

OPPORTUNITIES FOR SRI LANKAN PARTS AND ACCESSORIES OF MOTOR VEHICLES IN TURKEY



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1.SUMMARY

Automobile Industry and and Automotive supply industries are major industries and sources of exports in Turkey, As it can be seen, Rubber is an essential material in mentioned industries and therefore there is a constant demand for all kinds of Rubber products especially in Automotive sector.

With respect to Rubber, it's thought that Turkey may offer opportunities for Sri Lankan exporters, with regards to natural rubber, Turkey is completely dependent on imports however Turkey has the advanced technology to process it and turn Rubber into value added products. Therefore, it's thought that opportunities for Sri Lankan value added products will be limited because of Turkey's processing facilities and Turkey's current share of imports from Sri Lanka's competitors.

2.MARKET DESCRIPTION

In Turkey, Rubber and Plastics industries are identified as sub-sectors of chemical industries. Turkey is almost %100 dependent on imports of Natural and Synthetic Rubber as a raw material. Also demand of the market is constant as mentioned above. According to reports, usage of Rubber as a material for Automobile production has increased from 4.4% (2005) to 6,1% (2013) therefore there is a naturally positive trend for Rubber trend. According to a sectoral report, it's estimated that Turkey's Rubber material consumption for Automotive manufacturing in 2018 will be 182.000 Tons.

With respect to local supply, it's hard to refer to a specific product under HS 4016 because there are many different products under this HS Code. However, when Turkey's trade balance for HS 4016 is observed, Turkey has a trade surplus of 270 million USD for HS 4016, hinting that Turkey has sufficient local supply and capable of turning raw materials into value added products.

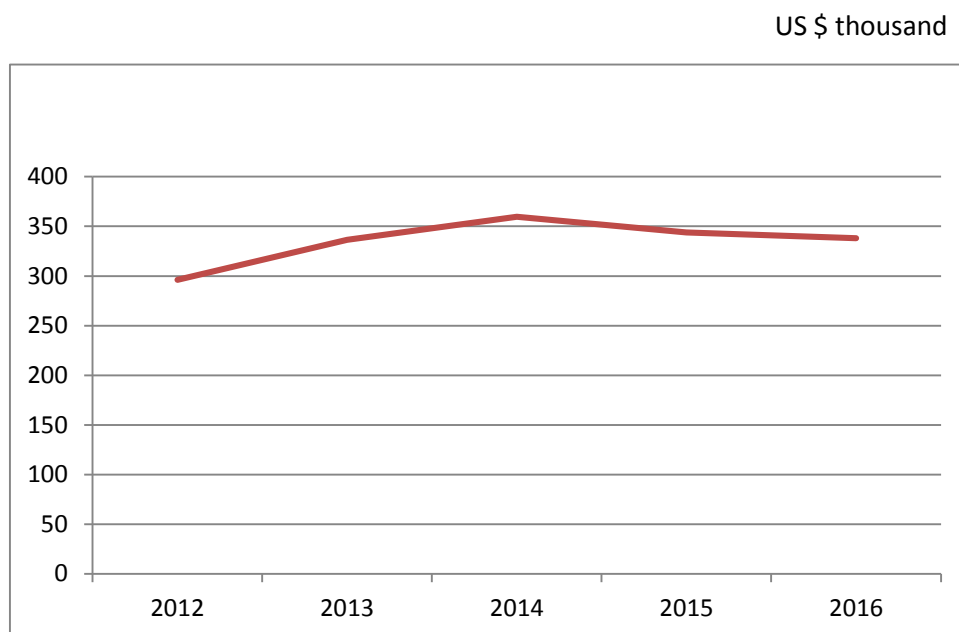
As of 2015, Turkey's import volume for HS 4016 was 343 million USD. With this figure, Turkey's imports represent 1.3% of world imports for HS 4016 and its ranking in world imports is 23.

With respect to exports in 2015, Turkey's export volume was 613 million USD. Based on this figure, Turkey's exports represent 2.6% of world exports for HS 4016 and its ranking in world exports is 9.

According to ITC Trademap data, , average import value of Turkey for HS 40.16 is 10.303 USD/Ton. (As of 2015)

According to ITC Trademap data, Import tariffs applied by Turkey are between 0% - 1.8%. 0% is applied to developing nations including Sri Lanka, and also to EU countries which has a customs union agreement with Turkey.

Figure: Import trend of articles of vulcanised rubber (HS 4016) in Turkey (2012-2016)



Source: Trade map

3.POSITION OF SRI LANKAN GOODS

Sri Lanka has a total exports of 374 thousand USD worth of exports to Turkey as of 2015. This volume has dropped to 315 thousand USD in 2016. But despite fluctuations, increase can be observed between 2012-2016. However, the export volume is quite small and Sri Lanka is not among Turkey's significant import partners for this product.

