

## **Maritime Industry Turkey – Opportunities for the international Maritime Industry**

### **Turkey in general**

- The economic growth of Turkey between 2002 and 2010 was 5% a year (for the rest of Europe it was 3%.) The growth in the coming years is estimated to be significantly higher than for the rest of Europe
- Of the 300 billion dollars of trade between Turkey and foreign countries in 2010 a total of 85% was transported over water. This percentage has been stable for years. Sea transport is by far the most important means of transport for the Turkish economy
- Direct foreign investments in Turkey between 2002 and 2010 increased fourteenfold (from 18,8 to 180 billion dollars)
- Import of goods into Turkey higher in growth than the export is

### **Turkey Shipbuilding in general**

- Turkey is the number 8<sup>th</sup> shipbuilding nation in terms of new building
- The largest buyer of Turkey's newly build vessels are companies that have ships that sail under the flags of Malta, Panama and the Marshall Islands
- The 10 largest shipyards can all be found in the Tuzla region. The number 1 yard, Sedef, employs 600 personnel (800 in 2009)

### **Turkey's shipbuilding tomorrow**

- Mid 2011 71 medium to large shipyards operated in Turkey. This is up from 34 yards since 2002. The coming years the Turkish government expects a further growth to 125 yards
- Because of lessening demand for smaller tankers and carriers yards are forced to look towards new maritime segments for more specialised builds (navy, super yachts and offshore)
- the change of course towards more technological high end vessels for specific purposes fits the exhibitor profile of Europort very much
- In 2023 (100-year anniversary of the Turkish Republic) the export value of the shipbuilding industry should amount to ten billion dollars. To realize this a growth of 20% each year is a necessity (this growth is equal to growth in the period 2002-2010)
- The focus in shipbuilding has changed these last few years. Between 2002-2008 (largest period of growth) the focus was mainly on new building but after 2009 (start of the world financial crisis) it came to be placed upon the service and repair of ships
- The low point of shrink was in 2009 when production dropped by 40% after that a slow recovery has started and the shrink is slowly lessening
- These last years the power of the Turkish yards lay in the building of small to medium sized oil and chemical tankers up to 10.000 DWT. The expectation is that the yards will use their expertise as a 'safe haven' until the economic situation has improved. This specialisation in a niche market might be a safety net for them
- Turkey NEEDS TO broaden her portfolio to find new customers. Not only towards larger ships but towards more specialized ships (offshore, navy, etc.) as well

### **Mega yachts**

- In 2010 Turkey was the number 3 builder of super yachts longer than 30 meters worldwide (behind Italy and the Netherlands)
- 50 to 60% of all activities are done by subcontractors or suppliers, for more complex ships this can

even be as much as 80%. The expectation is that this trend will continue onward and that eventually yards will do nothing but the final assembly

- For international designers of super yachts there lie many opportunities in Turkey. Opposite to how they work in the traditionally build tanker market Turkish yards tend to choose foreign designers when it comes to super yachts

### **Navy**

- Turkey owns the second largest military in the NATO. The first belongs to the USA

- The building of navy ships has the added prospect of billions of dollars' worth of investments from the Turkish government for modernization of their fleet

- A lot of military material from the defense industry is made to be exported (1 billion dollar in 2011)

- In the past years military expenses have lessened, however the expectation is that this will not last because the Turkish government has announced in her 'Strategic document 2009-2016' that they will invest heavily in their military apparatus in the field of R&D as well as be purchasing new materials

- Despite her strong growth the Turkish defense remains heavily dependent on imports from abroad

- Central in the 'Strategic Document 2009-2016' is that Turkey will become less dependent on import in her purchases of military goods. The national manufacturing industry will be strongly stimulated, however the naval field will require support from international subcontractors and suppliers to reach the set goals

### **Offshore**

- In the field of fossil fuels oil used to be largely transported by tankers, however the coming years this transport will be done more and more through (new) pipelines from the Caspian Sea and Russia

- In this field Turkey wants to be less dependent on imports and will invest heavily in the quest for and the exploitation of new oil- and gas fields

- Because Turkey needs to diversify because of other stagnating markets the offshore industry naturally comes into focus

- The ambition of the Turkish government to invest more in the reclamation of oil and gas to become less dependent on energy imports leads to increasing offshore activities and with that a growing demand for offshore ships, platforms and tugboats

- Because of the largely absent knowledge and experience in the building of specialized offshore ships Turkey is, for now, very much dependent on international suppliers, subcontractors and designers. There is often also a large cooperation with international shipyards to reach the required result. This is less so the case for tugboats in the offshore industry as many yards have had experience building these for government and port owners