



## **SCREENING CHAPTER 20 ENTERPRISE AND INDUSTRIAL POLICY**

# **AGENDA ITEM VIII: AUTOMOTIVE INDUSTRY**

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

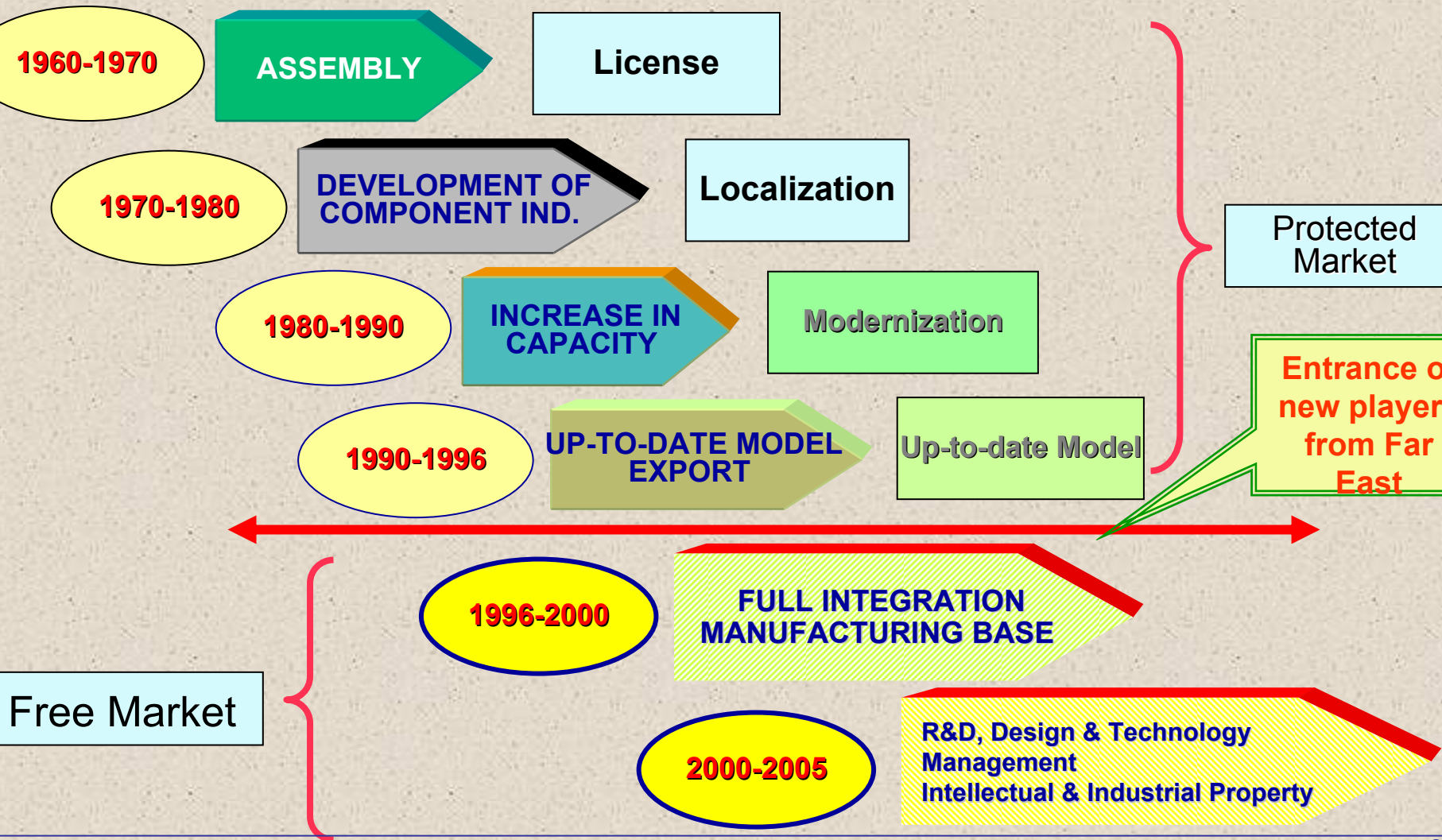


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# Development of Turkish Automotive Industry: 1960 - 2005