With respect to market penetration, it's thought that as a supplier, it's necessary to be close to the export destination especially for Rubber products, especially because of the share of transportation costs in exports. The fact that Turkey's top import partners are among European countries proves this assumption. Of course, the significance of this assumption may decrease in case of importing higher value added products. Therefore, it's thought that Sri Lanka's exports may increase if exports are of higher value added products.

Table: Sri Lanka articles of vulcanised rubber (HS 4016) export to Turkey (2012-2016)

US\$ thousand

Code	Description	2012	2013	2014	2015	2016
H.40169990	articles of vulcanized rubber	34	73	164	47	84

Source: Sri Lanka Export Development Board

4.ACTIVITIES OF COMPETITION

Germany, Romania, Italy and France are among top import partners of Turkey and their collective share in imports of Turkey is around 43%. Germany has the highest share with 17.8%, almost doubling it's closest follower Romania. China is the fifth biggest supplier of Turkey with a share of 6,5%. (2015)

It's not known whether it's competitors have any significant advantages over Sri Lanka in quality, packaging, labeling, etc. However, as discussed above, proximity to Turkey appears to be the advantage here, also mentioned EU countries and especially Germany is known for supreme quality of their products.

There are no known special market access tools applied by the competitors.

Table: Top 10 exporters of vulcaised rubber to Turkey

Exporters	US \$ thousand				
	2012	2013	2014	2015	2016
Germany	70,956	76,506	70,343	61,176	59,998
Romania	13,983	32,198	36,168	33,032	32,888
Italy	33,178	34,969	34,149	31,559	29,577
China	17,634	18,887	22,902	22,416	22,205
France	29,296	37,337	26,562	23,163	21,443
Czech Republic	9,499	9,954	17,014	20,978	20,877
India	11,722	10,706	14,779	16,633	15,941
United States of America	11,781	13,708	15,870	15,326	15,625
United Kingdom	7,454	7,804	11,109	10,330	12,614
Slovakia	4,976	5,464	11,826	12,694	12,140

Source: Trade map

5.CONCLUSIONS AND RECOMMENDATIONS

Market progress for the product is and will be on the positive side however Turkey's domestic production and production surplus may be the factors preventing significant progress for exports.

It's concluded that some opportunities for relevant Sri Lankan exporters will be present in Turkish market but it's thought that export progress of Sri Lanka with respect to HS 4016 depends on supplying higher value added products.

As a way of approach to access Turkish market, It's recommended for Sri Lankan companies to seek ways to become solution partners of Turkish producers and understand their needs for Automobile industry. If there are similar higher value added products available in Sri Lanka. Introducing them to Turkish companies through sectoral fairs and exhibitions would be an accurate strategy. Also, organizing business to business events with the support of relevant Chambers & Associations from both countries is expected to generate positive results.

Suggested Exhibition in Turkey for Visiting / Participation:

TÜYAP RUBBER INDUSTRY FAIR / ISTANBUL (2018, Date T.B.A)

HYDRAULIC COMPONENTS AND ACCESSORIES FOR AUTOMOBILE

Eg Hydraulic pumps, Values (HS 8410)

According to ITC Trademap data, Turkey's imports represent **5.2%** of world imports for HS 8410, and its ranking in world imports of this article is **4**, indicating that Turkey is a market with high demand. However, When Turkey's import values between 2012 – 2016 are observed for HS 8410, it's seen that the import value of 158 million USD in 2012 has gradually decreased to 71 million USD in 2016, which can be interpreted as a negative signal for future demand.

With respect to opportunities for Sri Lankan exporters, it's necessary to understand the general export capability & performance of Sri Lanka for the products under HS 8410. According to ITC Trademap data concerning Sri Lanka's exports in 2014-2016, it's seen that Sri Lanka has not exported any products under HS 8410. Therefore, it can be said that unless Sri Lanka becomes a player in the export market for HS 8410, Turkey would not be an attractive market for this product.

According to ITC Trademap data, , average import value of Turkey for HS 84.10 is 18.803 thousand USD/Ton. (As of 2015) Import tariffs applied by Turkey are between 0% to 4,5%. Turkey does not apply import tariff to European countries or developing countries including Sri Lanka. Customs tariff applied to Chinese products is 4,5%.

Major Suppliers of Turkey and their respective shares in Turkey's exports of HS 8410 are ; China (19.1%) , Austria (14.4%) , Spain (12.5%) , France (12.2%) , India (11.2%) and Germany (11%)

Important Note : Making of a more comprehensive market survey on this product and answering related questions has not been possible due to the lack of market data for this by-product, non-existent trade between the two countries, absence of sectoral reports and other useful information.

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