



Valeo lauds incentives to ease Turkey investment concern

By Simon Warburton | 10 April 2018

Valeo Turkey says the "huge" range of incentives on offer from Ankara to potential new suppliers operating in the country should overcome any reservations some may have in setting up operations.

Significant political unrest two years ago saw tanks on the streets of Ankara as an attempted coup was thwarted, but the situation has calmed down since, with economic concerns more to the fore on overseas manufacturers' minds.

In a bid to assuage some of the concerns, the Turkish government, keen to preserve the automotive sector as the country's largest manufacturing industry, offers incentives to set up shop, particularly when it comes to research and development.

"Thirty years [ago] Valeo came to Turkey and saw the performance of Turkey, so we continue to invest," Valeo managing director Turkey, Tuna Arinci told *just-auto* on the sidelines of last week's Automechanika Istanbul exhibition. "For newcomers they are [perhaps] afraid to come to Turkey due to [the] unexpected political situation or sometimes economic situation, fluctuation of the euro or Standard & Poor's reducing our credit rating.

"The Turkish government has huge incentives, mainly for R&D centres and Valeo in Turkey has an R&D centre with 100 people. Also, if you have specific projects, you have really wonderful incentives."

Valeo has four production plants in Turkey and one R&D centre in the automotive heartland of Bursa, around 90min South of Istanbul. Among other disciplines, Valeo Turkey is responsible for powertrain and transmission clutch systems, as well as flywheel, hydraulic transmissions and alternators.

For thermal systems, Valeo specialises in HVAC, while also manufacturing arm & blade, motor and linkage systems for wipers.

Valeo Service Activity is based in Istanbul and is responsible of distributing all Valeo products to Turkey and the Middle East aftermarket.

"We have good people, trained people, good structure, quality mindset and of course, financial performance," added Arinci. "In Turkey, unemployment is around 10.4% which is not the case in Bursa [where] it is half. It is not difficult for us to find workers. [For] International companies like Fiat, Ford and Bosch, it is easy to find people.

"What is difficult is to find technical, tooling and maintenance people, but otherwise it is easy. We export around 60% of our turnover all around the world, not just Europe, but the US [and] Iran."

Turkey operates within the European Customs Union, with Arinci noting the deal saw EUR160bn (US\$197bn) of trade between EU States and Ankara, with membership of the Brussels club still mooted by many as an eventual ambition. A renegotiation of the Customs Union is currently underway between Brussels and Ankara.

"We have a EUR160bn economy between Turkey and Europe, that is why the Customs Union has to continue," noted Arinci. "We need to continue our long relationship.

"Strategically and geographically our place is very important as we have a huge opportunity in the Middle East and also we are [only] five days away from Europe in terms of logistics. Huge opportunities [as well] with borders [next to] Iraq, Iran and Syria, they need us."



"We have a EUR160bn economy between Turkey and Europe -that is why the Customs Union has to continue" - Valeo Turkey MD Tuna Arinci