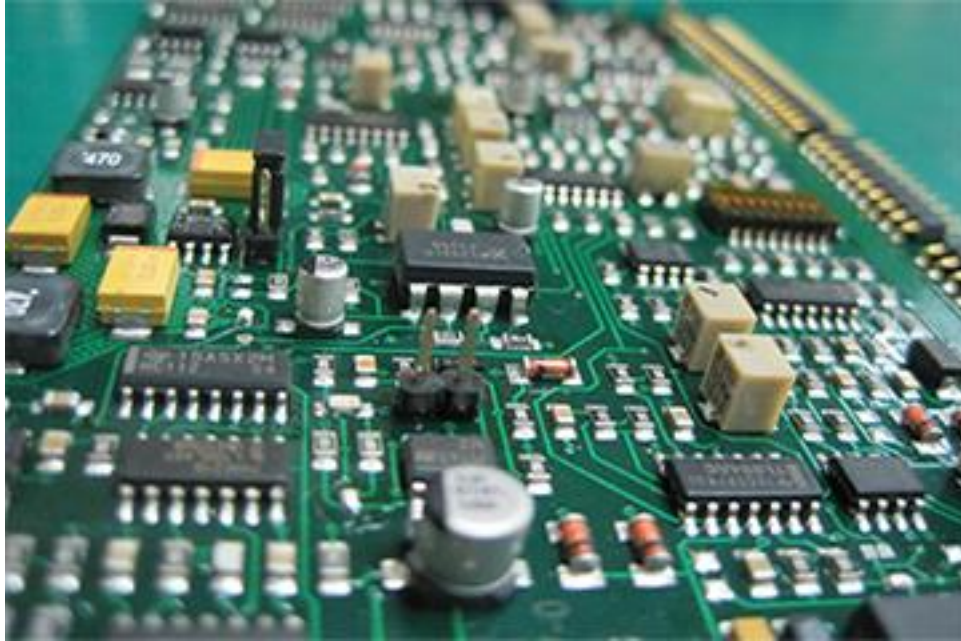


OPPORTUNITIES FOR SRI LANKAN ELECTRONIC PRINTED CIRCUITS IN TURKEY



Prepared by:

Embassy of Sri Lanka
Turkey
December 2017

Table of Content

1.Summary	3
2.Market Description	3
3.Position of Sri Lankan goods	4
4.Activities of competition	4
5.Conclusions and recommendations.....	4

1. Summary

According to periodical import figures of Turkey, sector experts and relevant company CEO's the usage of "Printed Circuit Boards (PCB's) has been gradually increasing since 1980's, due the the start of widespread usage of electrical – electronic products such as TV's, white goods, security and automation systems. Also widespread usage of popular LED lightning systems (Aluminum Boards) in recent years has contributed positively to the demand. When Turkey's imports of HS 8534 between 2009-2016 are observed, it's seen that the imports have been almost doubled, hinting that the increase will continue in the years to come.

Due to current level of imports from China, proximity to other producers in Europe and small but reliable domestic production, It appears that currently, Turkish market does not provide many opportunities to Sri Lankan exporters.

2. Market Description

Electronic Printed Circuit (PCB) products are well known in Turkey, due to the domestic white goods production which has a history of 60 years in the country. Also Turkey has a developing defense and aviation industry helping increase in demand. As PCB is a by-product and not a final product, demand for PCB's are shaped by the main industrial production companies. As mentioned, demand for PCB products is gradually growing and the market size is estimated to be around 100-120 million USD from the combined figure of imports and domestic production.

With respect to local supply, there are a few companies in Turkey producing according to world standarts. However these are reliable and professional companies, which are able to offer their customers competitive prices, outstanding service, also flexibility in payment and delivery. These companies are also responsible of Turkey's exports of PCB's. Moreover, almost all of these companies have solution partners based in China.

