



**A Presentation
by**

**ASSOCIATION of TURKISH
MACHINERY MANUFACTURERS**

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MİB
ASSOCIATION of TURKISH MACHINERY MANUFACTURERS

MİB REPRESENTS TURKISH MACHINERY SECTOR ALL AROUND THE
WORLD

ESTABLISHED IN 1990 AS NON GOVERNMENTAL ORGANIZATION.

MİB INCLUDES ALL KINDS OF CAPITAL MACHINERY MANUFACTURERS.

MİB IS MEMBER OF

CECIMO (European Association for Machine Tool Industries) since 1999

PNEUROP (European Committee of Manufacturers of Compressors, Vacuum
Pumps, Pneumatic Tools and Allied Equipments) since 2005.



**MACHINERY MANUFACTURING SECTOR IN TURKEY IS RATHER YOUNG,
THE FIRST INVESTMENTS IN HAVE BEEN INITIATED IN 1950'S AS STATE
ENTERPRISES.**

**AT THE END OF 1950'S THE FIRST PRIVATE COMPANIES STARTED TO
TODAY THERE IS NOT ANY GOVERNMENT INVESTMENT IN THE SECTOR.**

**THE COMPANIES ARE 95% SMS'S,
ALMOST ALL OF THEM ARE OWNED BY FAMILIES.**



ECONOMIC INDICATORS OF TURKEY

GROSS NATIONAL PRODUCT IN 2011 803,3 BILLION EURO

PER CAPITA INCOME 11.576 EURO

TOTAL IMPORT 172,9 BILLION EURO
38,8% FROM EU COUNTRIES

TOTAL EXPORT 96,9 BILLION EURO
46,2% TO EU COUNTRIES



PRODUCTION, EXPORT, IMPORT AND CONSUMPTION of CAPITAL MACHINERY

x 1000 EURO

	2007	2008	2009	2010	2011
CONSUMPTION	24.561.365	21.211.106	16.864.295	23.211.732	27.686.084
Change %	9,30	-13,64	-20,49	37,64	19,28
PRODUCTION	15.637.794	13.871.683	11.239.427	15.679.000	18.253.123
Change %	6,20	-11,29	-18,98	39,50	16,42
EXPORT	5.791.652	6.416.823	5.347.528	6.496.958	7.594.530
Change %	28,7	10,79	-16,66	21,49	16,89
IMPORT	14.715.223	13.756.246	10.972.396	14.029.689	17.027.491
Change %	13,98	-6,52	-20,24	27,86	21,37



2011

SIZE OF MACHINERY MARKET	27,7 BILLION €
PRODUCTION	18,3 BILLION €
EXPORTS	7,6 BILLION €
IMPORTS	17,0 BILLION €

MACHINERY IMPORT FROM ITALY WAS 1,75 BILLION €

ALTHOUGH THE MACHINERY MANUFACTURING SECTOR HAS SHOWN A SUCCESSFUL PERFORMANCE, THE VALUE OF IMPORTS IS STILL HIGH.



