scale projects initiated and policies pursued:

A basic defence industrial infrastructure that is capable of developing and manufacturing military equipment in global standards and of exporting its products, has been established.



## Overview (CONT'D)

### Macro Economic Data

	2003	2004	2005
<b>Employment</b>	-	-	~41,000
<b>Total turnover (Mio €)</b>	1,153	1,076	1,272
<b>Defence exports (Mio €)</b>	293.5	158	270
<b>Defence R &amp; D (Mio €)</b>	51.8	51.4	62.8

Source: Turkish Defence Industry Manufacturers Association (SASAD), (75 Companies)



## Overview (CONT'D)

CAPABILITIES	MAJOR COMPANIES
AEROSPACE	TAI, TEI, ALP HAVACILIK
LAND SYSTEMS	FNSS, OTOKAR, BMC, HEMA, NUROL
MARITIME	NAVAL SHIPYARDS, TURKISH SHIP IND. SEDEF, YONCA
C4ISTAR	ASELSAN, HAVELSAN, MIKES, STM, MILSOFT, SAVRONIK, VESTEL SAVUNMA, GATE, KOC SISTEM, METEKSAN, AYESAS, NETAS
WEAPON ROCKET MISSILE	MKEK, ROKETSAN, TAPASAN BARIS, KALEKALIP, SARSILMAZ
MILITARY CLOTHING	YAKUPOGLU

## Legal Framework

- **Article 117** of the Constitution of the Republic of Turkey, “The Council of Ministers shall be responsible...for national security and for the preparation of the Armed Forces for the defence of the country”
- **Law No 1325** which gives responsibility to the Ministry of National Defence to undertake services related with defence industries,
- **Law No 3238:** A separate Defence Industry Law enacted in 1985 which sets up a new defence industry policy in order “to constitute a basis for the development of a modern defence industry and to modernise the Turkish Armed Forces”



## Legal Framework (CONT'D)

### Defence Industry Law enacted in 1985 (Law No 3238)

The basic principle is the maximum utilisation of the local capabilities in meeting the modern defence equipment requirements of the Turkish Armed Forces, to the extent that proves to be economic and feasible.

## Legal Framework (CONT'D)

### Defence Industry Law enacted in 1985 (Law No 3238)

A flexible administrative mechanism, which consists of five new elements.

- Defence Industry Supreme Coordination Board
- Defence Industry Executive Committee
- Undersecretariat for Defence Industries (SSM)
- Defence Industry Support Fund and
- Defence Industry Audit Board



## Legal Framework (CONT'D)

### Defence Industry Law enacted in 1985 (Law No 3238)

Defence Industry Executive Committee which is the main decision body of the system, convenes under the chairmanship of the Prime Minister in the presence of the Chief of General Staff and the Minister of National Defence.

- Development of defence industry
- Defence procurement
- Foreign capital and technology contribution
- Defence R&D and export



## Defence Industry Law enacted in 1985 (Law No 3238)

SSM, a special legal entity and with a budget of its own, is the executive body.

- Award contracts on orders for procurement programs,
- Re-organise and integrate the national industry, encourage new enterprises, seek possibilities for foreign capital and technology contribution, guide enterprises and make plans for state participation
- Regulate long term orders and other financial and economic incentives
- Defence research and development
- Co-ordinate off-set and the export of defence industry products,
- Set up companies with domestic and foreign capital



## Policy Documents

- Council of Ministers Decree on “Defence Industry Policy and Strategy Principles” (1998)
- 8<sup>th</sup> Five Year Development Plan (2001-2005)
- Medium Term Programme (2006-2008)
- Annual Programme (2006)



## Policy Documents (CONT'D)

### Council of Ministers Decree on “Defence Industry Policy and Strategy Principles” (1998)

Policy basically envisages the formation of the defence industry infrastructure which;

- is open to both domestic and foreign companies,
- has an export potential and competitive in international defence market,
- can produce new technology and has a dynamic structure,
- aims at establishing a mutual defence industry cooperation basis and
- has dual use design and manufacture capability.



