



Turkey Country Commercial Guide: Defense Equipment (2012)

Ozge Cirika
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Overview

Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	6,605	7,040	7,911	8,797
Total Local Production	2,500	2,733	2,935	3,152
Total Exports	770	893	1,035	1,200
Total Imports	4,875	5,200	6,011	6,845
Imports from the U.S.	875	1,000	1,500	2,000
Exchange Rate: 1 USD	1.5 TL	1.9 TL	1.9 TL	1.9 TL

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: \$ 2.7 billion

Total Exports: \$ 893 million

Total Imports: \$ 8.4 billion

Imports from U.S.: \$ 4.2 billion

Turkey has always had a strong military to protect and defend its national borders and interests. Located at the crossroads of Europe, Asia and the Middle East, Turkey and its armed forces must be prepared to deter political conflicts and continue to fight terrorism in the Caucasus, the Middle East and the Balkans. Turkey understands that its role within NATO is to maintain troop strength that will serve as a deterrent, support security and humanitarian operations in the region, support regional crisis management, and operate small scale or limited force deployments. Turkey maintains the second largest land force in NATO and operates the second largest fleet of F-16s, second only to the United States.

The FY 2012 Ministry of Defense (MOD) budget is \$ 12 billion 154 million showing a 7.4% increase compared FY 2011. This does not include spending by the Ministry of Interior's Gendarmerie, the Coast Guard, defense procurements refunded by the Turkish Treasury and the Undersecretariat for Defense Industry Support Fund. Along with the MOD spending, \$ 2.6 billion is allocated to Gendarmerie, \$ 6.37 billion to the National Police and \$ 197 million to the Coast Guard spending. In total \$18.8 billion is allocated for defense and homeland security expenditures. On the other hand, as stated by Finance Minister Mehmet Simsek, the share of MOD budget within the total budget is 5.2% showing a 0.2% decrease compared to 2011.

All procurements for the Turkish Armed Forces (TuAF) are carried out according to certain rules and legislations, through which relevant and authorized institutions and organizations participate. The basis of all procurement activities is the Public Tender Law No. 4734 and the Public Tender Contracts Law No. 4735, which came into effect on January 1st, 2003. Direct military defense procurement is carried out by the Ministry of National Defense. SSM is in charge of all new procurements of TuAF except for logistics related procurement and certain smaller projects.

The MOD would like to modernize the TuAF to meet operational requirements in a timely fashion. Turkey is aiming to improve its manufacturing capabilities and develop a national industry in the field of defense to become self-sufficient. In order to reach this goal, Turkey is trying to maximize local manufacturing capabilities through R&D and technology transfer. Large scale system integrator companies along with SMEs which develop subsystems for system integrators are playing a key role in building up indigenous solutions for the defense industry.

Sub-Sector Best Prospects

Air platforms, aircraft parts and components, naval systems, electronics, telecommunications equipment, radars/ sensors, space systems, land systems/ parts & components, unmanned systems, arms and ammunition.

Opportunities

Although the focus is on developing the national defense industry, due to the size and sophistication level of the upcoming projects there are various opportunities for U.S. companies in the Turkish Market. In the main weapons systems category, about 80% of the defense equipment is presently procured from abroad.

The requirements of TuAF are met through direct purchases from domestic and foreign markets or by their participation in joint production programs. The joint production programs constitute potential export opportunities, as the tendency is to give more emphasis to joint production and joint activities through R&D. Turkey has started taking steps to develop indigenous systems to meet the needs of the TAF.

The modernization of TuAF will also bring export opportunities to U.S. companies. In the next 20 years, combat weapons and equipment currently in the TuAF inventory will need to be modernized or replaced with systems incorporating new technologies. Other requirements include main battle tanks, wheeled armored vehicles, tank transport and rescue vehicles, artillery upgrades, the pedestal mounted Stinger program, army tactical missile system (ATACMS), combat aircraft, airborne early warning aircraft (AEW), search and rescue helicopters, unmanned aerial vehicles (UAVs), submarines, destroyer class ships, fast patrol boats, mine hunter vessels and maritime patrol and surveillance aircraft.

Web Resources

U.S. Department of Commerce market research:
<http://www.export.gov/marketresearch.html>

TSKGV
<http://www.tskgv.org.tr/tskgv/>

SSM
www.ssm.gov.tr

MOD
www.msb.gov.tr

SASAD
www.sasad.org.tr

For further information on this report and to search more on the potential opportunities, please contact:

Ozge Cirika
Commercial Specialist
U.S. Commercial Service
U.S. Consulate Istanbul, Turkey
e-mail: Ozge.cirika@trade.gov
Web: <http://www.buyusa.gov/turkey/en-+>