



Iron & Steel Scrap Market in Turkey

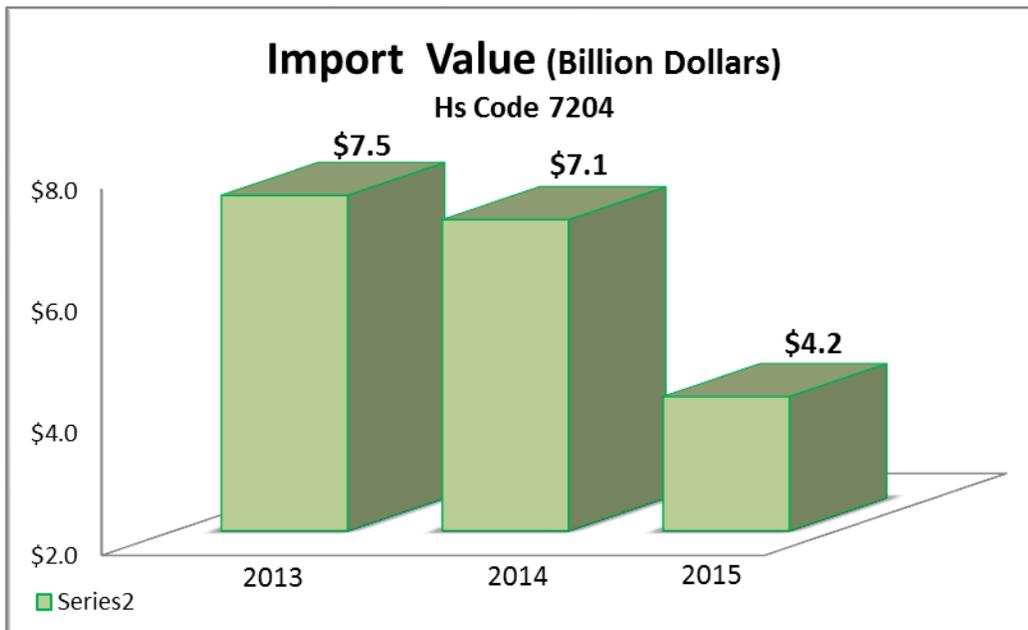
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Summary

Turkey is one of the significant importers of steel scrap with its annual consumption of 16.2 million tons. At the same time, U.S. is one of the largest exporters of scrap and most of the countries, including Turkey use American scrap classification criteria. Three fourths of steel is being produced in “electric-arc furnaces” and the rest at “integrated plants”. Turkey is the 9th largest steel producer in the world and produced 31.5 million tons of crude steel in 2015. Some of the largest steel producers in the Turkish market include Erdemir, Icdas, Colakoglu, Karabuk Demir Celik and Asil Celik. Turkish iron and steel industry supplies 34% of its scrap need from local sources and the rest are imported. Turkish scrap imported 16.2 million tons of steel scrap in 2015, and the majority came from the United States, Russia and UK, with the U.S. ranking first.

Market Data

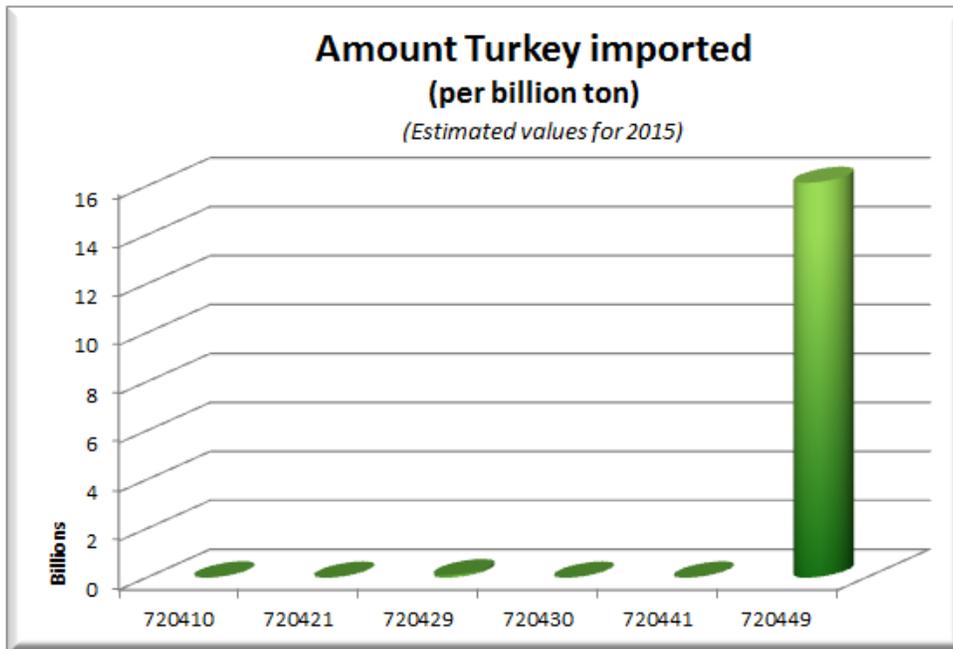
The market for iron and steel scrap in Turkey is \$4.2 billion in 2015. HMS-I and HMS-II imports dominate the import market. According to the Turkish Statistical Institute (TUIK), U.S. is the largest supplier of scrap with the following HS Code; 7204. Below charts show that there’s a significant decrease in imports in 2015 compared to 2013 and 2014, resulting from the decrease in local production, caused by global reasons, i.e. over production of China, and U.S. antidumping cases against Turkish exports.



