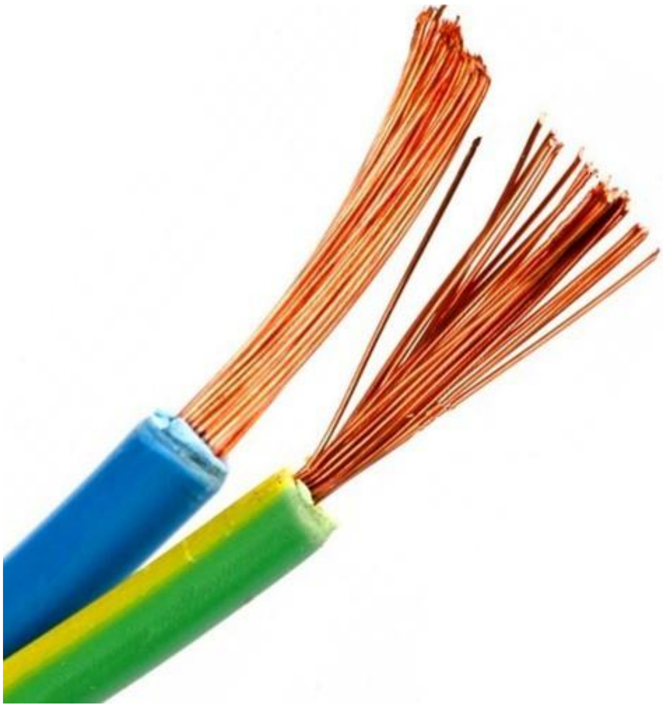
OPPORTUNITIES FOR SRI LANKAN INSULATED WIRES & CABLES IN TURKEY



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1.Summary

As an important producer and consumer in the wire&cable industry, Turkey’s demand for Wire&Cables has been on the rise and has a tendency to increase in the future because of widespread usage of the product, growing population and increasing percentage of population using internet and electronic devices.

When figures concerning Turkey’s production capacity and Sri Lanka’s exports are observed, it would not be realistic to identify Turkey as a target market for relevant Sri Lankan exporters.

2.Market Description

As in all over the World, demand for telecommunications cables (such as fiber optic) has become more important in compare to energy cables over the years. Turkey also has a very dynamic and developing construction sector. Turkey currently has a yearly production capacity worth of 5-6 billion USD (about 800 thousand – 900 thousand tons of various types of wires&cable) for Wire & Cables and exports around 30% (2015) of it’s production. In 2013, Turkey’s exports for HS 85.44 were about 2.5 billion USD which accounted then for 40% of total production of the country.

As of 2015, Turkey's exports represent **1.7%** of world exports for HS 85.44, and Turkey’s ranking in world exports is **17.**

As it can be understood from above information, Turkey is not only self-sufficient for this product also has a supply surplus. That said, Turkey also has increasing imports for items under HS 85.44 mainly from China and Bulgaria. According to statements of some sector representatives, the reason of imports is to procure cheaper wire & cable for large projects by companies such as Turkish Telecom. According to ITC Trademap data, Turkey's imports represent **0.7%** of world imports for HS 85.44, and Turkey’s ranking in world imports is **33.**

For imported cable products, it’s required for the products to carry CE marking, decleration of conformity with Turkish Stardarts and importers must be registered to Ministry of Industry,

As these products are by products and not finished products, the trade channels can be summarized as producer-importer to wholesalers and to end users.

According to ITC Trademap data, , average import value of Turkey for HS 85.44 is around 12.000 USD/Ton. (As of 2015)

Import tariffs applied by Turkey are between 0% - 2.8%. 0% is applied to developing nations including Sri Lanka, and to EU countries which has a customs union agreement with Turkey. Turkey’s import tariff for China is 2.8%.

3.Position of Sri Lankan goods

According to ITC Trademap data between 2012-2016, Sri Lanka has not exported to Turkey any items under HS article 85.44.

The main reason of this situation is Turkey's significant domestic production for various types of cables and the fact that the wire&cable industry of Turkey has been having supply surplus and Turkish producers themselves are targeting new markets for exports. Turkey is self sufficient in wire & cable products and mostly imports for large infrastructure and telecommunications projects. When Sri Lanka's export figures are observed, it's thought that Sri Lankan exporters need much larger production capabilities in order to cater to Turkish market with respect to wire & cables.

4.Activities of Competition

China and Bulgaria account for almost half of Turkey's imports. Bulgaria ranks first by value but not by imported quantity as imported quantity from China is higher. Almost all other significant suppliers of Turkey such as Germany are among European Union countries.

It's not known whether it's competitors have any significant advantages over Sri Lanka in quality, packaging, labeling, etc. However, with a much higher production capacity and lower unit prices in compare to EU countries, China appears as a leading supplier among these in terms of exported quantity. Bulgaria, as the top supplier of Turkey in value, has advanced facilities in wire & cable production and using it's advantage of being Turkey's neighbor and duty free access to Turkish market.

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

5.Conclusions and Recommendations

Market progress for the product is on the positive side however Turkey's domestic production and supply surplus prevents progress for exports.

It's concluded that opportunities for relevant Sri Lankan exporters will be very limited in Turkish market for above reasons.

As a recommended approach to access Turkish market, It's recommended for Sri Lankan companies to start with trial amounts of exports and seek ways to become solution partners of Turkish producers. Organizing business to business events with the support of relevant Chambers & Associations from both countries would also generate positive results.

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