**IN DEVELOPED COUNTRIES
QUALITY, RELIABILITY AND TECHNOLOGY OF MACHINERY
IS MORE IMPORTANT THAN ITS PRICE.**

**45% OF THE TURKISH MACHINERY EXPORT IS TO EU COUNTRIES, USA
AND CANADA.**

**IT SHOWS THAT TURKISH MACHINERY MANUFACTURERS HAVE A
REASONABLE COMPETITIVE POSITION IN THE WORLD MARKET.**

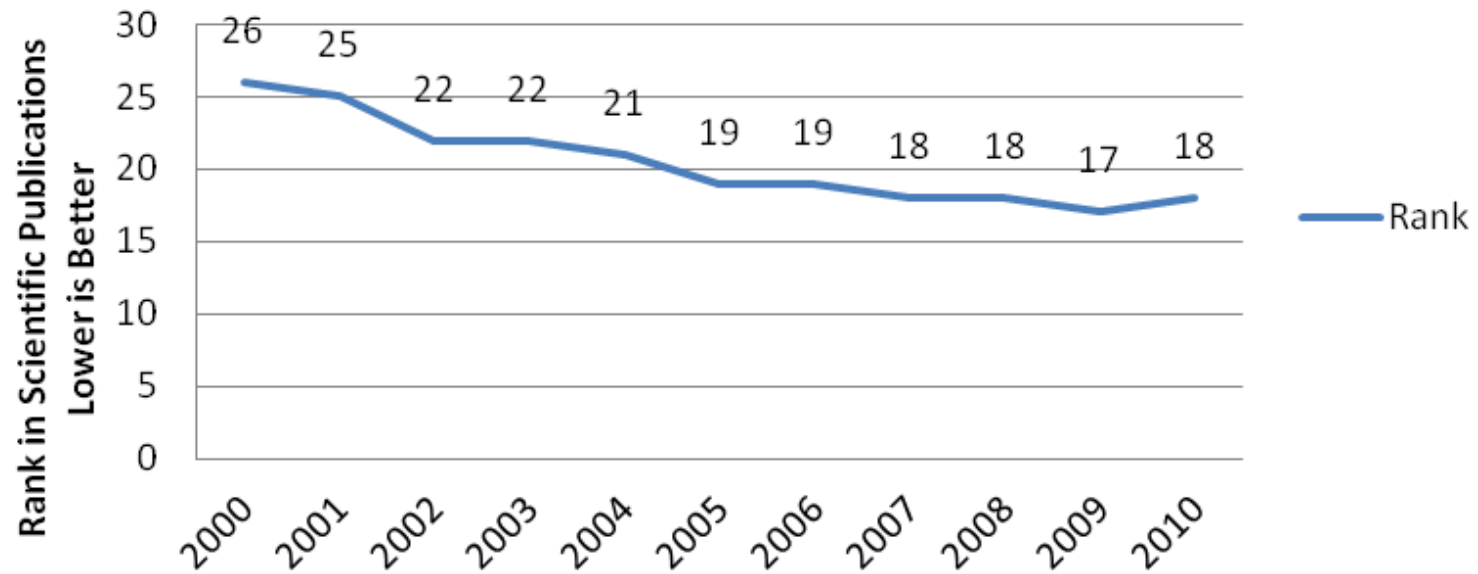


**A REPORT PUBLISHED IN EUROPE, SHOWS THAT
TURKEY IS 6TH BIGGEST MACHINERY MANUFACTURER IN
EUROPE (AS VALUE)
ALSO ACCORDING TO CECIMO'S PUBLICATION;
TURKEY IS IN THE 7'TH RANK IN EUROPE AS MACHINE TOOLS
MANUFACTURER COUNTRY.**

**IN 15th RANK AS TO THE MACHINE TOOLS MANUFACTURER
AND
EXPORTER IN THE WORLD
ACCORDING GARDNER PUBLICATION SURVEY 2011**