****Source: TUIK**

Best Prospects

Of the scrap imports into Turkey totaling 16.2 billion tons, and \$4.3 in 2015, ferrous scrap (HS 720449) has the largest share with 99%. United States is the largest exporter of HS 720449, with 3.8 billion tons and \$1 billion. Steel waste and scrap, other than stainless (HS 720429) scrap ranks second in total scrap imports with \$27 million, and United States again has a remarkable share with 30%.



- 720410:** Cast iron Waste and scrap
- 720421:** Stainless steel waste and scrap
- 720429:** Steel waste and scrap, other than stainless
- 720430:** Tinned iron or steel waste and scrap
- 720441:** Ferrous waste & scrap nesoi, turnings, chips etc
- 720449:** Ferrous waste & scrap nesoi

****Source:** TUIK

Key Suppliers

The Turkish market primarily supplies iron and steel scrap from United States, Russia, UK, Belgium and Ukraine. Primary payment term used in scrap imports is 95% upfront, followed by %5, after the arrival of scrap to the foundry and test results are satisfactory.

US suppliers can see most Turkish end users of scrap at <http://www.d cud.org.tr/en/users.asp>.

Market Entry

To be successful in the Turkish market, most U.S. companies opt to have a local representative or a liaison office. As their business develops, companies can open up subsidiaries. Companies often rely on local experience and knowledge as to how business is done in this exciting market. Knowing the regulatory and business framework is almost an impossible task without the support of a local business partner.

Some “Good-to-know” information to a newcomer to the Turkish market:

- Recognize the strategic importance of Turkey in accessing to other markets in the region: (Europe, Caspian, Middle East, CIS, North AFRICA)
- Plan, prepare and execute an effective, long term strategy. This is especially important for the scrap market, because most of the end users are very conservative with their scrap suppliers, which is very important for their production.
- Visit Turkey Often --- Personal contact remains key even in the age of Webinars.
- Get “on the ground” advice from professionals already engaged in the market.
- Take time to structure the deal and remember due diligence, including IPR protection.
- Networking is a key. Use contacts, including CS/Turkey to help you meet prospective partners/customers.
- Local Agent is only as good as the U.S. firm is to its agent. It’s a partnership.

The Commercial Service in Turkey has a number of programs and services available to assist the U.S. business community in establishing a presence in this market, e.g., the International Partner Search, the Gold Key Service, and the International Company Profile. In addition, the Commercial Service in Turkey employs experienced Commercial Specialists with industry sector expertise who can tailor your business approach to the right audience and to advise and steer your company through the often less than transparent bureaucratic procedures that are common in Turkey. To find out more about what we do to help you, please visit our web site at www.buyusa.gov/turkey. The U.S. Commercial Service prepares a ‘Country Commercial Guide’ every year. You may find detailed information on ‘How to Do Business in Turkey’ at <http://export.gov/ccg/turkey090909.asp>

Market Issues and Obstacles

Since 1996, Turkey has a Customs Union agreement with the European Union Countries, meaning customs tax on imports from the EU is zero therefore customs tax applied to U.S. products also apply for imports of U.S. products into Turkey. Additionally, Turkey applies 18% VAT to most of the products that are being imported or locally supplied. However, iron and steel scrap imports are exempt from both custom duties and VAT.

Below table shows tariffs and taxes on iron and steel scrap.

	Customs Tariff			Value Added Tax (VAT)		
	U.S.	Europe	East Asia	U.S.	Europe	East Asia
720410 (Cast iron Waste and scrap)	0%	0%	0%	0%	0%	0%
720421 (Stainless steel waste and scrap)	0%	0%	0%	0%	0%	0%
720429 (Steel waste and scrap, other than stainless)	0%	0%	0%	0%	0%	0%
720430 (Tinned iron or steel waste and scrap)	0%	0%	0%	0%	0%	0%
720441 (Ferrous waste & scrap Nesoi, turnings, chips etc.)	0%	0%	0%	0%	0%	0%
720449 (Ferrous waste & scrap Nesoi)	0%	0%	0%	0%	0%	0%

Related formalities during importation:

Requirement of Metal Scrap Importer Certificate and designated customs administrations for import (Product Safety and Inspection 2016/23 Annex 1)
Resource Utilization Support Fund deduction in deferred payment imports
Exceptional customs duty rate for iron and steel products
Goods that are subject to Laboratory Analysis
Special Consumption Tax for scrap and skimming
Importation of items, which are under Article 17/4-g of 3065 numbered Law is exempt from value added tax.
Implementation regarding products of European Community Of Coal And Steel

Required Documents for imports

Invoice
Value Declaration Form
The payment voucher of the Contribution to Environmental Protection
Metal Scrap Importer Certificate

Trade Events

ANKIROS, ANNOFER, TURKCAST 2016 – 13th International Iron-Steel & Foundry Technology, Machinery and Products Trade Fair

September 2016 (9.29.2016-10.1.2016)
Hannover-Messe Ankiros Fuarçılık A.Ş.
For more information: www.ankiros.com

Resources & Contacts

DEMİR ÇELİK ÜRETİCİLERİ DERNEĞİ (Iron and Steel Producers' Association)

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ÇELİK İHRACATÇILARI BİRLİĞİ (Turkish Steel Exporters Association)

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Web Site: <http://www.cib.org.tr/>

For More Information

The U.S. Commercial Service in Izmir, Turkey can be contacted via e-mail at: Naz.Demirdoven@trade.gov;
Phone:[90] (232) 441-2446; or visit our website: www.buyusa.gov/turkey/en

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Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: Customer.Care@mail.doc.gov. Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

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