

## Reforms increase opportunity in Turkey

Turkey is at a very exciting time in its history. Never before has Turkey had such potential to become a major centre for business and commerce. As this modern, democratic, secular state looks to join the European Union, it continues to institute a massive program of political, economic, social and judicial reforms to align itself with European laws and practices. Preparation for EU accession, coupled with the government's structural reforms, make this an ideal time for Canadian companies to take advantage of the opportunities this country offers.

### Impressive performance

Turkey's recent macroeconomic performance of high growth and low inflation, coupled with a \$12 billion IMF standby agreement starting in 2005, has enhanced market stability.

With a population of over 70 million and the world's 17th-largest economy, Turkey is expected to outpace the average growth of countries in the

E.U. over the next few years. This growth represents tremendous commercial potential for the Canadian business community.

Canada-Turkey trade has nearly tripled in the last decade, reaching \$738 million in 2003 and over \$800 million in the first ten months of 2004. Canadian investment in Turkey totals a sizeable \$650 million, mostly in telecommunications and mining. Opportunities for Canadian companies are promising in various sectors, with the Ankara Metro Project and the natural gas distribution system notable Canadian exports. Turkey's customs union agreement with the EU, and its strategic location between Asia and Europe, make it an ideal platform to reach markets in Europe, Russia and the Central Asian republics.

### Why invest in Turkey?

Turkey's aggressive reforms, privatization programs and new investment incentives make it an attractive destination for Canadian investors. Total foreign investment in Turkey for 2004 is estimated at \$1.95 billion, and \$18 billion in foreign capital investments are expected between 2005 and 2007.

### Market overview

Quality, technological sophistication and price are the most important factors affecting competition in the Turkish market. Appointing an agent or distributor, working with a local partner and the ability to provide a financing package are also keys to success. Turkey has a relatively free market for trade in goods and services, and Turkish companies offer good partnering potential for third-country cooperation.

Opportunities in Turkey include, but are not limited to, the following sectors:

### Advanced manufacturing technologies and industrial automation

Opportunities exist in robotics, electronic eye devices, sensors, program-

mable logic controller units and software packages. Turkish state-owned public utility companies and manufacturers in the paper, automotive, chemicals, petrochemicals, plastics, metallurgy, cement, food and beverage, pharmaceuticals, glass, textile and energy sectors are potential buyers.

### Aerospace and defence

Turkey has the second-largest military force in NATO. Joint venture and technology transfer opportunities exist in a wide range of defence equipment and services. Expansion by the state-owned Turkish Airlines and newly established private regional airlines also provide opportunities in corporate and regional aircraft sales.

### Agriculture and food products

Turkey is a major importer of lentils, seed potatoes, sweet potatoes, dried peas, rice, corn and soybeans. In order to increase international competitiveness for processed foods, the Turkish government is taking measures to stimulate investment and technology transfer in this sector. Opportunities also exist in breeding, artificial insemination and embryo transfer, animal feed, plant cultivation and combatting animal diseases.

### Construction

A fast-growing population and increased urban migration have made the construction sector a driving force in Turkey's economic development. This, plus the introduction of a national mortgage system in 2005, is increasing the demand for residential housing. Potential exists for the sale of Canadian commercial and residential building products as well as in the sale of single-family homes, earthquake-resistant light steel framed construction and joint venturing with Turkey's world-class construction firms.

### Energy

Turkey is a land bridge for the distribution of oil and gas from the Caspian *continued on page 3 — Reforms in Turkey*

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and Central Asian regions to world markets. The Baku-Tbilisi-Ceyhan oil and Blue Stream gas pipelines are only the first designed to enhance energy transit through Turkey and allow for expansion of domestic distribution networks. This makes Turkey a promising market for pipeline construction and rehabilitation, engineering, equipment and materials, as well as oilfield equipment. Turkey's demand for electric power is spurring plans to develop hydro resources and possible long-term plans for nuclear power. The liberalization of the electricity market and privatization of domestic gas distribution will allow easier access for foreign investment in these areas.

### Environment

Improved standards regarding sewage and medical and industrial waste, along with pressures to conform with European environmental standards contribute to the growth of this sector and create opportunities for sales of pollution control equipment, municipal waste water treatment, solid waste disposal and incineration of medical waste. Another area of opportunity is environmental impact assessment for the Turkish mining and energy industries.

### Health

The Turkish health care sector, with the aid of World Bank financing, is undergoing dramatic restructuring. Turkey is an attractive market for exporters of medical equipment and supplies such as cancer therapy equipment, orthopaedic implants and appliances, x-ray devices and pharmaceuticals, as well as consulting services and knowledge transfer through joint venture or licensing agreements. The Turkish Ministry of Health is the largest single buyer of medical products. Other potential buyers of high-tech equipment and products include private clinics, hospitals and diagnostic labs.



Canada's new embassy in Ankara

### ICT

The Turkish telecommunications sector is growing rapidly with an annual network capacity growth of around 7%. Türk Telekom (TT) owns the telecommunications infrastructure with a comprehensive range of services. Deregulation of the industry, which started in January 2004, and plans to privatize TT in 2005, are expected to attract new investment and help create a more competitive industry.

### Mining and equipment

Turkey has significant geological potential and is very much underexplored. The country's new mining law, which

provides incentives for investment in mine operations, exploration and development, is expected to encourage foreign investment in this sector. Major opportunities exist in upgrading facilities for mining boron, coal, zinc, copper, gold and silver, as well as iron ore, bauxite and lead. Other opportunities

include engineering services and equipment supply.

### Transportation

The Turkish government is planning the construction of new airports, ports and highways, creating opportunities for building products, construction machinery, automotive parts, service equipment, architectural, construction and engineering services, and travel and tourism infrastructure. Various urban transit system projects also offer opportunities for Canadian companies.

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## Canada-Turkey conference — from page 1

through its partnership with DEIK and its relationship with the Canadian Embassy in Turkey, International Trade Canada (ITCan) and Canadian Manufacturers and Exporters (CME). The mission and conference is aimed at senior executives of Canadian companies, including small and medium-sized enterprises in a broad range of sectors.

Attend this conference and learn more about this growing and dynamic market. **The registration deadline is April 15, 2005.**

**For more information**, go to [www.ctbc.ca](http://www.ctbc.ca), or contact Aida Viveiros,



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