

# Sector Opportunities and Market Considerations



Quality, technological sophistication and price are the most important factors affecting competition in the Turkish market. Price is an essential factor for government purchases and in awarding of contracts. Appointing an agent and distributor, or establishing joint ventures with local firms, and the ability to provide a financing package are also keys to success in this market.

Government projects are usually large and focus on infrastructure development, defence and health. The projects normally take time to develop and require considerable marketing, but the rewards can be very attractive.

The Commercial Section of the Canadian Embassy in Ankara can assist Canadian firms seeking an agent or distributor. In Turkey, agency representation agreements are private contracts between agents and their foreign suppliers. There are no regulations governing commission rates.

Turkey has a relatively free market for trade in goods and services; there are no tariff barriers for most products and services imported into Turkey. Bid and performance bonds are normally required in a number of sectors, including aerospace and defence, transportation and industrial automation. Health-care products must possess either Food and Drug Administration (FDA) certification or an import permit obtained from the Turkish Ministry of Health. Medical goods imports are also subject to the approval of the Turkish Standards Institute and must comply with ISO 9000 or equivalent standards. No customs duties are imposed on mining extraction and processing equipment as long as an incentive certificate is obtained from the Undersecretariat of Foreign Trade. Otherwise, the customs duty may vary from 0 percent to 15 percent of the C.I.F. price. Offering after-sales services for data processing and communications equipment is becoming increasingly important, since most established customers

and businesses are looking for long-term maintenance and upgrading services.

Turkish companies offer good opportunities for third-country cooperation, since many of them are aggressively pursuing business in the region (Middle East, Russia and Commonwealth of Independent States [C.I.S.] countries). Turkey's shared ethnic and cultural ties with the "Turkic Republics" (Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan and Tajikistan) would make it even more beneficial for Canadian companies to associate with a Turkish company.

Turkey has an ambitious plan to become an energy conduit for the vast oil and natural gas reserves to be moved from Central Asia and Azerbaijan to Europe, mainly through the recently started joint construction of the Baku-Tbilisi-Ceyhan oil pipeline.

## AEROSPACE AND DEFENCE

The Turkish civilian aircraft market has grown significantly in the last eight years, as a result of expansion by state-owned Turkish Airlines and increased interest from the private sector in corporate aircraft and helicopters.

Turkey is the second-largest military force in NATO. Between now and 2020, a significant investment on overall weapons systems is expected. Turkey's defence products market provides many opportunities for Canadian companies prepared to seek out forms of cooperation such as joint ventures and technology transfer.

Opportunities exist in corporate and regional aircraft, fire-fighting aircraft, aircraft engines and parts, avionics and navigational systems, radar systems and training simulators. There is growing interest from large industrial/commercial holding groups in executive/corporate jets and helicopters.

The Turkish Ministry of Defence is currently working on a number of projects, including tank production, fighters, training, airborne warning and control aircraft, electronic systems, missile systems and helicopters.

These projects all offer opportunities for Canadian manufacturers of subsystems, parts, components, avionics and electronics.

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**Related Web Sites**  
Turkish Undersecretariat for Defence Industries (SSM): [www.ssm.gov.tr](http://www.ssm.gov.tr)

Turkish Air Forces Logistics Command:  
[www.hvlojk.mil.tr](http://www.hvlojk.mil.tr)

## AGRICULTURE AND FOOD PRODUCTS

Several different climatic zones and a large, fertile land area allow Turkey to have an annual agricultural surplus. Cereals and grains account for more acreage than any other crop, with wheat the most prominent, followed by barley, cotton, corn, sunflower seeds, lentils, tobacco and sugar beets.

Although Turkey is a leading producer of red and green lentils, harvests have been declining in recent years. To meet the shortage, Canada has been the major supplier of lentils to the country since 1996. Between 1997 and 2000, Canadian exports increased from \$7.7 million to \$58.9 million, but dropped to \$9.1 million in 2001 due to sufficient local production. In 2002, approximately 20-30,000 tons of green lentils was estimated to have been imported from various sources, including Canada. Other agricultural products offering export potential are seed potatoes, sweet potatoes, and dried peas.

Turkey has implemented the Southeastern Anatolia Project (GAP) for hydro-electric power generation and irrigation, creating investment opportunities in the agricultural sector.

Turkey lacks advanced know-how in food-processing technology, and its limited capacity to produce processed food to Western quality standards impedes its ability to compete in international markets. To remedy this situation, the government is taking measures to stimulate investment and technology transfer in this sector.

Opportunities also exist for introducing new techniques and supplying materials and equipment used in breeding, artificial insemination and embryo transfer, animal feed plant cultivation, and combatting animal diseases.

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## METSO Automation SCADA Solutions

Calgary-based METSO Automation SCADA Solutions has been actively promoting SCADA systems in Turkey, successfully completing projects in oil and gas pipeline automation, as well as in gas distribution, municipal water and sewage networks. The company is currently pursuing projects in sectors as diverse as municipal gas distribution, power transmission and power distribution. METSO is preparing to offer its technology for use on the Baku-Tbilisi-Ceyhan and Shah Deniz pipelines, which will carry crude oil from Azerbaijan and gas from the Caspian Sea through Georgia to the Turkish south coast.

