

Turkey: an open & dynamic market for farm machinery is essential to uphold the country's competitive edge in agricultural production

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Background

Agricultural production has grown consistently and substantially in Turkey. In line with this, the demand for agricultural equipment has gone up strongly. Turkey has a veritable opportunity to become a world player in agriculture thanks to:

- the availability of good arable land;
- different microclimates, allowing for the cultivation of different agricultural products;
- a unique geographic location at the crossroads of Europe, Middle East, North East Africa.

For farmers and agricultural producers in Turkey it is important that the veritable success story of Turkey in terms of rising agricultural production and improving agricultural mechanization can and will continue also in the years to come. For this vision to become a reality, Turkish farmers need access to affordable, state-of-the art farm machinery to ensure competitiveness in an evolving global market.

To ensure this is the case, Turkish trade in farm machinery needs to remain open and free in BOTH directions.

Active engagement of farm machinery producers in Turkey

Many European farm machinery producers, who may import some of their agricultural machinery from the EU and elsewhere, are actively engaging in the Turkish market to bring new technologies and equipment to help Turkey maintain its competitive edge in agricultural production in an increasingly competitive world market. These companies have a strong commitment to Turkey and have heavily invested or have a plan to invest in Turkey: to bring knowledge of the very latest farm machinery technology to Turkish farmers.

At the same time, these companies are playing a key role in helping to expand the use of Turkish made components across the entire globe. As part of the increasing global integration of supply chains and production processes, many companies provide components from suppliers in Turkey to factories across different countries of the world – a trend that is growing each year. So it is working both ways.

Such positive trends can only be sustained in the long term if trade with Turkey is open and free in BOTH directions.

Risks & detrimental effects of potential market obstructions in Turkey

CEMA is greatly concerned about potential obstructions to this open trade which would exert a detrimental effect on Turkey's competitiveness in agricultural production and would obstruct opportunities for other Turkish industries across the world. In particular, CEMA is worried about the following two measures negatively affecting farm machinery in Turkey:

1. Discriminatory treatment between tractors produced in Turkey and tractors produced in the EU
2. Import barriers (new duty on non-EU-, South Korea- and Malaysia- produced tractors and certain components (diesel engines and transmission))

1. Discriminatory treatment between tractors produced in Turkey and tractors produced in the EU

As of January 2018, it is foreseen that EU-produced tractors imported to Turkey would be treated differently to tractors produced and sold in Turkey. In particular, it is foreseen that EU-produced tractors imported to Turkey would need to meet the stricter engine emission requirements of Stage IV (Tier 4 final) while tractors produced in Turkey would only need to meet the less strict emission requirements of Stage IIIB (Tier 4 interim).

This discriminatory treatment would be to the direct disadvantage of Turkish farmers who:

- Would face a cost penalty in excess of 10% for purchasing most probably more efficient, state-of-the-art EU-produced tractors
- May have difficulties to access ultra-low-sulfur diesel (ULSD) in rural areas
- Be exposed longer to higher pollutant diesel exhaust emissions from IIIB machines, with longer term impact on the agricultural environment.
- Purchase local products which cannot be exported to the EU

→ **CEMA calls on Turkey to maintain equal treatment and a level-playing field in Turkey for tractors produced in the EU and tractors produced in Turkey.**

→ **The discriminatory treatment in terms of engine emission requirements presents an effective technical barrier to trade (TBT) which hampers the free flow of goods and goes against the spirit and aim of the EU-Turkey Customs Union.**

2. Import barriers (new duty on non-EU produced farm machinery)

Decision Number 2017/9750 foresees a new 21% duty on non-EU produced tractors. These measures risk to deprive Turkish farmers from access to a broad portfolio of affordable, state-of-the-art tractor models.

By discouraging foreign investment and commitment, they will hamper trade flow, competition, and product choice in Turkey. Ultimately, it also risks to hamper the innovative power and competitiveness of Turkish farm machinery manufacturers.

→ **CEMA calls on Turkey to review and withdraw Decision Number 2017/9750 to avoid any new duties on imported farm machinery.**

Conclusion

The *Enabling the Business of Agriculture* report by the World Bank¹ applauded Turkey for having, in recent years:

- streamlined import procedures for farm machinery
- made it easy for tractor importers to introduce their products to the market
- while at the same time promoting adequate control and inspections to ensure that tractors meet quality, durability and safety standards.

The above-mentioned measures (discriminatory treatment, import duties) go directly against the idea of creating an enabling regulatory environment for agricultural machinery to ensure steady and sustained progress in farm mechanization in Turkey – to the detriment of Turkish farmers and agriculture in Turkey. They should therefore be reviewed and amended as a matter of urgency.

¹ <http://eba.worldbank.org/>, page 39.