

TURKEY

Capital: Ankara
 Population: 75.6 million
 GDP: \$ 1.3 trillion (2011) - \$ 1.05 trillion (in the first 9 months of 2012)
 World ranking: 16
 Currency: Turkish Liras (TR)
 Language: Turkish

**SUMMARY**

The total market for safety and security equipment and services in Turkey is estimated to be \$3.73 billion in 2012. Physical security services, meaning private security guards, patrols, and security training services captured around \$3 billion of the total market, electronic security methods \$500 million, and cash in transfer services (C.I.T., cash and valuables) \$180 million. As these figures indicate, the safety and security sector in Turkey is heavily weighted towards physical security services, due to the advantages of comparatively lower labor costs in Turkey. It can be expected that as the Turkish economy advances further, a shift towards electronic security systems will take place.

PRODUCT GROUP	% OF MARKET
Surveillance Systems (CCTV, IP cameras etc.)	55%
Fire Protection & Control	12%
Alarms & Warning Systems	14%
Access Control & Perimeter Security Systems	8%
Other	11%
Total:	100%

Source: A&S Magazine Turkey

*The numbers are estimates out of interviews with the major players of the market. The reason for that is the products that enter the country unrecorded or with different GTIP numbers. It is predicted that 30% of the total sales is installation and services.

Turkish economy has a serious dynamism and a growth rate which cannot be seen much in Europe and this positively affects the sector. 2011 was a year of growth for Turkish economy and the sector. In 2012 growth continued however slowed down. The investments in Turkic republics even though affected the sector in a positive manner, the riots that took place in Libya and the North Africa and the debt crisis in Europe have adversely affected the investments in these regions. Moreover the sudden increase in the parity of dollar towards the end of 2011 was a negative effect.

For many subsectors of the sector, construction environment in the country and the region is deeply related to the growth. As the construction sector kept its steady growth, the safety and security sector was affected positively. As urban revitalization and city transformation projects continued in 2012, especially in big cities there were positive reflections on the market. Fire warning systems, intercom systems were heavily used in the new buildings. Perimeter security and CCTV systems were installed. One of the decisive concepts for the sector will be green and smart buildings which are used more often.

MARKET ENTRY

U.S. suppliers enjoy an excellent reputation for quality, reliability, timely delivery and after-sales service. Aggressive marketing, accompanied by suitable financing packages, can increase the U.S. market share further. U.S. companies should also focus on training the local distribution and sales network. This will ensure that end users will take full advantage of the capabilities of the newly acquired technology.

Imports are carried out by specialized importers/distributors, local subsidiaries of international manufacturers, or domestic manufacturers with a distribution network seeking compatible products to broaden their lines. Interested U.S. firms with expertise in high-tech equipment may consider joint ventures with locally based security companies seeking diversification.

To bid on government contracts, foreign firms must either be legally established, or have an authorized representative in Turkey prior to bidding, which is another reason to consider teaming with a reputable local agent/distributor.

U.S. firms can take advantage of U.S. Department of Commerce services to find an appropriate representative through the International Partner Search (IPS) and Gold Key Services (GKS). For more information on these, please refer to our website, <http://export.gov/turkey/>

CURRENT MARKET TRENDS

Major suppliers of the electronic security systems market in Turkey are from the U.S., Germany, the U.K., Israel, Japan, Taiwan, China, South Korea, Italy and Canada.

In the less sophisticated security products sector, Turkey offers 100 percent local production of equipment like protective apparel, locks and lock subassemblies, steel doors, laminated safety glass, portable fire extinguishers, safes, safety vaults, alarms and security panels. In the case of more advanced production, primarily imported components are used.

In the IT security sector, the most widespread and the most popular technologies in providing information security include encryption (cryptography), digital signature and PKI, network segmentation and firewalls, back up, attack detection and tracking, access control, security depth and anti-virus. Rising user awareness with security training will minimize the possibility of security gaps or other risk factors.

Prominent technologies regarding the gathering, storing, and distribution of information are among the top priorities of Turkey's private sector. Despite the global economic crisis that led to less spending on information technology infrastructure and upgrades, the IT security industry has been one of the few industries to remain in constant growth throughout the crisis. The same holds true in Turkey.

Corporate and government IT security systems are a particular focus in the Turkish market. Security of information leaving the company as well as identity theft, network security against attackers, viruses, trojans and storage of network activities are among the top priorities with particular emphasis on providing legally sustainable evidence used in courts of law.

Sensormatic Chairman of Board Mr. İsmail Uzelli emphasizes while IT companies try to become security companies as a result of using the same materials, the security companies have become significant server and switch providers due to the increase in their sales in this field. (Source A&S Magazine)

MAIN COMPETITORS

Please see below some major players in the sector. You will see both local and foreign (including US) names working in many subsectors.