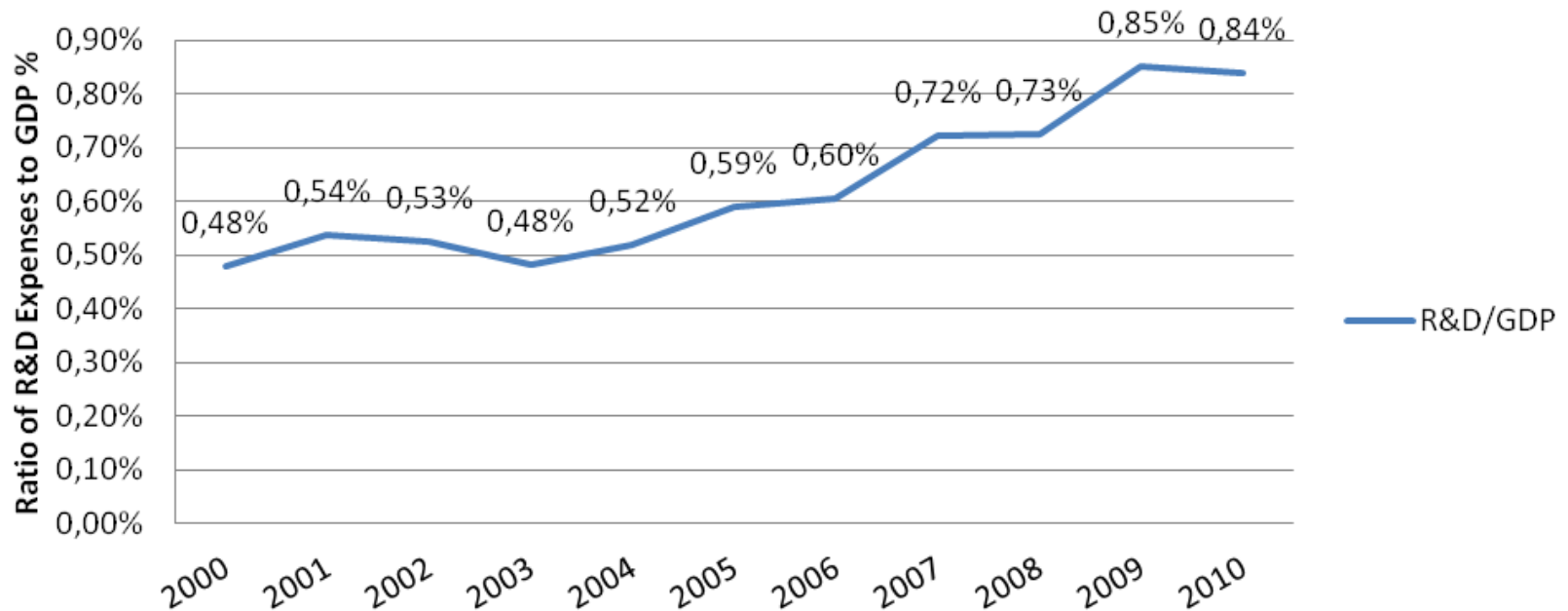
Number of Scientific Publications Ranking of TÜRKİYE



