



Stainless Steel Market in Turkey

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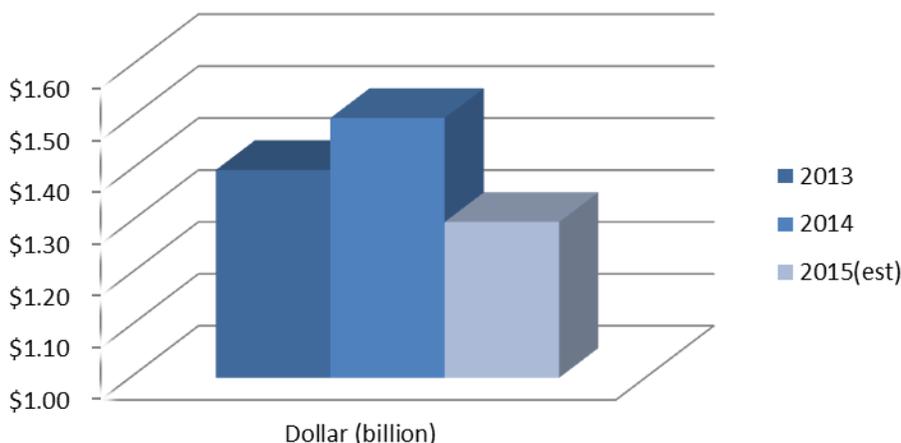
Summary

Turkey is one of the significant importers of stainless steel in the world, with approximately 580,000 tons per year, due to its negligible amount of local production. Large household good producers like Arcelik, Vestel and Profilo consume the majority of the imported products of approximately 70 -80,000 tons. Other major importing industries are machinery, automotive, and construction, and the types of products imported include round bars, hexagon bars, tubes and flat bars. Majority of imports into Turkey come from Taiwan, China and India. U.S. exports of stainless steel into Turkey rank below many other supplying countries, because of the difference in the standards and measurement systems of the United States, in addition to its high local market consumption in the United States.

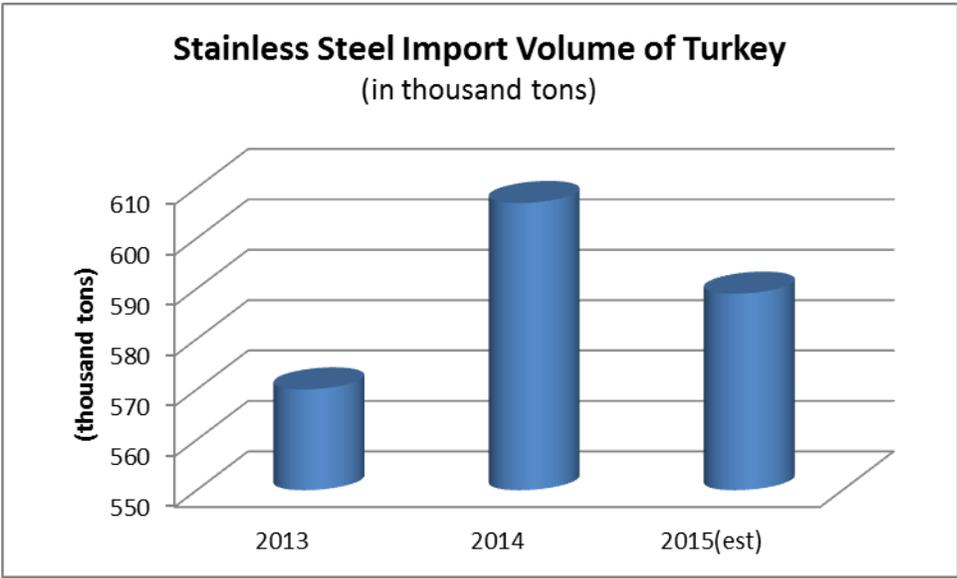
Market Data

The market for stainless steel in Turkey in 2015 is \$ 1.3 Billion. Below charts show that there's a significant decrease in imports in dollars in 2015 compared to 2014. However, this decrease is not as dramatic when import volume in tons is considered. One of the reasons of this difference between the two charts is because of the reduction in the global stainless steel prices. The other reason is that, the Turkish market started to import low priced alloys which contains less nickel.

