Turkey: A chemical market with potential

With sales of around 24 billion euros in 2018, Turkey’s chemical industry holds rank 26 worldwide. Over the past 5 years, chemical production grew above average by 5 percent annually.

During the same period of time, chemicals and pharmaceuticals consumption in Turkey rose much slower by roughly 1 percent p.a. In 2018, consumption was approximately at 43.5 billion euros. This makes Turkey no. 18 in the country ranking of major chemical markets. Last year, chemical industry investments amounted to 976 million euros. However, these investments sank on average by 5.8 percent annually throughout the last 5 years.

DIVERSIFIED CHEMICAL INDUSTRY

Turkey’s chemical industry has a broad foundation. Basic chemicals – these include petrochemicals, polymers and inorganics – account for nearly one third of sales. Over one fourth of sales is generated with pharmaceuticals, followed by consumer chemicals and fine and specialty chemicals with roughly 20 percent.

The Turkish chemical industry can cover the rapidly growing demand for chemicals only by way of additional imports. For this reason, Turkey’s trade balance for chemicals was substantially negative with a minus of 19.9 billion euros. Last year, the trade balance was even only for consumer chemicals. There is a clear trade balance deficit for all other sectors, in particular for polymers.

A TRADING PARTNER WITH POTENTIAL

In 2017, the German chemical industry exported goods worth 3.2 billion euros to Turkey. This is equal to 1.6 percent of the total amount of chemical exports from Germany. Conversely, 0.2 percent of chemical imports into Germany came from Turkey. These imports were worth 361 million euros. Thus, Germany’s trade balance with Turkey is clearly positive where chemicals are concerned. Irrespective of low figures, Turkey is an important trading partner for Germany. However, in 2018, the chemical exports from Germany to Turkey declined for the first time since 2010.

German chemical companies have built local distribution and production operations. In 2017, the stock of direct investments of German chemical and pharmaceutical companies in Turkey was 421 million euros. In the chemical industry alone, 16 subsidiaries of German businesses were active in Turkey. Their sales combined totalled roughly 1.8 billion euros; they employed 5,000 staff.

Sources: Chemdata International, VCI