# International Links of Turkish Automotive Industry

## Number of Vehicle Manufacturers 15

**Link with non-EU** 6 (28% of 2005 production)

\* JV 4

\* license 2

**Link with EU** 8 (69% of 2005 production)

\* JV 6

\* license 2

**local** 1 (1% of 2005 production)

### Link With EU Manufacturers

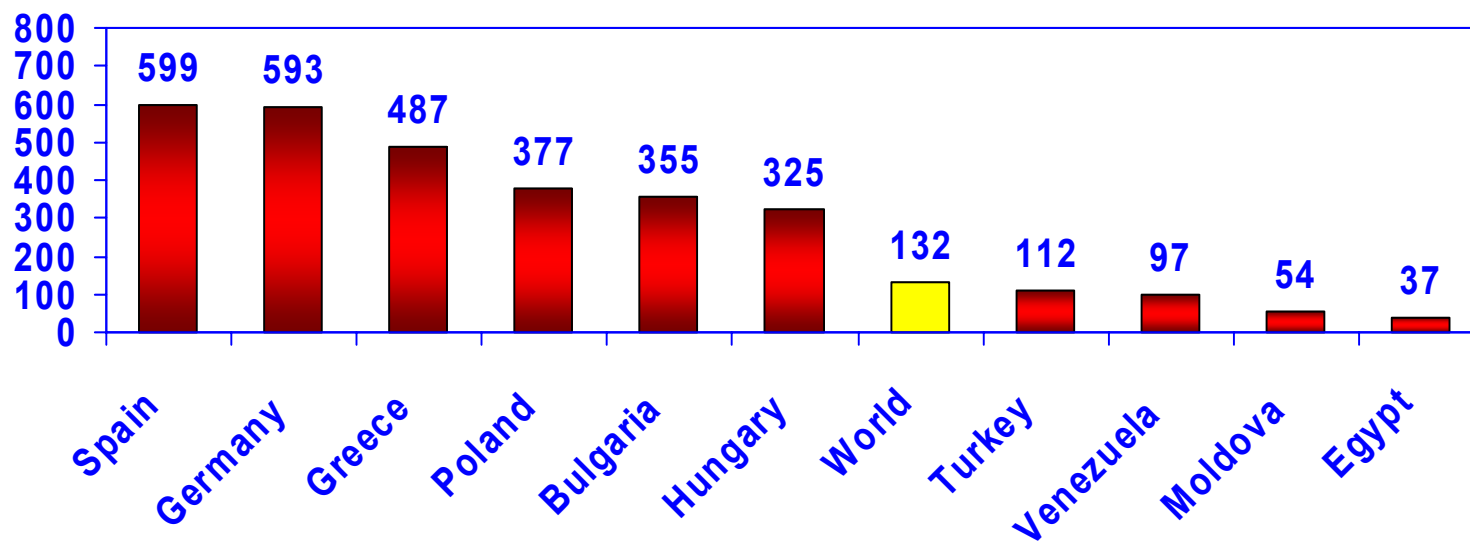
- ✓ FIAT GROUP(%37.5) JV
- ✓ FORD (%41) JV
- ✓ MAN FDI
- ✓ M.BENZ (%85) JV
- ✓ RENAULT (%51) JV
- ✓ PEUGEOT L

### Link With Non-EU Manufacturers

- ✓ ISUZU (% 29.74) JV
- ✓ TOYOTA FDI
- ✓ MITSUBISHI L
- ✓ HONDA FDI
- ✓ HYUNDAI (% 70) JV
- ✓ HINO L



## Total number of vehicles per 1000 persons:



Source: Society of Motor Manufacturers and Traders Motor Industry of Great Britain- World Automotive Statistics





## Sectoral Information

Production (units)		2003	2004	2005	Capacity
	P. Car	294,116	447.152	453.663	1.140.000
	Total	533.354	823.408	879.452	