## Institutions Involved

<b>Council of Ministers</b>	General Strategy
<b>Defence Industry High Coordination Board</b>	Guiding Directives
<b>Defence Industry Executive Committee</b>	Decision Making
<b>Turkish General Staff</b>	Requirements Generation
<b>MoND, Undersecretariat for Defence Industries</b>	Implementation, Industrialisation, Procurement, Export, Finance
<b>Defence Industry Audit Board</b>	Auditing and Control
<b>Universities, Research Centres, Companies</b>	Design, Production, Manufacture, R&D



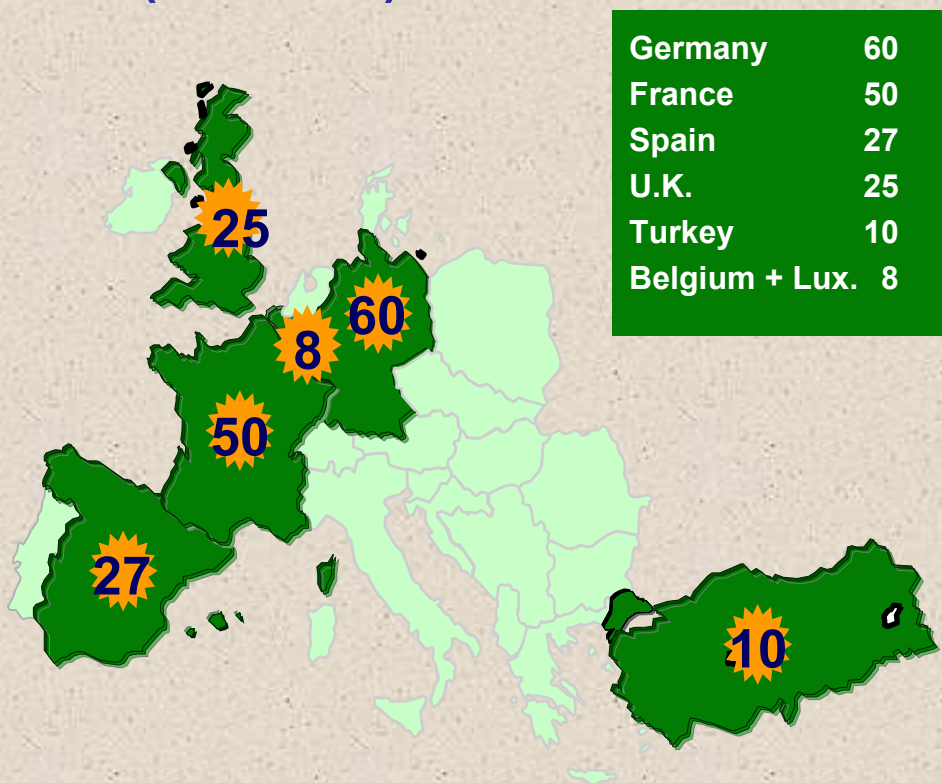
## Defence Industrial Cooperation

Turkey attaches utmost importance to international cooperation in the field of defence industry:

- Partner of the European security and defence industrial cooperation since the establishment of NATO
- Founder member of the former West European Armaments Group
- SASAD is a member of the European Association of Space and Defence
- Bilateral defence industrial and technical cooperation agreements with several EU members (Belgium, Czech Republic, Germany, France, United Kingdom, Spain, Italy, Hungary and Poland)

## Defence Industrial Cooperation (CONT'D)

- A member nation in A400M programme since the very beginning.
- Successful completion of European Stinger Programme.
- Industrial partner for JSF.
- Participant of major NATO programmes such as AGS and TMD.



*180 aircraft for seven Nations*



## **Defence Industrial Cooperation (CONT'D)**

### **Relations with European Defence Agency**

As a non-EU WEAG-member Turkey has together with Norway been invited to establish administrative arrangements with the Agency.

The draft arrangement has been submitted to EU RELEX on 14 April 2005 but it has not been ratified so far.

With the signature of the arrangement, Turkey will be able to participate in projects and programmes of EDA.





**Thank you for your attention**