Bosch Security Systems	www.tr.boschsecurity.com/
Senkron Security and Communication Systems	www.senkronguvenlik.com.tr/
Öncü Security Systems	www.oncuguvenlik.com.tr/
Sensormatic Security Systems	www.sensormatic.com.tr/
UTC Climate, Controls & Security Systems	www.utcclimatcontrolssecurity.com/
Okisan Security Systems	www.okisan.com.tr/
Bilmak Security Systems	www.bilmak.com.tr/
Bilgi Electronic	www.bilgielektronik.com.tr/
Videofon Security Systems	www.videofon.com.tr/
Pelco Security Cameras & Surveillance Systems	www.pelco.com/
Honeywell Turkey	www.honeywell.com.tr/
Siemens	www.siemens.com.tr/
Pronet Security	www.pronet.com.tr/

Ateksis
 Kekova Security Systems
 NFS Security
 Profilo Security Systems

www.ateksis.com/tr_Default.aspx
www.kekova.com.tr/
www.nfsteknoloji.com/
www.profiloguvencilik.com/

CURRENT DEMAND

All around the world, including Turkey, the U.S. electronic security products have set the standard, as most of the industry R&D and technological innovations are realized in the U.S.

Best prospects for U.S. companies include:

- **Closed circuit television systems**
- **IP based surveillance systems**
- **Full HD products**
- **Fiber optic cable or linear cable fire detection systems**
- **Biometrics applications**
- **Microwave detectors**
- **Anti-aggression and anti-hold-up devices**
- **Anti-shoplifting equipment**
- **Systems for automation of homes and buildings**
- **Remote positioning devices**
- **X-ray machines**
- **Forensics equipment**
- **Card access systems**
- **Integration applications between the systems**
- **Mobile DVR**

An important market trend in Turkey is the demand for integrated security solutions marketed by independent security consultants. These integrated solutions cover on-site and immediate response personnel, electronic security and alarm systems, and fire-related security all in one package. U.S. companies can find opportunities in the turnkey design of integrated security projects.

The Turkish Government has increased its expenditures in hardware, software and education in battling cyber threats. In order to implement these defenses the Departments of Justice, Interior, the Turkish National Police, and the Turkish military have all updated their information security technologies. All governmental and military institutions have been training their personnel up to international standards and have been inviting expert professionals from abroad to provide further training. Resources indicate that the Turkish government and private sector institutions are looking at new technologies to enhance their IT security systems. Given that there are 15 major cities in which the national police have established crime laboratories, it is expected that the government spending on digital IT investigations will increase.

The pick-up in the construction sector accelerated the housing, hospital, shopping center and residence projects in the private sector; however, the biggest consumer this year is again the public. In the public sector, the projects at the fore were city surveillance, transportation projects (airports, undergrounds, tunnels, etc.) and public buildings. In addition to these, the security projects conducted by banks and universities in the past years were decisive, too.

Okisan General Manager Mr. Ekrem Özkara points out the increase in demand in Mobile DVR Systems. He says that 800-100 mobile DVR projects have been launched in school buses, public buses in many cities as the government made them mandatory in 2011 and predicts that this process will continue increasingly in the coming years, too. Another development on the product base has been in the fire sector. In 2011, the EN 54 standard which is known as the European standard in the fire detection systems was expanded so as to cover the sound system in order to meet the market demand for the integration of fire detection systems and emergency public address systems. Maintaining its leadership in the international standards in security products being widespread, Bosch was one of the first companies to support the new EN 54 standard in the sound system. (Source A&S Magazine)

BARRIERS

The problem of standards is giving hardship to all the players in the sector. It is one of the biggest obstacles before the better development of the sector. Even though Turkey is among a few countries that can grow in comparison with Europe, the regulations and standards in Turkey are not what they are expected to be.

Senkron Güvenlik General Manager Mr. Bülent Çobanoğlu states that “We have deficiencies about certification. There is no selection or superintendence in the participation of the companies in the sector although the number of the companies that join the sector is on the increase.” Secondly, mentioning that there is no specialty customs for the security sector in Turkey, Çobanoğlu says, “Unfortunately, we still pay SCT (Special Consumption Tax). A photograph camera in every man’s pocket is considered luxury, and so are the cameras that are used in closed circuits. However, these systems are not luxury but need. We would like the SCT to be cancelled and the VAT (Value Added Tax) to be decreased. Thereby, this will directly affect the end user and sales will increase.” He emphasizes that this process will also prevent illegalities. (Source A&S Magazine)

One last issue for US companies is the fact that the market is very price sensitive. US exporters’ product and services in some cases can be over the market price. Therefore American cutting edge technologies are more competitive in the Turkish market

TRADE EVENTS

Name of event: **ISAF**

Location: Istanbul

English language website: <http://www.isaffuari.com/?lang=1>

Description: It is a big trade show with all of the subsectors of safety and security sector. It has 5 sections: Security, Fire, Safety & Health, IT Security and Smart Houses.

Name of event: **EMEA Intelligence**

Location: Ankara

English language website: <http://www.emeaintelligence.com/>

Description: It is an international intelligence & surveillance technologies conference and exhibition. It is accredited by US Department of Commerce.

Name of event: **Cebit Bilisim Eurasia**

Location: Istanbul

English language website: <http://www.cebitbilisim.com>

Description: The leading ICT industry exhibition in Eurasia gathering local and international companies, governmental bodies, NGO’s and academicians. It is an ideal platform for information sharing with forums & summit topics covering the full spectrum of business technologies, and matchmaking activities.

U.S. COMMERCIAL SERVICE CONTACT INFORMATION

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