



Packaging Machinery Market in Turkey

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January 17, 2017

Summary

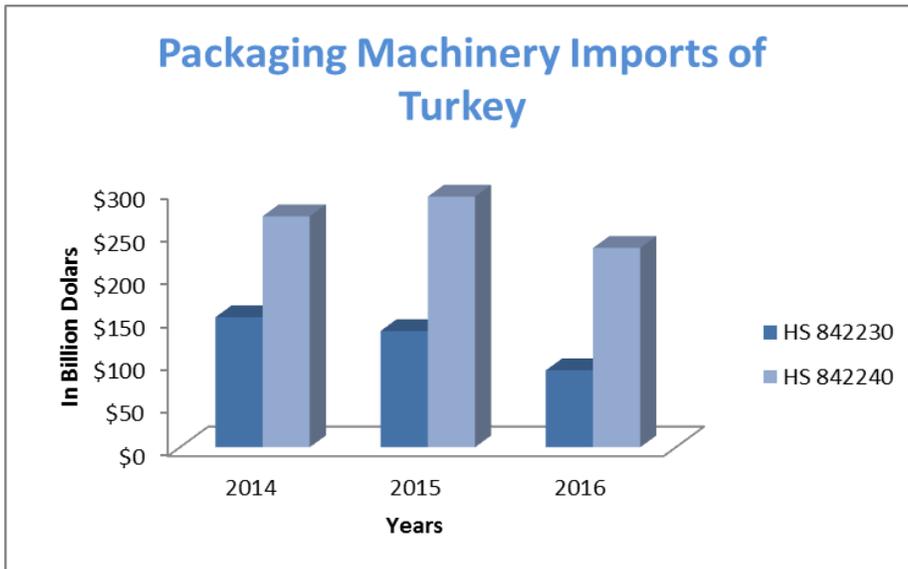
The packaging industry is one of the fast growing sectors in Turkey. Growth in population and living standards, fast urbanization, diversification of consumer goods, increase in globalization and accessibility to new products as well as increase in consumption and increase in exports have all resulted in higher demand for packaged products. Awareness of Industry 4.0 and demand for moving production towards automation resulted with investments in packaging machinery. The market value for packaging industry is \$20 billion and Turkey consumes 3.5 million tons of packaging products every year. By 2023, Turkey has set a target to reach \$30 billion market size and \$300 consumption per person from the current \$260 level. There are approximately 3000 packaging manufacturing companies, including all SMEs and large firms, and 100,000 people are employed by the industry.

In packaging machinery, European Union companies dominate the import market due to geographical proximity and the Customs Union Agreement. American companies can increase market share in this developing market by finding qualified distributors. Additionally, they can take advantage of Turkish companies' expertise in surrounding countries by forming partnerships.

Market Data

According to the Turkish Statistical Institute (TUIK), Turkey's imports from world were above \$323 million in 2016. Majority of the imports were from Germany, Italy, France, Spain and China. The U.S. is also one of the preferred countries for purchasing packaging machinery, but not dominant in the market. Most of the packaging machinery distributors told that quality, flexibility in production and price is their priority on deciding from which country/company to import. The largest import within packaging machinery is from HS 842240 (Packing or Wrapping Machinery (Including Heat-Shrink Wrapping Machinery)). However, imports of HS 842230 (Machinery For Filling, Closing, Sealing, Capsuling Or Labeling Bottles, Cans, Boxes Or Other Containers; Machinery For Aerating Beverages) is also preferable by packaging industry.

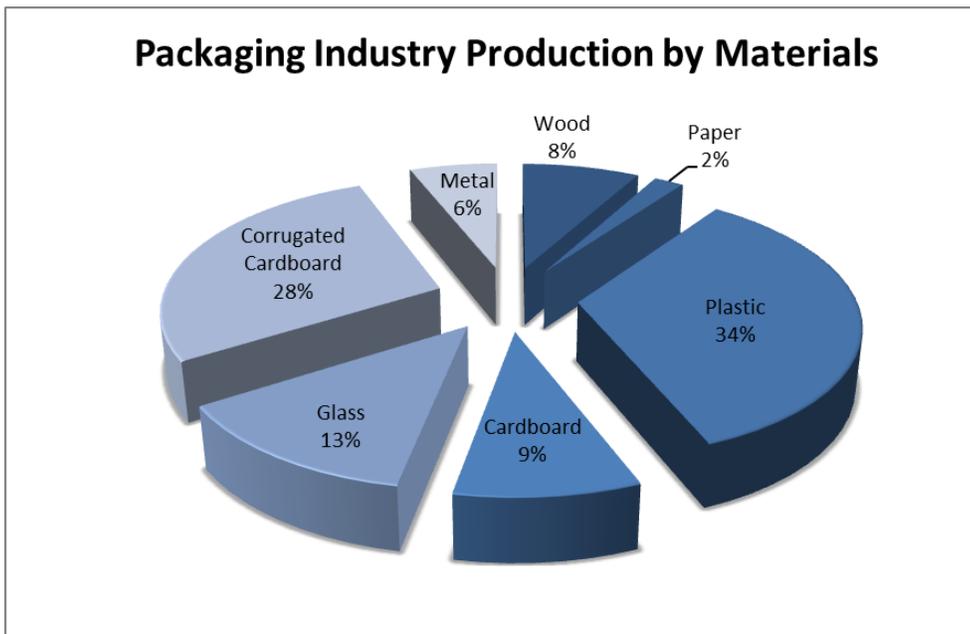
Below charts show that there's a sharp decrease in imports, in 2016 compared to 2014 and 2015, caused by global reasons, i.e. global economic crisis