Stainless Steel Imports of Turkey



****Source: TUIK**



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Mainly, Turkish market uses stainless steel widely across all end use segments including appliances, sinks & kitchenware, process equipment, transport, building and construction. The most demanded type of product in Turkey is AISI 304.

Best Prospects

All stainless steel products, hot or cold flat rolled coils and products are among best prospects for U.S. exporters, due to local production shortages, and increasing stainless steel need in Turkey. Among all, demand for HS 721913 (Flat rolled stainless steel in coils, 600 mm or more wide, hot rolled, 3 mm but under 4.75 mm thick) and HS 721934 (Flat rolled stainless steel products, 600 mm or more wide, cold rolled, 0.5 mm but not over 1 mm thick) are the highest.

721912: Flat-Rolled Stainless Steel In Coils, 600 Mm Or More Wide, Hot-Rolled, 4.75 Mm But Not Over 10 Mm Thick

721913: Flat-Rolled Stainless Steel In Coils, 600 Mm Or More Wide, Hot-Rolled, 3 Mm But Under 4.75 Mm Thick

721933: Flat-Rolled Stainless Steel Products, 600 Mm Or More Wide, Cold-Rolled, Over 1 Mm But Under 3 Mm Thick

721934: Flat-Rolled Stainless Steel Products, 600 Mm Or More Wide, Cold-Rolled, 0.5 Mm But Not Over 1 Mm Thick

722020: Flat-Rolled Stainless Steel Products, Under 600 Mm Wide, Cold-Rolled



Even if Turkey is one of the biggest importers in Stainless Steel sector, U.S. falls behind the export competition to Turkey. Some of the most exported products from U.S. to Turkey are as follow;

721933: Flat-Rolled Stainless Steel Products, 600 Mm Or More Wide, Cold-Rolled, Over 1 Mm But Under 3 Mm Thick..

722020: Flat-Rolled Stainless Steel Products, Under 600 Mm Wide, Cold-Rolled.

722230: Bars And Rods Of Stainless Steel.

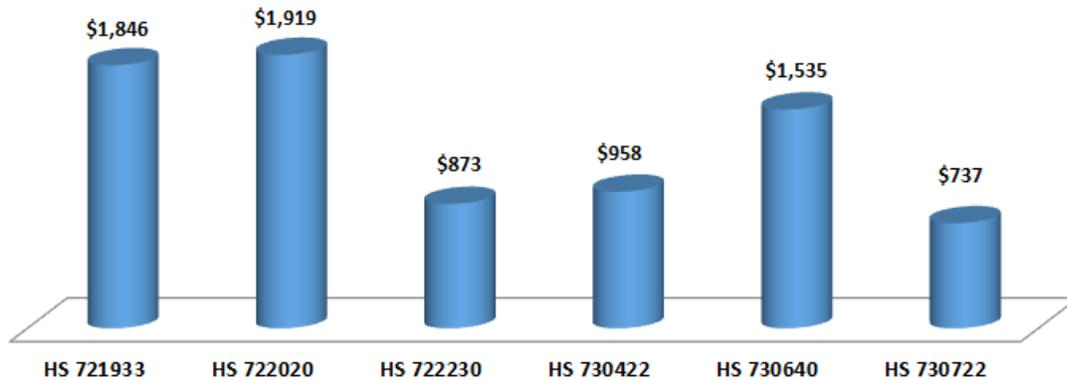
730422: Drill Pipe Of A Kind Used In Drilling For Oil Or Gas, Of Stainless Steel.

730640: Pipes, Tubes And Hollow Profiles Nesoi, Welded, Of Circular Cross Section, Of Stainless Steel.

730722: Pipe Or Tube Fittings, Nesoi, Stainless Steel Threaded Elbows, Bends And Sleeves.

Amount U.S. exported to Turkey (in thousand dollars)

■ *Estimated Values for 2015*



Key Suppliers

The Turkish market primarily supplies stainless steel products from Korea, China and India because of their low production costs and the increasing confidence in the quality of Asian products in the past few years.

Additionally, Korea is one of the countries that Turkey does not apply quota on cold rolled products, in addition to countries that have free trade agreements with the EU. Since Oct. 30, 2013, Turkey benefits from zero import duty rate on cold rolled products from Korea, due to the Korean cold rolled manufacturing company in Turkey, Posco Assan. It is the only company in Turkey that produces cold rolled stainless steel products. Posco Assan imports hot rolled products from Korea to Turkey and their liaison manufacturing company in Turkey produces cold rolled products from the imported hot rolled products.

