



SCREENING CHAPTER 20 ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XVIII: STEEL SECTOR

**Country Session: The Republic of TURKEY
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Overview

Trade in ECSC Products

Trade between Turkey and the EU member states on ECSC products is being managed by Turkey-ECSC Free Trade Agreement, which puts this area out of the scope of the Customs Union.

However, in Turkey's FTAs with third countries, these products are treated the same as other industrial products.

Overview (CONT'D)

Iron and Steel Industry (2005)

- 21 million tons crude steel production,
- 10.5 million tons steel products exports,
- 9.3 million tons steel products imports,
- 11th largest producer in the world steel output.

Overview (CONT'D)

Dimension of the Sector (2004)

	Number of Companies	Hot Rolling Capacity (mio tons)	Employment
Integrated	3	7.85	17,307
Electric Arc Furnaces	18	12.11	12,328
Re-rollers	126	16.12	4,748
TOTAL	147	36.08	34,383

Source: Unofficial figures provided by Iron and Steel Producers Association and Association of Re-rollers

- With the privatization of state share in ERDEMIR in 2005, Turkish steel sector has become entirely privately owned.

Overview (CONT'D)

Crude Steel Production

By Products (mio tons)

	2004	2005
Long	17.1	17.5
Flat	3.0	3.1
Special	0.4	0.4
TOTAL	20.5	21

By Processes (mio tons)

	2004	2005
EAF	14.7	14.9
BOF	5.8	6.1
OH	0	0
TOTAL	20.5	21

Source: Unofficial figures provided by Iron and Steel Producers Association



Overview (CONT'D)

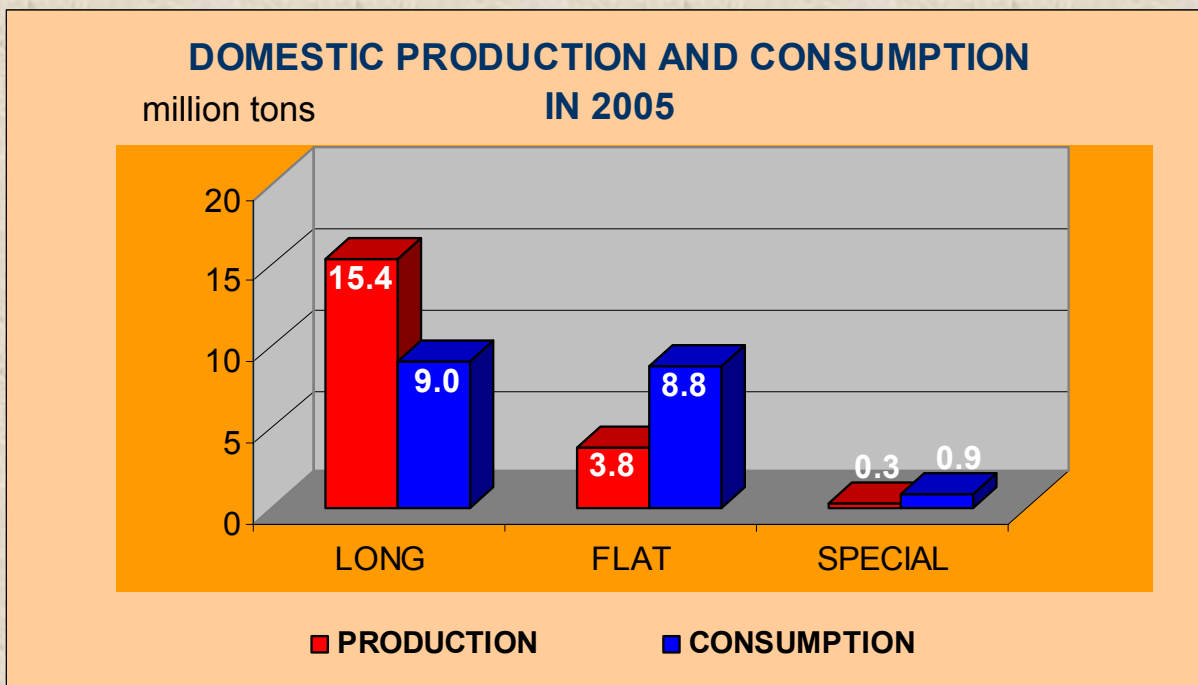
Imbalances Between Production and Consumption of Final Products

	DOMESTIC PRODUCTION		DOMESTIC CONSUMPTION		SURPLUS/DEFICIT	
	2004	2005	2004	2005	2004	2005
(mio tons)						
Long	13.3	15.4	6.7	9.0	6.5	6.4
Flat	3.6	3.8	7.8	8.8	-4.2	-5.0
Special	0.3	0.3	0.8	0.9	-0.4	-0.6
TOTAL	17.2	19.5	15.3	18.7	1.9	0.9

Source: Unofficial figures provided by Iron and Steel Producers Association

Overview (CONT'D)

Imbalances Between Domestic Production and Consumption of Final Products



Source: Unofficial figures provided by Iron and Steel Producers Association



Overview (CONT'D)

Export

	2004		2005*		% Change (05/04)	
	tons	Million €	tons	Million €	Quantity	Value
Semi Fin. Pro.	3,730,845	1,048	2,135,015	610	-42.8	-41.8
Flat Pro.	1,039,038	515	1,105,372	558	6.4	8.3
Long Pro.	7,158,041	2,499	7,098,752	2,347	-0.8	-6.1
Other	202,291	139	197,668	168	-2.3	20.9
TOTAL	12,130,215	4,201	10,536,807	3,683	-13.1	-12.3

(*)Temporary Figures

Source: Undersecretariat for Foreign Trade



Overview (CONT'D)

Import

	2004		2005*		% Change (05/04)	
	tons	Million €	tons	Million €	Quantity	Value
Semi Fin. Pro.	1,525,543	507	1,811,328	596	18.7	17.5
Flat Pro.	5,195,347	2,210	6,091,013	2,707	17.2	22.5
Long Pro.	627,542	304	679,905	371	8.3	22.0
Other	646,005	671	754,262	896	16.8	33.4
TOTAL	7,994,437	3,692	9,336,508	4,569	16.8	23.7

(*) Temporary Figures

Source: Undersecretariat for Foreign Trade



Institutions Involved

- Ministry of Industry and Trade (Domestic market related issues)
- State Planning Organisation (Policy issues)
- Undersecretariat for Foreign Trade (Foreign trade related issues)
- Undersecretariat of Treasury (General public support programs)



Tools and Instruments

Institution	Public Support Programmes
Undersecretariat of Treasury	SMEs, R&D and environmental support
Undersecretariat for Foreign Trade	Support for training, R&D and SMEs
TURK EXIMBANK	Export credits and insurance
KOSGEB	Support for SMEs
Ministry of Finance, Turkish Revenue Administration	Tax exemption and exceptions, public land sales, regional aid
Ministry of Industry and Trade	Regional aid, R&D support (Organised Industrial Zones, Technology Development Zones)
TUBITAK	Support for R&D



Restructuring Efforts

To overcome one of the main problems of Turkish steel industry, namely the imbalance between types of goods produced and consumed domestically, Turkey initiated a process for preparation of a National Restructuring Plan with the technical support provided by the Commission.

However, assessment on a draft national restructuring plan for the Turkish steel industry is continuing.



Thank you for your attention