Sales (units)		2003	2004	2005
	P. Car	227.036	451.209	438.597
	Total	400.451	745.812	763.186

Employment (Persons) (2005)	Vehicle Manufacturing Industry	Direct : 40.000
	Component Industry	Direct : 100.000(*)

Source: TURKSTAT

(\*) as estimated by MoIT



## Sales Profile of Turkish Automotive Industry



## Component industry comprises about 900 plants operating in various branches of activity

Produce for  
OEM  
approx. 600  
Large Size  
Quality Certificates  
Conforming the  
Standards  
Capable to  
Compete in  
International  
Markets

**Total  
approx. 900**

Aftermarket  
approx. 300  
Small Scale





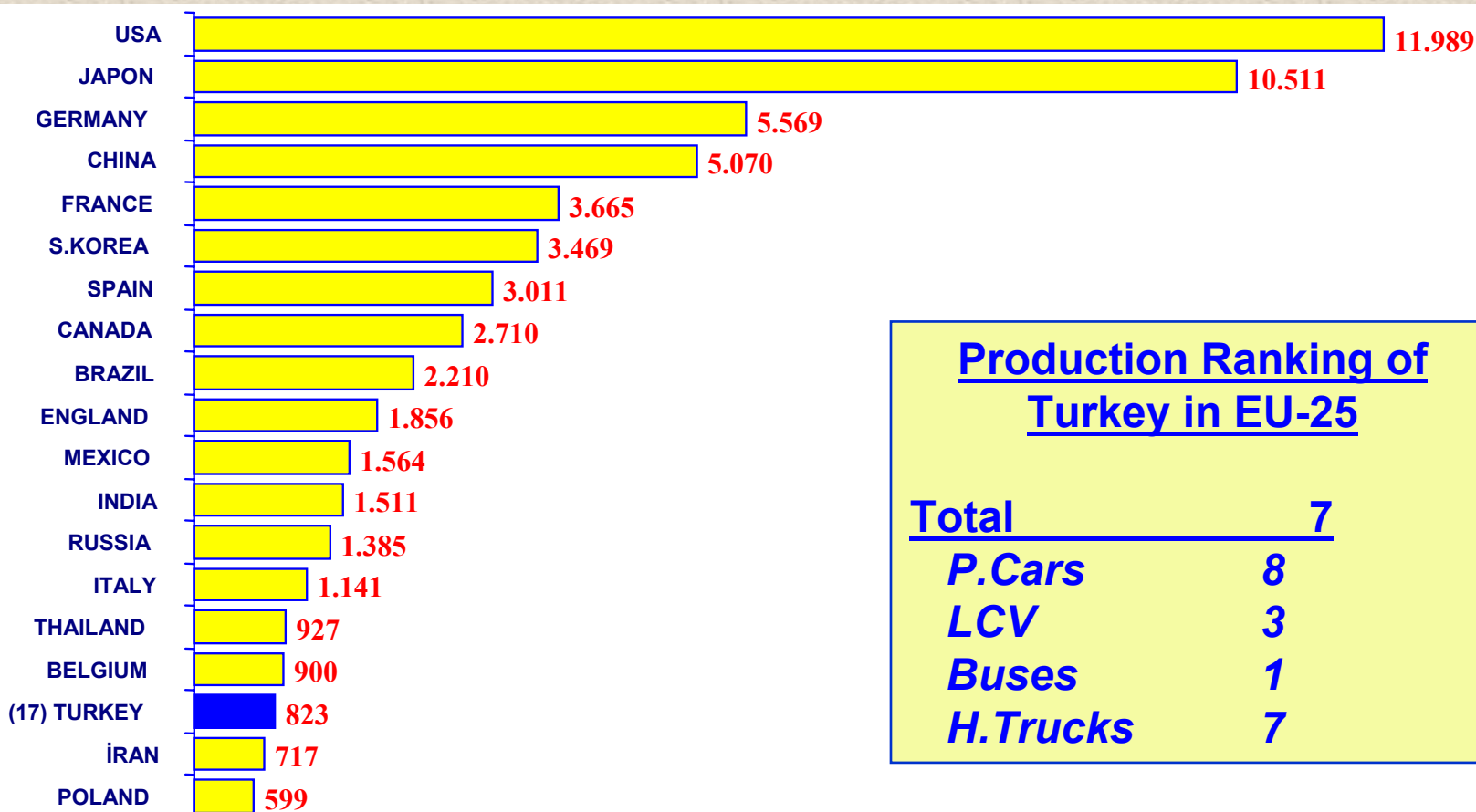
## Export – Import

		2003	2004	2005
Export (units)	P. Car	227,556	320,505	340,062
	Total	361,998	522,594	567,673
Import (units)	P. Car	165,149	329,007	325,136
	Total	234,412	462,507	446,573
Export (Bill.Euro)	Motor vehicles and components	4.646	6.664	7.683
<b>Total share of Automotive industry in export</b>		12.9 %	13.1%	13.0%
Import (Bill.Euro)	Motor vehicles and components	4.683	8.251	8.536
<b>Total share of Automotive industry in import</b>		10.6 %	10.5%	9.1%

Source: TURKSTAT



## AUTOMOTIVE INDUSTRY - Worldwide Production Ranking (OICA-2004) (x1000)



<u>Production Ranking of Turkey in EU-25</u>	
<b>Total</b>	<b>7</b>
<i>P.Cars</i>	<b>8</b>
<i>LCV</i>	<b>3</b>
<i>Buses</i>	<b>1</b>
<i>H.Trucks</i>	<b>7</b>



# Turkey's Share in Production (2004)

**49.1% of Central and Eastern Europe**

**4.5% of EU**

**1.3% of the World**

Source: OICA



## Assessment of Turkish Automotive Industry

*A driving force for the Turkish economy.*

- Strategic geographical position in the context of proximity to developed and developing markets,
- Sufficient production capacity,
- Technological infrastructure at an international level,
- Entrepreneurial, dynamic, and qualified human resources,
- Competitive labour costs.



## Assessment of Turkish Automotive Industry (CONT'D)

### *Flexibility and adaptability to changes*

- Strong supplier industry in compliance with global standards,