It follows the Machinery Manufacturing and Machinery export ranking of Türkiye



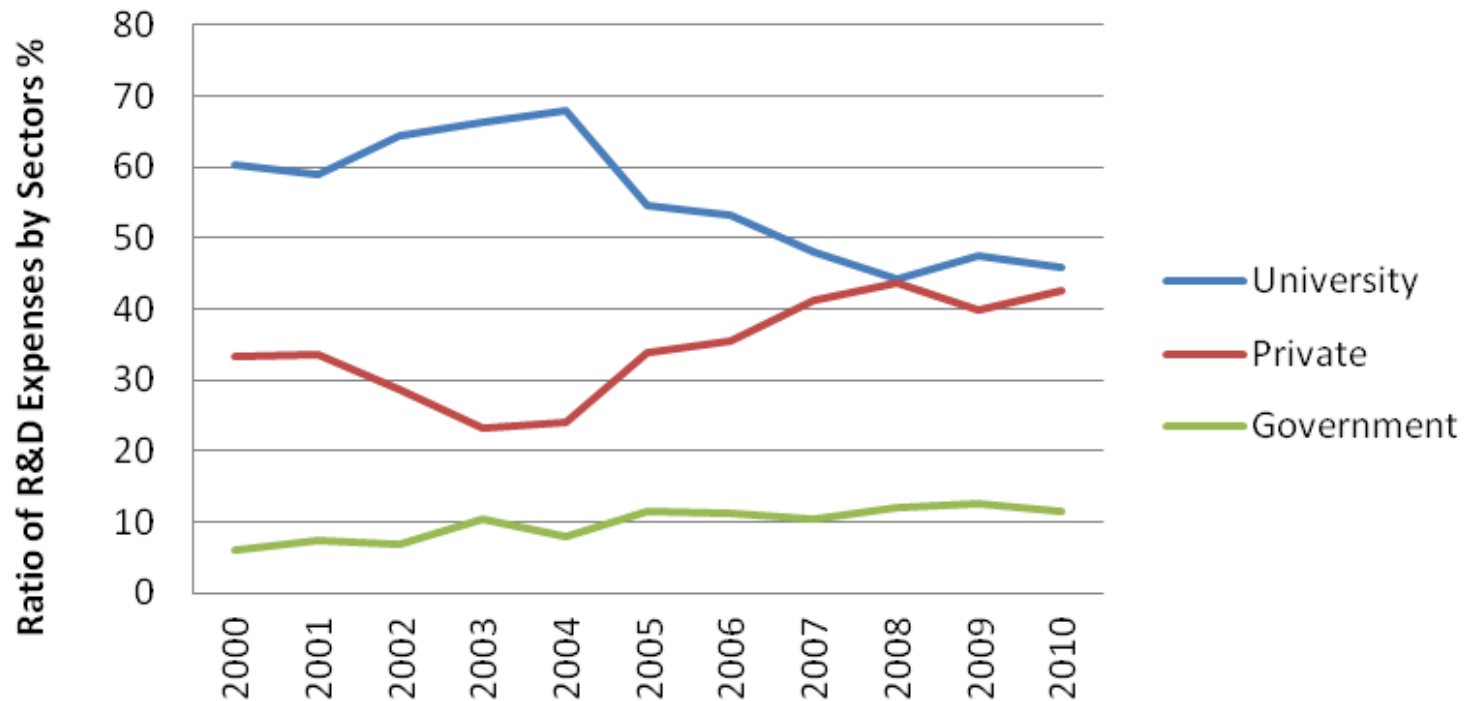
Ratio of R&D Expenses to GDP



In 11 years the ratio is almost doubled.
But, in comparison to developed countries, it is still LOW.
Target is 1.98%, EU Average.



Share of R&D Expenses by Sectors



University and Private sector shares gets closer in time. Graph also shows the time of economic crisis in 2001. Private sector share drops after 2001 till the market stabilizes itself and it makes the University share higher. Government share is almost stable over the time.



IN MACHINERY MANUFACTURING COMPANIES

- 95% of companies are SME's, owned by families,
- They prefer exhibitions once in 2 years
Due to the need to present new machinery to visitors, New machinery does not have to mean technologically developed, it may have some new functionality, only,
- Small number of manufacturing of products, not like cars, mobile phones, PC's.
- Most SME's do not have the human resources for R&D, Hard to find qualified manufacturing personnel for companies, let alone qualified R&D personnel*,
- Due to financial conditions employing & keeping experienced & qualified R&D personnel is hard for them*.
- SME'S are very much hesitant in cooperation for R&D studies, IF successful, who will be the owners of the rights of results,
- Duration and possibility of failure in R&D in scientific level is not acceptable financially for most of them,



IN MACHINERY MANUFACTURING INCENTIVES

- Incentives are given by government through different channels and procedure,
By direct finance of some part of the R&D expenses,
By tax reduction in some of the companies activities and expenses,
- Incentives do not cover R&D expenses fully,
Incentives are given up to 75% of the R&D expenses,
- All of the R&D projects are evaluated for eligibility by a commission consisting of academicians** and representatives from the sector, and also in interim periods
- R&D Centers formed by companies are supported with tax reductions but conditions are not so easy to fulfill by SME's, i.e. min. 50 R&D personnel, full control of personnel working time and other expenses, etc.
- R&D Center are also evaluated for eligibility by a commission at the beginning and 1 year intervals for proceedings and activities,



IN MACHINERY MANUFACTURING PROBLEMS

- * New generation of people is not interested in Machinery Manufacturing, sustainability problem in qualified personnel,
- ** Different scientific levels of R&D for academicians and the industry creates incompatibility between them
- Inexperience of industry in R&D activities results in ineligible projects rejected by commission,
- Inexperience of academicians in industry results in wrong evaluation of projects because of the terminology difference of industry and academy,
- Although the accounting legislation is detailed enough, inexperience in accounting in companies for R&D activities separately makes harder for them to get the incentives or preparing interim reports for commissions,
- Getting the incentives after the R&D may take some time due to last evaluation and allocation of the finance by the government which is not acceptable for most of the SME's.
- Some time scientific R&D may not be appropriate for immediate application in manufacturing.



ON BEHALF
of
ASSOCIATION of TURKISH MACHINERY
MANUFACTURERS

THANK YOU.