**Related Web Sites**  
Turkish Ministry of Agriculture and Rural Affairs: [www.tarim.gov.tr](http://www.tarim.gov.tr)

Export Promotion Centre of Turkey:  
[www.igeme.org.tr](http://www.igeme.org.tr)

Turkish Food Importers Association:  
[www.tugider.org.tr](http://www.tugider.org.tr)

## CONSTRUCTION

A fast-growing population and increased migration from rural to urban areas have made the construction sector the driving force behind Turkey's economic development. These rapid increases in population and urbanization are creating demand for some 400,000 new housing units per year. As a result, housing construction has overtaken infrastructure development as the fastest-growing subsector.

In a market that is highly price-sensitive, Canadian building products and manufactured houses are becoming increasingly popular with upper-income buyers. Main export opportunities are for doors and windows, quality lumber, plywood, strand board, coating and finishing materials, roofing and sanitation systems, insulation materials, value-added wood products, and wood- and light steel-framed houses.

Turkey's highly developed construction sector includes a large number of world-class firms active in international markets such as Russia, C.I.S. countries and the Middle East. Partnering with these companies presents third-country opportunities for Canadian firms.

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**Related Web Sites**  
Turkish Contractors Association:  
[www.tca-uic.org.tr](http://www.tca-uic.org.tr)

Interteks International Trade Exhibitions:  
[www.interteks.com.tr](http://www.interteks.com.tr)

Yem Trade Show Company: [www.yem.net](http://www.yem.net)

## HEALTH

Over the past decade, and with the aid of World Bank financing, the Turkish health-care sector has experienced a dramatic restructuring process emphasizing privatization of services and cost-effective use of public resources. Investment incentives enabling private entrepreneurs to invest in modern facilities, improved legislation for private health insurance, and simplified international procurement procedures have combined to create a large market for health-care products and services. The medical equipment and supplies market is now valued at \$1.4 billion, of which 50 percent is accounted for by imports. With growth expected to continue, Turkey will remain an attractive market for exporters of equipment and supplies, as well as exporters of consulting services and knowledge transfer, either through joint venture or licensing arrangements.

Main Canadian exports include cancer therapy equipment, X-ray devices, orthopedic implants and appliances, and pharmaceutical products and consumables. The largest single buyer of medical products is the Turkish Ministry of Health and its affiliated hospitals. Military and university hospitals, private clinics and diagnostic labs are also among potential buyers.

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## Technomarine

Canadian marina technology will soon be welcoming yachts and other vessels docking at the Turkish harbour town of Turgutreis near Bodrum. Quebec-based Technomarine is currently wrapping up the US\$3.2-million project to build a marina that will accommodate yachts of all sizes, as well as withstand storm winds, using a combination of steel pile anchoring and Mediterranean mooring methods. The project is follow-on business from two similar projects along the same Mediterranean coast, Port Göcek and Cesme. Technomarine has overseen everything from design through to project management and installation for these projects, which were supported by Export Development Canada financing and carried out in partnership with local suppliers.

The small company, which designs and builds floating docks, breakwaters, ferry landings and gangways, exports 98 percent of its output to countries in the Middle East, Asia, the Americas and Europe. It has gained a worldwide reputation for innovative solutions to even the most complex harbour challenges.

**Related Web Sites**  
Medicine Related Resources in Turkey:  
<http://web.bilkent.edu.tr/inet-turkey/tip.html>

Turkindex, Health Industry:  
[www.turkindex.com/health.htm](http://www.turkindex.com/health.htm)

## INDUSTRIAL AUTOMATION

The value of the Turkish industrial, process and utility automation systems and services market is estimated at 1 percent of the US\$7-billion global market. Turkish state-owned public utility companies such as Turkish Petroleum Refineries Corporation (TUPRAS), Petroleum Pipeline Corporation (BOTAS), and Turkish Electricity Distribution Corporation (TEDAS) are the major buyers of utility automation systems. Other potential buyers are manufacturers and industries in the paper, automotive, chemicals, petrochemicals, plastics, metallurgy, cement, food and beverage, pharmaceuticals, glass, textile and energy sectors.

Opportunities exist for sales of robotics, electronic eye devices, sensors, programmable logic controller (PLC) units and software packages. Priority is given to the automation of existing factories and facilities.

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## TRANSPORTATION

The Turkish government gives special priority to major infrastructure projects, particularly in the transportation sector. The government is planning the construction of new airports, ports and highways, creating opportunities for building products and construction machinery, automotive parts and service equipment, architectural/construction/engineering services, and travel and tourism infrastructure. The new government is also planning an additional 15,000 km of road widening.

## SNC-Lavalin

Active in Turkey in a variety of sectors since the 1980s, Canada-based SNC-Lavalin—one of the world's leading engineering and construction firms—has experienced its most recent Turkish success in a rapid transit project in Ankara. In the 1990s, SNC-Lavalin led a Canadian-Turkish consortium through the financing, design, construction, testing and commissioning phases of the Ankara Metro. The project, worth \$900 million and financed in part by the Canadian government, was completed and commissioned in 1997 and has now been taken over by the municipal operator. Satisfaction with the system is very high, and the municipality has called for tenders for its extension.

SNC-Lavalin continues to work with local Turkish companies and partners to identify new business opportunities in Central Asia and other neighbouring markets.