- In compliance with international technical regulations,
- Full integration with foreign partners,
- Widespread information technologies,
- Enhanced export experience,
- International quality management systems.



# Relations with International Organisations

## Public Sector

The MoIT attends;

- The meetings of the technical committees on motor vehicles, agricultural or forestry tractors, as well as technical subcommittees on emission, lighting, passive and active safety and braking devices
- The meetings of Type Approval Authorities Meeting (TAAM)
- United Nations Economic Commission For Europe (UNECE) World Forum For Harmonization of Vehicle Regulations “UN/ECE/WP 29”



## Relations with International Organisations (CONT'D)

### Private Sector

- The Automotive Manufacturers Association (OSD) is a member and vice president of the council of the International Organisation of Motor Vehicle Manufacturers (OICA)
  - ✓ OSD has been taking part in GAID (Global Automotive Industry Dialogue)
  - ✓ The Motor vehicle industry closely follows the decisions taken by “Cars 21”.
  - ✓ The activities of European Council for Automotive R&D (EUCAR) which coordinates the R&D activities of EU automotive industry are followed by OSD.
- Association of Automotive Components Manufacturers (TAYSAD) is a Member of The European Association of Automotive Suppliers (CLEPA)



# Policy Documents

## 8th Five Year Development Plan

In the field of automotive industry, utmost importance is attached to set up a structure, which enables a production of economic scale, where new technologies are used and export oriented, and sustainable competitiveness is restored.



## **Technical Legislation:**

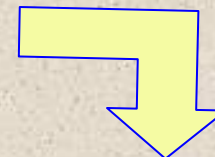
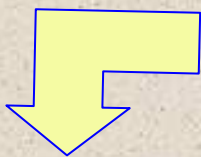
The vehicle manufacturing industry and component industry operate under the technical regulations developed and implemented at international level.