Most of the Turkish producers of PCB's gradually quit their production facilities and started importing serving to the customers with their expertise in the sector. Most producers in Turkey expressed that they were unable to cope with the rist of dealing with large industrial companies with their huge orders, which means either big earnings or bankruptcy for them, in case the company fails to fulfill their payments. Therefore, the remaining producing companies mostly cater to Small & Medium Turkish Enterprises (SME's) and larger Turkish companies prefer to work directly with bigger suppliers in China. Therefore, import trends have been determined by the large industrial companies and the economic situation, which has been growing despite some shocks. As of 2015, with a total of 95, 3 million USD worth of imports, Turkey's imports represent **0.2%** of world imports for HS 85.34, and Turkey's ranking in world imports is **36**.

It's reported that non-price factors that customers in the sector attach importance to are; Fast production, timely delivery and flexibility to cater to smaller purchase orders, the latter being very crucial for SME's.

For all imported electronic products, it's required for the products to carry CE marking, declaration of conformity and importers must be registered to Ministry of Industry, able to provide guarantee certificates and hold a service competence certificate.

As PCB's are by products, the imports are done by large companies directly, and for SME's, by relevant Turkish importers or producer companies (Project based purchases) with the assistance of their solution partners in China.

Accuracy in production and swiftness of delivery is very important in this sector because, it's a by product used in the fast moving process of industrial production and because of tender deadlines.

According to ITC Trademap data, Turkey's 2015 import unit value of HS 85.34 from China is 22,38 USD/Unit and Turkey's average import unit value is 26,22 USD/Unit.

Turkey does not apply import tariffs/tax on HS 85.34. The importers will be subject to VAT and SCT (Special consumption tax)

3.Position of Sri Lankan Goods

According to ITC Trademap data between 2012-2016, Sri Lanka has not exported any products to Turkey under HS 85.34.

The reasons of this situation is thought to be fierce competition from certain country, and the nature of business in Turkey as explained above as large companies directly import their needs from large suppliers or import products with already installed PCB's and SME's in Turkey prefer to work with smaller amounts and can not afford to import goods in container loads.

4.Activities of Competition

China is by far the main import partner of Turkey, domination Turkey's imports of HS 8534 by 81,2% . Germany ranks second and it's share is only 5.9%. Other countries include USA, Bulgaria, Spain and Italy, however each of their share is less than 2%.

It's not known whether these countries have any significant advantages over Sri Lanka in quality, packaging, labeling, duty free access etc. However, China appears to be a more complete and diverse supplier among these with lower costs, being able to answering large purchase orders and swiftness in delivery.

Turkey applies duty free access to all countries regarding this product. There are no known special market access tools applied by the competitors.

5.Conclusions and Recommendations

Market progress for the product is continuing however as it's seen from the place of Turkey among top importers of this product. Turkey's market progress would be slower in comparison to countries with higher industrial production.

As the competition is fierce from China, Sri Lankan companies should be able to cater to Turkish SME's looking for attractive prices, swift production and delivery to create more opportunities in Turkish market.

It's recommended for Sri Lankan companies to start with smaller amounts of exports and try to become solution partners for Turkish importers or even producers.

Also, as in all cases, it's recommended for Sri Lankan companies to visit/participate in related sectoral trade fairs both in Turkey, Germany and China to initiate contact with Turkish companies. Fair experience would help Sri Lankan exporters understand the required specifications and standards, observe the upcoming trends as well as promoting and marketing their companies / products. Organizing business to business events with the support of relevant Chambers & Associations from both countries would also generate positive results.

Suggested Exhibition in Turkey for Visiting / Participation:

WIN EURASIA FAIR / Istanbul (15-17 March 2018) - International Industrial Automation Section

Exhibition Website: <http://win-eurasia.com/en>

Prepared by:

Name - Embassy of Sri Lanka, Turkey

Disclaimer:

Embassy of Sri Lanka, Turkey has taken every care in the preparation of the content of this report, but the Embassy of Sri Lanka, Turkey cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The Embassy of Sri Lanka, Turkey accepts no liability whatsoever.