Taiwan is another country that has a significant role in imports of the country. Turkish importers trust Taiwanese exporters, due to their loyalty to their promises, like shipping the goods on time and the quality of their products.

Some of the exporting companies to Turkey are as follow;

- Viraj Profiles Limited - India
- Mukand Limited - India
- Marcegaglia - Italy
- Aperam - Italy
- DAIICHI Stainless Steel Co.- Japan
- Outokumpu - Finland
- Acerinox - Spain

Market Entry

To be successful in the Turkish market, most U.S. companies should 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
- Investing in professionally translated marketing material is worth every “kurus”
- 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 key. Use contacts, including CS/Turkey to help you meet prospective partners/customers. Be aware that, every penny in costs for Stainless Steel stockiest
- 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 quota for cold rolled flat products to all countries including the U.S. excluding European Union Countries.

Tariff rates of stainless steel products for the U.S., Taiwan, China and India are the same. For example; Customs duty on the following HS code 7219.13.10.00.19 (Flat-rolled stainless steel in coils, 600 mm Or more wide, hot rolled, 3 mm but under 4.75 mm thick) is 0%, plus 18% VAT. This amount is implemented imports both from the U.S. and Taiwan. However, Turkish government is applying quota for the importation of cold rolled stainless steel products, HS 7219.31.00.00.00 (Flat-rolled stainless steel products, 600 mm or more wide, cold-rolled, 4.75 mm or more thick) with a 8% duty rate and 18% VAT until 31. Dec. 2015. There might be a probability of reapplying this quota for cold rolled products for 2016 as well.

Below table shows tariffs and taxes on raw materials.

	Customs Tariff			Value Added Tax (VAT)		
	U.S.	Europe	East Asia	U.S.	Europe	East Asia
721912 (Flat-Rolled Stainless Steel In Coils, 600 Mm Or More Wide, Hot-Rolled, 4.75 Mm But Not Over 10 Mm Thick)	0%	0%	0%	18%	18%	18%
721913 (Flat-Rolled Stainless Steel In Coils, 600 Mm Or More Wide, Hot-Rolled, 3 Mm But Under 4.75 Mm Thick)	0%	0%	0%	18%	18%	18%
721933 Flat-Rolled Stainless Steel Products, 600 Mm Or More Wide, Cold-Rolled, Over 1 Mm But Under 3 Mm Thick)	8%	0%	8%	18%	18%	18%
721934 Flat-Rolled Stainless Steel Products, 600 Mm Or More Wide, Cold-Rolled, 0.5 Mm But Not Over 1 Mm Thick)	8%	0%	8%	18%	18%	18%
722020 (Flat-Rolled Stainless Steel Products, Under 600 Mm Wide, Cold-Rolled)	8%	0%	8%	18%	18%	18%

Trade Events

ANKIROS 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

PAS-DER (Stainless Steel Association)

Ayazağa Mahallesi, 215. Sokak Vadi İstanbul Teras 3. Blok 18 nci Kat, No: 224 Sarıyer, İstanbul.

Contact: Mr. Ufuk LEFLEF, Chairman

Phone: [90] (850) 477-4401

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Web: www.pas-der.com

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

Cinnah Caddesi Alaçam Sokak No : 1 / 24 Cankaya, Ankara, Turkey

Contact: Mr. Bayram Yusuf Aslan, Chairman

Phone: [90] (312) 466-3734, Fax: [90] (312) 467-2207

E-mail: celik@celik.org.tr

Web Site: www.dcu.org.tr

YASSI ÇELİK İTHALAT İHRACAT VE SANAYİCİLERİ DERNEĞİ (YİSAD)

(Flat Steel Importers, Exporters and Industrialists Association)

Kucuk Bakkal Koy Mahallesi, Kayis Dagi Cad. Metal Is Merkezi, No: 37, Kat:2, D: 16, Atasehir, Istanbul, Turkey

Contact: Mr. H. Tuncay SERGEN, Chairman

Phone: [90] (216) 574-1169, Fax: [90] (216) 574-1170

Email: yisad@yisad.org.tr

Web: www.yisad.org.tr (under construction)

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; Fax:[90] (232) 489-0267; 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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