# EU Directives and UNECE Regulations

*Harmonization and Implementation profile*

**TECHNICAL LEGISLATION**



+



**REGULATIONS**



**COMMUNIQUÉS**



## EU Directives

96 directives on motor vehicles included in the list attached to the Association Council Decision no. 2/97 have been transposed by the MoIT.





## Emission Directives

Regarding exhaust emission directives; 91/441/EEC and 98/69/EC versions of directive 70/220/EEC (OG 24.9.2003/25239), and 91/542/EEC version of 88/77/EEC (OG 24.6.2003/25148) shall apply respectively depending on the vehicle categories.

The latest versions that currently apply in the EU Member States shall apply;

- As from 1 January 2007 for the vehicles to be type approved for the first time,
- As from 1 January 2008 for those vehicles which are already type approved.





## Pedestrian Protection

Directive 2003/102/EC was transposed and published as a national regulation, incorporating the Commission Decision 2004/90/EC as Annex III (OG 1 May 2005/25802).

Mandatory implementation shall begin on the same date as the Directive 2003/102/EC.



## Regulations annexed to the UNECE Geneva Agreement

- Turkey ratified the UNECE Geneva Agreement of 1958.
- 119 out of 122 technical regulations of UNECE have been ratified and put into force.
- The only UNECE regulation not ratified is R 64.
- The UNECE Regulations no. 2 and 15 are not used.



## Institutions Involved

<b>State Planning Organization</b>	Prepares national development plans and annual programmes
<b>Ministry of Industry and Trade</b>	Assists SPO in developing plans and polices Transposes and implements the regulations on construction of vehicles Implements the law no: 4077 on protection of consumer also regulating the sales of automotive products
<b>Undersecretariat of Treasury</b>	Regulates incentive and foreign direct investment
<b>Ministry of Finance</b>	Regulates taxation
<b>Ministry of Environment and Forestry</b>	Transposes and implements the regulations on fuel quality and 2000/53/EC on end-of-life vehicles



## Institutions Involved (CONT'D)

<b>Ministry of Transport</b>	Regulates and implements the legislation on transport and periodic technical inspection of motor vehicles
<b>Undersecretariat for Foreign Trade</b>	Implements free movement of goods, regulates import and export regimes
<b>KOSGEB</b>	SME Development on the component
<b>TUBITAK</b>	R&D Development

## Consultation Mechanisms:

- **Ad-Hoc Committees:** Private sector, universities, ministries and non-governmental organizations are all involved in development of policies, regulations and discussion of implementation issues.
- **Technical Committee on Motor Vehicles (MARTEK):** Vehicle manufacturing industry, component industry, national standardization body (TSE) are represented MARTEK.
- **Technical Subcommittees:** All industries serving the automotive industry are represented in 11 technical subcommittees operating under MARTEK.





# Instruments, Tools and Finance

## Public Support Programmes

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





## Automotive Technology Research and Development Center (OTAM):

It was established in collaboration with OSD, TUBITAK and Istanbul Technical University, and **supported by national funds and EU funds** in order to carry out of pre-production research and development and product testing efforts of the automotive industry and its suppliers in cooperation with the university and to institutionalize this cooperation.

Besides R&D activities, this center also carries on type approval, testing and certification services for the global free movement.



## 6<sup>th</sup> Framework Programme:

Turkey participated in various R&D programmes, within the context of 6<sup>th</sup> framework. The projects implemented by Turkey thereunder are as follows:

- ACE network - automotive control for efficient & clean vehicles (ITU, FORD),
- Hybrid electric vehicle technologies and integration and integration to urban transport (TUBITAK),
- Green heavy duty engine (FORD).



## Horizontal Arrangements on competition

As a secondary legislation, the Communiqué on block exemption for motor vehicle industry (European Regulation 1400/2002), regulating the automotive distribution system has been transposed (OG 25991/12.11.2005) and put into force by the Turkish Competition Authority on 1 January 2006 and will be put into mandatory implementation as from 1 October 2007. This piece of legislation ensures integration of local market with the EU.



**Thank you for your attention**