***Source: GTA (Global Trade Atlas)**

****Source: TUIK (Turkish Standards Institute)**

Turkish packaging manufacturers use following materials in their packaging production; plastic, paper and cardboard, corrugated cardboard, metal, glass, and wood packaging. Among these groups, plastic packaging sector with 34% has the biggest share in the market. According to the Ministry of Economy in Turkey, plastic packaging production is above 1.5 million tons. Following after plastic packaging, corrugated cardboards, paper & cardboards and glass are the other important packaging raw materials used in Turkey.



****Source: TUIK (Turkish Standards Institute)**

Most of the packaging producers are located respectively in the following cities: Istanbul, Izmir, Gaziantep and Konya.

In general, highest packaging products and packaging machinery are being consumed by the following sectors;

1. Sugar and confectionary products; chocolate, gum and nougat products,
2. Flour and flour based products; cookie, cake, snack and breads,
3. Oil and oil based products (liquid and hard),
4. Dairy products; milk, cheese, yogurt,
5. Soap, Cosmetics, Hygiene papers,
6. Detergent and Cleaning products,
7. Soups, Spices, Pudding and other granulated food products,
8. All Beverages
9. Cigarette and tobacco products
10. Tea, coffee, cacao and salt products,
11. Medicine and health products,
12. Meat, Chicken, fish and fisheries products,
13. All agriculture products like; Chips, Dried fruits, nuts, olives and etc.
14. Others (baby foods, tags & labels, and etc.),
15. Industrial products (house appliances, textile products, decoration products, and etc.)

Best Prospects

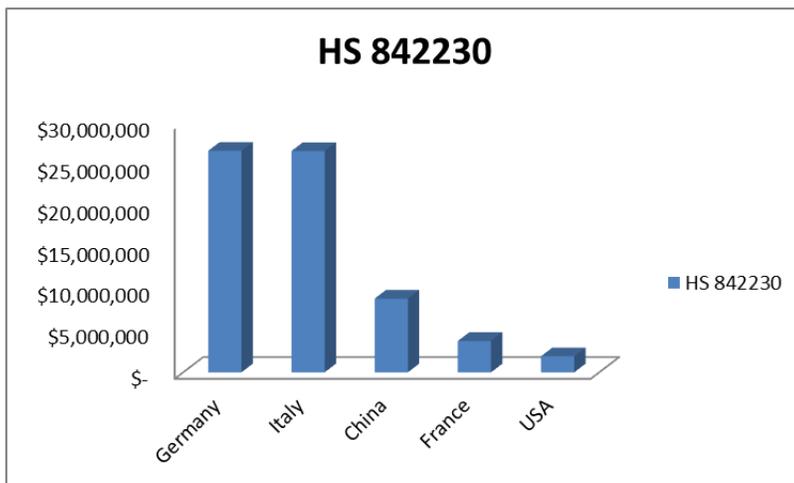
- Machines for filling, closing, sealing, labeling bottles, cans or containers
- Parts of machinery for industrial preparation of food and drinks.
- Machinery for finishing paper and paperboard, carton handling, bagging, shrink and wrapping equipment.
- Heat sealing machines and labeling.
- Stretch wrapping machinery.

