



A number of municipalities are experimenting with small incinerators for hazardous wastes. This is a potentially promising area for Canadian companies. However, expensive technology and uncertainties in financing are road-blocks. It appears that the most cost-effective solution for Turkey would be to create six or seven hazardous waste-disposal facilities to serve the entire country, rather than building many small ones. Consulting engineering services are required to define optimum size, cost and strategy. Currently, there is no client for such a study.

Approximately 65% of total Turkish power-generating capacity comes from coal-fired power plants. Because of the high sulphur content in the available coal, most power plants are required to use flue gas-desulphurization (FGD) technology. This is a particularly promising application for Canadian firms. A potentially huge market may appear for FGD retrofits, if financing obstacles can be overcome. New power plants will likely be built as BOT projects, where financing is incorporated in the total package proposed by the project team.

MARKET CONSIDERATIONS

MARKET CONSIDERATIONS: Since Turkey has very capable contractors and engineering companies, foreign companies normally team up with them to increase the local content, and to benefit from their experience and familiarity in current business practices. Local companies also seek foreign partnerships to overcome financing

difficulties. In a typical project, foreign companies provide financing and technology, while local companies provide metal fabrication, erection, civil works and detailed engineering design. The Turkish market requires long-term commitment and co-operation with local partners, a network of contacts both in the public and private sector, and usually 100% project financing. Provision of suppliers' financing, however, is the most critical factor in securing contracts.

Competition in public tenders is rather strong, as many Japanese and European companies aggressively pursue Turkish projects and generally provide financing at favourable terms. Many foreign companies establish local subsidiaries, which are formidable competitors, since the Turkish government treats them as local firms for large government tenders. Furthermore, national governments of mainly European countries are aggressively assisting their companies through favourable financing arrangements.

Canadian products are perceived very favourably, but, due to Turkey's membership in the Customs Union with Europe, Canada faces an average 5% price competitive disadvantage against European suppliers in the exportation of manufactured components and instruments. However, this normally does not appear to be a major impediment, as it is often overcome through the help of a favourable exchange rate of the Canadian dollar against other hard currencies, as well as appropriate financing, price and technological advantages of Canadian companies.

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