



## **SCREENING CHAPTER 20 ENTERPRISE AND INDUSTRIAL POLICY**

### **AGENDA ITEM XVIII: STEEL SECTOR**

**Country Session: The Republic of TURKEY  
04-05 May 2006**

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- Restructuring Efforts

## 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,
- 11<sup>th</sup> largest producer in the world steel output.

## Overview (CONT'D)

### Dimension of the Sector (2004)

	<b>Number of Companies</b>	<b>Hot Rolling Capacity (mio tons)</b>	<b>Employment</b>
<b>Integrated</b>	3	7.85	17,307
<b>Electric Arc Furnaces</b>	18	12.11	12,328
<b>Re-rollers</b>	126	16.12	4,748
<b>TOTAL</b>	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
<b>TOTAL</b>	<b>20.5</b>	<b>21</b>

#### By Processes (mio tons)

	2004	2005
EAF	14.7	14.9
BOF	5.8	6.1
OH	0	0
<b>TOTAL</b>	<b>20.5</b>	<b>21</b>

Source: Unofficial figures provided by Iron and Steel Producers Association

## Overview (CONT'D)

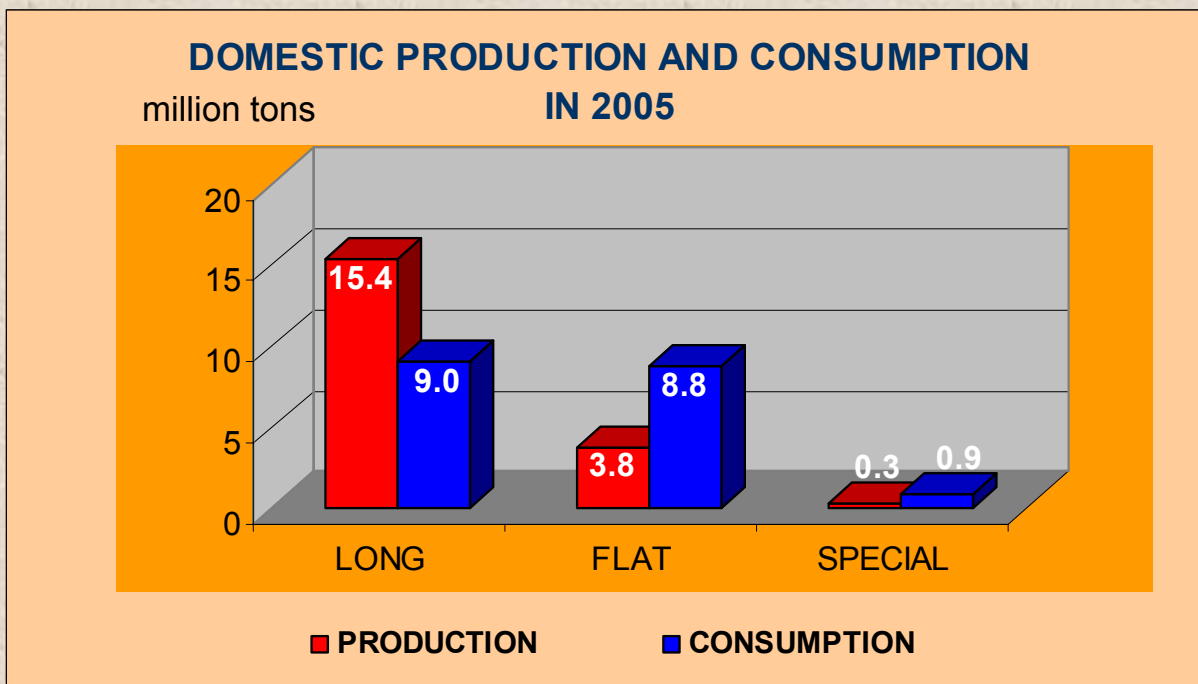
### Imbalances Between Production and Consumption of Final Products

	DOMESTIC PRODUCTION		DOMESTIC CONSUMPTION		SURPLUS/DEFICIT	
(mio tons)	2004	2005	2004	2005	2004	2005
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
<b>TOTAL</b>	<b>12,130,215</b>	<b>4,201</b>	<b>10,536,807</b>	<b>3,683</b>	<b>-13.1</b>	<b>-12.3</b>

(\*)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
<b>TOTAL</b>	<b>7,994,437</b>	<b>3,692</b>	<b>9,336,508</b>	<b>4,569</b>	<b>16.8</b>	<b>23.7</b>

(\*) 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**