Key Suppliers

The Turkish market primarily supplies packaging machinery products from Germany, Italy, Spain, France and China. Although there are packaging manufacturers in Turkey, Turkey's import rate is much higher than its export and Turkish companies prefer to import packaging products that are fast, have big capacity and have advanced automation. Turkish distributor companies say that packaging machinery production is not a well-developed sector in

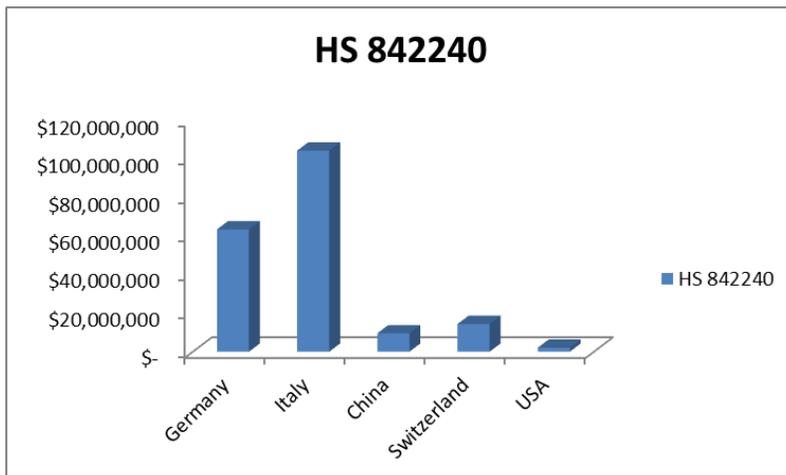
Turkey but it is a developing sector. Large companies believe that quality, capacity and speed wise imported products are better than the locally produced equipment.

Germany and Italy are the most preferred countries that Turkey imports under the tariff code of; HS842230 (Machinery For Filling, Closing, Sealing, Capsuling Or Labeling Bottles, Cans, Boxes Or Other Containers; Machinery For Aerating Beverages). Following Germany and Italy, China and France are the other countries that rule the Turkish market. In addition, U.S. is the 8th country with \$2 million export value to Turkey under the same tariff code.



****Source: TUIK (Turkish Standards Institute)**

Highest import, with a total of \$233.5 million is from the HS 842240; (Packing Or Wrapping Machinery-Including Heat-Shrink Wrapping Machinery) Again, Italy and Germany lead the market in this tariff code and U.S. line up at the 10th with \$2.1 million.



****Source: TUIK (Turkish Standards Institute)**

Primary payment term used in packaging machinery imports are mainly cash in advance but depending on the agreement between two companies sometimes Turkish companies pay 90% upfront, followed by %10, after the installation. Some companies also use leasing services of banks.

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.
- 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.export.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://2016.export.gov/Turkey/doingbusinessinturkey/index.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 including packaging machinery products that are being imported or locally supplied.

Below table shows tariffs and taxes on packaging machinery products.

	Customs Tariff			Value Added Tax (VAT)		
	U.S.	Europe	East Asia	U.S.	Europe	East Asia
<p>842230 (Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers machinery for capsuling bottles, jars, tubes and similar containers machinery for aerating beverages)</p>	1.7%	0%	1.7%	18%	18%	18%
<p>842240 (Other packing or wrapping machinery (including heat-shrink wrapping machinery))</p>	1.7%	0%	1.7%	18%	18%	18%

Related formalities during importation:

- Permission of the Ministry of Economy for used or renewed goods and CIF Unit Value /Single Window e-Document - System (Import: 2017/1 - Annex I)
- Items which are on the List V (Suspension List) of Import Regime (2017)
- Import inspection is performed via TAREKS based on risk analysis / CE Marking Requirement (Machinery Safety) /Single Window e-Document System (Product Safety and Inspection 2017/19 - Annex 2)
- Resource Utilization Support Fund deduction in deferred payment imports
- 1% VAT for machinery and equipment leasing based on investment incentive certificate
- List of products for which after-sale assemblage, maintenance and repair services are required

Required Documents for imports

- Invoice
- Value Declaration Form
- After-Sale Services Qualification Certificate (it is advised to study the annex of the Regulation on After-Sale Services for Industrial Goods)

Trade Events

23rd EURASIA PACKAGING FAIR, Istanbul/ AVRASYA AMBALAJ FUARI, Istanbul

October 2017 (10.25.2017-10.28.2017)

Reed Tuyap Fuarcilik A.S.

For more information: www.packagingfair.com

2nd ANKA-PAK, Ankara

November 2017 (11.23.2017-11.26.2017)

Uluslararası Fuarcilik Tanitim ve Organizasyon A.S.

For more information: <http://www.infofair.com.tr/en/home>

Resources & Contacts

AMBALAJ SANAYICILERI DERNEGI –ASD- (Packaging Manufacturers Association)

Kosuyolu Katip Salih Sokak No. 13 Kadikoy, Istanbul/ TURKEY

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Web Site: www.ambalaj.org.tr

AMBALAJ MAKINECILERI DERNEGI –AMD- (Turkish Packaging Machine Producers Association)

Koşuyolu Katip Salih Sokak No. 13 Kadikoy, Istanbul/ TURKEY

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Web Site: <http://www.amd.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.export.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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